Federal, Cantonal and Communal Taxes

An outline on the Swiss Tax System

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TABLE OF CONTENTS

1 INTRODUCTION

Introduction

This publication aims to give a broad outline of the Swiss tax system. In addition to a historical overview, the three levels of taxation authority (Confederation, cantons and municipalities) will be defined and the most important taxes briefly presented. An in-depth chapter with tables concerning deductions, tax rates and multiples of different taxes is included.

This brochure is addressed specifically to foreigners looking for information about the Swiss tax system. For further and more detailed information, please consult the bibliography in *chapter 6*.

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Swiss Federal Tax Administration FTA
Documentation and Fiscal information

2 THE SWISS TAX SYSTEM

2.1 Historical background

The taxation authority to levy customs duties was passed over from the cantons to the Confederation in 1848, the year the Swiss federal state was founded. The authority to levy income and net wealth taxes remained however with the cantons.

Until the First World War, the revenue derived from customs duties was sufficient to cover the expenses of the Confederation. Towards the end of the war, stamp taxes were introduced. Later on, as the federal government needed additional financial means, direct taxes, hitherto the domain of the cantons, were levied by the Confederation, as well. This evolution culminated in the introduction of the so-called National Defense Tax in 1940. The Federal Direct Tax, which replaced the National Defense Tax in 1982, is currently the second most important source of revenue after the Value added tax (VAT), which replaced the Turnover Tax in 1995, and contributes considerably to the cash-flow budget of the Confederation.

In the beginning, the net wealth tax used to be the most important tax for the cantons. Taxation of earned income was a complementary source of funding. Since then, the emphasis has shifted towards a comprehensive income tax with a supplementary wealth tax. This transition, which involved a reduction of the net wealth tax and an accompanying expansion and increase of the income tax was first implemented by BS in 1840. Another ten cantons followed until 1945, the last canton was GL in 1970.

The following page shows the breakdown of the taxes levied on the different levels.

2.2 The three levels of taxation authority

Taxes on income and other direct taxes	Consumption taxes and other indirect taxes
Confederation	
Income tax Corporate income tax Federal casino tax Military and civil service exemption tax	VAT Withholding tax Stamp duties Tobacco tax Beer tax Tax on distilled spirits Mineral oil tax Vehicle tax Customs duties (import and export duties) Traffic taxes
Cantons	
Income and net wealth taxes Poll tax and household tax Corporate income tax and tax on capital Inheritance and gift taxes Lottery income tax Immovable property gains tax Real estate tax Real estate transfer tax Cantonal casino tax	Motor vehicle tax Dog tax Entertainment tax Cantonal Stamp duties Lottery tax Water duty Sundry taxes
Municipalities	
Income and net wealth taxes Poll tax or household tax Corporate income tax and tax on capital Inheritance and gift taxes Lottery income tax Immovable property gains tax Real estate tax Real estate transfer tax Trade tax	Dog tax Entertainment tax Sundry taxes

2.3 Constitutional foundations

As shown in the foregoing survey, taxes are levied by the Confederation, the 26 cantons and the 2,300 municipalities. The delimitation of taxation powers is governed by the Federal and cantonal constitutions. The cantons exercise all rights of a sovereign state. They are authorized to levy any type of tax as long as the Federal Constitution does not reserve a certain tax for the Confederation. There are, however, only a few types of taxes for which the Confederation claims exclusive taxation authority (VAT, special excise duties, stamp duties, withholding tax, and customs duties, pursuant to Articles 130 through 133 of the Federal Constitution). Consequently, the cantons are given wide latitude in the creation of their own tax legislation.

The Municipalities may only levy those taxes, which the constitution of their respective canton empowers them to levy.

2.4 Double taxation

Double taxation results from the overlapping of different taxation authorities. Consequently, the taxpayer is simultaneously subject to the same or similar taxes on the same tax object by different tax jurisdictions and for the same tax period. Double taxation can occur both in an inter-cantonal context as well as in an international context. Inter-cantonal double taxation is prohibited by art. 127 of the Federal Constitution and inter-cantonal double taxation conflicts are solved based on the practice established by the Federal Supreme Court. International double taxation is avoided by means of international double taxation agreements (DTAs).

To date, Switzerland has concluded 53 DTAs in accordance with the international standard required by the OECD, 46 of which are in force. In addition, Switzerland has signed 10 Tax Information Exchange Agreements (TIEAs), 7 of which are in force. Compared to the DTAs, which primarily regulate the prevention of double taxation, the sole purpose of the TIEAs is the exchange of tax-relevant information.

The OECD Model Convention provides for two methods for the elimination of double taxation, namely the **exemption method** and the **credit method**. Under the exemption method, the country of residence has to exempt from tax those items of income and capital allocated to the country of source. Exempted items may nevertheless be taken into account in determining the rate of tax applicable to the remaining income (exemption with progression). Under the credit method, both countries keep the right to tax a specific item of income or capital. However, the country of residence has to credit the source country's tax against its own tax.

The following overview shows the residual rates of Swiss withholding tax (anticipatory tax) on dividends and interest paid to non-residents, domiciled in some of the most important countries with which Switzerland has signed a DTA.

Tax levied at source (withholding tax) at the rate of 35 % on dividends and interest: Relief for non-residents (as of 1.1.2016)

Country	Dividends		Interest[1]	
	Relief[2]	Remaining tax[3]	Relief[2]	Remaining tax[3]
	percent			
Belgium				
- Rule	20	15	25	10
- Holdings from 25 %	25	10	-	-
Denmark				
- Rule	20	15	35	0
- Holdings from 10 %	35	0	-	-
Germany				
- Rule	20	15	35	0
- Holdings from 10 %	35	0	-	-
Finland				
- Rule	25	10	35	0
- Holdings from 10 %	35	0	-	-
France				
- Rule	20	15	35	0
- Holdings from 10 %	35	0	-	-
United Kingdom				
- Rule	20	15	35	0
- Holdings from 10 %	35	0	-	-
Ireland				
- Rule	20	15	35	0
- Holdings from 10 %	35	0	-	-
Italy	20	15	22,5	12,5
Luxembourg				
- Rule	20	15	25	10
- Holdings from 10 %	35/30	0/5	-	-

Tax levied at source (withholding tax) at the rate of 35 % on dividends and interest: Relief for non-residents (continued)

Country	Dividends		Interest[1]	
	Relief[2]	Remaining tax[3]	Relief[2]	Remaining tax[3]
	percent			
Netherlands				
- Rule	20	15	35	0
- Holdings from 10 %	35	0	-	-
Norway				
- Rule	20	15	35	0
- Holdings from 10 %	35	0	-	-
Austria				
- Rule	20	15	35	0
- Holdings from 20 %	35	0	-	-
Portugal				
- Rule	20	15	25	10
- Holdings from 25 %	25/35	10/0	-	-
Sweden				
- Rule	20	15	35	0
- Holdings from 10 %	35	0	-	-
Spain				
- Rule	20	15	35	0
- Holdings from 10 %	35	0	-	-
USA				
- Rule	20	15	35	0
- Holdings from 10 %	30	5	-	-

1 Included is interest from bank deposits, savings deposits etc.
2 Procedure: usually refund.
3 For the remaining tax, a tax credit is usually available.

Source: www.estv.admin.ch > Internationales Steuerrecht > Quellensteuer nach DBA > Steuerentlastungen für schweizerische Dividenden und Zinsen (Verrechnungssteuer)

Source: www.estv.admin.ch > Droit fiscal international > Assistance administrative selon CDI > Dégrèvements des impôts suisses sur les dividendes et intérêts (impôt anticipé suisse)

3 THE SPECIFIC TAXES

3.1 Federal taxes – Direct taxes

3.1.1 Taxes on income

Legal basis

Federal Act of 14 December 1990 on the federal direct tax (Bundesgesetz über die direkte Bundessteuer, DBG)

Characterization of the tax

The Federal Direct Tax is levied on the income of individuals. Corporations are subject to corporate income taxation.

For individuals the tax is generally assessed annually based on the actual income earned during the tax year. For legal entities the corporate income tax is assessed for each tax period (corresponding to the entity's business year). Tax collection occurs annually by the cantons on behalf and under the supervision of the Confederation.

Personal income tax

Resident individuals or temporary residents in Switzerland are subject to unlimited tax liability.

Limited tax liability applies to nonresident individuals having economic relations with Switzerland. In these cases the tax is levied only on specific items of income having their source in Switzerland.

Total income from all sources is subject to Federal Direct Tax, including:

- Income from gainful employment and self-employment;
- Compensatory income (such as annuities and pensions);
- Secondary income (such as seniority allowances and tips);
- Income from movable and immovable property;
- Other income (e.g. prizes in lotteries and pools of over 1,000 CHF).

Generally, **expenses related to the earning of income** (e.g. professional expenses) are deductible from gross income.

In addition, several general deductions (e.g. deduction for double income, for insurance premiums, for social security premiums, for interest on private debt up to a certain amount etc.) and social deductions (e.g. deduction for married couples, for single parent families, for children, for needy persons etc.) are granted.

The tax scale for the Federal Direct Tax on the income of individuals is progressive. Income tax of individuals is levied according to three different rates: basic tax rate for single persons, specific tax rate for married individuals, as well as a parental rate.

To compensate for the effects of fiscal drag, tax brackets and deductions for individuals are adjusted annually using the consumer price index.

Corporate income tax

Legal entities having either their registered office or their actual administration in Switzerland are subject to unlimited tax liability.
Two categories of legal entities can be distinguished:

- Corporations (joint stock companies, limited partnerships, limited liability companies) and co-operative societies;
- Associations, foundations and other legal entities (public and ecclesiastical corporations and institutions as well as collective investment schemes with direct real estate ownership).

Corporations and cooperative societies

Corporations are subject to the federal corporate income tax, which is levied at a flat rate of 8.5 %. There is no multiple applied. The Confederation does not levy a federal tax on capital.

Associations, foundations and other legal entities

Associations, foundations, public and ecclesiastical bodies and institutions as well as collective investment schemes with direct real estate ownership are subject to the federal corporate income tax according to the general regulations for legal entities, provided they are not exempt from taxation due to their charitable, social or similar purpose. Their profit is taxed at a special flat rate of 4.25 %, subject to a tax threshold of 5,000 CHF.

