



Fiscal Policy

Federal budget must be approved

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At a glance

- Thanks to high tax revenues and the EP27, the 2027 federal budget is virtually balanced and complies with the debt brake.
- There is no reason to reject it. The budget should be adopted as usual.
- Fiscal reliability is one of Switzerland's strengths. Signals that sow doubt should be avoided.

The federal budget for 2027 is virtually balanced. With revenues and expenditures totaling approximately 93 billion francs, the Federal Council reports that a margin of 170 million francs remains. As usual, the budget focuses on expenditures for social welfare and transfer payments to the cantons, which are largely mandated by law. Added to this is a focus on strengthening security: Parliament has decided to increase military spending to 1 percent of GDP by 2032. The fact that the 2027 budget appears so uneventful was not foreseeable at the beginning of the year. Despite the "Relief Package 27," deficits loomed that still needed to be addressed. It was only unexpectedly high corporate income tax revenues that fundamentally changed the situation. Parliament can now adopt a budget that complies with the debt brake without additional relief measures.

Rejecting the budget cannot be justified

It is all the more surprising that the National Council's Finance Committee is rejecting this budget. From a substantive standpoint, this move is difficult to justify. The budget takes into account the political priorities of both the right and the left. Furthermore, both sides were able to secure additional funding in the committee—for example, for agriculture, security, education, and research, as well as for public transportation, the environment, gender equality, and health. A lack of funding for individual policy priorities therefore cannot explain the fundamental opposition to the budget.

Fiscal uncertainty is hurting Switzerland

Rejecting the budget would create one thing above all else: uncertainty. Switzerland owes its fiscal stability in no small part to the debt brake. It is a central pillar of the reliability of Swiss fiscal policy and an important competitive advantage. Allowing a budget that complies with the debt brake to fail without any substantive necessity would call this reliability into question.

This would be compounded by significant practical difficulties. If the budget bill fails in Parliament, the federal government would initially have to operate on a provisional budget. Deliberations would have to start over—with an uncertain outcome and at considerable expense. While legally mandated expenditures—particularly for social welfare—would continue,

additional spending not required by law would be at risk. This could particularly affect the army's budget increases. Such a development is in the interest of neither broad political circles nor the economy.

Take responsibility now and pass the budget

In contrast, the Council of States' Finance Committee has adopted a budget in which the changes fall within the usual range. It has also refrained from making questionable revenue adjustments, which the National Council committee had used to create additional spending leeway. This approach undermines the reliability of budgeting and weakens the fiscal discipline of the debt brake.

Given the current situation and the proposed budget, the Federal Assembly can be expected to fulfill its fiscal responsibilities and approve the 2027 budget, which complies with the debt brake. Sound fiscal policy is one of Switzerland's key strengths and is of the utmost importance for the attractiveness of our business location.



Frank Marty
Head of Department Finances & Taxes, Member of the Extended Executive Board



Lea Flügel
Deputy Head of Department Finances & Taxes

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