

The question of substance

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A foundation with its seat in Zug and a board whose majority lived abroad raised the question where the foundation was actually managed. Swiss tax law taxes a legal entity with its seat or its place of effective management in Switzerland. Foreign tax authorities can claim that a foundation with its seat in Zug is effectively managed in their country and tax it there. The founders who lived in other countries could also face questions about their personal tax position if the foundation was controlled by them.

The crypto foundations have responded in different ways. While the larger ones have built teams in Zug and hold their board meetings there, others have moved part of their activities to other jurisdictions and kept a smaller presence in the canton. The question of substance has become more important since the international tax reforms of the Organisation for Economic Co-operation and Development and the introduction of the global minimum tax, although most crypto foundations fall below the revenue threshold of 750 million euros that applies to the minimum tax.¹ Part B examines those reforms for Zug in general.

1 Notes

1. Federal Department of Finance, "Umsetzung der OECD-Mindeststeuer in der Schweiz", [efd.admin.ch](https://www.efd.admin.ch): minimum tax introduced on 1 January 2024 (national supplementary tax, international supplementary tax from 1 January 2025), applying only to international groups with annual worldwide turnover of at least EUR 750 million.



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