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Analysis of the Structural Deficits and Fiscal Impulses in Switzerland - Spring 2025

Summary

This report is the first edition of the bi-annual ”Analysis of the Structural Deficits and Fiscal Impulses in Switzerland” report. It provides an analysis of the cyclically adjusted revenues and expenditures of all sub-sectors of the Swiss general government and presents an estimate of the fiscal impulse. Structural deficits and fiscal impulses are key concepts in assessing the stance and sustainability of fiscal policy. The structural deficit adjusts the actual budget balance for the effects of the economic cycle and one-off measures. It reflects what the deficit or surplus would be in the absence of both temporary cyclical fluctuations and one-off measures. The fiscal impulse, in turn, measures the change in the structural balance from one year to the next and serves as an indicator of the discretionary fiscal policy effort—showing whether it is becoming more supportive or restrictive of economic activity.

Based on the most recent forecasts for the GFS model of the Financial Statistics Unit, a positive fiscal impulse is expected in 2025 and 2026, driven by strong expenditure growth and a declining structural balance. From 2027 onward, forecasted fiscal surpluses—mainly due to expenditure restraint under the relief package 27—are anticipated to result in a mildly negative impulse in 2027 and a neutral stance in 2028.

The structural balance based on the FS model forecasts indicates surpluses at the general government level from 2024 to 2028, driven by structural surpluses across all sub-sectors except for local government. However, these projections are highly sensitive to the underlying forecast assumptions.

Contents

1 Concept and Methodology

The structural deficit is a refined measure of the fiscal position that removes the effects of the economic cycle and one-off measures from the nominal budget balance. It estimates what the government balance would be in the absence of both temporary cyclical fluctuations and one-off measures, providing a clearer picture of the actual fiscal policy. To calculate the structural balance, actual revenues and expenditures are adjusted for cyclical effects using the output gap - the difference between actual and potential output. Crucially, these adjustments are not made in a linear fashion: the output gap is raised to the power of estimated elasticities, which captures how sensitive specific revenue and expenditure categories are to the business cycle. For example, tax revenues typically increase more than proportionally when GDP rises, while unemployment-related expenditures tend to increase when GDP falls. This is captured by applying elasticities that reflect the sensitivity of different fiscal components to the business cycle.

Formally, the structural balance sb is calculated according to equation (1).

$$sb_t = \sum_{i=1}^{n} \widetilde{R_{i,t}} \left(Y_t^*/Y_t\right)^{\varepsilon_{R_i,y}} - \widetilde{G_t} \left(Y_t^*/Y_t\right)^{\varepsilon_{g,y}} - \widetilde{X_t} \tag{1}$$

where $\widetilde{R_{i,t}}$ is a revenue category i, Y_t^* is potential output, Y_t is actual output, $\varepsilon_{R_i,y}$ is the revenue elasticity with respect to the output gap of category i, $\widetilde{G_t}$ is primary expenditure with $\varepsilon_{g,y}$ being the primary expenditure elasticity to the output gap, and $\widetilde{X_t}$ being the interest rate expenditure.[1]

Importantly, the $\widetilde{}$ indicates that the revenue or expenditure is cleaned of any one-off positions. One-off expenditures and revenues refer to non-recurring financial transactions that are not part of a government's regular budgetary operations. These can include items such as emergency spending or capital transfers. While they can significantly impact fiscal balances in a given year, they do not reflect underlying fiscal trends. For this reason, these revenues and expenditures are subtracted before calculating the structural balance.

The fiscal impulse is derived from the change in the structural primary balance from one year to the next, multiplied by -1. This sign convention ensures that a positive fiscal impulse reflects an expansionary fiscal policy - one that supports demand through increased spending or reduced taxes - while a negative impulse indicates a contractionary stance. Because it isolates the discretionary change in the underlying fiscal position, the fiscal impulse serves as a practical indicator of the direction and strength of fiscal policy's impact on the economy. Formally, the fiscal impulse fi is defined as $fi_t = -1 \cdot (sb_t - sb_{t-1})$.

Together, the structural balance and fiscal impulse are essential tools for assessing fiscal sustainability and the appropriateness of policy given the economic context.

The next chapter describes the data used to estimate empirically the model described above in the Swiss context.

