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Implementation of Tax Reform and AHV Financing in the canton of Glarus

On 19 May 2019, the Swiss population voted by a large majority in favour of the Federal Act on Tax Reform and AHV Financing (STAF). The aim of the STAF bill and its implementation in the cantons is to achieve international acceptance of Swiss corporate taxation. The changes will affect the Swiss Federal Act on Direct Federal Tax (DBG) and the Tax Harmonisation Act (StHG) in particular and will include abolition of the cantonal tax status (privileged taxation of holding companies, mixed companies and domiciliary companies) and the introduction of internationally recognised substitute measures.

At the Landsgemeinde on 5 May 2019, the electorate approved the amendment of cantonal tax law. This legislative amendment entails cantonal implementation of the STAF bill. The legal validity of the cantonal tax bill was contingent on the legal validity of the Federal Act on Tax Reform and AHV Financing (STAF). Following adoption of the STAF bill in the referendum of 19 May 2019, both the Federal Act and the cantonal tax law amendment will enter into force on 1 January 2020.

In particular, the planned reduction in the profit and capital tax rate will lead to a significant reduction of the tax burden for all companies domiciled in the canton that have not benefited from any privilege to date.

The following page provides an overview of the most important changes to the law with an impact on corporate taxation.

If you have any questions, your usual contacts or one of the following STAF experts at PwC St. Gallen will be happy to help you.

Overview of the most important planned legislative changes with their effects on corporate taxation in Glarus

