SwissHoldings

Tax Department

As of: March 2022

Withholding Tax Reform

Current Status	On April 15, the Federal Council adopted an amendment to the Withholding Tax Act regarding interest towards debt capital. This amendment essentially states that in order to strengthen the Swiss debt capital market, the levy on withholding tax on Swiss bonds should be waived. Only interest on Swiss bank accounts held by individuals domiciled in Switzerland will continue to be subject to withholding tax. The static revenue shortfall of the reform amounts to CHF 170 million (Federal Government and cantons). In addition, in order to strengthen the Swiss capital market, the levy on turnover tax for Swiss bonds will be waived. This would result in a static revenue shortfall of CHF 25 million, which will accrue exclusively on the Confederation. For the Confederation, this revenue shortfall should be offset within five years. For the cantons and municipalities, additional revenues roughly amounting to CHF 1 billion are likely to happen much sooner (dispatch, p. 3). Nevertheless, there will be a temporary effect that does not affect the budget but for which provisions had to be made long ago. In other words, the Federal Government and the cantons could not simply save a billion francs by abandoning the reform. Overall, the Federal Council believes that the reform has an attractive cost-benefit ratio. According to the latest calculations, due to the lower bond interest rates resulting from the reform (new FTA calculations was not taken into account in the dispatch), the Confederation, cantons and municipalities could save up to 200 million francs per year due to the lower bond interest rates resulting from the reform (new FTA calculations was not taken into account in the dispatch). Not part of the dispatch is the request of SwissHoldings to correct the error in the participation deduction for financing activities. The request will be dealt with further in Motion (18.3718). On September 28, the National Council was the first to deal with the reform. The Motions for rejection to strengthen tax safeguards were clearly dismissed (122zu66). The smaller motions proposed by the Commission to improve the bill were all adopted in the detailed deliberations. In the overall vote, the bill was again clearly approved with zu 122votes68 (MM NR). On October 28, the Commission for Economic Affairs and Taxation of the Council of States will deal with the reform. This means that the reform could already be dealt with by the plenary of the Council of States in the winter session of 2021, when the final vote of the two Councils could take place. The amendment on withholding tax is a reform for medium-sized and large Swiss industrial companies. Insurance companies and other service providers also benefit directly from the reform. Swiss banks benefit only indirectly from the bill, which is why they prefer other reforms such as the abolishment of the turnover tax. Unlike most other tax reforms supported by the business community, it is not a tax cut bill. As a result of the reform, SwissHoldings member companies will not pay less profit, capital or other taxes in Switzerland. On the contrary, our companies are already the most important taxpayers in Switzerland and will pay more taxes domestically as a result of the reform. This will move activities from abroad, especially from the Netherlands, Belgium and Luxembourg, to Switzerland and pay the future associated taxes in Switzerland. Alternatively, should the reform fail, companies will in all likelihood have to strengthen the substance (personnel, functions, capital) of their foreign finance companies due to the OECD BEPS requirements. In many cases, this will be at the expense of their Swiss assets. These circumstances

make the withholding tax reform currently the most important internal tax proposal for the industrial and service companies of SwissHoldings.

Why Companies Need the Reform: Bonds issued directly by Swiss companies in Switzerland or abroad have the withholding tax deduction of 35% on the interest. International investors hardly ever buy bonds where only 65% of the interest is transferred immediately and the remaining 35% has to be reclaimed via a laborious and lengthy procedure. The current legal situation and the insignificant Swiss capital market have forced the larger Swiss companies to raise outside capital abroad. For this purpose, the Swiss companies have to establish subsidiaries abroad (usually finance companies) and issue bonds through them. In return, the Swiss parent company provides a guarantee to the foreign finance company. The funds raised are then passed on by the foreign finance company to the other operating subsidiaries. Swiss companies and thus Swiss jobs may only be marginally financed with funds from such foreign bonds. Foreign bonds may in principle only finance jobs and activities abroad, but not those in Switzerland.

