

The taxation of wealth in the nineteenth century

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The wealth that the merchants and bankers of Basel accumulated was subject to taxation. The history of taxation in Basel in the nineteenth century shows the tensions between the propertied elite and the broader population. After the Helvetic Revolution, the canton of Basel introduced a direct tax on wealth and income. After the division of the canton in 1833, the canton of Basel-Stadt developed a tax system that relied increasingly on the taxation of income and wealth.¹

The taxation of wealth was a political question that divided the city. The patrician families, who owned most of the wealth, argued for moderate rates and the protection of capital. The radical and later social democratic movements, which represented the growing working class, demanded progressive taxation. The introduction of progressive rates of income and wealth tax in Basel-Stadt in the second half of the nineteenth century and the early twentieth century reflected the democratisation of politics and the growing influence of the working class.

The Swiss system of wealth taxation, in which the cantons levy an annual tax on the net wealth of individuals, is unusual in international comparison, since most developed countries have abolished their wealth taxes. Rooted in the cantonal tax systems of the nineteenth century, it remains an important source of revenue for the cantons. For the clients of Swiss private banks, the cantonal wealth tax is one of the factors in the choice of residence. The competition between cantons on wealth tax rates is part of the tax competition that Part G examines.²

1 Notes

1. On the development of direct taxation in the canton of Basel-Stadt in the nineteenth century (taxes on wealth and income, progressive rates), see the literature on the fiscal history of Basel. To be verified. ↩

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2. On the cantonal net wealth tax on individuals in Switzerland (harmonised by the Federal Act on the Harmonisation of Direct Taxes of the Cantons and Communes, StHG, SR 642.14, Art. 13 ff.), see the standard literature on Swiss tax law. To be verified. ↩

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