



# TAX PERSPECTIVES

NIDWALDEN EXCLUSIVE

Tax perspectives

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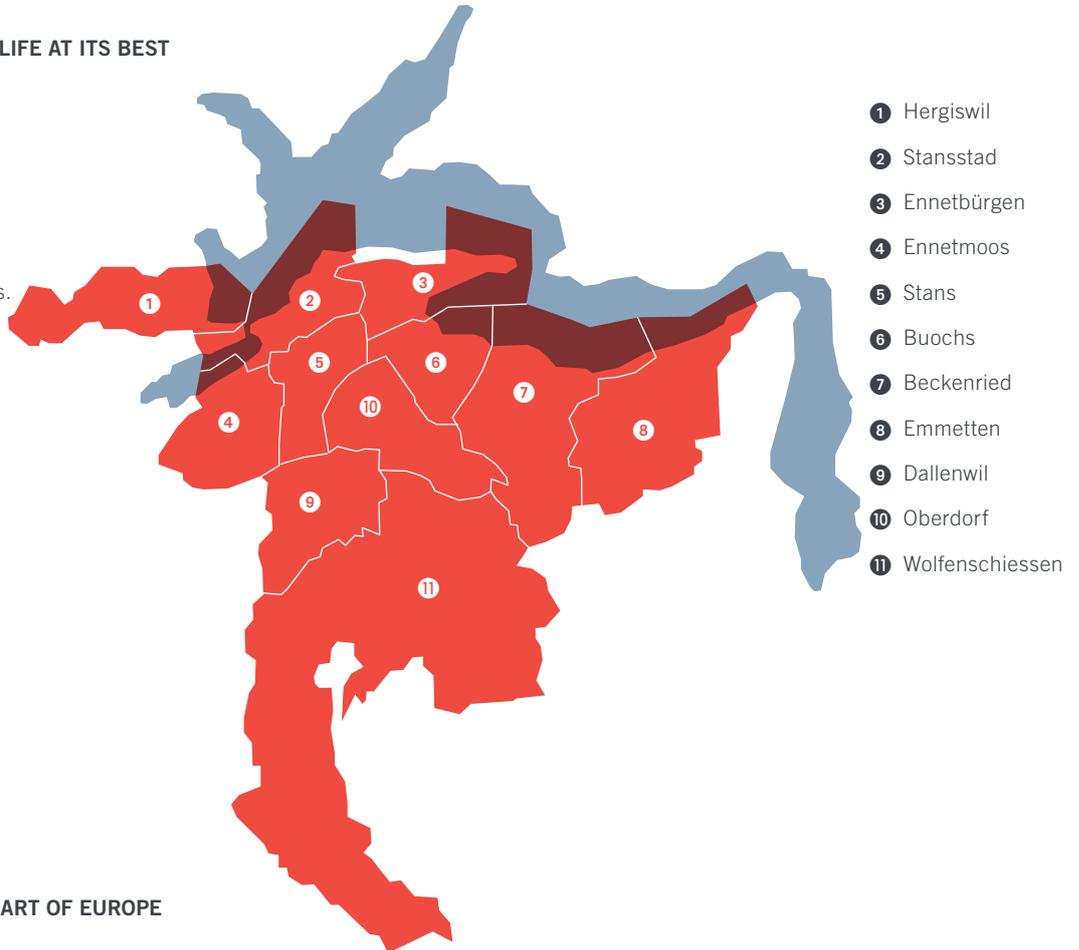
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# Nidwalden

## NIDWALDEN – QUALITY OF LIFE AT ITS BEST

The Canton of Nidwalden is home to 42,000 people.\* Situated between Lake Lucerne and the mountains, Nidwalden covers an area of 276 square kilometres. The cantonal capital is Stans. The local parliament has 60 seats, while the executive government consists of seven members. The language spoken in Nidwalden is German. More at [www.nw.ch](http://www.nw.ch)

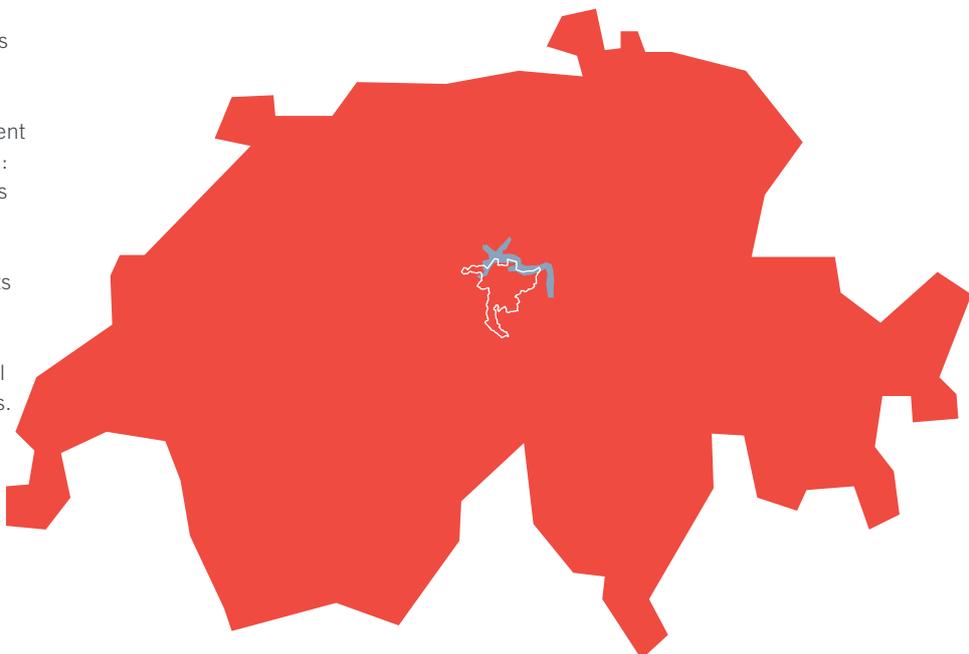
\*Status in 2009



## SWITZERLAND – IN THE HEART OF EUROPE

Switzerland has approximately 7.8 million inhabitants\* living in an area of 41,200 square kilometres. The Swiss Confederation consists of 26 cantons, and the capital is Berne. The Swiss parliament is made up of two chambers: the National Council consists of 200 members who represent the people, and the Council of States consists of 46 parliamentarians who represent the cantons. The government, the Federal Council, has seven members. The official languages are German (63.7%), French (20.4%), Italian (6.5%) and Rhaeto-Romanic (0.5%). More at [www.admin.ch](http://www.admin.ch)

