

The canton's windfall and its uses

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The minimum tax has had a paradoxical effect on the canton's finances. Since large groups in Zug now pay more tax, the canton receives substantial additional revenue. Combined with the strong growth of ordinary tax revenues from companies and wealthy residents, this has produced large surpluses in the cantonal budget. The canton of Zug has reported surpluses of several hundred million francs a year and has accumulated considerable reserves.¹ It is also the largest net contributor per capita to the Swiss system of fiscal equalisation between the cantons.

The canton has used its surpluses in ways that have attracted national attention. It announced that it would pay the greater part of the costs of inpatient hospital treatment for its residents for the years 2026 and 2027, relieving the health insurers and thus the premiums paid by residents.² It has invested in infrastructure, education and affordable housing and has reduced taxes for individuals. Other cantons have watched these measures with a mixture of envy and criticism, some arguing that the canton should contribute more to fiscal equalisation. Others have questioned whether it is using the minimum tax revenue to create new advantages for companies, which the international rules might treat as subsidies.

This last question is important for the future. The rules of the minimum tax allow states to support companies through measures that do not reduce their effective tax rate below 15 per cent, such as grants for research and development, investment in infrastructure or subsidies for employment. Several countries, including Ireland and the Netherlands, have considered such measures. The canton of Zug has adopted such measures as well, within the limits of Swiss federal law and of the international rules.³ The design of such measures will be one of the most important decisions of the canton in the coming years.

1 Notes

1. zentralplus, "«Ein super Ergebnis»: Zug verzeichnet erneut grosses Plus", 19 March 2025, zentralplus.ch: surplus of the canton of Zug CHF 310.5 million in 2024, CHF 461 million in 2023 and CHF 332 million in 2022; equity of CHF 2.6 billion and financial assets of over CHF 3 billion. ↩
2. watson.ch, "Kanton Zug senkt Krankenkassenprämien um 15 Prozent", 18 September 2025: the canton of Zug covers 99 per cent of inpatient hospital costs in 2026 and 2027 (legal minimum 55 per cent), lowering premiums for Zug residents by about 15 per cent; over CHF 200 million redirected to residents. ↩
3. MME, "Accepted: new law in the canton of Zug on location development (GSE)", mme.ch: Gesetz über die Standortentwicklung approved by Zug voters on 30 November 2025, expected in force 1 January 2026; up to CHF 150 million a year in 2026–2028 for innovation and sustainability, paid as direct payments or tax credits, financed by half of the net additional minimum tax revenue; the law lapses once the Confederation no longer levies a supplementary tax. ↩

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