1 Section A.1 in the appendix provides more details about the estimation process of the structural balance. Furthermore, note that in the reported financing statement, $\widetilde{X_t}$ also includes net acquisition of non-financial assets, which are not part of the income statement.

2 Data

This publication is based on the most recent data from the Financial Statistics Section of the Federal Finance Administration. Data for the years 2023 and 2024 are still partly estimates and might be subject to revisions in later vintages of this analysis.[2] We underline that the forecasts depend on several factors subject to uncertainty, including relief package 27, Swiss National Bank (SNB) profit distributions, financing of the 13th monthly AHV (old-age and survivor's insurance) pension payment and the level of budget underruns as well as economic forecasts published by the expert group. For more details about our forecasts, we let the reader refer to our press release.

Section 3 shows results from the Government Finance Statistics (GFS) model. The GFS Model of financial statistics is used for international comparability of government finances and is based on the financial statistics standard of the International Monetary Fund (GFS Manual 2014). This standard is compatible with the European System of Accounts (ESA 2010).

Section 4 presents results from the Financial Statistics (FS) model. The FS model is used for the national comparability of government units. It is based on the national accounting models for the cantons and municipalities (HAM1 and HAM2) and for the Confederation (NAM), which are themselves fully or partially compliant with the International Public Sector Accounting Standard (IPSAS).

For details about the two different frameworks, we let the reader refer to our "Financial Statistics Methods and Concepts in Switzerland" guide.

3 Fiscal Impulses in Switzerland Since 1990: Main Results Based on the GFS Data

This section focuses on the fiscal impulse of the general government which is calculated based on the results of the subsectors of central government, state government (cantons), local government and social security funds using the GFS data.

Figure 1 and table 1 display the fiscal impulse as a percentage of nominal GDP and the output gap (SECO, 2025) on the right-hand side axis as well as several indicators for reference, respectively. Generally, when the economy is running below its potential, i.e., the output gap is below 0, a positive fiscal impulse would be expansionary, as it stimulates demand and pushes the economy back toward its potential.[3]

At the beginning of the observation period, Switzerland experienced a sharp economic downturn, primarily driven by a real estate crisis. During this time, fiscal policy was largely pro-cyclical - that is, the fiscal impulse moved in the same direction as the output gap - and therefore did not contribute to supporting the economic recovery.

2 A benchmark revision of the data is scheduled for release in September 2025. Within benchmark revision, revisions of the data can occur over the entire time series.

3 Plots for subsectors can be found in the appendix A.2. Table A2 in the appendix shows the biggest one-off expenditures and revenues considered in the analysis for the GFS model and table A3 summarizes the results for the most important variables and recent years.

