

Tonnage Tax: The Swiss Federal Department of Finance to open a consultation procedure

Geneva, Switzerland, 17.06.2016 The Swiss Trading and Shipping Association (STSA) welcomes the Swiss federal chambers' decision to push forward with the legislative drafting and future implementation of a Tonnage Tax. The Swiss government is expected to soon launch a consultation procedure on this matter.

Switzerland is revising its national and cantonal taxation systems as part of the third series of corporate tax reforms (CTR III) aimed at adapting the Swiss tax framework to comply with international regulations. In order to allow cantons to remain fiscally attractive to international businesses while limiting the effects of the reform on cantonal budgets, several fiscal measures have been considered.

Of these measures, the so-called Tonnage Tax is of particular importance. Often overlooked and underestimated, the Swiss shipping sector plays a significant role in global trade. Today, Switzerland ranks 23rd among shipping nations worldwide, and a competitive fiscal framework is key for the sector's future development. Debates in Parliament have set the path towards the adoption of the Tonnage Tax as an independent measure in a legislative process running parallel to the CTR III package.

The Swiss Trading and Shipping Association (STSA), the umbrella association representing the interests of its shipping member companies, is pleased with this decision and is supportive of the future development of the Tonnage Tax as an independent legislative project. David Fransen, STSA's President, declares: *"The decision to allow this legislative item to be further developed is excellent news for the Swiss hub, as it will correct a current competitive disadvantage. It sends a great signal to shipping companies and represents an encouragement to strengthen their operations or move their business closer to their trading customer base"*. He adds: *"We strongly believe the Swiss cantons will see this as a great opportunity to further benefit from the consolidation of this sector on our territory"*.

The Tonnage Tax is already in place in 18 European countries as well as Norway, Japan and the USA. Under the regime, shipping companies are taxed on the worldwide net tonnage of the fleet of ships they operate rather than on their net income as is currently the case in Switzerland. According to Dr. Stéphane Graber, STSA's Secretary General, *"this measure will allow better fiscal planning for both the Cantons and the shipping companies, since actual tonnage can be planned with much better visibility than forecasted benefits"*.

The consultation procedure launched by the Swiss Federal Council should run until late 2016. STSA will monitor the legislative project closely and will remain committed to providing additional factual information about the introduction of a tonnage tax.

For questions, please contact:

STSA

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