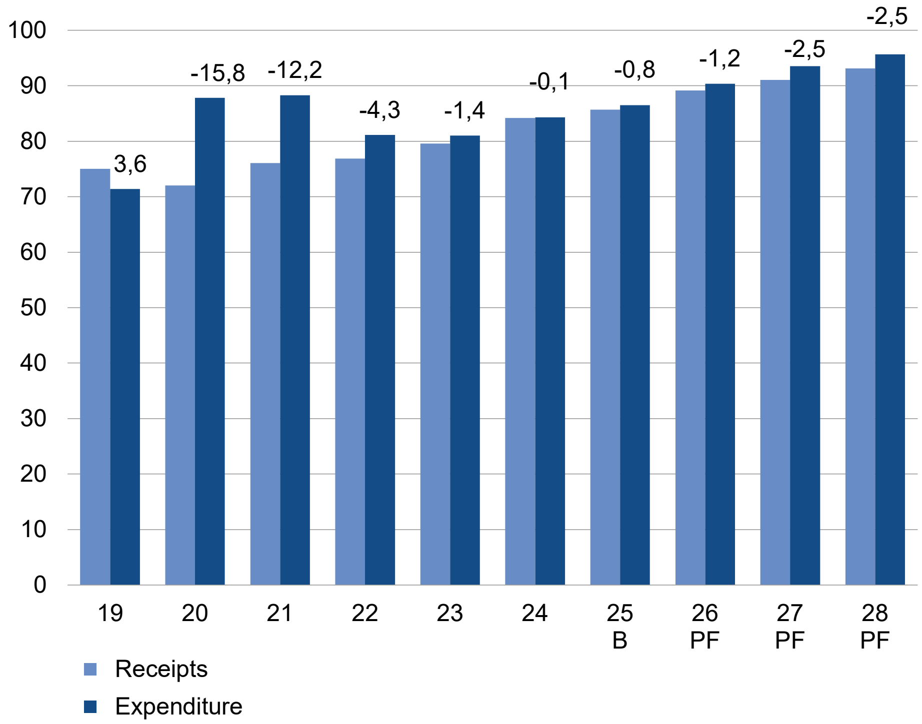
Federal finances at a glance

2024 FINANCIAL STATEMENTS

Overview

Overall fiscal balance *in CHF bn*



Note: data for 2025 to 2028 in accordance with 2025 federal decree with integrated task and financial plan for 2026 to 2028

The **statement of financial performance** ended 2024 with a surplus of 2.1 billion, which was significantly higher than the budget (-305 mn) and the previous year's result (877 mn). The annual result comprises self-financing and changes in the valuation of administrative assets. Current receipts grew at a faster pace than current expenditure (+5.9% and +5.0%, respectively); self-financing thus rose to 4.2 billion relative to the previous year. Depreciation, amortization and other changes in the valuation of administrative assets dipped slightly (-2.1 bn). **Net investments** (investment receipts less investment expenditure) fell by 0.5 billion year on year to 4.3 billion.

The financing contribution from the statement of financial performance – self-financing (4.2 bn) – was marginally insufficient to fully finance the planned net investments (4.3 bn). In other words, **receipts** did not cover total **expenditure**. The 2024 result was almost balanced, with a financing deficit of 80 million.

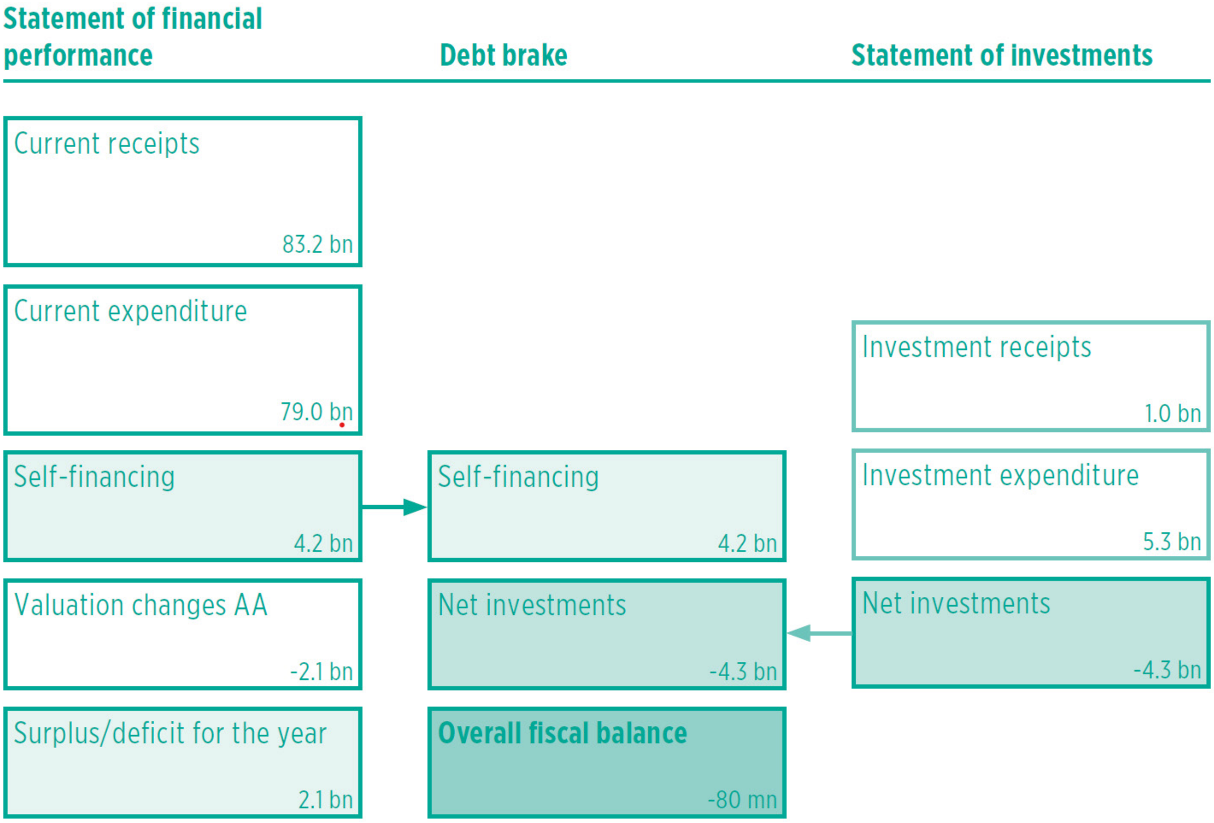
While the ordinary fiscal balance amounted to 817 million and posted a surplus for the first time since 2019, the extraordinary budget made a negative contribution (-897 mn) to the result.

