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Swiss Confederation

STATE FINANCIAL STATEMENTS

20
21

DISPATCH

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DISPATCH ON THE 2021 STATE FINANCIAL STATEMENTS

of March 30, 2022

Dear Madam 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 2021 to you, and propose that you approve them in accordance with the enclosed draft resolutions.

Respectfully yours,

Bern, March 30, 2022

On behalf of the Swiss Federal Council

President of the Swiss Confederation:

Ignazio Cassis

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
<	less 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 2020	Bdg. 2021	FS 2021	Δ 2020-21	
				absolute	%
Financing statement					
Ordinary receipts	71 917	75 793	74 545	2 627	3.7
Ordinary expenditure	73 145	77 820	75 950	2 806	3.8
Ordinary fiscal balance	-1 227	-2 027	-1 405	-178	
Extraordinary receipts	125	20	1 535	1 410	
Extraordinary expenditure	14 672	4 133	12 331	-2 341	
Overall fiscal balance	-15 774	-6 139	-12 201	3 573	
Debt brake					
Maximum admissible expenditure	89 047	81 952	88 281	-766	-0.9
Structural surplus (+) / structural deficit (-)	1 649	1 232	309	-1 340	
Compensation account balance	29 000		23 500	-5 500	
Amortization account balance	-9 789		-20 276	-10 487	
Statement of financial performance					
Operating revenue	70 648	74 384	74 700	4 052	5.7
Operating expenses	88 227	78 821	85 759	-2 468	-2.8
Operating result	-17 580	-4 437	-11 059	6 521	
Financial result	-627	-453	-503	124	
Result from interests	1 349	1 326	1 846	497	
Surplus/deficit for the year	-16 858	-3 564	-9 716	7 142	
Statement of investments					
Investment receipts	662	676	719	58	8.7
Investment expenditure	11 008	11 754	11 196	189	1.7
Statement of investments balance	-10 346	-11 078	-10 477	-131	
Extraordinary investment receipts	45	-	84	39	
Extraordinary investment expenditure	672	-	664	-7	
Statement of investments balance	-9 629	-11 078	-11 058	-1 428	
Statement of financial position					
Net assets/equity	14 540		6 127	-8 413	-57.9
Gross debt	103 586	109 700	108 570	4 984	4.8
Indicators					
Expenditure ratio in %	12.4	11.0	11.9	-0.5	
Tax ratio in %	9.5	9.6	9.5	0.0	
Gross debt ratio in %	14.7	14.8	14.6	0.0	

Note: expenditure ratio including extraordinary expenditure

	E 2020	Bdg. 2021	FS 2021	Δ 2020-21	
				absolute	%
Macroeconomic reference values					
Real GDP growth in %	-2.6	4.9	3.6	6.2	
Nominal GDP growth in %	-3.1	5.1	5.1	8.2	
Change in the National Consumer Price Index in %	-0.7	-0.3	0.6	1.3	
Long-term interest rates in % (annual average)	-0.5	-0.4	-0.2	0.3	
Short-term interest rates in % (annual average)	-0.7	-0.7	-0.7	0.0	
USD to CHF exchange rate (annual average)	0.94	0.95	0.91	-0.03	-3.2
EUR to CHF exchange rate (annual average)	1.07	1.05	1.08	0.01	0.9

Notes:

- GDP growth: adjusted for sports events and calendar-adjusted. Source: SECO
- Interest rates: annual average for 10-year Confederation bonds or SARON
- Exchange rates: annual averages. Source: SNB

SUMMARY

2021 FINANCIAL STATEMENTS (DEVELOPMENT OF TOTAL RECEIPTS AND EXPENDITURE DURING THE YEAR)

in CHF bn



■ Receipts
■ Expenditure

The financing deficit was significantly higher than anticipated in the budget because of the dynamics of the COVID-19 pandemic. Much of the COVID-19 expenditure was approved in H1 2021. In H2, it became apparent that it would not be fully utilized.

Although 2021 saw a robust economic recovery following the sharp economic downturn of 2020, measures to contain the COVID-19 pandemic were still necessary. To cushion the economic impact of the COVID-19 pandemic, the Confederation again incurred significant expenditure of 14.1 billion (2020: 15.0 bn), resulting in another substantial financing deficit of 12.2 billion (2020: 15.8 bn).

Following the 2020 downturn (real GDP: -2.6%), *economic growth* experienced a robust recovery in 2021 (+3.6%). The above-average growth was driven by consumer spending and foreign trade. At the same time, supply and capacity bottlenecks hampered the international recovery. Together with higher energy prices, they led to an increase in import prices. Consequently, the level of prices in Switzerland rose by 0.6% year on year.

The *measures to combat the COVID-19 pandemic* continued to shape the Confederation's fiscal policy. Coming in at 14.1 billion, COVID-19 expenditure was only slightly lower than the previous year (15.0 bn), but the mix of measures changed. Expenditure for short-time working compensation fell to 4.3 billion (2020: 10.8 bn), but a new instrument was introduced in the form of hardship measures for businesses (4.2 bn). Expenditure for COVID-19 tests rose to 1.2 billion (2020: 0.2 bn), and subsequent payments are still expected for 2021 (provision of 1.3 bn).

Excluding the COVID-19 measures, expenditure was up on the previous year (+1.4 bn, or +1.9%). This resulted primarily from higher third parties' shares of federal receipts caused by rising receipts.

Receipts grew by a substantial 5.6%, or 4.0 billion, year on year. This pleasing development was mainly attributable to value added tax (+1.4 bn), which benefited from the rise in consumer spending and import prices, to direct federal tax (+1.2 bn), where receipts from the pre-crisis years were high (esp. 2019), and to the bigger profit distribution by the Swiss National Bank (+0.7 bn). Withholding tax receipts remained more or less at the previous year's level (-0.3 bn), and the provision for refund requests still expected had to be increased by 5.1 billion. This confirms the trend reversal with lower withholding tax revenue.

All in all, this resulted in a *financing deficit of 12.2 billion*. Thanks to the debt brake exception, the Confederation remained in a position to take action despite the large burden. Most of the COVID-19 expenditure was recognized under extraordinary expenditure (12.3 bn). As the Swiss economy remained below its potential also in 2021, the debt brake permitted a cyclical deficit of 1.7 billion in the ordinary budget. In reality, the ordinary financing deficit amounted to 1.4 billion. The unused leeway of 0.3 billion (structural surplus) was credited to the debt brake's amortization account.

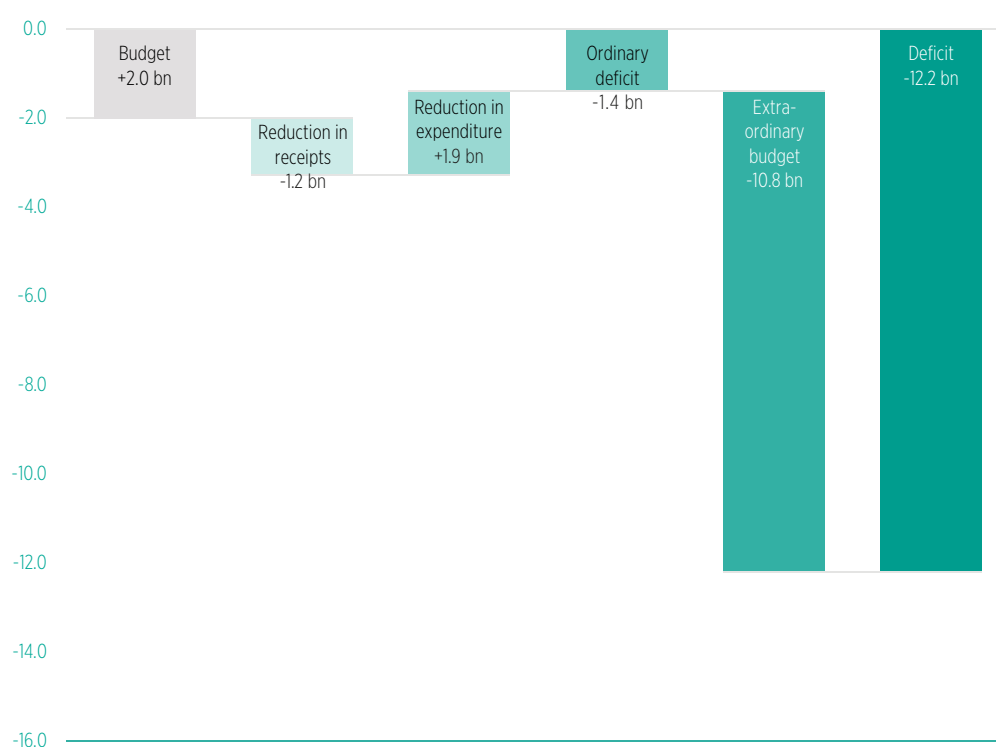
The substantial funding requirements were covered by the Confederation increasing its long-term liabilities (+4.9 bn, esp. bonds) and at the same time reducing its non-administrative assets (-1.0 bn, esp. cash and other liquid assets). The remaining funding requirements were financed by the high level of tax receipts, partly because withholding tax refunds remained low in 2021 (see increased provision). As a result, *gross debt* rose to 108.6 billion (+5.0 bn, esp. bonds). *Net debt* (gross debt less non-administrative assets) climbed by 6.0 billion to 76.1 billion.

The two debt brake control statistics for the ordinary and extraordinary budgets (compensation account and amortization account) ensure that expenditure does not exceed receipts over the longer term. This would lead to higher debt in the medium term. In 2021, the *compensation account* was burdened by a revaluation of the provision for withholding tax which was made retroactively as of January 1, 2021 (restatement; +5.5 bn). This brought the compensation account's balance to 23.5 billion. The high extraordinary expenditure was charged to the *amortization account*, bringing the shortfall to 20.3 billion. The shortfall is expected to rise to between 25 billion and 30 billion by the end of 2022. To reduce this coronavirus-related debt, the Federal Council adopted a dispatch on a temporary amendment of the Financial Budget Act on March 18, 2022.

The *fiscal policy outlook* for 2022 will continue to be dominated by the COVID-19 pandemic, albeit to a lesser extent. Consequently, a high financing deficit is again expected in 2022. It is assumed that no further extraordinary COVID-19 expenditure will be required in subsequent years and that the budget situation will return to normal.

DERIVATION OF FINANCIAL STATEMENT RESULTS

Financing statement for 2021 in in CHF bn



The pandemic also impacted fiscal 2021. Ordinary budget receipts were below budget due to withholding tax. In the extraordinary budget, high expenditure was incurred once again to combat the pandemic. This resulted in a financing deficit of 12.2 billion.

EXPLANATIONS

1 BACKGROUND

11 MEASURES TO COMBAT THE COVID-19 PANDEMIC

Last year, the Confederation spent 14.1 billion to deal with the COVID-19 pandemic. Short-time working compensation, COVID-19 loss of earnings compensation, hardship measures for businesses and the assumption of COVID-19 testing costs accounted for most of that amount. To date, the Confederation has spent 29.1 billion to combat the crisis.

