

Tax breaks for innovative startups

An overview on the Cantonal measures

Eligibility criteria

Two criteria need to be **cumulatively** met in order to be considered an innovative startup:

1.

Prove to be already legally **registered as a company**



2.

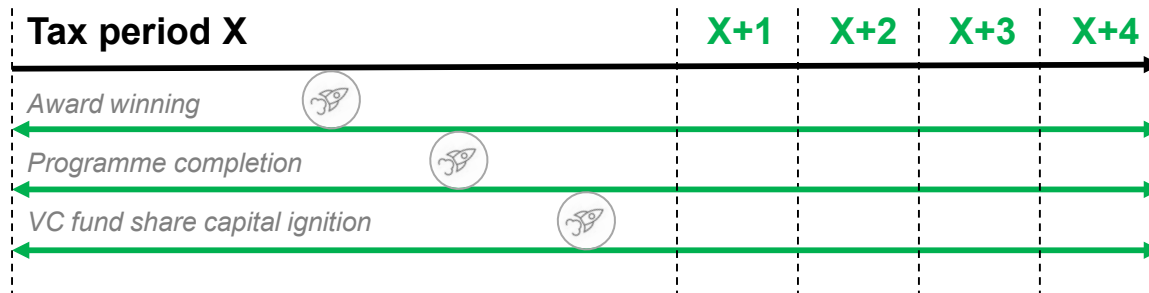
Fulfill **at least one of the requirements** listed in art. 5a par. 1 of the [Cantonal Tax Regulation](#)

Period of eligibility

The tax break is granted for the **five tax periods** after:

- the win of one of the prizes according to art. 5a par. 1 of the Ticino [Cantonal Tax Regulation](#) (Regulation);
- the fulfilment of one of the programmes according to art. 5a of the Regulation;
- a venture capital (VC fund) according to art. 5a of the Regulation invests as shareholder in the start-up company.

The year in which the conditions are met counts as the **first period**.



Three measures...