Net debt decreased to 141.4 billion (-276 mn) in 2024. Although the financing deficit raised debt slightly, transactions credited directly to net assets/equity (357 mn) led to a reduction. The net debt ratio was 17.2% of GDP.

Real **economic growth** amounted to 0.9% in 2024. Despite monetary policy easing and falling inflation rates worldwide, the challenging international environment weighed on investments and the Swiss export sector. Switzerland's economic output remained below its potential. The **debt brake** would have permitted a cyclical financing deficit of 504 million in the ordinary budget, but a financing surplus of 817 million was achieved. The resulting structural financing surplus of 1.3 billion was credited to the amortization account because of the FBA revision to reduce coronavirus-related debt. Furthermore, the extraordinary financing deficit (-897 mn) was debited to the amortization account. Consequently, the amortization account's balance decreased by 424 million to 26.8 billion. The compensation account remained unchanged.

2024 annual result and net investments

Derivation of the fiscal balance from the statement of financial performance and the statement of investments *in CHF bn*



SURPLUS/DEFICIT FOR THE YEAR

The statement of financial performance ended 2024 with a surplus of 2.1 billion. A deficit of 305 million had been expected in the budget. Current receipts grew at a faster pace than current expenditure (+5.9% and +5.0%, respectively). Most of the jump in receipts was attributable to the major tax receipt items, specifically direct federal tax (profit tax +1.1 bn; income tax +0.9 bn), value added tax (+1.8 bn) and withholding tax (+0.5 bn).

The growth in current expenditure was driven by social welfare expenditure (+2.3 bn) on the one hand. The rise can be explained by much higher AHV expenditure, particularly as a result of the 0.4 percentage point increase in value added tax that was decided as part of the AHV 21 reform, and significantly higher expenditure on individual premium reductions. On the other hand, expenditure in the finances and taxes task area was also up (+1.1 bn), as expenditure concerning the cantons' shares of federal receipts rose considerably due to the surge in receipts.

Accordingly, the financing contribution from the statement of financial performance – self-financing – climbed from 3.4 billion to 4.2 billion. The changes in the valuation of administrative assets edged down to 2.1 billion. These concerned essentially depreciation and amortization, and unrealized profits on financial interests.

NET INVESTMENTS

Net investments decreased year on year to 4.3 billion (-0.5 bn). While investment receipts remained stable at 1.0 billion (-7 mn), investment expenditure fell by 0.5 billion to 5.3 billion. Investment expenditure dropped in various task areas, due not only to regular fluctuations, but also to expenditure spikes the previous year. For example, no further expenditure was incurred in 2024 for the purchase of vaccines and medicinal products to combat COVID-19, and in the area of national defense, the one-time additional expenditure seen in 2023 for the replacement of the state aircraft had a year-on-year impact.

OVERALL FISCAL BALANCE

Self-financing from the statement of financial performance (difference between current receipts and expenditure) was marginally insufficient to finance the planned net investments (difference between investment receipts and investment expenditure). The federal budget ended 2024 with a small financing deficit of 80 million, and thereby achieved an almost balanced financial result for the first time since 2019.

There was a financing surplus of 817 million in the ordinary budget. Overall, ordinary receipts (+5.9%) increased more than ordinary expenditure (+4.0%). The debt brake would have permitted a cyclical deficit of 504 million due to the economic underutilization. As a result, there was a structural surplus of 1.3 billion. In the extraordinary budget, extraordinary payments were once again required for contributions to the cantons for people from Ukraine seeking protection (1.4 bn). However, a 216 million reversal of provisions for COVID-19 testing costs reduced expenses. The extraordinary receipts of 256 million were largely attributable to further proceeds from the sale of RUAG International Holding AG (150 mn). The extraordinary financing deficit therefore amounted to 897 million.