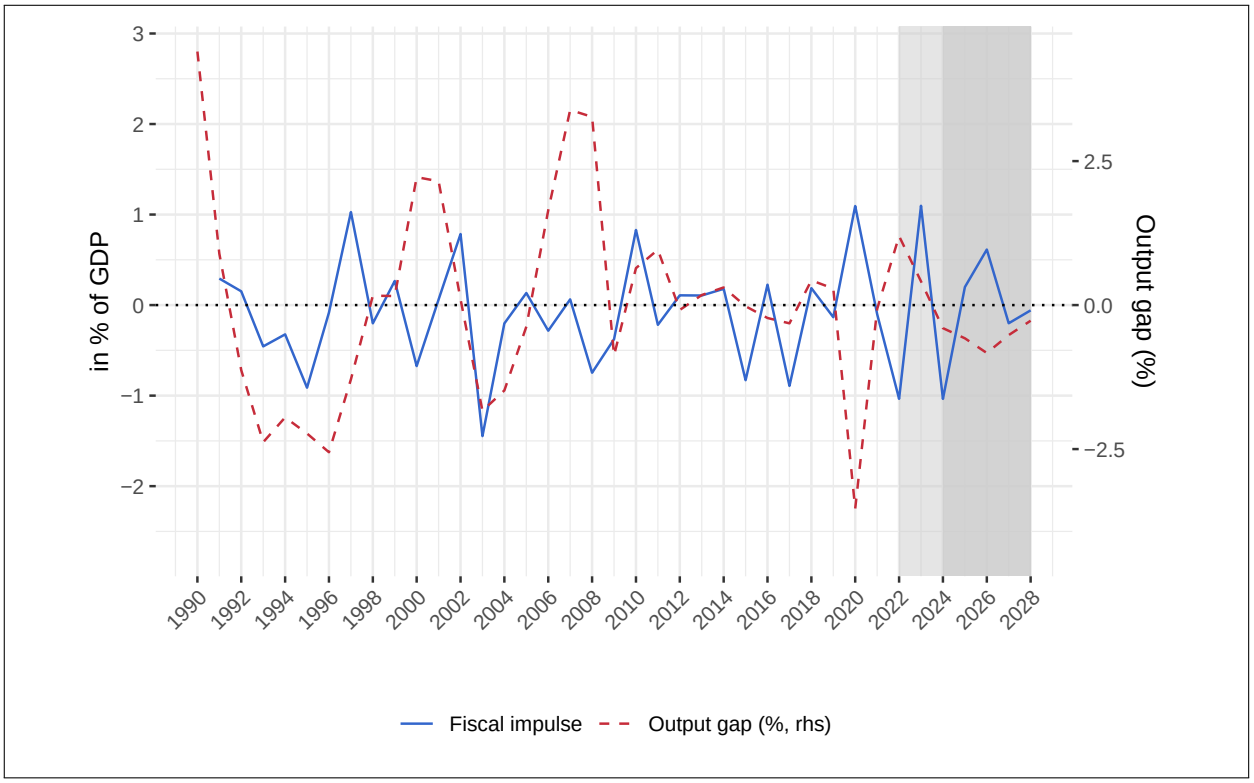
During the internet-driven economic boom of the late 1990s and early 2000s, our analysis indicates that fiscal policy was counter-cyclical. After the September 11 attacks in 2001 and the burst of the dot-com bubble in 2002, the fiscal impulse turned positive while the output gap declined, indicating a supportive fiscal stance. However, this counter-cyclical stance did not continue in 2003 and 2004.

Actually, the most negative fiscal impulse occurred in 2003 with -1.45% of GDP. This result is driven by the central government, as is evident from Figure A1 in the appendix. In 2003, the federal debt brake was introduced as a result of preceding structural deficits. In 2002, deficits reached a historical high with -10.69 billion. Right after the introduction of the debt brake, the deficit reduced to -2.76 billion. The reduction in the structural fiscal balance resulted in a strongly negative fiscal impulse. While the economy was running below its potential, the strong negative fiscal impulse was not supportive for the economy in its lead back to reaching potential output.

From 2004 to 2009, Swiss fiscal policy has mostly been neutral or slightly pro-cyclical, while the economy was experiencing a strong upswing. From 2010 onwards, Swiss fiscal policy started to exhibit a slightly more systematic and stronger counter-cyclical pattern in the aftermath of the financial crisis. One of the largest positive fiscal impulse since 1990 occurred during the peak of the Covid-19 pandemic in 2020, when the economy was running below its potential. The fiscal impulse reached 1.09% of GDP, driven by the high expenditures decided by the central government to support firms and households. These measures helped the Swiss economy to get back quicker to its potential.

Looking ahead, in 2025 and 2026, the fiscal impulse is estimated to be positive while the economy is expected to run below its potential. The fiscal impulse is driven by high expenditure growth and a respective decrease in the structural balance. From 2027 onwards, the general government is expected to generate fiscal surpluses, mainly due to expenditure restraint measures from the relief package 27. This will lead to a slightly negative fiscal impulse in 2027 and a neutral fiscal policy in 2028.

Figure 1: General Government - Fiscal Impulse and Output Gap



Notes: The figure shows the general government fiscal impulse together with the output gap (in %, right-hand side scale) for the GFS data. The fiscal impulse is estimated as the difference of the structural balance at time t and $t-1$, multiplied by -1. Data in the light gray area are provisional data, data in the dark gray area are forecasts.

