

## The taxation of income and wealth

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The income tax of the canton is progressive, although its rates are among the lowest in Switzerland. The eighth partial revision of the tax law, in force since 1 January 2024, removed the highest brackets of the income tax scale, at 11.75 and 11.50 per cent, and stretched the scale.<sup>1</sup> The cantonal and communal income tax is multiplied by the *Steuerfuss* of the canton, 80 per cent in 2023, and of the commune.<sup>2</sup> The federal income tax, which is levied at the same rates throughout Switzerland, is added. In the comparison of the top marginal income tax rates, the lowest rate among the cantons in 2025 was that of Schwyz, at 21.98 per cent, and the highest that of Geneva, at 41.63 per cent. Zug belongs to the group of cantons at the lower end of the range.<sup>3</sup>

The wealth tax is a feature of Swiss taxation that distinguishes it from most other countries. The cantons levy an annual tax on the net wealth of their residents, including their shares, bonds, bank deposits, real estate and participations in companies. Although the rates are low, usually a fraction of one per cent, the tax can be substantial for very wealthy individuals. The revision of 2024 reduced the wealth tax rates of Zug by 15 per cent, widened the brackets and doubled the tax-free allowances.<sup>4</sup> Because the differences between the cantons are significant, the wealth tax is often decisive for the choice of residence of wealthy families, whose income may be modest in relation to their wealth.

The partial taxation of dividends reduces the tax burden on the owners of companies. Since the tax reform of 2020, dividends from participations of at least 10 per cent are taxable in Zug at 50 per cent of their amount.<sup>5</sup> Capital gains on private movable assets, including shares, are tax-free in Switzerland, subject to the rules on professional securities trading and on indirect partial liquidation.<sup>6</sup> For entrepreneurs who hold their companies privately, the combination of a low wealth tax, partial dividend taxation and tax-free capital gains makes Zug particularly attractive.

## 1 Notes

1. KPMG Switzerland, "Steuerrecht des Kantons Zug / Tax Law of the Canton of Zug", April 2024: eighth partial revision in force from 1 January 2024; elimination of the highest brackets (11.75 and 11.50 per cent); stretching of the rate curve benefiting incomes above CHF 60,000 (single) or CHF 120,000 (married); linear 15 per cent reduction of wealth tax rates; brackets widened; tax allowances doubled. ↩
2. Zuger Kantonalbank, "Der Kanton Zug in Zahlen", edition 2023: cantonal tax rate (Steuerfuss) of 80 per cent in 2023. ↩
3. Source as cited in the printed edition. ↩
4. KPMG Switzerland, "Steuerrecht des Kantons Zug", April 2024: linear 15 per cent reduction of wealth tax rates; rate brackets expanded from CHF 162,000 to CHF 250,000 intervals; tax allowances doubled for all taxpayer categories. ↩
5. PwC, "Umsetzung der Steuerreform und AHV-Finanzierung in Zug": dividends from participations of 10 per cent or more taxed at 50 per cent of their amount for natural persons. ↩
6. Art. 16 para. 3 DBG (SR 642.11), text consulted via [swissrights.ch](https://www.swissrights.ch): capital gains from the disposal of private assets are tax-free; Art. 20a para. 1 lit. a and b DBG ([swissrights.ch](https://www.swissrights.ch)): indirect partial liquidation (sale of a participation of at least 20 per cent into business assets, with distribution of non-operating substance within five years) and transposition (transfer into business assets of a company controlled at least 50 per cent by the transferor); BDO Switzerland, "Veräusserung von Privatvermögen", [bdo.ch](https://www.bdo.ch): exemption under Art. 16 para. 3 DBG and Art. 7 para. 4 lit. b StHG, exceptions for professional securities trading (ESTV Circular No. 36 of 27 July 2012), indirect partial liquidation and transposition. ↩

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