



## Press release

Date: 15.02.2023

Embargo: Until the start of the press conference

# Confederation closes 2022 with a deficit of CHF 4.3 billion

Lower receipts and high extraordinary COVID.19 expenditure resulted in a federal financial deficit of CHF 4.3 billion in 2022. For the first time since 2005, the Confederation also closed the year with a higher deficit in the ordinary budget than would be permitted by the economic cycle. This structural deficit amounts to just under CHF 1.6 billion. The Federal Council was informed of this provisional result during its meeting on 15 February 2023. At the same meeting, it specified the adjustment measures for the 2024 budget and took fundamental decisions on measures to adjust the budget in the financial plan years.

The federal financial statements closed 2022 with another high deficit, of CHF 4.3 billion. The deficit was attributable in roughly equal measure to the ordinary and extraordinary budgets. In the ordinary budget, the deficit of around CHF 1.9 billion was due to lower than expected receipts. Withholding tax, in particular, was well below budget. At this stage in the economic cycle, a deficit of CHF 0.3 billion would have been permissible. Therefore, this deficit is largely structural in nature (-1.6 bn).

Table 1: 2022 fiscal balance

CHF mn	Fin. stmt. 2021	Bdg. 2022	Fin. stmt. 2022	Deviation vs. Bdg. FS in %	
Ordinary receipts	74'545	77'122	75'277	-1'845	1.0%
Ordinary expenditure	75'950	77'716	77'152	-564	1.6%
<b>Ordinary fiscal balance</b>	<b>-1'405</b>	<b>-594</b>	<b>-1'875</b>	<b>-1'281</b>	
Extraordinary receipts	1'535	1'521	1'592	71	
Extraordinary expenditure	12'331	3'245	3'998	753	
<b>Overall fiscal balance</b>	<b>-12'201</b>	<b>-2'319</b>	<b>-4'282</b>	<b>-1'963</b>	

### Ordinary budget

Ordinary receipts grew by 1% year on year, but were still CHF 1.8 billion below budget (-2.3%). The lower receipts were mainly attributable to withholding tax (-3.2 bn).

Meanwhile, the two largest sources of federal government revenue developed positively compared with the previous year: value added tax grew at a similar rate to nominal economic

growth (+1.1 bn or +4.8%). Direct federal tax was also significantly higher (+0.9 bn or +3.7%). This was mainly due to profit tax (+0.9 bn or +7.1%), while income tax was virtually stagnant.

*Ordinary expenditure* closed just under CHF 0.6 billion below budget (-0.7%) and thus grew by 1.6% year-on-year. Larger supplementary credits were incurred in the areas of migration (340 mn), reserve power plants (192 mn), interest on liabilities (135 mn) and regional passenger transportation (97 mn).

The structural deficit is a burden on the so-called equalization account. However, as this account is positive, the sanction rule of the debt brake does not apply, according to which a deficit must be offset by spending cuts in subsequent years.

## **Extraordinary budget**

In the extraordinary budget, expenditure of 4.0 billion francs was incurred last year, on the one hand for COVID-19 measures (3.3 bn), and on the other for people from Ukraine seeking protection (0.7 bn). This was offset by extraordinary receipts of CHF 1.6 billion. These came mainly from the distribution of profits by the SNB from its 2021 financial year (2.0 bn, of which 1.3 bn extraordinary).

## **Fiscal policy assessment**

During its meeting on 15 February 2023, the Federal Council also carried out its traditional fiscal policy assessment. As part of this, it took further decisions on adjusting the 2024 budget. The budget figures update at the end of January show a structural deficit of CHF 2 billion for 2024. This results mainly from new, unfunded additional expenditure. As early as 25 January 2023, the Federal Council decided on measures to relieve the budget next year by almost CHF 1.6 billion compared with the previous financial plan. The focus is on reducing the previously planned strong growth in Armed Forces expenditure, waiving the budgeting of the mandatory contribution for Horizon Europe and introducing the automobile tax on electric vehicles. In addition, migration expenditure for people from Ukraine seeking protection is to be recorded as extraordinary expenditure in 2024 as well. The Federal Council has thus paved the way for a largely debt brake-compliant budget in 2024. The remaining funding deficit of just under half a billion is to be eliminated with linear cuts of 2% in loosely earmarked expenditure, which includes personnel expenses, the Federal Council decided on Wednesday. It also decided to forgo Parliament's requested CHF 6 million increase in wine sales promotion in the financial plan years. Overall, the federal government's ordinary expenditure will grow by around 3% in 2024, despite these adjustment measures.

The majority of these measures will also remain in effect in the years after 2024. Nonetheless, the structural deficits from 2025 onwards will still be high. The Federal Council has therefore decided that, on the one hand, weakly earmarked expenditure – which makes up roughly one third of total expenditure – will also be cut by 2% (around 500 mn) in the financial plan years. On the other hand, strictly earmarked expenditure should also contribute to the adjustment of the financial plan years. As regards strictly earmarked expenditure, the Federal Council aims to reduce the burden on the financial plans by between 600 million and 1 billion per year from 2025. For this purpose, it will examine various measures in greater depth over the next few weeks. For example, part of the unemployment insurance assets, which the Confederation helped to build up during the COVID-19 crisis, is to be used for the Confederation. This measure is possible without a reduction in benefits. The federal government's contribution to the rail infrastructure fund could also be reduced without jeopardising the expansion or operation of the rail infrastructure, as the fund's reserve is very high. Furthermore, it should be examined whether the bill drafted by Parliament to subsidise non-family childcare could be partially funded by a reduction in the cantonal share of direct federal tax, especially since non-family childcare is the responsibility of the cantons. The largest federal expenditure item is AHV. Therefore, measures in this area should also be examined. The focus here is on adjustments relating to the current unequal treatment of widows and widowers, which must be eliminated anyway following a ruling by the European Court of Human Rights.

The timetable for implementing these measures is extremely tight. The Federal Council has instructed the departments to clarify the relevant matters by March. The overall package to relieve the burden on the budget is balanced: All areas of responsibility contribute via the linear savings target, and relief is also planned on the receipts side. In the financial plan years, however, these measures will probably not be sufficient to comply with the debt brake. Considerable discipline in expenditure policy is therefore still advisable.

**Further details:**

Philipp Rohr, Communications,  
Federal Finance Administration FFA  
Tel. +41 58 465 16 06, [kommunikation@efv.admin.ch](mailto:kommunikation@efv.admin.ch)

**Relevant department:**

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 2022
- Charts (presentation)
- Table: 2024-2026 fiscal policy assessment
- Q&A
- Press release of 25 January 2023: [Federal Council makes preliminary decisions to adjust budget \(admin.ch\)](#)