

Zug's share and Zug's revenue

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With 27 per cent of the value added of the Swiss commodity trade in 2024, Zug is the second centre of the industry in Switzerland after Geneva. On the basis of the national figure of 19.2 billion francs, the canton's share corresponds to about 5.2 billion francs of value added, a substantial part of the canton's gross domestic product.¹ The share is consistent with the view, expressed by the cantonal economic promotion office and by Bomio, that international trade is the largest single component of the canton's economy.

The tax revenue that the canton receives from the commodity trade has been the subject of debate. For the years 2012 and 2013, the cantonal government reported that the commodity traders paid cantonal and communal taxes of about 36 to 40 million francs a year. According to the same report, the canton's share of the federal tax paid by them amounted to about 34 to 46 million francs. Including the taxes paid by the employees and the principal shareholders of the commodity companies, the contribution of the sector to the canton's revenue amounted to 121.5 million francs.² A report in 2014 put the cantonal taxes of the sector at about 20 million francs and the communal taxes at 16 million francs.³ Critics used these figures, which were lower than many had assumed, to argue that the canton bore the reputational risks of the trade for a modest fiscal return.⁴ The debate illustrates a difficulty in assessing the benefits of the commodity trade for the canton. The corporate taxes paid by the traders are only one part of their contribution. The personal income and wealth taxes of their highly paid employees and wealthy shareholders, the spending of their staff in the canton, the business of the service providers who work for them and the canton's share of the federal taxes they pay must be added. The reputational costs, the pressure on housing and the risks of their conduct abroad must be set against these benefits. The balance cannot be drawn with precision because it depends on judgments that are political as much as economic.

1 Notes

1. Calculation by the author: 27 per cent of CHF 19.2 billion = about CHF 5.2 billion. For comparison: Canton of Zug, Statistikfachstelle, "Volkswirtschaft", zg.ch: provisional GDP of the canton of Zug for 2022 of about CHF 25 billion (about 3.2 per cent of Swiss GDP; CHF 192,957 per inhabitant, second among the cantons). The reference years differ, and value added in commodity trading and cantonal GDP are not strictly comparable, so the comparison is indicative only. ↩
2. Zug in der Welt, "Der wichtigste Wirtschaftskcluster im Kanton Zug": for the commodity trading sector in 2012/2013, cantonal and municipal taxes of approximately 36 to 40 million francs; federal tax share returned to the canton of roughly 34 to 46 million francs annually; direct contributions including employees and major shareholders of 121.5 million francs combined. ↩
3. NZZ Folio, "Die Schatzgräber in Zug": annual tax contribution from the commodity sector of approximately 20 million francs in cantonal and 16 million francs in municipal taxes. ↩
4. Tages-Anzeiger, "Die Rohstoffbranche zahlt in Zug nur 36 Millionen Franken an Steuern", tagesanzeiger.ch: the total of 36 million francs corresponds to the cantonal and municipal figures cited above. ↩

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