

BAK Press release: BAK Taxation Index 2025

Swiss cantons build on their advantage in the international tax competition for highly qualified individuals

BAK Economics, 27.01.2026 (Basel) – In order to guarantee the same net salary to a highly qualified individual, companies in Switzerland have to pay a significantly lower gross income than in other European countries, the USA or China. On a weighted average basis, the tax and contribution burden in Switzerland in 2025 for an employee with a net income of EUR 100,000 is almost a quarter lower than the international average. As the BAK Taxation Index (BTI) shows, the Swiss cantons have further strengthened their tax competitiveness compared to international competitor locations between 2023 and 2025. The high tax attractiveness for higher incomes strengthens companies in Switzerland in the international competition for highly qualified individuals.

Highly qualified individuals and top researchers are in demand, and international competition for these professionals and their mobility means that their salaries are converging internationally, after tax. Put simply, this means that companies have to pay a corresponding gross salary in order to be competitive in the race for the best talent. From an economic perspective, the income taxes paid by these highly qualified individuals therefore represent a cost for companies. Accordingly, they play an important role in location competition. As part of the BAK Taxation Index (BTI), BAK regularly compiles a systematic comparison of these costs for various standardised highly qualified individuals' profiles. The BTI, which is compiled in close cooperation with the ZEW – Leibniz Centre for European Economic Research, examines how the Swiss cantons compare internationally in this respect. The effective tax burden for a single employee with an after-tax income of 100,000 euros was measured. For comparisons between 2025 and 2023, changes in exchange rates and inflation are filtered out to show the pure effect of changes in tax law.

Swiss cantons ease the burden on highly qualified individuals

Between 2023 and 2025, most Swiss cantons reduced the tax and contribution burden on highly qualified individuals. Nationwide adjustments at federal level to tax rates and social security deductions, as well as cantonal relief through tariff adjustments, increased deductions and a reduction in the tax rate, contributed to this. The largest declines in the tax and contribution burden were recorded in the BTI monitoring in Schaffhausen (-1.7 percentage points), Schwyz (-1.3 PP) and Lucerne (-1.1 PP). The GDP-weighted average of the effective tax and contribution burden of the cantons is 31.9 per cent (-0.8 PP compared to 2023).

Increases in the tax and contribution burden in Eastern Europe

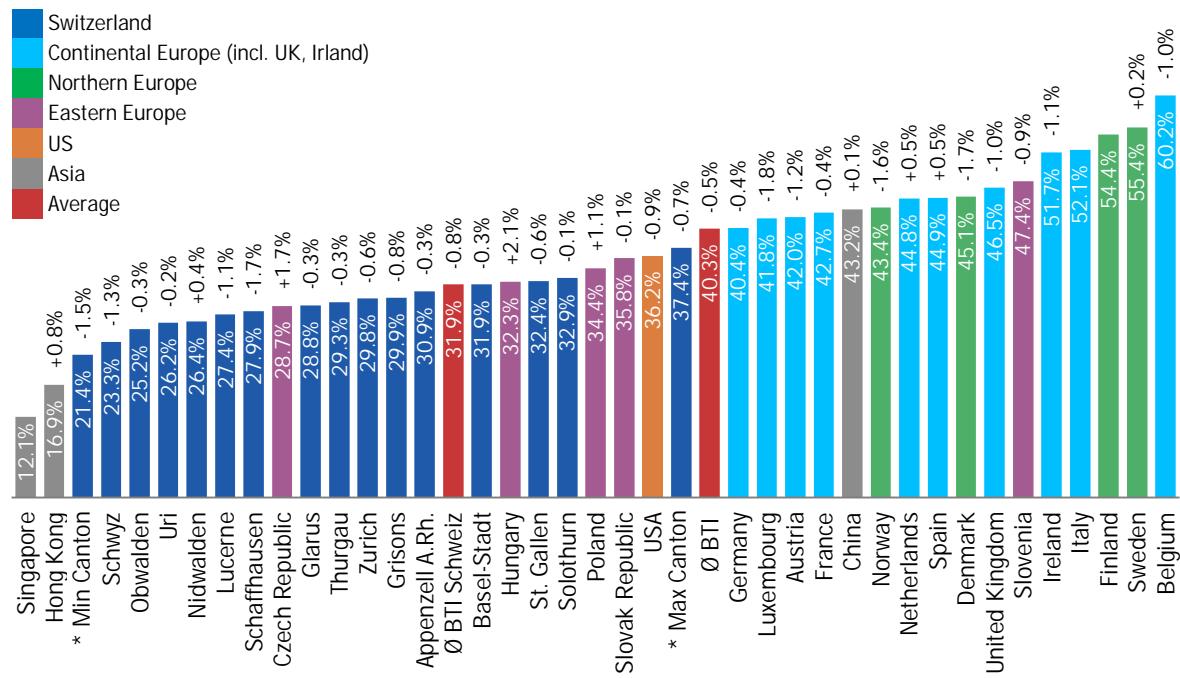
The picture is mixed for the considered locations abroad. Half of them saw reductions in the tax and contribution burden, most significantly in Luxembourg (-1.8 PP), Denmark (-1.7 PP) and Norway (-1.6 PP). The other locations, on the other hand, mostly recorded an increase in the tax and contribution burden – especially in Eastern Europe. In Hungary (+2.1 PP), Czech Republic (+1.7 PP) and Poland (+1.1 PP), the tax and contribution burden increased noticeably. While this is due to an increase in social security contributions in Hungary and Poland, both the tax and social security contributions increased in Czech Republic. This is due to increased financing requirements for public finances and social security systems. In contrast to the Swiss cantons, which generally