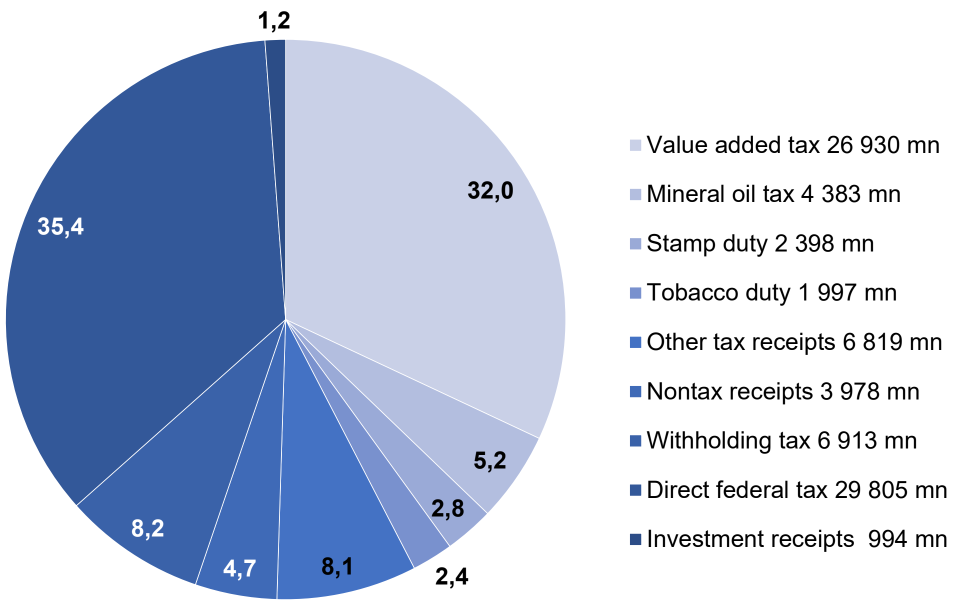
TOTAL FEDERAL INVESTMENTS

Around half of the Confederation's investments were made using the federal budget. The other half originated from funds financed via the federal budget. To obtain a comprehensive overview of investing activities, fund investments also have to be taken into account.

In 2024, total investments reached 10.9 billion, or around 13% of total federal expenditure. Around 56% of this amount went to transportation infrastructure, partly via the railway infrastructure fund (RIF), partly via the motorway and urban transportation fund (urban transportation share) and partly via the federal budget (deposit in the motorway and urban transportation fund for motorway construction). Additional funding went from the grid supplement fund (GrSF) to promote renewable energies and energy efficiency.

2024 receipts

Shares *in %*



Value added tax: *26 930 mn*

VAT accounted for 32.0% of receipts, making it the most important source of receipts for the Confederation, together with direct federal tax. Domestic consumption is taxed. This includes the acquisition of domestic goods and services, as well as imports. Exports are not subject to VAT.

Direct federal tax: *29 805 mn*

Direct federal tax accounted for 35.4% of receipts. Together with value added tax, it was thus the most important source of receipts for the Confederation. Direct federal tax is levied on the income of natural persons and on the net revenue of legal entities. The proportions of income tax and profit tax receipts were more or less balanced at 48% and 52%, respectively, of direct federal tax. The 2024 receipts were derived mainly from taxable income and profits from 2023. Starting in 2026, receipts from the supplementary tax are to be expected with the implementation of the OECD minimum tax rate.

Withholding tax: *6 913 mn*

Withholding tax accounted for 8.2% of total receipts. Withholding tax is designed as a safeguard tax for direct taxes, and is intended to ensure that income from movable capital assets is taxed (especially dividends and interest income). The estimated withholding tax receipts are made up of incoming payments that cannot be reclaimed (reporting procedure for intragroup dividend distributions) and incoming payments that may be partially reclaimed. The receipts from partially reclaimable incoming payments are estimated using an empirical value (median of the last five completed tax years). This share is unlikely to be reclaimed and should remain with the Confederation as receipts. In addition, adjustments to prior year estimates may impact receipts.

Mineral oil tax: *4 383 mn*

The consumption tax levied on petroleum and fuel, among other things, amounted to 5.2% of total receipts in 2024. Around three quarters of these receipts are earmarked for road transportation and aviation (60% of the basic tax and all of the surtax). Receipts have been trending downward since 2008. On the one hand, vehicle engines are becoming more efficient, and on the other hand, the number of electric vehicles is increasing.

Stamp duty: *2 398 mn*

Stamp duty accounted for 2.8% of receipts. Transfer stamp tax, which accounts for more than half of stamp duty, is levied on purchases and sales of Swiss and foreign securities. The revenue from transfer stamp tax depends primarily on the volume of taxable securities turnover of Swiss securities dealers. The issue tax on the accumulation of net assets/equity fluctuates considerably, as it depends on the equity requirements of companies. The third component is insurance premium stamp duty, which is collected on certain insurance premiums, and whose trend is relatively stable.

Tobacco duty: *1 997 mn*

Tobacco duty accounted for 2.4% of receipts. It is levied on domestically manufactured and imported tobacco products and substitutes. The revenue is used to co-finance the federal AHV contribution. Receipts have been trending downward since 2012, falling by around 2% annually.

Other tax receipts: *6 820 mn*

Other tax receipts consist essentially of transportation levies (e.g. heavy vehicle charge and motorway tax), incentive fees (e.g. CO_2 tax), the grid supplement fund and import duties. They accounted for 8.1% of total receipts. Effective since 2024, import duties on industrial products have been abolished. Only customs duties on agricultural products remain.

