

Nidwalden and Schwyz overtake Aargau

Locational quality 2022 | August 2022



LQI 2022
**Aargau drops two places,
Schaffhausen competing with Lucerne**

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**Fiscal attractiveness, availability of
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Aargau drops two places, Schaffhausen competing with Lucerne

After years of flux following Switzerland's corporate tax reform, the locational quality rankings have again proved stable in 2022. Canton Zug is at the top of the rankings ahead of Basel-City, Zurich and Geneva. Canton Aargau has suffered the biggest ranking loss, dropping two places to lie just behind Nidwalden and Schwyz in 7th place. The cantons of Schaffhausen and Valais in particular have become more attractive, each climbing one place. The reform of global corporate taxation could lead to renewed upheaval in the coming years.

The Locational Quality Indicator by Credit Suisse

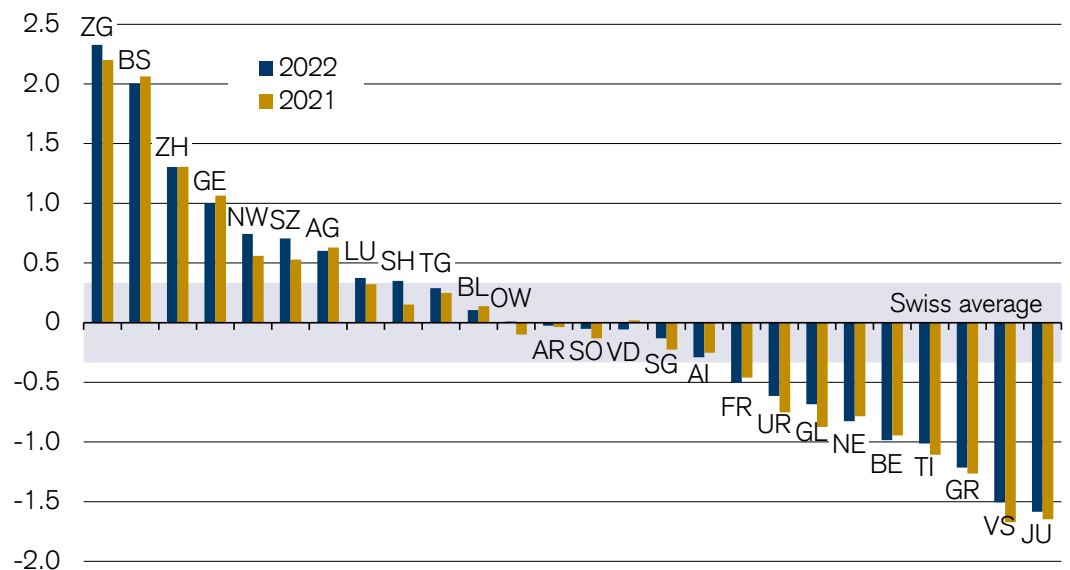
The Credit Suisse Locational Quality Indicator (LQI) measures the attractiveness of the Swiss cantons and regions to business compared to the Swiss average. The LQI is based on seven quantitative sub-indicators, which evaluate the tax burden, the availability of qualified labor and the accessibility of a location (cf. box on page 7). Higher figures signify above-average appeal and lower figures less appeal. The LQI therefore serves on the one hand as a guide for companies that are in the process of evaluating potential locations, and on the other as a benchmarking tool for the optimization of cantonal or regional location policy.

Nidwalden and Schwyz overtake Canton Aargau; Valais no longer in last place

In the cantonal rankings 2022, the top spots remain unchanged: Zug is in first place followed by Canton Basel-City (see. Fig.). Both cantons offer a very favorable combination of appeal factors. Cantons Zurich and Geneva come next but are some way behind. There have been some changes among the other cantons with clearly above-average results: Nidwalden and Schwyz have improved, relegating Canton Aargau to 7th place. In the mid-table positions headed by Canton Lucerne, Canton Schaffhausen has moved into 9th place, overtaking Canton Thurgau. This is the result of a tax reduction for private individuals as well as slight improvements in the accessibility indicators. Canton Obwalden has improved in terms of both education indicators and accessibility,

Locational quality of Swiss cantons

Locational Quality Indicator (LQI), synthetic index, Swiss average = 0



Source: Credit Suisse

recording the biggest gain of two places. After two years, there has been a change at the bottom of the rankings: Canton Valais has reduced its corporate tax rate slightly more than Canton Jura, relegating the latter to last place after a period of two years.

**2013 to 2022:
Geneva, Basel-City
and Vaud have
become more
attractive, whereas
Obwalden and Bern
have fallen back**

Globally speaking, the ranking has remained stable – the fundamental parameters typically change only gradually: In most cases, cantonal positions in the ranking have changed only slightly between 2013 and 2022 (cf. Fig). However, a few cantons have improved their positions compared to 2013 thanks to a sharp increase in their fiscal attractiveness to legal entities: Basel-City is hot on the heels of top-ranked Canton Zug, while Geneva and Valais have climbed an impressive eleven and five places respectively. Canton Freiburg has improved by four places. Relative to other cantons, Bern and Obwalden have lost the most appeal over the observation period in question, as is reflected in a fall of four places.

LQI 2013 to 2022: Corporate tax reform drives movement in locational rankings

Locational Quality Indicator (LQI), Ranking of Swiss cantons (1 = highest locational quality, 26 = lowest locational quality), 2013 – 2022

ZG	1	1	1	1	1	1	2	1	1	1
BS	3	3	3	4	4	4	1	2	2	2
ZH	2	2	2	2	2	2	3	3	3	3
GE	15	16	16	13	13	13	14	4	4	4
NW	6	5	6	5	5	5	5	7	6	5
SZ	4	4	4	7	6	6	6	6	7	6
AG	5	6	5	3	3	3	4	5	5	7
LU	7	7	7	6	7	7	7	8	8	8
SH	11	12	10	12	12	12	13	11	10	9
TG	12	11	11	9	10	9	10	10	9	10
BL	9	10	12	11	11	11	11	9	11	11
OW	8	8	8	8	9	10	12	14	14	12
AR	10	9	9	10	8	8	9	13	13	13
SO	14	14	15	16	16	16	17	15	15	14
VD	20	20	19	17	17	17	8	12	12	15
SG	13	15	14	15	15	15	15	16	16	16
AI	16	13	13	14	14	14	16	17	17	17
FR	22	22	23	22	22	23	23	18	18	18
UR	19	18	20	20	20	20	20	19	19	19
GL	17	19	17	21	21	21	21	21	21	20
NE	24	23	21	19	19	18	19	20	20	21
BE	18	17	18	18	18	19	18	22	22	22
TI	21	21	22	23	23	22	22	23	23	23
GR	23	24	24	24	24	24	24	24	24	24
VS	25	25	25	25	25	25	25	26	26	25
JU	26	26	26	26	26	26	26	25	25	26
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022

Source: Credit Suisse

The Credit Suisse Locational Quality Indicator (LQI)

The long-term economic potential of the Swiss cantons is largely determined by the overall conditions for business. Firms tend to invest primarily in attractive locations, thus creating jobs and bringing added value and prosperity. Intense competition between different locations forces the Swiss cantons and regions to take steps to optimize their appeal to the greatest extent possible.