3.1.2 Federal casino tax

Legal basis

Federal act of 18 December 1998 on casinos and gambling

Tax rate scales

- Grand casinos holding a type A concession: unlimited wagers, together with an unrestricted number of table games and slot machines, the number of casinos of this type being limited to 7. The basic tax rate is 40 % for the first 10 million CHF gross gaming revenue.
  For each additional million the tax rate increases by 0.5 % up to the maximum rate of 80 %.
- Casinos holding a type B concession: limited wagers, limited selection of table games and limited number of slot machines, the number of casinos of this type being limited to 12. The basic tax rate is 40 % for the first 10 million CHF gross gaming revenue.
  For each additional million the tax rate increases by 0.5 % up to the maximum rate of 80 %.

The Federal Counsel can reduce the tax rate for the first four years of operation of a casino to as little as 20 %.

Tax reductions for casinos

In addition, the Federal Council may reduce the tax rate for casinos by up to a quarter, providing that the revenue from the casino is largely used for the public interest in the region, particularly for promoting cultural activities or for community services (sports events, activities in the social sector, tourism etc.).

3.1.3 Military and civil service exemption tax

Legal basis

Federal Act of 12 June 1959 on military and civil service exemption tax

Characterization of the tax

The military and civil service exemption tax is not a tax in the sense of a universally owed levy, but rather a compensation that Swiss male citizens have to pay if they do not do their military duty or civil service.

This compensation has not so much a fiscal, but rather a political purpose, namely to enforce the constitutional principle of the compulsory military or civil service.

3.2 Federal taxes – Taxes on goods and services

3.2.1 Value added tax

Legal basis

Federal Act of 12 June 2009 on VAT (Bundesgesetz über die Mehrwertsteuer, MWSTG)

The VAT was put into effect on 1 January 1995. The change in system from the Turnover Tax to the VAT was essentially motivated by the fact that the VAT had been established in all member states of the European Union.
On 1 January 2010 the completely revised Federal Act of 12 June 2009 concerning the VAT has come into force. It contains many simplifications compared to the previous law and is in general more user-friendly.

Taxation Principle

The VAT is a general consumption tax. It is levied on all phases of production, distribution and the domestic service sector (domestic tax), on the acquisition of services supplied by companies domiciled abroad (service import tax) as well as on the import of goods (import tax).

Tax liability is generally triggered by an independent occupation or a commercial activity the purpose of which is to generate income, as long as the sum of its deliveries, services and its private domestic consumption exceeds 100,000 CHF per year. Furthermore, tax liability applies to those who procure domestically services from companies abroad for more than 10,000 CHF per calendar year (as far as those companies are not subject to taxation in Switzerland) as well as to importers of goods (import tax).

Currently there are approximately 366,000 VAT taxpayers.

The basis for calculation of the tax on domestic deliveries and services is the agreed upon or alternatively the collected gross payment. Each taxable entity can deduct VAT paid on inputs (incl. imports). This input tax deductibility (or recovery) avoids multiple taxation (taxable purchase and taxation of the turnover). This principle is breached in the case of deliveries that are tax exempt, as the supplier of such deliveries cannot take advantage of the input tax deductibility or recoverability.

Since the VAT is intended to be borne by the consumer, it will generally be shifted to him by way of its inclusion in the sale price or as a separate item on the bill.

Particulars

The law differentiates between zero-rated and exempted turnover. In neither case is any tax due. A difference exists, however, concerning the recoverability of input tax. VAT paid on inputs can only be claimed for the acquisition of goods and services that are used for the purpose of generating zero-rated turnover.
If the acquisition of goods and services concerns exempted turnover, no input tax can be recovered. Exempted turnover (with non-recoverable input tax) includes for example: services performed in the areas of health, social services, social security, education, instruction as well as child- and youth-care, cultural activities, insurance sales, turnover in the area of money and finance (with the

exception of fund management and debt collection), ownership changes of property as well as its long term rental, gambling, lotteries, and other types of games of chance.

Zero-rated turnover includes export deliveries, transport services over the border, as well as services to be used or evaluated abroad. The input tax deduction (recovery) is allowed for all taxes paid for goods and services, which are necessary to generate such turnover.

Taxation rates

The tax amounts to 8.0 % for every taxable sale (standard rate). On certain categories of goods and services a reduced rate of 2.5 % is applied:

- comestible goods and additives according to the Food Act (exception: the standard rate is applied to alcoholic beverages and to comestible goods served in the context of hotel and restaurant services);
- cattle, poultry, fish;
- seeds, living plants, cut flowers;
- grain;
- fodder and fertilizer;
- medicine;
- newspapers, magazines, books and certain other printed matter without advertising nature of a kind to be determined by the Federal Council;
- services of the radio and television corporations (exception: standard rates for activities of a commercial nature).

A special rate of 3.8 % applies to overnight stays (including breakfast) in the hotel and lodging industry (e.g. renting of vacation apartments) until December 31, 2017.

The FTA offers a simplified tax return for taxpayers with an annual turnover of up to 5.02 million CHF and whose fiscal debts do not exceed 109,000 CHF per year. It is a lump-sum settlement based on a so-called net tax rate for certain lines of business. When this net tax rate is applied, which is consistently lower than the standard rate of 8.0 %, there is no need to determine an input tax claim as tax paid on inputs has already been taken into account when determining the net tax rate.

3.2.2 Withholding tax

Legal basis

Federal Act of 13 October 1965 on withholding tax

Characterization of the tax

The withholding tax is collected at source, levied on income derived from movable property (especially on interest and dividends), on prizes from Swiss lotteries and on certain insurance payments.

The debtor is liable for the tax (e.g. a bank). The withholding tax must be deducted by the debtor from the amount due to the recipient. In cases where the recipient is a Swiss resident, a refund of the tax withheld can be obtained, if income and capital are properly declared for the purpose of direct taxation. This tax is designed to encourage domestic taxpayers to declare their investment income and wealth properly.

For non-resident taxpayers the withholding tax represents a final tax burden. A partial or total refund is granted only if a DTA (*see chapter 2.4*) has been concluded between Switzerland and the country of residence of the recipient of the income.

3.2.3 Stamp duties

Legal basis

Federal Act of 27 June 1973 on stamp duties

Principle of taxation

Tax liability arises as a result of specific legal transactions, such as the issuance of shares or the transfer of securities or the payments of premiums on insurance policies. Three different types of duties can be distinguished.

Issuance duty

Issuance duty is levied on the gratuitous and non-gratuitous issuance and on the increase of the par value of equity securities (shares) of Swiss corporations, limited liability companies, cooperative societies and public corporations. The tax liability rests with the company issuing equity holding rights.
However, no issuance duty is levied in particular on mergers, changes of legal structure, spin-off of corporations or cooperative societies and on the transfer of a company's seat from abroad to Switzerland.

Transfer duty

Transfer duty is levied on the transfer of domestic or foreign securities executed by domestic securities brokers.
The domestic securities broker is liable for the tax. Current exemptions are for example:

- foreign banks and stock brokers acting as a counter party;
- the foreign contracting party for transactions with foreign bonds («Eurobonds»);
- transactions for the trading portfolio of a securities broker.

Insurance duty on insurance premiums

Insurance duty is due mainly on payments of premiums on liability, fire, collision and household contents insurance policies. The duty is not charged on policies covering illness and accidents, as well as certain life insurances. In general, the domestic insurer is liable.

For all federal stamp duties, the liable entity has to report the transaction promptly and unsolicited to the FTA, send the mandatory statements and receipts and at the same time make payment (self-assessment). The tax rates for these duties are listed in *chapter 5.7.*

3.2.4 Tobacco tax

Legal basis

Federal Act of 21 March 1969 on taxation of tobacco

Principle of taxation

This tax is levied on (ready-to-use) tobacco and substitute products manufactured in or imported into Switzerland.

The importers or, in the case of domestic production for final consumption the producers, are liable for the tax.

3.2.5 Beer tax

Legal basis

Federal Act of 6 October 2006 on taxation of beer

Principle of taxation

The manufacturers (domestic breweries) as well as the importers of beer are liable for the beer tax.

3.2.6 Taxes on distilled spirits

Legal basis

Federal Act of 21 June 1932 on distilled spirits

Principle of taxation

Domestically produced distilled spirits are taxable. Imported products are charged with so-called monopoly fees.
The personal use by agricultural producers is tax exempt. Moreover, persons of 17 years of age and over are allowed to import five liters of alcohol of up to 18 volume percent and one liter of over 18 volume percent without incurring any customs charges or monopoly fees.

3.2.7 Mineral Oil Tax

Legal basis

Federal Act of 21 June 1996 on mineral oil taxation

Principle of Taxation

This tax comprises:

- Tax on petroleum, other mineral oils, natural gas and derivative products, as well as fuels;
- Additional duty on fuels

The seller is liable for the tax, but the tax burden is subsequently transferred to the customers via the product price. The level of tax varies according to the product and its uses (fuel for transport and heating, technical uses; *see chapter 5.7*). Half of the revenue from the mineral oil tax and the total revenue from the additional duty on fuel is earmarked for projects related to highway maintenance. The remainder of the revenue is allocated for general expenditure in the federal budget.

3.2.8 Motor Vehicle Tax

Legal basis

Federal Act of 21 June 1996 on motor vehicle taxation

Principle of taxation

The Swiss Customs Administration levies a tax of 4 % on the value of imported or domestically manufactured automobiles.
Automobiles – as defined by the law – are light–duty commercial vehicles (including minivans) and cars weighing not more than 1,600 kg. Because of the insignificant domestic manufacture, 99.9 % of revenue is derived from imports. Electric cars are tax exempt.

3.2.9 Motorway vignette

Legal basis

Federal Act of 19 March 2010 on the duty for the use of national roads

Principle of taxation

The obligation to display a motorway vignette generally applies to motor vehicles and trailers registered in Switzerland or abroad which use dutiable national roads. Motor vehicles subject to the heavy vehicle fee are not subject to the motorway vignette.

Since 1995, the annual cost of the vignette has been 40 CHF.

3.2.10 Distance-related heavy vehicle fee

Legal basis

Federal Act of 19 December 1997 on distance-related heavy vehicle fee

Principle of taxation

The purpose of the distance-related heavy vehicle fee (HVF) is to cover in the long-term the cost caused by heavy goods vehicles, insofar as it does not yet cover those costs by other efforts or duties.
The HVF is levied on all motor vehicles and trailers that have a total permissible laden weight of more than 3.5 tons and is measured according to three criteria:

- kilometers driven within the Swiss territory;
- total admissible weight;
- emissions level.