Nontax receipts: *3 978 mn*

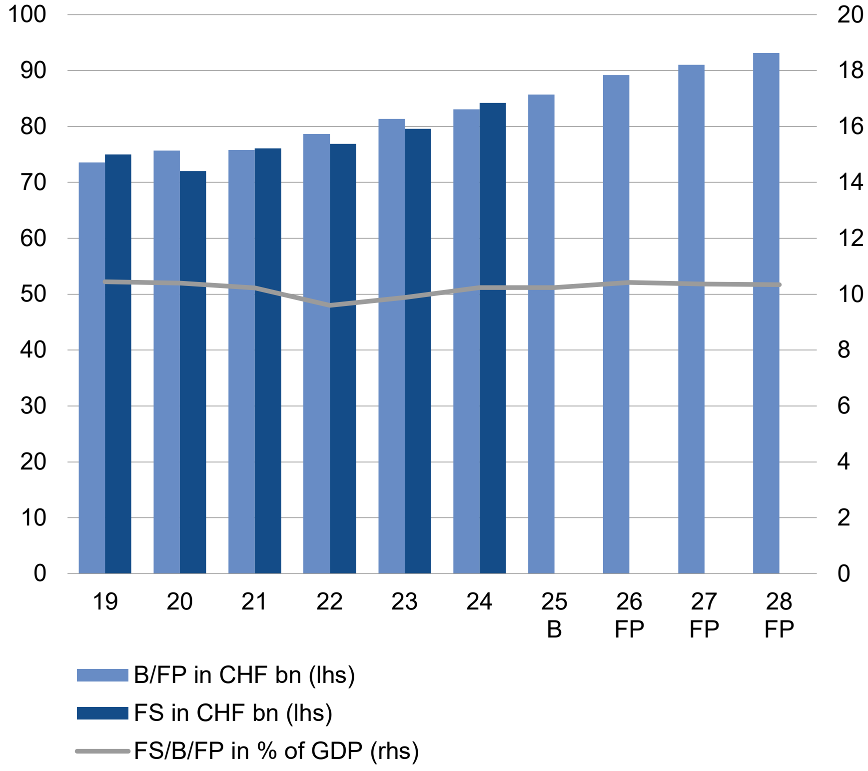
Nontax receipts accounted for 4.7%. Among other things, they include receipts from royalties and concessions, such as the base amount of the SNB profit distribution. There were no such profit distributions in 2024, and only the base amount (667 mn) is budgeted from 2025 onward. Nontax receipts also include items such as the military service exemption tax, cantonal contributions (e.g. cantonal contributions to the railway infrastructure fund), miscellaneous receipts (e.g. building receipts) and financial receipts (e.g. interest receipts).

Investment receipts: *994 mn*

Investment receipts accounted for roughly 1.2% of total federal receipts. In 2024, they included the dividends paid by public enterprises (e.g. Swisscom, Swiss Post, RUAG), repayments of loans and investment contributions, and the proceeds from the sale of tangible fixed assets. The sale of RUAG International business segments enabled the Confederation to receive a special dividend of 150 million in 2024 (2023: 200 mn). This was recognized as extraordinary receipts.

Development of 2024 receipts

In CHF bn and % of GDP

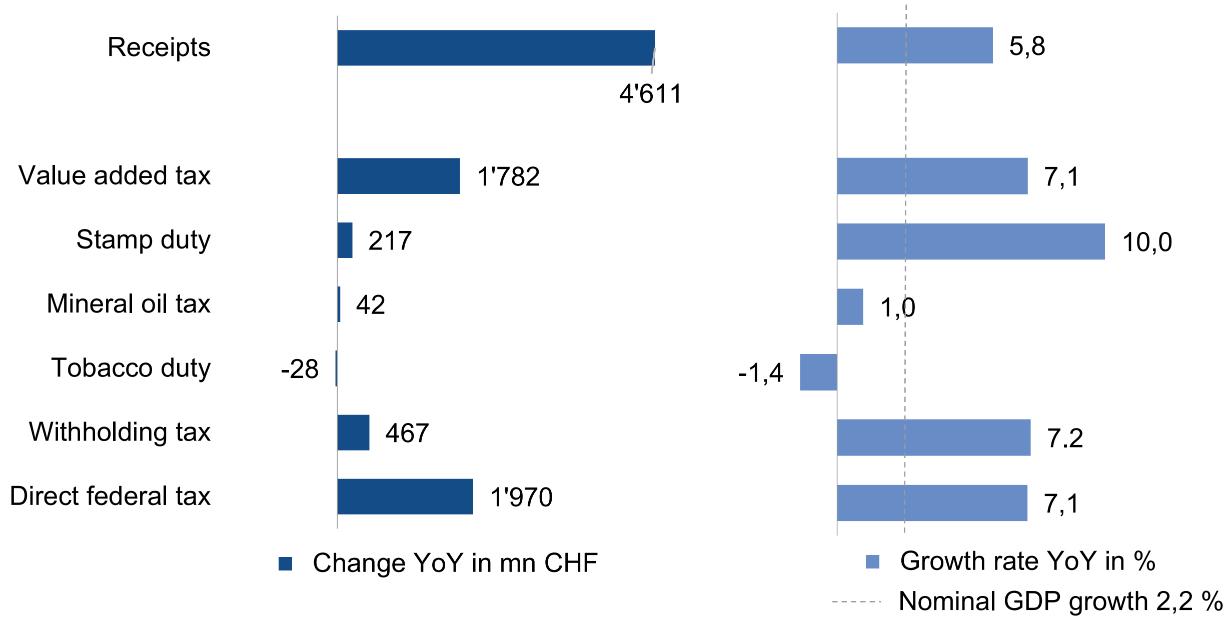


Note: data for 2025 to 2028 in accordance with 2025 federal decree with integrated task and financial plan for 2026 to 2028

In 2024, receipts surged by 5.8% (+4.6 bn), thereby considerably outstripping nominal GDP growth (+2.2%). As a result, the receipt ratio rose from 9.9% to 10.2% of GDP.

Development of selected 2024 receipts

In CHF mn and %



In 2024, total receipts grew by 4.6 billion (+5.8%) to 84.2 billion. This growth was driven primarily by the sharp rise in receipts from direct federal tax (+2.0 bn), VAT (+1.8 bn) and withholding tax (+0.5 bn).