The issuance of foreign bonds via foreign finance companies is becoming less and less accepted internationally (OECD BEPS). Individual countries view foreign finance companies with weak substance and guarantees with skepticism. If the reform of the withholding tax succeeds, Swiss companies will rapidly relocate their financing activities to their Swiss headquarters and in the future will primarily issue their bonds from Switzerland. The funds raised will then be passed on by the Swiss company in the form of loans to the company's operating domestic and foreign subsidiaries. It goes without saying that there are definitely (taxable) profits associated with such activity.

The Strengthening of the Swiss Capital Market Helps Broad Sectors of the Economy: Thanks to the reform, Swiss companies can offer bonds to international investors without the 35% deduction on the interest rate. In the future, medium-sized Swiss companies will also be able to issue bonds without the tax deduction, making their bonds more attractive to international investors and lowering interest rates. More favorable bonds will become more attractive for mid-sized companies compared to more expensive bank loans (role model USA). When issuing the bonds, Swiss industrial companies are supported by Swiss banks, which is why they also benefit. The Federal Government, cantons and municipalities can also offer their bonds to international investors without the tax deduction and benefit from lower interest rates (see the new FTA estimate mentioned above). The Swiss capital market will therefore be massively strengthened and the Swiss economy will grow (approx. 0.5%). The withholding tax reform therefore stands for economic growth, additional revenues and reduced expenditures for the Federal Government, cantons and municipalities. Compared to other tax reforms, the reform has an excellent cost-benefit ratio.

No Threat to High Withholding Tax Revenues: Withholding tax is an important source of revenue for the Federal Government (approx. 10 billion in 2019; only 5.2 billion in 2020 due to Corona special effects). 98% of the revenue comes from withholding tax on dividends (mainly from foreign shareholders of large Swiss corporations). The reform deals exclusively with withholding tax on interest on debt, which is why the high revenues remain unaffected by the reform. The fact that the withholding tax on interest hardly generates any revenue for the Federal Government is due to the fact that Swiss bonds are mainly purchased by taxpayers who declare the interest in their tax return and take on the arduous refund procedure. Other taxpayers buy foreign bonds without tax deduction. In other words, the current tax protection in the interest area is useless.

The Stumbling Block of the Reform: Despite the rejection of corresponding proposals in the WAK of the National Council, the safeguard function of withholding tax is likely to remain the main point of contention within the reform.