The COVID-19 pandemic dominated fiscal policy last year as well. The expenditure of 6.6 billion approved by Parliament in the 2021 budget was not sufficient to cushion the impact of the pandemic. Additional funds of 16.8 billion were provided by means of four addenda (I, Ia, IIa, II). These were supplemented by the 1.4 billion that the Federal Council carried over from the previous year. The COVID-19 expenditure approved in 2021 totaled 24.7 billion, and 14.1 billion of this was ultimately utilized.

As in 2020, most of the expenditure (12.3 bn) was recognized under extraordinary payment requirements (under Art. 15 para. 1 lit. a of the FBA), including the largest items in terms of amount, such as the contribution to unemployment insurance for short-time working compensation (4.3 bn), the contribution to cantonal hardship measures (4.2 bn), loss of earnings compensation (1.8 bn), the assumption of costs for COVID-19 tests (1.2 bn) and the procurement of vaccines (0.7 bn).

Further expenditure of 1.7 billion was incurred in the ordinary budget, including transportation sector measures (589 mn in total), financial assistance and loans in favor of sports (307 mn), measures in the cultural arena (135 mn), and international cooperation in connection with combating the pandemic (300 mn). Overall, the Confederation thus incurred expenditure of 29.1 billion in connection with the pandemic in 2020 and 2021, and 27.0 billion of that amount was recognized in the extraordinary budget.

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 the most frequently used means of cushioning the impact of the pandemic (total 13.9 bn, including provisions). These mainly comprised short-time working compensation (4.4 bn) hardship measures (4.2 bn), COVID-19 testing (2.5 bn) and COVID-19 loss of earnings compensation (1.8 bn), which were intended to maintain jobs and incomes.
- *Procurements* were undertaken to ensure primary medical care. Overall, vaccines were procured for 621 million and medical materials for 44 million. Goods worth 75 million were resold.
- *Loans and financial interests* were used to provide capital and/or liquidity to organizations (sports sector) and own companies (Skyguide). New loans granted in 2021 amounted to 330 million, while 7 million was repaid.

- Regarding *sureties and guarantees*, the Confederation guaranteed corresponding commercial bank loans in 2020 in order to provide private companies with liquidity. These generated small losses of 238 million in 2021. At the end of 2021, guaranteed credits of 14.2 billion were outstanding, largely concerning joint and several sureties (12.0 bn). The provisions for expected defaults amount to 1.6 billion. A contingent liability exists for the remaining amount.

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. For information on the contingent liabilities for sureties and guarantees issued, see section B 83.

REDUCTION OF CORONAVIRUS-RELATED DEBT

The extensive measures to combat the COVID-19 pandemic resulted in a deficit in the extraordinary budget, which has to be reduced again in accordance with the statutory provisions on the debt brake. The Confederation incurred extraordinary expenditure of 14.7 billion and 12.3 billion, respectively, in 2020 and 2021 to deal with the COVID-19 pandemic. Therefore, the amortization account, which provides the control statistics for the extraordinary budget, showed a deficit of 20.3 billion at the end of 2021. Further extraordinary expenditure is budgeted for 2022. Overall, the amortization account is expected to show a deficit of between 25 billion and 30 billion by the end of 2022.

On June 23, 2021, the Federal Council decided to recognize the supplementary distribution (currently 1.3 bn) by the Swiss National Bank (SNB) under extraordinary receipts from 2021 onward and thus to credit it to the amortization account. Neither tax increases nor savings measures are to be used to reduce the remaining shortfall. Therefore, a temporary amendment of the Financial Budget Act is needed. The Federal Council adopted the corresponding dispatch on March 18, 2022. The bill provides for the shortfall to be made up by means of structural financing surpluses within three legislative periods, provided it cannot be reduced by extraordinary receipts. The surpluses are expected to result from budget underruns on the expenditure side, amounting to around 1 billion in each case.

COVID-19 MEASURES IN 2021: EXPENDITURE AND SURETIES

Expenditure CHF mn	2020 Expenditure	2021 Approved funds	2021 Expenditure	2021 Provisions / accruals
Total expenditure	14 998	24 737	14 069	3 201
<i>of which extraordinary</i>	<i>14 672</i>	<i>21 031</i>	<i>12 301</i>	-
Social welfare	12 982	9 172	6 160	20
Short-time working compensation	10 775	6 000	4 338	20
COVID-19 loss of earnings compensation	2 201	3 140	1 799	-
Childcare	6	20	23	-
Federal asylum centers (operating expenditure)	-	12	-	-
Health	857	4 075	2 026	1 318
Medical goods (incl. vaccines)	618	1 155	666	-
Assumption of costs for COVID-19 tests	194	2 432	1 184	1318
FOPH additional expenses	28	123	101	-
Medicinal products, vaccination services, start-up financing of repetitive testing, etc.	16	366	75	-
Economy	81	9 320	4 471	1 631
Losses COVID-19 joint and several sureties (incl. admin. expenses)	60	1 000	247	1599
Cantonal hardship measures	-	8 200	4 194	29
Safety net for event industry	-	90	-	3
Tourism	13	27	27	-
Export promotion, commercial guarantee cooperatives, etc.	7	3	3	-
Transportation	371	996	589	232
Public transportation (incl. deposit in railway infrastructure fund)	221	626	247	212
Rail freight services	-	95	88	5
Tourist traffic	-	25	4	15
Skyguide recapitalization	150	250	250	-
Culture and leisure	311	806	460	-
Culture (extraordinary)	169	31	31	-
Culture (ordinary)	-	278	104	-
Sport	130	480	307	-
Media (increase in indirect press subsidies)	12	18	17	-
International relations – international cooperation	343	345	345	-
Global health initiative (ACT-A)	-	300	300	-
International Committee of the Red Cross (ICRC) loans	200	-	-	-
Development cooperation, humanitarian aid, etc.	143	45	45	-
Institutional and financial prerequisites	7	12	11	-
FSO additional expenses (data collection and analysis)	-	12	11	-
Additional expenses Parliament/special session	7	-	-	-
Education and research	27	-	2	-
Security	9	9	5	-
Agriculture and food	11	-	-	-

Note: Provisions/accruals/deferrals: at 31.12.2021

12 ECONOMIC DEVELOPMENT

Switzerland's economic output in 2021 exceeded the pre-crisis level. Although economic growth was above average in 2021, not all sectors were able to recover from the crisis to the same extent.

MACROECONOMIC PARAMETERS 2021

	Bdg.	FS	Deviation in percentage points
Change in %			
Real GDP	4.9	3.6	-1.3
Nominal GDP	5.1	5.1	-
Rate in %			
Inflation (CPI)	-0.3	0.6	0.9

Real economic growth of 4.9% was assumed in the 2021 budget; in actual fact, the economy grew by 3.6%. However, as the economic downturn in 2020 was also less severe than feared at the time (-2.6% instead of -6.2%), the economy performed better overall than expected in the budget. Inflation picked up significantly compared with the previous year, thus making it higher than assumed in the budget.

SUBSTANTIAL ECONOMIC RECOVERY

Switzerland's economic output in 2021 exceeded the pre-crisis level of 2019. This was particularly true of the manufacturing sector and parts of the service sector. While value added in the hospitality industry likewise recovered somewhat due to the removal of capacity restrictions and greater travel activity, it remained significantly below the pre-crisis level.

The above-average economic growth was driven by consumer spending and foreign trade. As the public health measures were less stringent than the previous year, private consumer spending picked up, and export-oriented companies benefited from the dynamic economic growth of key trading partners.

HIGHER INFLATION THAN EXPECTED

In 2021, inflation rose by 0.6% year on year. This was mainly due to higher import prices, especially for petroleum products and goods affected by global supply bottlenecks. The Swiss franc helped to curb inflation. The average exchange rate was CHF 1.08 per euro and CHF 0.91 per US dollar.

IMPROVEMENT ON THE LABOR MARKET

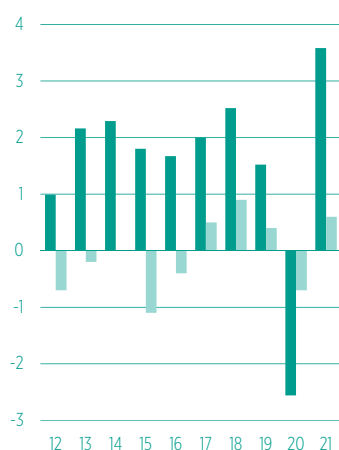
The economic recovery was likewise perceptible on the labor market. The number of employees on short-time working decreased, as did the number of unemployed. The average unemployment rate for the year was 3.0% (2020: 3.1%).

UNCHANGED EXPANSIONARY MONETARY POLICY

The Swiss National Bank (SNB) pursued its expansionary monetary policy unchanged in order to safeguard price stability and support the economic recovery. The SNB policy rate remained at -0.75%. The SNB countered the upward pressure on the Swiss franc by means of foreign exchange interventions.

ECONOMIC GROWTH AND INFLATION

in %



■ Real GDP
■ Inflation (CPI)

The economy staged a robust recovery in 2021 after last year's slump. Inflation was also back in positive territory.

2 RESULTS

21 FINANCING STATEMENT

The federal budget ended 2021 with a substantial deficit of 12.2 billion. As in the previous year, this was due to the considerable expenditure to combat the COVID-19 pandemic.

OVERALL FISCAL BALANCE

CHF mn	FS 2020	Bdg. 2021	FS 2021	Δ 2020-21	
				absolute	%
Overall fiscal balance	-15 774	-6 139	-12 201		
Ordinary financing result	-1 227	-2 027	-1 405		
Ordinary receipts	71 917	75 793	74 545	2 627	3.7
Ordinary expenditure	73 145	77 820	75 950	2 806	3.8
Extraordinary receipts	125	20	1 535		
Extraordinary expenditure	14 672	4 133	12 331		

ORDINARY BUDGET

The ordinary financing deficit for 2021 amounted to 1.4 billion. A deficit of 2 billion had been expected in the budget. The improvement *relative to the budget* was due to lower expenditure (-1.9 bn). The items that came in below budget included the following in particular: education expenditure, due to the lack of full participation in EU research programs; investments, due to project delays; and COVID-19 expenditure recognized in the ordinary budget, due to lower requirements.

Compared with the previous year, the deficit in the ordinary budget was similarly high. Ordinary receipts surged (+2.6 bn). Value added tax and other consumption taxes benefited from the economic recovery, and in the case of direct federal tax, there was an increase in revenue from earlier periods (esp. 2019). At the same time, ordinary expenditure also grew robustly (+2.8 bn). On the one hand, the cantons' and AHV's shares of receipts rose on the back of higher receipts (+1.3 bn). On the other hand, more expenditure to deal with the COVID-19 pandemic was recognized in the ordinary budget than the previous year (+1.4 bn).

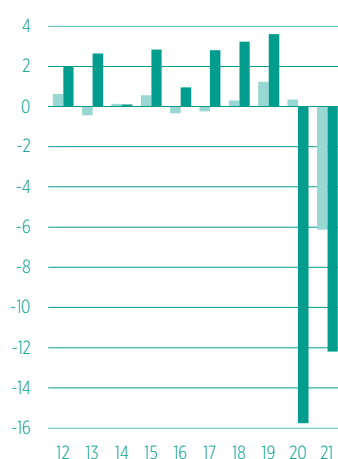
EXTRAORDINARY BUDGET

All of the substantial extraordinary expenditure was incurred in connection with combating the COVID-19 pandemic. The debt brake exception had to be invoked, as the COVID-19 pandemic remained an extraordinary event beyond the control of the Confederation (in accordance with Art. 15 para. 1 lit. a of the FBA). The largest expenditure items concerned short-time working compensation (4.3 bn), cantonal hardship measures (4.2 bn), COVID-19 loss of earnings compensation (1.8 bn) and federal funding for COVID-19 tests (1.2 bn).

