

INDIVIDUAL TAXATION APPROVED IN REFERENDUM

EXECUTIVE SUMMARY

- On 8 March 2026, the Swiss electorate approved the Federal Act on Individual Taxation with approximately 55% of the votes. The public vote was necessary because an optional referendum had been called by the people and the cantons.
- In the future, each person will be taxed individually, regardless of marital status. The joint taxation of spouses will be abandoned. This also means that the mutual right of inspection of tax files for spouses will no longer apply. Each spouse will only be liable for their own taxes and will have to fulfil their own procedural obligations or may exercise their procedural rights.
- Each person will have to file their own tax return, declare their own income and assets and claim their own deductions.
- The attribution of income, assets and deductions will be made in accordance with civil law rules.
- In the case of lump sum taxation, the fulfilment of the requirements will be assessed for each spouse separately, which means that one spouse can be taxed under the lump sum regime and the other ordinarily. At the same time, the tax bases will apply separately for each person, which means that married couples in which both spouses claim lump sum taxation will pay tax on at least twice the minimum tax base.
- At the federal level, there will only be one tax rate.
- The child deduction for direct federal tax will be increased from the current total of CHF 6,800 to a total of CHF 12,000 per child. In principle, the parents are entitled to half of the child-related deductions and the income and assets of the children are also divided in half for declaration by the parents (in the case of joint parental custody). More detailed explanations are given below.
- The entry into force is scheduled for 2032 at the latest.
- By then, the cantons must comply with the changes provided by federal law. It is currently unclear how exactly the cantons will implement the new rules and what impact the reform will have on tax rates and thus on the tax burden in the cantons.

- An early examination of the effects on your own situation as well as optimization possibilities is recommended.

STATUS QUO

SYSTEM OF SPOUSE TAXATION AND MARRIAGE PENALTY

Spouses who live in a legally and factually unseparated marriage are taxed jointly. Their income and assets are accumulated. Through this so-called factor addition, spouses are taxed as an economic community, regardless of the matrimonial property regime. In contrast, unmarried people are taxed individually. They pay tax on their own income and assets, regardless of whether they are single or in a couple's relationship.

The factor addition of income and assets leads to a tax disadvantage for direct federal tax, especially for married couples with higher incomes which are distributed relatively even among them, compared to unmarried couples in comparable economic circumstances. The reason for this is the highly progressive tax rate of the Direct Federal Tax, which means that the same total income is taxed more heavily if it is accumulated and taxed once, instead of being distributed among two separately taxed persons.

The Federal Supreme Court ruled that the marriage penalty was unconstitutional as early as 1984. As a result, certain relief mechanisms were provided for direct federal tax, such as the married tariff or the two-earner deduction. Nevertheless, the marriage penalty could not be eliminated by these measures. The situation is different in the cantons. Certain cantons have completely abolished the marriage penalty, others have mitigated its effects, and in still others it continues to exist.

BACKGROUND TO THE VOTE

POLITICAL DEVELOPMENT

For many years, there have been reform efforts for the taxation of spouses in Switzerland and there have been several referendums, but they have failed. In September 2022, the popular initiative "For individual taxation independent of civil status ("tax justice initiative)" was submitted. The Federal Council recommended that the initiative be rejected but has countered it with an indirect counterproposal in the form of the Federal Act on Individual Taxation. Parliament passed this law on June 20, 2025. The initiative committee has withdrawn the tax justice initiative on the condition that the federal law comes into force. Since an optional referendum had been called by the people and the cantons, a public vote was held on 8 March 2026.

The popular initiative of the Centre Party ("Die Mitte") called "Yes to fair federal taxes also for married couples – finally abolish discrimination against marriage!", which is still in parliamentary deliberations, is also pending. The initiative also wants to abolish the marriage penalty, but while retaining the joint taxation of married couples. It remains to be seen whether it will be withdrawn after the adoption of individual taxation.

CHANGES DUE TO ADOPTION

The Federal Act on Individual Taxation provides for amendments to the Federal Act on Direct Federal Tax ("DBG") and the Tax Harmonisation Act ("StHG"). All cantons will have to adapt their cantonal tax laws to the new provisions of the StHG.

PRINCIPLE OF INDIVIDUAL TAXATION

With the entry into force of the reform, each person will be taxed individually in the future. Each taxpayer must file his or her own tax return.

