



Schweizerische Eidgenossenschaft  
Confédération suisse  
Confederazione Svizzera  
Confederaziun svizra  
Swiss Confederation

# STATE FINANCIAL STATEMENTS

20

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DISPATCH

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## **DISPATCH ON THE 2020 STATE FINANCIAL STATEMENTS**

of March 19, 2021

Dear Mr President of the National Council,  
Dear Mr President of the Council of States,  
Ladies and gentlemen,

With this dispatch, we hereby submit the Swiss state financial statements for 2020 to you, and propose that you approve them in accordance with the enclosed draft resolutions.

Respectfully yours,

Berne, March 19, 2021

On behalf of the Swiss Federal Council

President of the Swiss Confederation:  
**Guy Parmelin**

Federal Chancellor:  
**Walter Thurnherr**

## **SYMBOLS AND ABBREVIATIONS**

The following symbols and abbreviations were used in the tables in this dispatch:

-	same as 0 or no value
n.d.	not displayed
n.q.	not quantifiable
CHF	Swiss francs
mn	million
bn	billion
%	percent
Δ	difference
Ø	average
>	greater than
<	smaller than
Fin. stmt.	financial statements
Bdg.	budget
FP	financial plan
LFP	legislature financial plan
E	estimate
FTE	full-time equivalent
PG	performance group(s)

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# REPORT ON THE ANNUAL FINANCIAL STATEMENTS

A



# FIGURES OVERVIEW

## FIGURES OVERVIEW

CHF mn	FS	Bdg.	FS	Δ 2019-20	
	2019	2020	2020	absolute	%
<b>Financing statement</b>					
Ordinary receipts	74 474	75 666	71 917	-2 557	-3.4
Ordinary expenditure	71 414	75 323	73 145	1 730	2.4
Ordinary fiscal balance	3 060	344	-1 227	-4 287	
Extraordinary receipts	541	-	125	-415	
Extraordinary expenditure	-	-	14 672	14 672	
Overall fiscal balance	3 600	344	-15 774	-19 375	
<b>Debt brake</b>					
Maximum admissible expenditure	73 621	75 742	89 047	15 427	21.0
Structural surplus (+) / structural deficit (-)	3 134	419	1 649	-1 485	
Compensation account balance	27 770		29 000	1 230	
Amortization account balance	4 339		-9 789	-14 128	
<b>Statement of financial performance</b>					
Operating revenue	73 094	73 972	70 648	-2 446	-3.3
Operating expenses	69 072	73 469	88 227	19 155	27.7
Operating result	4 022	504	-17 580	-21 601	
Financial result	-746	-672	-627	119	
Result from interests	2 677	1 561	1 349	-1 328	
Surplus/deficit for the year	5 953	1 393	-16 858	-22 810	
<b>Statement of investments</b>					
Investment receipts	727	745	662	-65	-9.0
Investment expenditure	10 961	11 386	11 008	47	0.4
Statement of investments balance	-10 234	-10 642	-10 346	-112	
Extraordinary investment receipts	25	-	45	20	
Extraordinary investment expenditure	-	-	672	672	
Statement of investments balance	-10 209	-10 642	-10 973	-764	
<b>Statement of financial position</b>					
Net assets/equity	29 457		14 540	-14 917	-50.6
Gross debt	96 948	93 700	103 586	6 639	6.8
<b>Indicators</b>					
Expenditure ratio in %	9.8	10.7	12.5	2.7	
Tax ratio in %	9.6	10.1	9.5	-0.1	
Gross debt ratio in %	13.3	13.3	14.7	1.4	

Note: expenditure ratio including extraordinary expenditure

	E	Bdg.	FS	Δ 2019-20	
	2019	2020	2020	absolute	%
<b>Macroeconomic reference values</b>					
Real GDP growth in %	1.4	1.7	-2.9	-4.3	
Nominal GDP growth in %	1.8	2.0	-3.4	-5.2	
Change in the National Consumer Price Index in %	0.4	0.6	-0.7	-1.1	
Long-term interest rates in % (annual average)	-0.5	-0.1	-0.5	0.0	
Short-term interest rates in % (annual average)	-0.7	-0.8	-0.7	0.0	
USD to CHF exchange rate (annual average)	0.99	1.00	0.94	-0.05	-5.1
EUR to CHF exchange rate (annual average)	1.11	1.15	1.07	-0.04	-3.6

Notes:

- GDP growth: adjusted for sports events. Source: SECO

- Interest rates: annual average for 10-year Confederation bonds or 3-month Libor

- Exchange rates: annual averages. Source: SNB



# SUMMARY

2020 was dominated by efforts to contain the COVID-19 pandemic and mitigate the economic consequences. The measures adopted led to considerable additional expenditure of 15 billion. In terms of receipts, withholding tax in particular was significantly lower. Overall, a record-breaking financing deficit of 15.8 billion ensued.

*Economic growth* was severely hampered in 2020 by the COVID-19 pandemic and the measures taken to contain it. Despite the spring lockdown, the economy proved to be surprisingly resilient, with the result that the decline in economic output for the year as a whole was smaller than expected in June (-2.9% instead of -6.2%). Nonetheless, all sectors – with the exception of chemical and pharmaceutical products – experienced a sharp drop in their value added in the first half of the year. Although there was a clear recovery in the third quarter, the pre-crisis level was not reached, especially because the recovery in the fourth quarter was curbed by the second wave of COVID-19.

Parliament approved *extensive COVID-19 measures* to cushion the economic impact and provide healthcare. Not all of these funds were needed. By the end of 2020, the Confederation had spent 15 billion (approved: 31 bn) and provided sureties and guarantees of 17 billion (approved: 43 bn). The purpose of the measures was to preserve jobs and support incomes, as well as to ensure the liquidity of companies. The largest measures included expenditure on short-time working compensation (10.8 bn) and COVID-19 loss of earnings compensation (2.2 bn), as well as sureties for companies' bridging credits (15.3 bn).

*Expenditure excluding the COVID-19 measures* also rose significantly year on year (+1.4 bn, or +2.0%). This was largely driven by the entry into force of the tax reform and AHV financing, or TRAF (+1.6 bn), which led to an increase not only in the cantons' share of direct federal tax, but also in the federal contribution to AHV expenditure. Moreover, the percentage point of VAT earmarked for demographic change is now allocated in full to the AHV compensation fund.

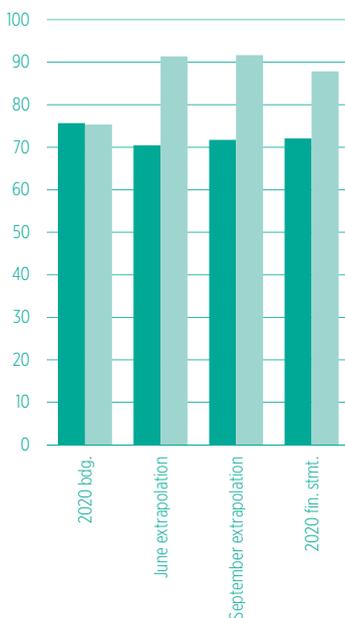
As a result of the economic downturn, *receipts* were lower than the previous year (-4.0%, or -3.0 bn). The biggest decline was in withholding tax (-3.1 bn), as the incoming payments especially from shares were significantly lower. Value added tax and other consumption taxes (especially mineral oil tax) likewise remained below the 2019 level. Direct federal tax receipts still rose, as they were based on 2019 income and profits.

Overall, a *record-breaking financing deficit of 15.8 billion* ensued. Thanks to the design of the debt brake, the Confederation remained in a position to take action despite the large burden. In the ordinary budget, the cyclical factor offsets receipt fluctuations. Consequently, a cyclical deficit of 2.9 billion would have been permitted in 2020. In reality, the ordinary financing deficit amounted to 1.2 billion. Furthermore, in exceptional cases, the debt brake permits additional expenditure that does not fall under the restriction for ordinary expenditure. Most of the COVID-19 expenditure was thus recognized as *extraordinary expenditure* (14.7 bn).

The substantial funding requirements were covered by the Confederation increasing its debt (+6.6 bn) and at the same time reducing its non-administrative assets (-8.8 bn). *Gross debt* thus rose to 103.6 billion (+6.6 bn), or 14.7% of GDP. Net debt takes both factors into account (gross debt less non-administrative assets); it therefore increased by 15.3 billion to 70.2 billion.

## 2020 FINANCIAL STATEMENTS (DEVELOPMENT OF TOTAL RECEIPTS AND EXPENDITURE DURING THE YEAR)

in bn



■ Receipts  
■ Expenditure

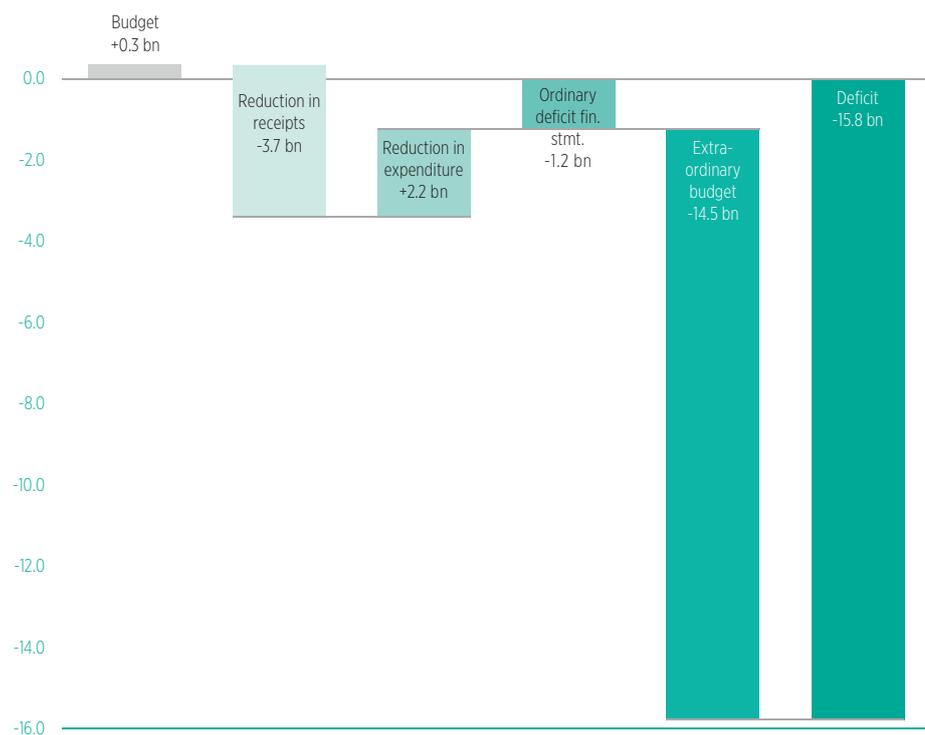
The large financing deficit was already apparent in the June extrapolation. However, expenditure on COVID-19 measures turned out to be lower than expected at that time.

The *fiscal policy outlook* is also dominated by the COVID-19 pandemic. As shown by addendum Ia to the 2021 budget, extensive COVID-19 measures will be necessary in 2021 as well. Consequently, a high financing deficit similar to that in 2020 is to be expected in 2021. The federal budget is unlikely to stabilize again until the following years, when the economic recovery has taken hold. However, there is great uncertainty about how the situation will evolve.

It also remains to be seen how the Confederation will deal with the *coronavirus-related debt*. Specifically, the issue is the shortfall in the amortization account, which must be made up within six years according to the Financial Budget Act. Because of the high extraordinary expenditure in 2020 (14.7 bn), the shortfall amounted to 9.8 billion at the end of 2020 and could rise to 30 billion by the end of 2021. The Federal Council intends to submit a consultation draft with the necessary legislative amendments in summer 2021. It should be possible to estimate the magnitude of the shortfall by then.

## DERIVATION OF FINANCIAL STATEMENT RESULTS

Financing statement for 2020 in bn



Fiscal 2020 was dominated by the pandemic. Receipts were significantly below budget (-3.7 bn) and extraordinary expenditure was high (14.7 bn). This resulted in a financing deficit of 15.8 billion.

