



## Press release

Date: 16.02.2022

# 2021 financial statements: another high deficit due to COVID-19 pandemic

The federal budget ended 2021 with a deficit of CHF 12.2 billion as a result of the measures to deal with the COVID-19 pandemic. A deficit of CHF 6.1 billion had been budgeted. The Federal Council was informed about the provisional results during its meeting on 16 February 2022. At the same time, it defined the framework for further financial planning.

Last year, the Confederation spent a total of CHF 14 billion to deal with the pandemic. Of this, CHF 12.3 billion was recognised as extraordinary expenditure. Overall, a financing deficit of CHF 12.2 billion ensued – twice as high as budgeted – as a large proportion of coronavirus-related expenditure could only be requested as addenda over the course of the year.

Table 1: 2020 fiscal balance

In CHF bn	Fin. stmts. 2020	Budget 2021	Fin. stmts. 2021	Δ B	Δ Fs in %
Total receipts	72.0	75.8	76.1	0.3	5.6%
Total expenditure	87.8	82.0	88.3	6.3	0.5%
<b>Overall fiscal balance</b>	<b>-15.8</b>	<b>-6.1</b>	<b>-12.2</b>		
Ordinary receipts	71.9	75.8	74.5	-1.2	3.7%
Ordinary expenditure	73.1	77.8	76.0	-1.9	3.8%
<b>Ordinary fiscal balance</b>	<b>-1.2</b>	<b>-2.0</b>	<b>-1.4</b>		
Extraordinary receipts	0.1	0.0	1.5		
Extraordinary expenditure	14.7	4.1	12.3		

Any discrepancies in the totals are due to rounding effects.

**Receipts** grew very robustly, by 5.6% year on year. The largest increase was recorded by value added tax (+1.4 bn) and direct federal tax (+1.2 bn). The profit distribution from the Swiss National Bank (SNB) was also higher (+0.7 bn). The supplementary distributions of 1.3 billion will be recognised as extraordinary receipts in 2021 for the first time, thereby contributing to the reduction of COVID-19 debt. Receipts from withholding tax remained 0.3 billion below the level of the previous year – a trend reversal with lower receipts is thus becoming clear.

At 0.5%, **expenditure** increased slightly from a high level and, as last year, was driven by efforts to deal with the COVID-19 pandemic. The largest expenditure items concerned short-time working compensation (4.3 bn), hardship assistance (4.2 bn) and COVID-19 loss of earnings compensation (1.8 bn). Overall, COVID-19 expenditure was slightly lower year on year (-0.9 bn) and a larger proportion was financed via the ordinary budget (+1.4 bn). On the

expenditure side, the high value added tax and direct federal tax receipts led to an increase in the AHV's and cantons' share of receipts (+1.3 bn).

**Gross debt** increased by CHF 5 billion, amounting to CHF 109 billion at the end of 2021. This debt increase is substantially smaller than the financing deficit; as in the previous year, it was possible to partly cover the latter from cash holdings. These were available because some companies and cantons postponed their requests for withholding tax refunds. One reason for this is likely to be the negative interest rate environment. Gross debt will increase in line with the amount of the refunds.

The shortfall in the amortization account is the measure for the reduction of **COVID-19 debt**. This shortfall, which results from extraordinary expenditure less extraordinary receipts, will increase to between CHF 25 billion and CHF 30 billion by the end of 2022, and will have to be reduced again in accordance with the Financial Budget Act (FBA). In order to avoid recourse to savings programmes or tax increases, the Federal Council is proposing an amendment of the FBA. It is due to adopt the associated dispatch in March 2022. The detailed results will be published at the end of March 2022.

### **Fiscal policy assessment**

The 2023 budget and the new financial plan will be drawn up by the summer. For this purpose, at the same meeting, the Federal Council determined the fiscal policy framework for the budget process. It expects that fiscal policy will see a return to normal in 2023, without additional extraordinary expenditure to deal with the pandemic. As things currently stand, the Federal Council is projecting a financial surplus of 0.6 billion for the 2023 ordinary budget, and narrow room for fiscal policy manoeuvre for the financial planning years.

### **Further details:**

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Federal Department of Finance FDF

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 2021
- Table: 2023-2025 fiscal policy assessment
- Overview of COVID-19 expenditure 2020-2022 (link: <https://www.efv.admin.ch/efv/en/home/aktuell/brennpunkt/covid19.html>)