

A three-tier system

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

The Swiss tax system rests on three tiers: the Confederation, the cantons and the communes. The cantons enjoy broad autonomy in setting the scales of their taxes, within the framework of the Federal Act on the Harmonisation of Direct Taxes, which unifies the rules on the tax base without harmonising the rates. The communes levy surcharges on the cantonal taxes. The result is tax competition between cantons and between communes, which is a distinctive feature of Swiss federalism.

For individuals, the Confederation levies a direct federal tax on income, whose maximum rate is set by the Constitution. The cantons and the communes levy taxes on income and on wealth, whose scales vary considerably. Geneva is among the cantons with high taxation for large incomes and fortunes, which feeds the recurring debate on the canton's attractiveness.¹

The wealth tax, which most European countries have abandoned, survives in every Swiss canton. It is levied on the net wealth of individuals, at progressive rates. For wealthy clients it represents a significant annual burden, in particular when investment returns are low. It is also a point of comparison with financial centres that have no wealth tax, such as Singapore or Dubai.

Switzerland levies no federal tax on inheritances and gifts. These taxes are a matter for the cantons: the Federal Department of Finance notes that twenty-four cantons levy an inheritance tax, and that twenty-three of them also tax gifts, the canton of Lucerne having no gift tax and the cantons of Obwalden and Schwyz taxing neither inheritances nor gifts.² Most cantons exempt the spouse and direct descendants, which makes family transfers inexpensive across a large part of the country.

A three-tier system

Tax	Level	Characteristics
Income tax	Confederation, cantons, communes	progressive scales, wide variation between cantons
Wealth tax	cantons, communes	net wealth of individuals, progressive rates
Inheritance and gift tax	cantons	twenty-four cantons for inheritances, frequent exemption of the spouse and descendants
Tax on profit and capital	Confederation, cantons, communes	effective rates unified since the 2020 reform
Withholding tax	Confederation	35% withholding on income from movable capital, refundable

Key points. Switzerland combines a direct federal tax, highly variable cantonal and communal taxes, a general wealth tax and purely cantonal inheritance taxes, which often exempt the close family. This architecture feeds internal tax competition and determines the attractiveness of each canton.

1 Notes

1. Federal Tax Administration, publication “Charge fiscale en Suisse” (Tax burden in Switzerland) (estv.admin.ch): statistics on the tax burden by cantonal capital and by commune, for individuals and legal entities, compiled since 1949; intercantal comparisons presuppose identical parameters (same commune, same year, same taxable income, same family situation), all cantons moreover levying a wealth tax (calculsuisse.ch, “Charge fiscale en Suisse : comparaison des 26 cantons”). ↩
2. Federal Department of Finance, “Impôt sur les successions et les donations”, voting dossier for 30 November 2025, efd.admin.ch (accessed September 2026). ↩

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/geneva-a-three-tier-system