BAK Taxation Index: Update 2026

Tax burden on companies and highly qualified individuals in Switzerland

July 2026

Study commissioned by the project sponsors

Client

Swiss Federal Tax Administration (ESTV)
Tax and revenue offices, macroeconomic committees and economic development authorities of the cantons of Basel-Stadt, Glarus, Grisons, Lucerne, Nidwalden, Schaffhausen, Schwyz, Solothurn, St. Gallen, Thurgau, Uri and Zurich

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Executive Summary

The BAK Taxation Index shows that Swiss cantons will maintain stable corporate taxation in 2026. The average effective tax burden remains unchanged at 13.4 per cent. Developments related to the minimum taxation of large, international corporate groups continue to pose challenges for the cantons. However, they also offer an opportunity to position themselves in the tax competition. For highly qualified employees, the average effective tax and contribution burden is 31.6 per cent. More than half of the cantons have made moderate adjustments compared to 2025, with these adjustments consisting predominantly of tax cuts.

BAK Taxation Index – Monitoring Tax Competitiveness

In the fierce international competition to attract companies to set up operations and retain them, as well as in the recruitment of highly qualified specialists, an attractive tax regime is a key factor. A systematic comparison and continuous monitoring of the tax burden reveal how competitive a location is and whether it is gaining or losing attractiveness over time. For policymakers, this provides a vital basis for identifying the need for action at an early stage and for specifically maintaining or strengthening tax competitiveness.

The BAK Taxation Index (BTI), which is compiled in close cooperation with the ZEW – Leibniz Centre for European Economic Research, addresses precisely this issue: the BTI measures the effective tax burden on companies and highly qualified employees, thereby reflecting the tax attractiveness of the Swiss cantons and their main international competitors.

This Executive Summary summarises the most important results of the update on the ordinary tax burden for companies and highly qualified individuals in the Swiss cantons to the legal status 2026. In Switzerland, the tax burden was calculated for all 26 cantons. The following statements refer to all cantons. Specific values, however, are only published for the 12 cantons participating in the project.

Conclusion: Swiss Cantons offering an attractive overall tax package

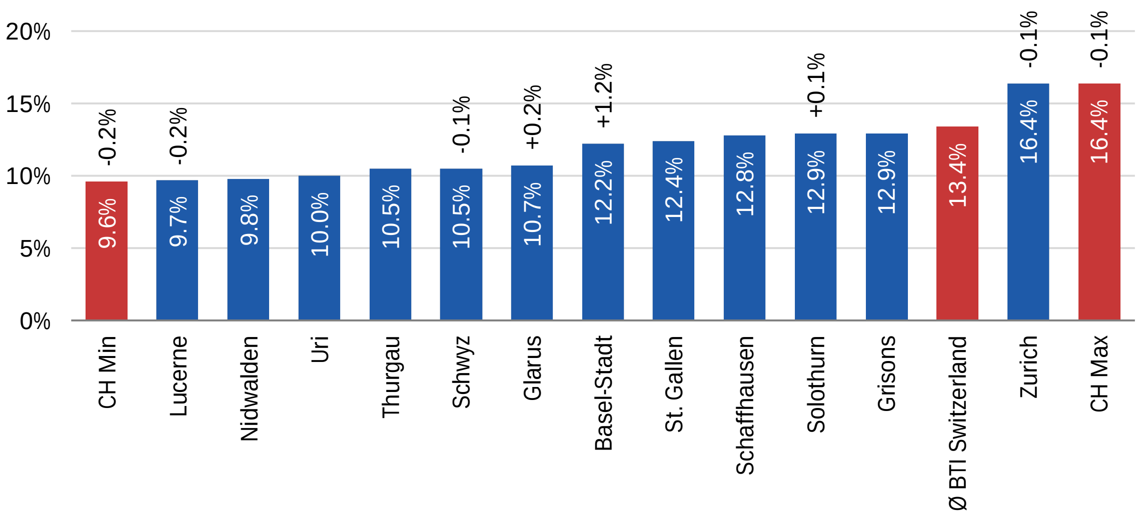
The Swiss cantons offer an attractive tax package for companies and highly qualified individuals, enabling them to compete successfully in the international competition. For both companies and highly qualified individuals, the Swiss cantons are well below the average for international competitor locations (2025: businesses: 24.0 per cent, highly qualified individuals: 40.3 per cent).