The federal share of the SNB's additional profit distribution was recognized under *extraordinary receipts* for the first time (1.3 bn). The receipts were thus credited to the amortization account, offsetting part of the deficit resulting from the high extraordinary expenditure.

FISCAL BALANCE TREND

in bn



■ Financial statements
■ Budget

The high coronavirus-related deficits in 2020 and 2021 abruptly halted the series of financing surpluses. The results were also significantly worse than anticipated in the budget because of the considerable uncertainty about the evolution of the pandemic.

22 DEBT BRAKE

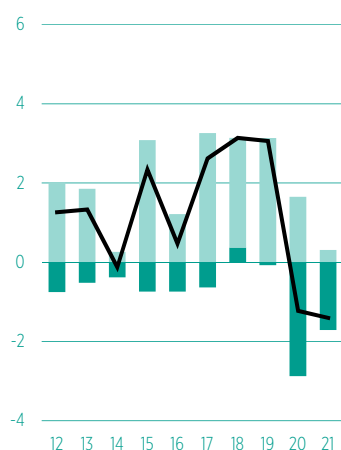
Switzerland's economic output remained below its potential in 2021, which is why the debt brake permitted a deficit in the ordinary budget. To cushion the impact of the pandemic, the Confederation once again incurred high extraordinary expenditure. This was charged to the amortization account.

DEBT BRAKE REQUIREMENTS

CHF mn	FS 2020	Bdg. 2021	FS 2021	Δ 2020-21 absolute	Δ 2020-21 %
1 Total receipts	72 042	75 813	76 080	4 037	5.6
2 Extraordinary receipts	125	20	1 535	1 410	
3 Ordinary receipts [3=1-2]	71 917	75 793	74 545	2 627	3.7
4 Cyclical factor	1.040	1.043	1.023	-0.017	
5 Expenditure ceiling (Art. 13 FBA) [5=3x4]	74 794	79 052	76 259	1 465	2.0
6 Surplus/deficit required/permitted cyclically [6=3-5]	-2 877	-3 259	-1 715	1 162	
7 Extraordinary expenditure (Art. 15 FBA)	14 672	4 133	12 331		
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)	419	1 232	309		
11 Maximum admissible expenditure [11=5+7-8-9-10]	89 047	81 952	88 281	-766	-0.9
12 Total expenditure according to FS/budget	87 817	81 952	88 281	464	0.5
13 Deviation (Art. 16 FBA) [13=11-12]	1 230	0	0	-1 230	

THE FEDERAL BUDGET FROM A DEBT BRAKE VIEWPOINT

in bn



■ Structural balance
■ Cyclical balance
— Ordinary fiscal balance

The COVID-19 pandemic also led to a financing deficit of 1.4 billion in the ordinary budget in 2021. The debt brake would have permitted a deficit of 1.7 billion, which meant that the debt brake requirements were exceeded by 0.3 billion (structural surplus).

ECONOMIC SITUATION AND COMPLIANCE WITH THE DEBT BRAKE

The budget for 2021 was still based on the assumption of a very sharp economic downturn in 2020 and, accordingly, major capacity underutilization of 4.3% was anticipated for 2021 (cyclical factor of 1.043; see table, row 4). The actual economic slowdown was milder in 2020, and thus the capacity underutilization in 2021 was less severe than feared, at 2.3%. For the first time, the calculation of the cyclical factor was based on the production function calculated by SECO (see box). A transitional method with similar results to the production function was still used for the budget.

The debt brake evens out cyclical fluctuations in receipts. Accordingly, an ordinary financing deficit of 2.3% of receipts, or 1.7 billion, was permitted in 2021 (see table, row 6). The actual ordinary financing deficit in 2021 was 1.4 billion, which means that the permissible deficit was not fully utilized. The remaining structural surplus amounted to 309 million and was credited to the amortization account (see table, row 10).

BURDEN ON THE COMPENSATION ACCOUNT DUE TO RESTATEMENT

In the course of 2021, new data revealed that the withholding tax provision was understated by 5.5 billion as of the end of 2020 (see section A 73, Withholding tax). Consequently, a restatement was carried out retroactively as of January 1, 2021, thereby increasing the provision in the statement of financial position by 5.5 billion (see section B 74, Accounting and valuation principles). As a result, the debt brake's compensation account also had to be reduced. From today's perspective, withholding tax revenue has been overstated in recent years, and so have the structural surpluses credited to the compensation account. Including this reduction, the compensation account's balance at the end of 2021 stood at 23.5 billion.

COMPENSATION ACCOUNT BALANCE

CHF mn	FS 2020	FS 2021
14 Compensation account balance at 31.12. of preceding year	27 770	29 000
15 Expenditure ceiling reduction (Art. 17 FBA, amortization account balance) [=8]	-	-
16 Deviation (Art. 16 FBA) [=13]	1 230	0
17 Subtotal [17=14+15+16]	29 000	29 000
18 Compensation account reduction	-	-5 500
19 Compensation account balance at 31.12. incl. reduction [19=17+18]	29 000	23 500

HIGH EXTRAORDINARY EXPENDITURE AND DEFICIT IN THE AMORTIZATION ACCOUNT

High extraordinary expenditure was incurred once again in 2021 to combat the COVID-19 pandemic. It amounted to 12.3 billion. As in 2020, the debt brake exception was invoked, as the COVID-19 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 1.5 billion were recognized. Just over 1.3 billion of that came from the SNB's additional profit distribution, which has been recognized under extraordinary receipts since fiscal 2021 (see section B 81 for detailed information).

Extraordinary receipts and expenditure are booked to the amortization account. Due to the renewed significant burdens, the amortization account's deficit rose to 20.3 billion at the end of 2021. As further extraordinary expenditure will be incurred in 2022, the deficit is expected to rise to between 25 billion and 30 billion according to current estimates.

SLIGHTLY RESTRICTIVE EFFECT OF THE FEDERAL BUDGET

The aim of the debt brake is to achieve a balanced budget over the longer term within the framework of an economically compatible fiscal policy. To this end, fiscal policy should have a countercyclical effect in order for the lack of, or excessively high, private demand to be partially offset.

The primary stimulus is an indicator of the impact on demand and is defined as the change in the ordinary fiscal balance (as a percentage of GDP). The ordinary financing deficit deteriorated to -1.4 billion in 2021 (2020: -1.2 bn). Measured in relation to GDP, the additional demand was low, which is why the overall result was a neutral primary stimulus. The primary stimulus is comprised of changes in the cyclical balance (-0.16%) and the structural balance (+0.18%; so-called fiscal stimulus). The cyclical balance shows the automatic stabilization provided by the cyclical factor, while the structural balance is an indicator of the impact of policy decisions.

As in the previous year, extensive extraordinary expenditure was incurred in 2021, generating a large additional impact on demand compared with the situation prior to the COVID-19 pandemic. In 2021, extraordinary expenditure was down on the previous year (-2.3 bn). Moreover, higher extraordinary receipts were recognized (+1.4 bn). If extraordinary receipts and expenditure are also taken into account, the primary stimulus and fiscal stimulus were restrictive (-0.5% and -0.3% of GDP), which is appropriate given the improved economic situation.

CYCLICAL FACTOR ACCORDING TO THE SECO PRODUCTION FUNCTION

The cyclical factor is a measure of the economic situation and is used to determine the cyclically permissible financing deficit (or the required surplus). It is defined as the ratio of trend gross domestic product (trend GDP) to currently expected GDP. Economic output that is below its trend indicates a weak economic situation, and vice versa. In macroeconomics, this is referred to as capacity underutilization or overutilization.

Trend GDP was previously calculated using the modified Hodrick-Prescott filter (mHP filter). This purely statistical procedure proved successful in the past. However, the COVID-19 crisis exposed its weaknesses. Because the mechanically calculated trend GDP converges relatively quickly to actual GDP, the procedure cannot capture prolonged capacity underutilization or overutilization,

which can lead to a procyclical fiscal policy. For example, the cyclical factor calculated with the mHP filter indicates capacity overutilization already in 2022, even though the economy is still in the process of recovering.

Against this backdrop, the Federal Finance Administration (FFA), supported by the State Secretariat for Economic Affairs (SECO), analyzed alternative calculation methods to the mHP filter, and also called upon external experts. This showed that the European Commission's production function calculated by SECO provides an economically sound estimate of trend GDP and thus allows for a better assessment of the economic situation, especially in times of crisis. The new method was used for the first time in the 2021 financial statements.

EXTRAORDINARY BUDGET

CHF mn	FS 2020	FS 2021
Extraordinary receipts	125	1 535
E190.0100 FINMA disgorgement of profits	70	-
E190.0105 e.o. revenue fines	-	23
E190.0107 COVID-19: Repayment of loans	-	0
E190.0108 COVID-19: Repayment of loans to cultural entities	-	1
E190.0110 COVID-19: Medical materials refund	45	75
E190.0112 COVID-19: Repayment of SFL/SIHF loans	-	7
E190.0113 COVID-19: Receipts aviation support	10	33
E190.0115 COVID-19: Repayment of financial assistance	-	4
E190.0117 COVID-19: Refund of compensation for loss of income	-	34
E190.0118 Extraordinary SNB profit distribution	-	1 333
E190.0119 Extraordinary repayment, BLS	-	25
Extraordinary expenditure	14 672	12 331
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	1 799
A290.0105 COVID-19: Federal contribution to ALV	10 775	4 338
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	666
A290.0115 COVID-19: Childcare	6	23
A290.0116 COVID-19: Tourism contribution	13	27
A290.0117 COVID-19: International Committee of Red Cross (ICRC) loans	200	-
A290.0118 COVID-19: Humanitarian aid	51	45
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	1 184
A290.0131 COVID-19: Cultural service level agreements with cantons	-	31
A290.0132 COVID-19: Cantonal hardship measures for businesses	-	4 194
A290.0142 Extraordinary expenses, refund FINMA disgorgement of profits	-	30
E190.0116 COVID-19: Sureties	-	-6

AMORTIZATION ACCOUNT BALANCE

CHF mn	FS 2020	FS 2021
20 Amortization account balance at 31.12. of preceding year	4 339	-9 789
21 Extraordinary expenditure (Art. 17a FBA)	14 672	12 331
22 Extraordinary receipts (Art. 17a FBA)	125	1 535
23 Expenditure ceiling reduction (Art. 17b FBA, amortization account shortfall) [=9]	-	-
24 Expenditure ceiling reduction (Art. 17c FBA, precautionary savings) [=10]	419	309
25 Amortization account balance at 31.12. [25=20-21+22+23+24]	-9 789	-20 276

23 STATEMENT OF FINANCIAL PERFORMANCE

The statement of financial performance ended with an expense surplus of 9.7 billion. This was caused by the measures taken to combat the COVID-19 pandemic.