# EXPLANATIONS

## 1 BACKGROUND

### 11 MEASURES TO COMBAT THE COVID-19 PANDEMIC

To combat the COVID-19 pandemic, the Confederation incurred expenditure of 15 billion and provided sureties of 17 billion in 2020. A provision of 2.3 billion was set aside for future losses on the sureties.

To cushion the health and economic consequences of the COVID-19 pandemic, the Federal Council and Parliament approved extensive measures. In total, expenditure of 31 billion and sureties of 43 billion were approved as part of three addenda (I, IIa, IIb); see table.

Of the approved funds, 15.0 billion was used for expenditure and 17.5 billion for sureties. The large difference between these figures and the approved funds can be explained by the fact that it was difficult to estimate the magnitude of the crisis.

The additional expenditure of 15.0 billion on COVID-19 measures weighed on the financing statement. The debt brake gave the budget the flexibility to respond quickly to the emerging crisis. As this was an extraordinary situation outside the Confederation's control (under Art. 15 para. 1 lit. a of the FBA), the debt brake exception was applied. A large part of the expenditure was thus recognized as extraordinary payment requirements (14.7 bn). Further expenditure of 326 million was incurred in the ordinary budget, including the deposit in the railway infrastructure fund (221 mn).

The COVID-19 measures can be broken down into the following instruments: non-repayable contributions, procurements, loans and financial interests, and sureties and guarantees. While the first three instruments have an immediate impact on the financing statement, the burden from sureties does not become visible until losses are incurred:

- *Non-repayable contributions* were used the most frequently (total 14.2 bn, including provisions). These included primarily short-time working compensation (10.8 bn) and COVID-19 loss-of-earnings compensation (2.2 bn), which were intended to maintain jobs and incomes.
- *Procurements* were made to ensure primary medical care (including for medical materials and vaccines; total 620 mn).
- *Loans and financial interests* were used to provide capital and liquidity to organizations (ICRC, sport and culture) and own companies (Skyguide, SIFEM), for a total of 394 million.
- Regarding *sureties and guarantees*, the Confederation guaranteed corresponding commercial bank loans in order to provide private companies with liquidity (total 17.5 bn). The most extensive were the joint and several sureties for SMEs (15.3 billion excluding repayments) and the guarantees for airlines (1.3 billion). A provision of 2.3 billion was formed for future losses on the sureties for SMEs. Only minor losses were incurred in 2020 (60 mn).

Detailed information on the measures and instruments can be found in section B 72, Expenses for tackling the COVID-19 pandemic. For information on the debt brake and expenditure in general, see sections A 22 and A 32.

## COVID-19 MEASURES IN 2020: EXPENDITURE AND SURETIES

<b>Expenditure CHF mn</b>	<b>Approved funds</b>	<b>Incurred expenditure</b>	<b>Provisions and accruals</b>
<b>Total expenditure</b>	<b>31 253</b>	<b>14 998</b>	<b>547</b>
<b>Social welfare</b>			
Short-time working compensation	20 200	10 775	-
COVID-19 loss of earnings compensation	5 300	2 201	-
Childcare	65	6	30
<b>Healthcare</b>			
Procurement of medical materials (incl. vaccines)	2 015	618	-
Assumption of costs for COVID-19 tests	539	194	224
Medicinal products	30	3	-
FOPH additional expenses (incl. proximity tracing)	28	28	-
Health and safety, prevention	13	13	-
<b>Economy</b>			
Losses COVID-19 joint and several sureties	1 000	60	-
Tourism	40	13	-
Commercial guarantee cooperatives	10	4	-
Export promotion	5	3	-
Ethanol storage	0	0	-
<b>Transportation</b>			
Public transportation provision	-	-	293
Deposit in railway infrastructure fund	221	221	-
Support for aviation-related businesses	600	-	-
Skyguide recapitalization	150	150	-
<b>Culture and leisure</b>			
Loan for professional leagues	175	20	-
Financial assistance for grassroots sport	100	100	-
Loans for competitive sport	50	9	-
Compensation for loss of income for cultural entities and individuals	195	139	-
Service level agreement for culture, cantons	34	-	-
Emergency aid for cultural individuals	25	8	-
Amateur cultural associations	21	18	-
Emergency aid for cultural entities	5	4	-
Increase in indirect press subsidies	20	12	-
<b>International relations – international cooperation</b>			
International Committee of the Red Cross (ICRC) loans	200	200	-
Multilateral development cooperation	57	57	-
Humanitarian aid	51	51	-
Loans and financial interests, developing countries	10	10	-
Contribution to IMF's CCRT	25	25	-
<b>Education and research</b>			
Investments in ETH buildings	24	24	-
Promotion of education for young Swiss living abroad	4	3	-
<b>Security</b>			
Deployment of civil defense service	23	9	0
<b>Agriculture and food</b>			
Aid for crop cultivation	9	9	-
Aid for animal husbandry	3	3	-
<b>Institutional and financial prerequisites</b>			
Additional expenses Parliament/special session	7	7	-
<b>Sureties</b>			
<b>CHF mn</b>	<b>Approved funds</b>	<b>Commitments entered into</b>	<b>Provisions</b>
<b>Total sureties and guarantees</b>	<b>42 775</b>	<b>17 485</b>	<b>2 332</b>
COVID-19 joint and several sureties for businesses	40 000	15 266	2 300
COVID-19 joint and several sureties for start-ups	100	64	32
Guarantees for airlines	1 275	1 275	-
Support for aviation-related businesses	600	79	-
Surety for SNB loan to IMF's PRGT	800	800	-

## 12 ECONOMIC DEVELOPMENT

The economic downturn in 2020 was the most severe in decades. The COVID-19 pandemic and the measures taken to contain it dominated economic developments.

### MACROECONOMIC PARAMETERS 2020

	Bdg.	FS	Deviation in percentage points
Change in %			
Real GDP	1.7	-2.9	-4.6
Nominal GDP	2.3	-3.4	-5.7
Rate in %			
Inflation (CPI)	0.6	-0.7	-1.3

Real economic growth of 1.7% was assumed in the 2020 budget. However, the forecasts had to be revised massively downward in the first half of 2020 because of the spread of the coronavirus. Coming in at -2.9%, the real economic downturn was ultimately less severe than expected in the middle of the year. Inflation remained in negative territory at -0.7%.

### ECONOMIC PERFORMANCE IMPACTED BY THE PANDEMIC

Economic activity was severely hampered by the COVID-19 pandemic and the containment measures. All sectors – with the exception of chemical and pharmaceutical products – experienced a sharp drop in value added in the first half of the year. The second half of the year saw a marked recovery, which made up for much of the decline. However, the pre-crisis level could not be reached. The economic situation deteriorated for major trading partners as well, putting a strain on cyclically sensitive industry sectors and exports. Compared with neighboring countries and the United States, Switzerland nevertheless suffered milder losses in terms of value added.

### ECONOMIC GROWTH AND INFLATION

in %



■ Real GDP  
■ Inflation (CPI)

The COVID-19 pandemic caused economic output to plummet in 2020. As a result, inflation also plunged.

### INFLATION IN NEGATIVE TERRITORY

Inflation declined in 2020 (-0.7%). Lower oil prices and the appreciation of the Swiss franc against the euro and US dollar contributed to the negative inflation. The average exchange rate was CHF 1.07 per euro (2019: CHF 1.11 per euro) and CHF 0.94 per US dollar (2019: CHF 0.99 per dollar).

### INCREASE IN UNEMPLOYMENT

Although the impact of the crisis on the labor market and employment was tempered by short-time working compensation, the unemployment rate rose during the year and averaged 3.1% for 2020 (2019: 2.3%). The number of unemployed increased by 36.3% year on year to 145,720.

### EXPANSIONARY MONETARY POLICY MAINTAINED

In order to stabilize the economy and prices, the Swiss National Bank continued to pursue its expansionary monetary policy. It left its policy rate unchanged at -0.75% in 2020, and countered the upward pressure on the Swiss franc by means of foreign exchange interventions.



## 2 RESULTS

### 21 FINANCING STATEMENT

The Confederation ended 2020 with a record-breaking financing deficit of 15.8 billion. The Confederation incurred substantial extraordinary expenditure to cushion the economic impact of the COVID-19 pandemic (14.7 bn).

#### OVERALL FISCAL BALANCE

CHF mn	FS	Bdg.	FS	Δ 2019-20	
	2019	2020	2020	absolute	%
<b>Overall fiscal balance</b>	<b>3 600</b>	<b>344</b>	<b>-15 774</b>		
Ordinary financing result	3 060	344	-1 227		
Ordinary receipts	74 474	75 666	71 917	-2 557	-3.4
Ordinary expenditure	71 414	75 323	73 145	1 730	2.4
Extraordinary receipts	541	-	125		
Extraordinary expenditure	-	-	14 672		

#### ORDINARY BUDGET

The ordinary financing deficit for 2020 amounted to 1.2 billion. A surplus of 344 million had been expected in the budget. The deterioration relative to the budget was due to lower receipts (-3.7 bn), with withholding tax and value added tax, in particular, coming in below budget. Budget underruns in terms of expenditure (-2.2 bn) tempered the receipt losses.

The ordinary fiscal balance was also much worse year on year (-4.3 bn). *Ordinary receipts* decreased by almost 2.6 billion, due primarily to withholding tax (-3.1 bn). Companies' dividend payments and share buybacks were reduced significantly last year. Value added tax, consumption taxes such as mineral oil tax and transportation levies were likewise lower because of the economic situation. At the same time, *ordinary expenditure* grew by 1.7 billion year on year. The growth was largely driven by the entry into force of the tax reform and AHV financing (TRAF): the increase in the cantons' share of direct federal tax to 21.2%, the rise in the federal AHV contribution to 20.2% and the full allocation of the percentage point of VAT earmarked for demographic change to the AHV compensation fund (previously 83%) resulted in additional expenditure of just under 1.6 billion.

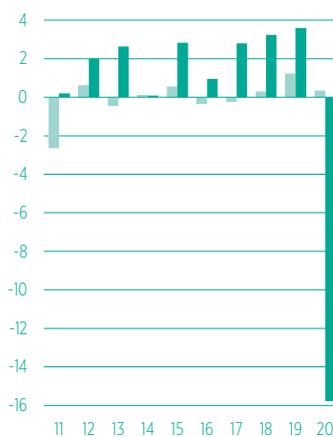
#### EXTRAORDINARY BUDGET

The extensive expenditure to combat the effects of the COVID-19 pandemic was incurred mainly as *extraordinary expenditure* (14.7 bn). Only 0.3 billion was recognized in the ordinary budget. It was possible to apply the debt brake exception, as the pandemic is an extraordinary event beyond the control of the Confederation (in accordance with Art. 15 para. 1 lit. a of the FBA). This ensures that the proper performance of tasks is not supplanted by extraordinary payment requirements. The largest expenditure items concerned short-time working compensation (10.8 bn), COVID-19 loss of earnings compensation (2.2 bn) and the procurement of medical materials, including vaccines (0.6 bn).

Non-budgeted *extraordinary receipts* were generated by FINMA ordering the disgorgement of profits (70 mn), reimbursements for medical materials funded in advance by the Confederation (45 mn) and support for aviation (10 mn).

#### FISCAL BALANCE TREND

in bn



■ Financial statements  
■ Budget

The 2020 financing deficit stands in sharp contrast to the surpluses of previous years, when the result was better than expected in the budget.

## 22 DEBT BRAKE

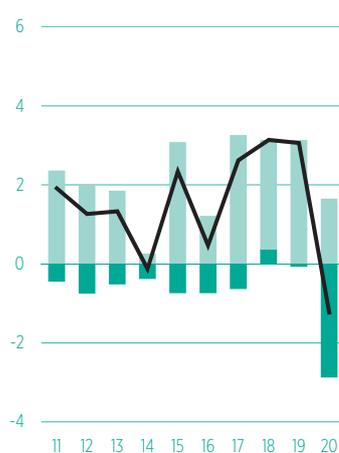
The Swiss economy slipped into recession in 2020 as a result of the COVID-19 pandemic. The debt brake thus permitted a cyclical deficit in the ordinary budget. In order to mitigate the consequences of the pandemic, the Confederation incurred extraordinary expenditure of 14.7 billion, charged to the amortization account.