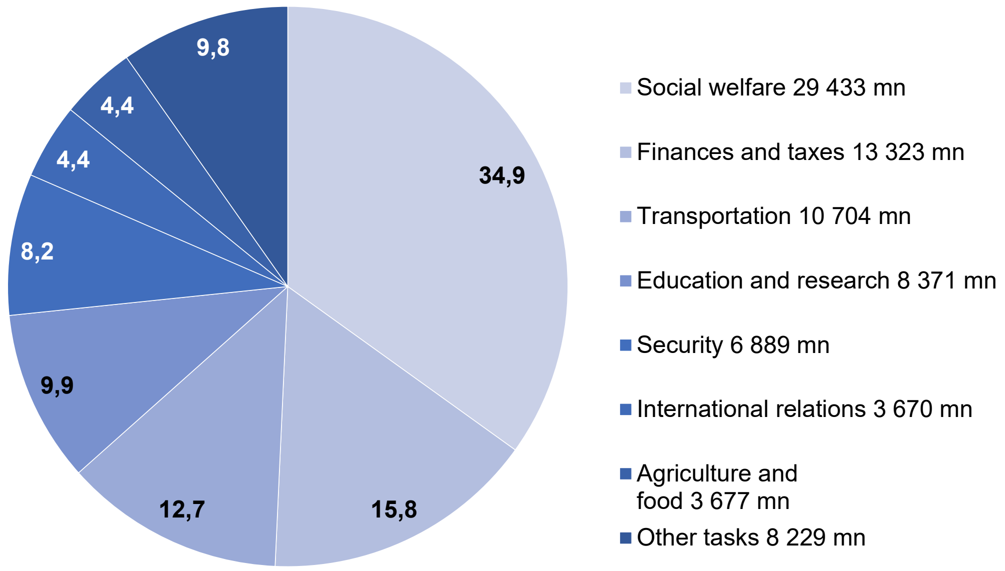
Direct federal tax receipts surged by 2.0 billion (+7.1%) in 2024. Receipts generated by the income tax of natural persons were up by 0.9 billion. This excellent result was largely attributable to higher receipts from earlier tax periods. However, those from the main tax period (2023) were also up. Receipts from taxes on the net revenue of legal entities jumped by 1.1 billion in 2024. It was above all the receipts from the main tax period (2023) that soared (+0.7 bn).

Withholding tax receipts totaled 6.9 billion in 2024, representing a year-on-year increase of 7.2%. This was due essentially to the high level of inflows, some of which are retained by the Confederation. Moreover, estimate corrections concerning earlier years led to a rise of 0.2 billion.

Value added tax (VAT) receipts climbed by 7.1% to 26.9 billion in 2024. This was much more substantial than the rise in nominal GDP, given the increase in the VAT rate in favor of AHV as of January 1, 2024 (AHV21 reform), which took the standard VAT rate from 7.7% to 8.1%. Without this special factor, these receipts would have risen by 2.9%, which would have been closer to nominal GDP growth.

2024 expenditure by task area

Shares in %



Social welfare: *29 433 mn*

The largest federal task area is social welfare, which accounted for just over a third of expenditure (34.9%). This expenditure is bound by law and therefore barely controllable in the medium term. Half of the expenditure goes to old-age and survivors' insurance (AHV). Other areas include federal contributions to disability insurance (IV), individual premium reductions and AHV and IV supplementary benefits, as well as migration expenditure. Expenditure growth depends largely on demographic developments, as well as inflation and salary trends. Due to the aging of the population, this expenditure is growing rapidly.

Finances and taxes: *13 323 mn*

Finances and taxes accounted for 15.8% of expenditure. Expenditure growth in this area can be influenced only in the long term. The shares of federal receipts, for example, are set out in the Constitution and depend directly on the amount of receipts. Interest expenditure is determined by debt and the development of interest rates. Finally, national fiscal equalization expenditure is also regulated by law. This is intended to ensure that each canton has sufficient financial resources to perform its tasks.

Transportation: *10 704 mn*

Transportation accounted for 12.7% of expenditure. It includes expenditure on rail and public transportation (68%), road transportation (30%) and aviation (2%). Transportation expenditure is financed primarily by earmarked tax receipts and is thus largely restricted. Most of this is channeled into the railway infrastructure fund (RIF) and the motorway and urban transportation fund, through which the operation, maintenance and extension of the transportation infrastructure are financed.

Education and research: *8 371 mn*

The education and research task area accounted for 9.9% of expenditure, and around 87% of it is steered by the payment frameworks and guarantee credits requested with the 2021-2024 ERI dispatch (FG 2020 3681). Switzerland is not currently associated with EU research programs, which is why comprehensive transitional measures are planned. Association to the Horizon package as soon as possible remains the goal.

Security*: 6 889 mn*

Security accounts for 8.2% of expenditure. More than 80% of security expenditure was attributable to military national defense. Security expenditure fell slightly in 2024 (-0.1 bn). This was due to the increase in the provision for the clearance of the Mitholz ammunition depot and the procurement of a state aircraft in 2023, as well as the transfer of Armed Forces IT services to the FOITT as of 2024. Adjusted for these effects, expenditure was up by 258 million, or 3.7%.

Agriculture and food: *3 670 mn*

Agriculture and food accounted for around 4.4% of expenditure, with roughly three quarters of this (2.8 bn) used for direct payments. The agriculture and food task area is steered via three payment frameworks: means of production, production and sales, and direct payments. Parliament set the expenditure ceiling for 2022 to 2025 as follows: 0.6 billion for means of production, 2.2 billion for production and sales and 11.2 billion for direct payments.