In 2014, the tax rate according to the weighted average amounts to 2.30 Rappen per ton-kilometer. This tax rate is calculated according to the unsecured external costs of the heavy goods vehicles and the number of driven gross ton-kilometers. For certain categories of heavy motor vehicles, the fee is levied in the form of a lump sum. The maximum annual charge is 5,000 CHF.

3.2.11 Customs duties

Legal basis

Federal Act of 18 March 2005 on customs duties
Federal Customs Tariff Act of 9 October 1986

Principle of taxation

Switzerland levies customs duties on both imports and exports at rates laid down in the customs schedule. These duties are almost exclusively based on weight (e.g., X CHF per 100 kg gross weight).

You will find tariff numbers, customs duties and other information in the electronic customs tariff Tares (www.tares.ch).

3.3 Cantonal and municipal taxes – Direct taxes

Legal basis

Tax laws of the 26 cantons and of the municipalities; Federal Act of 14 December 1990 on the harmonization of the direct taxes of cantons and municipalities (StHG)

General

The cantons are authorized to levy any kind of tax provided that it is not within the exclusive authority of the Confederation.

Municipalities are entitled to levy taxes only to the extent authorized by the cantons. In some cantons the municipalities have their own tax legislations. In other cantons their authority to levy taxes is based on cantonal law.

The municipal taxes on income and on net wealth are in most cases levied as a percentage or multiple of the basic cantonal tax.

Tax harmonization

The Federal Act on the harmonization of the direct taxes of cantons and municipalities determines the direct taxes to be levied by the cantons and defines the basic principles according to which the cantonal laws have to be designed.

3.3.1 Taxes on income and on net wealth

3.3.1.1 Income taxes

All cantons and municipalities apply a system consisting of a general income tax and a supplementary net wealth tax.

Cantonal income tax legislation follows the Federal Direct Tax in structure. Taxes are assessed generally for a period of one year on the basis of a tax return to be filed by the taxpayer.

All cantons tax total income. Therefore, any item of income has to be declared, including income from gainful employment or self-employment, replacement or supplementary income as well as income from movable or immovable property. However, the earnings from the sale of immovable property that are subject to the immovable property gains tax are exempt from income taxation. Capital gains from the sale of movable private property are tax-free.

Expenses necessarily incurred to earn the income are deductible from gross income (e.g. professional expenses).

In addition, certain general deductions (e.g. deductions for double income, insurance premiums, social security premiums, interest on private debt etc.) and social deductions (e.g. deduction for married couples, single parent families, children, needy persons etc.) are granted.

The income tax rates are progressive in almost all cantons.

In most cantons, a multiple is applied to the basic tax amount.

3.3.1.2 Withholding of tax at source

All cantons tax the earned income of foreign citizens without a residence permit (permit C) at the source. The employer must withhold the tax due and pay it to the cantonal tax administration. This tax levied at the source pays off federal, cantonal and municipal tax liabilities (including possible church taxes).

3.3.1.3 Poll tax

In some cantons and municipalities, legal adults or working individuals have to pay a fixed amount of poll tax, which is levied in addition to the income tax. The tax rates are low.

3.3.1.4 Wealth tax

An individual wealth tax is levied in all cantons and municipalities.

In general, total property is subject to the wealth tax. Total property comprises all of the taxpayer's assets and rights that have a cash value. These assets and rights are usually assessed at market value.

Taxable property includes in particular real estate, movable capital assets, redeemable life and annuity insurances and business assets.

The tax base for the wealth tax is net wealth, that is, gross wealth reduced by the sum of the taxpayer's documented debt.
In addition, social deductions can be made from net wealth. These vary from canton to canton.

The value of net wealth for assessment purposes is based on a given day; the rates are generally progressive.

3.3.1.5 Corporate income tax and tax on equity

Legal entities are liable for cantonal and municipal tax if they have their registered office in Switzerland, if their place of effective management is located in Switzerland or if they fall under their tax jurisdiction due to economic affiliation.

In nearly all cantons, corporations and cooperatives are subject to corporate income tax as well as tax on equity (paid-up capital and reserves).

Earnings derived by Swiss corporations from domestic and foreign holdings enjoy a favorable tax treatment in all cantons. The same holds true with respect to domicile and auxiliary companies.

Furthermore, all cantonal tax legislation provides for tax relief vis-à-vis newly incorporated enterprises. All cantons apply a one-year assessment period with current measurement.

With respect to the cantonal and municipal taxes on profits, one of the following kinds of rate schedules applies:

- Proportional tax rate;
- Mixed system with two or three tax rates which are combined depending on the return on equity or the level of profit.

In almost all cantons, the equity tax, expressed in per mill, is proportional.

Minimum tax

In most cantons, corporations and cooperatives are subject to a minimum tax on equity. Depending on the canton the minimum cantonal tax lies between 100 and 900 CHF per year. In certain cases a municipal tax is added.

3.3.2 Inheritance and gift taxes

With the exception of the canton of SZ, all cantons levy an inheritance and gift tax. The canton of LU waives the right to levy a gift tax. Gifts made during the last five years before the death of the decedent are however included in the calculation of the inheritance tax. The Confederation does not levy any inheritance or gift taxes.

Inheritance tax

Subject to inheritance tax are legacies and individual inheritance portions.

In all cantons, the transfer of wealth by inheritance to the spouse is tax free. In most cantons, the same applies also for direct offspring and sometimes even for direct ancestors.

The right to tax lies with the canton of the deceased's the last domicile, with the exception of immovable property, which is taxed at the place where it is situated. The recipients of the estate are liable for the tax. Generally the market value of the estate serves as a basis for the assessment. At the death of the deceased an inventory of the estate must be made, which serves as basis for the assessment.

Gift tax

Transfers of wealth among living persons are subject to the gift tax. As a general rule, the definition of «gift» according to civil law is applied.

The gift tax on movable property is levied by the canton where the donor is domiciled at the time of the donation. The gift tax on immovable property is levied by the canton where the property is located.

3.3.3 Lottery income tax

Winnings from lottery, Sport-Toto and similar events are taxed in all cantons. Cantons tax these winnings only if they exceed a certain amount.

3.3.4 Immovable property gains tax

Gains derived from the sale of immovable property from private assets are explicitly not subject to the federal direct tax.

All cantons, however, levy a specific immovable property gains tax. In most cases, this immovable property gains tax is levied exclusively by the canton.

3.3.5 Real estate tax

A real estate tax is levied in more than half of the cantons. The tax is assessed based on the full market value of the property, without allowing for the deduction of debts.
The tax is levied at the location of the property, without taking into account the domicile of the taxpayer.
Generally, both individuals and legal entities are subject to taxation. The tax rate is proportional and varies per canton.

The real estate tax is a tax levied periodically (annually). Generally, it is assessed on basis of the effective tax value at the end of the tax period.

3.3.6 Real estate transfer tax

Object of this tax is the ownership transfer of real estate. The authority to levy such tax remains in most cases with the cantons; in a few cantons the municipalities are also entitled thereto. The tax is assessed on the purchase price and is usually paid by the purchaser of the property. In a few cantons both purchaser and seller are equally subject to the tax.

3.3.7 Cantonal Casino Tax

Cantons with casinos in possession of a B license can levy a tax on the gross gaming revenue generated in those casinos. This tax cannot be higher than 40 % of the total casino tax the Confederation is entitled to.

3.3.8 Trade tax

The municipalities of the canton of GE can levy this tax from individuals and legal entities exercising a self-employed gainful activity or having trade, commercial or industrial enterprises in the municipality or having a permanent establishment or owning a subsidiary.

Turnover, property rental and number of employees form the tax base.

3.4 Cantonal and municipal taxes – Property and expenditure taxes

3.4.1 Taxes on motor vehicles

All cantons levy an annual tax on motor vehicles of any kind. This tax is assessed according to certain technical characteristics such as horsepower, kilowatt, engine displacement, load capacity, overall or unladen weight and environmental impact rating.

3.4.2 Dog taxes

In all cantons an annual dog tax is levied either by the cantons and/or the municipalities. In certain cantons, the tax can vary depending on the size or weight of the dog. The tax amount can sometimes even vary among the municipalities of a canton.

3.4.3 Entertainment tax

The entertainment tax is levied in the cantons of FR, AR, TI (only for movie theatres), NE and JU. In the cantons of LU, SO and VD, the entertainment tax is an optional municipal tax.
It is a tax on public performances for which an entrance fee is charged. It is levied as a ticket duty (usually 10 % of the ticket price or of the gross receipts) or as a lump sum tax.

3.4.4 Stamp and registration duties

In addition to the federal stamp duties, some cantons levy stamp taxes on documents (such as court judgments, identity papers, extracts from public registers etc.) issued to private persons by judicial or administrative authorities. Stamp duties are also levied on records and petitions (process papers, applications, appeals etc.) filed by private persons with afore mentioned authorities as well as documents reflecting legal transactions of any kind (agreements, contracts, wills, receipts etc.).

In the canton VD only property pledges are subject to the stamp duty.

The canton VS levies a stamp duty on playing cards.

In addition, the canton of GE levies duties on the obligatory or optional registration of certain private or public documents in an official register.

3.4.5 Lottery tax

Taxes on public (not professionally organized) lotteries, raffles etc. are levied in the majority of the cantons.

3.4.6 Visitor's tax

Most cantons levy a visitor's tax (due for overnight stays at hotels, motels, vacation apartments or camping grounds), which is usually collected by local tourist associations, but sometimes by the municipalities.

3.4.7 Exemption tax for the fire brigade

In principle, most cantons levy an exemption tax on individuals who do not join the voluntary fire services. It is levied by the canton or by the municipality.

The cantons of ZH, BS, TI, VD and GE do not apply such a tax.

3.4.8 Water duty

The majority of the cantons levy a duty on the exploitation of hydropower by hydroelectric power stations beyond a certain gross output.

4 PARTICULARS

4.1 Tax period and assessment period

4.1.1 Individuals

4.1.1.1 Income tax

The federal direct tax as well as cantonal and municipal taxes on income of individuals are levied using the so called «postnumerando method». Hence, taxation occurs on a yearly basis and the actual income earned is the basis of taxation. Therefore, the tax can only be assessed and levied at the beginning of the following year.

This system is characterized by the fact that the tax period (tax year) and the assessment period (assessment year) coincide. For individuals, the tax period usually coincides with the calendar year (art. 40 DBG; art. 15 StHG).