Table 1: Summary GFS Data and Results: General Government

Sector	2022	2023	2024	2025	2026	2027	2028
General Government							
Revenue	259,771	259,155	268,415	278,688	282,722	291,295	296,411
Expenditure	249,831	258,171	263,651	273,353	282,054	288,018	292,542
Balance	9,940	984	4,763	5,335	668	3,277	3,868
Balance (in % of GDP)	1.26	0.12	0.58	0.64	0.08	0.37	0.43
Balance One-Off (in % of GDP)	-0.31	-0.08	-0.13	-0.06	-0.07	0	0
Cyclical Balance (in % of GDP)	0.08	-0.16	-0.33	-0.12	-0.04	-0.01	0
Structural Balance (in % of GDP)	1.49	0.37	1.04	0.82	0.19	0.38	0.43
Fiscal Impulse (in % of GDP)	-1.04	1.1	-1.04	0.2	0.61	-0.2	-0.06
Nominal GDP	791,087	803,632	824,335	835,704	857,462	880,614	903,150
Output Gap (in % of potential output)	1.2	0.41	-0.4	-0.58	-0.83	-0.52	-0.27

Note: The table shows the most recent numbers for the fiscal balance, the balance of one-off revenues and expenditures, the cyclical balance, the structural balance and the fiscal impulse. The cyclical balance is the differences of the fiscal balance minus the one-off balance minus the structural balance. The fiscal impulse is the difference of the structural balance at time t and t-1, multiplied by -1. Values in millions of CHF or % of GDP.

4 Structural Fiscal Balance in Switzerland Since 1990: Main Results Based on FS Data

This section focuses on the structural deficits/surpluses of the general government and subsectors.[4] Figure 2 presents the fiscal and structural fiscal balances, while Table 2 provides nominal figures including additional information on revenue and expenditure. They highlight variations in the structural balance over time and between subsectors. The following paragraphs discuss these differences and explore their (potential) underlying drivers.

Broadly, four distinct periods can be identified: a phase of structural deficits from 1990 to 1998; a period of structural balance from 1999 to 2005; a phase of structural surpluses from 2006 to 2024 (except in 2021 when the structural balance was in equilibrium); and the period from 2025 onward, during which structural surpluses are expected, conditional on certain assumptions and subject to uncertainty.

During the first period from 1990 to 1998, central, state and local government were running structural deficits for most of the time. The central government contributed the most to the structural deficits – the structural balance was continuously negative, with the highest deficit of -8.3 billion recorded in 1993. Also the state government was mostly running structural deficits during that time with 1996 being the only exception with a structural equilibrium. The local government only experienced one year without a structural deficit during that time, even though the deficits were smaller than those of the central or state government. Over this period, structural deficits were mostly less negative than actual deficits since the economy was often running below its potential. One exception is the year 1990, where the economy was running significantly above potential, as evidenced by a potential-to-actual output ratio below one (see Figure A10). As a result, structural revenues (expenditures) are lower (higher) to clean for cyclical effects, leading to lower structural balances. Only social security funds were running surpluses or were in a structural equilibrium more often than in a structural deficit during this period. On average, their structural balance was close to zero with -0.1 billion.[5]

Between 1999 and 2005, the structural balance remained broadly in equilibrium, at the exception of a substantial surplus in 2000. Compared to the preceding period, the structural balances of the central, cantonal, and municipal governments all improved, albeit for different reasons. At the federal level, the introduction of the debt brake in 2003, following several years of structural deficits, helped contain expenditure growth. Around the same time, a number of cantons adopted similar fiscal rules to address rising debt levels or to curb excessive spending. Another reason for the improvement in structural balances is that fiscal deficits were recorded only between 2003 and 2005 - a period during which the economy was operating below its potential. Thus, over the 1999–2005 period, fiscal balances primarily reflected economic fluctuations, while fiscal policy remained largely neutral overall, with some variation across sub-sectors. The central govern-

4 Plots for subsectors can be found in the appendix A.3 and table A5 summarizes the results for additional variables and recent years.