	In the consultation draft, the Federal Council presented a proposal that, in addition to economic growth, also provided for a marked improvement in tax protection and thus in the fight against the tax evasion of capital income. At the same time, the proposal respected financial privacy and fiscal banking secrecy. However, upon closer examination, it turned out that the proposal not only had significant technical shortcomings but also entailed large costs. For the banks, which would have had to carry out the safeguarding tasks, the costs of the proposed tax safeguarding would have been many times higher than the safeguarded tax revenues of the treasury. Apart from normal bank accounts, the Embassy does not provide tax security. Should a safeguard be politically desired, various options are available. However, all (of the many) solutions developed and tested by the administration and the business community have significant problems. Comprehensive Deduction Systems, such as that of the consultation proposal, are associated with enormously high costs in relation to the potential loss of revenue of around 10 million francs for the Confederation (dispatch, p. 39) and is only likely to be economically justified in the case of significantly higher interest rates on borrowed capital. With the introduction of a comprehensive automatic exchange of information on domestic bank information, the withholding tax on dividends would lose its raison d'être. Finally, Switzerland does not need two backup systems namely a reporting procedure (AEOI) and a withholding procedure. In particular, the withholding tax on foreign dividends would have to be reduced in this case from 35% to the ordinary DTA residual rate of 15%. However, this would result in a reduction in revenue for the Confederation (90%) and the cantons (10%) totaling 1.6 billion CHF. These revenues come almost exclusively from foreign shareholders of large Swiss companies such as Nestlé, Novartis, Roche and others (Message, p. 14). An AEOI limited to the interest area would bring complicated delimitation problems.
Outlook	The elimination of withholding tax obstacles for debt financing activities is currently the most important Swiss tax project for our member companies. Due to the transfer pricing guidelines for financing activities presented by the OECD in 2020, the importance and urgency for the reform has greatly increased for Swiss corporations. For SwissHoldings, it is therefore imperative that the reform is pushed ahead quickly. It would have been ideal if the reform was passed before the end of 2021 and could have then entered into effect as early as the beginning of 2023. However, this presupposed that the left refrains from a referendum against the reform. If the reform can be passed by the Council of States in the winter session, this timeframe is possible to achieve. The stumbling block of the reform is likely to be tax hedging. The Council of States may also want to take another close look at all the safeguard options, such as a deduction on domestic and foreign bonds or a reporting procedure. The business community should support these efforts. The discussion on fiscal banking secrecy and the protection of financial privacy could also pick up speed once again. Whether the Council of States decides in favor of a reporting procedure or a deduction system, it should not be a concern to SwissHoldings. As legal entities, our member companies must hand over all supporting documents and information necessary for the correct assessment and then submit bank records upon request to Swiss tax authorities. In AEOI foreign countries, the bank data of our companies is already reported to the tax authorities, which is not a real problem for the companies. We need to focus our concern on removing the withholding tax obstacles for debt financing activities. It would have been important for us to eliminate the deficiency in the participation deduction. However, it is becoming apparent that this concern will not find support due to the shortfall in revenue from the Federal Government (80 million francs) and the cantons (50 million francs). For the 'Too-Big-To-Fail' banks, this shortcoming was eliminated by parliament in 2018. At most, improvements can be achieved in favor of the industry and in other

	areas during the political process, such as the turnover tax (e.g., elimination of problems that have since been discovered for treasury activities newly conducted in Switzerland). Since the abolishment of the turnover tax as part of the stamp duties, we will have a very difficult time politically and is unlikely to be abolished during the next fifteen years. At best the obstacles of this Swiss financial transaction tax that are really important for the industry can be addressed (exemption for long-term, business-based equity purchases or a switch to digital without the antiquated blue card). The withholding tax reform regarding interest on borrowed capital represents an opportunity for Switzerland as a business location to gain international attractiveness in another area and to eliminate one of its most important disadvantages as a headquarters location. Against the background of the loss of attractiveness of Switzerland, as a business location due to the OECD's digital taxation project, the withholding tax reform is a welcome countermeasure. SwissHoldings will endeavor to convince politicians from left to right of the benefits of the reform. At the same time, it should be noted here that the real winner of the reform will be the Swiss Treasury (Federal Government, cantons and municipalities). First, it will be able to tax the profits from the financing activities of Swiss corporations in Switzerland in the future. As a result of the OECD's minimum taxation, the profits can be even taxed at a higher rate. SwissHoldings is very pleased that the National Council and the Council of States adopted the bill in the winter session 2021. While the bill was basically uncontroversial among representatives of the conservative parties, it was rejected by the Greens and the Social Democratic Party until the very end. The latter has already filed an optional referendum and is currently collecting signatures. If the bill is accepted in a possible referendum, it can hopefully enter into effect as early as January 1, 2023.

OECD/G20-Project on the Taxation of the Digitalized Economy

Current Status	The project for the taxation of the digitized economy is based on two pillars and aims to adapt international corporate taxation. In Pillar 1, the hundred or so largest digital and other corporations are to pay tax on a larger share of their profits in the countries where they sell their products. This is done via the so-called Amount A. In Pillar 2, large corporations are to be subject to minimum taxation in all their operating states. The work is being led by the OECD Secretariat on behalf of the G7 and G20. The project is decided by the "OECD/G20 Inclusive Framework on BEPS" (IF), which comprises around 140 countries. On October 7-8, 2021, 136 of 140 IF countries adopted a statement with policy parameters on the two Pillars (IF Statement). These were officially endorsed by the G20 Finance Ministers on October 14. The following parameters were adopted: ● The world's largest companies (minimum sales of 20 billion EUR) are required to pay tax in their home countries on 25% of group profits exceeding a 10% profit margin (Pillar 1 amount A). The tax is to be paid in particular by those group companies that have the highest profit margins. ● In return, all "digital service taxes" and similar unilateral instruments should be abolished. ● The redistribution by means of Pillar 1 amount A will take place from 2023 and is based on a multilateral agreement to be submitted in mid-2022 and then subsequently ratified. After seven years

