

Wealth, taxation and the fiscal equalisation

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The concentration of wealthy residents in Zug has a direct effect on the canton's contribution to the national fiscal equalisation. The resource potential of a canton, on which its contribution is based, includes the taxable income and wealth of its residents. Every wealthy family that moves to Zug increases the canton's resource potential and, with a delay of several years, its payment into the equalisation.¹ The canton therefore shares a part of the benefit it derives from its wealthy residents with the rest of the country.

For the canton, this creates a fiscal calculation that is not always favourable. The payment into the equalisation is based on the potential, meaning what the canton could raise, so that a canton that taxes its wealthy residents lightly still pays on the basis of that potential. The arrangement is intended to prevent the low-tax cantons from benefiting unduly from their policy, an aim it partly achieves. It also explains why Zug, despite its prosperity, has experienced periods of budget deficits, as described in Part B.

1 Notes

1. Ordinance of 7 November 2007 on Fiscal Equalisation and Cost Compensation (FiLaV, SR 613.21), consolidated version of 1 January 2024, fedlex.admin.ch (PDF): the aggregated tax base comprises the relevant income and wealth of natural persons, source-taxed income, the profits of legal entities and the tax apportionments of the direct federal tax (Art. 1 para. 1). The resource potential of a reference year is the average of three consecutive years, the first six and the last four years before the reference year (Art. 2 paras. 2 and 3). Fairer NFA, fairer-nfa.ch: the components are weighted by factors (alpha for wealth, beta and zeta for profits). ↩

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