

Taxation in the canton of Zurich — overview and summary

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Every financial centre is also a tax jurisdiction. The banks, insurers, asset managers, trust companies and family offices described in the preceding chapters of Part H choose where to book profits, where to employ staff and where their owners and senior employees live. The tax burden that follows from each of these choices is one of the few variables that Swiss cantons can still shape themselves. Zurich occupies an unusual position in this competition. The canton is the economic centre of the country, the seat of the largest bank, the largest insurers and the stock exchange, with the largest cantonal economy in the country. At the same time it is, by the standards of its immediate neighbours, a high-tax canton. A company in the city of Zurich pays almost twenty per cent of its pre-tax profit in income taxes, while a company a short drive away in Zug or in the Höfe district of Schwyz pays between eleven and thirteen per cent. A wealthy private individual who moves from the city of Zurich across the cantonal border to Wollerau or Freienbach can reduce his income tax bill by well over a third.

The canton has lived with this tension for decades. Its answer has been to rely on the density of its labour market, the quality of its infrastructure, its university and its international connections, and to accept a tax burden above the Swiss average as the price of a large public sector. The electorate of the canton has defended that model on several occasions, sometimes against the recommendation of the cantonal government. In 2009 Zurich became the first canton to abolish lump-sum taxation for wealthy foreigners. In 2019 it accepted a moderate reduction of the profit tax as part of the federal corporate tax reform. In May 2025 it refused a second reduction, which the government had presented as essential for the canton's competitiveness. These decisions show that tax policy in Zurich is made in a direct democracy with a strong urban left and a strong economic lobby, whose contest has no certain outcome.

This chapter describes the law as it stands in September 2026. It begins with the three levels of Swiss taxation and with the federal framework of harmonisation within which Zurich legislates. It then traces the history of the Zurich tax law from the progressive wealth and earnings tax of 1870 to the *Steuergesetz* of 1997, explains the system of cantonal and communal tax multipliers and describes corporate taxation after the federal Tax Reform and AHV Financing (TRAF) of 2019, including the notional interest deduction that only Zurich has introduced. The OECD minimum tax, the taxation of private individuals, the abolition of lump-sum taxation and the inheritance and gift tax follow. The final sections deal with rulings, administration and tax criminal law, with a comparison between Zurich, Zug and Schwyz, with relocation planning and with the outlook. Questions of German tax law, including exit taxation and the double taxation agreement, belong to Part K, while anti-money-laundering law is treated in Part I.

1 Conclusion

Taxation in the canton of Zurich reflects the canton's position within the Swiss federation. As the economic and financial centre of the country, Zurich finances a large public sector through taxes that are high by Swiss standards. The canton levies income and wealth taxes that are among the higher ones in Switzerland, a corporate profit tax that in the city amounts to almost 20 per cent including federal tax, and an inheritance tax that spares spouses and descendants. Within the canton the communal multipliers create a pronounced geography of wealth, with low rates in the lakeside communes and high rates in the city and in Winterthur. Across the cantonal border, Zug and Schwyz offer rates that Zurich cannot and does not wish to match.

The canton's tax policy is shaped by direct democracy. The electorate abolished lump-sum taxation in 2009 against the advice of the government and with a result that was later found to be fiscally neutral. It accepted a moderate reduction of the profit tax in 2019 as part of the federal reform, narrowly refused to raise the taxation of dividends in 2022 and rejected a further reduction of the profit tax in 2025. In the federal votes it has joined the Swiss majority in rejecting both the abolition of lump-sum taxation throughout Switzerland and a federal inheritance tax on large estates. The pattern is consistent: Zurich accepts a comparatively high tax burden as the price of public services and infrastructure while resisting both radical cuts and radical increases.

The TRAF and the OECD minimum tax have changed the terms of competition without changing Zurich's basic position. The canton has made full use of the new federal instruments and alone applies the notional interest deduction. The minimum tax narrows the gap between Zurich and its neighbours for large groups, whereas small and medium-sized companies, independent asset managers and family offices continue to face the full difference. For these actors, the choice between Zurich and its neighbours remains a genuine choice, weighed each time between the advantages of the city and the lower rates across the border.

2 In five sentences

1. Zurich taxes within a federal framework in which the StHG harmonises the tax base and procedure while leaving tariffs, rates and multipliers to the canton and its 160 communes, whose multipliers range in 2026 from 71 per cent in Zumikon to 128 per cent, with 119 per cent in the city and a cantonal multiplier reduced to 95 per cent.
2. After the TRAF, Zurich reduced its profit tax rate from 8 to 7 per cent, adopted the patent box and the research deduction at their maximum levels and introduced, as the only canton, the notional interest deduction, but its electorate rejected a further cut to 6 per cent on 18 May 2025, leaving an effective burden of about 19.5 per cent in the city.
3. The OECD minimum tax, implemented in Switzerland through the national supplementary tax from 2024 and the international supplementary tax from 2025, leaves Zurich's rate untouched while narrowing the advantage of lower-tax neighbours for large groups and limits the value of the TRAF instruments.
4. Zurich abolished taxation according to expenditure by popular vote on 8 February 2009, after which almost half of its 201 lump-sum taxpayers left, mostly for other cantons, while Swiss voters refused to extend the abolition nationwide in 2014.

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5. Zurich has exempted spouses and descendants from inheritance and gift tax since 2000. The rejection of the JUSO inheritance tax initiative by 78.3 per cent on 30 November 2025 has confirmed that the taxation of estates remains a cantonal matter.

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