	(2030), the sales limit will be reduced from EUR 20 billion to EUR 10 billion, which will significantly increase the number of companies affected. ● International companies that are required to prepare a country-by-country report, i.e. have sales of at least EUR 750 million, must comply with a minimum tax rate of 15% in each country (Pillar 2). The calculation of the minimum tax is based on an assessment basis determined according to accounting principles (e.g. IFRS) that is largely standardized internationally. ● Pillar 2 (minimum taxation) represents a so-called "common approach", is "voluntary" and applies from 2023 (Income Inclusion Rule) or 2024 (Undertaxed Payments Rule). However, it should be noted that there are still major differences of opinion between the IF states involved regarding the details. In December 2021, the Pillar 2 Model Rules were published (Link Model Rules) and the commentary on the Model Rules is to be published before the end of February 2022. Since no agreement was found in important areas by the involved states, these differences of opinion are to be resolved by the so-called Implementation Framework by the end of 2022. The work on the technical details of Amount A (Pillar 1) is also currently struggling with considerable difficulties. From the company's point of view, some of the initial technical plans appear to be very difficult or even impossible to implement. Global tax reform has been given an impetus by the new US administration, which wants to concurrently push ahead with US reform. As part of this, the Biden administration wants to raise corporate taxes in the USA. This would eliminate some business-friendly special rules on finance improvements to the US infrastructure, as well as various new social projects such as the Build Back Better Act [BBB]). For the Biden administration, global reform is likely to serve to advance U.S. reform and steer it in the desired direction. For example, the U.S. has managed to ensure that Amount A eliminates the focus on digital corporations, which are important taxpayers for the U.S. This would require the elimination of digital service taxes that many states have planned (e.g., EU Digital Levy) or already implemented. Therefore, the majority of the amount A is likely to come from classic industrial groups, which already make substantial tax payments via their sales companies in the market states. These include Swiss corporations such as Nestlé, Novartis or Roche; but also numerous other European corporations such as SAP or the French luxury goods groups. Whether the USA will participate in Pillar 1 at all is unlikely to be known until 2022. The USA is also likely to be granted special rules for Pillar 2. With GILTI, for example, the USA is to be allowed to apply a different minimum tax calculation system with different rules (minimum tax rate, tax base, etc.), some points of which still have to be adapted in the above-mentioned US reform. According to the IF statement, it is still open whether (a reformed) GILTI will ultimately be considered equivalent. However, the U.S. reform and in particular the GILTI adjustments are at a critical point. In order to encourage U.S., European or Asian companies to once again set up factories and research facilities in the U.S., especially within the framework of "America First", factors other than attractive corporate taxes must also be decisive in the competition for location. The factors used by the U.S. in this regard include various types of aid/subsidies for the creation and maintenance of research and production jobs, or the waiver of