International relations: *3 677 mn*

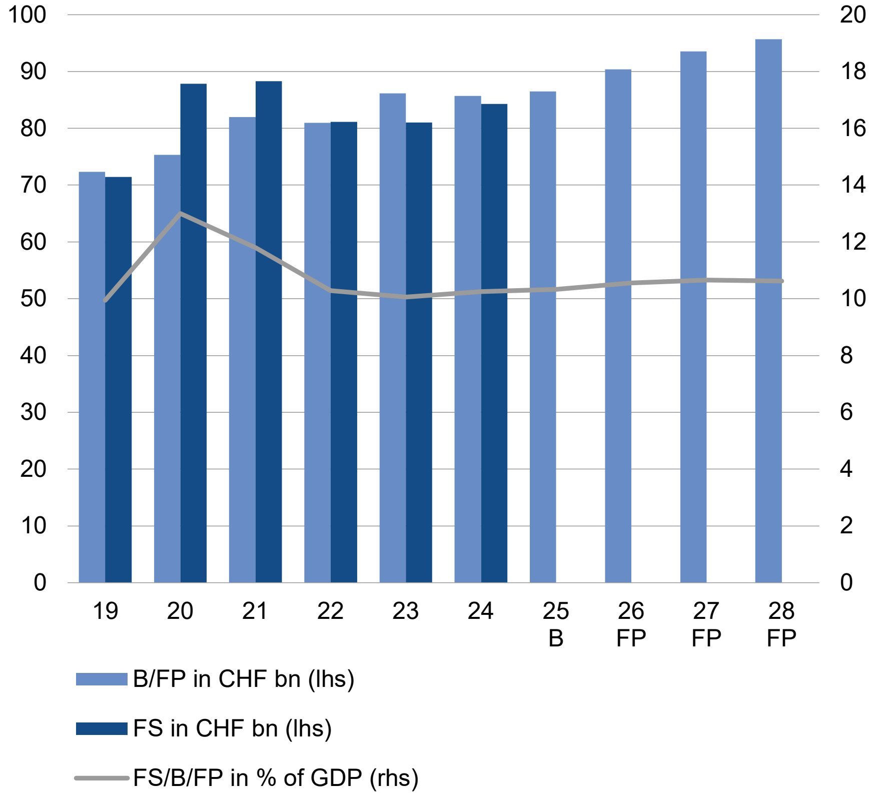
International relations accounted for 4.4% of recognized expenditure. Over three quarters concerned development assistance. Most of the remainder was attributable to political relations, i.e. Swiss diplomatic and consular representations, and expenditure for international organizations.

Other task areas: *8 229 mn*

The five remaining task areas (institutional and financial conditions, culture and leisure, health, protection of the environment and spatial planning, economic relations) accounted for 9.8% of expenditure.

Development of 2024 expenditure

In CHF bn and % of GDP

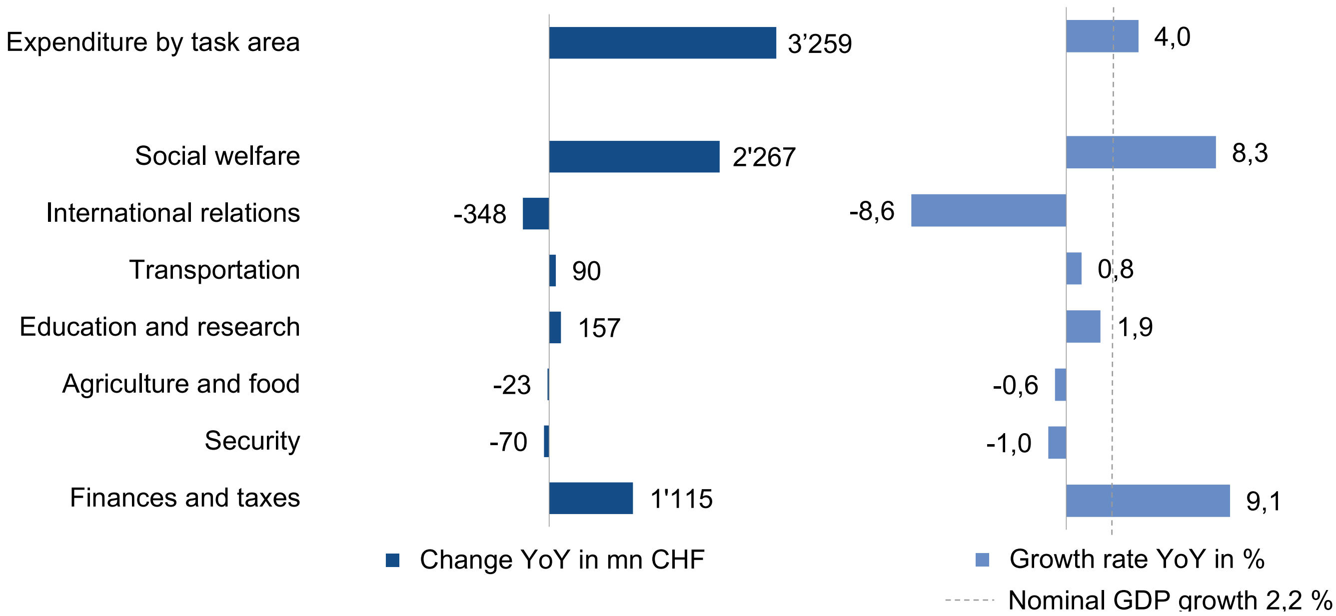


Note: data for 2025 to 2028 in accordance with 2025 federal decree with integrated task and financial plan for 2026 to 2028

Expenditure rose by 4.0% year on year. As nominal GDP grew by 2.2%, the Confederation's expenditure ratio edged up from 10.1% to 10.2% of GDP. The expenditure ratio is a rough indicator of the extent of Confederation's activities relative to the overall economy.