### DEBT BRAKE REQUIREMENTS

CHF mn	FS 2019	Bdg. 2020	FS 2020	Δ 2019-20	
				absolute	%
1 Total receipts	75 014	75 666	72 042	-2 972	-4.0
2 Extraordinary receipts	541	-	125	-415	
3 Ordinary receipts [3=1-2]	74 474	75 666	71 917	-2 557	-3.4
4 Cyclical factor	1.001	1.001	1.040	0.039	
5 Expenditure ceiling (Art. 13 FBA) [5=3x4]	74 548	75 742	74 794	246	0.3
6 Surplus/deficit required/permittted cyclically [6=3-5]	-74	-76	-2 877	-2 802	
7 Extraordinary expenditure (Art. 15 FBA)	-	-	14 672		
8 Expenditure ceiling reduction (Art. 17 FBA, compensation account shortfall)	-	-	-		
9 Expenditure ceiling reduction (Art. 17b FBA, amortization account shortfall)	-	-	-		
10 Expenditure ceiling reduction (Art. 17c FBA, precautionary savings)	928	-	419		
11 Maximum admissible expenditure [11=5+7-8-9-10]	73 621	75 742	89 047	15 427	21.0
12 Total expenditure according to FS/budget	71 414	75 323	87 817	16 403	23.0
13 Deviation (Art. 16 FBA) [13=11-12]	2 206	419	1 230	-976	

### THE FEDERAL BUDGET FROM A DEBT BRAKE VIEWPOINT

in bn



■ Structural balance  
■ Cyclical balance  
— Ordinary fiscal balance

The COVID-19 pandemic led to a sharp drop in economic output in 2020. A cyclical deficit was thus permitted in the ordinary budget.

The 2020 budget anticipated real economic growth of 1.7%. However, due to the pandemic and the measures taken to contain it, the economy contracted sharply by 2.9%. Consequently, Swiss economic growth remained well below its potential in 2020, and a substantial cyclical deficit of 2.9 billion was permitted (row 6).

### DEBT BRAKE COMPLIANCE

The economy's contraction resulted in an ordinary financing deficit of 1.2 billion. As a cyclical deficit of 2.9 billion was permitted, a structural balance of 1.6 billion remains, which means that the requirements were exceeded in the ordinary budget. The budgeted structural surplus was credited to the amortization account (419 mn; see row 10), which was severely impacted by extraordinary expenditure. The remainder of the structural surplus was credited to the compensation account (1.2 bn; see row 13).

### COMPENSATION ACCOUNT AND AMORTIZATION ACCOUNT

The compensation and amortization accounts are statistical instruments used to manage the ordinary and extraordinary budgets in accordance with the debt brake requirements. The compensation account shows aggregate expenditure and receipts from 2007 onward, and the amortization account shows them from 2010 onward. The aim is to ensure mutual offsetting of expenditure and receipts at least in the long term, as required by the Constitution.

The significant extraordinary expenditure incurred in 2020 was charged to the amortization account, resulting in a considerable shortfall. For this reason, Parliament subsequently credited the budgeted structural surplus for 2019 (928 mn) to the

amortization account in December 2020 by means of federal decree I on the 2019 state financial statements within the framework of the approval of the financial statements and not that of the budget. The remainder of the structural surplus (2.2 bn) was credited to the compensation account. This enabled the two statistical accounts to have a positive balance of 27.8 billion and 4.3 billion, respectively, at the end of fiscal 2019. For 2020, 1.2 billion was credited to the compensation account, bringing its balance to 29.0 billion.

### COMPENSATION ACCOUNT BALANCE

CHF mn	FS 2019	FS 2020
14 Compensation account balance at 31.12. of preceding year	25 563	27 770
15 Expenditure ceiling reduction (Art. 17 FBA, amortization account balance) [=8]	-	-
16 Deviation (Art. 16 FBA) [=13]	2 206	1 230
17 Compensation account balance at 31.12. [=17=14+15+16]	27 770	29 000

### HIGH EXTRAORDINARY EXPENDITURE AND AMORTIZATION ACCOUNT SHORTFALL

The extensive measures taken to mitigate the health consequences and economic impact of the COVID-19 pandemic required extraordinary expenditure of 14.7 billion in 2020. The provision allowing a debt brake exception was applied, as the pandemic is an extraordinary event beyond the control of the Confederation (in accordance with Art. 15 para. 1 lit. a of the FBA). At the same time, extraordinary receipts of 125 million were recognized (see table; see sections B 72 and B 81 for details).

Extraordinary expenditure and receipts are charged or credited to the amortization account, which posted a shortfall of 9.8 billion due to the high expenses recorded. This shortfall is set to increase further in view of the extraordinary expenditure expected in 2021.

### MANAGEMENT OF THE DEBT ASSOCIATED WITH THE CORONAVIRUS CRISIS

**Current law requires the shortfall in the amortization account to be covered using the remaining leeway in the budget. The shortfall must be made up within six years, although Parliament has the power to extend this period (Art. 17b of the FBA). Due to the substantial amounts, it is impossible to eliminate the shortfall without a savings program, which would jeopardize the post-crisis economic recovery. For this reason, Parliament instructed the Federal Council, as part of the program for the 2021-2024 legislature, to submit to it a legislative amendment that would allow the debt associated with the coronavirus crisis to be managed without resorting to budget cuts and tax increases. The Federal Council plans to decide on the procedure to be followed by the summer of 2021 and to launch the consultation procedure. It should be possible to estimate the amount of the shortfall by then.**

### EXTREMELY EXPANSIONARY EFFECT OF FISCAL POLICY

The debt brake aims to ensure fiscal policy is balanced and aligned with the economic situation over time. To this end, fiscal policy must deploy countercyclical effects that partially offset private demand that is insufficient or too high.

Resulting from the change in the ordinary fiscal balance as a percentage of GDP, the primary stimulus is a measure of the effect of fiscal policy on demand. Since the Confederation spent more in net terms in the ordinary budget in 2020 than the previous year (+0.6% of GDP), the stimulus was expansionary. That was due to the change in the cyclical balance (+0.41%) and in the structural balance (+0.21%; fiscal stimulus). The change in the cyclical balance reflects the automatic stabilization by the cyclical factor, while the change in the structural balance reflects the impact of policy decisions. The substantial extraordinary expenditure in 2020 also increased the impact of fiscal policy on demand. If extraordinary expenditure and receipts are also taken into account, both the primary stimulus and fiscal stimulus were extremely expansionary (+2.8% and +2.3% of GDP)

**EXTRAORDINARY BUDGET**

<b>CHF mn</b>	<b>FS 2019</b>	<b>FS 2020</b>
<b>Extraordinary receipts</b>	<b>541</b>	<b>125</b>
E190.0100 FINMA disgorgement of profits	-	70
E190.0102 e.o. revenue mobile radio frequencies	376	-
E190.0103 e.o. revenue Swissair	25	-
E190.0105 e.o. revenue fines	139	-
E190.0110 COVID-19: Medical materials refund	-	45
E190.0113 COVID-19: Receipts aviation support	-	10
<b>Extraordinary expenditure</b>	<b>-</b>	<b>14 672</b>
A290.0100 COVID-19: Deployment of civil defense service	-	9
A290.0102 COVID-19: Loans	-	9
A290.0103 COVID-19: Financial assistance	-	100
A290.0104 COVID-19: Loss of earnings compensation	-	2 201
A290.0105 COVID-19: Federal contribution to ALV	-	10 775
A290.0106 COVID-19: Sureties	-	60
A290.0107 COVID-19: Emergency aid for cultural entities	-	4
A290.0108 COVID-19: Emergency aid for cultural individuals	-	8
A290.0109 COVID-19: Comp. income loss cultural entities & individuals	-	139
A290.0111 COVID-19: Amateur cultural associations	-	18
A290.0112 COVID-19: Procurement of medicinal products	-	3
A290.0113 COVID-19: Procurement of medical materials	-	618
A290.0115 COVID-19: Childcare	-	6
A290.0116 COVID-19: Tourism contribution	-	13
A290.0117 COVID-19: International Committee of Red Cross (ICRC) loans	-	200
A290.0118 COVID-19: Humanitarian aid	-	51
A290.0121 COVID-19: Multilateral development cooperation	-	57
A290.0122 COVID-19: Swiss contribution to IMF's CCRT	-	25
A290.0123 COVID-19: SFL/SIHF loans	-	20
A290.0125 COVID-19: Increase in indirect press subsidies	-	12
A290.0129 COVID-19: Skyguide recapitalization	-	150
A290.0130 COVID-19: Federal financing SARS-CoV-2 tests	-	194

**AMORTIZATION ACCOUNT BALANCE**

<b>CHF mn</b>	<b>FS 2019</b>	<b>FS 2020</b>
18 Amortization account balance at 31.12. of preceding year	2 871	4 339
19 Extraordinary expenditure (Art. 17a FBA)	-	14 672
20 Extraordinary receipts (Art. 17a FBA)	541	125
21 Expenditure ceiling reduction (Art. 17b FBA, amortization account shortfall) [=9]	-	-
22 Expenditure ceiling reduction (Art. 17c FBA, precautionary savings) [=10]	928	419
23 Amortization account balance at 31.12. [23=18-19+20+21+22]	4 339	-9 789

## 23 STATEMENT OF FINANCIAL PERFORMANCE

The statement of financial performance ended with an expense surplus of 16.9 billion. This was caused by the extraordinary measures taken to combat the COVID-19 pandemic.

### STATEMENT OF FINANCIAL PERFORMANCE RESULT

CHF mn	FS	Bdg.	FS	Δ 2019-20	
	2019	2020	2020	absolute	%
<b>Surplus/deficit</b>	<b>5 953</b>	<b>1 393</b>	<b>-16 858</b>		
Operating result	4 022	504	-17 580		
Operating revenue	73 094	73 972	70 648	-2 446	-3.3
Operating expenses	69 072	73 469	88 227	19 155	27.7
Financial result	-746	-672	-627		
Result from interests	2 677	1 561	1 349		

The figures for 2018 were adjusted (see section B 72).

*Relative to the budget*, the result for the year was 18.3 billion lower. This was attributable to the operating result, which was impacted by additional expenses, as well as lower revenue. The financial result and the result from financial interests deviated only marginally from the budget.

The result for the year was down by 22.8 billion *relative to the previous year*. Operating revenue fell by 2.4 billion, due largely to withholding tax (-3.1 bn), while direct federal tax increased (+0.9 bn). By comparison, operating expenses grew by 19.2 billion, i.e. a rise of 27.7%. This was caused primarily by the measures to deal with the COVID-19 pandemic, which generated extraordinary expenses of 16.9 billion. There was little change year on year in the financial result (+0.1 bn), while the result from financial interests was only half as high (-1.3 bn). Primarily the results of licensed transportation companies and Swiss Post were down on the previous year.

Compared with the financing statement, the statement of financial performance ended the year 1.1 billion worse off. Extraordinary expenses according to the statement of financial performance (16.9 bn) exceeded extraordinary expenditure according to the statement of financial position (14.7 bn) by 2.2 billion. In contrast, the increase in the Confederation's share in the net assets/equity of companies (equity value) amounted to 1.3 billion and was thus greater than the distributions to the Confederation (0.6 bn according to the financing statement). For details, see section B 84, "Financing statement versus statement of financial performance".

## 24 STATEMENT OF INVESTMENTS

The Confederation's net investments rose by 764 million in 2020, due almost entirely due to extraordinary investments in connection with the COVID-19 pandemic.

### STATEMENT OF INVESTMENTS

CHF mn	FS	Bdg.	FS	Δ 2019-20	
	2019	2020	2020	absolute	%
<b>Statement of investments balance</b>	<b>-10 209</b>	<b>-10 642</b>	<b>-10 973</b>		
Ordinary statement of investments balance	-10 234	-10 642	-10 346		
Investment receipts	727	745	662	-65	-9.0
Investment expenditure	10 961	11 386	11 008	47	0.4
Extraordinary investment receipts	25	-	45		
Extraordinary investment expenditure	-	-	672		

The federal statement of investments covers the expenditure incurred for the accumulation of assets which the Confederation requires for the performance of functions and are used over successive periods (administrative assets). This expenditure also includes deposits in transportation funds (RIF, motorway and urban transportation fund) and the grid supplement fund (GrSF). Proprietary investments account for just over a third of investments (especially motorways, defense equipment and buildings), and transfers account for just under two thirds (mainly investment contributions).