	government claims (e.g., social security contributions). In contrast, such instruments are disadvantageous for the calculation of the global minimum tax rate under Pillar 2 and are also largely frowned upon in Switzerland. Although they are also used to a considerable extent by important European countries such as France and the UK, it remains to be seen how the U.S. Congress will position itself on the government's intended reform. <u>Technical Explanations for Pillar 2:</u> Pillar 2 provides for the introduction of a set of complementary rules regarding affected companies: ● Income Inclusion Rule (IIR) ● Undertaxed Payments Rule (UTPR) ● Subject To Tax Rule (STTR) Together, these so-called Global Anti-Base Erosion Rules (GloBE) are intended to ensure that all affected companies (min. EUR 750 million turnover) pay at least 15% in profit and capital taxes in all states (according to a newly defined calculation method or tax base, which is why the tax rates currently applicable in Switzerland are misleading, see below). The states will not be obliged to comply with the minimum tax rate. Therefore, if a group company in one state has an Effective Tax Rate (ETR) lower than 15%, another state (e.g. the headquarter state) can tax the difference to the minimum tax rate by applying the IIR. However, according to the latest version of the OECD Model Rules for Digital Platforms, the state itself can also make this selective increase to 15% (instead of a general tax rate increase to 15%). Many states will probably do this in order to secure a tax substrate for themselves. If the headquarter state has an ETR that is too low, the UTPR applies, to which many other states with subsidiaries and economic relations between subsidiaries and group companies in the headquarter state may tax the difference to the minimum tax rate (so-called top-up tax). The starting point for the ETR calculation at country level is the aggregation of all income statements from the companies included in the consolidated financial statements within a given country. For this purpose, the statutory individual financial statements of a national company are not used, However, the financial statements for the consolidated financial statements of the national company are in accordance with the accounting standard used by the Group for its consolidated financial statements. Capital taxes are also included in the tax base. The accounting standard accepted for GloBE purposes is generally any accounting standard recognized as permissible by the authority of the Group's domicile; provided that its application does not result in a material impediment to competition. IFRS, US GAAP but also Swiss GAAP FER are defined as adequate accounting standards. Certain permanent differences between profit according to (local) tax assessment rules and profit according to (global) financial accounting rules are to be eliminated (e.g. dividends, gains and losses on sales of investments). The additional tax amount to reach the minimum tax rate can be reduced by the amount of a carve-out. This carve-out takes into account personnel expenses and depreciation on tangible assets in the state of the national company. According to the IF statement, the carve-out amounts to 5% (i.e. the deductible personnel expenses do not amount to 100% but to 105%). During a transitional period of 10 years, a higher carve-out is possible. This measure is intended to create incentives for companies with physical substance.

<table>
<tr><td></td><td>The effectiveness of the carve-out according to the IF statement is limited. Intangible assets such as self-created product patents are not taken into account. This at least calls into question, for example, the measures implemented as part of the Swiss tax reform.
The STTR applies to payments based on a DTA (Interest, Royalties and Similar Payments). It allows the source state to take countermeasures in the event that the payments are taxed below 9% in the recipient state. With the introduction of Tax Bill 17, the STTR should no longer be a major obstacle for Switzerland.

