

The political debate in Zug

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The attraction of wealthy residents is a matter of political debate in the canton. The interpellation of the Social Democratic group on the taxation according to expenditure, answered by the cantonal government in February 2022, reflected the questions that the left has raised for decades: whether the regime is fair to ordinary taxpayers, whether its conditions are enforced, and whether the canton's revenue from it justifies the privileges it grants.¹ The government defended the regime with the figures described above and with the argument that the persons concerned would otherwise not live in the canton and would pay no taxes there at all.

The debate is sharpened by the scarcity of housing. Many residents perceive the arrival of wealthy newcomers, who can pay any price for a home, as a cause of the rising rents and prices that make it difficult for young families and people with ordinary incomes to remain in the canton. The canton's political authorities have responded with measures to promote affordable housing, discussed in Part K. Even so, the tension between the canton's fiscal strategy and the housing needs of its population remains one of the central questions of its politics.

The debate in Zug mirrors the national debate. The rejection of the inheritance tax initiative in November 2025 by about 78 per cent of the voters, and the rejection of the initiative to abolish the taxation according to expenditure in 2014 by 59.2 per cent, show that a large majority of the Swiss electorate supports the current framework.² The voters have repeatedly concluded that the benefits of attracting and retaining wealthy taxpayers outweigh the costs. In their view, the redistribution of the resulting revenue through the national fiscal equalisation is an adequate answer to the question of fairness between the cantons.

1 Notes

1. Kanton Zug, Regierungsrat, answer to the interpellation of the SP parliamentary group on taxation according to expenditure, 22 February 2022. ↩
2. swissinfo.ch, "Ein Debakel für die Jungsozialisten": initiative rejected by approximately 78 per cent; Wikipedia (German), "Pauschalbesteuerung": rejection of the federal initiative on 30 November 2014 with 59.2 per cent no. ↩

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