

Media Resource: OECD Minimum Tax in Switzerland

Brief overview

The **OECD/G20 minimum tax** is an international tax initiative designed to subject large corporate groups worldwide to an effective minimum tax rate of 15 percent. The regulation is part of the so-called Pillar Two project of the OECD and the G20. It is primarily aimed at large multinational corporate groups and is intended to prevent profits from being permanently shifted to countries with low tax rates.

In 2023, Switzerland established a constitutional basis to enable the federal government to implement the minimum tax for large corporate groups. The national supplementary tax was introduced on January 1, 2024. The international supplementary tax, known as the Income Inclusion Rule, came into effect in Switzerland on January 1, 2025.

Since the Swiss referendum and the introduction of the minimum tax, the international framework has changed. The U.S. has not implemented the OECD/G20 minimum tax. At the same time, not all countries in the Inclusive Framework have actually introduced the rules. Furthermore, the so-called Side-by-Side Package created a framework that exempts U.S. companies from the minimum tax.

Against this backdrop, the HSG study examines the legal, tax, and financial implications of Switzerland's current implementation. It addresses, among other things, questions regarding the constitutional basis, the principle of legality, double taxation treaties, tax policy sovereignty, and potential financial consequences for the state and businesses.

What is the OECD minimum tax about?

The OECD minimum tax aims to ensure that large multinational corporate groups are subject to an effective **minimum tax rate of 15 percent** in every country where they operate. In principle, this applies to corporate groups with annual consolidated revenue of at least 750 million euros.

The basic idea is this: if a group effectively pays less than 15 percent in taxes in a country according to the specific calculation rules of the minimum tax, the difference up to the minimum tax burden can be subject to additional taxation. This difference is often referred to as a top-up tax.

The statutory corporate income tax rate is not the sole determining factor for the calculation. What matters is the effective tax burden under the rules of the so-called GloBE Model Rules. These rules contain their own calculation mechanisms and deviate in some respects from national tax rules.

For Switzerland, the primary question during the introduction was whether it should levy the supplementary tax itself. If Switzerland does not do so, other countries may, under certain conditions, access low-taxed profits. The Swiss implementation was therefore justified in the political process primarily by the need to protect the Swiss tax base and to create legal certainty.

Who initiated the minimum tax and why?

The project was initiated within the framework of the OECD and the G20. Technically and politically, it is embedded in the so-called Inclusive Framework on BEPS. BEPS stands for Base Erosion and Profit Shifting, i.e., the erosion of tax bases and the shifting of profits.

The starting point was the international debate on the taxation of large, globally active companies. Many countries recognized the problem that multinational corporations can report profits in countries with low tax burdens, while economic activities, markets, or users are located in other countries. The OECD/G20 project was intended to provide a coordinated response to this.

The overall project consisted of two pillars. Pillar One addresses the question of how taxing rights can be redistributed among countries. Pillar Two concerns global minimum taxation. The OECD/G20 minimum tax discussed here falls under Pillar Two.

According to the study, the minimum tax does not constitute a classic obligation under international law for Switzerland to introduce corresponding rules. Rather, the GloBE rules are based on a so-called Common Approach. Countries can use this as a guide and incorporate the rules into national law. However, implementation is left to individual states and is voluntary.

What has changed since the original idea?

The minimum tax was originally conceived as a broadly supported international project. Since the political agreement and the Swiss referendum, however, several framework conditions have changed.

- First, the U.S. has not implemented the OECD/G20 minimum tax in the form of the GloBE rules. **The U.S. has its own tax rules** for multinational companies and maintains that its system already incorporates elements of a minimum tax. The study notes that the U.S. is of particular importance to Switzerland because it is the world's largest economy and the most significant foreign direct investor in Switzerland.
- Second, only **a minority of the countries participating in the Inclusive Framework** have actually fully implemented the minimum tax (33 out of over 140 countries). As a result, the current implementation situation differs from the original expectation of a broadly supported global system.
- Third, the so-called **Side-by-Side Package** was published in early 2026. This package contains rules under which certain corporations may be exempted from specific catch-up tax mechanisms. The study addresses this package primarily in the context of U.S. corporations.
- Fourth, the tax policy framework in the U.S. has changed. The study describes various **changes in the U.S. tax system** that may be relevant for globally active corporations. From a Swiss perspective, this raises the question of how the minimum tax affects location decisions, profit shifting, and Switzerland's tax attractiveness.

What role does Switzerland play?

Switzerland has decided to implement the OECD/G20 minimum tax at the national level. This required a new constitutional basis. On June 18, 2023, the people and the cantons approved the constitutional amendment. According to the study, the constitutional provision

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granted the federal government the authority to introduce the minimum tax. It is described as a discretionary provision.

Implementation initially took place via the Ordinance on the Minimum Taxation of Large Corporate Groups. This **ordinance entered into force on January 1, 2024**. It introduced the national supplementary tax. This national supplementary tax is often referred to as QDMTT ().

On January 1, 2025, the international supplementary tax under the Income Inclusion Rule also came into effect in Switzerland. This rule applies, under certain conditions, to low-taxed foreign profits of corporate groups with ties to Switzerland. The Undertaxed Profits Rule, another mechanism of the OECD framework, has not yet been implemented in Switzerland, according to the HSG study.