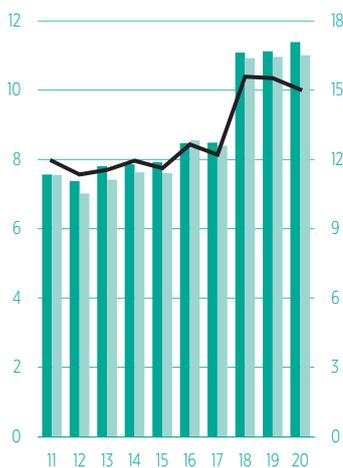
Investment receipts arise primarily from the cantons' contributions of 528 million to the railway infrastructure fund (RIF), the sale of tangible fixed assets and repayments of investment contributions and loans.

*Ordinary investment receipts* fell by 65 million relative to 2019. This was largely due to lower receipts from the sale of tangible fixed assets at the Federal Office for Buildings and Logistics and lower loan repayments at the Federal Office for Housing and the State Secretariat for Economic Affairs. *Ordinary investment expenditure* remained more or less unchanged on the previous year.

*Extraordinary investment receipts and expenditure* were associated with combating the COVID-19 pandemic (especially procurement of medical materials, loan to the ICRC, Skyguide recapitalization).

### DEVELOPMENT OF ORDINARY INVESTMENT EXPENDITURE

in bn and % of expenditure



- Bdg. in CHF bn (lhs)
- Fin. stmt. in CHF bn (lhs)
- Fin. stmt. in % of ordinary expenditure (rhs)

Investments surged in 2018 (introduction of the grid supplement fund and motorway and urban transportation fund) and have been more or less stable since then. The proportion of investment decreased slightly in 2020, as (ordinary) expenditure increased more than investments because of the entry into force of the tax reform and AHV financing.

## 25 CASH FLOW STATEMENT

The funding requirements arising from operating activities (13.9 bn) and investing activities (4.9 bn) were covered in equal parts by reducing liquidity and resorting to debt financing.

### CASH FLOW STATEMENT

CHF mn	FS	FS	Δ 2019-20	
	2019	2020	absolute	%
<b>Total cash flow</b>	<b>7 794</b>	<b>-9 564</b>	<b>-17 358</b>	<b>-222.7</b>
Cash flow from operating activities	12 343	-13 884	-26 227	-212.5
Cash flow from investing activities	-2 341	-4 892	-2 551	-109.0
Cash flow from financing activities	-2 209	9 211	11 420	517.0

The *cash flow from operating activities* was 26.2 billion lower than the previous year at -13.9 billion. This poor result was attributable to the repercussions of the COVID-19 pandemic. On the one hand, the measures taken led to an extraordinary cash outflow of 14.3 billion. On the other hand, the net cash inflow from taxes decreased (-9.1 bn). This was due to a combination of lower tax receipts and high refunds in the case of withholding tax. Withholding tax refund claims – recognized under liabilities, accrued expenses and deferred income, and provisions – were reduced by 2.1 billion (2019: +4.5 bn).

The *cash outflow from investing activities* was much higher than the previous year at 4.9 billion. Investments in administrative assets were roughly the same as a year earlier at 4.0 billion. In contrast, investments in non-administrative assets resulted in an additional outflow of 0.9 billion for loans to SBB (0.6 bn) and for the railway infrastructure fund (0.2 bn). Loans of 1.4 billion under non-administrative assets were repaid the previous year.

The *cash inflow* of 9.2 billion from *financing activities* reflects the rise in financial liabilities.

Thanks to the high cash holding at the beginning of the year, approximately half of the funding requirements were covered by available funds. Overall, cash and liquid assets decreased by 9.6 billion, as shown by the total in the cash flow statement and the cash fund statement below.

### CASH FUND STATEMENT

CHF mn	FS	FS	Δ 2019-20	
	2019	2020	absolute	%
Cash at 01.01.	15 665	23 459	7 794	49.8
Cash at 31.12.	23 459	13 894	-9 564	-40.8

## 26 STATEMENT OF FINANCIAL POSITION

The financing of the COVID-19 measures impacted the statement of financial position: to cover the high funding requirements, cash and other liquid assets were reduced and financial liabilities increased. Net assets/equity decreased accordingly.

### STATEMENT OF FINANCIAL POSITION

CHF mn	FS	FS	Δ 2019-20	
	2019	2020	absolute	%
Assets	177 119	170 107	-7 012	-4.0
Non-administrative assets	44 706	35 887	-8 819	-19.7
Administrative assets	132 413	134 220	1 807	1.4
<b>Liabilities and equity</b>	<b>177 119</b>	<b>170 107</b>	<b>-7 012</b>	<b>-4.0</b>
Short-term liabilities	44 497	53 214	8 717	19.6
Long-term liabilities	103 165	102 352	-812	-0.8
Net assets/equity	29 457	14 540	-14 917	-50.6
Restricted funds in net assets/equity	6 699	6 517	-182	-2.7
Reserves from global budget	347	395	48	13.8
Accumulated surplus	22 411	7 629	-14 783	-66.0

*Non-administrative assets* plummeted year on year (-8.8 bn). The COVID-19 measures were financed to a large extent with existing liquidity, which led to a reduction in cash and liquid assets (-9.6 bn). In addition, financial investments rose by 0.9 billion, driven mainly by higher loans to SBB (+0.8 bn) and the railway infrastructure fund (+0.2 bn).

*Administrative assets* increased by 1.8 billion, with half of this rise attributable to the higher valuation of financial interests (+0.9 bn). In addition, tangible fixed assets and inventories and advances in particular were up by 0.3 billion each.

*Liabilities* grew by 7.9 billion. The main reasons for this were as follows:

- In order to finance the COVID-19 measures, *financial liabilities* were increased significantly (+9.0 bn). This need for additional funding was covered mainly by short-term liabilities arising from money market instruments (+6.8 bn).
- Accumulated *withholding tax refund liabilities* (recognized under current liabilities, accruals and deferrals, and provisions) amounted to 31.5 billion as of the reporting date and were thus down on the previous year (-2.1 bn).
- *Provisions* of 2.9 billion had to be formed because of the COVID-19 measures. Moreover, a provision was recognized for the clearance of the Mitholz ammunition depot (0.6 bn). In contrast, the provision associated with the legal dispute concerning basic contributions to universities was reversed following a favorable Federal Supreme Court ruling (0.6 bn).
- The Confederation's *employee retirement benefits* plunged (-2.0 bn), driven by positive investment results and a higher discount rate.

Net assets/equity fell by 14.9 billion as a result of the loss in the statement of financial performance (-16.9 bn) and the items that were recognized directly in net assets/equity (+1.9 bn), which were largely attributable to the revaluation of the Confederation's employee retirement benefits and financial interests. The items recognized directly in net assets/equity can be seen in the statement of net assets/equity (see section B 6).

## 27 DEBT

Gross debt rose by 6.6 billion due to the COVID-19 pandemic, and amounted to 103.6 billion at the end of 2020. To meet the high funding requirements, non-administrative assets were reduced (-8.8 bn). Both developments are reflected in the substantial increase in net debt (+15.3 bn).

### DEVELOPMENT OF FEDERAL DEBT

CHF mn	FS		Δ 2019-20	
	2019	2020	absolute	%
Gross debt	96 948	103 586	6 639	6.8
Current liabilities	13 732	11 394	-2 338	-17.0
Short-term financial liabilities	21 686	29 899	8 214	37.9
Long-term financial liabilities	61 530	62 293	764	1.2
<b>Net debt</b>	<b>54 843</b>	<b>70 179</b>	<b>15 336</b>	<b>28.0</b>
Gross debt	96 948	103 586	6 639	6.8
less:				
Cash and cash equivalents	23 459	13 894	-9 564	-40.8
Receivables	5 914	5 923	9	0.1
Short-term financial investments	1 795	1 831	37	2.0
Long-term financial investments	10 937	11 759	822	7.5

*Gross debt* comprises current liabilities as well as short- and long-term financial liabilities. The former are mainly liabilities toward taxpayers and the cantons, while the latter are debt instruments of the Confederation (bonds and money market debt register claims). The 6.6 billion rise in gross debt was attributable to higher financial liabilities (especially money market debt register claims +6.8 bn and liabilities toward unemployment insurance +1.9 bn). In contrast, current liabilities declined by 2.3 billion.

*Net debt* is defined as gross debt less non-administrative assets. Non-administrative assets could be used to repay debt if necessary. Net debt increased by 15.3 billion in the year under review, as the high funding requirements were covered not only with higher debt, but also with a reduction of 8.8 billion in non-administrative assets. For this reason, cash and short-term financial investments plunged by 9.6 billion, while the 0.8 billion increase in long-term financial investments was due to higher loans to SBB (+0.6 bn) and the railway infrastructure fund (+0.2 bn).

### PROVISIONS AND CONTINGENT LIABILITIES

*Provisions* and *contingent liabilities* are not included in *gross* and *net debt*. However, both items can have a significant impact on the Confederation's future debt. This is particularly true for provisions, where a future outflow of funds is considered likely. As of the end of 2020, the Confederation guaranteed companies' COVID-19 bridging credits of 15.3 billion. A provision of 2.3 billion is recognized for this. Further information on provisions and contingent liabilities can be found in section B 8 (under B 82/33 Provisions and B 83/40 Contingent liabilities).

### DEBT AND DEBT RATIO

in bn and % of GDP



- Net debt in bn (lhs)
- Gross debt in bn (lhs)
- Gross debt ratio in % of GDP (rhs)
- - Net debt ratio in % of GDP (rhs)

The high funding requirements caused gross and net debt to rise sharply in 2020. The gross debt ratio ended the year at 14.7% of GDP, while the net debt ratio stood at 10.0% of GDP.

## 28 INDICATORS

The measures taken to deal with the COVID-19 pandemic affected above all the expenditure ratio, the deficit/surplus ratio and the debt ratios.

### FEDERAL INDICATORS

In %	FS 2015	FS 2016	FS 2017	FS 2018	FS 2019	FS 2020
Expenditure ratio	9.6	9.8	9.8	9.8	9.8	12.5
<i>Expenditure (in % of nom. GDP)</i>						
Tax ratio	9.3	9.2	9.5	9.5	9.6	9.5
<i>Tax receipts (in % of nom. GDP)</i>						
Receipt ratio	10.1	9.9	10.2	10.3	10.3	10.2
<i>Receipts (in % of nom. GDP)</i>						
Deficit/surplus ratio	+ 0.4	+ 0.1	+ 0.4	+ 0.4	+ 0.5	- 2.2
<i>Fiscal balance (in % of nom. GDP)</i>						
Gross debt ratio	15.3	15.2	15.1	13.8	13.3	14.7
<i>Gross debt (in % of nom. GDP)</i>						
Net debt ratio	10.5	11.1	9.9	8.8	7.5	10.0
<i>Debt less non-administrative assets (in % of nom. GDP)</i>						
Net interest burden	1.6	2.1	1.6	1.2	1.1	0.9
<i>Net interest expenditure (in % of receipts)</i>						
Proportion of investment	11.6	12.6	12.2	15.6	15.5	13.3
<i>Investment expenditure (in % of expenditure)</i>						
Proportion of transfers	77.5	77.8	78.5	77.9	78.3	81.3
<i>Transfer expenditure (in % of expenditure)</i>						
Share in restricted taxes	21.0	21.6	20.9	22.0	21.9	22.0
<i>Restricted taxes (in % of tax receipts)</i>						
Average FTE	34 935	34 914	36 946	36 522	37 027	37 689
<i>Full-time equivalents (FTEs)</i>						
Addenda (in ordinary budget)	0.6	0.8	0.4	0.1	0.4	0.6
<i>Supplementary credits (in % of budget)</i>						
Credit underruns (in ordinary budget)	-4.0	-3.1	-2.0	-2.0	-2.6	-3.9
<i>Credit underruns (in % of budget)</i>						

Note: All of the indicators, with the exception of supplementary credits and unutilized credits as a percentage of the budget, include extraordinary items.

