

BAK Taxation Index: Update 2026

Tax burden with R&D Instruments 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

Contact

Sebastian Schultze

Project manager

sebastian.schultze@bak-economics.com

+41 61 279 97 11

Michael Grass

Head of Analysis & Studies

Executive Board

michael.grass@bak-economics.com

+41 61 279 97 23

Publisher

BAK Economics

Elisabethenanlage 7

4051 Basel

+061 279 97 00

Copyright © 2026 by BAK Economics AG

All rights reserved

Executive Summary

Thanks to tax incentives for research and development (R&D) activities, the effective tax burden for companies with an average research intensity is reduced from 13.4 to 12.2 per cent on average in Switzerland, and to 9.1 per cent for very research-intensive companies. The impact is particularly significant in high-tax cantons, which grant the maximum R&D tax relief. At the same time, the Swiss system – with its relief restriction – helps to ensure that tax incentives for innovation remain linked to a minimum level of taxation on profits, thereby contributing to the financial sustainability of public finances. Developments relating to the minimum taxation of large, international corporate groups offer the cantons new opportunities to promote innovation.

BAK Taxation Index – Monitoring Tax Competitiveness

The promotion of innovation through tax incentives has become an important tool of location policy internationally. Tax incentives are intended to bolster corporate R&D activities in order to foster innovation, productivity and long-term economic growth. At the same time, governments face the challenge of creating attractive framework conditions for innovative companies without jeopardising the sustainability of their public finances.

In 2020, Switzerland took an important step to strengthen its tax competitiveness with the introduction of the Federal Act on Tax Reform and AHV Financing STAF (or TRAF), which introduced tax-based innovation incentives such as the patent box and enhanced R&D deductions. The R&D-related instruments under STAF are subject to a relief restriction that ensures a minimum level of taxation on corporate profits. This is a distinctive feature of the Swiss system and is not found in the same form in other countries. The relief restriction is intended to prevent a "race to the bottom" in corporate taxation and to limit the associated loss of tax revenues. It represents a compromise between providing incentives for innovation and safeguarding the tax base, thereby contributing to the long-term sustainability of public finances. As an analysis by BAK Economics shows, the Swiss cantons perform very well in international comparisons of fiscal sustainability¹.

As part of the BAK Taxation Index, which is conducted in close cooperation with ZEW – Leibniz Centre for European Economic Research, an analysis was carried out to assess how the STAF R&D instruments affect the Effective Average Tax Rate (EATR) for companies in 2026.

The analysis is based on the BAK Research-Intensive Companies model, which allows the impact of R&D tax incentives on the EATR to be examined under different scenarios (see the methodology box on the last page).

The effects of R&D instruments on the tax burden are measured on the basis of three different types of investments (or companies), which differ in terms of the assumed research intensity:

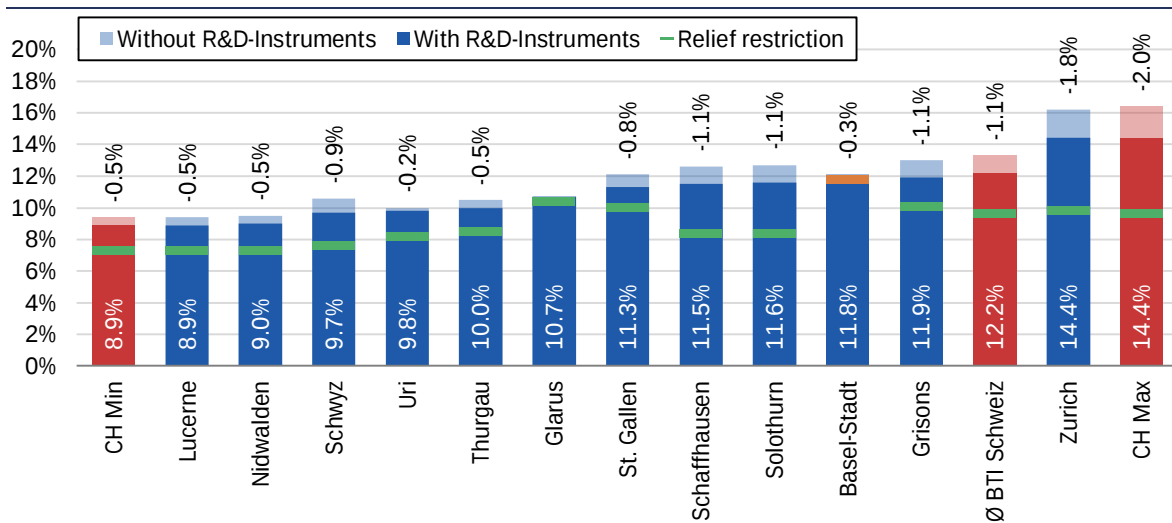
- 20% patent investment = Diversified investment of 20% in a self-produced patent and 80% in machinery, buildings, stocks, financial assets (in equal parts). This corresponds to an average research-intensive company.
- 60% patent investment = Diversified investment of 60% in a self-produced patent and 40% in machinery, buildings, stocks, financial assets (in equal parts). This corresponds to a very research-intensive company.
- 100% patent investment = Pure patent investment (self-produced patent). This is an edge case.

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

This Executive Summary summarises the most important results of this additional analysis of the EATR tax burden when using the STAF R&D instruments in the Swiss cantons as of 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.

Tax burden for companies with average research intensity

Fig. 1 EATR tax burden for a 20% patent investment



Remarks: The figure shows only the cantons involved in the project, the canton with the lowest (CH Min) or 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 without (light) and with (dark) use of the STAF R&D instruments (relief restriction considered) in Swiss cantons (measured at the cantonal main location) in per cent in the year 2026. Relief through use of R&D instruments in percentage points (above the columns). The relief restriction (RR) is also shown: orange line (RR applies) or green line (RR does not apply).

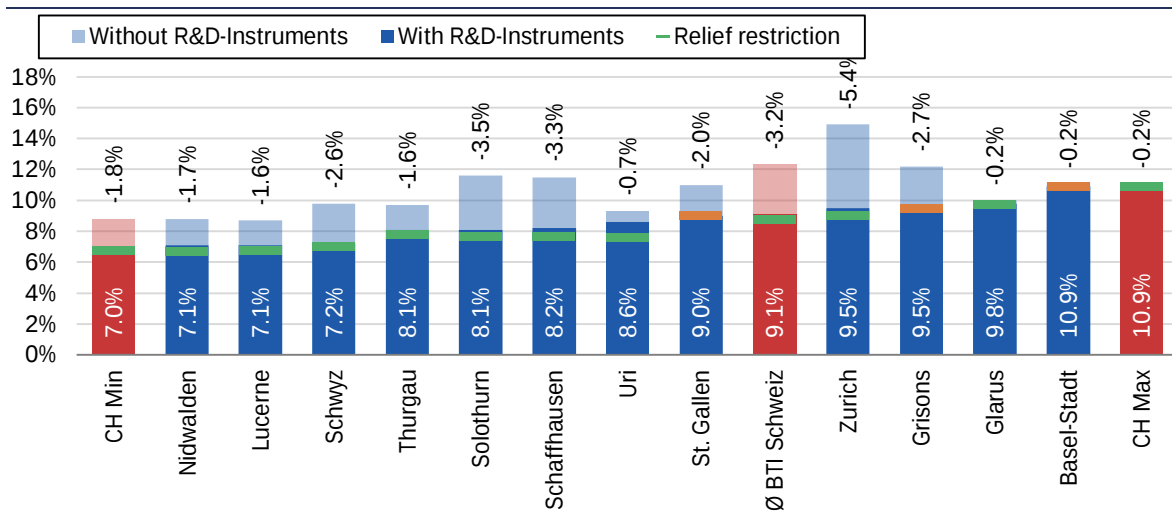
Source: BAK Economics, ZEW

The impact of the STAF R&D instruments on the EATR tax burden for a 20% patent investment or an average research-intensive company can be summarised as follows:

- In almost all cantons, the use of STAF R&D instruments leads to moderate tax relief for companies with average research activities. Only in the canton of Grisons is there no relief.
- The largest reduction among the participating cantons is observed in the canton of Zurich, where the EATR decreases by 1.8 percentage points. Across all 26 Swiss cantons, the maximum reduction amounts to 2.0 percentage points.
- In the GDP-weighted average of the cantons, the use of STAF R&D instruments leads to a reduction in the average tax burden of 1.1 percentage points to 12.2 per cent. This corresponds to a reduction of less than one tenth.
- The cantonal ranking of the EATR tax burden changes only slightly as a result of the STAF R&D instruments in the 20% case. Larger ranking changes are observed for the canton of Basel-Stadt (-5) and the canton of Schwyz (+3). All other cantons experience ranking shifts amount to +/- 2 ranks.
- Overall, the relief restriction applies in two cantons, one of which is the participating canton of Basel-Stadt.

Tax burden for very research-intensive companies

Fig. 2 EATR tax burden for a 60% patent investment



Remarks: The figure shows only the cantons involved in the project, the canton with the lowest (CH Min) or 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 without (light) and with (dark) use of the STAF R&D instruments (relief restriction considered) in Swiss cantons (measured at the cantonal main location) in per cent in the year 2026. Relief through use of R&D instruments in percentage points (above the columns). The relief restriction (RR) is also shown: orange line (RR applies) or green line (RR does not apply).

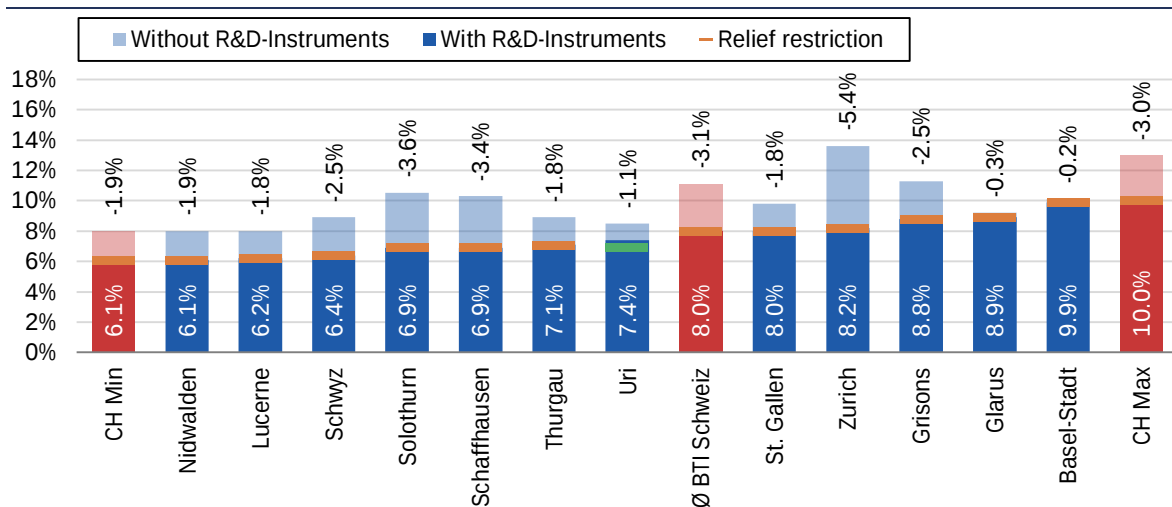
Source: BAK Economics, ZEW

The main results on the impact of STAF R&D instruments for a 60% patent investment or a very research-intensive company are as follows:

- The utilisation of STAF R&D instruments leads to a significant reduction in the EATR tax burden. In the GDP-weighted average, the tax burden falls by 3.2 percentage points to 9.1 per cent, which corresponds to a reduction of one quarter.
- Particularly in cantons with an otherwise comparatively high tax burden, the STAF R&D instruments lead to significant relief in the 60% case. Among the participating cantons, the largest reduction in the EATR is observed in Zurich (-5.4 percentage points). Across all cantons, the maximum reduction amounts to -5.9 percentage points.
- The cantons with the smallest reduction are Glarus and Basel-Stadt, each with a reduction of 0.2 percentage points.
- The cantonal ranking begins to change noticeably in the 60% case, although the Central Swiss cantons remain at the top of the ranking. The ranking improvements of cantons offering generous R&D incentives are in some cases substantial, as observed for the participating cantons of Solothurn (+10), Schaffhausen (+7), and Zurich (+5).
- Overall, the relief restriction applies in 11 cantons, including the participating cantons of St. Gallen, Grisons and Basel-Stadt.

Tax burden for pure research activity (edge case)

Abb. 2 EATR tax burden for a 100% patent investment



Remarks: The figure shows only the cantons involved in the project, the canton with the lowest (CH Min) or 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 without (light) and with (dark) use of the STAF R&D instruments (relief restriction considered) in Swiss cantons (measured at the cantonal main location) in per cent in the year 2026. Relief through use of R&D instruments in percentage points (above the columns). The relief restriction (RR) is also shown: orange line (RR applies) or green line (RR does not apply).

Source: BAK Economics, ZEW

In the theoretical edge case of a pure patent investment (100%), the influence of R&D instruments increases again, but remains limited due to the relief restriction, which now applies to almost all cantons. The main results are as follows:

- In the case of a pure patent investment, the STAF R&D instruments significantly reduce the EATR tax burden. The GDP-weighted average falls by 3.1 percentage points to 8.0 per cent.²
- Among the participating cantons, Zurich (-5.4 percentage points) continues to show the largest reduction. Across all cantons, the maximum reduction amounts to -5.9 percentage points.
- The ranking changes significantly in the 100% case, although the Central Swiss cantons remain at the top of the ranking. Among the participating cantons, Solothurn (+12), Schaffhausen (+10), and Zurich (+6) gained the most places in the ranking.
- The largest declines in the ranking, by contrast, are observed for Glarus (-14), Basel-Stadt (-8), and Uri (-8).
- In the 100% case, the relief restriction applies to all cantons except Uri.

² At -3.1 per cent, the absolute reduction in the burden resulting from the use of R&D instruments is slightly lower for a 100% patent investment than for a 60% patent investment (-3.2%). However, it should be noted that the EATR tax burden without the use of R&D instruments is lower in the 100% case than in the 60% case. The reason for this is that these are different investments (diversified investment with a patent share of 60% vs. an investment with a patent share of 100%), which are treated differently for tax purposes.

High-tax cantons strengthen their competitiveness through R&D instruments

The extent of the tax relief provided by the R&D instruments depends both on their cantonal design and on the level of the ordinary tax burden. As a result, the effective tax relief varies considerably across cantons. The impact is particularly pronounced in high-tax cantons. By making full use of the STAF R&D instruments, cantons with relatively high ordinary tax rates can substantially improve their competitive position, for example the Canton of Zurich. Overall, nine cantons grant the maximum R&D tax relief permitted under the STAF framework. Despite these relief effects, the well-established regional pattern of Switzerland's corporate tax landscape remains largely unchanged. The cantonal ranking continues to be led by low-tax cantons in Central and Eastern Switzerland.

Innovation Incentives under the Minimum Tax regime

The OECD Minimum Tax generally limits the effectiveness of tax incentives, such as those for R&D. The extent to which a tax incentive remains effective depends on whether, and to what extent, it affects the tax base used to calculate the minimum tax. As Switzerland already has a comparatively low corporate tax burden even without tax incentives, it is generally subject to the minimum tax.