Quantitative analysis of the locational quality of Switzerland's cantons and regions has been part of the Credit Suisse research offering since 1997. The annual Credit Suisse Locational Quality Indicator (LQI) measures the attractiveness of the Swiss cantons and regions to business compared the Swiss average. Figures between -0.3 and +0.3 can be considered mid-field territory, with higher figures signifying above-average appeal and lower figures less appeal. The LQI is based on the following seven quantitative sub-indicators: tax burden on legal entities and private individuals, availability of specialist labor and highly qualified personnel, population and employee accessibility, and access to airports. The methodology is largely unchanged since the last major revision in 2013. Small adjustments were made this year in calculating the tax burden and with regard to the accessibility indicators, making comparisons with previous years somewhat more difficult.

The **tax burden** is assessed using the Credit Suisse tax indices for legal entities and private individual (cf. [credit-suisse.com/taxmonitor](https://www.credit-suisse.com/taxmonitor)). These provide a quick, overall assessment of fiscal attractiveness at cantonal and municipal level. Corporate taxes on profit and capital as well as taxes on income and wealth for private individuals are taken into consideration. The tax burden is also calculated for different levels of profit/capital and income/wealth, taking account of the normal deductions. The information is drawn from TaxWare (data as per June 17, 2022). Special tax systems such as the lump-sum taxation of private individuals or the TRAF tax instruments for companies (license box, additional deductions for research and development, etc.) are not taken into account.

The **availability of specialist labor and highly qualified personnel** is based on the level of education of the residents, inbound commuters, and cross-border commuters of a region. Specialist labor is the term used to describe persons with at least one qualification at secondary level II (academic school-leaving certificate, vocational or higher education). Highly qualified personnel have a tertiary-level qualification from a technical/vocational school, university, or university of applied sciences. The basis for the data is the 2016-2020 structural survey conducted by the Swiss census. The level of education of cross-border commuters is estimated based on the 2018 wage structure survey of the Swiss Federal Statistical Office.

Population accessibility, employee accessibility, and access to airports have been recalculated in 2022 for every one of the over 21,000 square kilometers in Switzerland that are inhabited. The three sub-indicators measure the total of reachable persons and employees in the domestic and foreign catchment area and the passenger numbers at the larger airports. As the distance to be covered is associated with time and other costs, the reachable potential is less strongly weighted as travel time increases. The weighting functions used for this purpose are derived from empirical data on commuter and business traffic and differ according to the method of transport and the reachable potential. Travel times are based on the effective travel times using motorized private transport (MPT) at rush hour and public transport (PT) in 2022. The airports examined now also include St. Gallen-Altenrhein and Sion.

For more detailed information on methodology, see: "Locational quality: Basel-City set to overtake Canton Zurich", Credit Suisse, September 2016.

Regional locational quality: Clients of Credit Suisse can order **fact sheets on individual economic regions** from their client advisor.

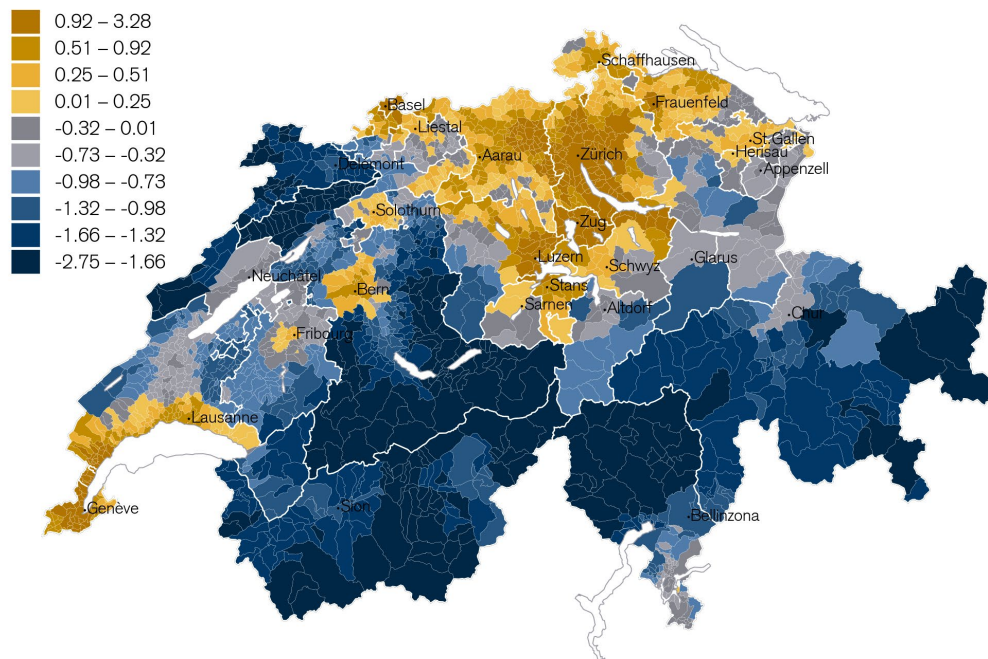
**Regional view:
Significant
differences within
the cantons**

For the larger, heterogeneous cantons in particular – notably Bern, Vaud, Ticino, and Graubünden – an analysis of locational quality solely at cantonal level is too superficial. We therefore also analyze locational quality at municipal level and at the level of Switzerland’s 110 economic regions. The illustration below shows the results for the LQI 2022 at municipal level. An overview of the locational quality of Switzerland’s 110 economic regions and the individual location factors can be found in the Appendix starting on page 19. The highest degree of attractiveness is exhibited by the urban centers of Zurich, Zug, Basel, Baden, and Geneva, as well as their wider agglomerations, thanks not least to their transport accessibility. The regions of the Alpine and Jura arcs are clearly less attractive from the perspective of companies, which can be explained by their topography and the often significant travel time involved to reach the main centers.

Climbing 11 places to 83rd, the region of Brig displays the greatest improvement compared to the previous year. The other Valais regions have also improved, in particular Martigny and Monthey/St-Maurice which have risen to 93rd place (+7) and 90th place (+6) respectively. Other climbers include the Graubünden regions of Davos (72nd place, +6) and Prättigau (77th place, +5). In Ticino, above all the region of Bellinzona (73rd place, +8) has risen, particularly due to improved accessibility. Mendrisio and Lugano, the two regions of Ticino with the highest locational quality (50th and 58th place), also continued to improve.