ATTRIBUTION OF TAX FACTORS FOR MARRIED COUPLES

The attribution of income, assets and deductions is made in accordance with civil law and other statutory entitlements:

- Income (employment income, pensions, etc.) is attributed to the person who earns it. Income from assets belongs to the spouse who owns the corresponding assets.
- Assets are allocated according to the ownership structure under civil law. In the case of immovable property, the ownership according to the land register is decisive. Movable property with several owners is allocated to them equally (in the case of married couples, this means half), unless other ownership entitlement is proven. At least in the case of married couples, subject to proof of other ownership relationships, the presumption applies that both spouses co-own an asset by 50% each (Art. 200 para. 2 ZGB).
- Costs that serve to generate income (e.g. professional, asset management, real estate costs) can be claimed by the person who earns the income, regardless of who bears the costs.
- Deductible voluntary benefits (e.g. donations) can be claimed by the person who pays them.

- Personal deductions such as medical costs or further education costs can be claimed by the person who affects them personally, regardless of who pays them.
- Debts and debt interest are attributed to the debtor according to the debt contract.

CHILDREN AND DEDUCTIONS

For the allocation of the income and assets of minor children as well as the child-relevant deductions, parental custody is generally decisive. If parental custody is shared and no maintenance contributions are paid, the income and assets of the children are divided in half, and each parent can claim half of the child-relevant deductions. If maintenance payments are made among unmarried parents, income, assets and deductions for the children go to the recipient of the maintenance payments. If only one parent has parental custody, the income and assets as well as the deductions of the children are attributed to him. A different division between the parents is not permitted.

As part of the introduction of individual taxation at federal level, the child deduction will be increased from the current total of CHF 6,800 to CHF 12,000 per child (total amount for both parents; Breakdown see above).

PROCEDURE, RIGHT OF INSPECTION AND LIABILITY

With the introduction of individual taxation, each taxpayer exercises his or her procedural rights and obligations independently. The previous mutual right of the spouses to inspect each other's tax files will no longer apply. The joint and several liability for tax debts will also cease to exist.

TAX RATES

The tariff for married couples will no longer apply. A standard tariff will apply to all taxpayers at federal level. The tax-free amount in the tariff will be increased from the current CHF 15,200 to CHF 20,000 and the tax rates will be reduced for lower incomes. At the same time, the progression will become steeper and the amount at which the tariff reaches the maximum tax rate (11.5%) will be reduced from the current CHF 794,400 to CHF 732,100. This also leads to a slightly higher taxation of larger lump-sum withdrawals from pensions, which are taxed at one fifth of the usual rate.

The Federal Act on Individual Taxation does not contain any rules for the tariffs and tax rates at cantonal and municipal levels. It is currently unclear how the cantons will adjust their tariffs and rates and what effect this will have for which groups of taxpayers.

LUMP SUM TAXATION

Lump sum taxation is available at the federal level and in 21 cantons to foreign nationals who become Swiss tax residents for the first time or after a break of at least ten years, if they do not engage in gainful employment in Switzerland. Until now, both spouses must meet all the requirements for lump sum taxation. For example, if one spouse is a Swiss citizen or works in Switzerland, the other spouse cannot claim lump sum taxation.

With the introduction of the Federal Act on Individual Taxation, the fulfilment of the requirements will be examined separately for each spouse in the future. Therefore, in the future, one spouse may be subject to lump sum taxation and the other to ordinary taxation. The tax assessment bases now apply separately for each person, which means that married couples in which both claim lump sum taxation will pay tax on at least twice the minimum assessment basis for income (on federal level currently CHF 435,000) and assets (canton and municipality only). Until now, the assessment bases applied jointly to both spouses.

ENTRY INTO FORCE

The Federal Act on Individual Taxation is to come into force on 1 January 2032 at the latest. Until then, the cantonal tax laws must be adapted to the changes in the StHG, the cantons must also adjust their rates and the amount of deductions and decide whether further tax measures should be introduced. The cantonal legislative process must be completed despite the requirements of the StHG, which means that further referendums in the cantons are to be expected.