<u>Implementation in Switzerland:</u>
On January 12, 2022, the Federal Council decided on how it will implement the rules of the OECD’s digital taxation. The plan is to amend the Federal Constitution to include a competence standard for both Pillar 1 and Pillar 2 of the OECD project. As a result, the OECD’s minimum taxation (Pillar 2) can be implemented as quickly as possible in the interests of the treasury and companies, whereas transitional provisions are to be enacted in the constitution. Based on these, the Federal Council will adopt a directly applicable transitional Ordinance, which will apply throughout Switzerland from January 1, 2024. The Ordinance is subsequently to be replaced by a Federal Law as part of the Ordinary Legislative Procedure.
Since the international timeframe (in effect as of 2023/2024) is extremely demanding for the democratically distinct Swiss legislative process. The Federal Council's plans include various additional acceleration measures. For example, the consultation on the constitutional provision is to begin as early as March and last just over a month. The Federal Council plans to present the dispatch on the constitutional amendment to parliament as early as June. Also in June or mid-August, the WAK within the lower house of parliament will deal with the bill. In the fall and the winter sessions of 2022, the business will be deliberated and concluded by the Federal Council. Finally, the mandatory referendum on the amendment to the Federal Ordinance is to be held in June 2023. Consequently, with the constitutional referendum, the Federal Council is pressing ahead with work on the enactment of the Federal Council Ordinance on the Implementation of the OECD Minimum Tax. The consultation process is expected to begin in June 2022. It is currently unclear how long this will take. If the constitutional amendment is approved by the Swiss Electorate, the (definitive) Federal Council Ordinance should be issued in the second half of 2023 and come into effect on January 1, 2024.
The content of the Federal Council's plans is that the additional revenue from the OECD’s minimum taxation plan should go to the cantons. The cantons are free to decide how to allocate the money. No comments can be made on the implementation of Pillar 1 at the present time.</td></tr>
<tr><td>Outlook</td><td>Within the IF Statement of October 2021, which has now been endorsed by countries such as Ireland, the OECD has taken a huge step forward in this project. Until recently, it seemed clear that the reform had overcome the main obstacles. Due to the latest developments in the USA, at least a partial failure can no longer be ruled out. In any case, an agreement on Pillar 1 currently seems rather unlikely. For Pillar 2, at least a delay must be expected. It currently seems uncertain if a large number of countries will implement the IIR in 2023.</td></tr>
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	Assessment of the Consequences for Switzerland and Further Action: Effects of Pillar 1: The requirements of the OECD's digital taxation project are not in Switzerland's interest. For example, Pillar 1 provides for a shift in the taxation of profits from large, profitable groups to the sales states. Those group companies that generate the highest value added, will be required to hand over the earnings. Switzerland is a business location where Swiss and foreign companies carry out activities with particularly high value added. As a result, Switzerland will have to relinquish significantly more tax substrate from domestic and foreign companies than other industrialized countries. At the same time, Switzerland is an insignificant sales market in global terms. It will therefore hardly be able to compensate for the aforementioned revenue shortfall with the new tax substrate that it receives as a market state. Overall, Switzerland is therefore likely to be one of the losers in Pillar 1. This will probably be even more accentuated from 2030 onwards, when the thresholds for redistribution will be significantly lowered. Effects of Pillar 2: The situation is similar for Pillar 2 (minimum taxation). Low taxes on profits are an important reason why international companies carry out activities with high value added and high profits in Switzerland. The low taxes partially compensate for the very high Swiss wages in international comparison. If other countries succeed in achieving the OECD's minimum tax rate of 15% with tax measures (e.g. patent box), Switzerland will lose the important location advantage for taxes. It must be taken into account that the OECD's tax base will in all likelihood be broader than the current Swiss profit and capital tax base, i.e. the OECD's tax rate of 15% corresponds to a Swiss tax rate of over 15%. If other countries also have lower wages and other costs than Switzerland, as well as if they grant additional non-fiscal incentives, Switzerland will probably have a much tougher time competing internationally as a business location. At risk are the particularly lucrative value-added activities (research, management and other so-called principal functions). These activities are not only particularly lucrative for corporate profit taxes, but also for personal income taxes (taxation of employees). Implementation is Required: Nevertheless, it is imperative that Switzerland adopts the requirements of the OECD's digital taxation project. For example, if Switzerland were to refuse to implement the minimum taxation requirements, this would do more harm than good to the Swiss Economy and the Swiss Treasury. The additional tax substrate from minimum taxation would simply move abroad instead of into Switzerland and Swiss companies would be exposed to constant conflicts with foreign tax authorities. If Switzerland did not implement the Pillar 1 requirements, Swiss corporations might have to reconsider whether they can maintain their Swiss headquarters. In other words, Switzerland must now do everything possible to implement the international requirements in a timely manner (Pillar 1 as soon as the multilateral agreement is ratified by all states - currently planned for 2023 and Pillar 2 for 2024). The impact of OECD's digital taxation on Switzerland is therefore greater than generally assumed. If Switzerland does not take countermeasures and invest the additional tax revenues from Pillar 2 (minimum taxation) in location measures, it is likely to become less attractive.