Locational quality of the Swiss municipalities

Locational Quality Indicator (LQI), 2022, synthetic index, Swiss average = 0



Source: Credit Suisse, Geostat

**Tax burden:
Valais, Jura and
Schaffhausen
fiscally more
attractive**

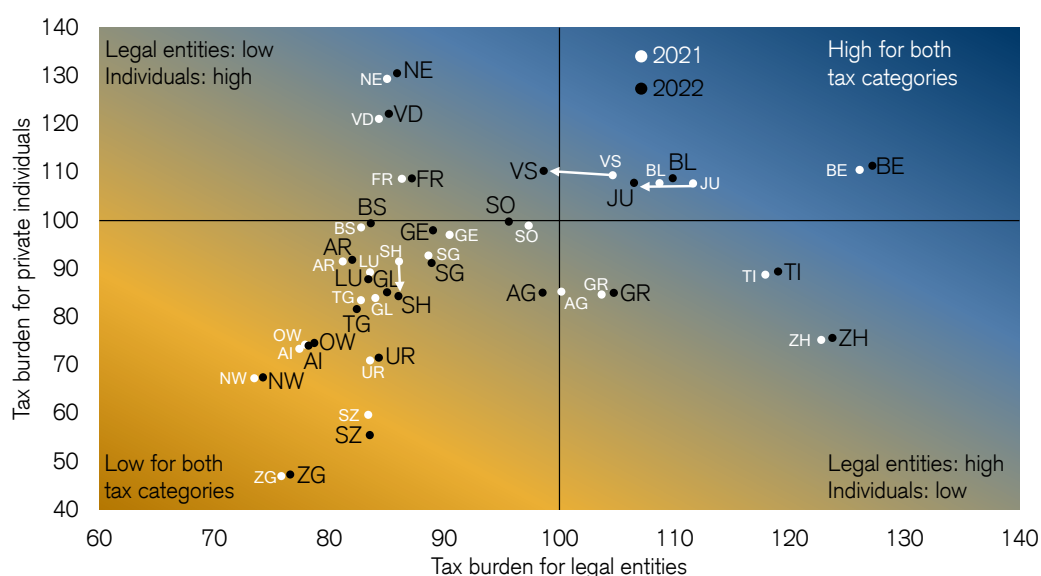
Tax policy is much quicker to adjust than the availability of sufficiently qualified personnel and the accessibility of a location. Once again, the key changes in this year’s locational quality rankings are attributable to tax policy.¹ Canton Schaffhausen has reduced taxes significantly for private individuals, climbing six places in the Credit Suisse tax index for private individuals (cf. Fig. on the next page). Also worthy of note is Canton Schwyz, which has also become more attractive for private individuals by reducing the cantonal tax multiple considerably from 150 to 120, closing the gap to first-placed Canton Zug. As part of Switzerland’s corporate tax reform (Federal Act on Tax Reform and OASI Funding [TRAF]), a small number of cantons have once again reduced their corporate tax rates this year. The largest reductions have been observed in the cantons of Valais and Jura, each climbing one place to 20th and 22nd respectively in the tax index for legal entities, which is based on the tax burden faced by companies with varying profit situations in all Swiss municipalities.

¹ Tax treatment depends on the specific circumstances of the individual client, and may change over time. This document does not contain tax advice of any kind. Any general tax-related information contained in this document cannot act as a replacement for comprehensive personal tax advice. Seek the advice of a professional tax consultant if you consider this necessary.

However, a number of other cantons remain more fiscally attractive: The top places remain unchanged with Canton Nidwalden leading the way, just in front of Zug and Appenzell Innerrhoden (cf. Fig.). However, the differences between the cantons have narrowed in recent years – hence so too has the relative benefit of lower corporate tax rates. Some cantons reduce their corporate taxes gradually over several years. By 2025, further reductions are expected, in particular in the cantons of Basel-Country and Ticino. Moreover, international efforts to reform global corporate taxation could put certain cantons under pressure to raise their corporate tax rates somewhat going forward. In particular, the planned introduction of an international minimum tax rate for high-revenue companies would partially restrict or even eliminate tax competition. In intercantonal location competition, other factors would thus gain in importance - not least access to qualified labor and accessibility. In international competition, Switzerland's traditional strengths must be preserved, such as political stability, high-quality infrastructures and educational institutions, and sound public finances. You can find more details on the tax burden on page 11 and in our publication “Tax Monitor Switzerland” (cf. box on the next page).

Valais and Jura have reduced corporate taxes, Schaffhausen taxes for private individuals

Evolution of tax burden from 2022 to 2021, tax burden according to Credit Suisse tax indices for private individuals (income and wealth taxes) and legal entities (profit and capital taxes), average of Swiss municipalities = 100



Source: TaxWare, Credit Suisse

Proportion of highly qualified personnel increases most significantly in German-speaking Switzerland

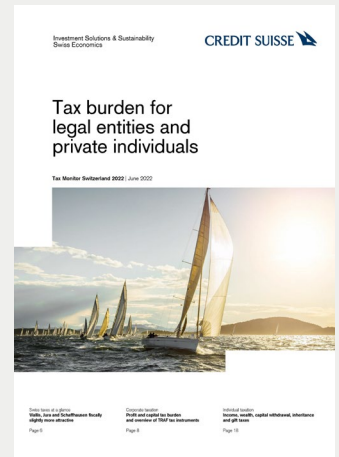
Production-related or commercial companies rely on labor with vocational training. In knowledge-intensive economic sectors, highly qualified employees are a key production factor. A positive development can be observed in all cantons regarding the availability indicators of both specialist labor and highly qualified personnel. The proportion of individuals with at least a qualification at secondary level II has increased the most compared to the previous year in the cantons of Schwyz, Obwalden, Nidwalden, Glarus, Freiburg, Valais and Jura, climbing two percentage points. Zug, Nidwalden and Zurich come out best with values around 90%. The proportion of persons with a tertiary-level qualification has also increased in all cantons. It should be noted that the increase is somewhat smaller in Western Switzerland and in Ticino than in German-speaking Switzerland. The highest availability of highly qualified personnel can be seen in Canton Zug, with 53%, followed by Zurich, Basel-City and Geneva, each recording 48%. More details on the availability of qualified labor can be found on page 12.

Tax Monitor Switzerland

In Switzerland, the authority to raise taxes is shared between the federal government, the cantons and the municipalities. The tax burden may therefore also differ depending on the municipality. With its new study series “Tax Monitor Switzerland”, Credit Suisse is now providing a comprehensive yet concise overview of the **tax burden for legal entities and private individuals in Switzerland** at the cantonal and municipal level on an annual basis.

The Credit Suisse tax indices for individual taxable entities permit a quick holistic assessment of the fiscal attractiveness at the cantonal and municipal level. Corporate income tax and tax on capital are taken into account for companies, and income and wealth taxes are taken into account for private individuals. In addition, the tax burden is calculated for different levels of corporate income/capital or income/wealth, respectively. The locational quality indicator incorporates the Credit Suisse tax rankings for legal entities and private individuals as two out of seven quantitative partial indicators.

The latest study can be found at [credit-suisse.com/taxmonitor](https://www.credit-suisse.com/taxmonitor).



Major update of the accessibility indicators

In addition to the local parameters, the quality of a location is also largely determined by its interaction with neighboring locations. Even the most fiscally attractive location with specialist labor may be unsuitable for a company if the appropriate business environment is not available. In the case of production, most companies are dependent on suppliers, business partners and subsidiary service providers. Moreover, close geographical proximity to other enterprises, especially to ones active in the same industry or related sectors, facilitates the exchange and accumulation of knowledge. These factors are represented in the locational quality indicator by means of the “employee accessibility” dimension. On the sales side, companies rely on the relevant sales markets. The “population accessibility” score takes this point into account.