### EXPENDITURE RATIO

Given the measures taken to cushion the impact of the COVID-19 pandemic, total expenditure, including extraordinary expenditure, posted very substantial annual growth of 23.1% in 2020. As nominal gross domestic product (GDP) declined by 3.4%, the expenditure ratio rose from 9.8% to 12.5%. This ratio is a summary indicator of the extent of the Confederation's activity in relation to the economy.

### TAX RATIO AND RECEIPT RATIO

Both tax receipts and total receipts fell by 4.0% in 2020. This was due primarily to the negative impact of the pandemic and was greater than that recorded for nominal GDP. Consequently, the tax ratio and the total receipt ratio fell slightly in 2020 (9.5% and 10.2%).

### DEFICIT/SURPLUS RATIO

As the COVID-19 pandemic crisis caused expenditure to surge and receipts to decrease, the Confederation ended the fiscal year with a deficit for the first time since 2009. Taking account of the decline in nominal GDP, the deficit ratio was -2.2% in 2020.

**GROSS AND NET DEBT RATIOS**

Relative to 2019, the Confederation's gross debt ratio rose from 13.3% to 14.7% of GDP. This move can be explained by the decline in GDP, combined with the increase in debt (+6.6 bn). This ratio includes the Confederation's gross debt in accordance with the EU criteria defined in connection with the Maastricht Treaty. In order to cover the significant financing needs, non-administrative assets were also reduced at the same time (-8.8 bn). That is why net debt (gross debt less non-administrative assets) increased by a total of 15.3 billion. The net debt ratio therefore reached 10.0% in 2020 (see section A 27).

**NET INTEREST EXPENSE**

Net interest expense declined more than ordinary receipts in 2020. The Confederation had to devote 0.9% of its receipts to net interest financing, which was slightly less than in 2019.

**PROPORTION OF INVESTMENT**

In 2020, investment expenditure increased by 5.2% because of the extraordinary investment expenditure to combat the COVID-19 pandemic. It was also significant for development assistance, national defense, and the funds for financing transportation infrastructure (see section A 24). As current expenditure growth (26.2%), driven mainly by extraordinary current expenditure to combat the COVID-19 pandemic, significantly outstripped investment expenditure growth, the proportion of investment (which includes extraordinary items) plunged to 13.3% in 2020.

**TRANSFER RATIO**

Compared with 2019, transfer expenditure soared because of the 13.7 billion to support various sectors affected by the COVID-19 pandemic. As the increase in total expenditure was smaller (+23.1%), the transfer ratio rose to 81.3% in 2020. The Confederation's total transfer expenditure amounted to 71.4 billion in 2020; around 90% of this was current expenditure and 10% was investment expenditure.

**PROPORTION OF RESTRICTED TAX RECEIPTS**

Restricted tax receipts declined at a slightly slower pace than tax receipts (-3.7% vs. -4.0%, respectively). Their proportion therefore edged up to 22.0% in 2020. Further information on restricted funds can be found in section B 82/34.

**AVERAGE WORKFORCE (FTE)**

In 2020, the number of full-time equivalents (FTEs) in the Federal Administration increased by 669 FTEs (see section A 41).

**SUPPLEMENTARY CREDITS IN % OF THE BUDGET**

In 2020, supplementary credits – excluding extraordinary expenditure – amounted to 0.6% of the budgeted expenditure. This percentage was higher than its average of 0.4% for the last seven years (Ø 2013-2019) due to the supplementary credit of 221 million granted to the railway infrastructure fund.

**UNUTILIZED CREDITS IN % OF THE BUDGET**

The share of unutilized credits as a percentage of the budgeted expenditure rose from 2.6% in 2019 to 3.9% in 2020. The task areas transportation (deposits in RIF and motorway and urban transportation fund) and social welfare (Confederation's payments to disability insurance and old-age and survivors' insurance) had the highest amounts of unutilized credits in 2020.

## INTERNATIONAL COMPARISON

When compared internationally, the Swiss public finance indicators (Confederation, cantons, communes and social insurance) are among the lowest.

The *tax-to-GDP ratio*, which measures total tax receipts (tax and social insurance charges) in relation to GDP, amounted to 27.4% in 2019. In 2020, the tax-to-GDP ratio rose by 0.5 percentage points, as GDP fell more sharply than tax receipts, which generally react to economic fluctuations with a certain time lag, especially at cantonal and communal level.

The *general government expenditure ratio* expresses government expenditure in relation to GDP. In 2020, Switzerland's general government expenditure ratio rose to 36.4% due to the combination of high government expenditure to combat the COVID-19 pandemic and low economic output. In 2021, the general government expenditure ratio is even likely to reach a new high that is 5.3 percentage points above the pre-crisis level. In subsequent years, it will gradually decline and remain one of the lowest in the OECD area.

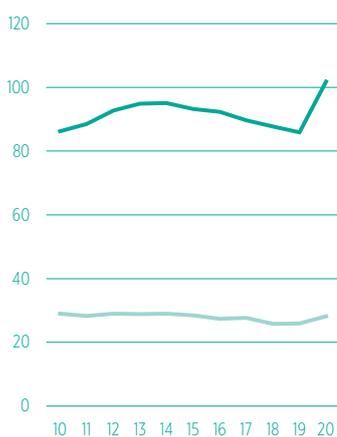
In 2020, substantial shortfalls in tax receipts for the Confederation (especially withholding tax) and soaring expenditure in the Confederation, cantons and social insurance sub-sectors will lead to a *deficit* of 2.6% of GDP. The government units are financing a large part of this significant deficit with debt capital. With the exception of Switzerland, Norway and Sweden, all of the countries listed in the table had deficits of at least 6% of GDP in 2020.

Government *debt* measured in terms of liabilities, as well as with reference to the Maastricht definition, remained low by international standards. Coming in at 28.2% in 2020, the Maastricht debt ratio was below the euro area's benchmark figure of 60% (see chart).

The OECD data and estimates (Economic Outlook 108 and Revenue Statistics, both December 2020) are used for international comparisons of public finances. The information for Switzerland is based on the data and estimates of the Federal Finance Administration's Financial Statistics Section (as of March 9, 2021).

### COMPARISON OF SWISS AND EURO AREA DEBT RATIOS

in % of GDP



— Euro area debt ratio  
— Swiss debt ratio

In 2020, Switzerland's debt ratio remained far below the 60% mark which is relevant for the euro area, despite the coronavirus-related increase. In the euro area, the debt ratio rose from around 86% (2019) to 102% (2020).

### INTERNATIONAL COMPARISON OF PUBLIC FINANCE INDICATORS FOR 2020

in % of GDP	Tax-to-GDP ratio	General government expenditure ratio	Deficit/surplus ratio	Debt ratio	Gross debt ratio
Switzerland	27.4	34.4	- 3.7	29.1	45.7
EU - euro area	n.d.	54.9	- 8.6	101.8	119.4
Germany	38.8	52.1	- 6.3	73.9	82.5
France	45.4	63.3	- 9.5	115.7	142.0
Italy	42.4	58.5	- 10.7	157.6	178.7
Austria	42.4	58.2	- 10.5	86.8	111.2
Belgium	42.9	61.8	- 11.3	116.3	139.2
Netherlands	39.3	47.6	- 6.4	55.9	69.7
Norway	39.9	58.8	- 1.3	n.d.	n.d.
Sweden	42.9	52.3	- 4.0	38.3	49.8
United Kingdom	33.0	55.9	- 16.7	n.d.	145.3
United States	24.5	47.4	- 15.4	n.d.	128.0
Canada	33.5	56.6	- 15.6	n.d.	121.5
OECD Ø	33.8	49.0	- 11.5	n.d.	126.9

#### Notes

- Debt ratio: debt in accordance with the Maastricht definition
- Gross debt ratio: debt in accordance with the IMF definition (liabilities without financial derivatives)
- Tax-to-GDP ratio: based on figures for 2019

### 3 DEVELOPMENT OF RECEIPTS AND EXPENDITURE

#### 31 DEVELOPMENT OF RECEIPTS

In 2020, receipts fell by 4.0% to 72 billion, driven primarily by the sharp decline in withholding tax.

##### DEVELOPMENT OF RECEIPTS

CHF mn	FS 2019	Bdg. 2020	FS 2020	Δ FS20 at		
				FS19 absolute	FS19 %	Δ FS20 at Bdg.20 absolute
<b>Receipts</b>	<b>75 014</b>	<b>75 666</b>	<b>72 042</b>	<b>-2 972</b>	<b>-4.0</b>	<b>-3 624</b>
Tax receipts	69 886	71 151	67 142	-2 744	-3.9	-4 010
Direct federal tax natural persons	11 455	12 253	12 038	584	5.1	-215
Direct federal tax legal entities	11 813	11 789	12 107	294	2.5	318
Withholding tax	8 342	7 873	5 216	-3 126	-37.5	-2 657
Stamp duty	2 152	2 170	2 421	269	12.5	251
Value added tax	22 508	23 590	22 104	-404	-1.8	-1 486
Other consumption taxes	8 322	8 218	7 997	-325	-3.9	-221
Misc. tax receipts	5 294	5 258	5 258	-36	-0.7	0
<b>Nontax receipts</b>	<b>4 588</b>	<b>4 515</b>	<b>4 776</b>	<b>187</b>	<b>4.1</b>	<b>261</b>
Extraordinary receipts	541	-	125	-415	-76.8	125

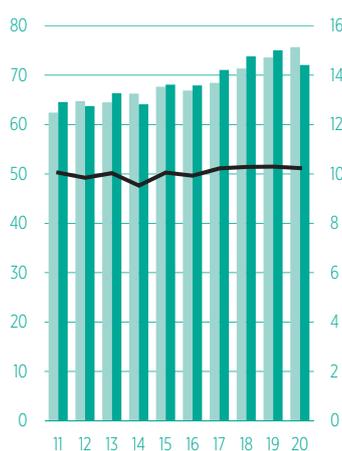
In 2020, receipts amounted to 72 billion, representing a year-on-year drop of 4.0% (-3.0 bn). This was attributable mainly to the plunge in withholding tax receipts (-3.1 bn, or -37.5%), which was caused by the significant reduction in inflows in 2020. These receipts were adversely affected by the COVID-19 pandemic, as were VAT and mineral oil tax receipts, which likewise fell by 1.8% and 6.0%, respectively, in 2020. Direct federal tax, however, rose, as it was largely influenced by the relatively good economic situation in 2019. Consequently, the negative impact of COVID-19 is not yet visible for this tax.

In terms of details, the following can be observed:

- In 2020, receipts from *taxes on the income of natural persons* rose by a healthy 5.1% (+0.6 bn). This was partly influenced by the relatively good economic situation in fiscal 2019, the year from which the vast majority of the receipts recognized in 2020 (72%) came. The corresponding receipts climbed by 5%, while advance payments for the 2020 period increased by 13%.
- In 2020, receipts from *taxes on the net revenue of legal entities* rose by 2.5% (+0.3 bn). These were likewise influenced primarily by fiscal 2019, the year from which 76% of the receipts came and whose expected receipts were up by 6.7%. In contrast, payments based on previous periods and advance payments decreased by 3% and 2%, respectively.
- While *withholding tax* receipts jumped by 5.0% in 2019, they took a plunge of 37.5% to 5.2 billion in 2020. This was due essentially to the COVID-19 pandemic, which created a need for corporate liquidity, resulting in lower dividend payments and share buybacks.
- *Stamp duty* has been fluctuating around the 2.2 billion mark since 2012. In 2020, receipts soared by 12.5% on the back of the rise in transfer stamp tax, as the insecurity caused by the COVID-19 pandemic triggered an increase in trading activity on the Swiss stock exchange.
- *Value added tax* (VAT) receipts fell by 1.8% to 22.1 billion in 2020. This drop can be explained by the negative impact of the COVID-19 pandemic on the economy, but it was less significant than the decline in nominal GDP (-3.4%), as some of the 2020 VAT receipts came from Q4 2019 settlements.

##### DEVELOPMENT OF RECEIPTS

in bn and % of GDP



■ Fin. stmt. in CHF bn (lhs)  
■ Bdg. in CHF bn (lhs)  
— Fin. stmt. in % of GDP (rhs)

In 2020, receipts decreased by 4.0% because of the COVID-19 pandemic. As GDP declined during the same period (-3.4%), the receipt ratio fell only slightly (10.2%).

