

The Basel location package

*Dr Alexander Ressos, TEP
Attorney-at-Law (Switzerland), Solicitor (Hong Kong),
Solicitor (England & Wales)*

The question was what to do with the money. Several cantons with large multinational groups argued that the minimum tax, while preserving revenue for Switzerland, would weaken its attractiveness unless the additional revenue was used to improve the location in other ways. The OECD rules permit certain forms of public support, such as grants that are not linked to tax liability, while they treat refundable tax credits and similar benefits as reducing the effective tax rate.¹ The design of compensatory measures therefore requires care if they are not to be counted against the minimum tax.

In 2024 the government of Basel-Stadt proposed a package of location measures financed from the additional revenue. Its proposal created a fund for innovation, society and the environment with an annual allocation of at least CHF 150 million and at most CHF 300 million.² The innovation component supports personnel costs for research, development and innovation, linked to commitments to maintain or establish research facilities in the canton or in Switzerland. The social component supports voluntary parental leave beyond the statutory minimum and research collaborations with universities, while the environmental component finances measures to reduce greenhouse gas emissions and improve energy efficiency in companies. In the course of the parliamentary process the structure was adjusted, and press reports during the referendum campaign described two funds with an allocation of about 80 per cent to innovation and 20 per cent to society and environment. Details to be verified.

The Grand Council approved the package in early 2025. Left-wing groups, including the Greens, BastA! and the Young Socialists, launched a referendum on the ground that the measures would return the minimum tax revenue to the very companies it was meant to tax and thus undermine the purpose of the global agreement. The Social Democrats, the Green Liberals and the centre-right parties supported the package. In the cantonal

The Basel location package

vote of 18 May 2025, about 63 per cent of voters approved it.³ Similar packages have been discussed or adopted in other cantons, among them Zurich, Lucerne and Zug.

The debate over the Basel package touched the central question of this chapter. Critics described the measures as a form of subsidy competition that replaces tax competition, an assessment that some tax scholars share. Supporters argued that the measures support real research, family policy and climate protection, and that a canton facing the possible relocation of research activity to the United States or Asia could not remain passive. Whether the package will satisfy the OECD's criteria in every detail, and whether it will be challenged by other states, remains to be seen. Status to be verified. What the vote demonstrated is that the Basel electorate, which had rejected the federal reform in 2017, was prepared to accept measures for the pharmaceutical industry when they were combined with visible benefits for employees and the environment.

1 Notes

1. On the treatment of qualified refundable tax credits and government grants under the GloBE Model Rules and the Administrative Guidance of the Inclusive Framework (2023), see OECD publications on Pillar Two. To be verified. ↩
2. Canton of Basel-Stadt, press release "OECD-Mindestbesteuerung: Regierungsrat investiert in Standortmassnahmen" (2024), proposing partial revisions of the Location Promotion Act and the Tax Act and a fund for innovation, society and environment with an annual allocation of between CHF 150 and 300 million. Figures to be verified. ↩
3. SRF, reports on the cantonal vote in Basel-Stadt of 18 May 2025 on the location package financed by OECD minimum tax revenue; about 63.2 per cent yes votes with a turnout of about 43 per cent. Status to be verified. ↩

For general information only. This article does not constitute legal or tax advice, does not replace advice on an individual case and creates no lawyer-client relationship. It reflects the legal position as of September 2026.

Online version: helveticaregister.com/basel-the-basel-location-package