

The economics of the old regime

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

The 1974 regime had a simple economic logic and two consequences that were less simple. For the commuter, it meant that the Swiss tax at source was the only income tax on the wage. Swiss tax rates on the income of a typical employee were considerably lower than the Italian personal income tax (IRPEF) with its regional and municipal surcharges. Combined with Swiss gross wages, this produced net incomes far above those obtainable in Lombardy. For the Italian border municipalities, the *ristorni* became a significant source of revenue, which in some small communes exceeded the local tax revenue. For Ticino, the regime meant that 38.8 per cent of the tax paid by a growing workforce left the canton, which by the 2000s amounted to tens of millions of francs a year. In 2010 the total was about CHF 55 million.¹ By the mid-2020s, with almost 80,000 commuters, it had roughly doubled: the share due to the Region of Lombardy alone for 2025 amounted to about CHF 109 million.² The regime also had a political consequence. Because the tax advantage applied only to commuters, it created an incentive to remain resident in Italy and commute, which reinforced the growth of the cross-border workforce. In Ticino the payments came to be seen as a subsidy to Italy at a time when Italy was pursuing Swiss bank clients through tax amnesties and placing Switzerland on its tax blacklists (Chapter E.II). In Italy the regime was criticized because it allowed a group of residents to escape progressive taxation. Both sides therefore had reasons to renegotiate, but their aims were opposite: Ticino wanted to keep more of the tax, Italy wanted to tax its residents.

1 The freeze of 2011

The conflict escalated in 2011. On 30 June 2011 the Ticino government decided by majority to pay only half of the *ristorni* due for 2010 and to place the other half in a blocked account. In absolute terms about CHF 28 million was withheld, about half of a total of some CHF 55 million.³ The government explained in its answer to a parliamentary question that

payment of the blocked half was conditional on the Confederation opening negotiations with Italy on a tax agreement based on the OECD standard of information exchange, on reciprocity and on a reduction of the compensation rate. If such negotiations did not lead to a significant reduction, the Confederation was to compensate the canton.⁴ The background was the Italian tax amnesty of 2009, the presence of Switzerland on Italian blacklists and the deadlock in the revision of the double taxation convention. The Italian press reported the measure as a means of pressure on the Minister of Economy and Finance, Giulio Tremonti.⁵

The freeze was lifted in May 2012. After talks between the Swiss State Secretary for International Financial Matters, Michael Ambühl, and the Italian ambassador, Carlo Baldocci, the two States set up a steering committee to deal with the open questions, including the regularization of Italian assets in Switzerland, a withholding tax on future capital income, market access for financial services, the blacklists, the revision of the convention and the agreement on cross-border workers. The Federal Department of Finance announced that the payment order for the CHF 28 million in favour of Italy had been issued.⁶ The episode showed the limits of cantonal leverage. The canton had no power to amend an international agreement concluded by the Confederation, and withholding payments due under that agreement exposed Switzerland to the charge of breaching it.⁷ It also showed that the cross-border workers' regime had become part of the larger negotiation on banking secrecy, which led to the roadmap of 23 February 2015.

2 From the roadmap of 2015 to the new agreement

The roadmap signed by the two governments in Milan on 23 February 2015, together with the protocol amending the double taxation convention, committed both States to conclude a new agreement on cross-border workers. Its principles were that the total tax burden of the commuters should initially not be lower than under the 1974 agreement and should then gradually approach full Italian taxation.⁸ The negotiators initialled a text on 22 December 2015. Italy did not sign it for five years, because the new taxation of the commuters was politically sensitive in Lombardy and Piedmont, where the commuters and their municipalities formed an influential constituency. The new agreement was finally signed on 23 December 2020.⁹ The 1974 regime continued to apply during those five years, in which the cross-border workforce in Ticino grew by several thousand persons.

3 Notes

1. "Frontalieri, congelato il 50% dei ristorni", VareseNews, 30 June 2011, <https://www.vareseNews.it/2011/06/frontalieri-congelato-il-50-dei-ristorni/113760/?output=pdf> (about CHF 55 million in total, of which about CHF 27.5 million frozen). ↩
2. Calculated from "Deciso il blocco cautelativo dei ristorni", RSI, 30 June 2026, <https://www.rsi.ch/info/ticino-grigioni-e-insubria/%E2%80%9CDeciso-il-blocco-cautelativo-dei-ristorni%E2%80%9D--3855329.html> (CHF 58.9 million paid and CHF 50.2 million, equal to 46 per cent of the Lombard share, withheld). ↩
3. VareseNews, 30 June 2011 (above). ↩
4. Consiglio di Stato, answer of 12 July 2011 to parliamentary question no. 91.11, <https://www4.ti.ch/fileadmin/POTERI/GC/allegati/interrogazioni/risposte/pdf/r91.11.pdf> (giving an amount of CHF 28,420,929). ↩
5. VareseNews, 30 June 2011 (above). ↩
6. "Sbloccati i ristorni all'Italia", RSI, 9 May 2012, <https://www.rsi.ch/info/economia/Sbloccati-i-ristorni-all'Italia--705758.html>. ↩
7. The point was made by the Confederation again in the dispute of 2026; see "Ristorni, Keller-Sutter conferma l'altolà al Ticino", RSI, 17 June 2026, <https://www.rsi.ch/info/ticino-grigioni-e-insubria/Ristorni-Keller-Sutter-conferma-l%E2%80%99altol%C3%A0-al-Ticino--3827969.html>. ↩
8. Vorpe (above); Federal Council, media release "Switzerland and Italy sign agreement on tax issues", 23 February 2015, <https://admin.ch/gov/en/start/documentation/media-releases.msg-id-56318.html> (signature in Milan by Eveline Widmer-Schlumpf and Pier Carlo Padoan). ↩
9. Vorpe (above). ↩

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