

Personal income tax



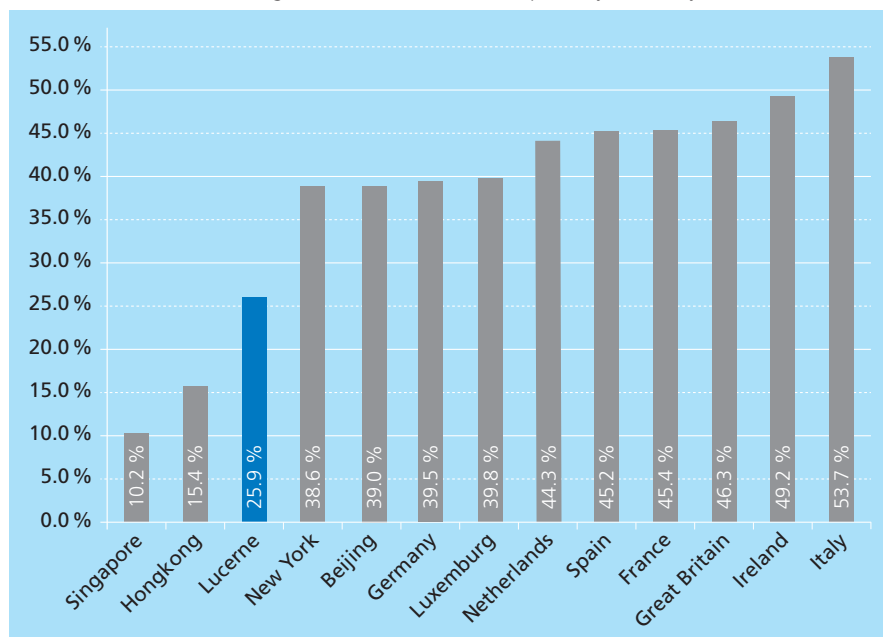
Lucerne with an attractive tax climate

The federal government, the cantons and the municipalities all levy tax on the income and assets of individuals. Thanks to the canton's cost-aware investment policy and inter-cantonal competition, it is possible to keep the tax on your net income at a moderate level. In return, Switzerland offers an outstanding infrastructure, high personal security, first-class healthcare and a high standard of living.

The chart below compares the effective tax rate of the Canton of Lucerne (City of Lucerne) with European Competitors. The basic idea of the approach is that employers compete for highly qualified employees and, therefore, they have to compensate these valued employees for taxes on labour income and for tax-like social security contributions which employees must pay. As a consequence, the tax burden of different regions is compared for a given disposable income after taxes which highly qualified employees can earn at all locations (BAK Taxation Index 2013, page 6). This is one reason why the tax for Lucerne differs from the total income tax burden (cantonal and federal tax) shown on the graph on the bottom of page 2.

Tax rates for individuals in Lucerne (international comparison)

Net income EUR 100 000, single worker, tax rate in %, capital city/main city in canton



Source: BAK Taxation Index 2013

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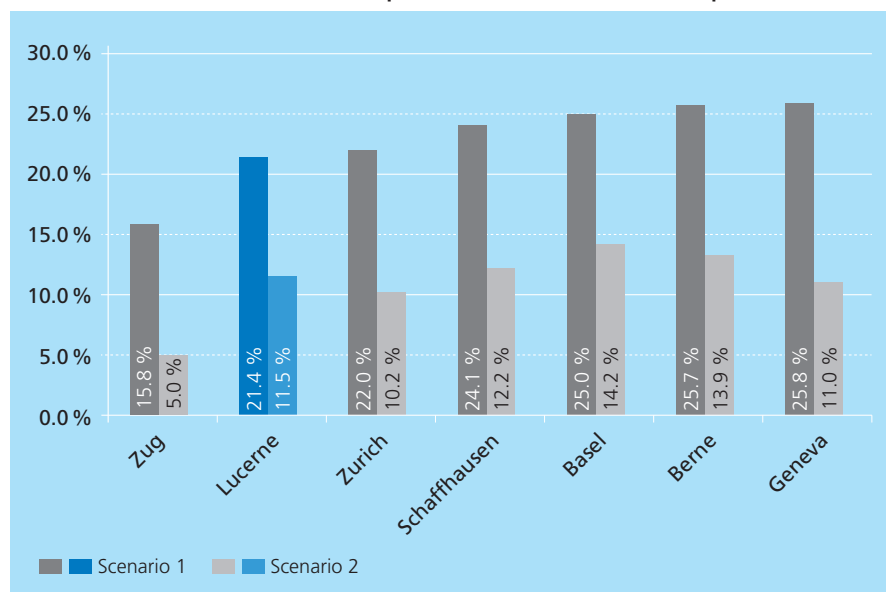
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Swiss comparison

Total income tax burden in % – a comparison between the canton's capitals 2013



Scenario 1: Married couple (Catholic), household income CHF 300 000.–, without children
 Scenario 2: Married couple (Catholic), household income CHF 150 000.–, two children
 Source: Swiss Federal Tax Administration FTA 2014

Lucerne - income is taxed at a low rate

Following several tax reductions in 2005, 2008 and 2011, the canton of Lucerne has reduced the tax burden for individuals.

However, income tax is just one element of the location-related taxes. As well as the minimal wealth tax (0.1% – 0.25%) there are outlays for accommodation and health insurance, which vary according to region (so-called net city costs). What remains is the disposable income. And Lucerne comes out even better here. The reasons for this are the attractively priced living costs and relatively low health insurance premiums. In addition, Lucerne does not levy any gift tax.

You will find more information on the net city costs in the Lucerne municipalities at www.lucerne-business.ch/taxes

Total income tax burden in % - City of Lucerne 2014 (incl. federal tax)

Gross income	80 000	120 000	200 000	500 000	2 000 000
Single person	12.9	15.6	19.8	26.5	29.1
Married couple without children	8.8	11.8	17.4	25.5	28.8
Married couple with 2 children	4.3	8.2	14.2	24.2	28.5

Source: Canton of Lucerne, Tax Department, March 2014

Tax according to living expenses

This is open to foreign nationals whose main place of residence is Lucerne but who do not work in Switzerland. The calculation of the tax is based on the living expenses for the person liable to pay tax and their family.

[https://steuern.lu.ch/steuerberaterinnen/stb_at_bestuerung_aufwand\(de\)](https://steuern.lu.ch/steuerberaterinnen/stb_at_bestuerung_aufwand(de))

Tax at source

Foreigners who are employed in Switzerland and do not have a Residence permit C are subject to tax at source. The tax at source tariffs have flat rates for professional expenses, insurance premiums and family commitments. The tax is deducted directly by the employer.

[https://steuern.lu.ch/unternehmen/u_quellensteuer\(de\)](https://steuern.lu.ch/unternehmen/u_quellensteuer(de))

Links

BAK Taxation

www.baktaxation.ch

Canton of Lucerne, Tax Department

www.steuern.lu.ch

Canton of Lucerne, Tax Calculator

interface2.lu.ch/steuerkalkulator

Credit Suisse Calculator

<https://calculators.credit-suisse.com>

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