



Taxation

Taxation in Canton Aargau

In Switzerland, the Federation, the cantons and the communities retain the right to levy taxes. In questions of taxation natural and legal persons are differentiated. The principle of current taxation is valid for both natural and legal persons in Canton Aargau.

Taxation of legal persons (corporate taxation) in Canton Aargau

Canton Aargau offers an attractive taxation system, with possibilities for tax reductions for new settlements. Benefiting from privileged taxation include for example participating (venture capital) companies, holding companies, domiciled companies, companies in association or international coordination headquarters; these profit from particularly favourable tax rates.

Substantially increased competitiveness

Aargau's residents voted on 26 November 2006 in favour of a revision of their respective Cantonal Tax Laws, thereby substantially increasing their competitiveness.

Aargau as the first of the larger cantons will implement far-reaching amendments:

- From 1 January 2007 the basic capital tax rate will be halved to 0.125%.
- In order to alleviate double taxation, dividends will be taxed at only 40% of the applicable income tax rate for participations of at least 10%.
- In the case of privately held companies, only a proportion of 50% of capital will be taxed instead of 60% currently.
- From 1 January 2009 the two-level profit tax rates of 7% / 11% will be reduced to 6% / 9% with a new higher cap of CHF 150'000 (compared to CHF 100'000 currently) on the lower rate. Furthermore, profit tax liabilities may be credited against capital taxes, i.e. if a company pays at least as much profit tax as capital tax, the latter can be deducted in its entirety.



Corporate taxes are identical throughout the entire canton.

From 1 January 2009 the two-level profit tax rates will be reduced: 6% on the first CHF 150'000 of net profit; 9% on the remainder of net profit. The profit tax liabilities may be credited against capital taxes.

Public, limited liability and cooperative companies pay the following cantonal and communal taxes, independent of communal location [tax rate multiple 179%] (amounts in CHF):

Net profit (before taxes)	taxable Equity capital	Profit tax (Canton and Federation)	Capital tax
10'000	100'000	1'614	0
100'000	1'000'000	16'136	0
500'000	1'000'000	92'284	0
1'000'000	1'000'000	191'032	0
5'000'000	2'000'000	981'017	0
10'000'000	20'000'000	1'968'498	0

Taxation of natural persons in Canton Aargau

Income and assets of natural persons are taxed according to economic performance capability. Due to favourable rates and generous deductions, the income of families in Canton Aargau is moderately taxed.

Special deductions are possible: i.e., for professional expenses, payment of debts, contributions to social security and individual pension, support payments for dependents.

Family-friendly taxation: balanced-income taxation for income tax for married couples and for single guardians of children; tax rate exemptions (exemption for the first CHF 8'000 for married persons and CHF 4'000 for single persons living with children); deductions of at least CHF 6'400 per child, deductions for dependent children of maximum CHF 6'000 per child.

Exemptions for taxation of assets are generously apportioned. For married persons the first CHF 180'000 and for single persons the first CHF 100'000 is exempt from asset tax.

Cantonal, communal and clerical tax for income and assets in the capital city of Aarau are

(from 1 January 2007, amounts in CHF):

Gross income	Income tax		Asset tax		
	Married with 2 children	Single	Assets	Married with 2 children	Single
60'000	1'439	5'927	200'000	0	215
100'000	6'224	14'113	500'000	610	823
200'000	25'679	37'203	1'000'000	818	1'259



Swiss Cantons in comparison by taxation

Comparison of aggregate indices (natural and legal persons) for tax burden in years 2005 and 2006

Switzerland average = 100.0 index points

Rank	Canton	Tax index 2006	Tax index 2005
1	Zug	52.4	52.7
2	Schwyz	68.5	68.3
3	Tessin	74.3	73.1
4	Nidwalden	78.0	75.7
5	Thurgau	84.0	82.7
6	Zürich	85.8	92.2
7	Aargau	90.2	86.6
8	Basel-Landschaft	96.2	93.9
9	Genf	97.5	95.2
10	Appenzell I.Rh.	100.3	97.7
11	Waadt	107.2	102.6
12	Schaffhausen	112.2	116.8
13	Solothurn	112.8	110.3
14	St. Gallen	113.4	110.8
15	Luzern	115.2	112.1
16	Basel-Stadt	115.4	112.1
17	Wallis	115.9	134.1
18	Appenzell A.Rh.	117.9	118.7
19	Graubünden	118.8	120.3
20	Bern	121.0	115.7
21	Fribourg	124.3	131.3
22	Jura	125.1	121.8
23	Glarus	127.5	125
24	Neuenburg	133.7	132.5
25	Obwalden	136.0	155.8
26	Uri	137.8	149.3

Source: Fed. Tax. Admin., Tax burden in Cantonal Capitals 2006, www.estv.admin.ch

Further information on taxation can be found in the internet under:

www.aargauservices.ch

www.ag.ch/steueramt