



# Swiss Tax Landscape

2026

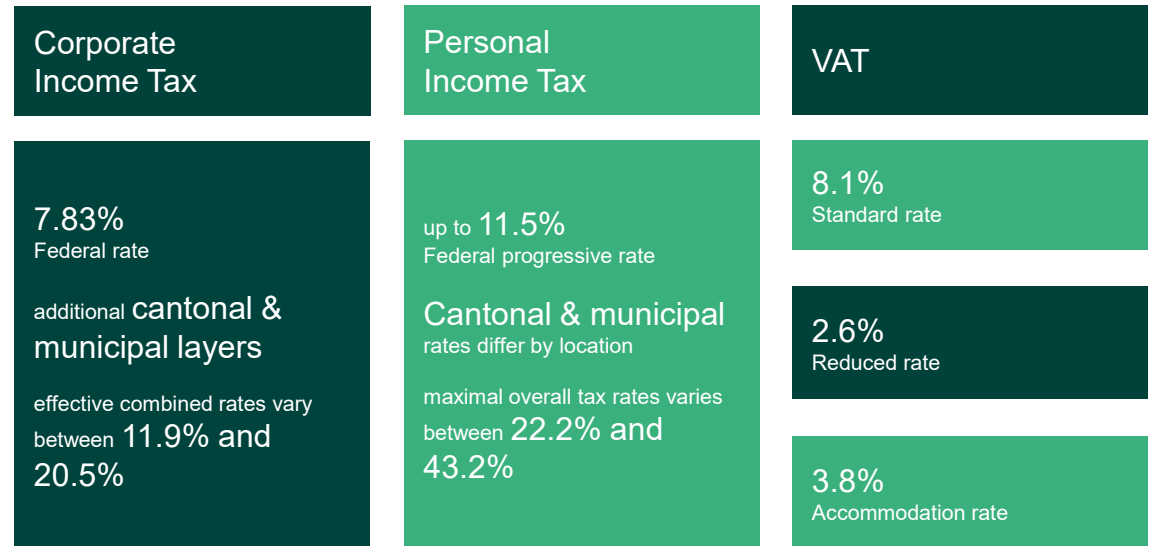


# Swiss Taxes in a nutshell

Switzerland offers a stable, predictable and internationally competitive tax environment shaped by its federal structure. Corporate and personal taxation is levied at federal, cantonal and municipal level, resulting in significant regional differences and, at the same time, planning flexibility for businesses and individuals.

For companies, Switzerland combines moderate effective corporate tax rates, targeted innovation incentives and a high degree of legal certainty. Even in the context of the OECD's Pillar II minimum taxation, Switzerland remains attractive by shifting the focus from headline tax rates towards location-based promotion measures, including innovation, sustainability and talent development.

For private individuals, the overall tax burden depends heavily on the place of residence, with material differences across cantons for income and wealth taxation. At the same time, Switzerland maintains long-standing features such as the general exemption of private capital gains and the possibility of lump-sum taxation for qualifying individuals.



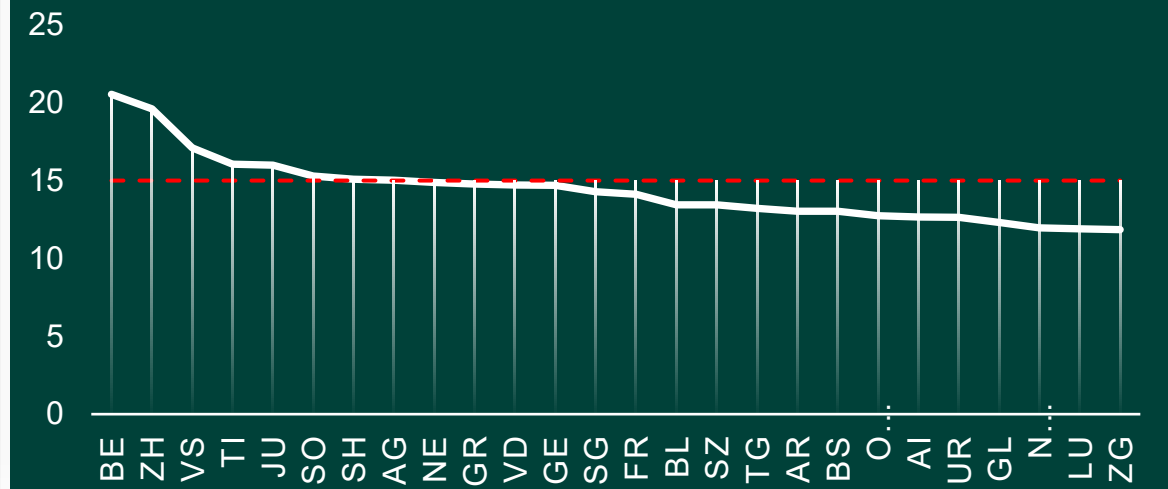
Overall, Switzerland continues to position itself as a reliable, competitive and future-oriented tax location for multinational enterprises, entrepreneurs and internationally mobile individuals.

