

## **Decisive rejection of proposed Swiss federal inheritance tax by the sovereign people and cantons**

On 29 November 2025, Switzerland's people and cantons decisively voted against the Young Socialists' "Initiative for the future". The initiative, which proposed the introduction of a federal inheritance tax, was rejected by nearly 80% of the population and 100% of the cantons.

The initiative raised a number of concerns, which will be examined in this article. The main one was that the introduction of a federal inheritance tax would have greatly reduced Switzerland's attractiveness as a host country for the world's wealthy.

### **Details of the Initiative Subject to Vote**

The initiative proposed introducing a new federal tax on inheritances ("successions") and donations. Very high-value transfers were targeted: inheritances or donations exceeding CHF50 million per person were 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 have been taxable at 50%.

The revenues from this proposed tax would have been 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 have gone to the Confederation (federal state) and one third to the 26 cantons.

The proposal did not include exemptions for family enterprises or other special carve-outs; its exemption (or "franchise") was purely monetary (CHF 50 million), and would have applied across all successions and donations above that threshold.

### **Procedural History**

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 applied: 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 was 30 November 2025. On that day, all eligible Swiss voters had the opportunity to accept or reject the initiative. They rejected the initiative by an overwhelming majority of nearly 80% of the popular vote and 26 out of 26 cantons.

### **Detailing our Concerns**

The Swiss & Liechtenstein STEP Federation had objected to the initiative on the basis of several technical, economic, legal, and constitutional grounds, which are discussed below.

#### **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 have significantly increased the burden on heirs or recipients, especially in cases where assets have already been taxed by existing systems. This would have risked creating unfairness and penalizing long-term investment and saving.

This new tax ran 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 have imperilled business continuity, discouraged long-term investment, and lead to liquidation, relocation, or restructuring to avoid taxation. This could have reduced employment, tax revenue, and economic stability in cantons and regions dependent on such businesses. This aspect certainly played an important role in the popular rejection of the project.

#### **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 have intruded upon cantonal sovereignty in fiscal matters and reduced fiscal competition among cantons, which is an important balancing mechanism in the Swiss system. Even though the initiative attempted to maintain the competence of cantons for their own successions, the added federal layer would have weakened their position in the long term. Given that the vote required not only a majority of the people but also of the cantons, this aspect certainly also had an impact on the outcome.

#### **d. Economic Attractiveness and Potential Capital Flight**

High net worth individuals, or people with significant assets, are mobile. Recently, there has been a massive exodus of wealthy individuals from countries that have made their tax regimes less attractive to this group (notably Norway and the United Kingdom). Imposing a heavy new federal tax on large inheritances/donations in Switzerland might have induced relocation of wealth or residence to jurisdictions with more favourable tax regimes, thus reducing Switzerland's attractiveness and possibly reducing the aggregate tax base. The government's own estimates suggested wide uncertainties in revenue, from modest to substantial, but likely much lower if behavioural responses had occurred.

#### **e. Legal and Constitutional Concerns**

A federal constitutional amendment introducing a federal inheritance tax raised questions of legal clarity, retroactivity, and the protection of acquired rights. The initiative proposed that the tax applied from the day of adoption, including possibly on past donations or successions, which might have

conflicted with principles of legal certainty. Also, without careful exemption rules, it could have violated rights guaranteed by the constitution, including property rights, and lead to litigation.

#### **f. Uncertainty of Revenue vs. Costs and Administrative Burden**

Estimations of revenues varied drastically. While some proponents claimed revenues up to ~CHF 6 billion per year, opponents, including the Conseil fédéral, considered that realistic revenues might have been much lower (in the hundreds of millions) when considering avoidance, administrative costs, shrinkage of the taxable base, etc. According to the Federal Tax Administration itself, taking into account indirectly induced behaviour, the new tax could even have resulted 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, would have imposed 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 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's view is that this proposed tax was not an effective and desirable measure and welcomes its rejection. While the goals of climate policy, sustainability, and social fairness are important and urgent, this initiative's design carried too many economic, legal, fiscal, and constitutional risks and issues.

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.

Dr Guillaume Grisel  
Swiss & Liechtenstein STEP Federation  
Public Policy Working Group