STATEMENT OF FINANCIAL PERFORMANCE RESULT

CHF mn	FS	Bdg.	FS	Δ 2020-21	
	2020	2021	2021	absolute	%
Surplus/deficit	-16 858	-3 564	-9 716		
Operating result	-17 580	-4 437	-11 059		
Operating revenue	70 648	74 384	74 700	4 052	5.7
Operating expenses	88 227	78 821	85 759	-2 468	-2.8
Financial result	-627	-453	-503		
Result from interests	1 349	1 326	1 846		

Relative to the budget, the result for the year was 6.2 billion lower. This was attributable to higher expenses to combat the COVID-19 pandemic, which impacted the operating result (-6.6 bn vs. the budget). By contrast, the result from financial interests was higher (+0.5 bn vs. the budget). The unrealized profits on financial interests substantially exceeded the budgeted dividend payments and were also up on the previous year.

The result for the year was up by 7.1 billion *relative to the previous year*. Operating revenue rose by 4.1 billion, due largely to direct federal tax (+1.2 bn), value added tax (+1.4 bn) and the higher SNB profit distribution (+0.7 bn). By contrast, operating expenses fell by 2.5 billion, driven essentially by the expenses to deal with the COVID-19 pandemic, which declined by 3.0 billion but still amounted to 13.9 billion (see section B 72 for detailed information). There was little change year on year in the financial result (+0.1 bn), while the result from financial interests rose by 0.5 billion, due to the federal shares in the net results of Swisscom and Swiss Post (see part 28 of section B 82, Financial interests).

Compared with the financing statement, the statement of financial performance ended the year 2.5 billion better off. The difference was mainly due to the fact that unrealized profits on financial interests were 1.2 billion higher than dividends received (1.8 bn vs. 0.6 bn), and the amounts for depreciation and amortization and value adjustments on investment contributions were 0.7 billion lower than net investments (9.7 bn vs. 10.4 bn). For details, see section B 84, Financing statement versus statement of financial performance.

24 STATEMENT OF INVESTMENTS

The Confederation's net investments were up slightly in 2021. Extraordinary investments in connection with the COVID-19 pandemic remained high.

STATEMENT OF INVESTMENTS

CHF mn	FS 2020	Bdg. 2021	FS 2021	Δ 2020-21	
				absolute	%
Statement of investments balance	-10 973	-11 078	-11 058		
Ordinary statement of investments balance	-10 346	-11 078	-10 477		
Investment receipts	662	676	719	58	8.7
Investment expenditure	11 008	11 754	11 196	189	1.7
Extraordinary investment receipts	45	-	84		
Extraordinary investment expenditure	672	-	664		

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).

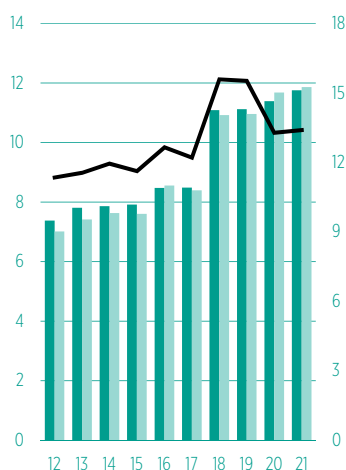
Investment receipts arose primarily from the cantons' contribution of 545 million to the railway infrastructure fund (RIF), the sale of tangible fixed assets and repayments of investment contributions and loans.

Ordinary investment receipts rose by 58 million relative to 2020. This was largely due to higher receipts from the sale of tangible fixed assets at the Federal Office for Buildings and Logistics and higher railway infrastructure contributions from the cantons. The increase in *ordinary investment expenditure* can be explained chiefly by higher deposits in transportation funds and a loan to Skyguide.

Extraordinary investment receipts were generated primarily by the sale of medical materials (especially vaccines) to combat the COVID-19 pandemic. In addition, loans were repaid by professional sports clubs. *Extraordinary investment expenditure* was exclusively associated with the procurement of vaccines and medical materials to combat the COVID-19 pandemic.

DEVELOPMENT OF INVESTMENT EXPENDITURE

in bn and % of expenditure



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

Investments surged in 2018 (introduction of the grid supplement fund and motorway and urban transportation fund) and have grown at an average annual rate of 2% since then. The proportion of investment remained more or less stable at 13.4% in 2021.

25 CASH FLOW STATEMENT

Unlike the result of the statement of financial performance, the cash flow from operating activities was just positive at 1.2 billion, as there will be a time lag before significant cash outflows occur.

CASH FLOW STATEMENT

CHF mn	FS 2020	FS 2021	Δ 2020-21	
			absolute	%
Total cash flow	-9 564	-922	8 643	90.4
Cash flow from operating activities	-13 884	1 183	15 066	108.5
Cash flow from investing activities	-4 892	-3 466	1 426	29.1
Cash flow from financing activities	9 211	1 362	-7 849	-85.2

After being clearly in negative territory in 2020 due to the COVID-19 pandemic, the *cash flow from operating activities* was just positive at 1.2 billion in the year under review. However, it is necessary to put the positive development relative to the previous year into perspective, as there will be a time lag before the outflow of considerable amounts, which is why liabilities as of the balance sheet date increased sharply. Withholding tax is particularly worthy of mention. Only 5 billion of the substantial net payments of 10 billion is expected to remain with the Confederation. The remaining 5 billion will flow out with a time lag and is therefore recognized as a liability in the withholding tax provisions. Similarly, not all COVID-19 contributions granted for 2021 have been paid out yet (mainly hardship measures and test costs). This is reflected primarily in the increase in current liabilities (+4.1 bn) and other provisions (+0.9 bn).

The *cash outflow from investing activities* was significantly lower than a year earlier at 3.5 billion. The aggregate investment expenditure of 3.2 billion was incurred largely for motorways, defense equipment and the procurement of medical materials and vaccines. Loans totaling 0.4 billion were additionally granted. Other financial investments were stable year on year (-0.1 bn).

The *cash inflow* of 1.4 billion *from financing activities* reflects a moderate rise in financial liabilities.

Cash and liquid assets decreased by 0.9 billion to 13 billion (see the cash fund statement below).

CASH FUND STATEMENT

CHF mn	FS 2020	FS 2021	Δ 2020-21	
			absolute	%
Cash at 01.01.	23 459	13 894	-9 564	-40.8
Cash at 31.12.	13 894	12 973	-922	-6.6

26 STATEMENT OF FINANCIAL POSITION

Outstanding withholding tax refund liabilities continued to climb. The annual loss of 9.7 billion weighed on net assets/equity.

STATEMENT OF FINANCIAL POSITION

CHF mn	FS	FS	Δ 2020-21	
	2020	2021	absolute	%
Assets	170 107	176 665	6 558	3.9
Non-administrative assets	35 887	35 840	-46	-0.1
Administrative assets	134 220	140 825	6 605	4.9
Liabilities and equity	170 107	176 665	6 558	3.9
Short-term liabilities	53 214	54 151	936	1.8
Long-term liabilities	102 352	116 387	14 035	13.7
Net assets/equity	14 540	6 127	-8 413	-57.9
Restricted funds in net assets/equity	6 517	6 523	6	0.1
Reserves from global budget	395	446	51	13.0
Accumulated surplus	7 629	-841	-8 470	-111.0

Non-administrative assets were stable year on year. Cash and other liquid assets decreased by only 0.9 billion, despite significant cash outflows resulting from the financing of COVID-19 measures. However, there will be a time lag before the outflow of considerable amounts (see section 25, Cash flow statement). In the case of financial investments, the increase in Treasury loans to SBB was offset by the repayment of RIF loans.

Administrative assets rose by 6.6 billion, driven largely by the higher valuation of financial interests (+5.8 bn). The increase in the carrying amount can be explained primarily by the reduction in federal enterprises' employee retirement benefits.

Liabilities grew by 15 billion. The main reasons for this were as follows:

- *Current liabilities* rose by 4.1 billion, due essentially to the fact that not all funds associated with COVID-19 measures have been paid out yet (mainly hardship measures).
- Accumulated *withholding tax refund liabilities* – recognized under current liabilities, accrued expenses and deferred income, and provisions – amounted to 42.6 billion (2020: 31.5 bn). The increase in the provision was partly recognized by means of a restatement (see section B 74, Accounting and valuation principles).
- In the case of *other provisions*, the provision for accrued and not yet paid costs associated with COVID-19 tests was raised to 1.3 billion (2020: 0.2 bn). By contrast, the provision for COVID-19 bridging credits was lowered to 1.6 billion (2020: 2.3 bn).
- The Confederation's *employee retirement benefits* plunged (-1.6 bn), driven by positive investment results.

Net assets/equity fell by 8.4 billion as a result of the loss in the statement of financial performance (-9.7 bn) and the items that were recognized directly in net assets/equity (+1.3 bn), which were largely attributable to the revaluation of the Confederation's employee retirement benefits and financial interests (+6.2 bn overall) and the restatement of the withholding tax provision (-5.5 bn). 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 5.0 billion in 2021. To meet the high funding requirements for the COVID-19 measures, non-administrative assets were also reduced (-1.0 bn).

DEVELOPMENT OF FEDERAL DEBT

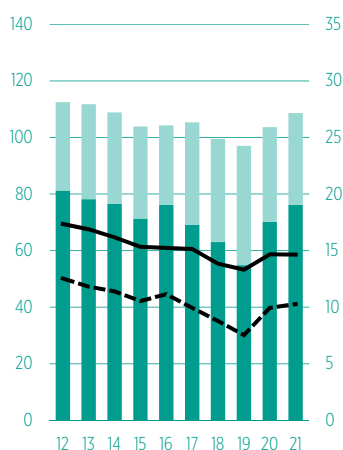
CHF mn	FS 2020	FS 2021	Δ 2020-21	
			absolute	%
Gross debt	103 586	108 570	4 984	4.8
Current liabilities	11 394	15 472	4 078	35.8
Short-term financial liabilities	29 899	25 857	-4 042	-13.5
Long-term financial liabilities	62 293	67 241	4 948	7.9
Net debt	70 179	76 144	5 965	8.5
Gross debt	103 586	108 570	4 984	4.8
less:				
Cash and cash equivalents	13 894	12 973	-922	-6.6
Receivables	5 923	6 001	79	1.3
Short-term financial investments	1 831	2 096	265	14.5
Long-term financial investments	11 759	11 356	-403	-3.4

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 outstanding debt instruments of the Confederation (bonds and money market debt register claims). The 5.0 billion increase in gross debt was due mainly to the rise in bonds (+4.4 bn) and current liabilities (+4.1 bn). In contrast, money market debt register claims (-2.6 bn) and liabilities toward federal government social insurance (-1.6 bn) decreased.

Net debt is defined as gross debt less non-administrative assets. Non-administrative assets could be used to repay debt if necessary. Net debt rose by 6.0 billion during the year under review. Aside from the increase in gross debt, non-administrative assets fell by 1.0 billion. Specifically, there was a decline in cash and liquid assets (-0.9 bn) and financial investments (-0.1 bn).

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 further in 2021. The gross debt ratio ended the year at 14.6% of GDP, and the net debt ratio stood at 10.3% of GDP.

