Schweizerische Eidgenossenschaft
Confédération suisse
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Swiss Confederation

Federal Department of Finance FDF

Federal Finance Administration FFA

Press release

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Switzerland's tax-to-GDP ratio still low by international standards

The tax-to-GDP ratio of the Swiss government units will probably amount to 28.5% for 2011, which is 0.5 percentage points higher than in 2010. The increase was primarily due to the growth in public social security contributions and federal tax receipts. By international standards, Switzerland's tax-to-GDP ratio remains significantly lower than the OECD average of 33.8%.

In 2011, the tax burden in Switzerland rose by 0.5 percentage points year-on-year, and has been relatively stable at just below 30% of nominal GDP since 2000. On the one hand, the increase was due to the rise in receipts for public social security as a result of higher contributions to unemployment insurance (revision of the Unemployment Insurance Act) and compensation for loss of earnings. On the other, the growth in federal tax receipts (withholding tax and VAT increase) caused the tax-to-GDP ratio to rise. The ratio posted a slight year-on-year increase of 0.1 percentage points in the case of the Confederation and the cantons, and remained unchanged in the case of the communes. The ratio for public social security rose by 0.3 percentage points.

Tax-to-GDP ratios of Swiss government units, 1990-2011

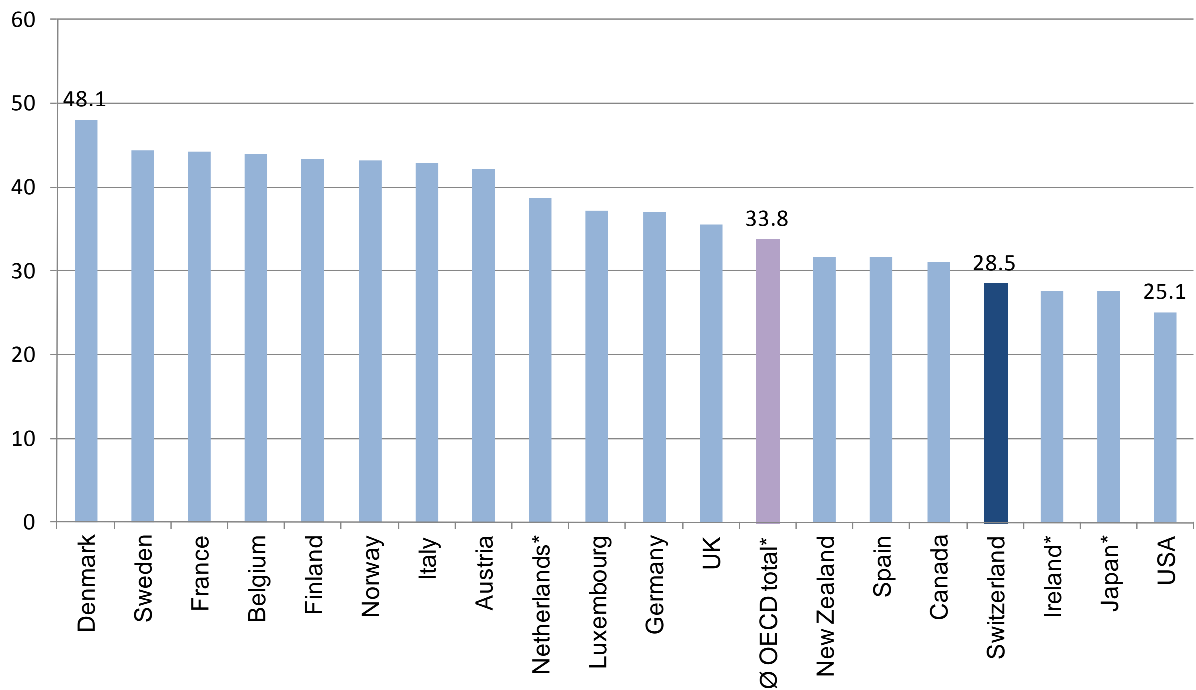
in % of nominal GDP					
Year	Confederation	Cantons	Communes	Public social security	Tax-to-GDP ratio
1990	8.5	6.1	4.4	5.9	24.9
1995	8.5	6.4	4.7	7.3	26.9
2000	10.9	6.5	4.7	7.2	29.3
2005	9.9	7.0	4.4	6.8	28.1
2010	10.2	6.8	4.3	6.7	28.0
2011*	10.3	6.9	4.3	7.0	28.5

*Estimates

Lower tax-to-GDP ratios due to revised GDP series
The Federal Statistical Office (FSO) revised nominal GDP upward at the end of June 2012. This had a direct impact on the tax-to-GDP ratios. Depending on the year under review, their values are 1 to 2 percentage points lower than the figures published in 2011.

Switzerland continues to have a low tax burden by international standards, and it fares well also for 2011 when compared with other OECD countries (see figure). Its tax-to-GDP ratio is significantly lower than the average of 33.8% of GDP (2010 value) for all OECD countries. In the selection of OECD countries shown here, and as was the case last year, only Japan, Ireland (2010 values) and the United States have lower tax-to-GDP ratios than Switzerland. Denmark (48.1%) and Sweden (44.5%) are at the upper end of the scale.

Switzerland's tax-to-GDP ratio in an international comparison, 2011



*Values for 2010

The **tax-to-GDP ratio** represents tax receipts and social security charges as a percentage of nominal GDP. It covers all taxes as well as the public social security contributions to old-age, disability and unemployment insurance, compensation for loss of earnings, family allowances in agriculture and maternity insurance in the Canton of Geneva. Although mandatory, health insurance, accident insurance and pension fund contributions are not taken into account, as these corporations do not belong to the general government sector. When determining the tax-to-GDP ratio, the Federal Finance Administration (FFA) uses as a basis the financial statistics figures, which are prepared in accordance with the OECD guidelines. This ensures comparability with the tax-to-GDP ratios of other member countries. Deviations relative to the official OECD results for 2011, published today, are due to newer tax receipt estimates by the FFA in the individual sub-sectors.

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The following can be found as an enclosure to this press release at www.finance.admin.ch:

- Basic information