

The mobile taxpayer: a practitioner's note

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

The constitutional architecture of 1848 still governs the questions that practitioners face when a client considers a move to Zug. Three of them deserve a brief preview here, since they show how directly the nineteenth-century settlement bears on present-day files.

The first concerns the individual. A natural person is subject to unlimited tax liability in the canton in which he has his tax domicile, which is where he resides with the intention of remaining permanently, or where his vital interests are centred.¹ A move from Zurich to Zug is therefore a question of fact before it is a question of law. The tax authorities of the canton that is losing a wealthy resident examine whether the family, the children's schooling, the social life and the professional activity have really moved. On the centre of vital interests, the case law of the Federal Supreme Court is extensive. Although the freedom of establishment that the federal state guaranteed in 1848 gives the individual the right to move, the burden of showing that he has done so remains with him.²

The second concerns the company. A company limited by shares has its tax domicile at its registered seat or at the place of its effective management.³ The transfer of the registered seat to Zug requires an amendment of the articles of association and an entry in the commercial register of the canton of Zug. The place of effective management, however, follows the facts: where the board takes its decisions and where the day-to-day management is conducted. A company that moves its seat to Zug but continues to be managed from Zurich may find that Zurich claims the right to tax it as the place of effective management. The distinction between seat and management, and the allocation of taxing rights between cantons that it entails, derives from the case law on the prohibition of intercantonal double taxation described above.

The third concerns the year of the move. When a company transfers its seat from one canton to another during a tax period, the harmonised law

provides that it is liable to tax in both cantons for that period, with the taxable profit and capital allocated between them.⁴ The details are technical, but the principle is the one established by the federal court in the nineteenth century: each canton may tax only what belongs to its sphere, which means that the taxpayer may not be taxed twice.

These rules apply to every move between cantons. Zug, as the canton that has attracted more companies and wealthy individuals from its neighbours than almost any other, has more experience of them than most. Its tax administration, its commercial register and its advisers have developed a routine in handling such moves, which is itself part of the business location. The practitioner who advises on a relocation to Zug works within a framework whose foundations were laid in 1848 and which the Federal Supreme Court has refined over more than a century and a half.

1 Notes

1. Fedlex, StHG of 14 December 1990, SR 642.14, version of 1 January 2025, Art. 3 para. 2: a person has a tax domicile in the canton when residing there with the intention of permanent stay or when federal law assigns a special legal domicile there. The criterion of the centre of vital interests is not in the statute; it derives from the case law of the Federal Supreme Court. Treated in Part F. ↩
2. BGE 138 II 300, E. 3.2–3.4 (servat.unibe.ch/dfr): tax domicile lies where the centre of vital interests factually lies, judged by the totality of objective, external circumstances; a domicile once established persists until a new one is acquired; the taxpayer must prove the change of domicile, including the circumstances establishing the new one. The case concerns a move abroad; further case law on intercantonal relations (weekly residents, executives) is treated in Part F. ↩
3. Fedlex, StHG, version of 1 January 2025, Art. 20 para. 1: capital companies, cooperatives, associations, foundations and other legal entities are liable to tax when their seat or their effective management is in the canton. ↩

4. Fedlex, StHG, version of 1 January 2025, Art. 22 para. 1 and 3: a legal entity that moves its seat or effective management to another canton during a tax period is liable to tax in the cantons concerned for the entire tax period; profit and capital are allocated between them by analogous application of the federal principles on the prohibition of intercantonal double taxation. Treated in Part C. ↩

For general information only. This article does not constitute legal or tax advice, does not replace advice on an individual case and creates no lawyer-client relationship. It reflects the legal position as of September 2026.

Online version: helveticaregister.com/zug-the-mobile-taxpayer-a-practitioner-s-note