\*Status in 2009



## NIDWALDEN – CENTRAL IN ALL MATTERS

**Easy to reach.** From Nidwalden, the economic metropolis Zurich and Kloten Airport can be reached in just under an hour. Most of Europe's major centres are also within easy reach. Nidwalden is easily accessible and offers an excellent private and public transport infrastructure. Its geographic location is a first-rate locational factor.

**Innovative, tax-efficient and business-friendly.** Leading international and national enterprises give testimony to the innovative power of this forward-looking canton. Research and development projects flourish in a tax-efficient environment where the people are open-minded, business-friendly and well educated. All of this gives the canton its edge as a place to live as well as a company domicile.

Nidwalden is one of the leading cantons in Switzerland, thanks to its special constellation as a well-managed "enterprise" with a high earn-

ing potential made possible by the positive combination of its internal components: politicians, government, business and society all see themselves as parts of a successful whole. These factors determine the economic and fiscal parameters that underpin the canton's first-rate national and international ranking.

**Customer-centric.** Taxpayers are customers. They are entitled to services that are understood as such. The canton's size makes it possible to take the shortest routes. The administration is lean and flexible, and contact with decision-makers can be established quickly. Communication routes are direct, and processes are open and transparent. All matters are handled quickly and with the minimum of red tape. Sensitivities are identified proactively, and special needs are taken into account whenever possible.

## WELCOME TO NIDWALDEN

Nidwalden is one of the cantons with the lowest tax rates in Switzerland. In an international comparison Nidwalden also ranks among the best and takes the lead in income and wealth tax for natural persons as well as in income tax and tax on capital for legal entities.

Situated in the heart of Switzerland and easily accessible from any direction, the canton is an exclusive location for private individuals as well as for companies.

Nidwalden offers a very special combination of high quality of life and excellent economic conditions. Its infrastructure is highly developed, the landscape is intact, and security is excellent.

A forward-looking educational system structured with an eye to success means that companies can recruit highly qualified and enterprising

specialists. Productivity is also high in an international comparison.

The healthy state of the public finances is one of the key success factors. This derives from profitable accounts, which are the result of a strategically focused fiscal policy. This situation is not expected to change in future – thanks to its stable political system, Nidwalden should remain one of the most attractive places to live and do business in Switzerland.

This “Tax Perspectives” brochure explains the fiscal advantages and thus the success factors that strengthen this forward-looking canton.

Welcome to the Canton of Nidwalden!

*State Councillor Hugo Kayser, Finance Director*



Hotel zur Linde

## NATURAL PERSONS

In Nidwalden, natural persons benefit from income and wealth tax rates that are among the lowest of their kind in both a national and an international comparison. Two issues are attractive for families: partial splitting and a large deduction for

childcare, regardless of whether the children are looked after by a parent or by a third party. Other advantages include the dilution of double taxation of income from qualifying equity interests as well as the reduced taxation of other investment income.

## LEGAL ENTITIES

Legal entities benefit from extremely low income and capital tax rates. These tax advantages can also hold their own when compared to national and international competitors. The base for the tax cal-

culatation is beneficial, and generous and comprehensive deductions, especially for research and development, are as much a part of the fiscal system as substantial tax relief for global licence income.

## NIDWALDEN EXCLUSIVE

**Natural persons.** Nidwalden applies one of the lowest wealth tax rates and is the only canton in Switzerland to grant general tax relief of 20 percent on other investment income (interest income). Those who take care of their own children can deduct CHF 3,000, plus an additional amount of CH 7,900 for external childcare costs per year. Married couples, registered partners and descendants do not pay inheritance or gift tax on financial bequests and gifts, which also brings advantages when structuring company succession.

**Legal entities.** The Nidwalden tax model turns the canton into a first-rate location. Firstly, there

is the low capital tax rate of 0.01 percent, which is almost like dispensing with this tax altogether, and secondly, research and development activities enjoy tax advantages as no ceiling applies to provisions. Thirdly, the tax relief granted for licence income promotes innovation by way of the newly introduced licence box model: the income tax rate for net licence income from the use of intellectual property rights is only 20 percent of the regular income tax rate of 6 percent; this means that global licence income is only taxed at a flat rate of 1.2 percent. It should also be pointed out that at a flat rate of just 1 percent, foundations benefit from the lowest income tax rate in Switzerland.

## NATURAL PERSONS

The tax situation in Nidwalden is advantageous for people in all income classes and all net worth positions. Thanks to the new income tax rate, taxable incomes from around CHF 155,000 upwards are no longer subject to tax rate progression and are taxed at a low maximum rate of 2.75 percent (see graph on page 10).

**Tax rate.** The basic tax rate is multiplied by the combined total tax rate for the canton and the municipalities to calculate the income and wealth tax. For a taxable income of around CHF 155,000 and more, the maximum basic tax rate is 2.75 percent, while the basic wealth tax rate is 0.025 percent. Spouses have a tax-free allowance of CHF 70,000, and the tax-free allowance for singles is CHF 35,000. An additional tax-free allowance of CHF 15,000 per child can be deducted.

