

Corporate taxation in Zug

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Low corporate taxes are the reason most often cited for choosing Zug. The effective burden on profits is among the lowest in Switzerland. Since 2024, however, large international groups must also take the OECD minimum tax into account, which changes the calculation for them.

1 Three levels of taxation

A company resident in Zug pays profit tax at three levels: the direct federal tax, the cantonal tax and the communal tax. The federal tax is the same throughout Switzerland, whereas cantonal and communal rates differ. In addition, cantons levy a capital tax on equity, while there is no capital tax at federal level. Because Swiss taxes are deductible from the taxable profit, the statutory rates and the effective burden are not identical, and comparisons should always be made on the basis of effective rates.

2 An effective rate below 12 per cent

Taking federal, cantonal and communal taxes together, the effective profit tax rate in the city of Zug is below 12 per cent. This places Zug among the cantons with the lowest burden in Switzerland. The exact figure depends on the commune in which the company has its seat, since communal multipliers vary, and it may change when the canton or the commune adjusts its rates. Anyone relying on a precise figure should therefore obtain a current calculation for the specific commune and year.

3 Tax rulings

Swiss tax practice allows taxpayers to submit a planned structure or transaction to the cantonal tax administration and request a binding advance confirmation of its tax treatment. Such rulings are widely used for holding structures, financing arrangements, restructurings and the

allocation of functions within a group. A ruling is binding only to the extent that the facts presented are complete and correct and are subsequently implemented as described, which is why careful preparation of the application is essential.

4 The OECD minimum tax for large groups

Switzerland has implemented the OECD/G20 rules on a global minimum tax of 15 per cent for multinational groups with consolidated annual revenue of at least EUR 750 million. Since 1 January 2024, Switzerland has applied a qualified domestic minimum top-up tax, which ensures that profits of in-scope Swiss entities are taxed at the minimum rate in Switzerland itself. For such groups, the headline advantage of a low cantonal rate is reduced, although other factors such as legal certainty, infrastructure and access to talent remain relevant. Smaller groups below the threshold are not affected by these rules.

5 Withholding tax and dividends

Dividends paid by Swiss companies are generally subject to Swiss withholding tax of 35 per cent, which can be fully or partly reclaimed depending on the recipient and any applicable double taxation agreement. Distribution planning should therefore be considered from the outset, particularly for shareholders resident outside Switzerland.

6 What pays off in practice

- **Determine whether the minimum tax applies.** Group revenue decides whether the low cantonal rate is fully effective.
- **Use rulings for complex structures.** A binding confirmation creates certainty before capital is committed.
- **Check the treaty position.** The home country's double taxation agreement with Switzerland influences the net return on dividends.

7 How Ressos Legal helps

I advise international clients on the tax and legal structuring of companies in Zug and, together with tax specialists, on ruling applications. [Contact me](#) for a first conversation.

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