ASSESSMENT AND OUTLOOK

The adoption of the Federal Act on Individual Taxation leads to a fundamental change in the system of taxation of individuals. While the legislative and tariff adjustments at federal level have already been determined, the cantons still must adapt their tax legislation and, in particular, the tariffs within the requirements of the StHG. Accordingly, the tax implications of the introduction of individual taxation are not foreseeable at present. It is also unclear what will happen to the popular initiative "Yes to fair federal taxes also for married couples – finally abolish discrimination against marriage!" of the Centre Party, which adheres to the joint taxation of spouses, but wants to eliminate the marriage penalty via new tariffs and calculation methods.

Due to the current joint taxation of spouses and the fact that marriage is an economic community, people in legally and factually unseparated marriages hardly had to think about the exact allocation of income, assets and debts. This will be a challenge for many, especially when preparing the first individual tax return. Due to the new regulation of the distribution of deductions, there may also be distortions compared to the status quo. In particular, deductions can be ineffective if one spouse has no / low income (such as half of the child deductions or medical expenses that the sick spouse with no / low income could deduct, but which may be borne by the other spouse).

Individual taxation could also have an impact on other areas of law, e.g. the calculation of the entitlement to individual premium reductions or AHV/OASI contributions for non-employed persons. Many questions and implications are still open.

It is advisable to analyze the specific income and asset circumstances as well as the effects of the new regulations on the personal situation at an early stage, in particular for the following reasons:

- For tax purposes, married couples must divide their income and assets among themselves according to civil law. This is

likely to be a challenge for spouses who have strongly mixed income and assets or have everything in a "common pot".

- Individual taxation opens new possibilities for tax optimization, such as the transfer of income-yielding assets to the spouse with no / low income, to achieve a more even distribution of income and to prevent deductions from becoming ineffective. The developments in the cantons, which are not yet known, must also be considered.
- Before concrete measures are implemented, it is important to analyze their effects holistically (e.g. regarding matrimonial property law and the consequences in the event of a divorce).

We are happy to answer any questions or to analyze the effects of individual taxation on your personal situation.

APPENDIX: CALCULATION EXAMPLES

The effects of the reform differ considerably depending on the family constellation. The concrete design in the cantons is still open. The **following remarks and calculation examples refer exclusively to direct federal tax.**¹ They show different constellations for a married couple who have a total income of CHF 250,000.

Two-earner married couples with the same total income will benefit most from the reform. The more evenly the total income is distributed between the spouses, the greater the tax savings. If the income is divided from CHF 125,000 to CHF 125,000 (50:50), the introduction of individual taxation has the following effects:

Children	So far	New	Difference
0	CHF 11,069	CHF 6,254	- CHF 4,815
2	CHF 2,933	CHF 900	- CHF 2,033

Retired couples are also likely to benefit from the reform. Since a spouse who was not employed also receives his or her own AHV pension, this often results in a more even distribution of income.

Single-earner married couples, on the other hand, may experience an additional burden because of the reform, as they will no longer benefit from the cheaper tariff and the deductions for spouses without income will be ineffective. If only one spouse is employed, the tax burden will be higher after the introduction of individual taxation than it is today, as the example of an income of CHF 250,000 shows.

Children	So far	New	Difference
0	CHF 13,357	CHF 15,738	+ CHF 2,381
2	CHF 4,411	CHF 10,584	+ CHF 6,173

Two-earner married couples with an unevenly distributed total income can also experience an additional burden. The more unequally distributed the income is, the greater the tax burden. If the income is divided in the ratio of CHF 200,000 to CHF 50,000 (80:20), the introduction of individual taxation leads to the following change in the tax burden at federal level:

Children	So far	New	Difference
0	CHF 11,446	CHF 10,128	- CHF 1,318
2	CHF 3,142	CHF 5,517	+ CHF 2,375

For unmarried couples and single persons, the situation remains largely unchanged as a result of the reform, as the following example for an income of CHF 250,000 shows. However, high-earning single people can be burdened somewhat more due to the steeper progression of the tariffs.

Children	So far	New	Difference
0	CHF 15,382	CHF 15,738	+ CHF 356
2	CHF 9,796	CHF 10,584	+ CHF 788

¹ The calculations were made for the age group 45-54 using the tax calculator of the initiative committee, which is available under: <http://ja-zur-individualbesteuerung.ch/steuerrechner/>



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