Direct federal tax is levied in addition to cantonal and municipal taxes. This tax is levied at a uniform rate that applies to the whole of Switzerland. The direct federal tax does not include any wealth tax.

**Automatic cost-of-living adjustment.** Cold progression is compensated automatically if the Swiss consumer price index increases by 5 percent; otherwise an adjustment is made at least every three years.

At a combined total tax rate of 4.25 units (canton and municipality) and taking account of the direct federal tax (without wealth tax), the overall income and wealth tax burden for a married couple belonging to no religious denomination in the municipality of Hergiswil for the 2011 tax period is demonstrated in the following graphs.

### INCOME TAX

Income in CHF	Canton/municipality	Confederation	Total in CHF	in %
100,000	8,561	1,992	10,553	10.55%
155,800	15,741	6,912	22,654	14.54%
200,000	21,565	12,659	34,224	17.11%
300,000	35,063	25,659	60,722	20.24%
500,000	58,438	51,659	110,097	22.02%
1,000,000	116,875	115,000	231,875	23.19%

### WEALTH TAX

Assets in CHF	Canton/municipality	Confederation	Total in CHF	in %
100,000	106	none	106	0.11%
500,000	531	none	531	0.11%
1,000,000	1,063	none	1,063	0.11%
5,000,000	5,313	none	5,313	0.11%



**Partial splitting.** To determine the tax rate for married couples who are jointly taxable, the taxable income is divided by 1.85, regardless of whether both or just one of the spouses earns an income from gainful employment. This also applies to widowed, separated, divorced and single taxpayers who share their household with children whom they have to support. Single individuals pay the basic tax rate without any divisor. The Canton of Nidwalden has applied partial splitting for many years. Full splitting involves a divisor of 2. Splitting also reduces or eliminates fiscal discrimination against married couples.

**Social deductions.** The social deductions are determined at the end of the tax period or the end of the tax liability. To relieve the burden on families, the child deduction has been expanded and the deduction for childcare has been increased substantially. Please refer to the tables on pages 11 and 18 for the amounts of these individual deductions.

**Dilution of double taxation.** The profit and capital of a legal entity are subject to income tax and tax on capital. If shares in a company are held by

a natural person, they are also subject to wealth tax, while dividend income is subject to income tax. This leads to double taxation, which is diluted in the Canton of Nidwalden. For dividend income from stock companies and cooperative societies where the shareholder owns at least 5 percent of the company's stock, or if the investment has a market value of at least CHF 5 million, the income tax is reduced by 50 percent and the wealth tax drops to 0.02 percent. Double taxation is therefore diluted with regard to income (table on page 12) as well as wealth and applies to non-monetary benefits as well as distributed profits.

**Tax relief for liquidation gains of non-incorporated companies.** If a taxpayer definitely gives up self-employment after their 55th birthday or if he or she is incapable of continuing the business due to disability, the hidden reserves realised in the last two business years are taxed separately from the other income at a strongly reduced rate. This tax privilege relieves the burden on self-employed individuals who give up their business activities.

**Lump-sum payments from pension schemes.** Lump-sum payments from pension schemes are

INCOME TAX RATE COMPARISON



taxed separately from the other income on a fiscal year basis. The basic tax rate is two-fifths of the regular tax rate, but at least 0.8 percent.

### Property values and imputed rental income.

Property values and market rental values are determined with restraint. Properties are usually inspected before their value is determined, and the valuation process is simple and complies with accepted rules. General market changes are usually considered before the tax period. The property values and market rental values determined in this manner serve as the basis for the income and wealth tax. The imputed rental income for the residence occupied by the taxpayer equals 70 percent of the market rental value.

**Alternative minimum tax on real estate.** The alternative minimum tax is levied instead of the regular income and wealth tax. This tax is only levied if the regular income and wealth tax would be lower than the alternative minimum tax. The fixed basic tax rate is 0.03 percent of the taxable value of the real estate. The basic tax is multiplied by the combined total tax rate (canton/municipalities) to calculate the alternative minimum tax.

**Lump-sum taxation (income tax based on living expenses).** Natural persons who take up residence in the Canton of Nidwalden for the first time or return here after an absence from the country of at least ten years and who do not exercise any gainful activity here can pay lump-sum income tax instead of income and wealth tax.

**Property gains tax.** Property gains tax is levied on the profit from the sale of real estate. Transactions that have the same economic impact as a sale are also treated as a sale. Natural persons benefit from a number of tax deferral mechanisms, while self-employed individuals also benefit from comprehensive loss set-off options.

**Tax rate.** The profit is calculated as the difference between the sales proceeds and the investment cost (original purchase price plus all value-adding investments). For business real estate, only part of the profit (book gain resulting from restored depreciation) is subject to regular income tax, while the profit that exceeds this portion (capital appreciation) is subject to property gains tax. The tax is payable by the seller of the real estate.

### SOCIAL DEDUCTIONS FROM INCOME

In CHF	
Child deduction per child	5,400
Additional training deduction:	
• external school	1,600
• external school and external childcare for the first child	5,400
for every additional child	7,600
Deduction for taking care of persons living in the same household who need assistance and receive a care allowance (AHV/IV), provided that the taxpayer is not paid for this care	
	max. 5,400
Old-age deduction for single persons older than 65 (CHF 3,800 minus 5% of net income)	
	max. 3,800

The tax burden is calculated according to the period of ownership, and amounts to between 12 percent (minimum tax rate for a period of ownership of 30 years or more) and 36 percent (maximum tax rate for a period of ownership of one year or less).