2016	***2017***
Tax period *Assessment period* *(provisional installments may be levied)*	*Tax declaration* *Definitive assessment and collection*

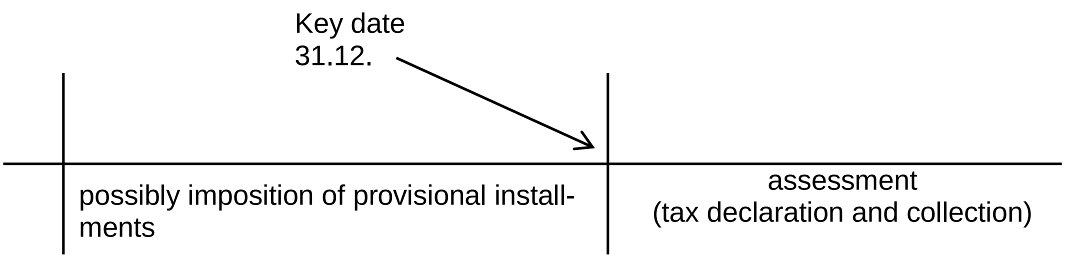
4.1.1.2 Wealth tax

The cantonal and municipal wealth tax is levied in regular intervals on the basis of assessed wealth at the end of the tax period (tax year). If the tax liability did not exist for the full tax year, the tax amount is calculated pro rata for the part of the year, that the tax liability existed.

The wealth is assessed based on its value at the key date (art. 17 StHG).

The Confederation does not levy a wealth tax.

Tax period = Tax year



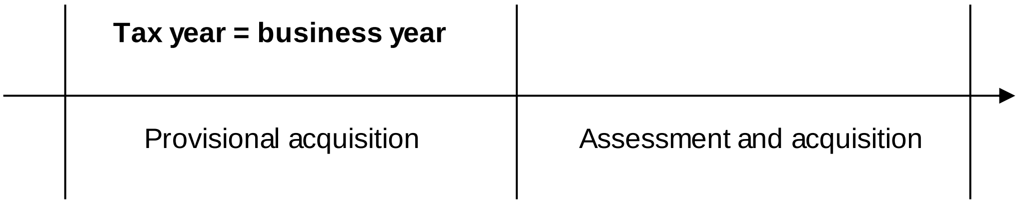
4.1.2 Corporations

4.1.2.1 Corporate income tax

Taxes on profits and capital of corporations are levied periodically in regular intervals just like the taxes on income and wealth of the individuals and also using the postnumerando method.

For corporations, the business year constitutes the tax period (art. 79 DBG and art. 31 para. 2 StHG). The business year does not necessarily coincide with the tax year.
For profit tax (corporate income tax), actual profits earned during the corresponding tax year/business year are relevant.

If a proportional tax rate scale is applied (federal direct tax and the majority of cantons), the duration of the tax liability does not affect the amount of corporate income tax due. If, on the other hand, a progressive tax rate scale is applied and the business year is longer or shorter than a regular calendar year, ordinary profits have to be annualized in order to determine the applicable tax rate (art. 31 para. 2 in fine StHG).

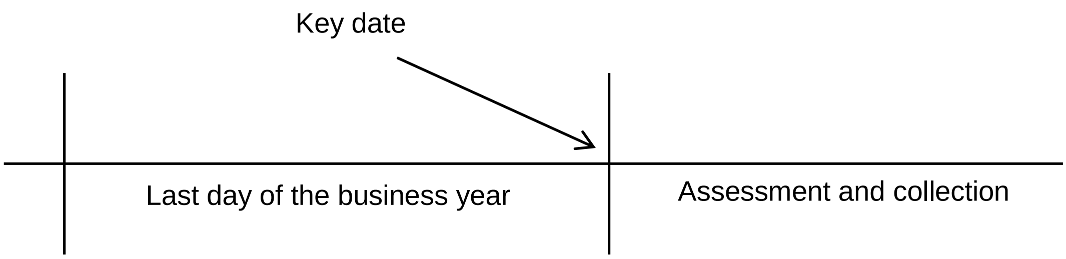


4.1.2.2 Tax on capital

The tax on capital is levied annually, just like the tax on profits. In many cantons profit tax is credit towards the tax on capital. The Confederation does not levy a tax on capital.
For the assessment of this tax, the entity's equity on the last day of the tax period is relevant (art. 31 para. 4 StHG).

For business years that are longer or shorter than a regular business year, the tax is computed pro rata.

Tax period = Business year



4.2 Tax burden

The tax burden on income in Switzerland is determined by the cantonal income tax rate and the multiples of the canton and municipality as well as the federal direct tax on income (without multiple). Personalized current income tax calculations can be simulated with the **Tax Calculator** on the website of the FTA (www.estv.admin.ch) under «Allgemein»> Dienstleistungen» and then switching to English.

Differences in the tax burden among cantons and municipalities are the result of the considerable financial autonomy of each community.

Annual multiples

The majority of cantonal tax laws contain tax rate scales that state the amount of basic tax. This amount has to be multiplied by the annual multiple (expressed as a percentage or as a number of units) to obtain the amount of tax due. The multiples are usually adjusted annually according to the financial needs of the political bodies (canton, municipality, parish). The multiples in effect for 2015 are listed in *chapter 5.8* (individuals) and *5.9* (legal entities).

Example:

A single taxpayer living in the city of Zurich receives a gross earned income of 50,000 CHF. Based on the tax rate fixed by Zurich cantonal law the basic tax amounts to 1,405 CHF.

The canton applies a multiple of 100 % to this basic tax amount, the municipality of Zurich 119 % for the municipal tax and the parish 10 % for the church tax.

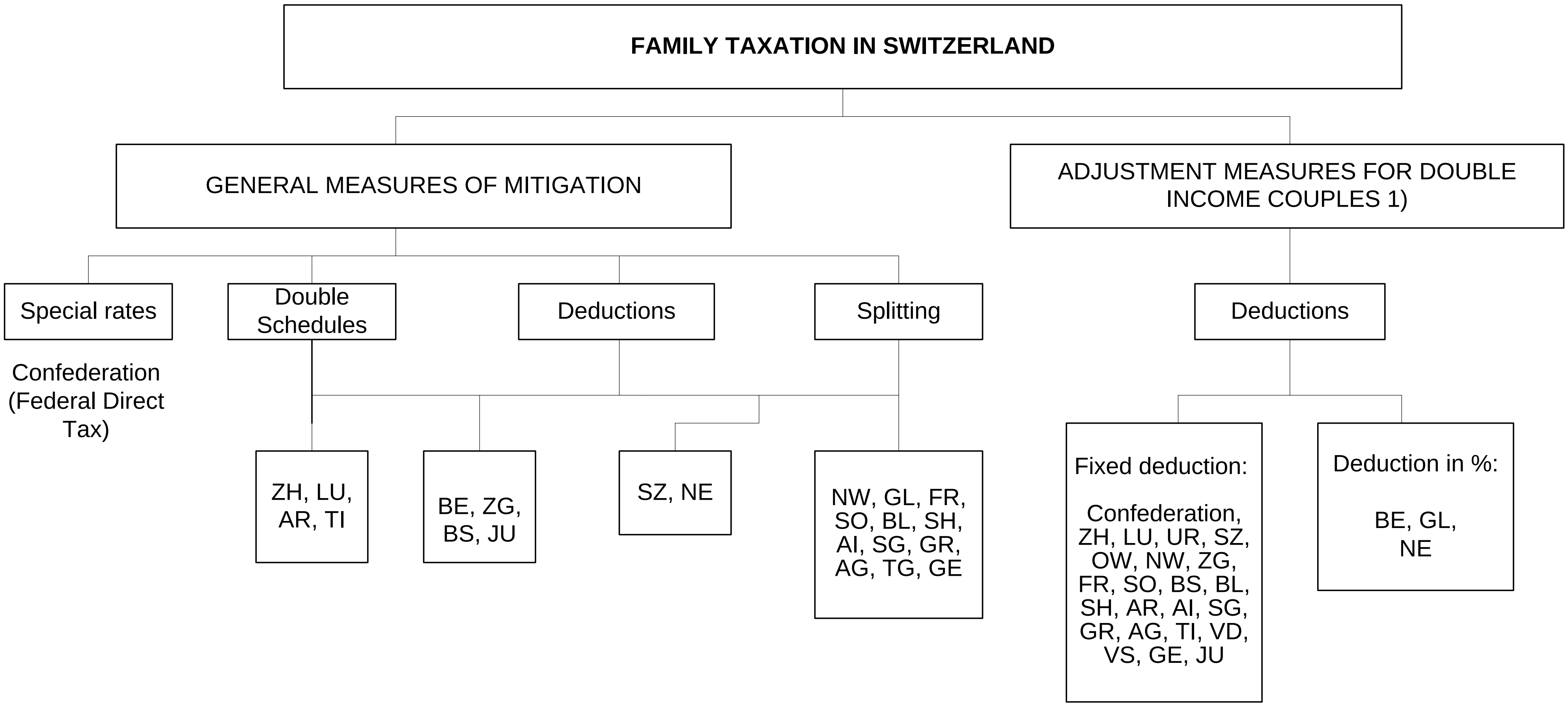
Basic tax amount		1,405.00 CHF
Multiples		
- Canton of Zurich	100 %	1,405.00 CHF
- Municipality of Zurich	119 %	1,671.95 CHF
- Catholic Church	10 %	140.50 CHF
- Poll Tax		24.00 CHF
Total income tax due		3,241.45 CHF
Tax burden in percent		6.48

4.3 Taxation of the family

Swiss tax laws are based on the principle that the income and wealth of a family constitute an economic unity. This institution of household or family taxation is applied for the federal direct tax as well as for the cantonal and municipal taxes. Consequently, the income and net wealth of a legally married couple are aggregated regardless of the matrimonial property regime. Registered partnerships of same-sex couples living in the same household are treated in the same way as heterosexual couples.

Due to the progressive structure of the Swiss income tax schedule, family taxation may lead to an inequitable increase of the tax burden. Several measures have been enacted to mitigate these effects. The overview on the next page shows measures of mitigation which are applied in Switzerland. Once more it becomes evident how differently the 26 cantonal and the federal tax laws treat the fact that often several persons have to live on the income of the family.

Within the scope of the federal direct tax families with children receive further relief by means of a parent rate schedule (a deduction of 251 CHF on the tax amount as a complement to the deduction for children) and a deduction for actual costs of day-care for children up to a maximum of 10,100 CHF.



Four cantons apply a different system: UR (Social deductions have the effect of special rates in a flat rate tax schedule), OW (deduction in % on the net income), VS («tax discount») and VD (for the determination of the tax rate total taxable income is divided by so called «family quotients» plus deductions).