The Minimum Tax therefore poses a challenge for the cantons but, in conjunction with the so-called Side-by-Side (SbS) package, also creates new opportunities. 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. In addition, it newly allows (limited) expenditure- and production-based tax incentives, such as those for R&D activities, that are compatible with the Minimum Tax regime. These incentives provide Swiss cantons with new scope to maintain and strengthen their tax attractiveness.

In addition, revenues generated through the top-up tax or through increases in cantonal profit tax rates are being used by some cantons to finance measures aimed at enhancing their attractiveness as business locations. These measures include programmes supporting research and development to strengthen innovation capacity. To date, the cantons of Basel-Stadt, Grisons, Lucerne, Schaffhausen, and Zug have introduced such support programmes.

Methodology

The BAK Taxation Index measures the tax attractiveness of all 26 Swiss cantons and their most important international competitors. The tax burden for companies and highly qualified individuals is analysed. For the Swiss cantons, the tax burden is measured at the canton's capital, for the international locations at the economic capital. The BAK Taxation Index includes all relevant types of taxes at the various levels of government and shows the effective tax burden relevant for investors.

The BAK Taxation Index for companies measures the EATR tax burden for companies, i.e. the effective tax burden incurred by a company:

- The index is calculated for a corporation in the manufacturing industry which is composed to equal parts of different types of assets (intangible assets, industrial buildings, machinery, financial assets, inventories), is financed through different sources of financing (retained earnings, debt capital, new equity capital) and achieves a pre-tax return of 20%.
- The calculation takes into account the various taxes for companies, the interaction between these taxes, and the main rules used to determine the tax bases (e.g., the rules on depreciation and inventory valuation). The analysis includes all government levels of a location (e.g., for a Swiss canton: federal, cantonal, municipal and parish levels). This allows meaningful national and international comparisons of tax burdens. In contrast, a comparison based solely on statutory tax rates would lead to an incomplete representation of taxes for companies.

The BAK Research-Intensive Companies model is a module developed as part of the BAK Taxation Index that maps the influence of R&D tax incentives on the tax burden.

- The main difference to the standard model of the BAK Taxation Index is as follows: The standard model assumes an investment in an acquired intangible asset (patent), whereas the BAK Research Intensive model assumes an investment in a self-produced intangible asset (patent).
- Due to the different assumptions regarding intangibles between the BAK Taxation Index standard model (acquired patent) and the BAK Research Intensive Companies Model (self-generated patent), the resulting EATR burdens in the case of a 20% patent investment (patent has the same weight in both models) may (slightly) differ even if the STAF R&D instruments (in the BAK Research Intensive Companies model) are assumed not to be used.

Detailed information on the methodology of the BAK Research-Intensive Companies model - including the modelling of the Swiss specifics of the relief restriction - can be found in the document (in German) "BAK Forschungsintensive Unternehmen: Methodenbericht" (BAK Economics AG, 2026).

The BAK Taxation Index is compiled since 2003 in close cooperation with the ZEW – Leibniz Centre for European Economic Research (ZEW Mannheim).

www.baktaxation.com

Annex: STAF R&D instruments 2026

	Patent box in %	R&D deduction in %	Relief restriction in %
Aargau	90	50	70
Appenzell A. Rh.	50	50	50
Appenzell I.Rh.	50	50	50
Basel-Landschaft	90	20	50
Basel-Stadt	90	No	5
Bern	90	50	70
Fribourg	90	50	20
Genève	10	50	9
Glarus	10	No	10
Grisons	90	50	55
Jura	90	50	70
Lucerne	90	No	70
Neuchâtel	20	50	40
Nidwalden	90	No	70
Obwalden	90	50	70
Schaffhausen	90	25	70
Schwyz	90	50	70
Solothurn	90	50	70
St.Gallen	50	40	40
Ticino	90	50	70
Thurgau	40	30	50
Uri	30	No	50
Vaud	60	50	50
Valais	90	50	50
Zug	90	50	70
Zurich	90	50	70

Source: BAK Economics, ZEW



www.bak-economics.com