**Tax deferral.** A tax deferral is mainly triggered by changes in ownership as a result of an inheritance, among spouses under marital property law, as a result of the settlement of extraordinary contributions to the family’s maintenance by one of the spouses or the settlement of claims under divorce law (provided that both spouses agree to the tax deferral), or changes in ownership related to reorganisations (under certain conditions), and replacement purchases (under certain conditions). Deferred taxes are settled at the time of the next sale on which tax is due.

**Loss set-off.** Losses on partial sales are added to the investment cost of partial sales that result in a profit once the real estate has been sold in full. Real estate losses can also be set off against real estate gains in the same year. Losses on the sale of real estate that forms part of the business

assets are treated in the same way as other business losses; ordinary business losses or loss carry-forwards can also be set off against real estate gains.

**Inheritance and gift taxes.** Natural persons and legal entities benefit from tax-free bequests, tax exemption if the business is continued as a going concern, and an attractive tax rate on donations to or from a (foreign) foundation.

**Tax-free bequests.** All bequests under inheritance law are subject to inheritance tax, and all voluntary gifts among the living are subject to gift tax, provided that the recipient is enriched through the assets of another party without having to deliver any counter-performance. Tax liability arises if the testator or donor lived in the Canton of Nidwalden or if real estate located in the Canton of Nidwalden is transferred. The recipient of the bequest/gift is liable to pay tax.

However, bequests to spouses, children, grandchildren, great-grandchildren, stepchildren and foster children, sons- and daughters-in-law, parents, stepparents, foster parents and parents-in-law, cohabiting partners – provided that they have lived together permanently for at least five

**DILUTION OF DOUBLE TAXATION**

Example: Municipality of Hergiswil			in CHF
Taxable income	of which dividend income	Tax sum	Reduction due to dilution of double taxation
200,000	–	21,565	
200,000	50,000	18,870	2,695
500,000	–	58,438	
500,000	200,000	46,750	11,688

years – and tax-exempt legal entities are tax-free. Also, a tax-free allowance of CHF 20,000 can be deducted from the transferred assets.

Gifts of business assets that support self-employment and the continued existence of the business as a going concern are also exempt from tax, as are gifts of shares in stock companies that are intended to promote and support majority shareholdings.

**Tax-exemption of donations to a company foundation.** So-called company foundations are exempt from inheritance and gift tax with regard to their establishment and future donations if they are domiciled in the Canton of Nidwalden. The company foundation is mainly established to ensure the existence and continuity of a company, particularly when the intention is to permanently secure the management relationships of a company, for example when there are no family members or if the family members do not wish to take over the company, or also to secure the independence of a company.

**Tax rate.** The inheritance and gift tax rates amount to 5 percent for siblings and their descendants,

grandparents and great-grandparents, 10 percent for uncles, aunts and their descendants, and 15 percent in all other cases.

## LEGAL ENTITIES

**Income tax and tax on capital.** In Nidwalden, legal entities benefit from one of the lowest rates for income tax and tax on capital – nationally as well as internationally. As the first canton in Switzerland, Nidwalden substantially reduced the tax burden on licence income. Nidwalden also offers a very attractive tax rate for holding and management companies.

### Stock companies and cooperative societies (fixed tax rates / flat rate)

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- Cantonal income tax: 6.0 percent

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  - Cantonal tax on capital: 0.01 percent

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  - Federal income tax: 8.5 percent

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  - Federal tax on capital: none

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For dividend income, the income tax is reduced at the ratio of the net income from these investments to the total taxable net profit, provided that the investments equal at least 10 percent or have a market value of at least CHF 1 million. Capital gains are taxed if the sales proceeds exceed the original cost, the shareholder owns at

least 20 percent of the company's shares, and the investment has been held for at least one year.

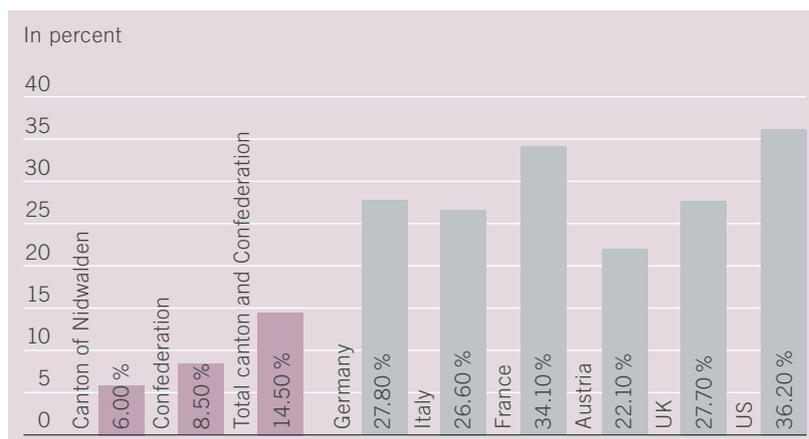
Federal tax is levied in addition to cantonal and municipal taxes at 8.5 percent everywhere in Switzerland. The total income tax burden (including the direct federal tax) for the 2011 tax period is set out below.

**Licence box (IP box).** Nidwalden has introduced favourable conditions that support scientific and economic progress. As the only canton in Switzerland to reduce tax levied on licence income, Nidwalden has created attractive framework conditions that boost Nidwalden as well as Switzerland as a research location.

- 
- Cantonal income tax: 1.2 percent (flat rate)
- 

**Holding companies.** Stock companies and cooperative societies, the purpose of which is defined in the articles of incorporation as the ongoing management of investments, do not pay any income tax, provided that the investments or the

### INCOME TAX COMPARISON





income from the investments account for at least two-thirds of the company's assets or income over a longer period. Holding companies are generally prohibited from engaging in any business activities in Switzerland, but subsidiary activities such as group management, administration and the sale of intellectual property rights or financing transactions are allowed. Holding companies pay a fixed tax on capital of 0.01 percent, but at least CHF 500.

