



## Press release

Date: 19.02.2020

# 2019 financial statements: a pleasing surplus

The federal budget ended 2019 with another high ordinary surplus of CHF 3.1 billion, versus the budgeted CHF 1.2 billion. The improvement was due in equal measure to higher receipts and lower expenditure. Withholding tax and direct federal tax, in particular, recorded an increase in receipts. VAT receipts remained below expectations. The Federal Council was informed about the provisional results at its meeting on 19 February 2020. At the same time, it determined the fiscal policy framework for the next budget process. The outlook for 2021-2023 is stable.

A surplus of 1.2 billion had been budgeted for 2019. An improvement was already discernible in both of last year's forecasts, and this has been borne out by the figures.

Table 1: Fiscal balance 2019

in CHF mn	Fin. statements	Budget statements		Differential to	
	2018	2019	2019	B	FS in %
Ordinary receipts	73'712	73'556	74'474	918	1.0%
Ordinary expenditure	70'574	72'334	71'414	-920	1.2%
<b>Ordinary fiscal balance</b>	<b>3'138</b>	<b>1'222</b>	<b>3'060</b>	<b>1'838</b>	
Extraordinary receipts	90	-	541	541	
Extraordinary expenditure	-	-	-	-	
<b>Overall fiscal balance</b>	<b>3'229</b>	<b>1'222</b>	<b>3'600</b>	<b>2'378</b>	

Note: The 2018 figures were adjusted following the withholding tax restatement.

**Receipts** for 2019 were up by 0.9 billion, or 1.2%, on the budgeted figure. Increased receipts were recorded for withholding tax and direct federal tax on corporate profits (+1.3 bn and 0.5 bn respectively). The Confederation benefited from the good economic performance in 2018. VAT receipts, by contrast, remained well below budget (-0.9 billion); this is attributable to the fact that nominal economic growth in 2019 lagged well behind the budget forecast (1.3% instead of 2.7%).

**Expenditure** came in at 0.9 billion, or 1.3%, below budget; this is in line with the 10-year average. In particular, expenditure in the task areas of social welfare and security were considerably below the budgeted amount (-0.6 bn and -0.3 bn respectively). As regards the first of those task areas, this was above all attributable to migration, which saw a fall in the number of asylum applications. In the second area, this was due to defence expenditure. Only expenditure for finances and taxes was above budget (+0.3 bn), because the cantonal shares increased as a result of higher federal tax receipts.

Receipts of 541 million were recognised in the **extraordinary budget**. This concerns the proceeds from the auction of the 5G mobile radio frequencies (376 mn), fines ordered by the Competition Commission (139 mn) and additional receipts from the debt restructuring liquidation of Swissair (25 mn). Including extraordinary receipts, the surplus came to 3.6 billion.

The results have not yet been audited by the Swiss Federal Audit Office (SFAO) and are therefore still provisional.

### Revaluation of provisions for withholding tax

Since 2007, the statement of financial position has included a provision for expected withholding tax refunds. Since 2017, this provision has also been included in the financing statement. This takes account of the fact that withholding tax can be reclaimed not just in the tax year concerned, but also in the three subsequent years. In 2019, the estimation model for this provision was subject to a review, which revealed that a significant proportion of withholding tax refunds are claimed later than had previously been assumed. As a result, a much higher estimate will henceforth be used for the required provision. In order to allow comparability with the previous year, the figures for 2018 have been adjusted retroactively. This adjustment mainly concerns the recognised provision. The impact on the trend of receipts is small (2018: now 7.9 bn, instead of 7.7 bn). Under the new provisioning model, net receipts from withholding tax since 2007 would have been lower by 1.9 billion overall.

### Fiscal policy assessment

During its meeting, the Federal Council also determined the fiscal policy framework for the new budget process. The updated figures for 2021 to 2023 show a structural surplus of 1.1 billion for 2021. In the legislature financial plan, a figure of 1.0 billion had been assumed. The outlook thus remains stable. This is also the case for 2022 and 2023. The reform of the taxation of couples and families (elimination of the penalty for married couples) has now been removed from the financial plan for 2023, since Parliament has referred the reform back to the Federal Council.

Table 2: Updated budget

in CHF bn	Budget 2021	Financial plan 2022	Financial plan 2023
<b>1 Receipts</b>	<b>76.5</b>	<b>78.8</b>	<b>80.9</b>
2 K factor	1.006	1.004	1.002
3 Expenditure ceiling debt brake [1*2]	77.0	79.1	81.0
<b>4 Expenditure</b>	<b>75.8</b>	<b>78.5</b>	<b>80.1</b>
Overall fiscal balance [1-4]	0.7	0.3	0.8
Cyclical deficit/surplus [1-3]	-0.5	-0.3	-0.2
<b>Structural balance [3-4]</b>	<b>1.1</b>	<b>0.6</b>	<b>0.9</b>
p.m. structural balance acc. to LFP 2021-2023	1.0	0.7	0.2

The financial plan does not include possible additional burdens that have not yet achieved the necessary planning status. These amount to around 1,5 billion in net terms for 2022 and 2023, which significantly exceeds the available leeway. They include, in particular, quantifiable tax reforms (e.g. increase in deductions for health insurance, reform of residential property taxation, abolition of stamp duty) but also the international corporate tax reforms under the aegis of the OECD, the effects of which are still unclear. Conversely, the additional profit distribution by the SNB will reduce the budget for 2020 and 2021. Nonetheless, even these receipts can offset only part of the possible additional burdens, which is why the Federal Council wishes to retain the current room for manoeuvre.

Press release

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The following can be found as an enclosure to this press release at [www.finance.admin.ch](http://www.finance.admin.ch):

- Overview of the main developments in terms of receipts and expenditure for fiscal 2019
- Chart for the 2019 financial statements
- Q&A: "Why do the financial statements usually end up better than the budget?"