

Lombardy as hinterland

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Part H was the counterpart to the Geneva volume's part on Africa. Its subject was a hinterland of a very different kind. Lombardy, with about ten million inhabitants and a gross domestic product of some EUR 480 billion, would rank among the ten largest economies of the European Union if it were a state of its own.¹ In the second quarter of 2026 Ticino counted 79,121 cross-border commuters, who at the end of 2025 had represented roughly a third of all persons employed in the canton (Chapter H.I).² The agreement of 23 December 2020 on the taxation of cross-border workers, applied since 1 January 2024, replaced the exclusive Swiss taxation of 1974 for new commuters with concurrent taxation, while the compensation payments to the Italian border municipalities end in 2033.³ The *Prima i nostri* initiative of 2016 showed the political tension that the labour market produces. Federal law and the free movement agreement left the canton only limited instruments in response.

Chapter H.II examined the Italian entrepreneurs who move their residence or their companies to Ticino. Since 2024 Italian law defines the residence of individuals by the place where personal and family relations principally develop and by physical presence. Switzerland's removal from the Italian blacklist of 1999 with effect from 2024 ended the presumption of continued Italian residence for emigrants to Switzerland.⁴ An Italian company that moves its seat to Ticino pays the exit tax under Article 166 TUIR at once, whereas private shareholders pay none, so that owners move and companies stay. Chapter H.III read the double taxation convention of 9 March 1976, in force since 27 March 1979 and amended by protocols of 1978, 2015 and 2020, article by article from the point of view of everyday practice.⁵ Its rates of 15 per cent on dividends, 12.5 per cent on interest and 5 per cent on royalties decide less than the refund procedures, certificates and evidence of substance that surround them. Chapter H.IV closed the Part with the Lugano Convention, revised in the city on 30 October 2007, the Swiss attachment of Lugano assets of Italian debtors under Article 271

DEBA and the criminal channels through which Italian prosecutors reach Swiss assets.⁶

Common misconception. Lugano is often described as a banking town with a few trading companies attached. The figures of Parts F and H show a broader economy. The commodity cluster counted about 117 firms in 2021, the trading sector's tax contribution was put by the mayor in 2023 at about the same share of the city's revenue as that of the banks, and the logistics belt of the Mendrisiotto serves one of the busiest freight crossings of the Alps.⁷ Each of these businesses depends on Italy as supplier, customer or labour market, which exposes each of them to the same legal test of real functions performed in Switzerland.

1 Notes

1. "Lombardy, Italy's leading economy, alone would be tenth in the EU", Il Sole 24 Ore (English edition), <https://en.ilssole24ore.com/art/lombardy-italys-leading-economy-alone-would-be-tenth-in-the-eu-AGi8I3i> (GDP of EUR 480.6 billion in 2023), as cited in Chapter H.I. ↩
2. "Frontalieri: calano ancora in Ticino", Tio.ch, 6 August 2026, <https://www.tio.ch/ticino/attualita/1942262/frontalieri-calano-ancora-in-ticino> (Ticino 79,121 in the second quarter of 2026). See Chapter H.I for the share of employment. ↩
3. Federal Tax Administration and Cantonal Tax Administrations of Graubünden, Ticino and Valais, Nuovo accordo sull'imposizione dei lavoratori frontalieri: foglio informativo e FAQ, https://m4.ti.ch/fileadmin/DFE/DC/DOC-IF/nuovo_accordo/nuovo_accordo_foglio_informativo_FAQ.pdf. See Chapter H.I. ↩
4. Emiliano Marvulli, "Svizzera fuori dalla black list per le persone fisiche: le novità dal 2024", Informazione Fiscale, 3 August 2023, <https://www.informazionefiscale.it/svizzera-paesi-black-list-persone-fisiche-novita-2024>, as cited in Chapter H.II. ↩
5. Swiss Federal Tax Administration (ESTV), country page "Italia", <https://www.estv.admin.ch/it/italia> (Convention of 9 March 1976, SR 0.672.945.41, in force 27 March 1979). See Chapter H.III. ↩
6. Federal Office of Justice, "Lugano Convention 2007", <https://www.bj.admin.ch/en/lugano-convention-2007>. On Art. 271(1) (6) DEBA see Chapter H.IV. ↩

7. BFS, Statistik der Rohstoffhändler (NMP) (above). On the statement of the mayor in March 2023 and on the freight crossing at Chiasso-Brogeda see Chapters F.I and F.III. ↩

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