- Regarding *other consumption taxes*, receipts decreased by 3.9%, primarily as a result of lower mineral oil tax receipts (-6.0%). This can be explained largely by the negative impact of the measures to combat the COVID-19 pandemic on the volume of traffic.
- *Other tax receipts* fell by 0.7% in 2020. This was largely due to the decrease in transportation tax receipts (-3.7%) that resulted from reduced mobility because of the pandemic.
- In 2020, *nontax receipts* rose by 4.1%. This rise was attributable mainly to the doubling of the profit distribution by the Swiss National Bank (SNB). The Confederation's share went from 667 million in 2019 to 1.3 billion in 2020.

For further details on receipts, see section A 7.

### COMPARISON OF ECONOMIC GROWTH AND RECEIPT TRENDS

Experience shows that the Confederation's total receipts develop in proportion to nominal GDP in the long term. However, in order to compare the trend of receipts with that of GDP, it is necessary to take account of structural breaks such as tax rate changes, for example, the volatility of withholding tax and extraordinary receipts. These effects are presented in the table below.

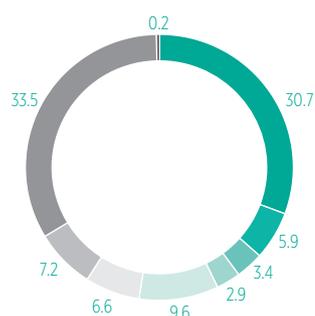
In net terms, the above effects impacted the amount of ordinary receipts by 1.5 billion in 2019 and by 1.2 billion in 2020. After adjusting for special factors, ordinary receipts posted a decline of 0.3% in 2020, while nominal GDP fell by 3.4%. This difference can largely be explained by the correction of withholding tax volatility. Without that correction (in 2019 and 2020), the decline in receipts after adjusting would be bigger (-4.3%).

### QUALITY OF ESTIMATES

Ordinary receipts were 5.0% (3.7 bn) lower than the budgeted level in 2020. The biggest deviations concerned withholding tax receipts, which were overestimated by 2.7 billion, and VAT receipts, which were overestimated by 1.5 billion. An important aspect of the quality of estimates is that forecasting errors offset one another over time. Since the introduction of the debt brake in 2003, the average forecasting error has been 1.5%. Excluding withholding tax, the average forecasting error even falls to 0.2%. A detailed analysis of the quality of estimates is provided in section A 79.

## 2020 RECEIPTS

Shares in %



- Value added tax 22 104 mn
- Mineral oil tax 4243 mn
- Stamp duty 2421 mn
- Tobacco duty 2105 mn
- Other tax receipts 6907 mn
- Nontax receipts 4776 mn
- Withholding tax 5216 mn
- Direct federal tax 24 146 mn
- Extraordinary receipts 125 mn

Value added tax and direct federal tax are the main sources of receipts. In 2020, they together accounted for almost two thirds (64.2%) of total receipts.

### FACTORS TAKEN INTO ACCOUNT WHEN ADJUSTING THE DEVELOPMENT OF RECEIPTS

CHF mn	FS 2019	FS 2020	Δ absolute	Δ 2019-20 %
<b>Total receipts</b>	<b>75 014</b>	<b>72 042</b>	<b>-2 972</b>	<b>-4.0</b>
Factors (increase and decrease in receipts)	1 547	-1 231		
VAT: returns submitted late	100	-		
Withholding tax: deviation from the trend	1 034	-1 998		
Mineral oil tax: CO <sub>2</sub> Act emission regulations	-128	-25		
Nontax receipts: doubling of SNB profit distribution	-	667		
Extraordinary receipts	541	125		
<b>Total adjusted receipts (excl. factors)</b>	<b>73 468</b>	<b>73 274</b>	<b>-194</b>	<b>-0.3</b>

## 32 DEVELOPMENT OF EXPENDITURE BY TASK AREA

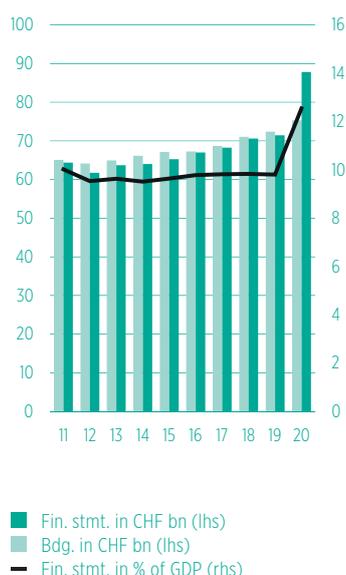
Expenditure rose by 23% relative to the previous year and exceeded the 2020 budget by 12.5 billion. Excluding the measures to combat the COVID-19 pandemic (15 bn), expenditure grew by 2% year on year.

### DEVELOPMENT OF EXPENDITURE BY TASK AREA

CHF mn	FS 2019	Bdg. 2020	FS 2020	Δ FS20 at		
				FS19 absolute	Bdg.20 absolute	
<b>Expenditure by task area</b>	<b>71 414</b>	<b>75 323</b>	<b>87 817</b>	<b>16 403</b>	<b>23.0</b>	<b>12 494</b>
<i>Excl. COVID-19 expenditure</i>	71 414	75 323	72 819	1 405	2.0	-2 504
Social welfare	22 386	24 114	36 302	13 916	62.2	12 188
<i>Excl. COVID-19 expenditure</i>	22 386	24 114	23 320	935	4.2	-794
Finances and taxes	10 141	11 075	10 475	334	3.3	-600
<i>Excl. COVID-19 expenditure</i>	10 141	11 075	10 475	334	3.3	-600
Transportation	9 933	10 372	10 112	179	1.8	-260
<i>Excl. COVID-19 expenditure</i>	9 933	10 372	9 741	-192	-1.9	-631
Education and research	7 985	8 198	8 137	152	1.9	-61
<i>Excl. COVID-19 expenditure</i>	7 985	8 198	8 110	124	1.6	-88
Security	5 991	6 384	6 422	431	7.2	38
<i>Excl. COVID-19 expenditure</i>	5 991	6 384	6 413	422	7.0	29
International relations - international cooperation	3 480	3 650	3 836	356	10.2	186
<i>Excl. COVID-19 expenditure</i>	3 480	3 650	3 494	13	0.4	-156
Agriculture and food	3 658	3 668	3 662	3	0.1	-6
<i>Excl. COVID-19 expenditure</i>	3 658	3 668	3 650	-8	-0.2	-18
Other task areas	7 840	7 863	8 871	1 032	13.2	1 009
<i>Excl. COVID-19 expenditure</i>	7 840	7 863	7 617	-223	-2.8	-246

### DEVELOPMENT OF EXPENDITURE

in bn and % of GDP



The Confederation's expenditure surged (+23%) because of the COVID-19 pandemic. As a result, the expenditure ratio rose to 12.5% of GDP.

Federal expenditure climbed by 16.4 billion to 88 billion (+23%) relative to the previous year. This expenditure growth was driven by the 15 billion in additional expenditure associated with handling the COVID-19 pandemic. Most of this expenditure was carried as extraordinary payment requirements and around 60 million was written down on ordinary credits.

Excluding the coronavirus-related measures, expenditure for ordinary government activities increased by 2%, but was 2.5 billion below the 2020 budget. The key growth factor was the Federal Act on Tax Reform and AHV Financing (TRAF), which was brought into force on January 1, 2020. Accordingly, the cantons' share of direct federal tax went from 17% to 21.2%, and the federal contribution to AHV expenditure rose from 19.55% to 20.2%. In addition, the percentage point of VAT earmarked for demographic change in favor of AHV is now allocated in full to the AHV compensation fund (previously 83%).

### COVID-19 EXPENDITURE

The measures taken to deal with the COVID-19 pandemic put a burden of 15 billion on the 2020 financial statements and had a major impact on expenditure growth in the areas of social welfare (+13 bn) and international relations (+343 mn), as well as in the other task areas, such as economic affairs (+80 mn), health (+860 mn), and culture and leisure (+310 mn). These amounts include only the expenditure approved by Parliament as part of the addenda for COVID-19 purposes. The COVID-19 pandemic also led to extra expenditure for many administrative units (e.g. implementation of protection concepts, working from home), as well as to savings (e.g. fewer business trips). Detailed information on the measures associated with the COVID-19 pandemic and their financial impact can be found in sections A 1 and A 8.

**SOCIAL WELFARE**

The social welfare task area covers mainly the expenditure for social insurance and migration, and thus expenditure that is strictly earmarked. Excluding short-time working compensation (+10.8 bn) and COVID-19 loss of earnings compensation (+2.2 bn), ordinary expenditure grew by 4.2%. The biggest increase was seen in the case of old-age and survivors’ insurance (+904 mn), primarily because of the TRAF, but also partly demographics. Demographic developments likewise affected supplementary benefits expenditure (+66 mn). Conversely, disability insurance expenditure was down by 48 million because of lower value added tax receipts. Expenditure also decreased in the area of migration as a result of the decline in the number of asylum applications (-51 mn).

**FINANCES AND TAXES**

The finances and taxes task area comprises the shares of third parties (particularly cantons) in the Confederation’s receipts, and expenditure for funding and asset management (primarily interest payable) and fiscal equalization. Debt interest expenditure continued to decline thanks to the persistently low level of interest rates (-145 mn). The third parties’ shares of federal receipts rose by 415 million year on year. However, this can be explained by contrasting developments. While the cantons’ shares of direct federal tax increased by 1 billion with the introduction of the TRAF, they decreased by 646 million for withholding tax due to the drop in receipts. Fiscal equalization expenditure was higher than the previous year (+63 mn).

**TRANSPORTATION**

Transportation expenditure posted a year-on-year increase of 179 million. This growth was due essentially to the higher deposit in the railway infrastructure fund (+221 mn) and the recapitalization of Skyguide (+150 mn). Road transportation expenditure, in contrast, shrank by 244 million mainly because of the decline in mineral oil tax and the lower deposit in the motorway and urban transportation fund that ensued.

**EDUCATION AND RESEARCH**

The Confederation spent around 150 million more on education and research (+1.9%) in 2020. The main growth areas included vocational training (+29 mn), contributions to Innosuisse (+27 mn), and the Galileo and EGNOS satellite navigation programs (+21 mn).

**SECURITY**

This task area covers mainly the expenditure for military defense, border controls, the Confederation’s police tasks and civil protection. Security expenditure grew by around 7% in 2020. The bulk of this rise was due to higher defense expenditure as part of the further development of the Armed Forces (292 mn). Two other growth drivers were increases in intelligence and fedpol (+21 mn) and a one-time payment of 106 million in connection with the raising of the retirement age for career military officers and Border Guard employees.

**INTERNATIONAL RELATIONS – INTERNATIONAL COOPERATION**

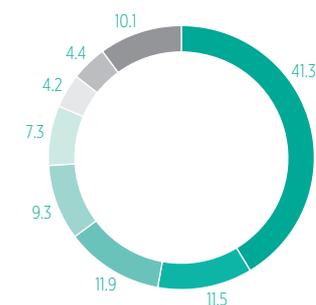
Expenditure in this task area can be broken down into three areas: development cooperation, political relations (foreign representations, central offices in Bern, contributions to international organizations) and economic relations (primarily EU enlargement contribution). The considerable expenditure growth (+10.2%) was due essentially to contributions and loans to cope with the COVID-19 pandemic (+343 mn). In contrast, expenditure on construction and renovation loans for international organizations and on foreign travel and political relations events fell by 35 million.

**AGRICULTURE AND FOOD**

Agriculture and food expenditure remained virtually unchanged on the previous year (+0.1%), as envisaged under the agricultural policy for 2018 to 2021. Direct payments were stable. Expenditure in the area of production and sales rose by 14 million, driven mainly by market support measures in connection with the COVID-19 pandemic.

**2020 EXPENDITURE BY TASK AREA**

Shares in %



- Social welfare 36 302 mn
- Transportation 10 112 mn
- Finances and taxes 10 475 mn
- Education and research 9 741 mn
- Security 6 422 mn
- International relations 3 836 mn
- Agriculture and food 3 662 mn
- Other tasks 8 871 mn

The three largest task areas – social welfare, finances and taxes, transportation – are also those where expenditure is the most earmarked.