	Counterproductive Implementation: The simplest countermeasure would be for those cantons that receive additional tax revenues from affected companies. This is a result of the OECD's minimum taxation to simply refund the additional revenues to the affected companies 'Tel Quel" or "As-Is". This procedure would even be required under Swiss Constitutional Law, as it would prevent companies affected by the OECD's minimum taxation from being treated less favorably than other Swiss companies. However, such a refund would be inadmissible under International Law and would not be recognized by the new global tax agreement. Since only internationally permissible measures can be considered for the globally active Swiss economy, the cantons must find other means. Furthermore, they must ensure that only internationally permissible measures are actually used by the authorities (control function). Maintaining R&D Attractiveness: An important area for Switzerland is research. A patent box offers generally low tax rate and cantonal optional R&D deduction are tax measures that contribute substantially to international companies carrying out significant research and development activities in Switzerland. In their iteration, tax incentives for research will only be possible to a very limited extent in the future due to the OECD's minimum taxation. Even in the Canton of Zurich, a patent box could in many cases lead to too low effective taxation. Therefore, tax incentives for research should be adapted to meet the new international requirements. Permissible according to the OECD's guidelines is an R&D promotion that provides for a reduction of the tax amount and is independent of the amount of profit taxes (Art. 4.1.3 resp. definition "Qualified Refundable Tax Credit in Art. 10.1 of the Model Rules). In order to ensure that Switzerland does not lose ground internationally in terms of fiscal research promotion, OECD-compliant research promotion should be strongly expanded. Preservation of other value-added intensive activities: Many Swiss companies affected by the OECD's minimum tax and large Swiss subsidiaries of foreign companies do not carry out research activities but typically focus on management, purchasing and other principal activities in Switzerland. Switzerland should also provide tools for them to continue their value-added-intensive activities here, while continuing to pay substantial profit taxes to the Swiss Treasury. Timelines: The OECD's timetable for implementing the new requirements is extremely ambitious. Switzerland therefore cannot wait until the final details of the new requirements are known. As decided by the Federal Council on January 12, 2022, the legislative process must now be set in motion. In parallel, the promising and targeted work of the Federal Government, cantons, science and industry must continue. For example, the EU has already prepared a detailed draft of an implementation guideline for Pillar 2 in December 2021 and submitted it to the member states for approval. Aspects of Content: With regard to Swiss implementation, SwissHoldings is of the opinion that existing structures, which have proven themselves over many years should not be adapted without necessity. Like the Federal Council, SwissHoldings is skeptical that the assessment of the minimum tax should be transferred from the cantons to the Federal Government. The assessment of the profit tax is the task of the cantons. Therefore, the cantons should continue to be at the forefront with regards to the minimum tax. The

	necessary cooperation between the cantons in the GloBE assessment should be ensured by a competence center. Since the defense of the assessments vis-à-vis other states is carried out by the Confederation (Federal Tax Administration or State Secretariat for International Financial Matters), the Confederation should also play an active role in the competence center. It is also important that the accounting specialists of the competence center start their work as early as possible at the beginning of 2023. The Confederation and the cantons should be prepared for the fact that selected states will attack the GloBE assessments and accept double taxation in order to obtain additional tax revenues. As proposed by the Federal Council, the additional revenues from the minimum tax belong to the cantons and not to the Confederation. This distribution is factually correct, as the cantons could set the tax rates in such a way (e.g. 40%) that no additional taxes are incurred at all. In this case, those cantons, whose companies have also paid it, should receive the additional revenues from the minimum tax on a pro rata basis. Redistributions prescribed by the Federal Legislature, for example in favor of the Canton of Bern and at the expense of the Canton of Zug, should be dispensed with. Redistributions between the cantons must be made via intercantonal fiscal equalization. In general, the following aspects are central to Swiss implementation: • International acceptance • Simple legislative and administrative implementation • Securing the attractiveness of the location • Compliance with international timelines • High flexibility • Recognition of minimum taxation in particular also from a US tax perspective