28 INDICATORS

In 2021, the measures to combat the COVID-19 pandemic were reflected mostly in the high expenditure ratio and the large addenda to the budget.

FEDERAL INDICATORS

In %	FS 2016	FS 2017	FS 2018	FS 2019	FS 2020	FS 2021
Expenditure ratio	9.8	9.8	9.8	9.8	12.4	11.9
<i>Expenditure (in % of nom. GDP)</i>						
Tax ratio	9.2	9.5	9.5	9.6	9.5	9.5
<i>Tax receipts (in % of nom. GDP)</i>						
Receipt ratio	9.9	10.2	10.3	10.3	10.2	10.3
<i>Receipts (in % of nom. GDP)</i>						
Deficit/surplus ratio	+ 0.1	+ 0.4	+ 0.4	+ 0.5	- 2.2	- 1.6
<i>Fiscal balance (in % of nom. GDP)</i>						
Gross debt ratio	15.2	15.1	13.8	13.3	14.7	14.6
<i>Gross debt (in % of nom. GDP)</i>						
Net debt ratio	11.1	9.9	8.8	7.5	9.9	10.3
<i>Debt less non-administrative assets (in % of nom. GDP)</i>						
Net interest burden	2.1	1.6	1.2	1.1	0.9	0.7
<i>Net interest expenditure (in % of receipts)</i>						
Proportion of investment	12.6	12.2	15.6	15.5	13.3	13.4
<i>Investment expenditure (in % of expenditure)</i>						
Proportion of transfers	77.8	78.5	77.9	78.3	81.3	81.6
<i>Transfer expenditure (in % of expenditure)</i>						
Share in restricted taxes	21.6	20.9	22.0	21.9	22.0	22.1
<i>Restricted taxes (in % of tax receipts)</i>						
Average FTE	37 339	36 946	36 522	37 027	37 689	37 972
<i>Full-time equivalents (FTEs)</i>						
Addenda (in ordinary budget)	0.8	0.4	0.1	0.4	0.6	2.2
<i>Supplementary credits (in % of budget)</i>						
Credit underruns (in ordinary budget)	-3.1	-2.0	-2.0	-2.6	-3.9	-5.7
<i>Credit underruns (in % of budget)</i>						

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

EXPENDITURE RATIO

Total expenditure, including extraordinary expenditure, grew by 0.5% in 2021. As nominal gross domestic product (GDP) increased by 5.1%, the expenditure ratio fell to 11.9%. This is a summary indicator of the extent of the Confederation's activity in relation to the economy.

TAX RATIO AND RECEIPT RATIO

In 2021, total receipts rose by 5.6% and tax receipts by 4.9%. In view of the nominal GDP growth anticipated for 2021, the tax ratio stagnated (9.5%) and the receipt ratio edged up (10.3%).

DEFICIT/SURPLUS RATIO

The 2021 deficit was smaller than the previous year's, due to the decline in extraordinary expenditure. The deficit ratio was 1.6% in 2021.

GROSS AND NET DEBT RATIOS

Relative to 2020, gross debt rose (+5.0 bn; +4.8%), but at a slower pace than nominal GDP (+5.1%), which is why the Confederation's gross debt ratio edged down to 14.6%. 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 (-1.0 bn). For this reason, the net debt ratio climbed to 10.3% in 2021 (see section A 27).

NET INTEREST EXPENSE

Interest expense declined once again in 2021. The Confederation thus had to devote 0.7% of its receipts to net interest financing (less interest received).

PROPORTION OF INVESTMENT

Investment expenditure grew moderately year on year (+1.5%). This mainly concerns loans to finance measures to mitigate the consequences of the COVID-19 pandemic (loans to professional sports leagues) and investments in real estate and armaments (see section A 24). The proportion of investment was 13.4%.

TRANSFER RATIO

Transfer expenditure was up by 0.8% on 2020. The transfer ratio rose to 81.6% in 2021. The Confederation's total transfer expenditure amounted to 72.0 billion in 2021; around 90% of this was current expenditure and 10% was investment expenditure.

PROPORTION OF RESTRICTED TAX RECEIPTS

Relative to 2020, restricted tax receipts grew at a faster pace than tax receipts (+5.5% vs. +4.9%, respectively). Their proportion therefore edged up to 22.1% in 2021. Further information on restricted funds can be found in section B 82/34.

AVERAGE WORKFORCE (FTE)

In 2021, the number of full-time equivalents (FTEs) in the Federal Administration increased by 283 FTEs (see section A 41).

SUPPLEMENTARY CREDITS IN % OF THE BUDGET

In 2021, supplementary credits – excluding extraordinary expenditure – amounted to 2.2% of the budgeted expenditure. This percentage was higher than its average of 0.5% for recent years (Ø 2014-2020) due to several significant supplementary credits related to the COVID-19 crisis.

UNUTILIZED CREDITS IN % OF THE BUDGET

The share of unutilized credits as a percentage of the budgeted expenditure rose quite substantially, going from 3.9% in 2020 to 5.7% in 2021. The biggest unutilized credits in 2021 were for the coronavirus-related joint and several guarantees (748 mn) and the EU research program (665 mn).

INTERNATIONAL COMPARISON

The measures taken to combat the COVID-19 pandemic have clearly impacted public finances in Switzerland and abroad.

The *receipt ratio* shows receipts as a percentage of nominal GDP. Switzerland's receipt ratio fell from 33.6% (2020) to a projected 33% (2021). Meanwhile, the EU member states recorded a decline of 0.9 percentage points on average. When making comparisons with international ratios, however, it should be noted that, in Switzerland, contributions in the area of occupational pension plans and premiums for mandatory health insurance are not included in revenue, whereas these contributions go through the tax system in many countries.

The *general government expenditure ratio* expresses government expenditure in relation to nominal GDP. In 2020, Switzerland's general government expenditure ratio rose to a new high of 36.5% due to the combination of substantial expenditure to combat the COVID-19 pandemic and low economic output. Coming in at 34.7%, the general government expenditure ratio was again above the pre-crisis level of 31.5% in 2021. Compared with the OECD area, however, it remains well below average.

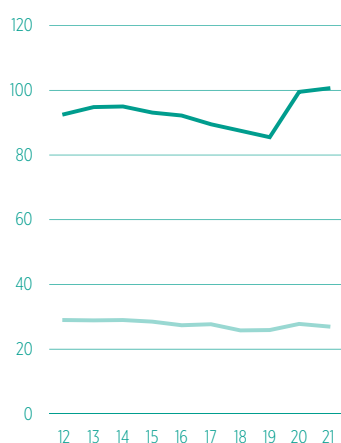
Deficit/surplus ratio: with the exception of Switzerland, Germany, Norway and Sweden, all of the countries listed in the table had deficits of at least 5.3% of economic output in 2021.

The *gross debt ratios* of the countries listed differed very substantially in 2021. According to the definition of the International Monetary Fund (IMF), Switzerland's ratio was 40.9%, while the members of the OECD and euro area had an average ratio of 122% or more.

The information for Switzerland is based on the data and estimates of the Federal Finance Administration's Financial Statistics Section (as of December 21, 2021). The IMF government finance figures are generally used for international comparisons. The 2021 country data is based on the OECD's Annual National Accounts of December 2021 and Economic Outlook 110.

COMPARISON OF SWISS AND EURO AREA DEBT RATIOS

in % of GDP



— Euro area debt ratio
— Swiss debt ratio

Strong GDP growth caused the debt ratio to fall to 27% in 2021. This is well below the 60% mark which is relevant for the euro area. In the euro area, meanwhile, the ratio rose from 99.5% (2020) to 100.6% (2021).

INTERNATIONAL COMPARISON OF PUBLIC FINANCE INDICATORS FOR 2021

in % of GDP	Revenue ratio	General government expenditure ratio	Deficit/surplus ratio	Debt ratio	Gross debt ratio
Switzerland	33.0	34.7	-1.7	27.0	40.9
EU - euro area	45.7	52.4	-6.7	100.6	122.0
Germany	44.6	49.5	-4.9	72.7	82.6
France	51.2	59.1	-7.9	115.0	146.1
Italy	45.7	55.1	-9.4	154.5	182.7
Austria	47.8	54.1	-6.3	82.9	106.6
Belgium	48.9	57.0	-8.1	111.7	139.6
Netherlands	41.3	47.1	-5.8	57.6	73.0
Norway	47.8	50.2	-2.4	n.d.	n.d.
Sweden	48.9	50.2	-1.3	36.7	59.4
United Kingdom	36.7	47.6	-10.9	103.5	201.2
United States	31.3	43.9	-12.6	n.d.	131.2
Canada	40.6	46.0	-5.3	n.d.	140.9
OECD Ø	38.0	46.4	-8.4	n.d.	130.4

Notes

- Debt ratio: gross debt in accordance with the Maastricht definition
- Gross debt ratio: debt in accordance with the IMF definition (liabilities without financial derivatives)
- Figures for Switzerland according to the FFA's financial statistics, December 2021

Other countries: IMF GFS database and OECD Economic Outlook 110, December 2021

3 DEVELOPMENT OF RECEIPTS AND EXPENDITURE

31 DEVELOPMENT OF RECEIPTS

In 2021, total receipts grew by 5.6% to 76.1 billion, driven primarily by higher receipts from direct federal tax, VAT and the SNB profit distribution.

DEVELOPMENT OF RECEIPTS

CHF mn	FS 2020	Bdg. 2021	FS 2021	Δ FS21 vs. FS20 absolute	Δ FS21 vs. FS20 %	Δ FS21 vs. Bdg.21 absolute
Receipts	72 042	75 813	76 080	4 037	5.6	267
Tax receipts	67 142	71 067	70 408	3 266	4.9	-659
Direct federal tax natural persons	12 038	11 870	12 676	637	5.3	806
Direct federal tax legal entities	12 107	12 458	12 718	610	5.0	260
Withholding tax	5 216	7 915	4 900	-316	-6.1	-3 015
Stamp duty	2 421	2 160	2 608	187	7.7	448
Value added tax	22 104	22 830	23 553	1 449	6.6	723
Other consumption taxes	7 997	8 411	8 507	510	6.4	96
Misc. tax receipts	5 258	5 423	5 446	189	3.6	23
Nontax receipts	4 776	4 726	4 137	-639	-13.4	-589
Extraordinary receipts	125	20	1 535	1 410	n.d.	1 515

In 2021, receipts amounted to 76.1 billion, representing a year-on-year increase of 5.6% (+4.0 bn). This was mainly due to the rise in receipts from direct federal tax (+1.2 bn) and VAT (+1.4 bn), as well as the higher Swiss National Bank (SNB) profit distribution (+0.7 bn).

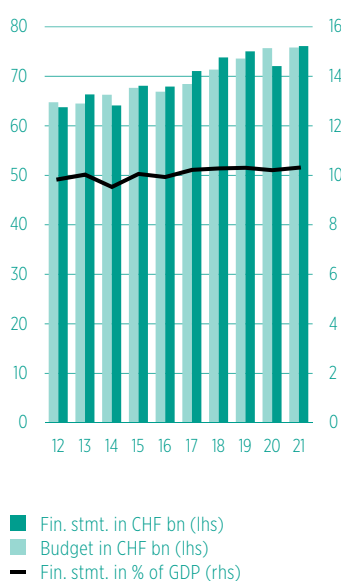
In the case of direct federal tax, the low receipts in fiscal 2020 caused by the COVID-19 crisis were more than offset by the high receipts of earlier years (esp. 2019). VAT and other consumption taxes benefited from the strong economic recovery. Finally, the SNB raised its profit distribution to the Confederation to 2 billion in 2021 (1.3 bn in 2020).