However, the international tax landscape remains dynamic, and the minimum taxation of large, multinational corporate groups in particular continues to pose a challenge for the cantons, whilst also offering new opportunities regarding the so-called 'side-by-side' package (SbS). The SbS was introduced by the OECD at the beginning of 2026 and aims to allow different minimum tax systems – in particular those of the OECD and the US – to coexist. Moreover, as of this year, it allows for (limited) expenditure- and production-based tax incentives, provided they are designed to be compatible with the Minimum Tax. These incentives create new scope for Swiss cantons to maintain and strengthen their tax attractiveness.

Companies

The effective average tax rate (EATR), measured as a percentage of the profit of a profitable investment, is the main indicator of the BAK Taxation Index for companies. The calculation includes ordinary taxes on profits, capital and, if applicable, on property at the various levels of government. The most important provisions for determining the tax base (e.g. depreciation rules) are also taken into account. The tax-reducing effect of R&D instruments (patent box, R&D deductions) is not considered here. Furthermore, the Top-up tax for large corporate groups (with annual global turnover of ≥ EUR 750 million) introduced with the implementation of the OECD minimum tax in Switzerland is not taken into account here.

Fig. 1 BAK Taxation Index for companies in Switzerland 2026



Note: The figure shows only the cantons involved in the project, the canton with the lowest (CH Min) and the highest taxes for companies (CH Max) as well as the GDP-weighted average of all 26 cantons. Depicted is the Effective Average Tax Rate (EATR) applicable to companies in Swiss cantons (measured at the cantonal main location) in per cent. Changes compared to 2025 in percentage points above the column.
Source: BAK Economics, ZEW

The updated BAK Taxation Index 2026 shows that the tax landscape for companies in Switzerland remains largely unchanged in terms of the effective average tax rate (EATR).

- Of the cantons involved in the project, Lucerne (-0.2 percentage points), Schwyz (-0.1 pp) and Zurich (-0.1 pp) have seen a slight reduction in the tax burden. In all three cantons, the cantonal tax rate has been reduced. In Lucerne, the municipal and church tax rates have also been reduced, whilst in Schwyz the church tax rate has been lowered. In the canton of Zurich, there has also been an increase in the deduction for self-financing.
- In the canton of Basel-Stadt, by contrast, the tax burden has risen significantly from 11.0 to 12.2 per cent. In response to the OECD minimum tax, the canton of Basel-Stadt introduced a two-tier tax rate in 2026, leading to an increase in the top tax rate. In previous years, other cantons had already implemented an increase in the profit tax rate as a result of the OECD minimum tax. These included the canton of Schaffhausen, another canton participating in the BTI.
- In the cantons of Glarus (+0.2 pp) and Solothurn (+0.1 pp) the tax burden increased slighty. In both cantons, this is due to an increase in the municipal tax rate.
- The changes made by the cantons cancel each other out, meaning that the GDP-weighted average of the Swiss BAK Taxation Index remains unchanged at 13.4 per

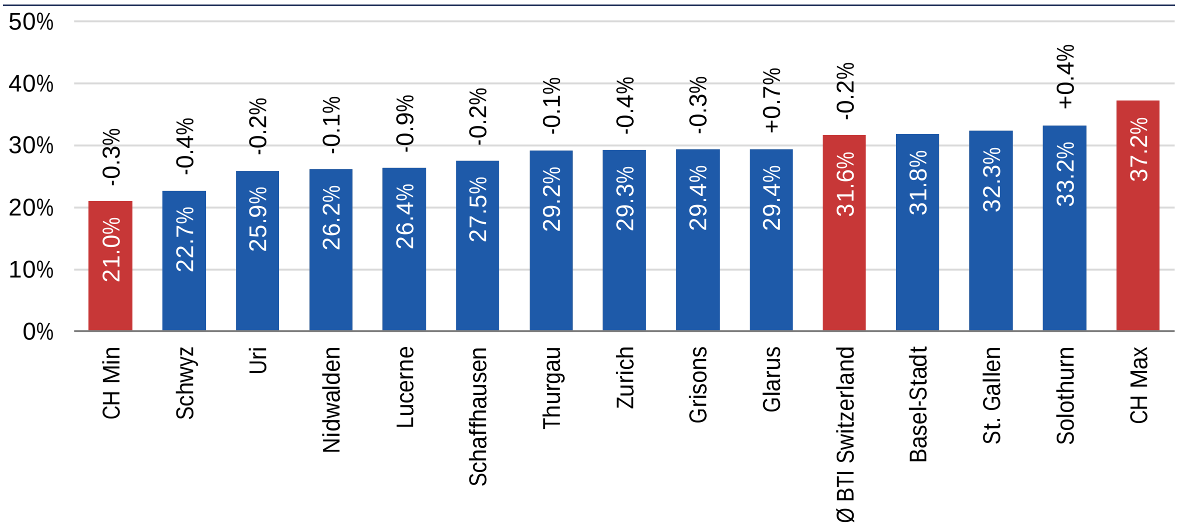
cent compared with 2025.

