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Latest Developments in Swiss Tax Legislation & Policy

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Overview

1. Withholding Tax
2. Stamp Duty
3. Digital Economy





Withholding Tax («Verrechnungssteuer»)

Switzerland applies 35% withholding on interest and dividend payments as well as on income from investment funds

- Domestic investors: full reimbursement upon filing of tax declaration
- Foreign investors: reimbursement depending on applicable double tax treaty
 - in many cases partial reimbursement



Withholding Tax

Federal Council suggests to abolish Withholding Tax on bonds:

- Currently, Swiss-based groups issue bonds via a foreign group company
 - Economic and fiscal losses for Switzerland
- Reform should prove beneficial
 - low short-term revenue losses
 - significant economic benefits



Withholding Tax

Status of the reform:

- Public consultation took place in 2020
- Large consensus on need to act
 - Potential stumbling stone: tax treatment of Swiss-based individuals
- Draft law to be submitted to parliament in Spring 2021
- Entry into force 2023 at the earliest
 - Subject to transitional rules



Stamp Duty («Stempelabgaben»)

Switzerland levies a stamp duty on

- equity («Emissionsabgabe»)
- securities trading («Umsatzabgabe»)
- insurance premiums («Versicherungsabgabe»)



Stamp Duty

Parliament has been debating abolishment of stamp duty since 2009 (Parlamentarische Initiative 09.503)

- Equity: abolishment approved by National Council in 2013; debate in Council of States pending
- Securities: partial abolishment to be debated by National Council in Spring, 2021
- All other elements: proposal by parliamentary committee pending



Digital Economy