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• Cantonal income tax:	none
• Cantonal tax on capital:	0.01 % (flat rate), at least CHF 500
• Federal income tax:	Usually no income tax on net profit, provided that the total profit constitutes dividend income, otherwise proportional reduction of the tax amount

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**Management companies.** Management companies are stock companies, cooperative societies or foundations that are primarily involved in management activities. They are either taxed as domiciled companies (management activity without any business activities in Switzerland) or as mixed-purpose companies (management

activity with subsidiary business activities in Switzerland).

*Domiciled companies* do not have business operations in Switzerland. Their business activities – procurement as well as sales – are restricted to foreign markets.

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• Cantonal income tax:	Income from investments is exempt from tax; other income in Switzerland as well as 0% to 20% of the foreign income is subject to regular tax (depending on the importance of the management activities carried out in Switzerland)
• Cantonal tax on capital:	0.01 % (flat rate), at least CHF 500
• Federal income tax:	Deduction on investments, same taxation as for stock companies
• Federal tax on capital:	none

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*Mixed-purpose companies* may engage in subsidiary business activities in Switzerland, but the business activities must be primarily centred abroad. This is basically the case if at least 80 percent of the gross income is derived from foreign sources and 80 percent of the costs for own or third-party services are incurred abroad.

**INCOME TAX AND TAX ON CAPITAL**

	Canton	Confederation	Total	Total after tax
Regular income tax	6.00 %	8.50 %	14.5 %	12.66 %
Regular tax on capital	0.01 %	–	0.01 %	0.01 %

- Cantonal income tax: Income from investments is exempt from tax; other income in Switzerland as well as 10% to 30% of the foreign income is subject to regular tax (depending on the importance of the management activities carried out in Switzerland)
- Cantonal tax on capital: 0.01 % (flat rate), at least CHF 500
- Federal income tax: Deduction on investments, same taxation as for stock companies
- Federal tax on capital: none

#### Associations, foundations and other legal entities.

- Cantonal income tax: 1.0% (flat rate), profit of less than CHF 10,000 is not taxed
- Cantonal tax on capital: 0.01% (flat rate), equity capital of less than CHF 100,000 is not taxed
- Federal income tax: 4.25% of net profit, profit of less than CHF 5,000 is not taxed
- Federal tax on capital: none

**Property gains tax.** Property gains tax is levied on the profit derived from the sale of real estate. Transactions that have the same economic impact as a sale are also treated as a sale. Legal entities

benefit from a number of tax deferral mechanisms and comprehensive loss set-off options.

Please also refer to the detailed information on property gains tax for natural persons on page 11 et seq.

**Alternative minimum tax on real estate.** The alternative minimum tax is levied instead of the regular income tax and tax on capital. This tax is only levied if the regular income tax and tax on capital would be lower than the alternative minimum tax. The fixed alternative minimum tax equals 0.01 percent of the taxable value of the real estate in question.

#### TAX BURDEN EXAMPLE

In CHF	Example		
Regular taxable income (pre-tax)	100 000		
Regular taxable capital	1 000 000		
Tax calculation	Canton/municipalities	Confederation	Total
Regular income tax	6,000	8,500	14,500
Regular tax on capital	100	–	100
Total tax burden canton and Confederation	14,600		
Effective tax burden, after tax	12,740		
Tax burden in %	12.74 %		

## NIDWALDEN EXCLUSIVE

There are many good reasons for choosing Nidwalden as the place to live and/or establish a company's registered office. The canton ensures its future attraction with a cautious fiscal policy and a number of exclusive offers. Nidwalden Exclusive is key to this concept.

### Natural persons

#### Reduction of tax on income from movable assets.

In the Swiss tax system, income from movable assets is subject to income tax.

In the Canton of Nidwalden – the only canton in Switzerland to do so – the tax load on this income is reduced in that other taxable income from movable assets is taxed at only 80 percent of the rate that applies to the total taxable income. The idea is to reduce the tax load on the income from movable assets, which is basically accrued from income that has already been taxed.

**Tax deduction for childcare.** Apart from deducting the costs for third-party childcare, which has been allowed in the Canton of Nidwalden for a number

of years, the new tax law also allows taxpayers a flat-rate deduction of CHF 3,000 per child for taking care of their own child(ren).

With the permissible deduction of third-party childcare costs of CHF 7,900 per child and the flat-rate deduction for parental childcare of CHF 3,000, the maximum permissible deduction is CHF 10,900 per child, which puts the Canton of Nidwalden in first place in an inter-cantonal comparison.

#### Tax-free donations to foundations and payments to beneficiaries.

Provided that the assets donated or the donation made to a (foreign) foundation is irrevocable and made exclusively in favour of a precisely defined group of persons, the relationship between the beneficiaries and the founder can be taken into account when the tax rate is determined. The later donation of foundation assets to the beneficiaries is exempt from tax.

**Exemption from inheritance and gift tax for asset transfers to ensure the continuation of a business on a going concern basis.** Inheritance and gift

### CHILDCARE COSTS

In CHF	
Childcare deduction For children under 15 with proof of expenses if the taxpayer is a single parent or if both parents work	max. 7,900
Additional deduction for parental childcare	3,000



LARGEST SOLAR POWER PLANT IN CENTRAL SWITZERLAND (Länderpark shopping centre, Stans)

tax is not levied if the recipient is given business assets to support self-employment or the continuation of the business as a going concern.

The tax is also not levied if the recipient is given a share in a stock company or a cooperative society, the recipient works in the business, and the donation serves to support the continuation of the business as a going concern or to promote and support majority shareholdings.

With this expanded tax exemption, Nidwalden not only helps to secure business continuity, but also supports majority shareholdings.