Transport accessibility can only change with costly and protracted investments in road and rail. Quicker connections with other regions increase accessibility, and larger catchment areas can be reached in a given time frame. The distances and population densities nevertheless remain unchanged. New motorways, road and rail tunnels and new rail connections have a larger impact on accessibility when they are close to densely populated areas. To this extent, accessibility values are, for the most part, inherent and can only be changed to a limited extent.

This year, for the first time since 2016, we have completely updated the three accessibility indicators, which are calculated per square kilometer. First, the travel time matrix for public transport and motorized private transport has been updated. The construction of new roads and railway lines can affect the accessibility values. In Ticino in particular, accessibility has improved with the opening of the New Railway Link through the Alps (NRLA) and the Monte-Ceneri tunnel. Finally, the calculation also incorporates population and employment data, as well as the number of flight connections.

Location with good access as an advantage

Unsurprisingly, the major Swiss urban centers display the highest accessibility values, followed by their suburban areas. Areas located along the main transport links are also attractive. Accessibility is poorer in rural and mountainous areas, a fact that can be attributed to lower population and employment densities as well as the longer distances to the main centers resulting from their topography. Border regions such as Mendrisio, Geneva, Basel and St. Galler Rheintal also benefit from the potential on the other side of the border. More details on the accessibility indicators can be found on page 13.

Tax burden for legal entities by municipality

In about one third of the cantons, companies are taxed equally in all municipalities. In the other cantons, the tax burden for legal entities varies according to the municipality, sometimes quite significantly. An analysis solely at cantonal level is therefore often too superficial: At municipal level, the four most attractive municipalities in the ranking in the cantons of Schwyz (Wollerau, Freienbach and Feusisberg) and Lucerne (Meggen) – are slightly ahead of the Nidwalden municipalities. More information on intercantonal variations of the tax burden can be found in the current “Tax Monitor”.

Profit taxes per profit class

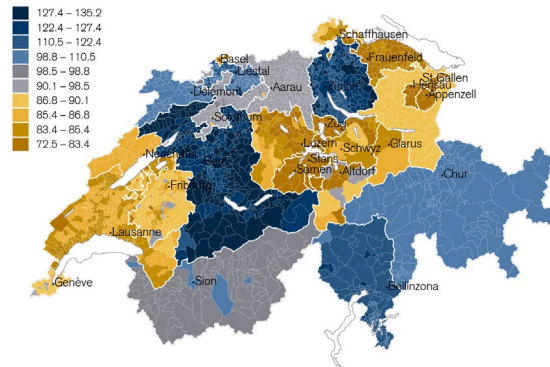
The vast majority of the cantons tax companies with a single proportional tax rate of the profit generated. Certain cantons nevertheless operate a system with a two-tier or three-tier rate, in which the profit tax rate is dependent on the amount of profit generated. Canton Valais, for example, is much more attractive for a company recording a profit of CHF 200,000 than for a company generating a higher profit.

Tax burden for private individuals by municipality

For private individuals, the tax burden varies according to the municipality in all cantons. Canton Zug remains the unchallenged leader ahead of Schwyz. The three Canton Schwyz municipalities of Wollerau, Freienbach and Feusisberg nevertheless lead the municipal ranking. The “Tax Monitor” provides more details of the intercantonal tax burden variations and fiscal attractiveness for specific types of household (single persons, married couples with and without children) and incomes classes.

Lowest corporate taxes in Nidwalden, Zug and Appenzell Innerrhoden

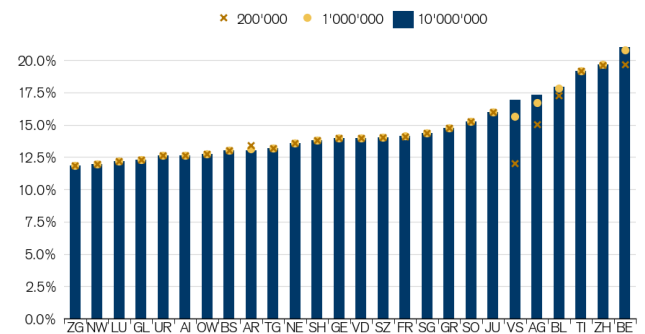
Burden of taxes on profit and capital (federal government/canton/municipality/church), 2022, Credit Suisse tax index for legal entities, average of Swiss municipalities = 100



Source: TaxWare, Credit Suisse, Geostat

In certain cantons, the profit tax rate depends on the amount of profit

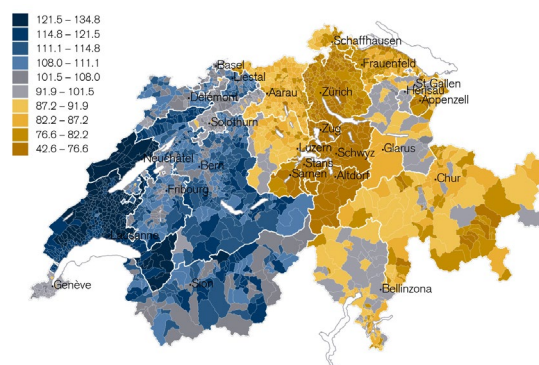
Profit tax rate before taxes (Confederation/canton/municipality/church) for profits of CHF 200,000, CHF 1 million and CHF 10 million, cantonal capitals, 2022



Source: TaxWare, Credit Suisse

Central Switzerland most fiscally attractive for private individuals

Burden of income and wealth taxes, 2022, Credit Suisse tax index for private individuals, average of Swiss municipalities = 100



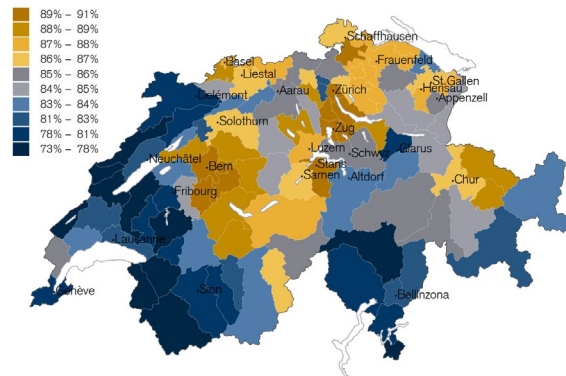
Source: TaxWare, Credit Suisse, Geostat

Availability of specialist labor

On average, 85% of the available labor in Switzerland have a qualification at secondary level II (e.g. apprenticeship, grammar school, vocational secondary school). Figures for the urban centers are generally above average. The picture is nevertheless heterogeneous: The proportion in Geneva is clearly below average while certain rural areas of the cantons of Bern and Graubünden and in central Switzerland stand out with a high proportion of specialist labor. The language boundaries appear to play a role in this: In the regions of western Switzerland and in Canton Ticino, specialist labor is relatively rare.

