

From the tax law of 1870 to the Steuergesetz of 1997

*Dr Alexander Ressos, TEP
Attorney-at-Law (Switzerland), Solicitor (Hong Kong),
Solicitor (England & Wales)*

Direct taxation came late to Switzerland. England had introduced an income tax in 1799, but in Switzerland the general income tax spread slowly, against persistent federalist reservations. Basel-Stadt was the first canton to introduce a general income tax in 1840. The Historical Dictionary of Switzerland records that Uri, Zurich, Lucerne and Thurgau adopted income taxation during the First World War. Glarus, in 1970, was the last canton to make the income tax its main source of revenue.¹ Before 1914 the wealth tax was, in most cantons, the most important source of cantonal revenue. Having grown out of the extraordinary levies of late medieval towns, it had in some places become a regular annual tax long before the modern state existed.²

Zurich's modern tax law begins with the statute of 1870, adopted in the democratic reform period that followed the cantonal constitution of 1869. The law of 1870 taxed wealth and earnings progressively for the purposes of the canton, while the communes continued to rely on a proportional property tax and on two poll taxes. The tax law adopted in 1917 replaced this system with a unified income tax that captured both earnings from work and income from assets, supplemented by a tax on wealth. Emil Meisterhans, writing in the statistical bulletin of the city of Zurich in 1939, described the reform as a clear advance, because income expresses the capacity to pay more accurately than a combination of separate taxes on wealth and on earnings. His survey of the first twenty years of the law also records that a tax amnesty in 1936 brought the canton and the city about six million francs in additional revenue.³

The two world wars brought the Confederation into direct taxation. The federal war tax of 1915 was a direct tax on wealth with a supplementary tax on earned income. In 1918 a Social Democratic initiative for a permanent federal income tax was rejected. The transition to a general federal income tax came only with the crisis levy of 1934.⁴ The defence tax introduced

during the Second World War became, after several extensions, the direct federal tax. Its constitutional basis remained temporary for decades.

For the financial centre the most important consequence of this history is the persistence of the wealth tax. Where most European states abolished their net wealth taxes in the late twentieth century, the Swiss cantons kept theirs, and Zurich still taxes the worldwide net wealth of its residents, with the exception of foreign real estate and permanent establishments. The wealth tax explains why the location of private wealth, as distinct from the location of its management, has long been a subject of cantonal competition. It also explains the attention that wealthy individuals and their advisers pay to valuation rules for unlisted shares, to the treatment of pension assets and to the question of residence.

The Zurich tax law in force today is the Steuergesetz of 8 June 1997, published in the cantonal collection of laws as LS 631.1.⁵ Adopted to bring the cantonal law into line with the StHG, it entered into force on 1 January 1999, two years before the federal deadline.⁶ The law covers the state income and wealth tax of individuals, the profit and capital tax of legal entities, the communal taxes, the withholding tax on the income of foreign workers and certain other persons, the real estate gains tax and the procedure and penalties. Inheritance and gift tax is governed by a separate statute, the Erbschafts- und Schenkungssteuergesetz (LS 632.1), which is discussed in section VIII.

The Zurich tax administration assesses the state and communal taxes centrally for many categories of taxpayers. The Kantonales Steueramt, based at Bändliweg 21 in Zurich-Altstetten, is today organised into five operational areas, covering development and relations with the communes, private individuals, companies, law and legislation, and resources, together with a central staff unit. It executes the direct taxes of the Confederation, the canton and the communes, as well as the inheritance and gift tax, the withholding tax on foreign workers and tax penalties.⁷ The communal tax offices remain important for ordinary individual taxpayers and for the real estate gains tax, which the communes levy themselves.

1 Notes

1. Ruedi Brassel-Moser, "Einkommenssteuer", in *Historisches Lexikon der Schweiz* (HLS), version of 22 April 2015, <https://hls-dhs-dss.ch/de/articles/026200/2015-04-22/>. ↩

2. Oliver Landolt, “Vermögenssteuer”, in HLS, <https://hls-dhs-dss.ch/textes/d/D26201.php>. ↩
3. Emil Meisterhans, “Zwanzig Jahre Zürcher Steuergesetz”, Zürcher Statistische Nachrichten 16 (1939), no. 1, https://statistik.stadt-zuerich.ch/modules/StatNat/1939/1939_ZSN_Zwanzig-Jahre-Zuercher-Steuergesetz.pdf. Meisterhans also records that ordinary taxes yielded 43 million francs for the city in 1938. ↩
4. Brassel-Moser, “Einkommenssteuer”, HLS, cited above. Landolt, “Vermögenssteuer”, HLS, cited above, adds that the extraordinary federal wealth levies of 1940–1942 (Wehropfer) financed part of the costs of the Second World War. ↩
5. Kanton Zürich, Steuergesetz (StG) vom 8. Juni 1997, LS 631.1, consolidated version valid from 1 January 2024, [https://www.notes.zh.ch/appl/zhlex_r.nsf/WebView/0B9EA754642B775EC1258A8C00280744/\\$File/631.1_8.6.97_123.pdf](https://www.notes.zh.ch/appl/zhlex_r.nsf/WebView/0B9EA754642B775EC1258A8C00280744/$File/631.1_8.6.97_123.pdf). ↩
6. Kanton Zürich, Steuergesetz vom 8. Juni 1997, LS 631.1, entry into force 1 January 1999, https://www.zh.ch/de/politik-staat/gesetze-beschluesse/gesetzessammlung/zhlex-ls/erlass-631_1-1997_06_08-1999_01_01-055.html. Federal Supreme Court, judgment 2P.202/2002, stating that the new Zurich Tax Act entered into force on 1 January 1999 and introduced for individuals the change from biennial assessment of past income to annual assessment of current income, <https://app.omnilex.ai/de/sources/court-decision/ch-bger--2p-202-2002/2p2022002>. ↩
7. Kanton Zürich, Kantonales Steueramt, “Aufgabenerfüllung & Organisation”, <https://www.zh.ch/de/finanzdirektion/steueramt/aufgaben-organisation.html>. ↩

For general information only. This article does not constitute legal or tax advice, does not replace advice on an individual case and creates no lawyer-client relationship. It reflects the legal position as of September 2026.

Online version: helveticaregister.com/zurich-from-the-tax-law-of-1870-to-the-steuergesetz-of-1997