

The global minimum tax

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The latest challenge to the canton's model comes from the agreement of the OECD and the G20 on a global minimum tax for large multinational groups, known as Pillar Two. Groups with an annual consolidated turnover of at least 750 million euros are to pay an effective tax of at least 15 per cent on their profits in every jurisdiction in which they operate. Where the effective rate in a jurisdiction is lower, a top-up tax is levied, in the first instance by the jurisdiction itself if it has introduced a qualified domestic minimum top-up tax, and otherwise by the state of the parent company or by other states under the income inclusion rule and the undertaxed profits rule.¹

Switzerland implemented the minimum tax through a constitutional amendment, which the people approved on 18 June 2023 with 78.5 per cent of the vote and all cantons. The canton of Zug approved it with 82.3 per cent. The new Article 129a of the Federal Constitution empowers the Confederation to implement the OECD and G20 standards for large groups, a mandate that affects about 2,000 Swiss enterprises. The revenue from the supplementary tax is allocated 75 per cent to the cantons and 25 per cent to the Confederation. The supplementary tax entered into force on 1 January 2024.²

The support of Zug for the minimum tax, the highest of all cantons, may appear surprising. It reflects a clear calculation. If Switzerland had not introduced a supplementary tax, the difference between the Swiss effective rate and 15 per cent would have been collected by foreign states under the income inclusion rule and the undertaxed profits rule. By introducing its own supplementary tax, Switzerland secured that revenue for itself, while the allocation of 75 per cent to the cantons ensured that the cantons in which the affected groups are located, above all Zug, would receive most of it.

The allocation was nonetheless contested. In 2024 and early 2025, a committee of the Council of States proposed increasing the federal share of the revenue from 25 to 50 per cent, in order to finance the army. The canton of Zug had prepared to introduce its own cantonal supplementary tax in response. When the committee withdrew its proposal, the canton decided, on 11 March 2025, to forgo the cantonal supplementary tax and the approximately 110 million francs a year that it would have raised. The finance director, Heinz Tännler, justified the decision with the canton's commitment to intercantonal solidarity. The net additional revenue from the minimum tax for the canton remains at about 200 million francs a year.³

The canton decided to use the additional revenue from the minimum tax to strengthen its attractiveness by other means, through a law on location development that funds measures in fields such as research, innovation, childcare and sustainability.⁴ Other low-tax cantons responded differently: Geneva raised its rate to 14.7 per cent, Schaffhausen introduced a rate of 15 per cent for profits above 15 million francs and Basel-Stadt, from 2026, a rate of 14.53 per cent for profits above 50 million francs.⁵ The shift from competition through tax rates to competition through subsidies and public services, which observers have described as a move "from tax competition to subsidy competition", is one of the themes of Part K.⁶

1 Notes

1. OECD, "Global Anti-Base Erosion Model Rules (Pillar Two)", [oecd.org](https://oecd.org/g20/data-centre/publications/other-publications/global-anti-base-erosion-model-rules-pillar-two/); GloBE rules ensuring that large multinational enterprises pay a minimum level of tax in each jurisdiction, with the IIR, the UTPR and qualified domestic minimum top-up taxes; Council Directive (EU) 2022/2523 of 14 December 2022, [eur-lex.europa.eu](https://eur-lex.europa.eu/eli/dir/2022/2523/oj), implementing the Model Rules: minimum effective rate of 15 per cent for groups with annual revenue of EUR 750 million or more. ↩
2. Wikipedia (German), "Eidgenössische Volksabstimmung über die OECD-Mindeststeuer für Unternehmen", accessed September 2026: vote of 18 June 2023, 78.5 per cent yes and all cantons; Zug the highest approval at 82.3 per cent; new Art. 129a BV; 15 per cent minimum for groups with a turnover above the threshold of 750 million; about 2,000 Swiss enterprises affected; supplementary tax in force on 1 January 2024; revenue 75 per cent to the cantons and the remainder to the Confederation. The threshold is defined in euros in the OECD model rules. ↩

3. Kanton Zug, news release "Kanton Zug verzichtet auf eigene OECD-Zusatzsteuer", 11 March 2025, [zg.ch](https://www.zg.ch): the canton forgoes its own cantonal supplementary tax after the Finance Committee of the Council of States withdrew a proposal to increase the federal share of OECD revenue from 25 to 50 per cent for army financing; forgone revenue approximately CHF 110 million annually; total net additional revenue from the OECD minimum tax remains at roughly CHF 200 million per year; statement of finance director Heinz Tännler on intercantonal solidarity. ↩
4. Kanton Zug, news "Regierungsrat setzt Gesetz über Standortentwicklung um", December 2025, [zg.ch](https://www.zg.ch): the GSE was approved by the voters on 30 November 2025 and entered into force with its ordinance on 1 January 2026; up to CHF 150 million per year in 2026–2028 for company support (innovation, including R&D personnel costs, and sustainability), alongside social programmes (childcare, education, housing) and infrastructure and innovation projects, funded from minimum tax revenue of about CHF 200 million per year (Vorlage Nr. 3834.1, Laufnummer 17913, [kr-geschaeft.zg.ch](https://www.kr-geschaeft.zg.ch)). ↩
5. KPMG Switzerland, press release May 2025: several low-tax cantons raised rates towards the 15 per cent minimum, including Geneva (14.7 per cent), Schaffhausen (15 per cent for profits above CHF 15 million) and Basel-Stadt (14.53 per cent from 2026 for profits above CHF 50 million). ↩
6. Handelszeitung, special "Standort Zentralschweiz 2025", "Vom Steuer- zum Subventionswettbewerb", handelszeitung.ch/specials/standort-zentralschweiz-2025/vom-steuer-zum-subventionswettbewerb-885157: the phrase appears as the title of the article in search results (checked September 2026). ↩

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