1) the schedule applies to employees; for self-employed persons or in case of collaboration in the business by the spouse, different rules may be applicable.

5 TABLES

5.1 Social deductions from income (2015)

Confederation / Cantons	Personal deductions			
	Married couples	Others	Deduction per child	Deduction per supported person
	Swiss francs			
ZH	[1]	-	9,000	2,700
BE	10,400[2]	5,200	8,000[3]	4,600[4]
LU	[1]	-	[5]	2,600
UR	25,600[6]	14,600[7]	8,000[8]	3,000
SZ	6,400[9]	3,200[10]	9,000[11]	-
OW	10,000[12]	10,000	6,200[13]	2,400
NW	[14]	-	5,400[15]	5,400[16]
GL	[17]	-	7,000[18]	2,000
ZG	14,200[2]	7,100	12,000[19]	3,300
FR	[20]	-	7,000[21]	1,000
SO	[1]	-	6,000	2,000[22]
BS	35,000	18,000[23]	7,800	5,500
BL	[1]	-	[24]	2,000
SH	[9]	[25]	8,400	1,300
AR	[1]	[26]	5,000[27]	-
AI	[28]	[29]	6,000[30]	-
SG	[28]	-	7,200[31]	-
GR	[9]	-	6,200[32]	5,200
AG	[28]	-	7,000[33]	2,400
TG	[34]	-	7,000[35]	2,600
TI	[1]	-	11,100[36]	5,700[37]
VD	1,300[38]	[38] [39]	1,000[38]	3,200
VS	35%[40]	-	[41]	1,850
NE	3,600[42]	2,000[43]	6,000[44]	3,000
GE	[45]	[45]	[46]	[47]
JU	3,500[1]	[48]	5,300[49]	2,300
Confederation	2,600	-	6,500	6,500

[1] Tax scale for married couples.

[2] In addition, tax scale for married couples.

[3] In addition, up to 6,200 CHF per child attending out of town education.

Another 1,200 CHF per child for single parent families with their own household.

[4] The same deduction is allowed for services rendered to offspring and parents that are in constant need of care or are being cared for in an institution or a nursing home at the expense of the taxpayer as well as for the additional costs for the care of handicapped offspring.

[5] - 6,700 CHF for each child that has not yet reached the age of six,

- 7,200 CHF for each child that has completed the 6th year of age,

- 12,500 CHF for each child receiving a vocational or scholastic education, if it is being educated out of town.

[6] Additionally: lump-sum deduction of 14,600 CHF. Jointly taxable married couples can claim the deduction only once. Widowed, separated, divorced or single taxpayers living with children and covering their expenses can deduct 20,100 CHF.

[7] For each taxpayer as well as married couples.

[8] Additionally, 4,300 CHF per child receiving a vocational or scholastic education and in case of eating out; 12,900 CHF in case of living out of town (board and lodging). The deduction has to be reduced to the extent of the child’s income exceeding 15,000 CHF as well as the paid out scholarships.

[9] Additionally, splitting for jointly taxable married couples (divisor 1.9).

[10] Additionally, for a single parent 6,300 CHF. In case of gainful employment of the single parent this amount is increased by the net salary declared in the wage statement (after deduction of professional expenses) or in case of self-employment by the profit as evidenced by the accounting records, up to a maximum of 3,200 CHF.

[11] 9,000 CHF for each minor child and 11,000 CHF for each adult child receiving an education.

[12] Up to 10,000 CHF for married couples as well as 20 % of net income (at least 4,300 CHF) for single taxpayers living with children in the same household.

[13] - 6,200 CHF for each minor child

- 6,200 CHF for each adult child receiving a vocational or scholastic education provided the parents cover the child’s expenses to a large extent

Additionally to the deduction per child

- 5,100 CHF per child attending out of town education, provided the parents cover the child’s expenses.

[14] Partial splitting for married couples (divisor 1.85).

[15] For each minor or adult child receiving an education 5,400 CHF. In addition:

- For scholastic education outside the canton 1,600 CHF.

- For the first child, if it is living permanently at the location of education 5,400 CHF.

- For each additional child, if it is living permanently at the location of education 7,600 CHF.

[16] Deduction for cost of care: For taxpayers, who look after persons in need of care living in the same household, drawing compensation from old age or disability pension and who are not compensated according to the usual rates for housekeeping personnel.

[17] Partial splitting (divisor 1.6).

[18] For each minor or adult child receiving a scholastic or professional education. The same amount can be deducted, if the child has to stay permanently at the location of education outside the canton.

[19] This deduction is elevated by 6,000 CHF in the tax period in which the child completes its 15th year of age.

[20] Splitting for married couples (50 %, divisor 2). The minimum tax rate is applied.

[21] For the first and second child at least 7,000 CHF, from the third child at least 8,000 CHF per child. The amount of the social deduction is increased:

- for the first and second child from 7,000 CHF to 8,500 CHF per child

- from the third child from 8,000 CHF to 9,500 CHF per child.

The limit for the income is 62,000 CHF for the first child. This limit is raised for each additional child by 10,000 CHF. At income levels above this limit, the deduction is reduced by 100 CHF per 1,000

CHF The minimal deduction, however, amounts to 7,000 CHF for the first two children and 8,000 CHF from the third child.

[22] For each person in constant need of care living in the household of the taxpayer, 4,200 CHF can be deducted.

[23] Taxpayers living alone in the same household with children who are minor, unable to work or receiving an education, if the taxpayer is covering most of the child's expenses and does not live in a concubinage: 28,000 CHF.

[24] The amount of income tax due is reduced by 750 CHF per child who is minor, unable to work or receiving an education and who is living in the same household with the taxpayer.

[25] For separated, divorced, widowed and single taxpayers, who are living with children, the taxable global income is divided by the factor 1.9 to calculate the income determining the tax rate.

[26] The rate for married couples is applied to widowed, divorced, separated or single taxpayers who are living in the same household with children or needy persons, provided they cover their expenses.

[27] - 5,000 CHF for each minor child under parental authority or custody.

- 6,000 CHF for each child under parental authority or custody or for adult children receiving a scholastic or vocational education, plus a maximum of

- 12,000 CHF education costs for each child under parental authority or custody or for adult children receiving a scholastic or vocational education provided the costs are borne by the taxpayer and they exceed 2,000 CHF. The amount is reduced by the amount of scholarships received down to a minimum of 6,000 CHF.

[28] Full splitting for married couples, widowed, divorced, separated or single taxpayers who are living with children, for whom the child deduction is allowed (divisor 2).

[29] Full splitting for married couples, widowed, divorced, separated or single taxpayers who are living with children, for whom the child deduction is allowed (divisor 2).

[30] For the first and second child which is minor or receiving a vocational education 6,000 CHF.

For each additional child 8,000 CHF.

An additional 8,000 CHF for each child receiving a scholastic or vocational education and having to reside at the external location of education. Scholarships and other non-repayable educational contributions have to be deducted.

[31] - 7,200 CHF for each child below school age

- 10,200 CHF for each child receiving a scholastic or vocational education

- 13,000 CHF for the costs of education for each minor or adult child receiving a scholastic or vocational education, as far as the costs exceed 3,000 CHF and the taxpayer bears the costs him- or herself.

[32] 6,200 CHF for pre-school age children, 9,300 CHF for each older minor child and if the child is receiving a scholastic or vocational education, 18,600 CHF per child with out of town education (scholastic or vocational).

[33] For each child under parental care 7,000 CHF up to the age of 14, 9,000 CHF until the completed 18th year of age and 11,000 CHF for each adult child receiving an education.

[34] Additionally, splitting for married couples and single parents (divisor 2).

[35] 7,000 CHF for each child up to age 16.

For each child receiving an education:

- 8,000 CHF from age 16

- 10,000 CHF from age 20 up to age 26.

[36] 10,900 CHF for each minor child without any earned income and for each child receiving a scholastic or vocational education or students under 28 years of age.

In addition for each child:

- attending school and its location is identical with the place of residence 1,200 CHF.

- attending school in the canton of Ticino and its location is not identical with the place of residence and the child returns home daily 1,900 CHF.

- attending school in the canton of Ticino and its location is not identical with the place of residence and the child does not return home daily 4,600 CHF.

- attending school or receiving further education outside the canton or receiving an academic education in the canton of Ticino or outside the canton 6,400 CHF.

- 13,400 CHF for each child receiving an academic education without returning home daily.

[37] Deduction from 5,700 CHF up to 11,100 CHF for the support of each needy person, at least 5,700 CHF.

[38] Family quotient (taxation according to consumption units). The income determining the applicable tax rate corresponds to the taxpayer's taxable income divided by the quotient resulting from his family situation:

- 1.0 for unmarried, separated, divorced and widowed persons

- 1.8 for married unseparated persons

- 1.3 for unmarried, widowed, divorced and separated persons living in the same household with minor children who are studying or completing an apprenticeship and whose expenses are paid for by the taxpayer in question

- 0.5 for each minor child studying or completing an apprenticeship and whose expenses are paid for by the taxpayer in question.

[39] Maximum of 2,700 CHF for single parent families.

[40] Deduction from the tax amount: minimum 650 CHF, maximum 4,680 CHF.

Deduction from the tax owed: an amount of up to 300 CHF for each minor child, receiving an education or attending tertiary education, if the taxpayer is covering the child's expenses. This deduction is effected after taking into account the social deduction and the discount on the tax amount of the spouse.

[41] Graded deduction as a function of age: 7,510 CHF up to age 6; 8,560 CHF between 6 and 16 years of age; 11,410 CHF from age 16.

If the taxpayer has three or more children, an additional deduction of 1,200 CHF is accorded from the third child for each child.

For each student receiving secondary education: a maximum of 5,470 CHF per year for the actual costs for a boarding school or a host family. For each child receiving a tertiary education out of town a maximum of 5,000 CHF per year.

[42] For married and unseparated couples as well as for single taxpayers living with children or needy persons in the same household. A deduction declining from an income level of 48,000 CHF This deduction is reduced by 200 CHF for every 1,000 CHF exceeding the 48,000 CHF.

For taxpayers being taxed separately and exercising parental authority together with alternating custody and without maintenance payments, the rate for married couples applies to the parent having the higher net revenue.

[43] A deduction declining from an income level of 26,000 CHF. This deduction is reduced by 100 CHF for every 1,000 CHF exceeding the 26,000 CHF.