In terms of details, the following can be observed:

- Receipts from *taxes on the income of natural persons* rose by 5.3% (+0.6 bn) in 2021. Payments for the main tax period (2020) stagnated, while payments for earlier tax periods and advance payments surged.
- Receipts from *taxes on the net revenue of legal entities* rose by 5.0% (+0.6 bn) in 2021. Payments for the main period (2020) fell by 6.0%. However, payments for earlier periods grew very vigorously. Advance payments decreased.
- *Withholding tax* receipts were down by 0.3 billion on the previous year, thereby confirming a trend reversal with lower receipts. In 2021, receipts rose after the drop of 2020, but refunds decreased once again. Consequently, the provision for refund requests still expected in the future was increased.
- *Stamp duty* has been fluctuating around the 2.2 billion mark since 2012. In 2021, receipts grew by 7.7% on the back of the rise in issue tax (on equity) and transfer stamp tax (on securities transactions).
- *Value added tax* (VAT) receipts climbed by 6.6% to 23.6 billion in 2021. This increase, which was larger than nominal GDP growth (+5.1%), was primarily due to import tax receipts, which rose sharply in 2021, essentially because of the considerable import price inflation seen in H2 2021, particularly in the case of energy products.

DEVELOPMENT OF RECEIPTS

in bn and % of GDP



As total receipt growth outstripped that of GDP in 2021 (5.6% vs. 5.1%), the receipt ratio as a percentage of GDP rose slightly (10.3%).

- Regarding *other consumption taxes*, receipts were up by 6.4%, mainly as a result of the increase in mineral oil tax receipts (+7.3%). This was caused by the rise in the tax rates on gasoline and diesel that came into effect on January 1, 2021, which also helps to offset the shortfall associated with the promotion of biogenic fuels.
- *Other tax receipts* grew by 3.6% in 2021. This was largely due to higher receipts from the heavy vehicle charge as a result of greater traffic volumes (+5.1%) and from import customs duties, especially in the case of agricultural products (+7.6%).
- *Nontax receipts and extraordinary receipts*: extraordinary receipts increased, while nontax receipts decreased. This can be explained by the fact that additional profit distributions by the SNB (1.3 bn in 2021) have been recognized under extraordinary receipts since 2021. This is intended to partially offset the extraordinary expenditure to combat the COVID-19 pandemic.

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.

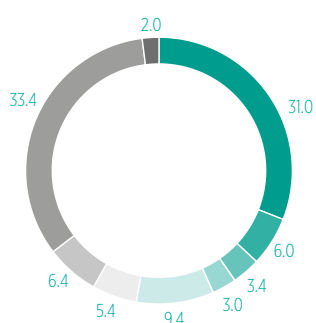
In net terms, the above effects impacted the amount of ordinary receipts by 67 million in 2020 and by 900 million in 2021. After adjusting for special factors, ordinary receipts increased by 4.5% in 2021, which was smaller than the rise in nominal GDP, which grew by 5.1%.

QUALITY OF ESTIMATES

Ordinary receipts were 1.6% (1.2 bn) lower than the budgeted level in 2021. The biggest deviations concerned receipts from withholding tax, direct federal tax and VAT. Withholding tax receipts were overestimated by 3.0 billion, direct federal tax receipts were underestimated by 1.1 billion, and VAT receipts were underestimated by 0.7 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 1.3%. Excluding withholding tax, the average forecasting error even falls to 0.3%. A detailed analysis of the quality of estimates is provided in section A 79.

2021 RECEIPTS

Shares in %



- Value added tax: 23 553 mn
- Mineral oil tax: 4554 mn
- Stamp duty: 2608 mn
- Tobacco duty: 2257 mn
- Other tax receipts: 7142 mn
- Nontax receipts: 4137 mn
- Withholding tax: 4900 mn
- Direct federal tax: 25 394 mn
- Extraordinary receipts: 1535 mn

Value added tax and direct federal tax are the main sources of receipts. In 2021, they together accounted for almost two thirds (64.3%) of total receipts.

FACTORS TAKEN INTO ACCOUNT WHEN ADJUSTING THE DEVELOPMENT OF RECEIPTS

CHF mn	FS 2020	FS 2021	Δ absolute	2020-21 %
Total receipts	72 042	76 080	4 037	5.6
Factors (increase and decrease in receipts)	67	863		
Direct federal tax: TRAF dividend taxation	-	113		
Direct federal tax: TRAF tax reduction by cantons	-	152		
Withholding tax: deviation from the trend	-1 241	-1 497		
Mineral oil tax: CO ₂ Act emission regulations	-25	-125		
Mineral oil tax: biogenic fuel compensation	-	220		
SNB profit distribution (federal share)	1 333	2 000		
Total adjusted receipts (excl. factors)	71 975	75 217	3 241	4.5

32 DEVELOPMENT OF EXPENDITURE BY TASK AREA

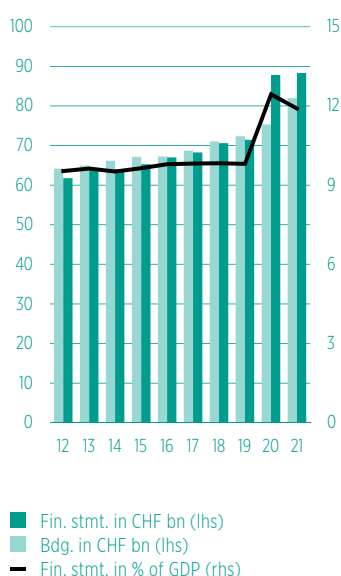
In 2021, expenditure amounted to 88 billion, i.e. the same as the previous year. Only some of the 14 billion spent on dealing with the COVID-19 pandemic had been provided for in the budget.

DEVELOPMENT OF EXPENDITURE BY TASK AREA

CHF mn	FS 2020	Bdg. 2021	FS 2021	Δ FS21 vs. FS20 absolute	Δ FS21 vs. FS20 %	Δ FS21 vs. Bdg. 21 absolute
Expenditure by task area	87 817	81 952	88 281	464	0.5	6 329
<i>Excl. COVID-19 expenditure</i>	<i>72 819</i>	<i>75 228</i>	<i>74 213</i>	<i>1 394</i>	<i>1.9</i>	<i>-1 016</i>
Social welfare	36 302	26 355	30 222	-6 080	-16.7	3 867
<i>Excl. COVID-19 expenditure</i>	<i>23 320</i>	<i>24 155</i>	<i>24 062</i>	<i>741</i>	<i>3.2</i>	<i>-94</i>
Finances and taxes	10 475	11 097	11 620	1 145	10.9	523
<i>Excl. COVID-19 expenditure</i>	<i>10 475</i>	<i>11 097</i>	<i>11 620</i>	<i>1 145</i>	<i>10.9</i>	<i>523</i>
Transportation	10 112	10 878	10 801	689	6.8	-77
<i>Excl. COVID-19 expenditure</i>	<i>9 741</i>	<i>10 034</i>	<i>10 213</i>	<i>471</i>	<i>4.8</i>	<i>178</i>
Education and research	8 137	8 286	7 528	-609	-7.5	-758
<i>Excl. COVID-19 expenditure</i>	<i>8 110</i>	<i>8 286</i>	<i>7 526</i>	<i>-584</i>	<i>-7.2</i>	<i>-760</i>
Security	6 422	6 340	5 927	-494	-7.7	-412
<i>Excl. COVID-19 expenditure</i>	<i>6 413</i>	<i>6 340</i>	<i>5 923</i>	<i>-490</i>	<i>-7.6</i>	<i>-417</i>
International relations - international cooperation	3 836	3 640	3 816	-20	-0.5	176
<i>Excl. COVID-19 expenditure</i>	<i>3 494</i>	<i>3 640</i>	<i>3 471</i>	<i>-23</i>	<i>-0.7</i>	<i>-170</i>
Agriculture and food	3 662	3 668	3 660	-2	0.0	-8
<i>Excl. COVID-19 expenditure</i>	<i>3 650</i>	<i>3 668</i>	<i>3 660</i>	<i>10</i>	<i>0.3</i>	<i>-8</i>
Other task areas	8 871	11 688	14 706	5 835	65.8	3 018
<i>Excl. COVID-19 expenditure</i>	<i>7 617</i>	<i>8 008</i>	<i>7 739</i>	<i>123</i>	<i>1.6</i>	<i>-269</i>

DEVELOPMENT OF EXPENDITURE

in bn and % of GDP



In 2021, the Confederation's expenditure remained at the previous year's high level as a result of COVID-19. The expenditure ratio was 12.0% of gross domestic product (GDP).

Federal expenditure climbed by almost 0.5 billion to 88.3 billion (+0.5%) relative to the previous year. As in 2020, the level of expenditure was dominated by expenditure to combat the COVID-19 pandemic, which amounted to 14 billion, around 0.9 billion less than a year earlier. The largest coronavirus-related expenditure items were again recognized as extraordinary payment requirements (12.3 bn).

Excluding the coronavirus-related measures, expenditure for ordinary government activities increased by 1.4%, but was more than 1 billion below the 2021 budget. The growth of 1.9% resulted primarily from higher third parties' shares of federal receipts.

COVID-19 EXPENDITURE

The measures taken to deal with the COVID-19 pandemic put a burden of around 14 billion on the 2021 budget. They had a major impact on the task areas of social welfare (6.2 bn), international relations (345 mn), transportation (589 mn) and other task areas, including economic affairs (4.5 bn), health (2.0 bn), and culture and leisure (460 mn). 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 the contribution to unemployment insurance for short-time working compensation (4.3 bn) and COVID-19 loss of earnings compensation (1.8 bn), ordinary expenditure grew by 3.2%. The strongest growth was seen in the case of old-age and survivors' insurance. On the one hand, the Confederation's AHV contribution rose because of the growing number of pensioners and the increase in old-age pensions (+209 mn). On the other hand, there was a rise in the percentage of value added tax for AHV (+183 mn) due to the higher VAT receipts.

The positive development of value added tax additionally contributed to growth in the Confederation's payments to disability insurance (+228 mn). In the area of migration, expenditure decreased as a result of the decline in the number of asylum applications and the generally lower average number of people in the asylum system (-122 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 (-131 mn). Third parties' shares of federal receipts increased by 1.3 billion on the back of the positive development of direct federal tax (cantons' share +329 mn) and the cantons' share of withholding tax (+662 mn), which was calculated before the provision for future refunds and was thus higher than a year earlier despite lower net withholding tax revenue. In addition, there was a special factor in the form of the refund of VAT on radio and television reception fees (+186 mn). Fiscal equalization expenditure was higher than the previous year (+19 mn).