Development of selected 2024 expenditure items by task area

In CHF bn and %

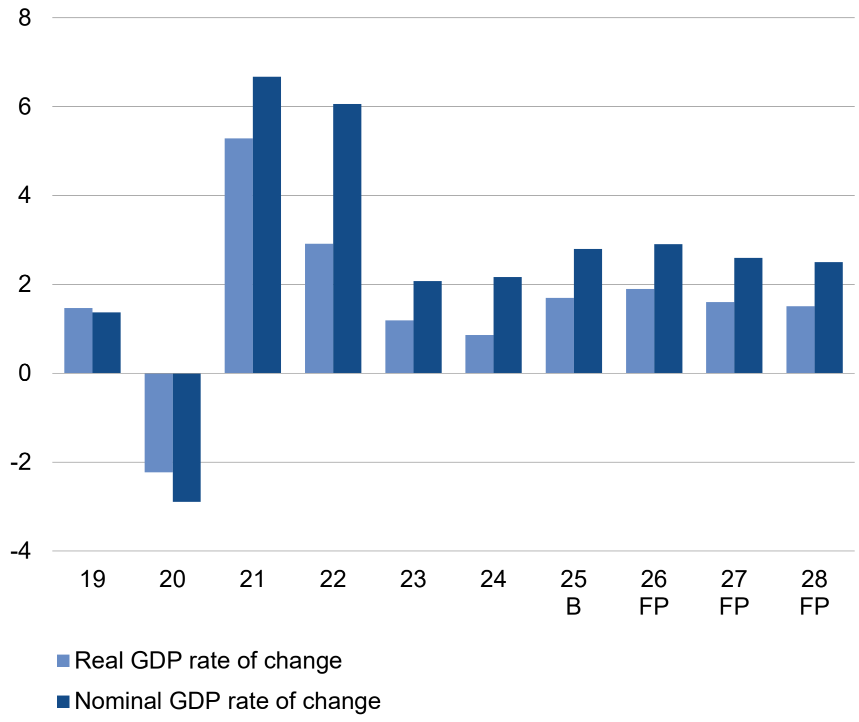


In 2024, total expenditure amounted to 84.3 billion, representing an increase of 4% (+3.3 bn) on the previous year. For the fifth year in succession, the Confederation incurred billions in extraordinary expenditure. Extraordinary expenditure was once again recognized for people from Ukraine seeking protection (global lump sum to the cantons), and amounted to 1.4 billion (2023: 1.1 bn). The reversal of excessive provisions for COVID-19 testing costs led to a reduction in extraordinary expenditure (-0.2 bn).

Ordinary expenditure grew by 3.2 billion, or 4%, in 2024, and thus outstripped nominal GDP growth (+2.2%). The social welfare task area was the biggest driver of expenditure growth. The rise was due primarily to much higher AHV expenditure (+1.4 bn), particularly as a result of the 0.4 percentage point increase in value added tax that was decided as part of the AHV 21 reform and which is transferred to the insurance fund. In addition, health insurance (+0.3 bn) and disability insurance (+0.1 bn) expenditure was higher. The finances and taxes task area likewise experienced vigorous growth, in particular because expenditure concerning the cantons' shares of federal receipts rose considerably (+0.5 bn) due to the surge in receipts. Furthermore, the contributions to special financing and fiscal equalization increased. Another growth hotspot was the education and research task area, where the increase in expenditure was largely due to contributions for the transitional measures that were decided because of Switzerland's non-association to the Horizon package.

Development of economic output

Real and nominal GDP rates of change *(in %, adjusted for calendar effects and sporting events)*



Sources:
2019–2024: State Secretariat for Economic Affairs (SECO)
2025–2028: Forecasts in accordance with 2025 federal decree with ITFP for 2026 to 2028

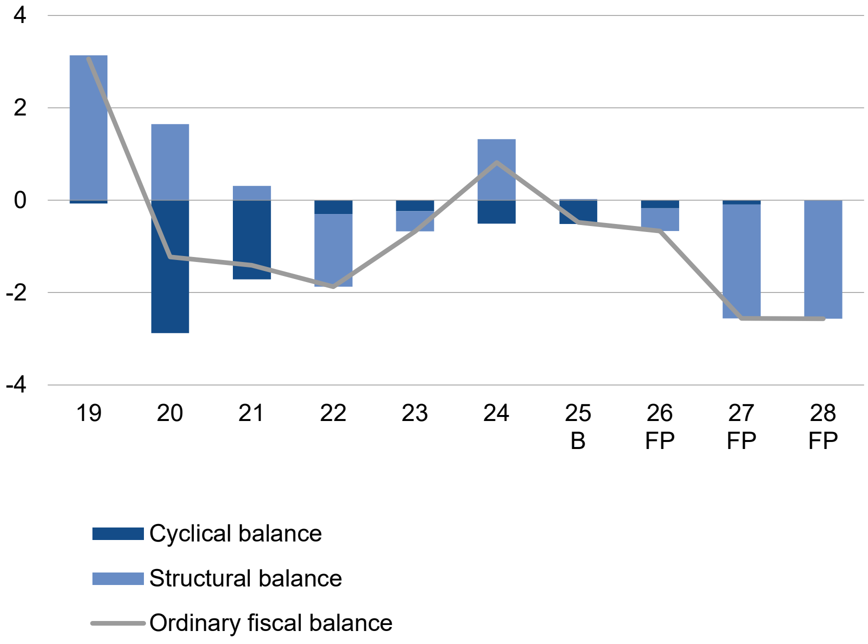
In 2024, the Swiss economy grew by 0.9% in real terms and 2.2% in nominal terms, which means that economic growth was less vigorous than expected in the budget. Despite monetary policy easing and falling inflation rates worldwide, the challenging international environment weighed on investments and the Swiss export sector. Growth was driven primarily by consumer spending. Declining inflation and population growth bolstered household consumer demand. By contrast, investment in equipment remained subdued, as the manufacturing sector struggled with lackluster order books and low capacity utilization. Only construction experienced a certain recovery from a low level.