[44] For each minor or adult child receiving an education or studying:

6,000 for each child between 0 and 4 years old;

6,250 for each child between 4 and 14 years old;

6,500 for each child more than 14 years old.

[45] Splitting for married couples (50 % of the tax rate).

[46] For each minor child without any earned income or:

- whose yearly income do not exceed 15,452 CHF (total charge), 10,078 CHF of the amount payable can be deducted.

- whose yearly income do not exceed 23,179 CHF (half charge), 5,039 CHF of the amount payable can be deducted.

For each adult child up to age 25, completing an apprenticeship with a contract or being regularly enrolled as a student in an institution of secondary education or higher and whose assets do not exceed 88,180 CHF and in addition:

- is without earned income or whose annual income does not exceed 15,452 CHF (total charge), 10,000 CHF of the amount payable can be deducted.

- whose yearly income do not exceed 23,179 CHF (half charge), 5,039 CHF of the amount payable can be deducted.

[47] For each needy person in the care of the taxpayer (ascendants or descendants at the exception of children under 25 years, siblings, uncles, aunts, nieces and nephews) that is incapable of earning a living. Persons fulfilling the following conditions are considered being in the full care of the taxpayer (entitled to a deduction of 10,078 CHF):

- gross annual income < 15,452 CHF
- gross wealth < 88,180 CHF

Persons fulfilling the following conditions are considered being in half the care of the taxpayer (entitled to a deduction of 5,039 CHF)

- gross annual income between 15,452 and 23,179 CHF
- gross wealth < 88,180

[48] For widowed, separated or divorced persons having their own (independent) household

- 1,700 CHF without any child in their care
- 2,500 CHF with children in their care.

[49] From the third child on 6,000 CHF per child; additionally 10,000 CHF for each child receiving an education out of town.

5.2 Social deductions from net wealth (2015)

Confederation / Cantons	Personal deductions			
	Married couples	Others	Deduction per child	Tax free minimum
	Swiss francs			
ZH	-	-	-	-
BE	18,000	-	18,000	97,000
LU	100,000	50,000	10,000	-
UR	201,100	100,600	30,200	-
SZ	250,000	125,000	30,000	-
OW	50,000	25,000	10,000	-
NW	70,000	35,000	15,000	-
GL	150,000[1]	75,000[1]	25,000	-
ZG	202,000	101,000	51,000	-
FR	70,000[2]	35,000[3]	-	20,000[4]
SO	100,000[5]	60,000[5]	20,000[5]	-
BS	150,000[6]	75,000[6]	15,000[6]	-
BL	150,000	75,000	-	10,000
SH	100,000	50,000	30,000	-
AR	150,000	75,000	25,000	-
AI	100,000	50,000	20,000	-
SG	150,000	75,000	20,000	-
GR	130,000	65,000	26,000	-
AG	200,000	100,000	12,000	[7]
TG	200,000	100,000	100,000	-
TI	60,000	-	30,000	200,000
VD	-	-	-	56,000[8]
VS	60,000	30,000	-	-
NE	-	-	-	-
GE	165,678[9]	82,839[10]	41,420[11]	-
JU	53,000[12]	26,500[12]	26,500	54,000
Confederation	No net wealth tax			

Remarks

[1] An additional 25,000 CHF for taxpayers drawing at least half a disability pension.

[2] If the net wealth does not exceed 125,000 CHF. For every additional 35,000 CHF net wealth the deduction is reduced by 20,000 CHF.

[3] If the net wealth does not exceed 75,000 CHF. For every additional 25,000 CHF net wealth the deduction is reduced by 10,000 CHF.

[4] For married taxpayers and taxpayers with a support obligation for the family 35,000 CHF.

[5] For taxpayers with insufficient net income (up to 32,000 CHF for married couples and solitary persons with children, up to 24,000 CHF for other taxpayers) and net wealth of no more than 200,000 CHF, who (or whose spouse) are incapacitated for work or have a restricted work ability, the social deductions are doubled.

[6] For taxpayers with low net income (up to a taxable income of 20,000 CHF for married couples and solitary persons with children or a legal support obligation and up to a taxable income of 14,000 CHF for other taxpayers) the net wealth tax is reduced by 75 % for a net wealth of up to 100,000 CHF, by 50 % for up to 200,000 CHF and by 25 % for up to 400,000 CHF.

[7] Limit: Upon request of the taxpayer, income and net wealth taxes of canton, municipality and parish are reduced to 70 % of net income, but at most to half of the wealth taxes due.

[8] This amount is doubled for married couples with a common household.

[9] Also for single parent families.
41,420 CHF per person in need of care in the sense of the rules concerning the income tax.

[10] 41,420 CHF per person in need of care in the sense of the rules concerning the income tax. However, personal net wealth of the apprentice or student is deducted from this amount of 41,420 CHF.

[11] Personal net wealth of the apprentice or student is deducted from this amount of 41,420 CHF.

[12] Additional 53,000 CHF for taxpayers drawing an old age or disability benefit.

5.3 Deductions related to savings accounts and insurance premiums (2015)

5.3.1 Savings accounts

Cantons of ZH, BE, LU, UR, SZ, OW, NW, GL, ZG, SO, BS, BL, SH, AR, AI, SG, GR, AG, TG, TI, VD, VS, NE, GE, JU: See «Combined deductions for insurance premiums and interest from savings capital» (*chapter 5.3.2*).

Canton of FR: Interest from savings up to 300 CHF for married couples living in the same household and up to 150 CHF for other taxpayers.

Confederation: No net wealth tax

5.3.2 Combined deductions for insurance premiums and interest from savings capital (2015)

Confederation / Cantons	Maximum deduction from income				
	Taxpayers paying contributions to social security institutes			Taxpayers without contributions to social security institutes	
	Married couples	Others	Per child	Married couples	Others
	Franken				
ZH	5,200	2,600	1,300	7,800	3,900
BE	4,800	2,400	700	7,000	3,500
LU	4,900	2,500	700	6,300	3,200
UR	3,300	1,700	700	4,950	2,550
SZ	6,400	3,200	400	9,600	4,800
OW	3,300	1,700	700	4,950	2,550
NW	3,500	1,700	700	5,250	2,550
GL	4,800	2,400	800	7,200	3,600
ZG	6,600	3,300	1,100	9,900	5,000
FR	8,760[1]	4,380[2]	1,040[3]	8,760[1]	4,380[2]
SO	5,000	2,500	650	7,500[4]	3,750[4]
BS	4,000	2,000	-	4,000	2,000
BL	4,000	2,000	450	4,000	2,000
SH	3,000	1,500	300	4,000	2,000
AR	4,000	2,000	1,000	4,000	2,000
AI	5,800	2,900	600	6,800	3,400
SG	4,800	2,400	600	5,800	2,900
GR	8,700	4,400	1,000	11,000	5,600
AG	4,000	2,000	-	4,000	2,000
TG	6,200	3,100	800	6,200	3,100
TI	10,500	5,200	-	14,800	7,400
VD	4,000[5]	2,000[6]	1,300	4,000[5]	2,000[6]
VS	6,000	3,000	1,090	6,000	3,000
NE	4,800	2,400	800	6,000	3,000
GE	3,326[7]	2,217[7]	907[7]	6,652[7]	4,434[7]
JU	5,200	2,600	760[8]	6,280[9]	3,140[10]
Confederation	3,500	1,700	700	5,250	2,550

Remarks

1 Additional deduction of 1,500 CHF for life insurance premiums as well as a deduction of 300 CHF for the interest from savings capital.

2 Additional deduction of 750 CHF for life insurance premiums as well as a deduction of 150 CHF for the interest from savings capital.

3 For young adults receiving an education (from 18 to 25 years), 4,040 CHF.

4 An additional 975 CHF per child.

5 Total amount: including 4,000 CHF for health and accident insurance and 3,000 CHF for interest from savings; supplementary 300 CHF per child.

6 Total amount: includes 2,000 CHF for health and accident insurance and 1,500 CHF for interest from savings; supplementary 300 CHF per child.

7 Premiums for health and accident insurance are fully deductible. In addition, premiums for life insurance and interest from savings can be deducted up to an amount of 2,217 CHF for single persons, 3,326 CHF for married couples and 907 CHF per child in need of support. These limits are doubled for taxpayers who do not pay any contributions to employment based pension funds or restricted individual retirement accounts. If only one parent is paying his or her contribution, the deduction for children is increased to 1,360 CHF.

8 For every child (up to 18 years). This deduction amounts to 2,600 CHF per young adult receiving an education (from 18 to 25 years).

9 Married taxpayers none of whom is paying contributions to employment based pension funds or restricted individual retirement accounts. If one of the spouses pays contributions, maximum of 5,740 CHF.

10 An additional 540 CHF per person, provided no contributions to professional or individual financial security institutions are paid (pillars 2 and 3a in the Swiss system).

5.4 Income and net wealth taxes of individuals (2015)

Confederation Cantons	Income tax				Net wealth tax				
	Tax rate	Maximal tax rate with an income over … CHF			Tax rate		Maximal tax rate with a net wealth over ... CHF		
	Progressive	%	Married couples	Others	Proportional	Progressive	‰	Married couples	Others
Confederation	X	11.50	895,900*	755,200	No net wealth tax				
ZH	X	13.00	354,100*	254,900		X	3.00	3,235,000	3,158,000
BE	X	6.50	463,600	449,100		X	1.25	6,120,000	6,120,000
LU	X	5.60 / 5.70	1,348,900*	1,984,500	X		0.75	-	-
UR	Flat rate	7.10	-	-	X		1.00	-	-
SZ	X	3.65	230,400*[1]	230,400	X		0.60	-	-
OW	Flat rate	1.8	-	-	X		0.20	-	-
NW	X	2.75	155,800*[2]	155,800	X		0.25	-	-
GL	X	17.00	450,000*[3]	450,000	X		3.00	-	-
ZG	X	8.00	284,800*	142,400		X	2.00	492,000	492,000
FR	X	13.50[4]	203,900*	203,900		X	3.30	1,100,100	1,100,100
SO	X	10.50	310,000*[1]	310,000		X	1.0	150,000	150,000
BS	Two rate scale	26.00	400,000*	200,000		X	8.00	4,000,000	2,500,000
BL*	X	18.62	[5]	[5]		X	4.60	1,000,000	1,000,000
SH	X	9.90	210,100*[6]	210,100		X	2.30	1,000,000	1,000,000
AR	X	2.60	400,000*	250,000		X	0.55	250,000	250,000
AI	X	8.00	200,000[7]	200,000	X		1.50	-	-
SG	X	8.50	250,000[4]	250,000	X		1.70	-	-

Income and net wealth taxes of individuals (2015): continued

Confedera-tion Cantons	Income tax				Net wealth tax				
	Tax rate	Maximal tax rate with an income over … CHF			Tax rate		Maximal tax rate with a net wealth over … CHF		
	Progressive	%	Married couples	Others	Proportional	Progressive	‰	Married couples	Others
GR	X	11.00	721,000[1]	721,000		X	1.70	640,660	640,660
AG	X	11.00	330,000[4]*	330,000		X	2.10	1,200,000	1,200,000
TG	X	8.00	150,000[4]	150,000	X		1.10	-	-
TI	X	15.076	730,800*	365,400		X	3.50	2,801,000	2,801,000
VD	X	15.50	275,000	275,000		X	3.39	670,000	670,000
VS	X	14.00	354,300[8]	354,300[8]		X	3.00	2,001,000	2,001,000
NE	X	14.50	195,000[9]	195,000		X	3.60	500,000	500,000
GE	X	19.00	615,022[4]	615,022[4]		X	4.50[10]	1,682,068	1,682,068[10]
JU	X	6.184	409,500*	192,000		X	1.20	1,576,000	1,576,000

Remarks

* Rate scale for married couples is also applicable to single parent families.