... for
investors



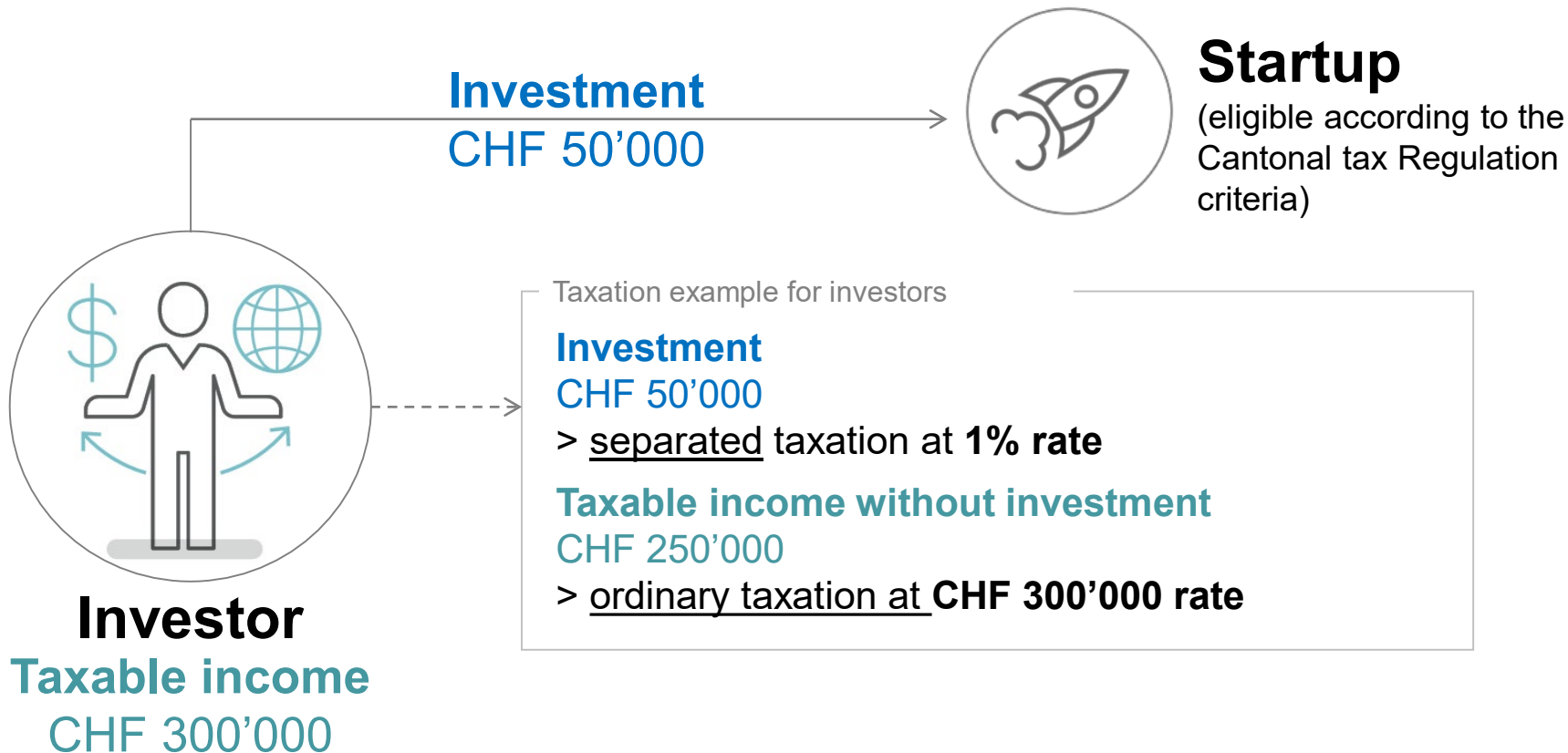
- 1 Separated taxation at an income tax rate of 1% of the part of the taxable income of the individual which is equal to the amount invested from the same individual in the innovative startup**
(art. 37c LT)

... for
innovative startups






- 2 Gift tax exemption**
(art. 155 par. 4 Ticino Cantonal tax Law)
- 3 Reduced capital tax at 0.01‰**
(art. 87 par. 1bis Ticino Cantonal tax Law)

1 Separated taxation at 1%



1 Criteria for the separated taxation at 1%

- 1) Total **minimum** investment **CHF 50'000**
- 2) Maximum tax privilege granted on **80% of taxable income of investor (individual)**, in any case **not exceeding CHF 800'000** per fiscal year

Investor	 Taxable income CHF 300'000	 Taxable income CHF 300'000	 Taxable income CHF 1'250'000
Investment			
<i>Start-up A</i>	CHF 20'000	CHF 20'000	
<i>Start-up B</i>	CHF 30'000	CHF 20'000	CHF 850'000
TOTAL	CHF 50'000	CHF 40'000	CHF 850'000
<i>Min. CHF 50'000</i>	✓	✗	✓
<i>80% taxable income</i>	CHF 240'000	CHF 240'000	CHF 1'000'000
Separated taxation	Yes	No	Yes
Amount	CHF 50'000		CHF 800'000

2 Gift tax exemption



3 Capital tax at 0.01‰



Startup

(eligible according to the Cantonal tax Regulation criteria)

Example of taxation for start-ups

Taxable capital

> privileged tax rate

Capital tax

tot. CHF 1'000'000

0,01‰

CHF 10

Procedure

The tax break is granted only if an **innovative startup certificate** is attached to the tax declaration. This must be requested from the **Ufficio dell'amministrazione e del controlling**, by providing the following information:

1.

The certificate issued by **the VC fund, the programm or award organizers**, stating that the requirements listed at art. 5a par. 1 were fulfilled and on which date.



2.

VC fund, the program or award organizers **contact information** (contact person, phone, email, etc.).



3.

The **company registration excerpt** issued by company register of the Canton of Ticino.