

# OECD

## Lump sum tax should be abolished

Cantons use low lump-sum taxes to attract high-income individuals moving to Switzerland from abroad. These individuals can apply for lump sum taxation provided they do not engage in economic activity in Switzerland. At the federal government level, their tax liability is assessed by applying the personal income tax on the quintuple of the rental payment or the imputed rent for the Swiss residence. They may reduce the tax base in other OECD economies. The lump sum tax regime for non-economically active individuals should be abolished and these individuals should be subjected to the standard taxation of personal income and wealth. Such a step would also be consistent with the abolition of taxation of imputed rents more generally.

(OECD Economic Surveys, Switzerland, January 2012, Overview p. 8)