**OTHER TASK AREAS**

Other task areas include institutional and financial conditions, culture and leisure, health, environment and spatial planning, and economic relations. The substantial expenditure growth of around 1 billion (+13.2%) resulted from the measures taken to cope with the COVID-19 pandemic. These include, for example, non-repayable contributions and loans for sport, culture and the media; expenditure on medical goods and COVID-19 tests; support contributions for tourism and export promotion; and losses from joint and several sureties for bridging credits. In contrast, expenditure for ordinary government activities was 2.8% lower than the previous year. This reduction in expenditure was attributable, among other things, to the drop in the redistribution of the CO<sub>2</sub> tax and the lower reparation payments for victims of coercive welfare measures (-123 mn).

Detailed information on the individual task areas can be found in section A 8.



## 4 OUTLOOK

Extensive financial measures will be necessary to tackle the pandemic also in 2021. Debt will thus increase once again. The Federal Council is expected to initiate the consultation procedure for reducing the extraordinary COVID-19 debt in the summer.

The repercussions of the COVID-19 crisis are very evident in the federal budget. High extraordinary expenditure will be needed to deal with the crisis in 2021 as well, as shown by addendum Ia to the 2021 budget. The 2021 financial burden is likely to reach a level similar to that seen in 2020.

In contrast, the development of receipts has improved somewhat relative to the 2021 budget. This is shown by the fiscal policy assessment carried out by the Federal Council on February 17, 2021. The improvement is due primarily to the additional profit distribution by the Swiss National Bank (+0.7 bn according to the agreement of January 2021) and the rejected increase in tax deductions for children in the case of direct federal tax (+0.3 bn according to the referendum of September 2020).

Based on the fiscal policy assessment, fiscal policy leeway of 1.2 to 1.4 billion is expected for 2022 to 2024. However, there is considerable uncertainty about the economic recovery and how the pandemic will evolve. Moreover, the figures do not include possible additional burdens such as the abolition of issue tax and industrial tariffs, which are pending before Parliament. In the medium and long term, the most important factor for the federal budget (and for AHV) is whether economic output returns to the pre-crisis trend. Lower GDP would also result in lower federal receipts.

Similarly, it is unclear how the Confederation intends to deal with the COVID-19 debt in the extraordinary budget. Specifically, the issue is the shortfall in the amortization account, which must be made up within six years according to the Financial Budget Act. Because of the high extraordinary expenditure in 2020 (14.7 bn), the shortfall in the amortization account amounted to 9.8 billion at the end of 2020 and could reach 30 billion by the end of 2021. In view of the substantial shortfall, both the repayment period provided for by law (six years with possible extension by Parliament) and the instrument for offsetting the shortfall (leeway in future budgets) are inadequate. The Federal Council therefore intends to submit a consultation draft with the necessary legislative amendments in summer 2021.



# ANNUAL FINANCIAL STATEMENTS

B



## STATEMENT OF FINANCIAL PERFORMANCE

CHF mn	FS	Bdg.	FS	Δ 2019-20	
	2019	2020	2020	absolute	%
<b>Surplus/deficit</b>	<b>5 953</b>	<b>1 393</b>	<b>-16 858</b>		
<b>Operating result</b>	<b>4 022</b>	<b>504</b>	<b>-17 580</b>		
Operating revenue	73 094	73 972	70 648	-2 446	-3.3
Tax revenue	69 892	71 162	67 237	-2 655	-3.8
Direct federal tax natural persons	11 455	12 253	12 038	584	5.1
Direct federal tax legal entities	11 813	11 789	12 107	294	2.5
Withholding tax	8 342	7 873	5 216	-3 126	-37.5
Stamp duty	2 152	2 170	2 421	269	12.5
Value added tax	22 497	23 590	22 100	-397	-1.8
Other consumption taxes	8 279	8 218	8 046	-233	-2.8
Misc. tax revenue	5 355	5 269	5 309	-46	-0.9
Royalties and concessions	907	907	1 572	665	73.4
Other revenue	1 981	1 815	1 666	-316	-15.9
Net revenue from special financing in liabilities	77	1	6	-72	-92.6
Revenue from extraordinary transactions	236	87	167		
Operating expenses	69 072	73 469	88 227	19 155	27.7
Operating expenses	14 004	14 771	15 054	1 051	7.5
Personnel expenses	5 916	6 040	6 041	125	2.1
General, administrative and operating expenses	4 100	4 303	4 842	742	18.1
Defense expenses	908	1 278	1 063	156	17.1
Deprec., amortiz. tangible/intangible fixed assets	3 080	3 151	3 108	28	0.9
Transfer expenses	54 941	58 543	56 119	1 179	2.1
Third parties' share in federal income	9 548	10 940	10 458	910	9.5
Compensation to public bodies	1 534	1 634	1 444	-90	-5.9
Contributions to own institutions	3 947	4 087	4 045	98	2.5
Contributions to third parties	15 976	16 474	15 442	-534	-3.3
Contributions to social insurance	17 550	18 394	18 152	602	3.4
Value adjustment on investment contributions	6 385	7 008	6 579	194	3.0
Value adjustment on loans and financial interests	0	6	0	-1	-201.5
Net expense for special financing in liabilities	128	154	164	37	28.7
Extraordinary transaction expenses	-	-	16 889		
<b>Financial result</b>	<b>-746</b>	<b>-672</b>	<b>-627</b>		
Financial revenue	398	320	406	8	1.9
Financial expense	1 144	991	1 033	-112	-9.8
Interest expense	1 022	948	891	-131	-12.8
Other financial expense	122	44	142	19	15.9
<b>Result from interests</b>	<b>2 677</b>	<b>1 561</b>	<b>1 349</b>		

## FINANCING STATEMENT

CHF mn	FS	Bdg.	FS	Δ 2019-20	
	2019	2020	2020	absolute	%
<b>Overall fiscal balance</b>	<b>3 600</b>	<b>344</b>	<b>-15 774</b>		
<b>Ordinary fiscal balance</b>	<b>3 060</b>	<b>344</b>	<b>-1 227</b>		
Ordinary receipts	74 474	75 666	71 917	-2 557	-3.4
Tax receipts	69 886	71 151	67 142	-2 744	-3.9
Direct federal tax natural persons	11 455	12 253	12 038	584	5.1
Direct federal tax legal entities	11 813	11 789	12 107	294	2.5
Withholding tax	8 342	7 873	5 216	-3 126	-37.5
Stamp duty	2 152	2 170	2 421	269	12.5
Value added tax	22 508	23 590	22 104	-404	-1.8
Other consumption taxes	8 322	8 218	7 997	-325	-3.9
Misc. tax receipts	5 294	5 258	5 258	-36	-0.7
Royalties and concessions	924	930	1 616	692	74.9
Financial receipts	1 089	1 069	978	-111	-10.2
Financial interest receipts	811	812	631	-180	-22.2
Other financial receipts	278	258	348	69	24.9
Other current receipts	1 849	1 771	1 520	-329	-17.8
Investment receipts	727	745	662	-65	-9.0
Ordinary expenditure	71 414	75 323	73 145	1 730	2.4
Operating expenditure	10 472	11 351	11 091	619	5.9
Personnel expenditure	5 760	6 040	6 026	266	4.6
General, administrative and operating expenditure	3 940	4 194	4 174	234	5.9
Defense expenditure	773	1 118	891	119	15.4
Current transfer expenditure	48 758	51 583	50 118	1 361	2.8
Third parties' share in federal receipts	9 698	10 940	10 268	570	5.9
Compensation to public bodies	1 525	1 633	1 449	-76	-5.0
Contributions to own institutions	3 887	4 084	4 039	152	3.9
Contributions to third parties	16 005	16 456	16 198	193	1.2
Contributions to social insurance	17 643	18 469	18 164	521	3.0
Financial expenditure	1 098	1 003	944	-154	-14.0
Interest expenditure	1 053	959	904	-149	-14.2
Other financial expenditure	45	43	40	-5	-10.7
Investment expenditure	11 086	11 386	10 991	-95	-0.9
Tangible fixed assets and inventories	3 878	3 606	3 696	-182	-4.7
Intangible fixed assets	26	53	26	0	1.0
Loans	85	109	84	0	-0.3
Financial interests	63	62	72	9	13.8
Own investment contributions	6 501	7 008	6 585	84	1.3
Transitory investment contributions	533	548	528	-5	-0.9
Extraordinary receipts	541	-	125		
Extraordinary expenditure	-	-	14 672		

## STATEMENT OF FINANCIAL POSITION

CHF mn	FS	FS	Δ 2019-20	
	2019	2020	absolute	%
<b>Assets</b>	<b>177 119</b>	<b>170 107</b>	<b>-7 012</b>	<b>-4.0</b>
Non-administrative assets	44 706	35 887	-8 819	-19.7
Current assets	33 769	24 127	-9 642	-28.6
Liquid assets	23 459	13 894	-9 564	-40.8
Receivables	5 914	5 923	9	0.1
Short-term financial investments	1 795	1 831	37	2.0
Prepaid expenses and accrued income	2 602	2 479	-123	-4.7
Non-current assets	10 937	11 759	822	7.5
Long-term financial investments	10 937	11 759	822	7.5
<b>Administrative assets</b>	<b>132 413</b>	<b>134 220</b>	<b>1 807</b>	<b>1.4</b>
Current assets	4 030	4 329	299	7.4
Inventories	4 030	4 329	299	7.4
Non-current assets	128 383	129 892	1 508	1.2
Tangible fixed assets	60 365	60 708	343	0.6
Intangible fixed assets	199	265	66	33.1
Loans	5 094	5 268	174	3.4
Financial interests	62 726	63 651	925	1.5
<b>Liabilities and equity</b>	<b>177 119</b>	<b>170 107</b>	<b>-7 012</b>	<b>-4.0</b>
<b>Short-term liabilities</b>	<b>44 497</b>	<b>53 214</b>	<b>8 717</b>	<b>19.6</b>
Current liabilities	13 732	11 394	-2 338	-17.0
Short-term financial liabilities	21 686	29 899	8 214	37.9
Accrued expenses and deferred income	8 456	9 886	1 430	16.9
Short-term provisions	624	2 036	1 412	226.4
<b>Long-term liabilities</b>	<b>103 165</b>	<b>102 352</b>	<b>-812</b>	<b>-0.8</b>
Long-term financial liabilities	61 530	62 293	764	1.2
Liabilities toward separate accounts	4 268	5 026	758	17.8
Employee retirement benefit obligations	7 138	5 116	-2 022	-28.3
Long-term provisions	26 803	26 108	-695	-2.6
Restricted funds in liabilities	3 426	3 809	383	11.2
<b>Net assets/equity</b>	<b>29 457</b>	<b>14 540</b>	<b>-14 917</b>	<b>-50.6</b>
Restricted funds in net assets/equity	6 699	6 517	-182	-2.7
Reserves from global budget	347	395	48	13.8
Accumulated surplus	22 411	7 629	-14 783	-66.0

