

The city's finances

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

The ability of the city to continue such investments is limited by its finances. The budget for 2026 presented in October 2025 foresaw a deficit of CHF 4.2 million after CHF 24 million in 2025. It included an increase of the communal tax multiplier by three points for individuals and companies and the sale of about twenty properties worth CHF 306 million. The city's transfers to the canton had risen to CHF 129 million from CHF 108 million in 2023. The financial plan projected a peak of debt of CHF 1.35 billion in 2029 and 2030, equal to 279 per cent of revenue. The mayor Michele Foletti accused the canton of shifting costs to the city.¹ For the financial centre the increase of the multiplier is a signal in the wrong direction, because Lugano competes for wealthy residents and companies with communes and cantons that have lower tax rates. In March 2026 a member of the city council asked the municipal executive whether it had a strategy to attract wealthy taxpayers and quality economic activities in a period of geopolitical tension.²

1 The cantonal tax path

The canton has used tax policy to improve its position. Chapter F.II has described the adaptation of the cantonal tax law to the federal tax reform of 2020, under which the cantonal profit tax rate fell from 9 per cent in 2019 to 8 per cent in 2020 and to 5.5 per cent from 2025. The KPMG Swiss Tax Report 2025 recorded a fall of Ticino's effective profit tax rate in the cantonal capital by 3.11 percentage points to 16.05 per cent, the largest reduction of any canton that year. The Swiss average was 14.4 per cent, and Zug, the lowest, stood at 11.85 per cent.³ On 9 June 2024 Ticino's voters approved a cantonal tax reform with 56.89 per cent of the votes, after the parties of the left had launched a referendum. The reform reduces the tax rate for incomes above CHF 300,000.⁴ According to the supporters, the top marginal rate of the cantonal income tax, unchanged since 1976, is to fall in

stages from 15 to 12 per cent by 2030, and the taxation of capital withdrawals from the second pillar is capped.⁵

The tax path matters for the scenarios because the financial centre depends on wealthy residents, entrepreneurs and companies who compare Ticino with Zug, Schwyz, Lucerne and, since 2017, with Milan. Ticino remains more expensive than the low-tax cantons of central Switzerland for both companies and individuals. Its wealth tax and the cantonal tax on capital gains from the sale of real estate are relevant for clients who consider moving to the canton. The financial constraints of the canton and of the city limit further reductions. The renewal scenario assumes that the canton completes the planned reduction by 2030 and keeps its tax burden stable, while the erosion scenario assumes that fiscal pressure leads to new increases.

In figures. The Gotthard base tunnel of 57 km and the Ceneri base tunnel of 15.4 km entered service in 2016 and 2020.⁶ Lugano's sports and events complex represents an investment of about CHF 350 million.⁷ The city's budget for 2026 foresaw a deficit of CHF 4.2 million and a debt peak of CHF 1.35 billion around 2030.⁸ Ticino's cantonal profit tax rate fell to 5.5 per cent in 2025, and the effective rate in the cantonal capital to 16.05 per cent.⁹ Voters approved the cantonal tax reform of 2024 with 56.89 per cent.¹⁰

2 Notes

1. "Finanze di Lugano, la rabbia di Foletti: 'Rapinati dal Cantone'", laRegione, 23 October 2025, <https://www.laregione.ch/1877977>. ↩
2. laRegione, 27 March 2026, <https://www.laregione.ch/cantone/luganese/1914412/servizi> (interpellation of councillor Christian Tresoldi). ↩
3. SWI swissinfo.ch, "Swiss corporate tax rates edge down slightly", 21 May 2025, <https://www.swissinfo.ch/eng/various/swiss-corporate-tax-rates-edge-down-slightly/89374335>, reporting the KPMG Swiss Tax Report 2025 ("The biggest shift came in canton Ticino, where the rate dropped by 3.11 percentage points to 16.05%"; Swiss average 14.4 per cent; Zug 11.85 per cent); Consiglio di Stato, press kit of 10 July 2019, <https://www3.ti.ch/CAN/cartellastampa/pdf-cartella-stampa-244279585512.pdf> ("2019 9%, 2020-2024 8%, dal 2025 5.5%"). ↩

4. "Il Ticino ha detto sì alla riforma fiscale", RSI, 9 June 2024, <https://www.rsi.ch/info/ticino-grigioni-e-insubria/Il-Ticino-ha-detto-s%C3%AC-alla-riforma-fiscale--2172823.html>. ↩
5. Paid campaign publication in favour of the reform, laRegione, 21 May 2024, <https://www.laregione.ch/temablog/-publiredazionale/1755641/servizi> (top rate from 15 to 12 per cent by 2030, the first change since 1976; taxation of capital withdrawals from the second pillar capped at 3 per cent). The figures are those of the supporters. ↩
6. Federal Office of Transport (2019, above); Ticino Turismo, "AlpTransit" (above). ↩
7. HRS Real Estate (above). ↩
8. laRegione, 23 October 2025 (above). ↩
9. SWI swissinfo.ch, 21 May 2025 (above); Consiglio di Stato, press kit of 10 July 2019 (above). ↩
10. RSI, 9 June 2024 (above). ↩

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