### Legal entities

“Abolition” of tax on capital. Following the Corporate Tax Reform II, income tax can be credited to the tax on capital. This tax credit method requires companies always to act within the limits of their tax plan, which does not, however, help to simplify the tax system. The Canton of Nidwalden goes a step further with the final objective of abolishing tax on capital in order to relieve the burden on risk capital and promote investment capital. Under the current law on tax harmonisation, however, the tax

on capital cannot be entirely abolished at the cantonal level.

By reducing the tax on capital to a minimum of 0.01% (flat rate), the Canton of Nidwalden comes as close as possible to abolishing this tax.

**No limits (amounts/percentages) on provisions for research and development.** As before, research and development costs can be posted as expenses, thus reducing the tax burden. At the same time, the loss set-off rule means that any losses can be set off against future gains.

The Canton of Nidwalden also promotes research and development by allowing tax provisions for future expenses, i.e. costs that will only be incurred in the near future. This enables a company to apply advantageous tax planning that takes account of its economic potential.

With the new tax law, the former statutory maximum amount for which provisions could be raised of CHF 1 million and at most 10 percent of the net profit has been abolished without replacement and the time restriction has been lifted.

This gives employers the option to raise sufficient tax-effective provisions, for example in an effort to secure jobs in the long term.

#### INCOME TAX BURDENS

	Canton	Confederation	Total	Total after tax
Regular income tax	6.00 %	8.50 %	14.5 %	12.66 %
Income tax on licence income	1.20 %	8.50 %	9.70 %	8.84 %

In combination with the licence box described below, the Canton of Nidwalden presents itself to national and international companies and groups as an extremely attractive location for research and development activities from a fiscal point of view.

**Associations, foundations and other legal entities.** With the lowest income tax (fixed at 1%) and tax on capital (fixed at 0.01%) in Switzerland, the Canton of Nidwalden offers ideal conditions (for example) for using a company foundation to structure the company succession.

#### LICENCE BOX (IP BOX)

The Canton of Nidwalden has introduced the best conditions for promoting scientific and economic progress, hinging on its reduction of the tax payable on licence income, which is unique in Switzerland. This strengthens the position of Nidwalden as an economic and research location.

The fixed income tax on net licence income derived from the use of intellectual property is only 20 percent of the regular income tax rate of 6 percent, i.e. a flat income tax rate of 1.2 percent.

Licence income includes all payments made for the right to use or the use of copyrights to literary, artistic or scientific works. This also includes cinematic films, patents, trademarks, patterns or models, plans and secret formulas as well as the

proceeds from trading, commercial and scientific processes or knowledge (know-how).

Licence income also includes gains on sales and income earned from the use of intellectual property by affiliated companies.

**OECD MODEL CONVENTION (ARTICLE 12 PAR. 2 LICENCE FEES).** Licence income includes all payments received for the right to use or the use of copyrights to literary, artistic or scientific works, including cinematic films, patents, trademarks, patterns or models, plans, secret formulas or processes and revenue from trading, commercial or scientific processes or knowledge.

#### TAX COMPARISON

In CHF	Example 1	Example 2
Regular taxable income (pre-tax)	1,000,000	400,000
Licence income		600,000
Regular cantonal tax burden	60,000	31,200
Regular federal tax burden	85,000	85,000
Total tax burden canton and Confederation	145,000	116,200
Effective tax burden, after tax	126,600	109,100
Tax burden in %	12.66 %	10.91 %

## NIDWALDEN – ATTRACTIVE NETWORKS

**Short distances in Nidwalden.** All services offered by the cantonal offices are linked in keeping with the “Everything from a single provider” principle. The following example describes the “Nidwalden model”: A foreign family (with two children) owns a successful company. The owners as well as the company are domiciled in a European Union (EU) country. The owners would like to move to the low-tax Canton of Nidwalden. The cantonal tax office helps them to clarify the tax consequences.

► The cantonal tax office informs the potential taxpayers about the Swiss tax system in general and the system in Nidwalden specifically. The main issues concern income and capital tax loads **1** as well as tax privileges. The tax office also refers to the extremely interesting licence box taxation, which harbours the advantage that licence income **2** is only taxed at 20 percent of the regular income tax rate (6 percent from 1 January 2011).

► The prospective taxpayers are attracted by Nidwalden as a future location. They want to move the company here and also wish to live in the canton. The Nidwalden cantonal tax office steps into the picture and establishes all the contacts required for the relocation in a short time. The company is entered in the commercial register **3** via the commercial registry office. The cantonal business promotion office **4** helps them to find building land or real estate and smoothes the path to the migration office **9**.

► Nidwalden is one of the locations with the lowest tax rates in Switzerland. The cantonal tax office clarifies all questions regarding the taxation of income and assets **5** as well as the conditions for lump-sum taxation **6**. The focus also includes inheritance and gift tax **8** and any deed transfer tax and property gains tax **7**.

► The wife wants to continue working as a physiotherapist, although it is not clear whether she should be self-employed or work for someone else. Here too, the cantonal tax office functions as a hub and establishes contact with the labour office **10** and the AHV compensation fund, the state social security scheme.

### **1 INCOME TAX AND TAX ON CAPITAL:**

Pursuant to Article 85 par. 1 of the Nidwalden tax law, stock companies, cooperative societies and entities meeting the conditions of Article 65 par. 1 (2) will pay a fixed income tax of 6 percent of the net profit from 2011. The rate for the tax on capital is as

low as possible at 0.01%. If a company meets all the required conditions, it can apply for tax privileges pursuant to Article 99 of the Nidwalden tax law (holding companies) or Article 100 of the Nidwalden tax law (management companies).

