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## TICINO TAX REFORM 2024 TO INCREASE FISCAL ATTRACTIVITY: AN OVERVIEW

Last 9 June 2024, Canton Ticino voted on the cantonal tax reform, which was approved with 56.89% of the votes.

This important tax reform allows the Canton of Ticino to increase its attractiveness and tax competitiveness in Switzerland and internationally.

The reform has come into force retroactively from 1 January 2024 (tax-privileged measure).

The most important legislative changes are following:

- a) linear **reduction of all income tax rates** for individuals by 1.667%. This reduction coincides with the return of the cantonal tax coefficient to 100% from 1 January 2024, after it had been temporarily reduced to 97% in the years 2020-2023.
- b) Gradual reduction over 6 years of the maximum **income tax** rate from 15.076% (31.12.2023) to 12% (31.12.2029).
- c) **Reduction of the maximum inheritance and gift tax rate** for the following categories of taxpayers:
  - Non-relatives: from 41% to **35%**.
  - life partners, children of life partners and foster children: from 41% (until 31 December 2023) to **15.5%** (from 1 January 2024);
- d) **Reduction of 50% of the gift and inheritance tax** on the **transfer of** a sole proprietorship or partnership or the majority of shares in a corporation to an individual who holds a management position, subject to a lock-up period of 5 years.

In the absence of direct heirs, the aim of this measure is to promote the continuation of the business activities of SMEs, which are very common in Ticino.

- e) **Reduction in the cantonal taxation of capital benefits** from pension schemes with a maximum rate of 3%.

As an example: for a taxpayer resident in Lugano who withdraws their pension capital, the total tax rate is **now 7.61%** (3% for cantonal tax, 2.31% for municipal tax and 2.30% for direct federal tax). Until 31.12.2023, the maximum tax rate was 22.3%.

This measure is intended to increase the attractiveness of Ticino for people approaching retirement age.

- f) **Increase of the flat deduction** for professional expenses **to CHF 3,000** (previously CHF 2,500), with a possible further increase to CHF 3,500 in 2026.

**For further information on the above, please do not hesitate to contact us**

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