Production-related or commercial companies rely on labor with vocational training

Proportion of people (residents, commuters and cross-border commuters) of working age with a qualification at secondary level II, 2016 to 2020, as %



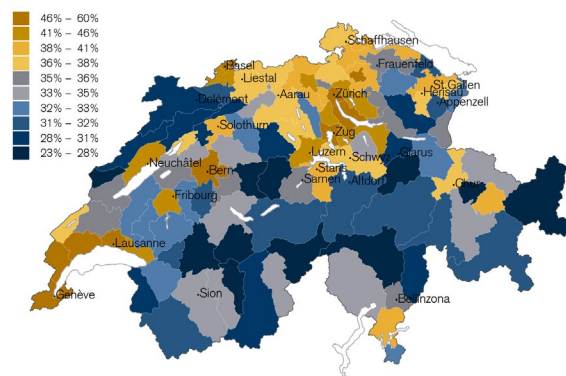
Source: Swiss Federal Statistical Office, Credit Suisse, Geostat

Availability of highly qualified personnel

The level of education of the Swiss population has improved considerably in recent decades. At present, about 42% of the population has a tertiary-level qualification. Significant regional differences nevertheless remain: In urban regions, more than 40% of people have a degree from a university of applied sciences, a university or a technical/vocational school, with this figure reaching 60% in the City of Zurich. In rural regions, the proportion falls below 25%. The local industry structure, which is strongly geared towards knowledge-intensive activities in the urban centers, plays a key role in this situation. The universities have an additional impact.

Highly qualified personnel the key production factor in knowledge-intensive economic sectors

Proportion of people (residents, commuters and cross-border commuters) of working age with a tertiary-level qualification, 2016 to 2020, as %



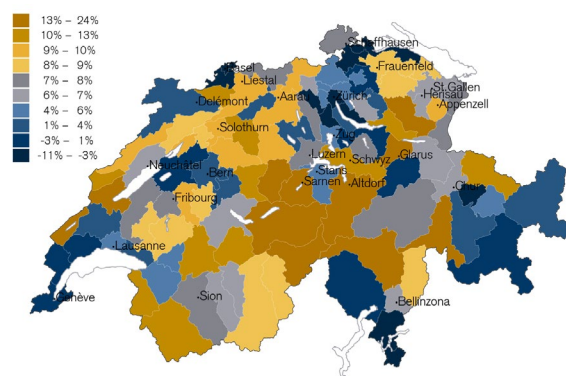
Source: Swiss Federal Statistical Office, Credit Suisse, Geostat

Level of education of commuters and cross-border commuters

Generally speaking, employees commuting from other regions or from abroad are more likely to have a higher level of education than local residents. In large parts of Switzerland, for example, the rate of commuters with a tertiary level qualification is more than 10 percentage points higher than that of local residents. In peripheral regions in particular, companies fall back on better-qualified commuters. In Ticino, however, the proportion of highly qualified personnel among commuters and cross-border commuters in the regions of Mendrisio and Lugano, which are located close to the border, is 8 respectively 11 percentage points lower than among the local population.

Peripheral regions often fall back on more highly qualified commuters

Difference in the proportion of people of working age with a tertiary-level qualification between commuters/cross-border commuters and residents, 2016 to 2020, in percentage points



Source: Swiss Federal Statistical Office, Credit Suisse, Geostat

Population accessibility

The center of the City of Zurich achieves the highest value here, as Zurich benefits from a densely-populated surrounding area in addition to its own very high potential. Densely-populated areas of central Switzerland, Aargau and eastern Switzerland can be reached quickly from Zurich, with the result that the entire region has achieved a high level. Basel benefits not least from a significant impact from abroad. The accessibility values in southern Ticino are comparable to those of urban centers in the Swiss Plateau region due to the proximity of the Greater Milan area. The highest accessibility values in western Switzerland can be observed on the shores of Lake Geneva.

Employee accessibility

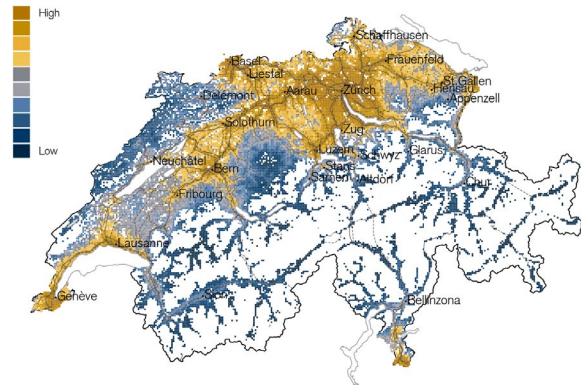
Employees are more densely clustered in and around urban centers, whereas the population is distributed over a wider area. Employment potential further afield is weighted somewhat higher than among the population, because greater distances are accepted for business traffic than for commuter traffic. Furthermore, the weighting varies according to the method of transport: In the case of employees, MPT is given a higher weighting than in population accessibility.

Access to airports

Access to airports plays a key role for companies with an international focus. This allows for efficient travel to customers and facilitates logistics. The regions around the major airports in Zurich, Geneva and Basel, which boast numerous scheduled flights and correspondingly high passenger numbers, enjoy the most favorable locations. In international comparison, travel times to the major airports are nevertheless competitive in many locations, and there are also the smaller airports to complement them.

Larger catchment areas and more efficient infrastructures create proximity to end customers and labor

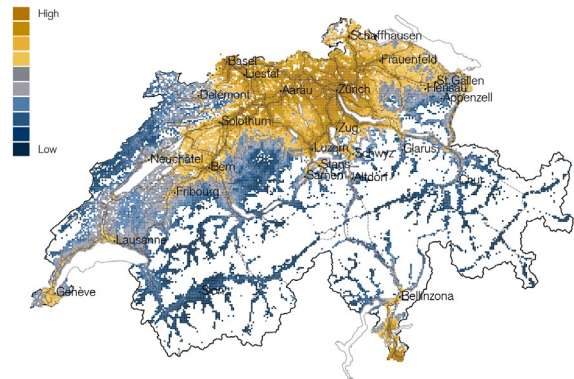
Population accessibility, results per populated square kilometer, public and private transport combined



Source: Credit Suisse, SBB, TomTom, Geostat

Proximity to other companies simplifies cross-company cooperation, the division of labor and trade

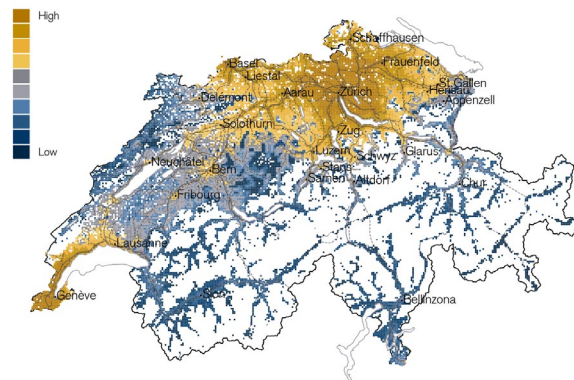
Employee accessibility, results per populated square kilometer, public and private transport combined



Source: Credit Suisse, SBB, TomTom, Geostat

Efficient connections to airports is an advantage for internationally active companies

Access to airports based on public and private travel times to the airports Zurich-Kloten, Basel-Mulhouse, Bern-Belp, St. Gallen-Altenrhein, Geneva-Cointrin, Sion, Lugano-Agno and Milan-Malpensa



Source: Credit Suisse, SBB, TomTom, Geostat



Results for selected company types

Credit Suisse's Locational Quality Indicator serves as an indicator for the evaluation of locational factors from the perspective of a wide range of companies. The significance of individual factors may vary from company to company, however. An observation from the viewpoint of companies with different characteristics and needs allows for an even more differentiated appraisal of regional locational quality.

