

Legacy and outlook

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The Zurich tax system in 2026 is the product of a long history and of several recent decisions that have pointed in different directions. The history has left a system with three levels of taxation, a wealth tax that has survived since the Middle Ages, an income tax that took its modern form in 1917 and a communal autonomy that expresses itself every year in 160 different multipliers. The recent decisions have left a corporate tax rate above the Swiss average and a lower multiplier for 2026 and 2027. They have also left a tax on inheritances that exempts the family and a regime for wealthy foreigners that Zurich abolished and its neighbours retained.

The outlook is shaped by four developments. The first is the OECD minimum tax, whose implementation is still in flux after the side-by-side package of January 2026. For Zurich, with an ordinary rate above 15 per cent, the minimum tax narrows the gap to low-tax cantons for large groups, while it restricts the value of the TRAF instruments. The second is the question whether the canton will make a new attempt to reduce its profit tax after the defeat of May 2025. The cantonal government has signalled that any new proposal would need to offer something to the population as well.¹ The reduction of the cantonal multiplier for 2026 and 2027 may be read as a first step in that direction.

The third development is the reform of the taxation of individuals. The abolition of imputed rent from 2029 and the introduction of individual taxation by 2032 at the latest will require Zurich to revise large parts of its tariffs and deductions. Both reforms will alter the distribution of the tax burden between households and will give the canton an occasion to reconsider its tariffs. The fourth development is the debate on the taxation of wealth and inheritances. The clear rejection of the JUSO initiative in November 2025 has removed the prospect of a federal inheritance tax for the foreseeable future. The wealth tax nevertheless remains a subject of

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political controversy, both from those who regard it as a burden on entrepreneurs and from those who wish to increase it.

For the financial centre the most important point may be the stability of the framework. Zurich's tax burden is high by Swiss standards and moderate by international standards. Its rules are predictable, its administration is competent and its courts are independent. Its electorate has shown on several occasions that it will not accept either large reductions or large increases. International clients and companies value such predictability, which gives a financial centre a foundation as solid as low rates.

1 Notes

1. Tages-Anzeiger, live report on the vote of 18 May 2025, <https://www.tagesanzeiger.ch/steuervorlage-zuerich-alles-zur-abstimmung-im-ticker-380021046334>, quoting Finance Director Ernst Stocker after the rejection: "In Zukunft braucht es Goodies für die Bevölkerung." ↩

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