



February 2020

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Implementation of Swiss Tax Reform and AHV financing (STAF) in the Canton of Solothurn

The implementation of the STAF in the Canton of Solothurn was accepted by voters at the second attempt. The controversial corporate income tax rate will be reduced in three steps to approximately 15% (effective tax rate).

As the Swiss people approved the STAF bill (Federal Act on Tax Reform and AHV Financing) in a referendum on 19 May 2019, corporate taxation in Switzerland is internationally accepted again. The aim of the STAF bill is essentially to abolish cantonal tax privileges (holding companies, mixed companies and domiciliary companies) and to introduce substitute measures at the same time.

The initial bill to implement the STAF was rejected in the Solothurn cantonal referendum of 19 May 2019. The reason for the rejection was the planned reduction of the effective corporate income tax rate to approximately 13%. The new proposal for implementation, which was approved by the voters of Solothurn on 9 February 2020, provides for a reduction of the effective corporate income tax rate in three steps to approximately 15%. The approximative effective corporate income tax rate is 16.3 % for 2020, 15.8 % for 2021 and 15.4 % from 2022.

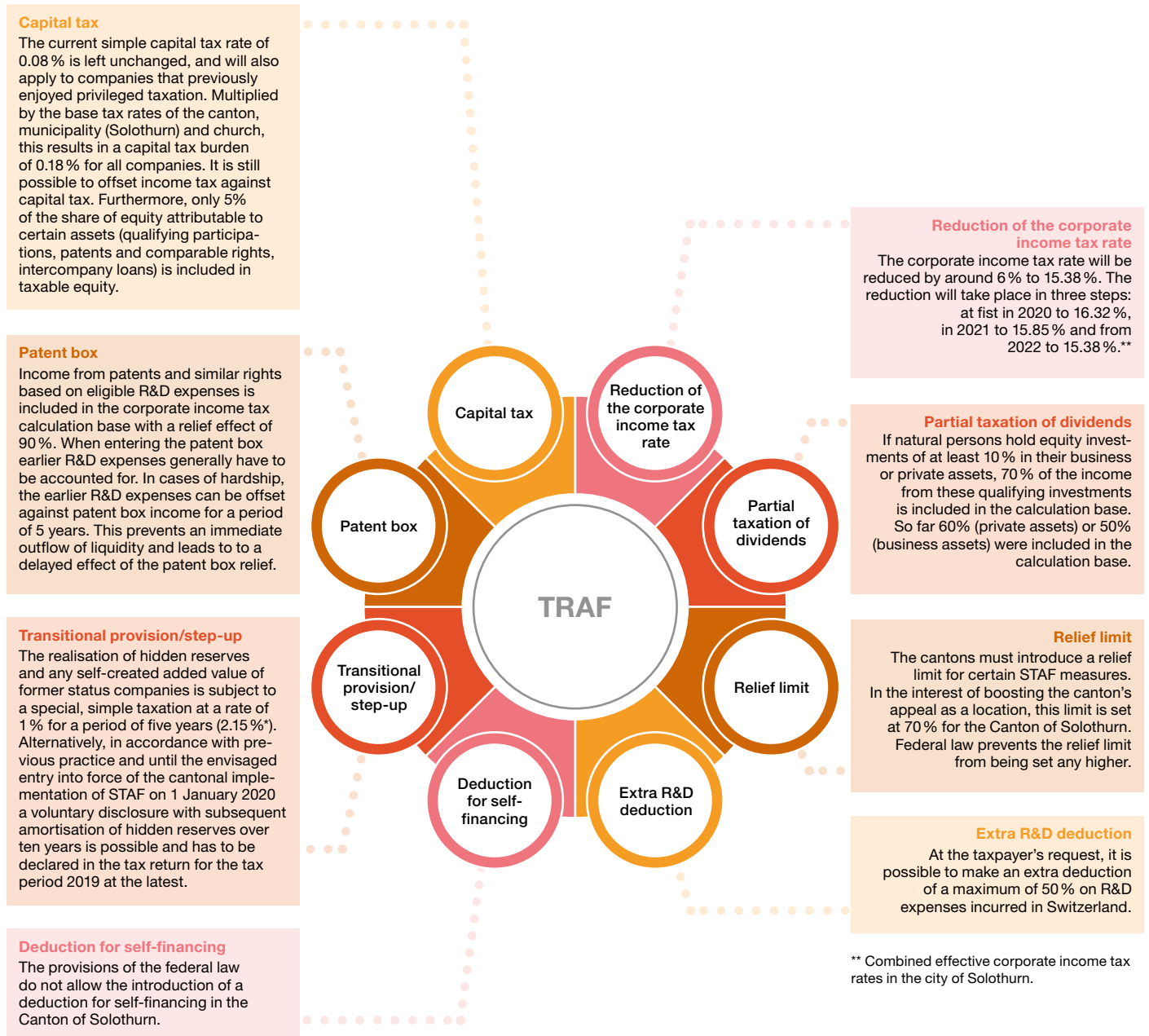
It is expected that the cantonal implementation bill enters into force together with the federal STAF bill on 1 January 2020, which will require the retroactive application of the provisions of the cantonal implementation bill.

In particular, the reduction in the corporate income tax rate will immediately lead to a significant reduction in the tax burden for companies domiciled in the canton, which previously did not benefit from any privilege and were taxed in the higher progression stage.

The most important points of the cantonal bill for the implementation of STAF are summarised on the following page.

If you have any questions, your usual contacts or one of the STAF experts at PwC Bern/Aarau listed on the left will be happy to help you.

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



* Effective corporate income tax rate in the city of Solothurn (excluding direct federal tax)

** Combined effective corporate income tax rates in the city of Solothurn.

