Tax Policy

OECD minimum tax in Switzerland: ***Suspending does not help companies***

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At a glance

- Suspending the OECD minimum tax will not bring relief to Swiss companies, but rather more uncertainty.
- As long as the EU states apply the minimum tax, a unilateral repeal by Switzerland will not solve any problems.
- Reducing bureaucracy, waiving additional levies and the federal government's relief program are more effective ways of supporting companies.

Concern about US tariffs has led to calls to suspend the OECD minimum tax in Switzerland in order to ease the burden on local companies. The concern is understandable and the overarching aim of easing the burden on companies is honorable. However, it cannot be implemented in this way. Unfortunately, it has to be said, because there is little love for the minimum tax in the business community. Moreover, the accusation that the minimum tax has not fulfilled its promise to create a global system for all is justified. Unfortunately, suspending the minimum tax will not help either the companies affected or the Swiss production location, which is under pressure to relocate.

Prevent double taxation

Suspending the minimum tax would have two consequences: other countries would collect tax money to which Switzerland is entitled, and Swiss companies would be exposed to a large number of additional tax claims abroad. The associated uncertainties - legal uncertainties, disputes and the risk of double taxation - would be considerable. Swiss companies are currently investing large sums of money in order to pay the minimum tax in Switzerland as smoothly as possible and thus ensure that the results are accepted abroad. If Switzerland were to suspend the minimum tax, even high Swiss tax payments abroad would be up for grabs (charges above the minimum tax requirement of 15 percent are more the rule than the exception in Switzerland too), and additional invoices would be issued on a discretionary basis. Unlike the USA, Switzerland cannot claim to have a different but comparable minimum tax system - the main argument used by the USA to justify its non-adherence to the OECD tax. And even if this were the case, the (political) weightings would remain different.

Located in the heart of Europe, Switzerland must join in

As long as the EU states in particular apply the minimum tax, it is reasonable for Switzerland to join in. Our country is not the EU's main economic competitor - that lies overseas. There, there seems to be a greater awareness that taxes are simply a cost and therefore relevant to competitiveness. The minimum tax is not an advantage over the economic powers of the USA and China. EU companies have long since recognized this and this insight could one day also prevail in their capitals. Until that time comes, it is important in this country to monitor developments closely, implement the necessary adjustments prudently and prepare for various scenarios. However, unilaterally suspending the minimum tax will not solve the problem - on the contrary.

Use the scope to ease the burden on companies

If politicians want to ease the burden on companies, they certainly have the means to do so. Reducing bureaucracy is one of them - but above all, abandoning proposals that further expand the social sector and drive up labor costs even more: the (further) expansion of the AHV and its financing via wage contributions is the top priority here, but new daycare subsidies and more parental leave are also part of this. The relief program is also necessary, without which either tax increases or massive cuts in services such as education and research, which are also important for the economy, are imminent. Finally, the population can also contribute: for example, with a resounding "no" on November 30 against the Juso inheritance tax, which is driving family businesses to ruin. The international economic environment is undoubtedly challenging. However, many of the problems that burden Swiss companies are home-made and can be solved here, given the (political) will.

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