5 While Swiss social security funds are not explicitly prohibited from running deficits, there are institutional rules in place, such as minimum reserve requirements (e.g., for the AHV) or debt limits (e.g., for the ALV), that trigger corrective measures when long-term imbalances arise. These measures may include adjustments to benefits or financing, such as an increase in the contribution rate in the case of the ALV. These mechanisms effectively constrain the persistence of deficits over time.

ment showed larger structural deficits (or smaller surpluses) than the cantonal and local governments. After accounting for cyclical effects of the fiscal balance and eliminating one-off positions, social security funds ran structural deficits towards the end of the period.[6]

From 2006 to 2024 followed a period of structural surpluses, except for a structural deficit at the central government level in 2020 and 2021 in the wake of the Covid crisis. The dominating structural surpluses over the period were mainly driven by the central and state governments, as well as the social security funds, which were mostly running a surplus over the entire period. In contrast, municipalities faced structural deficits or a structural balance close to equilibrium. For the central government, the positive structural balance resulted from the implementation of the debt brake as well as strong revenue growth, which helped to steadily improve the fiscal position over time. Furthermore, for all sectors, fiscal revenues and expenditures experienced little cyclical adjustments as the economy was running close to its potential and relatively stable economic conditions led to a steady revenue growth. We also highlight the years during the pandemic from 2020 to 2021 when the structural balances diverge notably from the fiscal balances for all subsectors but for different reasons. The fiscal balances deteriorated sharply due to substantial one-off expenditures – such as Covid-related support at the central government level and a CHF 5.5 billion payment by the Canton of Geneva to its pension fund at the cantonal level – while the economy operated far below potential.[7] As a result, cyclical adjustment alone added around CHF 17.8 billion at the general government level, and the exclusion of one-off expenditures led to a significant divergence in the structural balance (6.1 billion in 2020) relative to the fiscal balance (-19.0 in 2020 - for one-off positions, see also Table A4).

From 2006 to 2024, the structural balance of social security funds does not strongly differ from the actual fiscal balance (Figure A9). At first glance, this might seem surprising, given the expectation that social security funds have revenues and expenditures that are highly cyclical. However, a closer look reveals that, on the expenditure side, only an average share of 12.1 percent is directed toward unemployment-related spending (ALV), which is the social security scheme that is the most sensitive to business cycle fluctuations. By contrast, approximately 70% of expenditures are allocated to old-age and survivors' pensions (AHV), which are mostly driven by long-term demographic trends rather than short term business cycle fluctuations. On the revenue side of social security funds, 85% of revenue finance the AHV and IV (disability insurance), while only 10% are related to the ALV. Revenues from AHV/IV tend to be less cyclical than those of the ALV, as contributions to AHV/IV/EO continue to be paid on unemployment benefits for individuals who are laid off but covered by unemployment insurance.[8]

Looking ahead, general government structural surpluses are expected between 2025 and 2028, largely driven by surpluses in the social security and state government sectors. Central government is expected to run close to a structural equilibrium, under certain assumptions. Our forecasts assume a SNB profit distribution of 1 billion to the central government per year from 2025 onwards and the full implementation of the relief measures (2.7 billion in 2027 and 3.6 billion in 2028)[9]. Local government is expected to return to structural deficits, similar to its pre-pandemic situation.