Switzerland's corporate tax system combines a uniform federal corporate income tax with cantonal and municipal taxes, resulting in materially different effective tax burdens depending on location. The framework is complemented by innovation incentives, participation relief, and a practice-oriented ruling system. For larger groups, Pillar Two adds an additional layer of analysis.

The framework is further complemented by:

- **Participation relief:** to mitigate economic double taxation on qualifying dividend income and capital gains,
- **Innovation incentives:** notably IP box regimes and R&D super deductions, where available,
- **Reorganisation and immigration step-up:** allowing hidden reserves to be recognised tax-neutrally in certain inbound or restructuring scenarios and amortised tax-effectively over time, and
- **Financing and treasury structuring flexibility:** subject to Swiss transfer pricing, withholding tax and thin-capitalisation considerations.

### Effective tax rates (ETR) by canton in capital cities

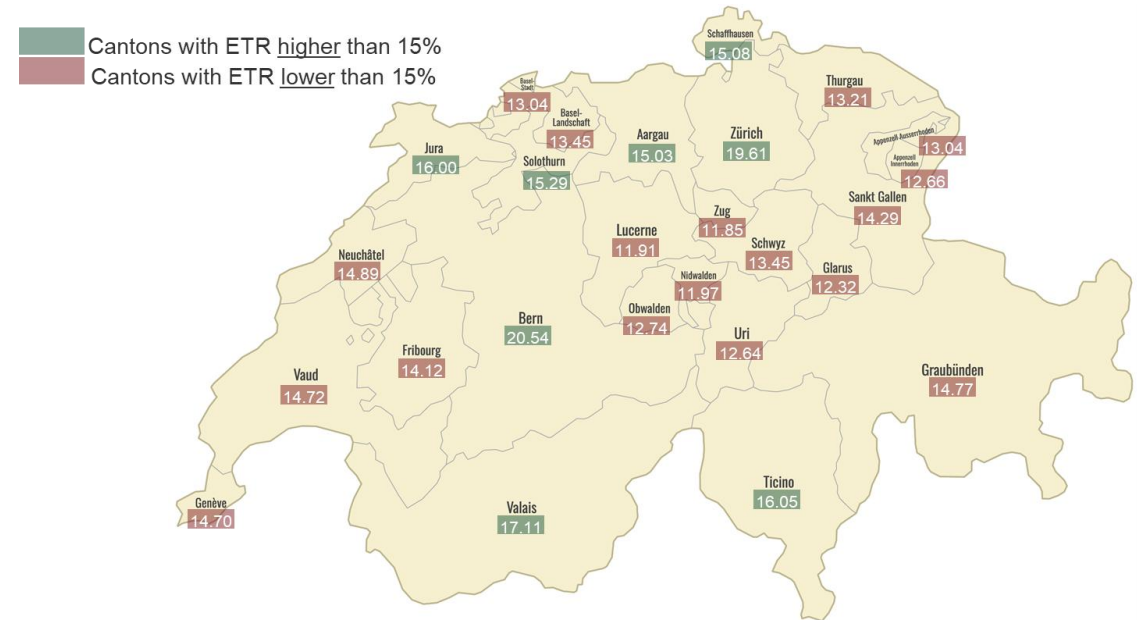


# Pillar II – Minimum taxation for Multinational Enterprises (MNE's)

Pillar Two introduces a global minimum tax of 15% for multinational groups with consolidated revenues above EUR 750 million. Switzerland has implemented a Qualified Domestic Minimum Top-Up Tax (QDMTT) to ensure that any top-up tax on Swiss profits is collected domestically. Since 2025, Switzerland also applies the Income Inclusion Rule (IIR) to certain foreign subsidiaries held by Swiss parent companies.

