

Switzerland Is No Tax Haven for Capital

A new analysis by Avenir Suisse finds that capital is taxed more heavily today than it was 30 years ago, while the tax burden on labor has come down slightly. In comparison to other European countries, Switzerland ranks in the middle for capital taxation.

The claim that capital is taxed less and less while labor is taxed more and more is often heard in debates on Swiss tax policy. Falling corporate income tax rates and the near-abolition of inheritance tax for direct descendants appear to support this claim. It often leads to calls for higher taxes on capital.

But individual tax rates provide only a partial picture of the actual tax burden. Corporate profits, investment income, and wealth are all subject to different taxes. What matters, too, is what the government taxes – the tax base. To understand the overall tax burden on capital, we need to look at the bigger picture.

No Shift in the Tax Burden From Capital to Labor

Avenir Suisse therefore used an internationally established methodology to calculate the share of income from labor and capital that goes to the government in taxes and levies. The findings are clear:

- The tax burden on labor remained largely stable from 1995 to 2023, falling slightly on balance to **22.3%**.
- Taxation of capital fluctuated more. It initially declined, but has risen significantly since 2007. At **29%** in 2023, it was higher than in 1995.

There is no evidence of a sustained shift in the tax burden that would benefit capital at labor's expense. The European comparison also runs counter to the idea that Switzerland is a tax haven for capital: at around 29%, the tax burden on capital is close to the EU average of just over 31%.

Lower Tax Rates Do Not Mean a Lower Tax Burden

Why has the tax burden on capital increased even though corporate income tax rates, for example, have fallen? The wealth tax likely plays an important role. It is levied on the value of wealth, not on the returns it generates. If company valuations rise faster than profits, for example, the wealth tax bill can increase faster than capital income.

Tax reforms may also have played a role. The Federal Act on Tax Reform and AHV Financing (TRAF) eliminated certain tax breaks. Many cantons lowered their standard corporate income tax rates, but at the same time abolished special rules for certain companies. However, the available data do not make it possible to determine how individual taxes and reforms have affected developments since 1995.

The Argument of a Shifting Tax Burden Does Not Hold

The analysis shows that those calling for higher taxes on wealth, inheritances, or corporate profits cannot justify their demands on the grounds that capital is undertaxed in Switzerland. "Lower corporate income tax rates do not make a country a tax haven. When all taxes on capital are added up and changes in the tax bases are taken into account, the overall burden is actually higher today than it was thirty years ago," says Michele Salvi, author of the analysis.

avenir analysis: "Kein Steuerparadies für Kapital: Wie sich die Steuerbelastung von Kapital und Arbeit in der Schweiz entwickelt hat" (No Tax Haven for Capital: How the Tax Burden on Capital and Labor Has Evolved in Switzerland), by Michele Salvi and Philippe Güttinger, 10 pages, 3 charts, available online from October 5, 2026, at 5:00 a.m. in German and French at www.avenir-suisse.ch/en.

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