

STEP Switzerland Position Paper: A Technical Perspective on the Initiative for the Future

About Us

STEP (Society of Trust and Estate Practitioners) is a worldwide association of over 20,000 specialists in international estate planning. Its purpose is to promote high standards of competence and professional ethics in order to protect families and their estates. The Swiss & Liechtenstein STEP Federation (SLSF) brings together seven STEP branches in the main financial centres of Switzerland and Liechtenstein and their 1500+ members.

We wish outline our concerns regarding the initiative known as *“Initiative für eine Zukunft” / “Initiative pour l’avenir”* (the “Initiative for the Future”), submitted by the Swiss Young Socialists. We lay out below: (1) the details of the object submitted to vote; (2) the procedural history and upcoming steps; and (3) our technical arguments against adoption.

Details of the Initiative Subject to Vote

The initiative proposes introducing a new federal tax on inheritances (“successions”) and donations. The very high-value transfers are targeted: inheritances or donations exceeding CHF 50 million per person are to be taxed at a rate of 50% under the federal law. The whole amount of succession or donation exceeding CHF 50 million (after applying the exemption threshold) would be taxable at 50%.

The revenues from this proposed tax would be allocated chiefly to financing ambitious climate policies and the transformation of the economy to respond to the climate crisis. Under the proposal, two thirds of the revenue would go to the Confederation (federal government) and one third to the cantons.

The proposal does not include exemptions for family enterprises or other special carve-outs; its exemption (or “franchise”) is purely monetary (CHF 50 million), and applies across all successions and donations above that threshold.

Procedural History and Timeline

The initiative was deposited at the federal level on 8 February 2024 by the Swiss Young Socialists (“Jeunesse Socialiste”). After deposit, the usual sequence in Switzerland’s initiative procedure applies: the federal government (the Conseil fédéral) examined the initiative and issued its recommendation. On 13 December 2024, the Conseil fédéral recommended rejecting the initiative without proposing any direct or indirect counter-proposal. By decree of 20 June 2025, both chambers of Parliament (National Council and Council of States) took position against the initiative and formally recommended that the people vote against it. The date set for the popular vote is 30 November 2025. On that day, all eligible Swiss voters will have

the opportunity to accept or reject the initiative.

Detailing our Concerns

Our objection to the current legislative proposal is based on several technical, economic, legal, and constitutional grounds. These are the reasons we believe adopting this initiative would be harmful.

a. Multiple Taxation and Overburdening

Switzerland already has a system of taxation at the cantonal and municipal levels for inheritances, donations, and also for wealth. Imposing an additional federal tax of 50% on high inheritances and large gifts would significantly increase the burden on heirs or recipients, especially in cases where assets have already been taxed by existing systems. This risks creating unfairness and penalizing long-term investment and saving.

This new tax runs counter to the current trend in Switzerland, which tends to consider taxes too high and in need of downward adjustment.

b. Risk for Family Businesses and Succession Planning

Many businesses in Switzerland are family-owned or multigenerational. Succession of such businesses often relies on transfers of ownership or assets via inheritance or donation. A high federal tax with minimal exemptions could imperil business continuity, discourage long-term investment, and lead to liquidation, relocation, or restructuring to avoid taxation. This could reduce employment, tax revenue, and economic stability in cantons and regions dependent on such businesses.

c. Federalism and Cantonal Autonomy

The power to levy taxes on inheritances and donations has traditionally been a matter of cantonal competence. A federal tax would intrude upon cantonal sovereignty in fiscal matters and reduce fiscal competition among cantons, which is an important balancing mechanism in the Swiss system. Even though the initiative attempts to maintain the competence of cantons for their own successions, the added federal layer will limit their freedom in practice.

d. Economic Attractiveness and Potential Capital Flight

High net worth individuals, or people with significant assets, are mobile. Imposing a heavy newly introduced federal tax on large inheritances/donations may induce relocation of wealth, residence, or even domicile to jurisdictions with more favourable tax regimes, thus reducing Switzerland's attractiveness and possibly reducing the aggregate tax base. Recently, there has been a massive exodus of wealthy individuals from countries that have worsened their tax regimes (notably Norway and the United Kingdom).

The expected revenue may therefore be significantly lower than projected if many liable persons take mitigating actions, typically by moving their tax residence abroad.

The government's own estimates suggest wide uncertainties in revenue, from modest to substantial, but likely much lower if behavioural responses occur.

e. Legal and Constitutional Concerns

A federal constitutional amendment introducing such a tax raises questions of legal clarity, retroactivity, and the protection of acquired rights. The initiative proposes that the tax apply from the day of adoption, including possibly on past donations or successions, which may conflict with principles of legal certainty. Also, without careful exemption rules, it could violate rights guaranteed by the constitution, including property rights, and lead to litigation.

f. Uncertainty of Revenue vs. Costs and Administrative Burden

Estimations of revenues vary drastically. While some proponents claim revenues up to ~CHF 6 billion per year, opponents, including the Conseil fédéral, consider that realistic revenues might be much lower (in the hundreds of millions) when considering evasion, administrative costs, shrinkage of the taxable base, etc. According to the Federal Tax Administration, taking into account indirectly induced behaviour, the new tax could even result in a net tax loss. Moreover, setting up mechanisms, ensuring compliance, assessing values of large complex estates (including businesses, intangible assets, cross-border assets), defending litigation, will impose significant administrative burdens and costs.

g. Questionability of allocating revenues to climate action

STEP fully recognizes the importance of combating climate change. However, we question the wisdom of allocating a federal estate tax strictly to this purpose. It is up to the federal authorities to allocate their tax resources to the objectives set out in the Constitution and the law.

Conclusion

For these reasons, STEP is not convinced that this proposed tax is an effective measure. We believe that while the goals of climate policy, sustainability, and social fairness are important and urgent, this initiative's design carries too many economic, legal, fiscal, and constitutional risks and issues. In our view, it is vital that any reforms of tax legislation in Switzerland should carefully consider the impacts of Switzerland's competitive advantage, the continued protection of its institutions of federalism, corporate continuity, legal certainty, and fairness across generations.

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On behalf of the committee of the STEP SLSF Public Policy Working Group

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