Pillar Two changes how tax is collected - not why Switzerland remains attractive. In response, Switzerland is placing greater emphasis on broader location factors and non-fiscal competitiveness, including:

- Innovation & research
- Sustainability
- Infrastructure expansion
- Education & talent development
- Social & family-friendly frameworks



Effective Tax Rates (ETR) by Canton (Capital Cities)

## Swiss VAT

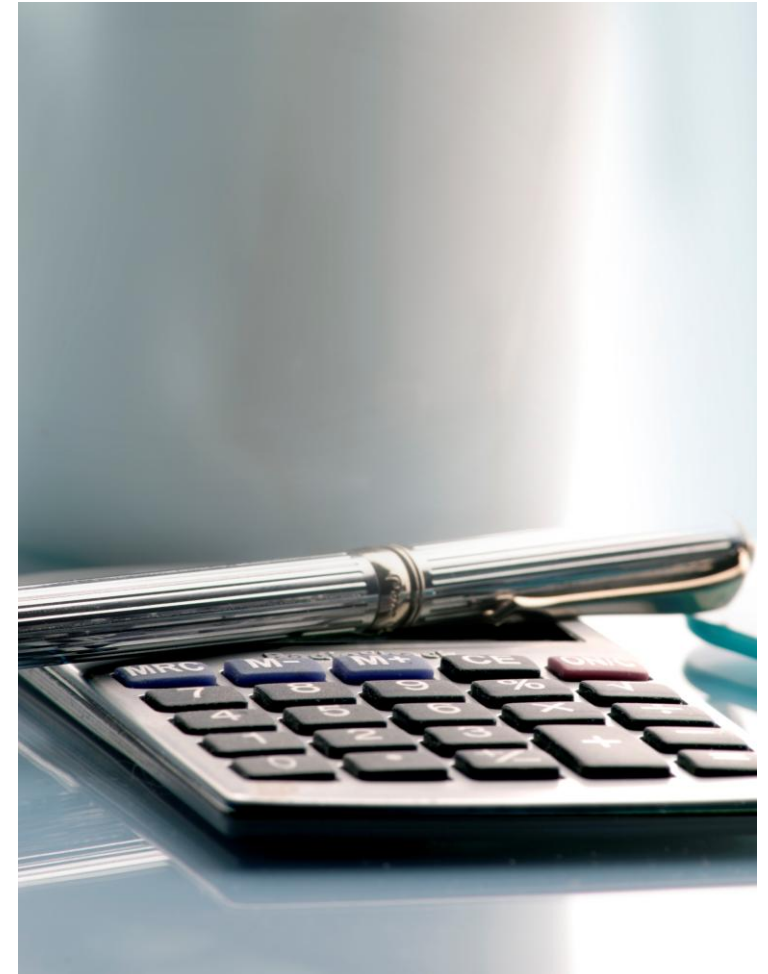
Swiss VAT is a consumption tax applied to most supplies of goods and services in Switzerland. VAT is charged on domestic transactions, the import of goods, and the acquisition of services from abroad under the reverse-charge mechanism. The tax payable equals output VAT minus input VAT, allowing businesses to deduct VAT incurred on qualifying purchases.

### VAT Rates

- 8.1% standard rate
- 2.6% reduced rate (e.g., food, medication, books)
- 3.8% special rate for accommodation

## Key principle

Businesses must register for VAT unless their worldwide turnover from taxable supplies is below CHF 100,000.



# What does it mean for Companies?

## Location matters

Effective corporate tax rates are largely driven by cantonal and municipal taxes, not by the federal rate alone.

## Reorganisations can be tax-efficient

Immigration step-up rules may allow hidden reserves to be recognised tax-neutrally upon relocation to Switzerland and amortised in later years.

## Capital tax requires attention

While often creditable against income tax, capital tax remains a relevant factor in corporate structuring.

## Administration supports execution

Switzerland generally offers a predictable and business-friendly tax administration, including established cantonal practice and practical implementation experience in cross-border and restructuring scenarios.

