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Your contacts

Lukas Scheidegger
Partner Corporate Tax,
Berne
+41 58 792 77 08
lukas.scheidegger@pwc.ch

Roman Leimer
Partner Corporate Tax,
Berne
+41 58 792 77 24
roman.leimer@pwc.ch

Simon Flückiger
Director Corporate Tax,
Berne
+41 58 792 77 21
simon.flueckiger@pwc.ch

Ralph Lehmann
Director Corporate Tax,
Berne/Aarau
+41 58 792 76 72
ralph.lehmann@pwc.ch

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

On 2 March 2020, the Grand Council of the canton of Berne accepted the second and final amendment of the bill for the tax law revision 2021. With this revision, which in the meantime has entered into force, mainly the provisions of the Swiss Federal Act on Tax Reform and AHV Financing (STAF) were implemented at cantonal level.

With the STAF the cantonal tax privileges for holding companies, mixed companies and domicile companies were abolished, with the simultaneous introducing of substitute measures. Consequently, the international acceptance of Swiss corporate taxation has been restored. On 19 May 2019, the STAF proposal was clearly accepted in the public vote.

To implement the provisions of the STAF, the cantonal government of Berne launched the 2021 cantonal tax reform. The proposal of this tax reform was accepted by the Grand Council during the spring session on 2 March 2020 with 97 votes to 51 and with 2 abstentions. The deadline for the referendum expired unused on 1 July 2020. The provisions of the cantonal tax law revision 2021 with connection to the STAF have entered into force with retroactive effect from 1 January 2020.

You will find an overview of the key elements of the 2021 tax reform at cantonal level on the next page. The illustration gives an overview of the implementation of the STAF and the changes to corporate taxation in the canton of Berne.

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

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

Changes to corporate income tax

On 25 November 2018, the voters of Berne rejected a reduction in the corporate income tax rate and voted down the 2019 tax reform (53.6%). The cantonal government has therefore decided not to reduce the income tax rate within the tax law revision 2021. In order to relieve the tax burden on corporates, the cantonal government of Berne proposes a reduction of the multiplier to be applied on corporate income and capital taxes from 3.06 to 2.82, apart from the tax law revision 2021. The Grand Council of the canton of Berne is expected to decide on this in the winter session 2020 as part of the budget for 2021.

Changes to capital tax

The basic capital tax rate of 0.3‰ was reduced to 0.05‰. Using the canton's, municipality's (Berne) and church's tax multipliers, this results in a total capital tax burden of 0.24‰. It will still be possible to offset corporate income tax against capital tax.

Patent box

Income from patents and similar rights based on eligible R&D expenses will be included in the calculation of taxable income with a relief effect of 90%. Upon initial entry in the patent box, the R&D expenses already taken into account in previous tax periods (including additional R&D deduction) are taxed separately at a rate of 70%. The basic tax rate is 0.5%.

Partial taxation of dividends

Where individuals hold shares of at least 10% as part of their business or personal assets, dividends are included in the tax base at a rate of 50%. Capital gains on the sale of shares held as business assets are only partly taxed, provided these shares have been held by the taxpayer in question for at least one year.



Transitional rules / Step-up

The realisation of hidden reserves and any self-created goodwill of former status companies is subject to special taxation at a rate of 0.5% (basic tax rate) for a period of five years.

Alternatively, current practice allows the hidden reserves to be disclosed voluntarily and subsequently amortised over a period of ten years.

Relief limitation

The cantons must introduce a relief limitation for certain STAF measures. In the interest of attractiveness, the canton of Berne has set this limit at 70%, which is the maximum permissible relief under federal law.

Notional interest deduction (NID)

The introduction of a notional interest deduction for equity financing in the canton of Berne is not permitted under federal law.

R&D super deduction

Upon request of the taxpayer, an additional deduction of 50% may be granted on qualifying Swiss sourced R&D expenses.