[1] Partial splitting: divisor 1.9.

[2] Partial splitting (divisor 1.85) for married couples as well as for widowed, separated, divorced and single taxpayers living in the same household with children.

[3] Partial splitting: divisor 1.6.

[4] For jointly filing married couples as well as for widowed, separated, divorced and single taxpayers living in the same household with children or needy persons while paying most of their alimony, the tax rate for half of the taxable income is applied.

[5] Assessment formula according to tax law; full splitting for married couples.

[6] Partial splitting: divisor 1.9. Total taxable income over 399,400 CHF is not to be divided.

[7] For married couples filing jointly, the tax rate of half of the taxable income is applied (full splitting).

[8] For jointly filing married couples as well as for widowed, separated, divorced and single taxpayers living in the same household with children or needy persons while paying most of their alimony, the tax is reduced by 35 %, at least by 600 CHF, but not more than 4,500 CHF.

[9] For jointly filing married couples as well as for widowed, separated, divorced and single taxpayers living in the same household with children or needy persons while paying most of their alimony, income is taxed at the rate applicable to 55 % of the income.

[10] Furthermore, there is an additional tax on the net wealth of each single, widowed, separated or divorced taxpayer, with a maximum tax rate 1.35 ‰ for any capital exceeding 3,364,137 CHF.

5.5 Tax rates – Corporate income tax of legal entities (2015)

Confederation / Cantons	**A. Proportional tax on net profits**
ZH[1]	8 %
LU[1]	1.5 % of taxable net profit
UR[1]	4.2 %
SZ[1 4]	2.25 % of taxable net profit
OW[1 2]	6.1 %
NW[1 2]	6 %
GL[1]	8 %
SH[1]	5 %
AR[1 2 3]	6.5 %
AI[1]	8 %
SG[1]	3.75 %
GR[1]	5.5 %
TG[1]	4 %
TI[1 2]	9 %
VD[1]	9 %
GE[1]	10 %
JU[1]	3.56 %
Confederation[1 2]	8.5 %

Tax rates – Corporate income tax of legal entities (2015): continued

Cantons	B. Combined system with two or three tax rates depending on the return on equity or amount of profit
BE[1]	- 1.55 % for 20 % of the taxable net profit, but at least on 10,000 CHF - 3.1 % for the next 50,000 CHF net profit - 4.6 % for the remaining net profit
ZG[1]	- 3 % for the first 100,000 CHF - 5.75 % for the profit exceeding 100,000 CHF
FR[1]	- 8.5 % if profit does not exceed 50,000 CHF: - 4.2 % on the first 25,000 CHF - 12.8 % on the next 25,000 CHF
SO[1]	- 5 % on the first 100,000 CHF - 8.5 % on the remaining net profit
BS[1 2]	- 9 % basic tax - in addition, a tax rate equal to the percentage of taxable net profit relative to taxable capital at the beginning of the tax period. - Maximum of 20 %
BL[1 2]	- 6 % on the first 100,000 CHF of net profit - 12 % on the remaining net profit
AG[1]	- 6 % on the first 150,000 CHF of taxable net profit - 9 % on the remaining net profit Minimum tax: As a basic (100%) cantonal tax (without multiples) it amounts to - for corporations 500 CHF - for cooperatives 100 CHF
VS[1 2]	- 3 % up to an amount of 150,000 CHF - 9.5 % from 150,001 CHF
NE[1]	6 %

Remarks

1 Taxes paid during the assessment period can be deducted.

2 No annual multiple

3 For corporate entities and cooperative societies, that were granted tax relief before 1 January 2008, the basic tax amounts to 1.85 % of taxable net profit for the duration of the tax relief.

4 Instead of corporate income tax, a minimum tax is paid, if this tax exceeds the calculated corporate income tax. The minimum tax is assessed according to stockholder’s equity.

5.6 Tax rates – Tax on capital of legal entities (2015)

Confederation / Cantons	**A. Proportional tax**
ZH	0.75 ‰
BE[1]	0.3 ‰
LU	0.5 ‰ of the taxable capital
UR	maximal 2.4 ‰ and minimal 0.01 ‰
SZ	0.4 ‰ of the applicable stockholders equity (at least 100 CHF)
OW[2]	2.0 ‰ (at least 500 CHF)
NW	0.1 ‰ (at least 500 CHF)
GL	2.0 ‰
ZG	0.5 ‰
FR	1.6 ‰
SO[1]	0.8 ‰ (at least 200 CHF in case of personal connecting factor resp. 100 CHF in case of merely economic connecting factor)
BS[2]	5.25 ‰
BL[1 2]	1.0 ‰
SH	1.0 ‰
AR	0.1 ‰ (at least 900 CHF)
AI[1]	0.5 ‰ (at least 500 CHF)
SG[1 5]	0.2 ‰
AG[1]	1.25 ‰ (at least 500 CHF for corporate entities, at least 100 CHF for cooperative societies)
TG[1]	0.3 ‰ (at least 100 CHF)
TI[2]	1.5 ‰
VD[1]	0.3 ‰
VS[2]	1.0 ‰ up to 500,000 CHF 2.5 ‰ for 500,001 CHF (at least 200 CHF)
NE[1 2]	2.5 ‰
GE[3]	1.8 ‰ 2.0 ‰ for corporate entities and cooperative societies without any taxable corporate income
JU	0.75 ‰
Confederation	no tax

Tax rates – Tax on capital of legal entities (2015): continued

Canton	B. Progressive tax	
	Minimal tax rate	Maximal tax rate
GR[4]	2.3 ‰	2.5 ‰

Remarks

1 The corporate income tax paid is credited towards the tax on capital.

2 No annual multiple

3 The tax on capital is deducted from the amount of the corporate income tax. The reduction cannot exceed 8,500 CHF.

4 The cantonal parliament determines the annual multiple as a percentage of the basic cantonal tax.

5 Corporate entities and cooperative societies pay a minimal tax of 250 CHF from the 5th year after the foundation of the company, if the total of the corporate income tax and the tax on capital is inferior to that amount.

5.7 Tax rates – Federal taxes (2015)

Tax category		Tax rates
Withholding tax	returns on capital and lottery winnings	35 %
	life annuity und pensions	15 %
	other insurance benefits	8 %
Stamp duties	issuance duty	
	- on shares of domestic companies	1 %
	transfer duty	
	- for domestic securities	1.5 ‰
	- for foreign securities	3.0 ‰
	insurance duty	5.0 %
	duty on single premium life insurance policies, which may be surrendered	2.5 %
VAT	standard rate	8.0 %
	reduced rate	2.5 %
	special rate	3.8 %
Casino tax	Grand Casinos (license A)	
	basic tax rate	40 % up to 10 million CHF gross game earnings
	for each additional million CHF the tax rate is raised by	0.5 %, but not exceeding 80 %
	Casinos (license B)	
	basic tax rate	40 % up to 10 million CHF gross game earnings
	for each additional million the tax rate is raised by	0.5 %, but not exceeding 80 %
	The Federal Counsel can reduce the tax rate to 20 % during the first four years of operation of a Casino.	

Tax rates – Federal taxes (2015): continued

Tax category		Tax rates
Tobacco tax	cigarettes	Rappen 11.832 per piece and 25 % of the retail price, at least Rappen 21.21 per piece
	cigars	Rappen 0.56 per piece and 1 % of the retail price
	fine cut tobacco	CHF 38.00 per kg and 25 % of the retail price, at least CHF 80 per kg
	other smoking tobacco than fine cut tobacco	12 % of the retail price
	chewing tobacco and snuff	6 % of the retail price
Beer tax	light beer (up to 10.0 degrees Plato)	CHF 16.88 per hectoliter
	normal and special beer (10.1 – 14 degrees Plato)	CHF 25.32 per hectoliter
	strong beer (from 14.1 Grad Plato)	CHF 33.76 per hectoliter
Mineral oil taxes	Diesel	Rappen 75.87 per liter (including mineral oil surcharge of Rappen 30 per liter)
	Gasoline	Rappen 73.12 per liter (including mineral oil surcharge of Rappen 30 per liter)
	Heating oil extra light	Rappen 0.3 per liter (additionally CO_2 tax of Rappen 15.9 per liter)
Motor vehicle tax		4 % of the value

5.8 Multiples – Individuals (2015)

Cantonal capitals		Cantonal tax[1]	Municipal tax[1]	Church tax[1]	
				Protestant	Catholic
Zürich		100 %	119 %	10 %	10 %
Bern		3.06	1.54	0.184	0.207
Luzern		1.60	1.85	0.25	0.25
Altdorf		100 %	99 %	120 %	92 %
Schwyz		145 %	225 %	30 %	28 %
Sarnen		3.05	4.16	0.54	0.54
Stans		2.66	2.45	0.26	0.35
Glarus		55 %	63 %	8 %	9.5 %
Zug		82 %	60 %	9.5 %	7 %
Fribourg	income	100 %	81.6 %	9.0 %*	7 %*
	net wealth	100 %	70 %	10 %*	20 %*
Solothurn		104 %	115 %	16 %	21 %
Basel		100 %	[2]	8 %[3]	8 %[3]
Liestal	income	[4]	65 %	0.55 %[5]	6.75 %[6]
	net wealth	[4]	65 %	0.05 %[5]	6.75 %[6]
Schaffhausen		114 %	98 %	13 %	14.5 %
Herisau		3.2	4.1	0.50	0.45
Appenzell		96 %	77 %	10 %	10 %
St.Gallen		115 %	144 %	25 %	26 %
Chur		100 %	90 %[7]	14.5 %[7]	11 %
Aarau		109 %	94 %	15 %	18 %
Frauenfeld		117 %	146 %	16 %	16 %
Bellinzona		[4]	95 %	-	-
Lausanne		154.5 %	79 %	-	-
Sion		[4]	1.10	3 %[8]	3 %[8]
Neuchâtel		123 %	67 %	-	-
Genève		148.5 %[9]	45.5 %	-	-
Delémont		2.85	1.95	8.1 %[6]	6.4 %[6]

Remarks

* Rates for 2014

1 As a general rule the percentage numbers or multiples are referring to the basic tax; exceptions are noted in the footnotes.