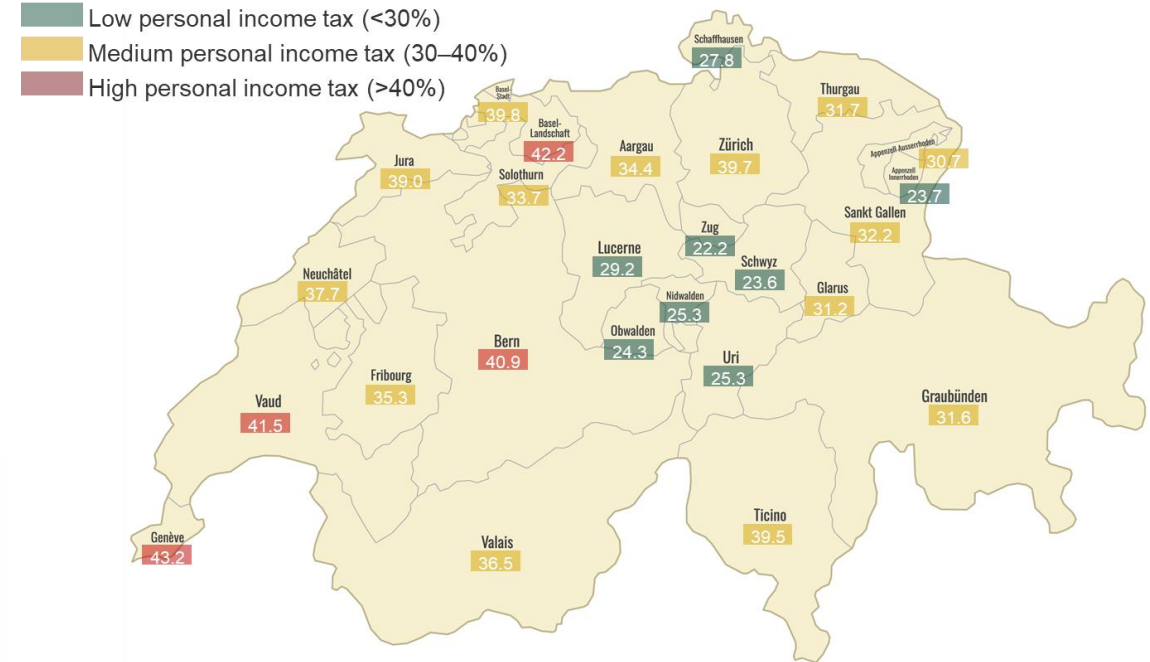


Switzerland taxes individuals at federal, cantonal and municipal levels. Federal income tax is applied on a progressive scale up to 11.5%, while cantons and municipalities determine their own income tax rates and deductions, which can vary significantly between locations.

In addition, all cantons levy an annual wealth tax on an individual's net wealth. As a result, the overall tax burden for private individuals depends heavily on their canton and municipality of residence.

## Residence matters

Income and wealth taxation varies significantly across cantons, making the choice of residence a key factor in individual tax planning.



Maximum Personal Income Tax Rates by Canton (Capital Cities)

## Capital Gains

Private capital gains on movable assets are generally exempt from income tax in Switzerland at federal and cantonal level (subject to specific requalification rules in certain cases).

## Wealth Planning

Switzerland offers a well-established framework for private wealth structuring and long-term planning, including cross-border asset holding structures, succession planning considerations and coordinated tax/legal implementation.

## Legal Certainty

A predictable legal environment, established tax practice and pragmatic administration contribute to a high degree of planning reliability for individuals with international assets and personal ties across jurisdictions.

## Lump-Sum Taxation

In certain cantons, Switzerland offers an expenditure-based taxation regime for qualifying non-Swiss nationals relocating to Switzerland.

For eligible individuals, taxation is based primarily on a deemed expenditure / lifestyle basis rather than ordinary worldwide income and wealth taxation, subject to statutory minimum thresholds and control calculations.

This regime may be an attractive option for internationally mobile individuals and families, depending on personal circumstances, cantonal availability and treaty considerations.

## Immovable Property Taxes

Swiss real estate taxation is highly cantonal in nature. Depending on the location, investors and private owners may face a combination of transfer taxes, real estate capital gains taxes and, in certain cantons, annual property taxes. As rates, exemptions and administrative practice differ significantly across cantons, early structuring and location analysis are key.

## Gift & Inheritance

Gift and inheritance taxes in Switzerland are levied at cantonal level and therefore vary significantly depending on the canton of residence and the applicable connecting factors. Across all cantons, spouses, registered partners and tax-exempt institutions are generally exempt. In many cantons, children are also exempt (or benefit from very favourable treatment), and close relatives often benefit from exemptions or substantial allowances. Some cantons (e.g., Schwyz and Lucerne) do not levy gift tax.

### Why this matters:

In many family situations, no cantonal gift or inheritance tax is due - depending on the canton and degree of relationship.

# What does it mean for Individuals?

## **Capital gains can be attractive**

Private capital gains on movable assets are generally exempt from income tax in Switzerland (subject to specific requalification rules in certain cases).

## **Lump-sum taxation may be available**

In certain cantons, qualifying non-Swiss nationals may opt for expenditure-based taxation, subject to eligibility criteria and cantonal practice.

## **Cantonal choice matters**

The availability and practical implementation of lump-sum taxation differ between cantons and should be assessed early.

## **Treaty and cross-border planning remain important**

International asset structures, foreign-source income and treaty positions should be reviewed as part of the relocation planning.

## **Early coordination supports execution**

Tax, immigration, housing, schooling and family-related planning are often interdependent and should be aligned from the outset.



# Contact us for further information

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### **No legal or tax advice**

This legal update provides a high-level overview and does not claim to be comprehensive. It does not represent legal or tax advice. If you have any questions relating to this legal update or would like to have advice concerning your particular circumstances, please get in touch with your contact at Pestalozzi Attorneys at Law Ltd. or one of the contact persons mentioned in this legal update.

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