### **2 TAX ON LICENCE INCOME:**

Pursuant to Article 85 par. 3, stock companies, cooperative societies and entities meeting the conditions of Article 65 par. 1 (2) pay a fixed income tax on the net licence income for the use of intellectual property of 20 percent of the regular income tax rate (6 percent). The maximum tax burden is therefore 1.2 percent.

### **3 COMMERCIAL REGISTRY OFFICE:**

The commercial registry office is in charge of the establishment of the company and its entry in the commercial register at the place where the company's registered office is located. Upon entry in the commercial register, the company acquires its rights and obligations, i.e. it acquires its own legal personality (enforcement proceedings leading to bankruptcy, tax liability, etc.).

**4 BUSINESS PROMOTION OFFICE:**

The Nidwalden business promotion office works closely with the cantonal tax office to help companies and private individuals to relocate to Nidwalden. Nidwalden's business promotion network is far-reaching and great importance is attached to the maintenance of this network.

**5 INCOME AND WEALTH TAX:**

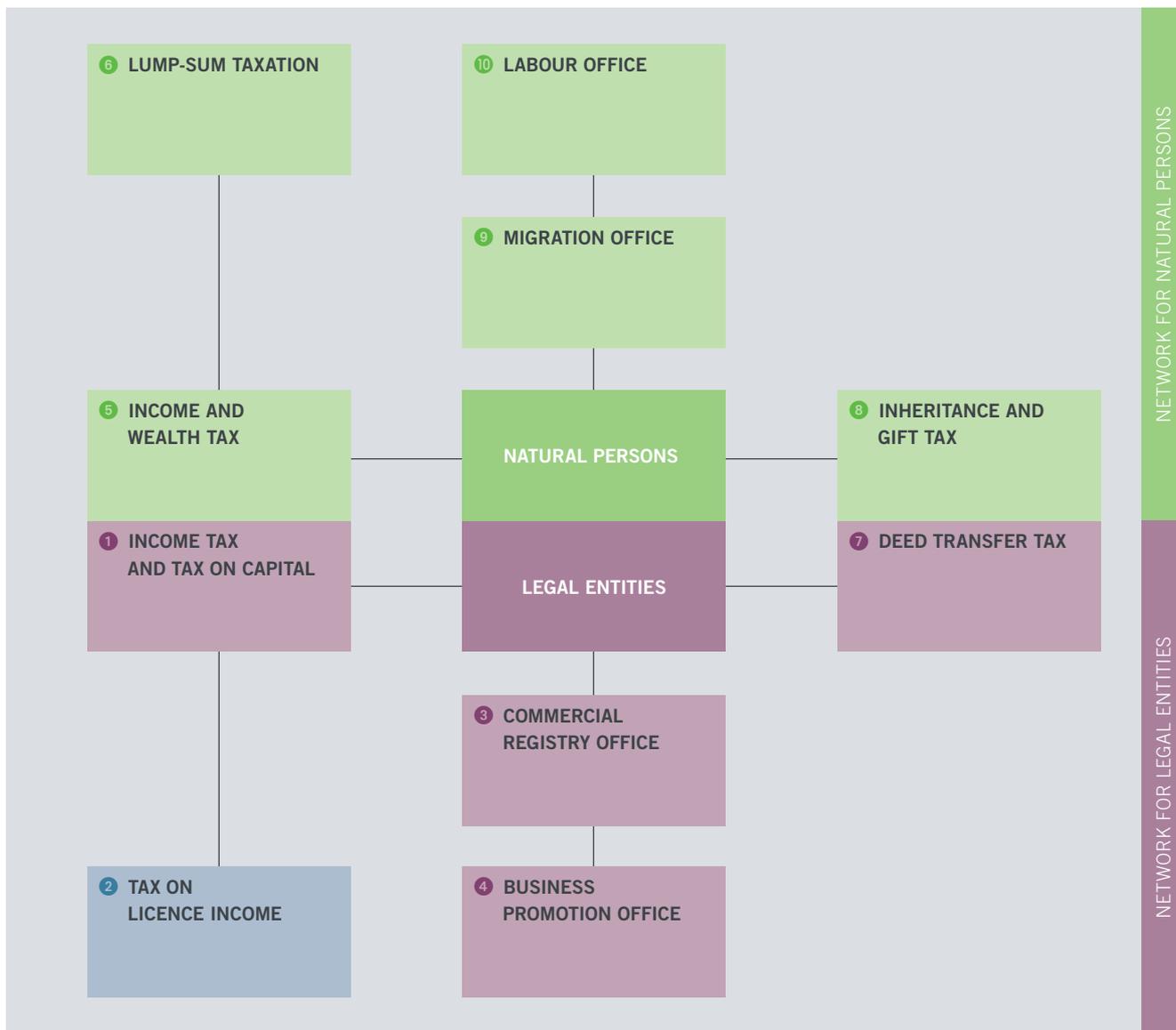
The Canton of Nidwalden applies extremely low income and wealth tax rates to natural persons. The tax rate is only progressive up to an income of CHF 155,800. The tax on income from movable assets is 20 percent lower than the rate that applies to the rest of the income.

The basic tax rate is 0.025 percent of taxable assets.

**6 LUMP-SUM TAXATION:**

Individuals who do not hold Swiss citizenship and who take up domicile or residence for tax purposes in the Canton of Nidwalden for the first time or upon their return after at least ten years' absence from the country and who do not exercise any gainful activity here have the right under Article 16 of the Nidwalden tax law to pay lump-sum income tax instead of income and wealth tax.

**THE NETWORK AT A GLANCE**



**7 DEED TRANSFER TAX:**

Deed transfer tax is levied on the sale of real estate or shares in real estate pursuant to Article 136 et seq. of the Nidwalden tax law. The buyer of the real estate is liable for the tax. The tax is levied on the purchase price, including all other payments by the buyer, and equals 1 percent of the value at transfer of ownership.

