

Residence: the cantons as competitors

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On the residence market Ticino competes with other cantons, and here the federal structure of Swiss tax law creates a market of its own. Taxation according to expenditure is a federal option under Art. 14 of the Federal Act on Direct Federal Taxation (DBG, SR 642.11), but each canton decides whether to offer it for cantonal and communal taxes under Art. 6 of the Federal Act on the Harmonization of Direct Taxes of the Cantons and Communes (StHG, SR 642.14). The Canton of Zurich abolished it after a popular vote of 8 February 2009, in which 52.9 per cent of voters approved the abolition against the recommendation of the government, and several cantons of German-speaking Switzerland followed.¹ The federal popular initiative to abolish lump-sum taxation throughout Switzerland was rejected on 30 November 2014 by 59.2 per cent of voters and by every canton except Schaffhausen.² Ticino, Geneva, Vaud, Valais, Graubünden and the cantons of central Switzerland retained the regime. For the wealthy foreigner without Swiss employment who chooses Switzerland, Ticino therefore competes with Geneva and Vaud on the Lake of Geneva, with the Engadine and with Zug, Schwyz and Nidwalden, where the ordinary tax burden is also low.

Ticino's position in this market rests on the Italian language and culture, the climate south of the Alps and proximity to Milan, which matter for Italian, Swiss-Italian and many other European clients. The canton cannot compete on tax with Zug or Schwyz for wealthy individuals who are taxed ordinarily, although the reform approved in June 2024, which lowers the maximum cantonal income tax rate to 12 per cent by 2030, narrows the gap.³ The number of persons taxed according to expenditure in Ticino fell from 767 in 2022 to 725 at the end of 2024, while the revenue from them rose by CHF 6 million. The director of the cantonal tax division attributed the decline to transfers to ordinary taxation, departures to other cantons or countries and deaths, partly offset by dozens of new arrivals.⁴

Essentials. Zurich accounts for 44 per cent of the value added and 43 per cent of the employment of the Swiss financial sector, Geneva's financial sector employs more than 38,000 persons, and Ticino's banks employ about 5,200 full-time equivalents. The three centres compete above all for the location of decisions within national banking groups, for specialized staff and, on the residence market, for wealthy individuals, among whom Ticino's lump-sum regime competes with those of Geneva, Vaud, Graubünden and central Switzerland. Lugano's distinctive assets inside Switzerland are its Italian-language expertise, lower operating costs and proximity to Milan.

1 Notes

1. Wikipedia, "Pauschalbesteuerung", <https://de.wikipedia.org/wiki/Pauschalbesteuerung> (consulted October 2026; used as a last resort), on the Zurich vote of 8 February 2009 and the later abolitions in Schaffhausen, Appenzell Ausserrhoden, Basel-Landschaft and Basel-Stadt. ↩
2. Swissvotes, "Volksinitiative «Schluss mit den Steuerprivilegien für Millionäre (Abschaffung der Pauschalbesteuerung)»", vote no. 587, <https://swissvotes.ch/vote/587.00>: 40.80 per cent yes, turnout 49.9 per cent, one canton (Schaffhausen) in favour and 22 against. ↩
3. Repubblica e Cantone Ticino, presentation "Votazione del 9 giugno 2024" (above). See Chapter E.V with sources on the result of the vote. ↩
4. RSI, "Ticino: meno globalisti ma più entrate fiscali nel 2024" (above), quoting Giordano Macchi, director of the Divisione delle contribuzioni. The figure of 767 for 2022 is derived from the decrease of 42 reported there. ↩

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