
SWISS VOTERS SOUNDLY REJECT CORPORATE TAX OVERHAUL

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Swiss voters clearly rejected plans to overhaul the corporate tax system yesterday (12 February), sending the government back to the drawing board as it tries to abolish ultra-low tax rates for thousands of multinational companies without triggering a mass exodus.

Most Swiss recognised the country needs reform to avoid being blacklisted as a low-tax pariah. But new measures proposed to help companies offset the loss of their special status breaks had created deep divisions.

Just over 59% of voters – who have the last word under the Swiss system of direct democracy – opposed the plans, which the countrys political and business elite embraced under international pressure, provisional results on Sunday showed.

Corporate tax reform blown away at polls

Voters reject a corporate tax overhaul, landing a blow to parliament, the Swiss government and business lobby groups.

In the meantime, companies might stop investing in or even quit Switzerland, he said. He played down the risks of blacklists, saying the more immediate danger was that individual countries would start double taxation of Swiss-based companies.

The European Commission said it would comment on Monday.

Switzerland has been in the firing line of the European Union and OECD club of rich countries for years over the special tax status that cantons give foreign companies. Some pay virtually no tax above an effective federal tax of 7.8%.

Switzerland agreed with the OECD in 2014 to abolish by 2019 the special status, which has been an attractive perk for around 24,000 multinationals looking to lower their tax bills. That provision will now remain in place past the original deadline.

The government says such special-status companies employ 150,000 people and contribute half of federal corporate taxes.

Arrogance and haughtiness

To offset the blow, the government had proposed tax breaks on research and development in Switzerland, profits from patents developed there and deductions for excess company equity.

In addition, many cantons say they would reduce corporate tax rates for all companies to reduce the fiscal burden and dissuade multinationals from leaving.

After parliament approved the measures last year, critics gathered the 50,000 signatures needed to trigger Sundays referendum, which overturns the parliamentary vote.

The No campaign was led by a coalition including the Social Democrats, Greens, trade unions and churches, who feared the public would bear the brunt of reduced company tax revenue through cuts in public services or higher personal taxes.

The conservative parties wanted to push through tax reform with arrogance and haughtiness against the interests of the people. The Greens demand a new proposal with a sense of proportion, the opposition leftist party said of the vote.

The stakes are high for Switzerland, already coming to terms with the end its long-cherished tradition of banking secrecy. If multinationals pull out, the economy could suffer.

The changes come at a time US President Donald Trump is considering slashing corporate taxes and Britain has hinted it could cut its rates when it leaves the EU.

OSBORNE PLANS TO CUT CORPORATE TAX TO CUSHION BREXIT BLOW

British finance minister George Osborne plans to slash corporation tax to under 15 percent to tempt businesses to stay following the countrys shock vote to leave the European Union, the Financial Times reported Sunday (3 July).

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It is extremely important that we find a solution within the coming two years, Heinz Karrer, head of Swiss business lobby Economiesuisse, told Reuters.

MOSCOVICI: TRUMPS US COULD BE TAX HAVEN BLACKLISTED

EXCLUSIVE / The EUs tax haven blacklist is taking shape, as the European Commission uses the momentum generated by the LuxLeaks and Panama Papers scandals. Tax Commissioner Pierre Moscovici did not rule out including the United States on the list, in interview with EurActiv.com.

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