have sustainable public finances, the challenges in many EU countries are significantly greater, as an analysis by BAK Economics on the financial sustainability¹ of public finances shows.

Swiss cantons strengthen their strong international competitive position

In an international comparison, the GDP-weighted average tax and contribution burden for highly qualified individuals in 2025 is 40.3 per cent (-0.5 PP compared to 2023). The Swiss cantons (-0.8 PP compared to 2023) were thus able to slightly improve their already high tax competitiveness. The Swiss cantons are characterised by a low tax burden for both companies and highly qualified individuals, thus offering an attractive overall tax package.

BAK Taxation Index for highly qualified individuals 2025



EATR (i.e., effective average tax burden) for highly qualified individuals in Swiss cantons (measured by the cantonal main location) and international locations (measured by the economic main location) in %; in the standard case shown here, a single person without children with an after-tax income of EUR 100,000 is assumed. Changes compared to 2023 in % points above the columns, exchange rate and inflation changes are calculated out. For the Swiss cantons, all cantons participating in the project and the GDP-weighted average of all 26 cantons are shown. (*) To show the range of the tax burden in Switzerland, the values for the canton with the lowest (Min Canton) and the highest burden (Max Canton) are shown. Both are not involved in the project.

Source: BAK Economics, ZEW

Contacts

Sebastian Schultze
Project Manager
T +41 61 279 97 11
sebastian.schultze@bak-economics.com

Michael Grass
Head of Analysis & Studies
Executive Board
T +41 61 279 97 23
michael.grass@bak-economics.com

¹ <https://baktaxation.bak-economics.com/en/sustainability-of-fiscal-policy>

BAK Taxation Index – methodology

The BAK Taxation Index measures the fiscal attractiveness of all 26 Swiss cantons and their main international competitor regions. In the case of the Swiss cantons, the tax burden is calculated for the cantonal capital, in the case of the international locations for the economic capital. The BAK Taxation Index includes all relevant types of taxes at the different government levels and presents the effective tax burden relevant to investors.

The BAK Taxation Index for highly qualified individuals measures the effective average tax rate (EATR) for highly qualified employees:

- The index calculation is based on the standard case of a single individual without children with an income after taxes of EUR 100,000.
- The calculation takes account of all relevant taxes, including the respective rules governing the establishment of the assessment base, e.g., deductibility of employee contributions to social insurance and occupational pension schemes. It also includes social insurance contributions (provided they have tax character) as well as contributions and payroll taxes paid directly by the employer.

However, the discussion of a region's competitiveness and its attractiveness as a business and residential location should not be restricted to the tax burden alone. Other location factors play an equally important role (e.g., capacity for innovation, quality of life, regulations, etc.).

The BAK Taxation Index is published by BAK Economics AG in close cooperation with the ZEW - Leibniz Centre for European Economic Research (ZEW Mannheim) since 2003.

www.baktaxation.com