TRANSPORTATION

Transportation expenditure posted a year-on-year increase of 689 million (+6.8%). Expenditure grew in all areas, with the biggest increase seen in public transportation. The main driver was the higher deposit in the railway infrastructure fund (+223 mn). More was likewise spent on subsidies for regional passenger transportation (+125 mn), and around two thirds of this was coronavirus-related. As a result of the COVID-19 pandemic, financial assistance was also provided for rail freight services (88 mn), and Skyguide received support of 250 million (+100 mn relative to 2020). Road transportation expenditure was up by 145 million year on year, especially because of the deposit in the motorway and urban transportation fund.

EDUCATION AND RESEARCH

The Confederation spent 609 million less than the previous year on education and research (-7.5%), due largely to Switzerland's non-association to Horizon Europe. The national transitional measures launched toward year-end accounted for only a fraction of the funds intended for Horizon Europe.

SECURITY

This task area covers mainly the expenditure for military defense, border controls, the Confederation's police tasks and civil protection. Security expenditure fell by 494 million in 2021. The bulk of this decrease was due to a reduction in expenditure in the armament sector as a result of project-related delays (-338 mn).

INTERNATIONAL RELATIONS – INTERNATIONAL COOPERATION

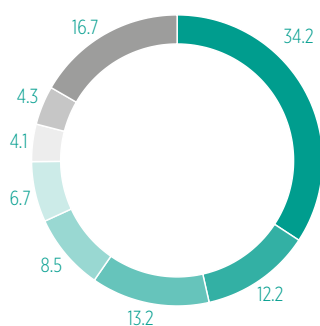
Expenditure in this task area can be broken down into three areas: development cooperation, political relations (foreign representations, central offices in Bern, contributions to international organizations) and economic relations (primarily EU enlargement contribution). Coming in at 3.8 billion, it remained at the previous year's level. Expenditure for dealing with the COVID-19 pandemic abroad also remained stable relative to 2020 at 345 million.

AGRICULTURE AND FOOD

Agriculture and food expenditure remained unchanged on the previous year at 3.7 billion. Direct payments were stable. Expenditure in the area of production and sales declined somewhat year on year, as market support measures in connection with the COVID-19 pandemic were no longer necessary.

2021 EXPENDITURE BY TASK AREA

Shares in %



●	Social welfare 30 222 mn
●	Transportation 10 801 mn
●	Finances and taxes 11 620 mn
●	Education and research 7 528 mn
●	Security 5 927 mn
●	Agriculture and food 3 660 mn
●	International relations 3 816 mn
●	Other tasks 14 706 mn

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 6 billion resulted from the measures taken to deal with the COVID-19 pandemic. This expenditure was higher than in 2020, due essentially to hardship contributions for companies (4.2 bn) and testing and vaccination costs (1.2 bn and 0.7 bn, respectively). Expenditure for ordinary government activities was 123 million higher than a year earlier. Additional expenditure was incurred mainly in the area of the environment (+116 mn), the building program (+53 mn) and the deposit in the grid supplement fund (+39 mn). In contrast, the special factor arising from the subsequent payment made in 2020 to the National Cooperative for the Disposal of Radioactive Waste no longer applied (-150 mn).

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

4 OUTLOOK

Expenditure to deal with the COVID-19 pandemic will continue to be needed in 2022. It is currently assumed that no further extraordinary expenditure will be required from 2023 onward and that the budget situation will return to normal. However, the room for fiscal policy maneuver is still limited.

The repercussions of the COVID-19 crisis are very evident in the federal budget. In 2020 and 2021, expenditure of over 29 billion was incurred in connection with the pandemic. Expenditure to deal with the crisis will continue to be needed in 2022, but it will be lower than in the two previous years. No further COVID-19 expenditure is currently planned for 2023. It is still unclear how the procurement of vaccines will be handled in the future.

Even if the COVID-19 pandemic comes to an end, the coronavirus-related debt will remain in the form of the large deficit in the debt brake's amortization account. To reduce the deficit, the Federal Council adopted a dispatch on March 18, 2022. The temporary amendment of the Financial Budget Act will enable the deficit in the extraordinary budget to be made up within three legislative periods, without the need for savings measures or tax increases. The federal budget will thus continue to be equipped for further crises and challenges.

The Federal Council carried out a fiscal policy assessment in mid-February 2022. The updated receipt forecasts and expenditure estimates show that the ordinary budget will remain stable. The referendum of February 13, 2022 was also taken into account. The acceptance of the abolition of issue tax and the media package would have put a burden of around 350 million on the budget. There is now slightly more room for maneuver between 2023 and 2025 than in the financial plan of August 2021, but it is still limited. Furthermore, the figures do not include possible additional burdens such as Copernicus participation.

The planned international reform of profit taxation is key for Switzerland as a business location and thus also for fiscal policy. On October 8, 2021, the OECD published the key parameters for the future taxation of large, internationally active companies. The minimum tax rate of 15% is of particular relevance for Switzerland. It means that companies that are important for the Swiss economy will have to bear a higher tax burden in the future, which will weaken Switzerland's appeal as a location in terms of the tax burden. Accordingly, other location factors will become more important.

ANNUAL FINANCIAL STATEMENTS

B

STATEMENT OF FINANCIAL PERFORMANCE

CHF mn	FS 2020	Bdg. 2021	FS 2021	Δ 2020-21	
				absolute	%
Surplus/deficit	-16 858	-3 564	-9 716		
Operating result	-17 580	-4 437	-11 059		
Operating revenue	70 648	74 384	74 700	4 052	5.7
Tax revenue	67 237	71 066	70 238	3 001	4.5
Direct federal tax natural persons	12 038	11 870	12 676	637	5.3
Direct federal tax legal entities	12 107	12 458	12 718	610	5.0
Withholding tax	5 216	7 915	4 900	-316	-6.1
Stamp duty	2 421	2 160	2 608	187	7.7
Value added tax	22 100	22 830	23 539	1 439	6.5
Other consumption taxes	8 046	8 411	8 459	413	5.1
Misc. tax revenue	5 309	5 422	5 339	30	0.6
Royalties and concessions	1 572	1 572	935	-637	-40.5
Other revenue	1 666	1 626	1 850	185	11.1
Net revenue from special financing in liabilities	6	13	138	132	n.d.
Revenue from extraordinary transactions	167	107	1 539		
Operating expenses	88 227	78 821	85 759	-2 468	-2.8
Operating expenses	15 054	14 711	14 554	-500	-3.3
Personnel expenses	6 041	6 025	6 009	-32	-0.5
General, administrative and operating expenses	4 842	4 419	4 410	-432	-8.9
Defense expenses	1 063	1 163	1 111	47	4.4
Deprec., amortiz. tangible/intangible fixed assets	3 108	3 103	3 025	-83	-2.7
Transfer expenses	56 119	59 767	57 834	1 714	3.1
Third parties' share in federal income	10 458	11 020	11 027	570	5.4
Compensation to public bodies	1 444	1 472	1 333	-111	-7.7
Contributions to own institutions	4 045	4 017	4 299	254	6.3
Contributions to third parties	15 442	17 714	15 744	302	2.0
Contributions to social insurance	18 152	18 697	18 716	563	3.1
Value adjustment on investment contributions	6 579	6 847	6 714	135	2.1
Value adjustment on loans and financial interests	0	0	0	0	116.5
Net expense for special financing in liabilities	164	210	119	-45	-27.6
Extraordinary transaction expenses	16 889	4 133	13 252		
Financial result	-627	-453	-503		
Financial revenue	406	279	351	-55	-13.5
Financial expense	1 033	732	854	-179	-17.3
Interest expense	891	690	760	-131	-14.7
Other financial expense	142	42	94	-48	-33.6
Result from interests	1 349	1 326	1 846		

FINANCING STATEMENT

CHF mn	FS 2020	Bdg. 2021	FS 2021	Δ 2020-21	
				absolute	%
Overall fiscal balance	-15 774	-6 139	-12 201		
Ordinary fiscal balance	-1 227	-2 027	-1 405		
Ordinary receipts	71 917	75 793	74 545	2 627	3.7
Tax receipts	67 142	71 067	70 408	3 266	4.9
Direct federal tax natural persons	12 038	11 870	12 676	637	5.3
Direct federal tax legal entities	12 107	12 458	12 718	610	5.0
Withholding tax	5 216	7 915	4 900	-316	-6.1
Stamp duty	2 421	2 160	2 608	187	7.7
Value added tax	22 104	22 830	23 553	1 449	6.6
Other consumption taxes	7 997	8 411	8 507	510	6.4
Misc. tax receipts	5 258	5 423	5 446	189	3.6
Royalties and concessions	1 616	1 579	933	-683	-42.3
Financial receipts	978	890	879	-100	-10.2
Financial interest receipts	631	661	636	5	0.9
Other financial receipts	348	228	243	-105	-30.2
Other current receipts	1 520	1 582	1 606	86	5.7
Investment receipts	662	676	719	58	8.7
Ordinary expenditure	73 145	77 820	75 950	2 806	3.8
Operating expenditure	11 091	11 349	11 355	264	2.4
Personnel expenditure	6 026	6 025	5 983	-43	-0.7
General, administrative and operating expenditure	4 174	4 321	4 415	241	5.8
Defense expenditure	891	1 003	957	65	7.3
Current transfer expenditure	50 118	53 981	52 628	2 510	5.0
Third parties' share in federal receipts	10 268	11 020	11 537	1 270	12.4
Compensation to public bodies	1 449	1 473	1 321	-128	-8.8
Contributions to own institutions	4 039	4 015	4 291	252	6.2
Contributions to third parties	16 198	18 700	16 696	498	3.1
Contributions to social insurance	18 164	18 772	18 782	618	3.4
Financial expenditure	944	736	805	-139	-14.7
Interest expenditure	904	699	769	-135	-14.9
Other financial expenditure	40	37	36	-4	-10.1
Investment expenditure	10 991	11 754	11 162	171	1.6
Tangible fixed assets and inventories	3 696	3 743	3 355	-340	-9.2
Intangible fixed assets	26	30	26	0	0.0
Loans	84	268	421	337	398.9
Financial interests	72	353	92	20	27.2
Own investment contributions	6 585	6 847	6 723	138	2.1
Transitory investment contributions	528	512	545	17	3.2
Extraordinary receipts	125	20	1 535		
Extraordinary expenditure	14 672	4 133	12 331		

