



## Swiss Taxes Newsletter – June 2021

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### **Proposed Abolition of Federal Stamp Duty on Capital Contributions**

The Swiss Federal Government currently imposes a 1% stamp duty on the issuance of corporate equity shares and on further, formal and informal capital contributions by the partners or shareholders to their Swiss incorporated business entities. Contributions up to the first CHF 1 million in exchange for the issuance of shares are exempt from the capital stamp duty. The capital stamp duty contributes to the Federal Budget with an average annual amount of some CHF 250 million.

Discussions to abolish the capital stamp duty begun in the Federal Parliament as early as 2009. In 2013 the National Council in principle approved a legislative bill to abolish the capital stamp duty; however, the matter was put on ice by the Senate (Council of Cantons), and a further suspension was implemented in the wake of the Covid-19 crisis. Finally, on 2 June 2021 the Senate decided to lift the suspension of the legislative bill after a similar decision had been passed recently by the National Council with a very slim majority of just one vote. The final approval in the Federal Parliament is expected to be given later this month.

The Socialist Party has already announced that, if the stamp duty abolition bill will be finally approved, it will launch a referendum against it. The signatures of 50,000 citizens will need to be collected to call for a national referendum – a rather easy task. Proponents of the abolition of the capital stamp duty point to the increased need to uphold Switzerland's attractiveness as a place of business in the light of the recent G7 group proposals to introduce a minimum corporate income tax rate of 15%, which will pose a challenge for many Swiss cantons.