Analysis for two selected company types

In our analysis, we calculate an alternative Locational Quality Indicator for 2022 for two selected company types. The table below summarizes the key differences with respect to the calculation basis and the weighting of the seven sub-indicators compared the standard LQI 2022.

Company type 1: Capital-intensive, with highly qualified personnel

We define company type 1 company that has a high level of taxable capital (assumption as in standard LQI: CHF 2 million). These companies are active in a very knowledge-intensive sector of the economy, and are typically reliant on highly qualified and commensurately well-paid personnel. Compared to the standard LQI, the "tax burden for private individuals" factor is therefore more heavily weighted. In addition, a tax index is calculated for private individuals that only includes higher income categories – between CHF 180,000 and CHF 300,000, depending on the type of household. A significant proportion of the services offered by these companies can be provided off-site, which is why the accessibility of the population and employees is weighted somewhat lower than in the standard LQI 2022.

Locational quality indicators for selected company types

Calculation basis and weighting of Locational Quality Indicator 2022 together with alternative LQI indicators for two selected company types

		Fiscal attractiveness for private individuals	Fiscal attractiveness for legal entities	Availability of specialist labor	Availability of highly qualified personnel	Population accessibility	Employee accessibility	Access to airports
Locational quality indicator (LQI) 2022 (standard)	Calculation basis	Depending on the household type (single person, married couple without children, married couple with two children, retired couple), income between CHF 50,000 and CHF 300,000, assets of between CHF 100,000 and CHF 1 million.	Corporation with capital of CHF 2 million and net profit of between CHF 100,000 and CHF 1 million.	Proportion of residents, inbound commuters, and cross-border commuters who have at least completed education at level...		Total of reachable persons in domestic and foreign catchment area, whereby the reachable potential is less strongly weighted as travel time increases (private and public transport). Basis for potential:		
	Weighting in the LQI 2022		approx. 1/3	Secondary level II	Tertiary level	Population	Employees	Passenger numbers at airports
LQI 2022 for company type 1	Calculation basis	The same, but only income between CHF 180,000 and CHF 300,000	as above	as above	as above	as above	as above	as above
	Weighting compared LQI 2022	higher	identical	identical	identical	lower	lower	identical
LQI 2022 for company type 2	Calculation basis	The same, but only income between CHF 50,000 and CHF 150,000	Corporation with capital of CHF 200,000 and net profit of between CHF 100,000 and CHF 500,000	as above	as above	as above	as above	as above
	Weighting compared to LQI 2022	identical	identical	higher	lower	higher	higher	lower

Source: Credit Suisse

**Company type 2:
lower profit potential
and capital, reliant
on specialist labor**

We define company type 2 as a company with lower capital (assumption: CHF 200,000) and annual net profit of between CHF 100,000 and CHF 500,000. The tax index of legal entities accordingly encompasses only companies from these profit and capital categories. It is assumed that these businesses are primarily Swiss-focused, which is why access to airports is less heavily weighted than in the standard LQI, whereas accessibility for the population and for employees is more heavily weighted. Finally, we assume that specialized employees with secondary-level education (vocational training) are much more important for this company type than employees with tertiary-level education, which is why the former are much more strongly weighted compared to highly qualified personnel than in the standard LQI. In this example, salaries are in the low to medium range, which is why the tax index of private individuals only includes the corresponding income categories.

**Company type 1:
Fiscally attractive
cantons become
even more
attractive**

The Locational Quality Indicator for company type 1 shows that cantons that are attractive from a tax perspective compared the standard LQI 2022 become even more attractive (cf. Fig.). Canton Zug has extended its lead over Canton Basel-City significantly, although the latter retains second place. Zurich remains in third place. Nidwalden and Schwyz have overtaken Geneva to occupy fourth and fifth place respectively. In the middle of the pack, a number of rather less centrally located cantons with a similarly attractive tax burden have improved their appeal, including Canton Appenzell Innerrhoden, which is the biggest gainer climbing four places. Basel-Country and Vaud have both fallen back six places.

**Company type 2:
Graubünden and
Obwalden the big
ranking improvers**

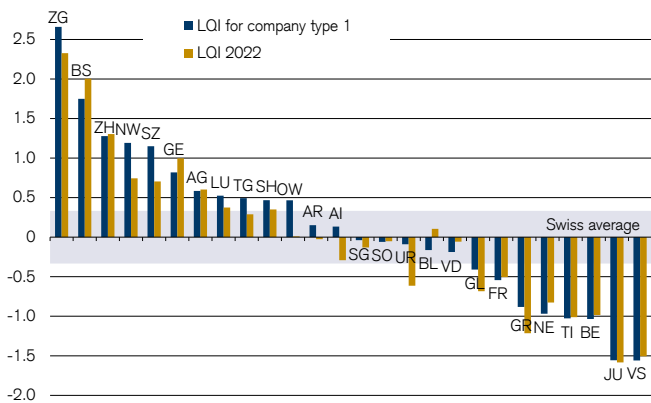
In the locational quality ranking for company type 2 (cf. Fig.), Graubünden, Obwalden and Glarus are the biggest improvers, each rising three places. The cantons of Nidwalden, Valais, St. Gallen, Solothurn, Uri and Bern have improved compared the standard LQI 2022, each climbing two places. Also striking is the significantly worse performance of the cantons of Geneva and Vaud, falling eleven and seven places respectively. Compared the cantonal ranking in the standard LQI, the cantons that come out best are above all those that are more attractive from a tax standpoint for low- and medium-income categories, as well as for companies with a lower profit and capital. Furthermore, even rather peripheral locations become more attractive, as these often fare better in terms of the availability of specialist labor than for availability of highly qualified personnel. In addition, the distance to the nearest airport becomes less important.

**Locational Quality
Indicator also
robust when
focusing on different
company types**

For this analysis, we deliberately selected examples with strongly diverging parameters in order to test the stability and meaningfulness of the cantonal ranking. Although there are a number of changes in the locational quality indicators for both company types compared to the standard LQI, the fundamental location evaluation proves to be relatively robust overall. This would suggest that the standard LQI is a good indicator for a wide range of companies. Obviously, companies looking for a base will have to analyze several additional criteria in detail as a further step – be it the availability of suitable business premises, the proximity to relevant sector clusters and suppliers, and indeed the personal preferences of the entrepreneur in question.

