

## The revision of 1921 and the vote of January 1922

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In Zug, the revision of the tax law in 1921 included, for the first time, a provision for the privileged taxation of holding companies. The revision was put to the people. On 15 January 1922, the voters approved it by 2,357 votes to 1,244.<sup>1</sup> The smaller agricultural communes of Oberägeri, Menzingen, Risch, Walchwil and Neuheim voted against, chiefly because of the provisions of the revision on the taxation of livestock, which affected their farmers directly.<sup>2</sup>

The vote of January 1922 is the first recorded decision of the Zug electorate on the taxation of holding companies. It set a pattern that would recur for a century: the voters of the canton approved a business-friendly tax measure by a clear majority, with the resistance concentrated in the rural upland communes and motivated by concerns that had little to do with international companies. The holding privilege itself was not the subject of a heated public debate. It was a technical provision in a comprehensive tax revision whose significance would become apparent only later. The new tax law entered into force on 1 January 1924. It provided that holding companies were to be taxed on at least one fifth of their capital.<sup>3</sup> The privilege was real, but it was too modest to make a difference. Other cantons offered better terms. In 1926, a single holding company, with a capital of 500,000 francs, had its seat in Zug. At the end of 1927, there were five, with a combined nominal capital of 2.8 million francs. Zug ranked twelfth among the cantons by number of holding companies and fifteenth by capital.<sup>4</sup> The first attempt to attract holding companies had, in practical terms, failed.<sup>5</sup>

### 1 Notes

1. Zug in der Welt, "Zug mit Steuern steuern": popular vote of 15 January 1922 approving the tax law revision by 2,357 yes to 1,244 no votes; zentralplus, "So wurde Zug vor 100 Jahren zum Steuerparadies":

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in January 1922, the voters approved the tax law revision including the first holding company privilege clearly, except in rural communes such as Menzingen and Risch. The HLS article "Zug (Gemeinde)" refers to tax incentives approved in 1921 and 1930; the difference reflects the parliamentary adoption in 1921 and the popular vote in January 1922.

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2. Zug in der Welt, "Zug mit Steuern steuern": the smaller agricultural communes of Oberägeri, Menzingen, Risch, Walchwil and Neuheim opposed the revision because of its provisions on the taxation of livestock. ↩
3. Zug in der Welt, "Zug mit Steuern steuern": the new tax law entered into force on 1 January 1924; holding companies were taxed at a minimum of one fifth of capital, a rate too high to be effective. ↩
4. Zug in der Welt, "Zug mit Steuern steuern": in 1926 only one holding company domiciled in Zug with a capital of 500,000 francs; at the end of 1927 five holding companies with a combined nominal capital of 2.8 million francs; Zug ranked 12th nationally by number of companies and 15th by capital. ↩
5. zentralplus, "So wurde Zug vor 100 Jahren zum Steuerparadies": the 1922 measure failed in practice, as few companies relocated. ↩

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