Switzerland has thus implemented these measures gradually. First, the national supplementary tax was introduced to allow access to profits taxed at a low rate in Switzerland. This was followed by the international supplementary tax. At the same time, the question remained as to how Switzerland would respond to future changes in the OECD guidelines and to the varying implementation by other countries.

What is the Side-by-Side Package?

The Side-by-Side Package is an OECD document from 2026. It concerns the coordinated application of the global minimum tax in an environment where the U.S. has not implemented the GloBE rules but has its own tax rules for internationally active companies.

The package provides for so-called safe harbor rules under certain conditions. A safe harbor is a simplification or exemption provision. If the conditions are met, certain audits or catch-up tax mechanisms may be waived.

The so-called side-by-side safe harbor is particularly relevant to the study. This can result in certain catch-up tax rules not being applied to corporate groups with a ultimate parent company in a country with a qualified side-by-side regime. The study addresses this mechanism specifically in the context of the U.S.

According to the study, the national supplementary tax—i.e., the QDMTT—remains fundamentally unaffected by the Side-by-Side Package. This means that a country like Switzerland can continue to levy a national supplementary tax on domestic profits, even if other international catch-up tax rules do not apply to certain groups.

This package is relevant for Switzerland because U.S. corporations play a significant economic and fiscal role in Switzerland. The study therefore examines how the application of the Side-by-Side Package affects Switzerland's implementation, the equal treatment of different corporate groups, and Switzerland's ability to act in terms of tax policy.

Timeline

Date	Development	Context
Following the financial crisis and in the wake of digitalization	The international debate on profit shifting and the erosion of the tax base of large corporations is gaining momentum.	Countries are seeking coordinated responses to BEPS issues.

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Date	Development	Context
2021	The OECD and G20 reach a political agreement on a two-pillar solution, including Pillar Two as a minimum tax.	Pillar Two forms the basis of global minimum taxation.
End of 2021 and subsequent years	The OECD develops the GloBE Model Rules and additional guidelines.	The political agreement gives rise to a technical framework.
2022	In Switzerland, the constitutional framework is being prepared and debated politically.	The central argument is the protection of the Swiss tax base.
June 18, 2023	The people and the cantons approve the constitutional amendment.	The federal government is granted the authority to introduce a minimum tax on large corporate groups.
January 1, 2024	The Swiss Minimum Tax Ordinance enters into force for the national supplementary tax.	Switzerland introduces the QDMTT.
January 1, 2025	The International Supplementary Tax (IIR) enters into force in Switzerland.	Switzerland implements another mechanism of the OECD framework.
January 2025	The U.S. government declares that the Global Tax Deal does not apply to the United States.	The U.S. positions itself outside the GloBE implementation.
2025	Tax policy changes are enacted in the US.	The study examines these changes in relation to the attractiveness of the US as a business location.
January 2026	The OECD publishes the Side-by-Side Package.	The package regulates coordination with countries that have their own tax systems.
April 2026	The Federal Tax Administration announces the practical implementation of the Side-by-Side Package.	Switzerland incorporates the new OECD guidelines into its administrative practices.

Date	Development	Context
2026	For the first time, companies are grappling with practical issues related to reporting and legal matters concerning the minimum tax.	Implementation is becoming operationally relevant for companies and authorities.

Terminology

Term	Explanation
OECD/G20 Minimum Tax	An international initiative requiring large corporations to pay an effective tax rate of at least 15 percent.
Pillar Two	Part of the OECD/G20 project that regulates global minimum taxation.
BEPS	Abbreviation for Base Erosion and Profit Shifting; refers to the erosion of the tax base and profit shifting.
Inclusive Framework	A platform of countries and jurisdictions for international tax coordination within the framework of OECD/G20 work.
Common Approach	A joint approach under which countries can voluntarily adopt rules into national law.
GloBE Rules	OECD model technical rules for calculating and collecting the minimum tax.
Effective tax burden	The actual tax burden under the specific rules of the minimum tax. It does not necessarily correspond to the statutory tax rate.
Top-up Tax	Tax amount levied if the effective tax burden is below 15 percent.
QDMTT	Qualified Domestic Top-up Tax. National supplementary tax. It allows a country to levy the supplementary tax on domestic profits itself.
IIR	Income Inclusion Rule. Under certain conditions, it allows for the re-taxation of low-taxed profits through a parent company.
UTPR	Undertaxed Profits Rule. A catch-all rule that allows other countries to impose additional taxation on undertaxed profits.

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Term	Explanation
DMTT	Domestic Minimum Top-up Tax. A possible domestic solution.
Side-by-Side Package	The 2026 OECD package for coordinating the minimum tax with countries that have their own tax systems.
Side-by-Side Safe Harbor	Rule under which certain corporate groups may be exempted from certain post-taxation mechanisms.
Safe Harbor	Simplification or exemption provision.
Jurisdictional Blending	The tax burden is calculated on a state-by-state basis.
Global Blending	Profits and taxes are aggregated globally across the group.
Q-status	Recognition of a national regulation as a qualified minimum tax rule within the OECD system.
Principle of Legality	The principle that taxes require a sufficiently specific legal basis.
Double taxation treaties	Treaties between countries designed to allocate taxing rights and prevent double taxation.
Tax base	The taxable profits or income from which the state derives revenue.