The number of unemployed rose during the course of 2024. Coming in at 2.4% (2023: 2.0%), the unemployment rate was up on the previous year in all sectors.

The average annual rate of inflation returned to the target range of the Swiss National Bank (SNB). According to the National Consumer Price Index, inflation stood at 1.1% in 2024 (2023: 2.1%). The decline in inflation was mainly due to lower prices for petroleum products and other imported goods, as well as the appreciation of the Swiss franc. The SNB responded to the decrease in inflation by lowering its policy rate in four steps, bringing it from 1.75% to 0.5%. The US Federal Reserve and the European Central Bank likewise cut their interest rates.

The federal budget from a debt brake viewpoint

In CHF bn



Note: data for 2025 to 2028 in accordance with 2025 federal decree with integrated task and financial plan for 2026 to 2028

Switzerland's economic capacity remained underutilized in 2024. The cyclical factor, which is a measure of economic capacity utilization, was 1.006, indicating underutilization of 0.6%. The debt brake thus permitted a cyclical financing deficit of 504 million in the ordinary budget (expenditure ceiling > ordinary receipts). In reality, there was an ordinary financing surplus of 817 million at the end of 2024, thanks to the better-than-expected trend of receipts. When combined, this results in a structural financing surplus (ordinary expenditure < expenditure ceiling) of 1,3 million, credited to the amortization account.

The structural financing surplus of 1.3 billion for 2024 was thus credited to the amortization account. In addition, extraordinary expenditure (1.2 bn) was debited to the amortization account, and extraordinary receipts (0.3 bn) were credited to it. Therefore, the amortization account's balance was -26.8 billion at the end of 2024. The amortization account has a large negative balance as a result of coronavirus-related expenditure. By contrast, the compensation account remained unchanged in 2024 and continues to show a high positive balance, as the debt brake requirements have been exceeded overall in the past in the ordinary budget.

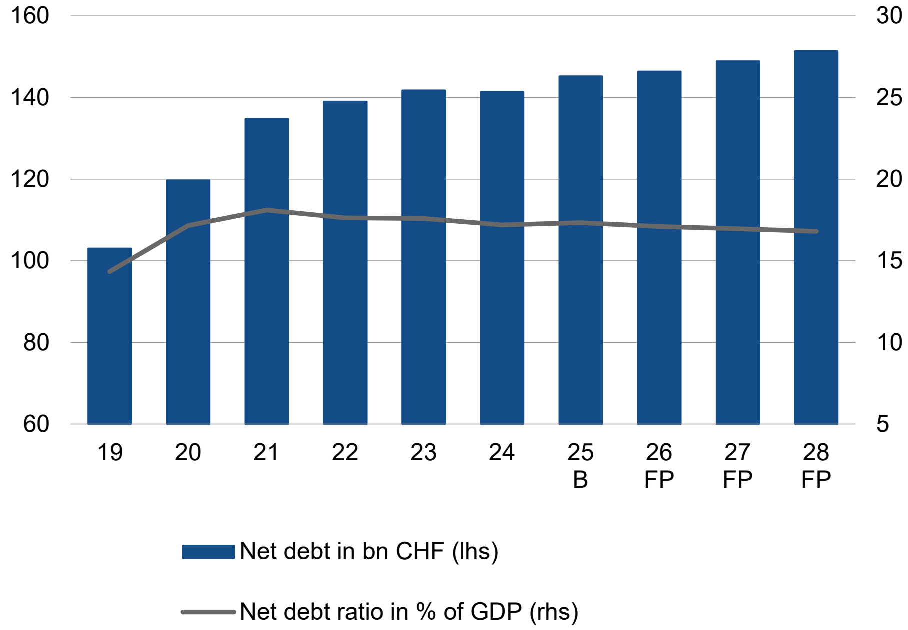
COMPENSATION AND AMORTIZATION ACCOUNT

Both of these instruments for debt brake control statistics are updated based on the actual results in the financial statements. If there is a structural financing surplus in the ordinary budget, this is currently credited to the amortization account (FBA revision to reduce coronavirus-related debt; in force since February 1, 2023). Any structural financing deficit in the ordinary budget is debited to the compensation account.

Extraordinary receipts are credited to the amortization account, extraordinary expenses are debited.

Development of net debt

In CHF bn and % of GDP



Note: data for 2025 to 2028 in accordance with 2025 federal decree with integrated task and financial plan for 2026 to 2028

Given the financing deficit of 80 million, net debt for fiscal 2024 decreased very slightly to 141.4 billion (-0.2 bn). Its level was also influenced by financial transactions directly in net assets/equity. These included the revaluation of employee retirement benefit liabilities and financial transactions due to changes in interest rate assumptions.

The debt ratio edged down to 17.2% in 2024, as the change in net debt (-0.2%) was smaller than that in nominal GDP (2.2%).

DEFINITION OF NET DEBT

The definition of net debt is broader than gross debt in accordance with the Maastricht definition. Total liabilities are recognized on the liabilities side (including provisions and other liabilities). Net debt, consisting of liabilities less non-administrative assets, allows new debt to be derived directly via the overall fiscal balance and transactions charged directly to net assets/equity.