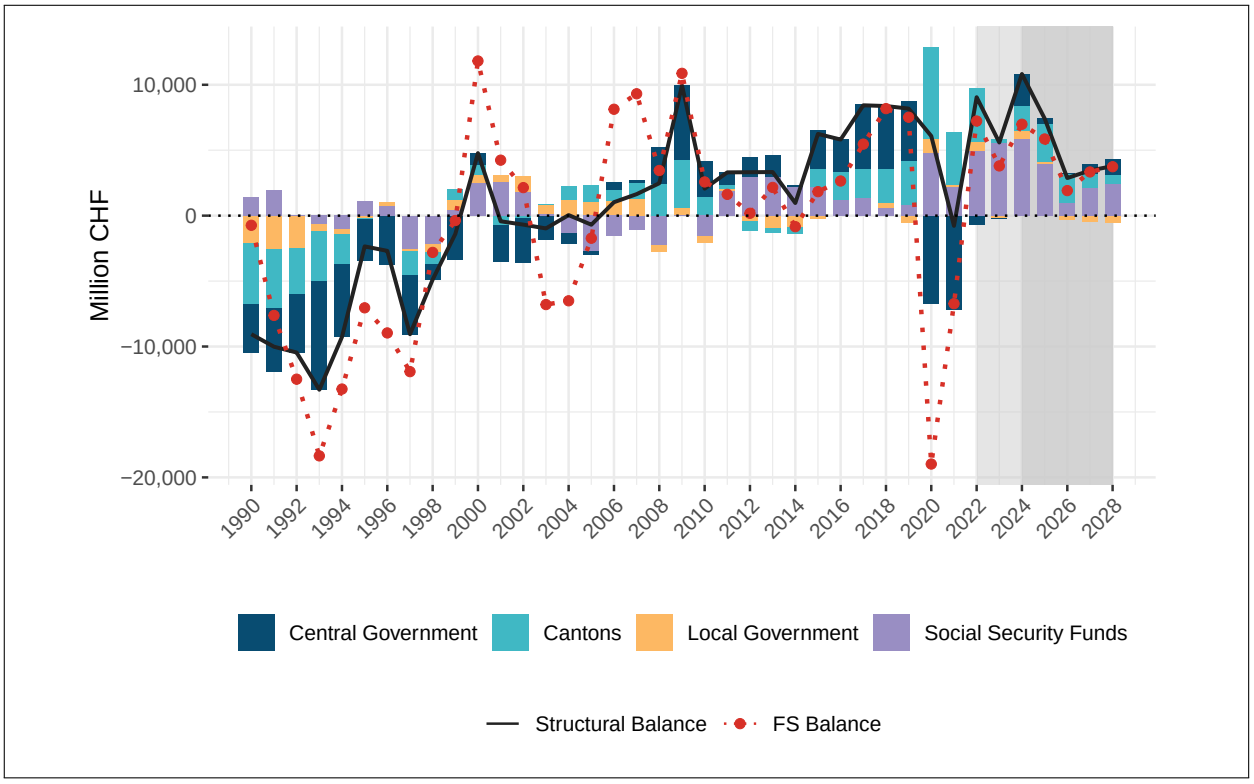
6 This was primarily due to the persistent imbalance in disability insurance (IV), which was later compounded by financial difficulties in the unemployment insurance system - issues that remained unresolved until the reform of 2010. The financial situation of the disability insurance improved following a reform in 2007. In the case of unemployment insurance, financing issues arose because the system had been designed based on an expected average of 100,000 unemployed persons, whereas the actual average was closer to 130,000 (SECO, 2010).

7 For more detailed information about Covid-related expenditure, we let the reader refer to our Covid expenditure special issue.

8 EO refers to the loss of earnings compensation scheme.

9 Numbers for relief measures are based on the information available at the time of our last forecast publication on 18 March 2025.

Figure 2: Fiscal Balance and Structural Fiscal Balance for all Subsectors



Notes: The figure shows the government financing balance (FB) and the structural balances (SB) of the individual subsectors as well as the general government for the FS data. The structural balance is calculated as the cyclically adjusted balance, whereby one-off expenditures or revenues are deducted. Data in the light gray area are provisional data, data in the dark gray area are forecasts.

Table 2: Summary FS Data and Results: General Government

Sector	2022	2023	2024	2025	2026	2027	2028
General Government							
Revenue	252,534	254,625	264,224	273,921	279,071	286,730	291,771
Expenditure	245,304	250,825	257,240	268,063	277,156	283,392	288,031
Balance	7,231	3,801	6,984	5,858	1,915	3,339	3,740
Structural Balance	9,051	5,590	10,824	7,422	2,872	3,448	3,781
Central Government							
Revenue	79,253	81,807	86,378	87,898	92,851	96,923	99,414
Expenditure	82,163	83,053	85,828	88,185	93,462	96,089	98,097
Balance	-2,910	-1,246	550	-287	-611	834	1,318
Structural Balance	-681	-62	2,499	427	31	834	1,293
State Government							
Revenue	106,700	104,874	110,182	116,554	119,117	119,839	121,445
Expenditure	102,389	105,026	109,403	114,183	117,140	118,928	120,870
Balance	4,311	-152	779	2,371	1,977	911	575
Structural Balance	4,086	314	1,913	2,935	2,202	998	637
Local Government							
Revenue	54,386	55,984	57,600	59,022	59,813	60,644	61,457
Expenditure	53,575	56,069	57,379	59,040	60,194	61,160	62,025
Balance	812	-85	221	-18	-381	-515	-569
Structural Balance	730	-164	544	101	-344	-506	-567
Social Security Funds							
Revenue	72,588	74,369	76,041	77,900	80,219	84,647	86,340
Expenditure	67,570	69,085	70,607	74,107	79,290	82,538	83,924
Balance	5,018	5,284	5,434	3,792	929	2,109	2,416
Structural Balance	4,915	5,502	5,868	3,959	983	2,123	2,418
Nominal GDP	791,087	803,632	824,335	835,704	857,462	880,614	903,150
Output Gap (in % of potential output)	1.2	0.41	-0.4	-0.58	-0.83	-0.52	-0.27