**CASH FLOW STATEMENT**

CHF mn	FS 2019	FS 2020	Δ 2019-20 absolute
<b>Total cash flow</b>	<b>7 794</b>	<b>-9 564</b>	<b>-17 358</b>
Cash flow from operating activities	12 343	-13 884	-26 227
Tax receipts	69 886	67 142	-2 744
Royalties and concessions	924	1 616	692
Revenue from exchange transactions	1 285	935	-350
Other current receipts	565	586	21
Financial receipts	1 089	978	-111
Repayment of investment contributions	-	5	5
Operating expenditure	-10 472	-11 091	-619
Transfer expenditure	-48 758	-50 118	-1 361
Financial expenditure	-1 098	-944	154
Investment contributions	-6 501	-6 585	-84
Investment expenditure inventories	-101	-72	29
Extraordinary receipts	515	80	-435
Extraordinary expenditure	-	-14 287	-14 287
Increase/decrease in receivables (excl. value adjustments)	448	15	-433
Increase/decrease in current liabilities	98	-2 350	-2 448
Increase/decrease withholding tax accrued expenses & deferred income/ provisions	3 564	-490	-4 054
Increase/decrease in liabilities vis-à-vis separate accounts	492	758	267
Other changes	408	-62	-470
<b>Cash flow from investing activities</b>	<b>-2 341</b>	<b>-4 892</b>	<b>-2 551</b>
Investment expenditure tangible and intangible fixed assets	-3 803	-3 650	153
Investment receipts tangible and intangible fixed assets	70	40	-30
Investment expenditure on loans and financial interests	-148	-157	-9
Investment receipts from loans and financial interests	125	89	-35
Extraordinary investment expenditure	-	-385	-385
Extraordinary investment receipts	25	45	20
Increase/decrease in short-term financial investments	452	-51	-503
Increase/decrease in long-term financial investments	939	-822	-1 761
<b>Cash flow from financing activities</b>	<b>-2 209</b>	<b>9 211</b>	<b>11 420</b>
Increase/decrease in short-term financial liabilities	142	8 214	8 071
Increase/decrease in long-term financial liabilities	-2 699	764	3 463
Less premium amortization not affecting cash	321	340	19
Less increase/decrease in derivative financial instruments not affecting cash	-12	-86	-75
Less increase/decrease in lease liability/investments financed by third parties not affecting cash	39	-20	-60

**CASH FUND STATEMENT**

CHF mn	FS 2019	FS 2020	Δ 2019-20 absolute
Liquid assets balance at 01.01.	15 665	23 459	7 794
Increase (+) / decrease (-)	7 794	-9 564	-17 358
Liquid assets balance at 31.12.	23 459	13 894	-9 564

**STATEMENT OF INVESTMENTS**

CHF mn	FS	Bdg.	FS	Δ 2019-20	
	2019	2020	2020	absolute	%
<b>Statement of investments balance</b>	<b>-10 209</b>	<b>-10 642</b>	<b>-10 973</b>		
<b>Ordinary statement of investments balance</b>	<b>-10 234</b>	<b>-10 642</b>	<b>-10 346</b>		
Investment receipts	727	745	662	-65	-9.0
Buildings	64	36	36	-29	-44.7
Property, plant and equipment	4	3	3	-1	-17.1
Motorways	1	3	1	0	-34.2
Intangible fixed assets	-	0	-	-	-
Loans	124	154	89	-35	-27.9
Financial interests	1	-	0	-1	-100.0
Repayment of own investment contributions	-	0	5	5	-
Transitory investment contributions	533	548	528	-5	-0.9
<b>Investment expenditure</b>	<b>10 961</b>	<b>11 386</b>	<b>11 008</b>	<b>47</b>	<b>0.4</b>
Buildings	700	732	727	27	3.8
Property, plant and equipment	138	124	118	-20	-14.7
Inventories	101	98	72	-29	-28.7
Motorway	2 258	2 051	1 951	-307	-13.6
Defense equipment	672	600	845	174	25.8
Intangible fixed assets	26	53	26	0	1.0
Loans	85	109	84	0	-0.3
Financial interests	63	62	72	9	13.8
Own investment contributions	6 385	7 008	6 584	199	3.1
Transitory investment contributions	533	548	528	-5	-0.9
<b>Extraordinary investment receipts</b>	<b>25</b>	<b>-</b>	<b>45</b>		
<b>Extraordinary investment expenditure</b>	<b>-</b>	<b>-</b>	<b>672</b>		

**INVESTMENT RECEIPTS FROM EXTRAORDINARY TRANSACTIONS**

CHF mn	FS	Bdg.	FS
	2019	2020	2020
<b>Investment receipts from extraordinary transactions</b>	<b>25</b>	<b>-</b>	<b>45</b>
COVID-19: Resale of medical materials	-	-	45
E.o. revenue Swissair	25	-	-

**INVESTMENT EXPENDITURE FROM EXTRAORDINARY TRANSACTIONS**

CHF mn	FS	Bdg.	FS
	2019	2020	2020
<b>Investment expenditure from extraordinary transactions</b>	<b>-</b>	<b>-</b>	<b>672</b>
COVID-19: International Committee of Red Cross (ICRC) loans	-	-	200
COVID-19: Emergency aid for cultural entities	-	-	4
COVID-19: Sports loans	-	-	30
COVID-19: Procurement of medical materials and vaccines	-	-	287
COVID-19: Skyguide recapitalization	-	-	150

Note: The above COVID-19 measures are explained in detail in section B 72, Expenses due to COVID-19.

## STATEMENT OF NET ASSETS/EQUITY

CHF mn	Special financing 1	Special funds 2	Other restricted funds 3	Restricted funds 4=1+2+3	Global budget reserves 5	Accumulated surplus 6	Total net assets/equity 7=4+5+6
<b>As of 01.01.2019</b>	<b>5 406</b>	<b>1 383</b>	<b>48</b>	<b>6 837</b>	<b>181</b>	<b>14 232</b>	<b>21 249</b>
Special funds result	-	39	-	39	-	1	40
Change in other restricted funds	-	-	-10	-10	-	-	-10
Revaluation employee retirement benefits	-	-	-	-	-	2 674	2 674
Share of equity transactions involving equity interests	-	-	-	-	-	-367	-367
Hedging transactions	-	-	-	-	-	-81	-81
<b>Total items recognized under net assets/equity</b>	<b>-</b>	<b>39</b>	<b>-10</b>	<b>29</b>	<b>-</b>	<b>2 226</b>	<b>2 256</b>
Surplus/deficit for the year	-	-	-	-	-	5 953	5 953
<b>Total profit and loss recognized</b>	<b>-</b>	<b>39</b>	<b>-10</b>	<b>29</b>	<b>-</b>	<b>8 179</b>	<b>8 208</b>
Entry transfers in net assets/equity	-167	-	-	-167	166	1	-
Consolidation scope changes	-	-	-	-	-	-	-
<b>As of 31.12.2019</b>	<b>5 239</b>	<b>1 421</b>	<b>39</b>	<b>6 699</b>	<b>347</b>	<b>22 411</b>	<b>29 457</b>
Special funds result	-	-7	-	-7	-	1	-6
Change in other restricted funds	-	-	-7	-7	-	-	-7
Revaluation employee retirement benefits	-	-	-	-	-	2 013	2 013
Share of equity transactions involving equity interests	-	-	-	-	-	37	37
Hedging transactions	-	-	-	-	-	-96	-96
<b>Total items recognized under net assets/equity</b>	<b>-</b>	<b>-7</b>	<b>-7</b>	<b>-14</b>	<b>-</b>	<b>1 955</b>	<b>1 941</b>
Surplus/deficit for the year	-	-	-	-	-	-16 858	-16 858
<b>Total profit and loss recognized</b>	<b>-</b>	<b>-7</b>	<b>-7</b>	<b>-14</b>	<b>-</b>	<b>-14 903</b>	<b>-14 917</b>
Entry transfers in net assets/equity	-168	-	-	-168	48	120	-
Consolidation scope changes	-	-	-	-	-	-	-
<b>As of 31.12.2020</b>	<b>5 071</b>	<b>1 414</b>	<b>32</b>	<b>6 517</b>	<b>395</b>	<b>7 629</b>	<b>14 540</b>

## STATEMENT OF NET ASSETS/EQUITY

The statement of net assets/equity shows which financial transactions led to a change in the respective equity item. Specifically, it indicates the expense and revenue items that were recognized directly in net assets/equity rather than in the statement of financial performance, and the impact of a change in reserves and restricted funds on net assets/equity.

## RESERVES FROM GLOBAL BUDGET

CHF mn	General reserves					Restricted reserves				
	Closing stock at 31.12.2019	Formation from FS 2019	Reversal/ Closure/use	Other transactions	Closing stock at 31.12.2020	Closing stock at 31.12.2019	Formation from FS 2019	Reversal/ Closure/use	Other transactions	Closing stock at 31.12.2020
<b>Total</b>	<b>93</b>	<b>0</b>	<b>-54</b>	<b>-</b>	<b>40</b>	<b>253</b>	<b>255</b>	<b>-153</b>	<b>0</b>	<b>355</b>
104 FCh	-	-	-	-	-	19	1	-8	-	12
109 SA-OAG	-	-	-	-	-	-	0	0	-	0
110 OAG	-	-	-	-	-	6	1	-5	-	2
202 FDFA	11	-	-	-	11	8	5	-4	-	9
301 GS-FDHA	-	-	-	-	-	2	1	-1	-	1
303 FOGE	-	-	-	-	-	0	-	0	-	0
305 SFA	-	-	-	-	-	1	2	-	-	2
306 FOC	-	-	-	-	-	1	1	0	-	1
311 MeteoSwiss	1	-	-	-	1	2	1	-2	-	1
316 FOPH	-	-	-	-	-	0	1	0	-	1
317 SFSO	-	-	-	-	-	6	3	-2	-	7
318 FSIO	-	-	-	-	-	3	2	-	-	5
341 FSVO	-	-	-	-	-	1	-	-	-	1
342 IVI	-	-	-	-	-	0	-	-	-	0
402 FOJ	-	-	-	-	-	2	2	0	-	3
403 fedpol	-	-	-	-	-	12	4	-7	-	9
413 SICL	-	-	-	-	-	0	0	0	-	0
420 SEM	-	-	-	-	-	14	11	-2	-	23
485 ISC-FDJP	3	-	-	-	3	18	22	-5	-	34
500 GS-DDPS	-	-	-	-	-	-	8	-	-	8
504 FOSPO	3	-	-	-	3	18	5	-8	-	15
506 FOCP	2	-	-	-	2	21	3	-3	-	22
525 D	52	-	-52	-	-	-	133	-19	-	114
542 ar S+T	1	-	-	-	1	-	-	-	-	-
570 swisstopo	4	-	0	-	4	2	1	-1	-	2
600 GS-FDF	-	-	-	-	-	1	0	0	0	1
601 FFA	-	-	-	-	-	2	3	-1	-	4
602 CCO	-	-	-	-	-	3	0	-	-	3
605 FTA	-	-	-	-	-	2	3	-2	-	2
606 FCA	2	-	-2	-	-	26	18	-19	-	25
608 FITSU	-	-	-	-	-	19	9	-9	0	18
609 FOITT	10	-	-	-	10	4	0	-3	-	1
611 SFAO	-	-	-	-	-	1	-	-1	-	1
614 FOPER	-	-	-	-	-	-	1	-	-	1
620 SFBL	-	-	-	-	-	37	7	-35	0	8
701 GS-EAER	-	-	-	-	-	1	-	-1	-	0
704 SECO	-	-	-	-	-	0	-	0	-	-
708 FOAG	-	0	-	-	0	1	2	-2	-	1
710 Agroscope	-	-	-	-	-	1	0	-1	-	1
735 ZIVI	1	-	-	-	1	-	0	0	-	0
740 SAS	0	-	-	-	0	2	-	0	-	2
785 ISCeco	-	-	-	-	-	1	1	-1	-	2
801 GS-DETEC	-	-	-	-	-	5	-	-2	-	3
802 FOT	-	-	-	-	-	-	1	-1	-	-
803 FOCA	2	-	-	-	2	2	2	-1	-	4
805 FOE	-	-	-	-	-	-	1	-1	-	-
808 OFCOM	1	-	-	-	1	4	2	-2	-	4
816 STSB	-	-	-	-	-	1	-	-1	-	-
817 Reglnfra	-	-	-	-	-	1	1	-	-	2

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### GLOBAL BUDGET RESERVES

Depending on the annual results and the achievement of objectives, the administrative units have the possibility of forming reserves from their global budgets and individual credits in their own area. Reserves are broken down into general and earmarked reserves.

The formation or release of global budget reserves is recognized as a statement of financial position transaction. In the process, an entry transfer is made from the accumulated surplus to reserves (formation) or from reserves to the accumulated surplus (release). Since reserves are not available to the administrative unit until after the Federal Assembly's decision (normally after the summer session), the recognition of reserve formation and release is with the reference date "federal decree on the state financial statements" the following (and not the current) fiscal year.

Expenses or investment expenditure financed with reserves is recognized and reported on an accrual basis in the statement of financial performance or statement of investments. The change in global budget reserves is disclosed in the statement of net assets/equity in the notes to the Confederation's annual financial statements.