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Press release

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OECD Global Minimum Tax: Receipts set to fall well short of expectations in first year

Switzerland is expected to earn much less than anticipated from the OECD's Global Minimum Tax (GMT) scheme for the year 2024. A first-of-its-kind study by Deloitte, analysing the 50 largest publicly listed companies in Switzerland, has shown that many of them will escape supplementary taxes, thanks in part to transitional arrangements. In total, the firms studied will pay more than CHF 243 million in OECD minimum tax, although some of that is destined for other countries. What is particularly surprising is that over three-quarters of this additional tax revenue originates from a single corporate group. However, receipts could increase in the coming years.

The OECD GMT ensures that large international corporations generating annual revenues of at least EUR 750 million pay tax on their profits at an effective rate of at least 15 per cent in every country where they operate. The aim of this is to reduce tax avoidance via profit-shifting and halt the trend towards further tax cuts. The supplementary taxes were introduced in Switzerland following a referendum on the issue in 2023 and are being collected since 1 January 2024. The Federal Council estimated that the additional annual tax revenue expected in the first few years would amount to between CHF 1 billion and CHF 2.5 billion per year.

Who pays these supplementary taxes?
The 'OECD Minimum Tax Impact Study' by the audit and consulting company Deloitte has looked into the 50 largest corporations included in the SMI and SMIM stock market indices. The study reveals that at least 15 of them are affected by the supplementary taxes. These companies are expected to pay a total of CHF 243.2 million in supplementary taxes under the OECD GMT initiative.

The tax burden is distributed very unevenly, however, with a single corporation shouldering over three-quarters of the total supplementary taxes. Only a few companies have disclosed how much they owe in supplementary taxes in which country. According to Deloitte's estimates, less than CHF 200 million of the total OECD minimum tax from the analysed companies for 2024 will ultimately end up in Switzerland.

Much lower tax receipts than forecast
"Based on our analysis of the 50 biggest listed corporations, plus other estimates and empirical data, the Swiss exchequer is likely to take much less in OECD GMT for 2024 than was originally forecast," says Thomas Hug, Partner Tax & Legal at Deloitte Switzerland.

The vast majority of the supplementary taxes levied on all of the corporations analysed by Deloitte is paid by ones from the pharmaceutical, financial and medtech industries. Other sectors are hardly affected at all, and the financial impact of the OECD minimum tax is minimal.

Tax burden rising only marginally
Up until now, the supplementary taxes have had only a limited impact on the effective tax burden of the 15 corporations concerned, with only one of them facing an increase of over two percentage points in its effective tax bill. For the others, the additional tax charge will be minimal. "The figures we have seen to date show that the OECD's minimum tax scheme will only affect a handful of

companies in Switzerland for the time being, and only very few will face a significantly higher tax burden," says Thomas Hug.

One chief reason for the small number of firms affected and the low tax takings lies in the 'safe harbour' rules – transitional arrangements introduced by the OECD that exempt corporations from supplementary taxes if they meet certain criteria. These rules, which are expected to last until the end of 2026, were developed by the OECD to make it easier for companies and tax authorities to adapt to the new system.

Tax receipts could rise in future years

"As things stand, the supplementary taxes are only relevant for a small group of listed corporations. Many are benefiting from the transitional arrangements, but these rules are not permanent, so the picture may change from 2027 onwards. Whether revenue from supplementary taxes will increase in the coming years will also depend on whether more countries introduce the OECD GMT," he adds.

In addition, from 2025, Switzerland will also be able to impose supplementary taxes on foreign subsidies of Swiss corporations that don't pay supplementary taxes in their home country because those countries have not signed up to the OECD GMT initiative. This move could result in higher tax revenues.

No information on private companies or subsidiaries of foreign corporations

The Deloitte study looked at the 50 Swiss listed corporations in the SMI and SMIM stock market indices. It analysed 17 out of the 20 companies in the SMI, and 26 out of the 30 in the SMIM. Some corporations could not be analysed, because their financial year did not correspond to the 2024 calendar year. In addition, two members of the SMIM are not affected by the minimum tax because they do not operate outside Switzerland.

Furthermore, the study did not include many large, privately held companies and Swiss subsidiaries of foreign firms, even though they too could fall within the scope of the OECD GMT. Privately held companies are not required to disclose their tax payments, and no public data on subsidiaries of foreign companies is available either. However, it is entirely possible that some of these subsidiaries will pay supplementary taxes in Switzerland.

Tax takings well below estimates

Based on information from the Swiss federal government as well as previous estimates and findings to date, the supplementary tax paid by the corporations not included in the study is likely to increase total tax receipts. However, the initial general feedback received from some cantonal tax authorities suggests that these amounts could likewise be fairly low overall.

"Overall, revenue from the supplementary tax for 2024 looks to be well below the federal government's original estimates," concludes Thomas Hug.

About the 'OECD Minimum Tax Impact Study'

The analysis draws on the available financial reports of the 50 largest listed corporations in Switzerland for the 2024 financial year. It examines whether and to what extent these corporations pay supplementary tax, as well as what factors result in an exemption from these taxes. This examination merely produces a snapshot and does not cover all the corporations liable for the OECD GMT, especially unlisted companies and Swiss subsidiaries of foreign corporate groups. The actual tax burden will also depend on internal calculation methods applied by the different corporations themselves.

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