

Last updated: December 6, 2011 10:34 pm

## Glencore IPO gives Swiss village tax perk

By Haig Simonian in Zurich

---

Glencore's \$11bn flotation has proved an unexpected bonanza for the small Swiss village that is home to the commodity group's chief executive.

The residents of Rüschtikon, population 5,200, voted on Monday night to lower the local income tax rate after village coffers were swelled by their share of the new-found wealth of Ivan Glasenberg. Mr Glasenberg is one of several Glencore executives who benefited from the initial public offering and reside in Rüschtikon.

Tax is levied principally on income in Switzerland, with residents of Rüschtikon paying about 23 per cent to federal, canton and village officials. The federal income tax rate is set at about 12 per cent, with the remainder split between canton and village authorities according to a complicated formula. Wealth is also taxed at a fractional rate.

Based on Glencore's 530p initial offer price, Mr Glasenberg's 15.8 per cent stake was worth about \$9bn on flotation. Although his stake's value has decreased with the sharp fall in the share price, a recent Swiss survey estimated the South African-born executive was Switzerland's eighth richest person with a fortune worth SFr6-7bn.

Thanks to the windfall from its resident Glencore executives, Rüschtikon voted to lower its tax rate from 79 per cent of Zurich's canton rate to 72 per cent. "The reduction was directly linked to the IPO," Bernhard Elsener, Rüschtikon's mayor, told the Financial Times.

Monday night's meeting was typical of Switzerland's direct democracy, where important decisions are often taken at local level. In "an unusually good turnout", Mr Elsener said about 424 voters attended the meeting.

The numbers were swollen by a contentious counterproposal by a local lobby, which called for about SFr1m of the village's largesse to be held back to compensate communities in developing countries affected by Glencore operations. The proposal was voted down.

Mr Glasenberg and Glencore declined to comment on the vote to lower Rüschtikon's tax rate, but rejected criticism of its business practices. "Glencore applies strict standards at its operations around the world," said a spokesman.

Mr Glasenberg, a Rüschtikon resident since 1994, was granted Swiss nationality last

December.

**Printed from:** <http://www.ft.com/cms/s/0/f6abae1c-201c-11e1-8462-00144feabdc0.html>

Print a single copy of this article for personal use. Contact us if you wish to print more to distribute to others.

© **THE FINANCIAL TIMES LTD 2011** FT and 'Financial Times' are trademarks of The Financial Times Ltd.