Locational Quality Indicator for company type 1

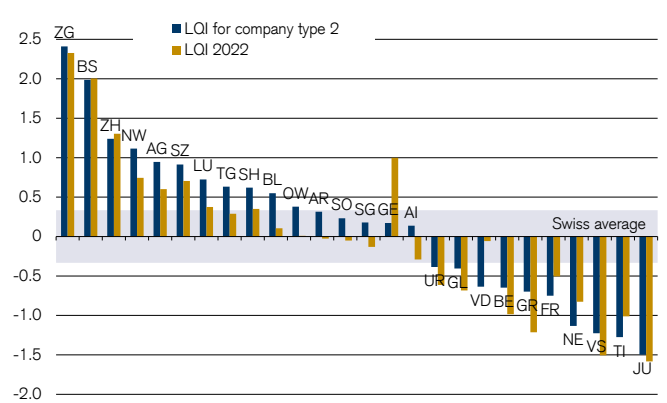
Locational Quality Indicator (LQI), 2022, synthetic index, Swiss average = 0



Source: Credit Suisse

Locational Quality Indicator for company type 2

Locational Quality Indicator (LQI), 2022, synthetic index, Swiss average = 0



Source: Credit Suisse



LQI 2022 results in detail

Factors of locational quality at cantonal level

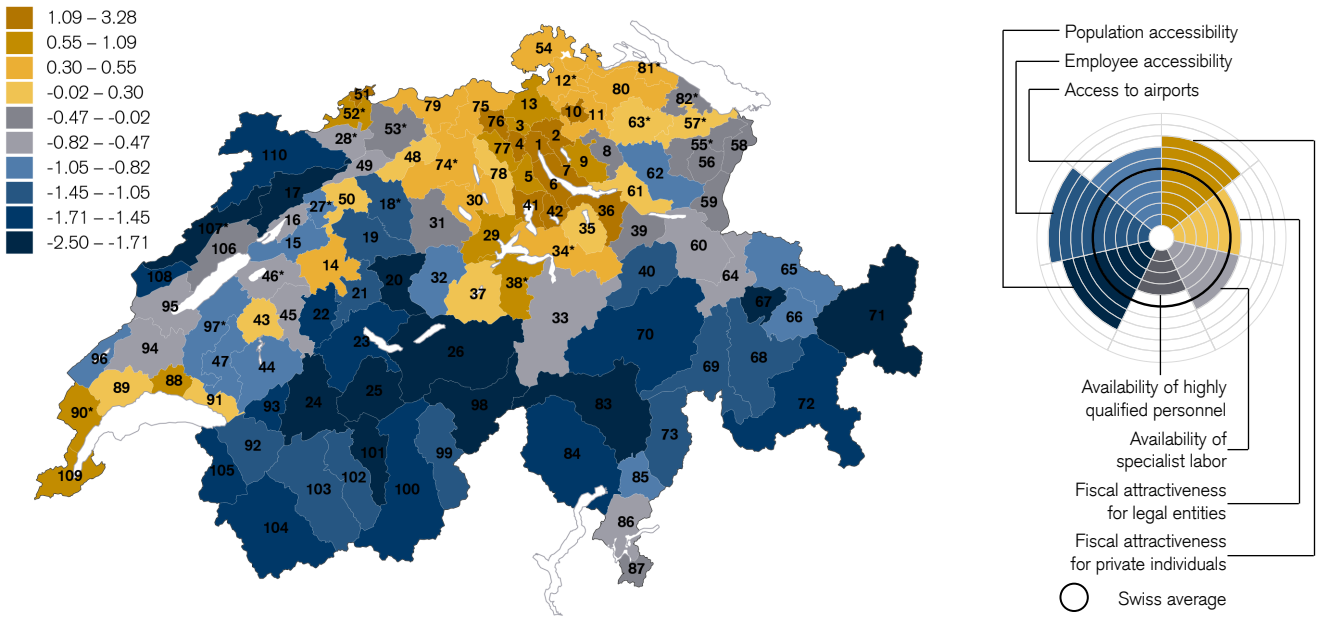
Ordered by rank, + / ++ more attractive than the Swiss average; - / -- less attractive than the Swiss average; = Swiss average

Canton	Fiscal attractiveness		Availability		Accessibility			Locational quality 2022		Rank 2022 (vs. 2021)
	Private individuals	Legal entities	Specialist labor	Highly qualified personnel	Population	Employees	Airports	LQI 2022		
ZG	++	++	++	++	+	+	+	2.33	++	1 (=)
BS	=	+	+	+	++	++	+	2.00	++	2 (=)
ZH	++	--	+	+	++	++	++	1.30	++	3 (=)
GE	=	+	--	+	+	=	++	1.00	+	4 (=)
NW	++	++	++	=	-	=	-	0.74	+	5 (+1)
SZ	++	+	+	=	=	=	=	0.71	+	6 (+1)
AG	+	=	=	-	+	++	+	0.60	+	7 (-2)
LU	+	+	+	-	=	=	=	0.38	+	8 (=)
SH	+	+	=	-	=	+	=	0.35	+	9 (+1)
TG	+	++	=	-	=	=	=	0.29	=	10 (-1)
BL	-	-	+	=	+	+	=	0.10	=	11 (=)
OW	++	++	+	-	-	-	-	0.01	=	12 (+2)
AR	+	++	+	-	=	-	=	-0.03	=	13 (=)
SO	=	=	=	-	+	+	=	-0.05	=	14 (+1)
VD	--	+	-	+	=	-	=	-0.06	=	15 (-3)
SG	+	+	=	-	=	=	=	-0.13	=	16 (=)
AI	++	++	=	--	-	-	-	-0.29	=	17 (=)
FR	-	+	--	-	=	-	-	-0.51	-	18 (=)
UR	++	+	-	--	-	-	-	-0.61	-	19 (=)
GL	+	+	-	--	-	-	-	-0.68	-	20 (+1)
NE	--	+	--	-	-	-	-	-0.83	-	21 (-1)
BE	-	--	+	-	=	=	-	-0.98	-	22 (=)
TI	+	--	--	-	-	=	-	-1.01	--	23 (=)
GR	+	=	=	--	--	--	-	-1.21	--	24 (=)
VS	-	=	--	--	-	--	-	-1.51	--	25 (+1)
JU	-	-	--	--	-	-	-	-1.58	--	26 (-1)

