



## The taxation of management companies in the canton of Zug (Domiciliary companies)

### Term

Domiciliary companies are enterprises that only carry out management activities in Switzerland, but no business activities. Mere domiciliary companies are not allowed to maintain their own personnel or their own offices in Switzerland.

### 1. Subjective taxation requirements

As legal form, public limited companies, partnerships limited by shares, limited liability companies, associations and establishments of foreign corporations come into consideration.

### 2. Objective taxation requirements

With regard to the business purpose, there are no restrictions.

Domiciliary companies are not allowed to carry out any business activities in Switzerland. Trade profits from Switzerland are not permissible.

Business activities have to be carried out abroad, that means, purchase and selling should only take place abroad (two-dimensional approach). As an exception, purchases can be conducted in Switzerland, if the charging as between third parties is ensured.





### 3. Basis assessment principles and taxation rate

#### 3.1. Profits tax

The following items are taxed with the regular rates:

- returns from assets (interests, dividends and capital profits) from Switzerland
- Returns from incorporeal chattels (licensing and trademark rights) from Switzerland
- Returns benefiting from DBA (e.g. interests and license fees), for which taxation in Switzerland is assumed.
- Administration expenses and taxes will normally be directly deducted.
- returns from real estate in Switzerland

The following profits are exempt from tax:

- Revenues from mere domiciliary companies (see term) abroad.
- Net returns from decisive interests pursuant to §67 StG (dividends and capital profits) in consideration of investment losses (accruals and allowances). Net losses from investments can not be set off against the domestic or foreign return.

For the determination of rates, the total profit is decisive.

The profits tax rate is:

for the first CHF 100,000.00	4%
for the profit exceeding CHF 100,000.00	7%

The simple tax is multiplied by the applicable tax rate.

To this, the direct federal tax of 8.5% of the taxable profit is added, which is levied by the canton by order of the federation. In case the corporation disposes of qualified interests, the tax on profit is reduced within the scope of the dividend exemption ("Beteiligungsabzug").





### 3.2. Capital tax

Subject of the capital tax is the equity.

The tax on capital amounts to 0.075‰ of the taxable equity, but at least to CHF 150.00, multiplied by the applicable tax rate (§75 sect. 1 StG).

The equity consists of the deposited share, original or nominal capital, the participation capital, the visible reserves and hidden reserves, consisting of profits after tax, as well as the net profit. At least the share, original or nominal capital, including the deposited participation capital are taxable (§72 StG.).

The equity is calculated based on the balance at the end of the taxation period (§78 StG.).

Source: [www.zug.ch/tax](http://www.zug.ch/tax)

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