



« Poor tax policy undermines prosperity and deprives the government of necessary funds. »

Tax Policy

Poor tax policy costs prosperity

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At a glance

- Switzerland generally ranks at the top in terms of its tax system.
- Switzerland performs poorly only when it comes to wealth-related taxes.
- International comparisons show that poorly designed taxes increase costs, distort decision-making, and slow growth.

The U.S. think tank Tax Foundation publishes the *International Tax Competitiveness Index* ([2026 International Tax Index](#) | [Interactive Tool](#) | [Tax Foundation](#)). The index assesses the quality of tax systems in OECD countries. It examines and compares not only tax rates but also the structure of individual taxes. It is assumed that the design of a tax system influences economic development. A good system is easy to comply with, ensures government revenue, and promotes investment. Poorly designed taxes increase costs, distort decision-making, and hinder growth.

Switzerland Leads the Way in Many Tax Areas

How does Switzerland fare? Switzerland has traditionally been among the top performers. It currently ranks fourth, behind Estonia, Latvia, and New Zealand. The value-added tax system (low tax rates, broad tax base) and the focus on so-called territoriality—meaning that Switzerland limits its tax jurisdiction to its own territory and does not seek to tax the income and assets of its taxpayers abroad—are rated particularly highly. Switzerland also ranks well in corporate taxation (7th place) and in income taxation of private households (9th place). An interesting point in the first case: while Switzerland ranks 5th in terms of the corporate income tax rate, it fares less well regarding depreciation rules and the tax treatment of losses, which is more restrictive than elsewhere—though it is set to be expanded somewhat in the near future. It remains to be seen how the OECD minimum tax—surveyed for the first time this year—will affect the ranking. Although the tax applies to all OECD countries, it affects those with lower tax rates—such as Ireland or Switzerland—particularly hard. The issue of tax privileges is also interesting: the index considers them harmful in any form. Under the minimum tax, however, specific forms of support—such as conditional tax incentives—are expressly permitted, which is why these instruments will likely be used more extensively in the future. With the OECD's blessing, transparent competition based on tax rates is shifting to less transparent areas—this is one of the particularly bitter ironies of the minimum tax. The U.S. already makes heavy use of tax incentives and still ranks a respectable 6th on this criterion. Switzerland, which is even less active in this regard, ranks 14th.

Wealth Tax: A Source of Concern

Our system ranks poorly (36th place) in terms of wealth taxes. The index includes wealth and inheritance taxes, as well as stamp duties and property transfer taxes. At all levels of government, Switzerland has a hodgepodge of measures in this area that are almost without exception classified as highly distorting and particularly harmful to prosperity. Left-leaning economists, in particular, see things differently and advocate for particularly high wealth taxes. The index clearly shows that this is not a good idea.

Tax and fiscal policy are clearly interdependent

At the bottom of the rankings are France, Italy, and Spain, with the UK and Japan also ranking far down the list. These are countries with the worst—that is, the most expensive—tax systems, which are therefore detrimental to prosperity. If we factor in national debt for comparison, we find—unsurprisingly—a great deal of overlap: Japan, at the bottom, is followed by Italy, France, Spain, and, shortly thereafter, the UK. The fact that tax and fiscal policy are interdependent hardly needs further proof. Poor tax policy undermines prosperity and deprives the government of necessary funds. A financially strapped, indebted government is under pressure to raise taxes and further worsen the system. At a certain point, it becomes very difficult to escape this vicious cycle. We are seeing the consequences of this right now in the very places where professors teach otherwise—first and foremost in France.



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