2 The municipal tax is included in the cantonal tax.

3 In % of the cantonal taxes of 2013.

4 No multiples.

5 In % of taxable income or net wealth.

6 In % of the cantonal taxes.

[7] Of the cantonal tax at 100 %.
[8] In % of the municipal tax.
[9] Rebate of 12 % of the cantonal tax of 147.5 %.

5.9 Multiples – Legal entities (2015)

Cantonal capitals		Cantonal tax[1]	Municipal tax[1]	Church tax[1]
Zürich		100 %	119 %	10 %
Bern		3.06	1.54	0.1919
Luzern		1.6	1.85	0.25
Altdorf	income tax tax on equity	100 % [2]	99 % 0,001 ‰	94.016 % [3]
Schwyz		145 %	225 %	28.14 %
Sarnen		[4]	[5]	[5]
Stans		[4]	[5]	[5]
Glarus		55 %[6]	63 %	8.4705 %
Zug		82 %	60 %	7.586 %
Fribourg		100 %	81.60 %	10 %
Solothurn		114 %[7]	115 %	-
Basel		[4]	[5]	-
Liestal	income tax tax on equity	[4] [4]	5 %[8] 2.75 ‰[8]	5 % 5 %
Schaffhausen		114 %	98 %	-
Herisau	income tax tax on equity	[4] 3.2	[5] 4.0	- -
Appenzell		[4]	[5]	[5]
St.Gallen		115 %	[9]	-
Chur		100 %	[10]	[10]
Aarau		169 %[8]	[11]	-
Frauenfeld		117 %	146 %	16 %
Bellinzona		[4]	95 %	-
Lausanne		154.50 %	79 %	-
Sion		[4]	[4]	3 %[12*]
Neuchâtel		[4]	[4]	-
Genève	income tax tax on equity	188.5 %[13] 177.5 %[13]	45.5 %[14] 45.5 %[14]	- -
Delémont		2.85	1.95	8.1 %[15]

Remarks

* Rates for 2014

[1] As a general rule the percentages or multiples refer to the basic tax; exceptions are mentioned in the footnotes.

[2] The canton does not levy any tax on capital.

[3] Included in the municipal tax.

[4] No multiple.

[5] No municipal multiple. The statutorily fixed tax rates constitute a total tax rate, the proceeds of which are divided among canton, municipality and where applicable, parish.

[6] Including a 2 % surcharge for the building tax.

[7] Including a 10 % financial equalization tax for the benefit of the parishes.

[8] In % or ‰ of the taxable corporate income or equity.

[9] The canton levies a fix surcharge of 220 % of the basic tax for the municipalities and parishes.

[10] The canton levies a surcharge of 99 % for the municipality and a surcharge of 10.5 % for the parishes (total of 209.5 %).

[11] The canton levies a surtax of 50 % of the basic cantonal tax for the municipality (total of 164 %).

[12] In % of the municipal tax.

[13] In addition, municipal equalization of 44.5 % on 20 % of the amount of the basic tax.

[14] On 80 % of the basic tax.

[15] In % of the cantonal tax.

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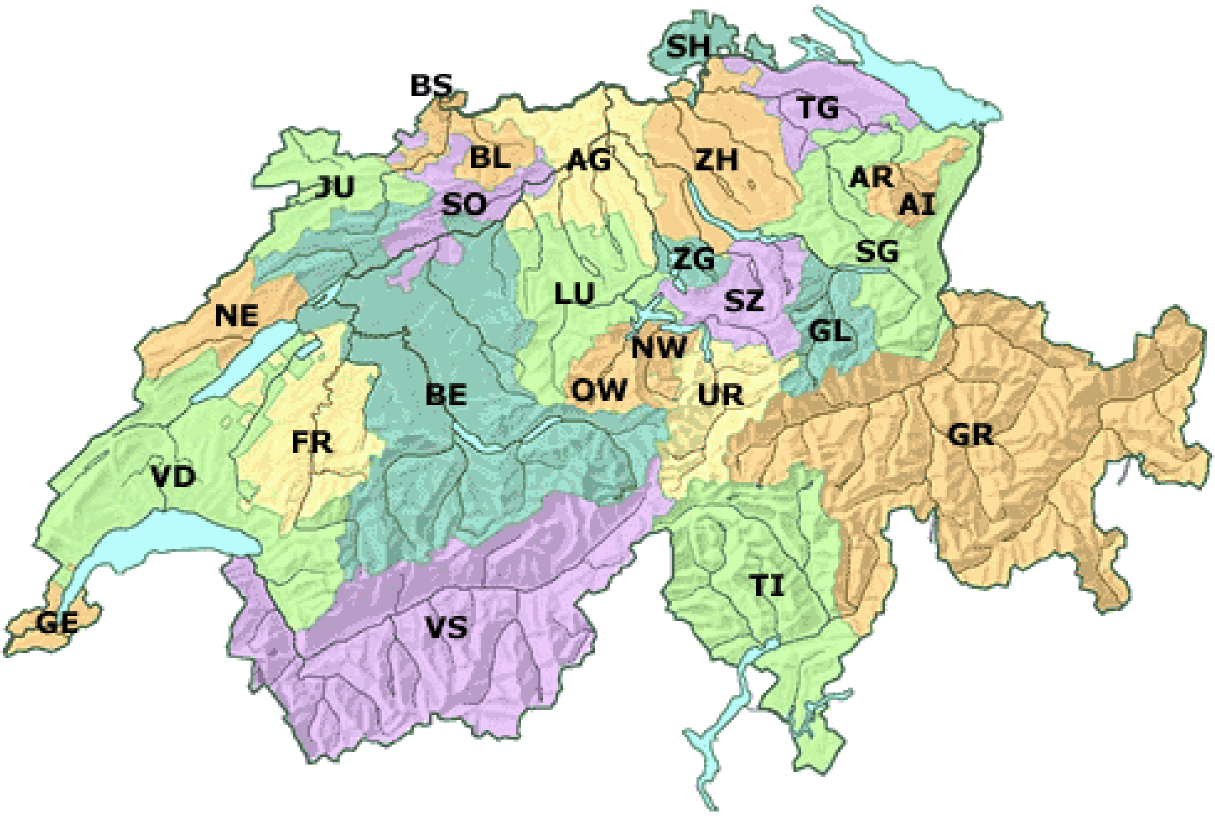
7 ABBREVIATIONS / DEFINITIONS



Cantons

AG	=	Aargau	NW	=	Nidwalden
AI	=	Appenzell Innerrhoden	OW	=	Obwalden
AR	=	Appenzell Ausserrhoden	SG	=	St. Gallen
BE	=	Bern	SH	=	Schaffhausen
BL	=	Basel-Landschaft	SO	=	Solothurn
BS	=	Basel-Stadt	SZ	=	Schwyz
FR	=	Fribourg	TG	=	Thurgau
GE	=	Genève	TI	=	Ticino
GL	=	Glarus	UR	=	Uri
GR	=	Graubünden	VD	=	Vaud
JU	=	Jura	VS	=	Valais
LU	=	Luzern	ZG	=	Zug
NE	=	Neuchâtel	ZH	=	Zürich

Abbreviations

DTA	=	Double Taxation Agreement
DBG	=	Bundesgesetz über die direkte Bundessteuer (Federal Act on the Federal Direct Tax)
FTA	=	Federal Tax Administration
VAT	=	Value Added Tax
OECD	=	Organisation for Economic Co-operation and Development
StHG	=	Bundesgesetz über die Harmonisierung der direkten Steuern der Kantone und Gemeinden (Federal Act on the harmonization of the direct taxes of cantons and municipalities)

Terms and definitions

The following table contains definitions of terms which are used in *chapters* 2 *to* 5 but not necessarily explained therein.

Term	Definition
Assessment	The process of evaluating the relevant tax factors in order to establish the tax base, e.g. income or net wealth for individuals, profit or equity for legal entities. For that purpose, the taxable entity needs to complete a tax return.
Base period	This period (usually one year) serves as a basis for the computation of taxable income and net wealth.
Jurisdiction in tax matters	Jurisdiction in tax matters means the judicial and factual right of a community to levy taxes. In Switzerland, jurisdiction in tax matters is shared between Confederation, cantons and municipalities.
Legal entities	The term legal entities comprises corporations (joint stock companies, partnerships limited by shares, companies with limited liability) and cooperative societies, associations, foundations, as well as institutions incorporated under public and cantonal law.
Person liable for the tax	The person liable for the tax is the person (individual or legal entity) who is under the legal obligation to pay the tax.
Postnumerando taxation	Tax assessment takes place after the tax period has ended. Tax period and base period generally coincide and have a duration of one year.

2016	2017
Tax period Base period	Assessment period

Term	Definition
Reference date (Key date)	Reference date is the day which is decisive for the establishment of certain relevant facts. It is for example used for the assessment of taxable net wealth. Usually reference dates are 1 January or 31 December.
Splitting procedure	This procedure aims to reduce the tax burden of families by dividing taxable income by a quotient (for full splitting this factor equals two) when determining the applicable tax rate using a common rate scale for all taxpayers. The tax rate obtained in this way is subsequently applied to the full aggregated taxable income. When the quotient is less than two (but greater than one), it is called partial splitting.
Taxable object	The object of a tax, i.e. the event that triggers the tax liability.
Taxation according to consumption units (family quotients)	Taxable income is divided by the number of consumption units and the tax rate applicable to the resulting amount is applied to total taxable income. In Switzerland, this corrective measure is only used in the canton of VD and it aims to substantially relieve the tax burden of families to a large extent.