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

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 affect the Swiss Federal Act on Direct Federal Tax (DBG) and the Tax Harmonisation Act (StHG) in particular and 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.

After the deadline for the referendum expired unused on 10 December 2019, the cantonal tax law came into force in Graubünden on 1 January 2020.

In particular, the reduction in the profit 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 legislative changes with their effects on corporate taxation in Graubünden

Changes to capital tax

Capital tax rates do not change in the canton of Graubünden. In future, companies without business activities will benefit from a reduced tax rate (simple tax rate 0.05% or effective tax burden 0.098%), the taxable equity will be subject to a reduction in the ratio of qualifying investments, patents qualifying for the patent box and loans to group companies in relation to total assets.

Partial taxation of dividends

There will be a change at the cantonal level from the previous half-rate taxation of dividends for private shareholders to partial taxation of the same at a rate of 50%.

Special rate when changing status

If transitioning from privileged taxation (holding or domiciliary entity) to ordinary taxation, the hidden reserves in place when execution of this law commences, including any self-created added value, will be subject to separate, simple taxation if realised within the next five years.

Step-up according to the old legislation

The canton of Graubünden allows a step-up according to the old legislation. Hidden reserves can be disclosed on a tax-exempt basis and subsequently amortised for tax purposes. The disclosed, self-created added value (goodwill) is to be amortised over a period of ten years.

Reduction of the corporate income tax rate

The statutory corporate income tax rate for the canton of Graubünden is being reduced from 5.5% to 4.5%, resulting in an effective tax burden (direct federal taxes and GR cantonal taxes) of 14.02%.

Patent box

Upon request, the net profit from patents and similar rights is to be included in the calculation of the taxable net profit in the ratio of the qualifying research and development expenses to the total research and development expenses per patent / similar right (nexus quotient) with a reduction of 90%.

R&D deduction

Research and development expenses incurred directly by the taxpayer or indirectly via third parties in Switzerland will on request be approved for deduction at 150%.

Relief limit

A relief limit of 55% is to be introduced. This ensures that at least 45% of the taxable result is always subject to ordinary taxation before loss carry-forwards and the deduction of reductions.