STATEMENT OF FINANCIAL POSITION

CHF mn	FS 2020	FS 2021	Δ 2020-21	
			absolute	%
Assets	170 107	176 665	6 558	3.9
Non-administrative assets	35 887	35 840	-46	-0.1
Current assets	24 127	24 484	356	1.5
Liquid assets	13 894	12 973	-922	-6.6
Receivables	5 923	6 001	79	1.3
Short-term financial investments	1 831	2 096	265	14.5
Prepaid expenses and accrued income	2 479	3 414	934	37.7
Non-current assets	11 759	11 356	-403	-3.4
Long-term financial investments	11 759	11 356	-403	-3.4
Administrative assets	134 220	140 825	6 605	4.9
Current assets	4 329	4 425	96	2.2
Inventories and advances	4 329	4 425	96	2.2
Non-current assets	129 892	136 400	6 509	5.0
Tangible fixed assets	60 708	60 893	185	0.3
Intangible fixed assets	265	431	166	62.6
Loans	5 268	5 574	306	5.8
Financial interests	63 651	69 503	5 853	9.2
Liabilities and equity	170 107	176 665	6 558	3.9
Short-term liabilities	53 214	54 151	936	1.8
Current liabilities	11 394	15 472	4 078	35.8
Short-term financial liabilities	29 899	25 857	-4 042	-13.5
Accrued expenses and deferred income	9 886	10 371	486	4.9
Short-term provisions	2 036	2 450	414	20.4
Long-term liabilities	102 352	116 387	14 035	13.7
Long-term financial liabilities	62 293	67 241	4 948	7.9
Liabilities toward separate accounts	5 026	5 108	82	1.6
Employee retirement benefit obligations	5 116	3 475	-1 641	-32.1
Long-term provisions	26 108	36 386	10 277	39.4
Restricted funds in liabilities	3 809	4 177	368	9.7
Net assets/equity	14 540	6 127	-8 413	-57.9
Restricted funds in net assets/equity	6 517	6 523	6	0.1
Reserves from global budget	395	446	51	13.0
Accumulated surplus	7 629	-841	-8 470	-111.0

CASH FLOW STATEMENT

CHF mn	FS 2020	FS 2021	Δ 2020-21 absolute
Total cash flow	-9 564	-922	8 643
Cash flow from operating activities	-13 884	1 183	15 066
Tax receipts	67 142	70 408	3 266
Royalties and concessions	1 616	933	-683
Revenue from exchange transactions	935	1 035	100
Other current receipts	586	571	-15
Financial receipts	978	879	-100
Repayment of investment contributions	5	17	12
Operating expenditure	-11 091	-11 355	-264
Transfer expenditure	-50 118	-52 628	-2 510
Financial expenditure	-944	-805	139
Investment contributions	-6 585	-6 723	-138
Investment expenditure inventories	-72	-67	5
Extraordinary receipts	80	1 451	1 371
Extraordinary expenditure	-14 287	-12 324	1 963
Increase/decrease in receivables (excl. value adjustments)	15	-20	-36
Increase/decrease in current liabilities	-2 350	4 078	6 428
Increase/decrease withholding tax accrued expenses & deferred income/ provisions	-490	5 613	6 103
Increase/decrease in liabilities vis-à-vis separate accounts	758	82	-676
Other changes	-62	37	99
Cash flow from investing activities	-4 892	-3 466	1 426
Investment expenditure tangible and intangible fixed assets	-3 650	-3 314	336
Investment receipts tangible and intangible fixed assets	40	52	12
Investment expenditure on loans and financial interests	-157	-513	-356
Investment receipts from loans and financial interests	89	105	16
Extraordinary investment expenditure	-385	-7	378
Extraordinary investment receipts	45	84	39
Increase/decrease in short-term financial investments	-51	-275	-224
Increase/decrease in long-term financial investments	-822	403	1 225
Cash flow from financing activities	9 211	1 362	-7 849
Increase/decrease in short-term financial liabilities	8 214	-4 042	-12 256
Increase/decrease in long-term financial liabilities	764	4 948	4 184
Less premium amortization not affecting cash	340	393	53
Less increase/decrease in derivative financial instruments not affecting cash	-86	73	160
Less increase/decrease in lease liability/investments financed by third parties not affecting cash	-20	-11	9

CASH FUND STATEMENT

CHF mn	FS 2020	FS 2021	Δ 2020-21 absolute
Liquid assets balance at 01.01.	23 459	13 894	-9 564
Increase (+) / decrease (-)	-9 564	-922	8 643
Liquid assets balance at 31.12.	13 894	12 973	-922

STATEMENT OF INVESTMENTS

CHF mn	FS 2020	Bdg. 2021	FS 2021	Δ 2020-21	
				absolute	%
Statement of investments balance	-10 973	-11 078	-11 058		
Ordinary statement of investments balance	-10 346	-11 078	-10 477		
Investment receipts	662	676	719	58	8.7
Buildings	36	44	49	14	38.0
Property, plant and equipment	3	3	3	0	-9.9
Motorways	1	2	0	-1	-96.1
Intangible fixed assets	-	-	-	-	-
Loans	89	115	105	16	17.5
Financial interests	0	-	-	0	-100.0
Repayment of own investment contributions	5	0	17	12	248.4
Transitory investment contributions	528	512	545	17	3.2
Investment expenditure	11 008	11 754	11 196	189	1.7
Buildings	727	839	703	-24	-3.3
Property, plant and equipment	118	111	87	-31	-26.3
Inventories	72	79	67	-5	-6.6
Motorway	1 951	2 014	2 082	131	6.7
Defense equipment	845	700	441	-404	-47.8
Intangible fixed assets	26	30	26	0	0.0
Loans	84	268	421	337	398.9
Financial interests	72	353	92	20	27.2
Own investment contributions	6 584	6 847	6 732	148	2.2
Transitory investment contributions	528	512	545	17	3.2
Extraordinary investment receipts	45	-	84		
Extraordinary investment expenditure	672	-	664		

INVESTMENT RECEIPTS FROM EXTRAORDINARY TRANSACTIONS

CHF mn	FS 2020	Bdg. 2021	FS 2021
Investment receipts from extraordinary transactions	45	-	84
COVID-19: Resale of medical materials	45	-	75
COVID-19: Repayment of sports loans	-	-	7
COVID-19: Repayment of loans to cultural entities	-	-	1

INVESTMENT EXPENDITURE FROM EXTRAORDINARY TRANSACTIONS

CHF mn	FS 2020	Bdg. 2021	FS 2021
Investment expenditure from extraordinary transactions	672	-	664
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	-	664
COVID-19: Skyguide recapitalization	150	-	-

Note: The above COVID-19 measures are explained in detail in section B 72, Expenses for tackling the COVID-19 pandemic

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
As of 01.01.2020	5 239	1 421	39	6 699	347	22 411	29 457
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
Total items recognized under net assets/equity	-	-7	-7	-14	-	1 955	1 941
Surplus/deficit for the year	-	-	-	-	-	-16 858	-16 858
Total profit and loss recognized	-	-7	-7	-14	-	-14 903	-14 917
Entry transfers in net assets/equity	-168	-	-	-168	48	120	-
Consolidation scope changes	-	-	-	-	-	-	-
As of 31.12.2020	5 071	1 414	32	6 517	395	7 629	14 540
Accounting standard changes	-	-	-	-	-	-4 950	-4 950
As of 01.01.2021 after restatement	5 071	1 414	32	6 517	395	2 679	9 590
Special funds result	-	23	-	23	-	2	25
Change in other restricted funds	-	-	-2	-2	-	-	-2
Revaluation employee retirement benefits	-	-	-	-	-	1 657	1 657
Share of equity transactions involving equity interests	-	-	-	-	-	4 540	4 540
Hedging transactions	-	-	-	-	-	33	33
Total items recognized under net assets/equity	-	23	-2	21	-	6 232	6 253
Surplus/deficit for the year	-	-	-	-	-	-9 716	-9 716
Total profit and loss recognized	-	23	-2	21	-	-3 484	-3 463
Entry transfers in net assets/equity	-15	-	-	-15	51	-36	-
Consolidation scope changes	-	-	-	-	-	-	-
As of 31.12.2021	5 055	1 437	30	6 523	446	-841	6 127

Note: The "Accounting standard changes" are described in section B74 "Accounting and valuation principles"

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 31.12.2020	Formation from FS 2020	Reversal/ Closure/use	Other transactions	Closing stock at 31.12.2021	Closing stock at 31.12.2020	Formation from FS 2020	Reversal/ Closure/use	Other transactions	Closing stock at 31.12.2021
Total	40	1	-2	-	39	355	139	-87	-	407
104 FCh	-	-	-	-	-	12	17	-21	17	25
109 SA-OAG	-	-	-	-	-	0	-	0	-	-
110 OAG	-	-	-	-	-	2	4	-1	-	5
202 FDFA	11	-	-	-	11	9	2	-1	-	9
301 GS-FDHA	-	-	-	-	-	1	1	-1	-	1
303 FOGE	-	-	-	-	-	0	-	0	-	0
305 SFA	-	-	-	-	-	2	0	-	-	3
306 FOC	-	-	-	-	-	1	1	-1	-	1
311 MeteoSwiss	1	-	-	-	1	1	1	-2	-	0
316 FOPH	-	-	-	-	-	1	-	-	-	1
317 SFSO	-	-	-	-	-	7	-	-2	-	5
318 FSIO	-	-	-	-	-	5	1	-1	-	5
341 FSVO	-	-	-	-	-	1	2	0	-	2
342 IVI	-	-	-	-	-	0	-	0	-	0
401 GS-FDJP	-	-	-	-	-	-	5	-	-	5
402 FOJ	-	-	-	-	-	3	1	0	-	4
403 fedpol	-	-	-	-	-	9	5	-4	-	9
413 SICL	-	-	-	-	-	0	1	-	-	1
420 SEM	-	-	-	-	-	23	7	-6	-	25
485 ISC-FDJP	3	-	-	-	3	34	15	-7	-	43
500 GS-DDPS	-	-	-	-	-	8	-	-1	-	7
504 FOSPO	3	-	-	-	3	15	1	-5	-	10
506 FOCP	2	-	-	-	2	22	11	-6	-	27
525 D	-	-	-	-	-	114	-	-	-	114
542 ar S+T	1	-	-	-	1	-	0	0	-	0
570 swisstopo	4	1	-	-	4	2	0	-1	-	1
600 GS-FDF	-	-	-	-	-	1	2	0	1	4
601 FFA	-	-	-	-	-	4	3	-	-	6
602 CCO	-	-	-	-	-	3	0	-2	-	2
604 SIF	-	-	-	-	-	-	0	-	-	0
605 FTA	-	-	-	-	-	2	3	-	-	6
606 FCA	-	-	-	-	-	25	24	-10	-	39
608 FITSU	-	-	-	-	-	18	-	-	-18	-
609 FOITT	10	-	-	-	10	1	3	-3	-	1
611 SFAO	-	-	-	-	-	1	-	-1	-	0
614 FOPER	-	-	-	-	-	1	-	-	-	1
620 SFBL	-	-	-	-	-	8	12	-	-	20
701 GS-EAER	-	-	-	-	-	0	1	0	-	1
704 SECO	-	-	-	-	-	-	1	0	-	0
708 FOAG	0	-	-	-	0	1	3	-1	-	3
710 Agroscope	-	-	-	-	-	1	4	-2	-	2
735 ZIVI	1	-	-	-	1	0	-	0	-	-
740 SAS	0	-	-	-	0	2	-	0	-	2
750 SERI	-	-	-	-	-	-	0	0	-	-
785 ISCeco	-	-	-	-	-	2	1	-2	-	1
801 GS-DETEC	-	-	-	-	-	3	1	-	-	4
802 FOT	-	-	-	-	-	-	1	-1	-	1
803 FOCA	2	-	-2	-	1	4	1	-2	-	3
805 FOE	-	-	-	-	-	-	3	-1	-	2
808 OFCOM	1	-	-	-	1	4	3	-3	-	4
817 RegInfra	-	-	-	-	-	2	0	-	-	2

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.