Note: The table shows the current figures for the balance of revenues and expenditures, the structural balance, GDP, and the output gap. Values are in millions of CHF or %.

Appendix

A.1 Methodological Details

The calculation of the structural deficits follows mainly two steps. First, one-off positions are identified. Second, revenues and expenditures are cleaned from the business cycle effect using estimated elasticities. In what follows, we discuss briefly each of these steps and its main assumptions.

One-off positions are revenue or expenditures that are non-recurring, exceptional, and non-related to the business cycle. For example, during the Covid-19 pandemic, several expenditures are classified as one-offs, such as the financing of the SARS-CoV-2-test, the acquisition of medical supplies, or federal contributions to cantonal Covid-19 measures. These expenditures are neither related to the business cycle, nor are they recurring on an annual basis. For this reason, one-off revenues and expenditures must be subtracted before the revenues and expenditures are cleaned from the business cycle effect. One-off positions for GFS and FS data are identified using the FS definition of extraordinary expenditures or revenues (codes 38/58 for expenditures, 48 and 68 for revenues). The cleaned revenues and expenditures are the starting point for the calculation of the elasticities.

The elasticities estimate how revenues and expenditures respond to changes in the output. The estimation of these elasticities mainly follows the OECD approach (Price, Thai-Thanh, & Botev, 2015), with small deviations where appropriate for the Swiss context.[10] In general, the final elasticities are the product of two separate elasticities. The first elasticity estimates how much a specific revenue or expenditures varies with its base, and the second elasticity estimates how much the base varies with the business cycle. For example, for a given tax revenue category $\widetilde{R_{i,t}}$:

$$\varepsilon_{\widetilde{R_{i,y}}} = \varepsilon_{\widetilde{R_{i,b}}} \cdot \varepsilon_{\widetilde{R_{b,y}}},$$

Where $\varepsilon_{\widetilde{R_{i,b}}}$ is the revenue-to-base elasticity, $\varepsilon_{\widetilde{R_{b,y}}}$ is the base-to-output gap elasticity. Most of these elasticities are estimated using a first order error correction model (ECM). The main idea of the ECM is to estimate the short-run elasticity (our elasticity of interest, as we want to estimate the reaction of revenues and expenditures to the business cycle, ultimately) while maintaining consistency with their long-run equilibrium relationship (i.e., how revenues and expenditures co-move with GDP, the size of the economy).

The final elasticities for revenue and expenditure capture the (potential) non-linear sensitivity of their changes with respect to the output gap. The mechanism in equation (1) is as follows. If we assume a linear response of revenues, $\varepsilon_{\widetilde{R_{i,y}}} = 1$, revenues would be multiplied with the cyclical deviation Y_t^*/Y_t. If the economy is running below potential, $Y_t^*/Y_t < 1$, and hence revenues would be linearly downscaled. If the economy is running 10% below potential, 10% of the revenues would be considered cyclical, and 90% structural. In case of $\varepsilon_{\widetilde{R_{i,y}}} > 1$, output gaps lead to larger revenue deviations which is why more than 10% in the example above would be attributed to the cyclical part of the fiscal balance.

Table A1 presents the revenue and expenditure categories considered. All revenue is treated as sensitive to the business cycle, whereas only expenditure related to unemployment is classified as cyclical.

10 The OECD differentiates between self-employment income and employed-income, and further separates social security contributions into employee and employer components. However, for Switzerland, the OECD estimates show that the results remain very similar whether these categories are separated or aggregated (Price, Thai-Thanh, & Botev, 2015). Therefore, we do not apply the same distinctions in our analysis. Also, due to lack of data, we do not consider family transfers and social protection in the expenditure categories. This will have a minor effect on the results as this expenditure makes up only 1.3% on average of total expenditure. However, in contrast to the OECD approach, we further distinguish property taxes in the estimation of the elasticity for direct taxes on households.

