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Implementation of Tax Reform and AHV Financing (STAF) in the canton of Aargau

The aim of Tax Reform and AHV Financing (“STAF”) is to achieve international acceptance of Swiss corporate taxation. The changes will in particular affect the Swiss Federal Act on Direct Federal Tax (DBG) and the Tax Harmonisation Act (StHG) and will include abolition of the cantonal tax status (privileged taxation of holding companies, mixed companies and domiciliary companies) as well as the introduction of internationally recognised substitute measures.

After the differences between the National Council and the Council of States were settled at federal level, the United Federal Assembly adopted the bill on 28 September 2018. The referendum was successfully approved and the Swiss electorate will vote on the STAF bill on 19 May 2019. Due to the very tight schedule, consultation in the Grand Council in the canton of Aargau, as in many other cantons, has begun even before the referendum on the STAF bill.

As a high-tech canton, it is very much in Aargau’s interests to ensure that research-intensive companies and their highly qualified jobs remain in the canton or move to it. In view of the competitive situation among the cantons, the canton of Aargau is also under pressure to implement the STAF bill in a delicate balance of maintaining its attractiveness as a location while ensuring financial sustainability for the canton. It is therefore planned to make full use of the new “patent box” special regulations and the extra deduction for research and development expenses. Innovative companies would thus benefit from an attractive overall tax rate of 11 % to 13 %. The corporate income tax rate for companies in the top rate category will remain at 18.6 %. For dividend taxation, there will be a change from the partial rate to the partial-income method. For partial taxation, a minimum of 50 % is envisaged, with the advantageous wealth taxation of unlisted securities remaining unchanged. As a further local advantage, the offsetting of profit against capital tax is also to be retained. The population will not be further burdened and will not have to accept any cutbacks by the public sector. The canton of Aargau is thus planning a balanced reform that can bring great benefits to innovative companies, SMEs and entrepreneurs while also serving the population of the canton of Aargau. In the medium to long term, everyone will be able to benefit from a stronger economy.

For the canton of Aargau, it is highly important for the cantonal implementation bill to enter into force at the same time as the federal bill. As the STAF bill is already scheduled to enter into force on 1 January 2020, the deadlines for deliberations in the Grand Council will be shortened as much as possible.

The following page provides an overview of the most important planned changes to the law with an impact on corporate taxation in the canton of Aargau. The bill also contains various relief measures for individuals.

If you have any questions, your usual contacts at PwC, or one of the above listed experts at PwC Aarau, will be happy to help you with topics related to the STAF bill.

Overview of the most important planned changes to the law with an impact on corporate taxation in the canton of Aargau

