



Press release

Date: 28.06.2023

Embargo: Until the start of the press conference

2024 budget adjusted – consultation launched on 2025 relief package

During its meeting on 28 June 2023, the Federal Council approved the figures for the 2024 budget with the integrated task and financial plan for 2025 to 2027. Thanks to the extensive adjustment measures decided in the spring, the debt brake requirements can be met in 2024. However, the Federal Council needs to request extraordinary expenditure once again. In addition, the Federal Council has launched the consultation on the 2025 relief package, which concerns earmarked expenditure. The financial plan years remain challenging, with structural deficits of up to CHF 1.2 billion.

Estimated at CHF 83 billion, federal **receipts** are 2.1% higher in the **2024 budget** than in the previous year's one. The growth is essentially due to the VAT increase in favour of old-age and survivors' insurance, and the projected sharp increase in profit tax receipts. In contrast to the 2023 budget, however, no supplementary distribution from the Swiss National Bank is budgeted for 2024 (-1.3 bn). Overall, after adjusting for tax changes, the receipt growth from 2022 to 2024 corresponds to the expected nominal economic growth.

With a 4.1% rise, **expenditure** will grow almost twice as much as receipts, primarily due to the reform to stabilise old-age and survivors' insurance (AHV 21 reform) and a capital contribution to SBB, but also because of higher debt interest and the increase in Armed Forces expenditure. Despite the adjustment measures, the Confederation will spend as much as CHF 3.5 billion more in 2024 than in 2023. Total expenditure of CHF 89.7 billion is anticipated.

As in 2020 to 2023, this once again includes significant extraordinary expenditure. Specifically, the Federal Council is claiming **extraordinary payment requirements** for transfers to the cantons in connection with people from Ukraine seeking protection (status 'S'; 1.2 bn), for a capital contribution to SBB (1.2 bn) and, as in the previous year, for the – as yet unutilised – rescue mechanism for the electricity sector (4 bn). Including extraordinary expenditure, the overall result is a financing deficit of CHF 6.7 billion. As things currently stand, however, it seems unlikely that the rescue mechanism for the electricity sector will be utilised.

The ordinary budget has a **financing deficit** of CHF 0.5 billion. The debt brake requirements are nevertheless met, as the debt brake permits a deficit of CHF 0.5 billion for cyclical reasons. Nonetheless, the remaining leeway (structural fiscal balance) of CHF 5 million is extremely small.

In order to achieve a balanced budget in 2024, the Federal Council made some final minor

adjustments on 28 June 2023. It reduced the 2024 deposit in the railway infrastructure fund (RIF) by CHF 15 million; a non-recurring effect concerning the heavy vehicle charge (LSVA), resulting in additional receipts of CHF 120 million, means that the RIF is still better off overall. In addition, the Federal Council is not implementing in the budget the CHF 2 million p.a. increase in regional development fund deposits decided by the Council of States, as the fund has sufficient assets of around CHF 1 billion.

in CHF bn	2023 bdg.	2024 bdg.	2025 FP	2026 FP	2027 FP
Ordinary receipts	79.8	82.8	84.7	88.6	90.2
Ordinary expenditure	80.5	83.3	85.4	89.0	91.4
Ordinary fiscal balance	-0.7	-0.5	-0.8	-0.3	-1.2
Structural fiscal balance (debt brake)*	0.2	0.0	-0.7	-0.3	-1.2
Extraordinary receipts	1.6	0.2	0.2	0.1	0.1
Extraordinary expenditure	5.7	6.4	4.0	4.0	0.0
Overall fiscal balance	-4.8	-6.7	-4.6	-4.3	-1.2

* cyclically adjusted

The Federal Council will adopt the dispatch on the 2024 budget with the integrated task and financial plan for 2025 to 2027 at the end of August 2023.

Proposals for measures concerning earmarked expenditure

The Federal Council is currently reckoning on structural financing deficits of between CHF 0.3 billion and CHF 1.2 billion for the financial plan years of 2025 to 2027. This is despite the proposed 2025 relief package that it put out for consultation today. The Federal Council is thereby implementing its decision of 29 March 2023 to ease the burden in the area of earmarked expenditure as well from 2025 onwards. This includes reducing the federal contribution to unemployment insurance (ALV) by CHF 250 million each year from 2025 to 2029 and lowering the cantonal share of direct federal tax by as much as 1.1 percentage points. Although there is a great deal of uncertainty with regard to the next few years, it is likely that further adjustment measures will be necessary. The Federal Council will focus on improving the fiscal policy leeway for addressing future challenges. Furthermore, within 12 months, it will look at how the additional receipts generated by OECD minimum taxation are to be used for locational measures from 2026 onwards.

Further details:

Philipp Rohr, Communications
Federal Finance Administration FFA
Tel. +41 58 465 16 06, 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:

- Overview of the trend of receipts and expenditure
- Q&A
- Presentation
- Explanatory report on easing the burden on the budget from 2025 onwards
- Bill on easing the burden on the budget from 2025 onwards
- Synopsis
- Letter to the cantons
- Letter to organisations
- List of addressees