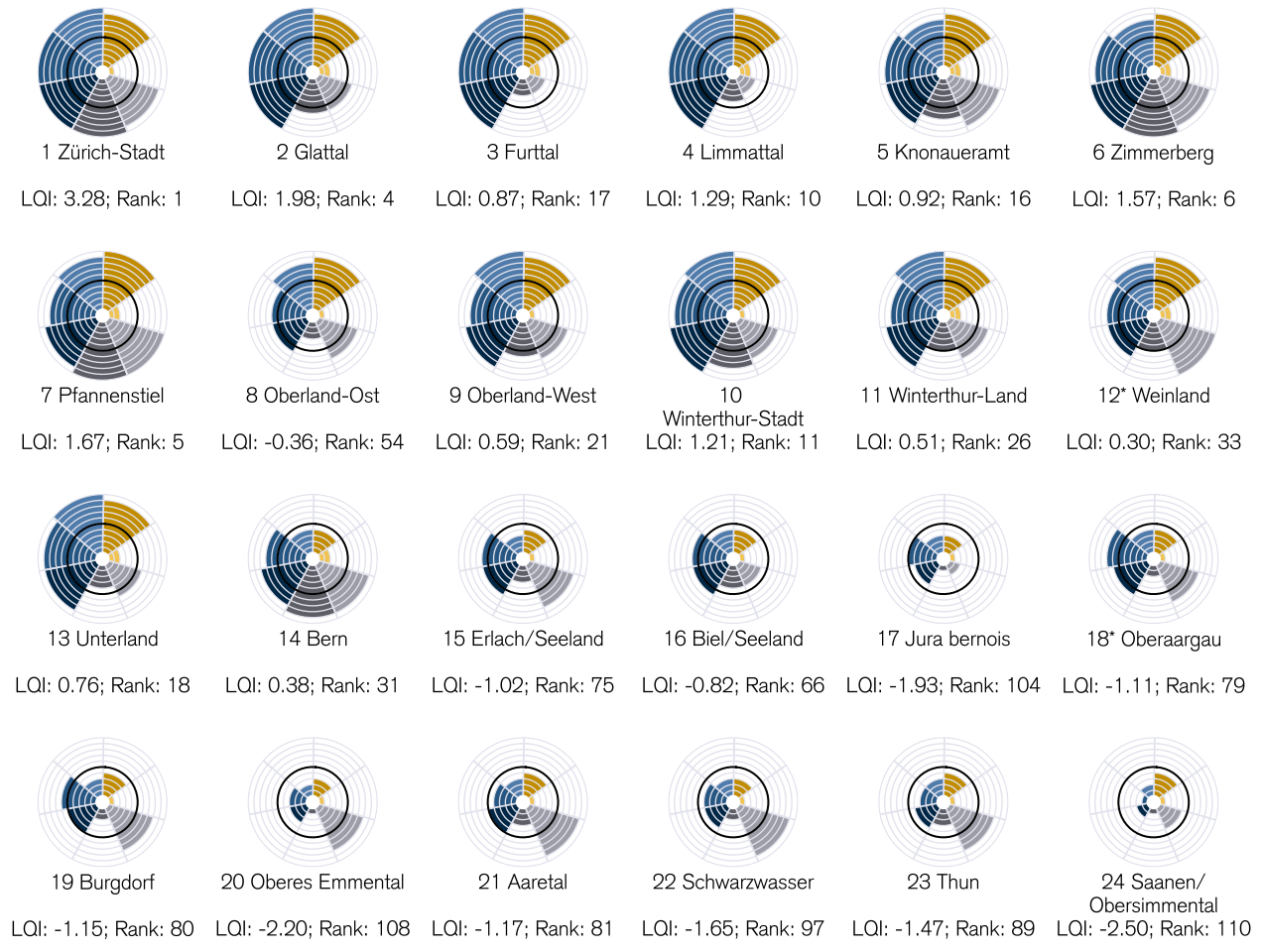
Source: Credit Suisse

Locational quality of Swiss economic regions

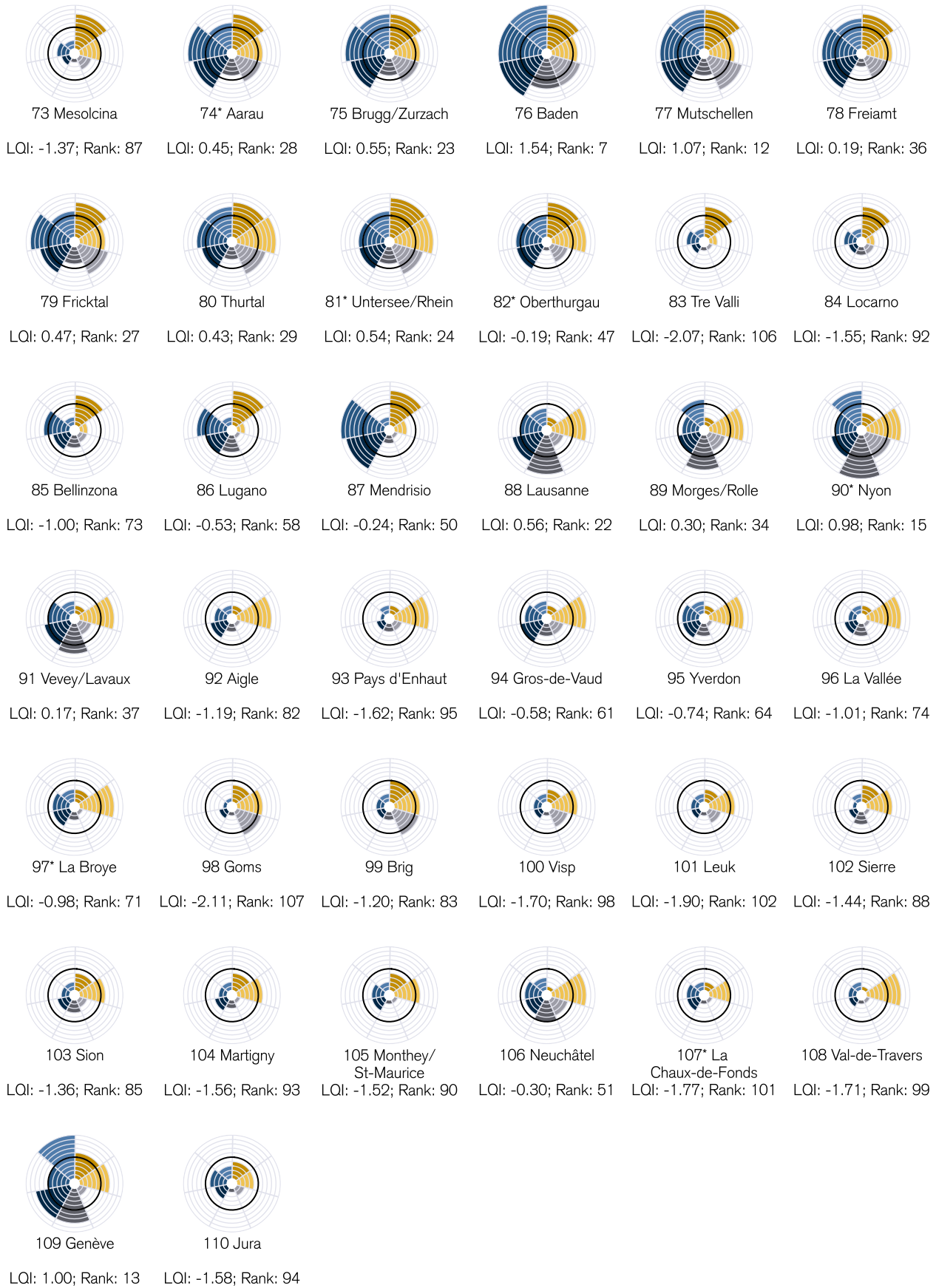
Locational Quality Indicator (LQI), 2022, synthetic index, Swiss average = 0; use the identification number to view the detailed profile (see chart at right) of each economic region* below



Source: Credit Suisse, Geostat. * The 110 Swiss economic regions reflect the economic conditions in the best possible way and do not always follow political borders. Cross-cantonal economic regions are designated by an asterisk.







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