- The range of tax burdens for companies has increased compared to the previous year. The EATR tax burden in Switzerland lies between 9.6 per cent (-0.2 pp) and 16.4 per cent (-0.1 pp).
- The cantons of Central Switzerland tend to have a low tax burden and are leading in the intercantonal tax competition. The tax burden is medium in Eastern Switzerland and comparatively high in the other major regions. Cantons with larger cities tend to have a higher tax burden.

Highly qualified individuals

The main indicator of the BAK Taxation Index for the highly qualified individuals is the effective tax burden (EATR). It is measured as a percentage of employment costs for a single employee without children with an after-tax income of 100,000 euros (at 2010 base prices). For comparisons between 2026 and 2025, exchange rate and inflation changes are filtered out to show the pure effect of tax law changes. In addition to income taxes, non-wage labour costs of a tax nature on the employer and employee side are also taken into account in the calculations.

Fig. 2 BAK Taxation Index for highly qualified individuals in Switzerland 2026



Note: The figure shows only the cantons involved in the project, the canton with the lowest (CH Min) and the highest taxes for highly qualified individuals (CH Max) as well as the GDP-weighted average of all 26 cantons. Pictured is the Effective Average Rax Rate (EATR) applicable to highly qualified individuals in Swiss cantons (measured at the cantonal main location); the standard case depicted here is based on an unmarried individual without children with an income after taxes of EUR 100.000. Changes compared to 2025 in percentage points above the column (changes in exchange rates and inflation excluded).
Soruce: BAK Economics, ZEW

The updated BAK Taxation Index 2026 shows moderate changes in the taxation of highly qualified individuals in more than half of the cantons:

- Of the cantons involved in the project, the cantons of Lucerne (-0.9 percentage points), Schwyz (-0.4 pp) and Zurich (0.4 pp) are those with the comparatively largest reductions in the tax burden, although these remain moderate. In the canton of Lucerne, the reduction is attributable to tariff adjustments and a reduction in the cantonal and municipal tax rates. In Schwyz, there was also a reduction in the cantonal tax rate. In addition, there was an increase in tax deductions. In the canton of Zurich, the cantonal tax rate was also reduced. In addition, there was a tariff adjustment and an increase in the child tax allowance.
- Furthermore, the tax and contribution burden has fallen in the cantons of Grisons (-0.3 PP), Uri (-0.2 PP), Schaffhausen (-0.2 PP), Nidwalden (-0.1 PP) and Thurgau (-0.1 PP).
- In the cantons of Glarus (+0.7 pp) and Solothurn (+0.4 pp) the tax and contribution burden increased. In both cantons, this is due to an increase in the municipal tax rate.
- In Basel-Stadt and St. Gallen, the tax and contribution burden remains unchanged.

- The GDP-weighted average of the Swiss BAK Taxation Index has reduced by 0.2 percentage points compared with the previous year to 31.6 per cent.
- The range of the effective tax burden on the income of highly qualified individuals has slightly increased. The EATR tax burden in Switzerland lies between 21.0 per cent (-0.3 pp) and 37.2 per cent.
- A similar regional pattern can be seen in the taxation of highly qualified individuals as in the taxation of companies. While the tax burden is comparatively lower in Central Switzerland, it is medium in Eastern Switzerland and higher in the other major regions. In addition, cantons with larger cities also tend to have a higher tax burden.

BAK Taxation Index – methodology

The BAK Taxation Index is compiled since 2003 in close cooperation with the ZEW – Leibniz Centre for European Economic Research (ZEW Mannheim). It 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 **corporations** measures the effective average tax rate (EATR) for companies:

- The index calculation is based on a manufacturing corporation com-posed to equal parts of various assets (intangible assets, industrial buildings, machinery, financial assets, inventories) and financed from various sources (retained earnings, debt capital, fresh investment capital). The company generates a 20% pre-tax return.
- The calculation takes account of the various types of tax rate burdens, the interaction between taxes and the main rules governing the establishment of the tax assessment base (e.g., depreciation or inventory valuation rules). This allows for meaningful comparative analysis of individual location's tax burdens at the international level. Comparison based on tax rates alone would present an incomplete picture of the actual tax burden.

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.).

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