

Philanthropy and taxation

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Taxation encourages philanthropy. Donations to institutions exempt from tax on account of their public-service or charitable purpose are deductible from taxable income, within certain limits, for direct federal tax and for cantonal taxes.¹ The institutions themselves are exempt from taxes on profit and capital, while successions and gifts in their favour benefit from cantonal exemptions.

Geneva is home to a significant number of charitable foundations, many of which are linked to families who are clients of the financial centre or to international organisations.² The creation and management of these foundations constitute an important advisory activity for banks, lawyers and fiduciaries. They require sound governance, rigorous accounting and compliance with the conditions for exemption, which exclude any consideration flowing back to the donors.

Part F will return to the role of philanthropy in International Geneva. It suffices here to note that taxation is a lever for philanthropic engagement, and that the wealth planning of large fortunes often incorporates a philanthropic dimension, in combination with family succession.

1 Notes

1. Art. 33a of the Federal Act on Direct Federal Taxation (DFTA; SR 642.11; [lexfind.ch](https://www.lexfind.ch)): deduction of voluntary payments in cash and in the form of other assets to charitable legal entities having their seat in Switzerland, “up to 20% of income less deductions”, provided the donations amount to at least CHF 100 per year; same regime for donations to the Confederation, the cantons, the communes and their establishments. ↩

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2. Cantonal supervisory authority for foundations and pension institutions (ASFIP Genève, asfip-ge.ch): an authority independent in substantive, legal and financial terms, based on Art. 84 of the Civil Code and Art. 61 of the Federal Act on Occupational Pensions (OPA), entirely self-financed through fees levied on the supervised institutions. ↩

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