The arithmetic side by side

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The following example sets the three regimes against one another on simplified facts. It ignores social security, cantonal differences within Zug, exchange-rate movements and the former home state's exit rules, which are taken up below.

Example

Facts: a founder, 38, single, non-Swiss and non-Singaporean, holds a token allocation worth CHF 24 million at the date of relocation. CHF 6 million vests in each of the four following years. The founder expects the market value to be flat and intends to sell each tranche within twelve months of vesting. The founder's rent in Zug would be CHF 120,000 a year, in Singapore S$ 180,000. The founder does no other paid work after relocation.

Zug, ordinary taxation: the vesting tranches of CHF 6 million are employment income if the allocation was granted for the founder's services (the usual case), taxed at roughly 22.5 per cent, so about CHF 1.35 million a year. Wealth tax on the unvested and unsold position, assuming the cantonal practice values restricted tokens with a discount, runs to about CHF 30,000 to CHF 60,000 a year. Appreciation after vesting is tax-free if private-wealth status holds. Four-year tax cost: roughly CHF 5.6 million.

Zug, expenditure-based taxation: available only if the founder's role has become passive. Base: the highest of CHF 429,100 (federal minimum), CHF 840,000 (seven times rent) and the control calculation. Assuming the control calculation produces nothing higher, the base is CHF 840,000, taxed at ordinary rates to give roughly CHF 190,000 a year plus a cantonal wealth component. Four-year tax cost: roughly CHF 0.9 million. The vesting tranches are untaxed, because the regime replaces the taxation of actual income entirely.

Singapore: vesting tranches that are remuneration for services performed in Singapore are employment income at up to 24 per cent, so roughly S$ 1.4 million (about CHF 1.0 million) a year on a CHF 6 million tranche. No wealth tax. Appreciation after vesting is tax-free as a capital gain if the badges of trade point away from trading. Four-year tax cost: roughly CHF 4.0 million.

The example shows why the lump-sum regime dominates in the narrow case of a founder who has stepped back, and why Singapore and ordinary Zug taxation are closer than most founders expect for a founder who remains active. It also shows the part of the arithmetic that is most often overlooked: in both Zug and Singapore, the characterisation of the vesting tranches as remuneration is the single largest driver of the result. A founder who can establish that the allocation was acquired as an

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investor, by paying for it at the same price as other early participants before any services were agreed, converts the tranches from income into capital. That conversion is the most valuable planning step in this chapter, and it has to be done before the allocation is granted. Part G, Chapter IV, and Part M, Chapter VI, deal with the substantive tests in each country.

Feature	Zug, ordinary	Zug, lump-sum	Singapore
Tax on token appreciation (private holder)	None (Art. 16 para. 3 DFTA)	None (replaced by base)	None (no capital gains tax)
Tax on vesting tranches granted for services	Employment income, c. 22–23 %	Covered by base	Employment income, up to 24 %
Annual wealth tax	Yes, c. 0.1–0.3 %	Cantonal deemed-wealth component	None
Working on the project permitted	Yes	No (forfeits regime)	Yes (with EP or ONE Pass)
Professional-trader risk	Yes, Circular 36	Irrelevant unless Swiss activity	Yes, badges of trade
Availability to nationals	Yes	Non-Swiss only, first residence	Yes
Treaty access	Full	Limited for "modified" lump-sum in some treaties	Full

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