The comparison with Zug lump-sum taxation

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The Singapore family office is often weighed against the Swiss lump-sum regime described in Part G, Chapter VI, although the two instruments are built on different logics. Zug offers an individual who takes up residence without Swiss employment a taxation based on living expenses in place of worldwide income and wealth, with a minimum tax base of CHF 400,000 at federal level and higher cantonal minimums. The individual pays a fixed annual sum, keeps his wealth where he likes, has no deployment requirement and no spending floor and obtains treaty access in most cases if he opts for the modified lump sum. Singapore offers a territorial system with no wealth tax and no capital gains tax to every resident, without any special agreement, and layers on top of it a fund exemption that is conditional on size, people, spending and local investment.[1]

Point of comparison	**Singapore family office (s. 13O / 13U)**	**Zug lump-sum taxation**
Who qualifies	Any family with the minimum assets and people	Foreign nationals without Swiss employment, first-time or returning after 10 years

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Point of comparison	Singapore family office (s. 13O / 13U)	Zug lump-sum taxation
Annual tax	Nil on exempt fund income; 17 % on management company profit; personal income tax on salaries up to 24 %	Fixed sum on a notional base, typically CHF 250,000 to 1,000,000 a year in Zug
Wealth tax	None	Included in the lump-sum base
Capital gains	None if capital	Exempt on private wealth in any event
Staking and token yield	Taxed as income unless in exempt fund and from designated investments	Covered by the lump sum, subject to the control calculation
Required local investment	10 % of AUM or S$ 10 million	None
Required staff	2–3 investment professionals	None
Residence permit	Employment Pass for family members employed; GIP for PR	B permit, C permit after 5 or 10 years
Succession	No estate duty	No federal inheritance tax; Zug has none for descendants
Treaty access	Yes for Singapore residents	Modified lump sum needed for some treaties

The arithmetic for a family with S$ 100 million, of which half is in tokens, favours Singapore when the family wishes to continue trading or staking actively through a structure. The Singapore exemption absorbs the income from the designated-investment sleeve while the personal holdings escape tax altogether. The arithmetic favours Zug when the family wants a single predictable payment, no staff and no deployment requirement, or when the family's wealth is largely in tokens that would never qualify as designated investments. Switzerland's wealth tax, which would otherwise be the decisive objection, is absorbed into the lump sum. The decision in practice turns on where the family wishes to live, which Part P, Chapter I treats as the first question and the tax arithmetic as the second.

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Zug perspective

A family that chooses Zug keeps its tokens in self-custody or with a Swiss bank, pays a negotiated lump sum and has no annual compliance beyond the control calculation that confirms the lump sum exceeds the tax on Swiss-source income and treaty-relieved income. A family that chooses Singapore builds an organisation. Both work. The Singapore route suits a family whose next generation will run an investment business from Asia. The Zug route suits a family whose wealth is made and whose wish is to preserve it with the least structure.

Notes

1. Direct Federal Tax Act (DFTA; DBG), SR 642.11, Art. 14 (expenditure-based taxation; federal minimum base of CHF 400,000 as indexed); Tax Harmonisation Act (THA; StHG), SR 642.14, Art. 6. The Zug cantonal practice is described in Part G, Chapter VI. ↩

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