**8 INHERITANCE AND GIFT TAX:**

No tax is payable on an inheritance by direct relations in ascending and descending order. If the recipient is given business assets to totally or mainly support self-employment or the continuation of the business as a going concern, no inheritance or gift tax has to be paid (Article 153 et seq. of the Nidwalden tax law).

**9 MIGRATION OFFICE:**

The migration office determines the conditions under which someone can enter Switzerland and live and work there. It implements the provisions of the asylum law on behalf of the Confederation and offers comprehensive services for Swiss and foreign parties interested in moving to Nidwalden.

**10 LABOUR OFFICE:**

The labour office is the first port of call for people looking for work. The labour office is responsible for job placements and works closely together with the social security authorities.

## AT YOUR SERVICE

It is easy to keep a general overview of Nidwalden, where distances are short. The canton defines itself as a service enterprise that stands in the service

of its citizens. It is supported and represented by a number of organisations and institutions, each with its own comprehensive range of services:

### **Finance Office, Nidwalden**

Bahnhofplatz 3  
6371 Stans  
Tel.: 041 618 71 02  
Fax: 041 618 71 49  
e-mail: finanzdirektion@nidwalden.ch  
www.nw.ch  
Business hours: Mo–Fr 08h00–12h00, 14h00–17h00

### **Directorate of the Economy, Nidwalden**

Dorfplatz 7a  
6371 Stans  
Tel.: 041 618 76 54  
Fax: 041 618 76 58  
e-mail: volkswirtschaftsdirektion@nw.ch  
www.nw.ch  
Business hours: Mo–Fr 08h00–12h00, 14h00–17h00

### **Business Promotion, Nidwalden**

Dorfplatz 7a  
6371 Stans  
Tel.: 041 618 76 54  
Fax: 041 618 76 58  
e-mail: wirtschaftsfoerderung@nw.ch  
www.nw.ch

### **State Chancellery, Nidwalden**

Dorfplatz 2  
6371 Stans  
Tel.: 041 618 79 02  
Fax: 041 618 79 11  
e-mail: staatskanzlei@nw.ch  
www.nw.ch  
Business hours: Mo–Fr 08h00–12h00, 14h00–17h00

### **Pro Wirtschaft, Nidwalden/Engelberg**

Dorfplatz 7a  
6371 Stans  
Tel.: 041 610 33 23  
Fax: 041 618 76 69  
e-mail: prowirtschaft@nw.ch  
www.prowirtschaft-nw.ch

### **Nidwalden Trade Association**

Secretariat  
Ürtistrasse 8  
6382 Büren  
Tel.: 041 610 76 28  
Fax: 041 610 76 28  
e-mail: gewerbe-nw@bluewin.ch  
www.gewerbe-nw.ch

### **Novum**

Young Entrepreneurs Nidwalden  
P.O. Box 830  
6371 Stans  
e-mail: praesident@novum-nw.ch  
www.novum-nw.ch

### **Lake Lucerne Tourism**

Bahnhofplatz 4  
6371 Stans  
Tel.: 041 610 88 33  
Fax: 041 610 88 66  
e-mail: info@lakeluzern.ch  
www.lakeluzern.ch





## **Cantonal Tax Office**

Bahnhofplatz 3  
6371 Stans  
Tel.: 041 618 71 27  
Fax: 041 618 71 39  
e-mail: [steueramt@nw.ch](mailto:steueramt@nw.ch)  
[www.nw.ch](http://www.nw.ch)  
Business hours:  
Mo–Fr 08h00–12h00, 14h00–17h00

## **Municipal tax offices**

### **Beckenried**

Tel.: 041 624 46 25, Fax: 041 624 46 24  
e-mail: [gemeinde@beckenried.ch](mailto:gemeinde@beckenried.ch)

### **Buochs**

Tel.: 041 624 52 62, Fax: 041 624 52 42  
e-mail: [steueramt@buochs.ch](mailto:steueramt@buochs.ch)

### **Dallenwil**

Tel.: 041 629 77 93, Fax: 041 629 77 98  
e-mail: [dallenwil@nw.ch](mailto:dallenwil@nw.ch)

### **Emmetten**

Tel.: 041 624 99 99, Fax: 041 624 99 98  
e-mail: [gemeindeverwaltung@emmetten.ch](mailto:gemeindeverwaltung@emmetten.ch)

### **Ennetbürgen**

Tel.: 041 624 40 15, Fax: 041 624 40 19  
e-mail: [info@ennetbuergen.ch](mailto:info@ennetbuergen.ch)

### **Ennetmoos**

Tel.: 041 618 20 00, Fax: 041 618 20 09  
e-mail: [mail@ennetmoos.ch](mailto:mail@ennetmoos.ch)

### **Hergiswil**

Tel.: 041 632 65 70, Fax: 041 632 65 77  
e-mail: [steueramt@hergiswil.ch](mailto:steueramt@hergiswil.ch)

### **Oberdorf**

Tel.: 041 618 62 63, Fax: 041 618 62 60  
e-mail: [oberdorf@nw.ch](mailto:oberdorf@nw.ch)

### **Stans**

Tel.: 041 618 80 25, Fax: 041 618 80 35  
e-mail: [steueramt@stans.nw.ch](mailto:steueramt@stans.nw.ch)

### **Stansstad**

Tel.: 041 618 24 00, Fax: 041 618 24 25  
e-mail: [steueramt@stansstad.ch](mailto:steueramt@stansstad.ch)

### **Wolfenschiessen**

Tel.: 041 628 15 84, Fax: 041 628 15 80  
e-mail: [gemeindeverwaltung@wolfenschiessen.ch](mailto:gemeindeverwaltung@wolfenschiessen.ch)



KANTON  
NIDWALDEN