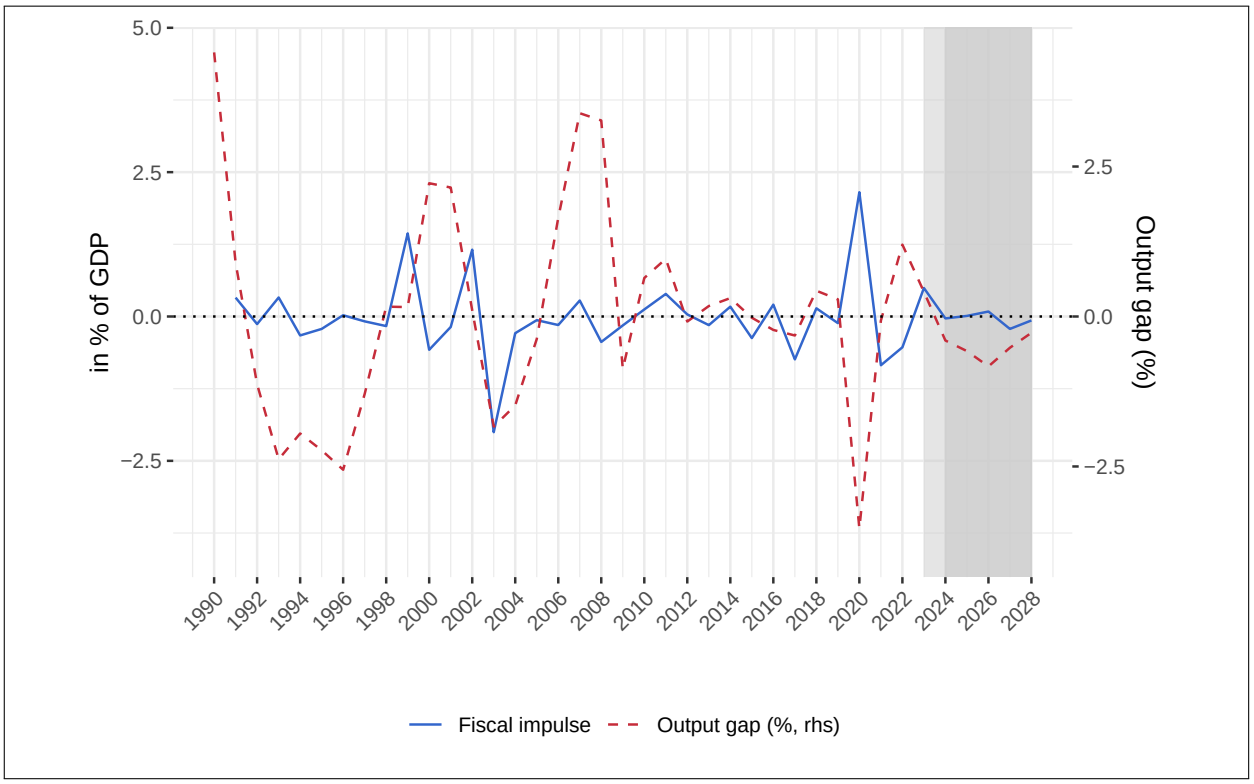
Table A1: Categorisation of revenues and expenditures considered

Revenue or Expenditure Category	Share, in %
Government Revenue	**100.00**
Direct Taxes on Households	**34.92**
Personal Income Taxes	26.16
Capital Income Taxes	3.49
Property Taxes	5.28
Social Security Contributions	**20.57**
Employee and Employer Contributions	20.57
Corporate Income Taxes	**7.71**
Corporate Income Taxes	7.71
Indirect Taxes	**19.31**
VAT	10.07
Other than VAT	9.24
Non-Tax revenues	**17.49**
Non-Tax revenues	17.49
Government Expenditure	**7.01**
Government Transfers	**7.01**
Unemployment-related spending	7.01

Note: The table shows the revenue and expenditure categories considered for the estimation. The share shows the percentage of each category of total revenue and expenditure, respectively, calculated over all years considered in the analysis. Subcategories are indented.

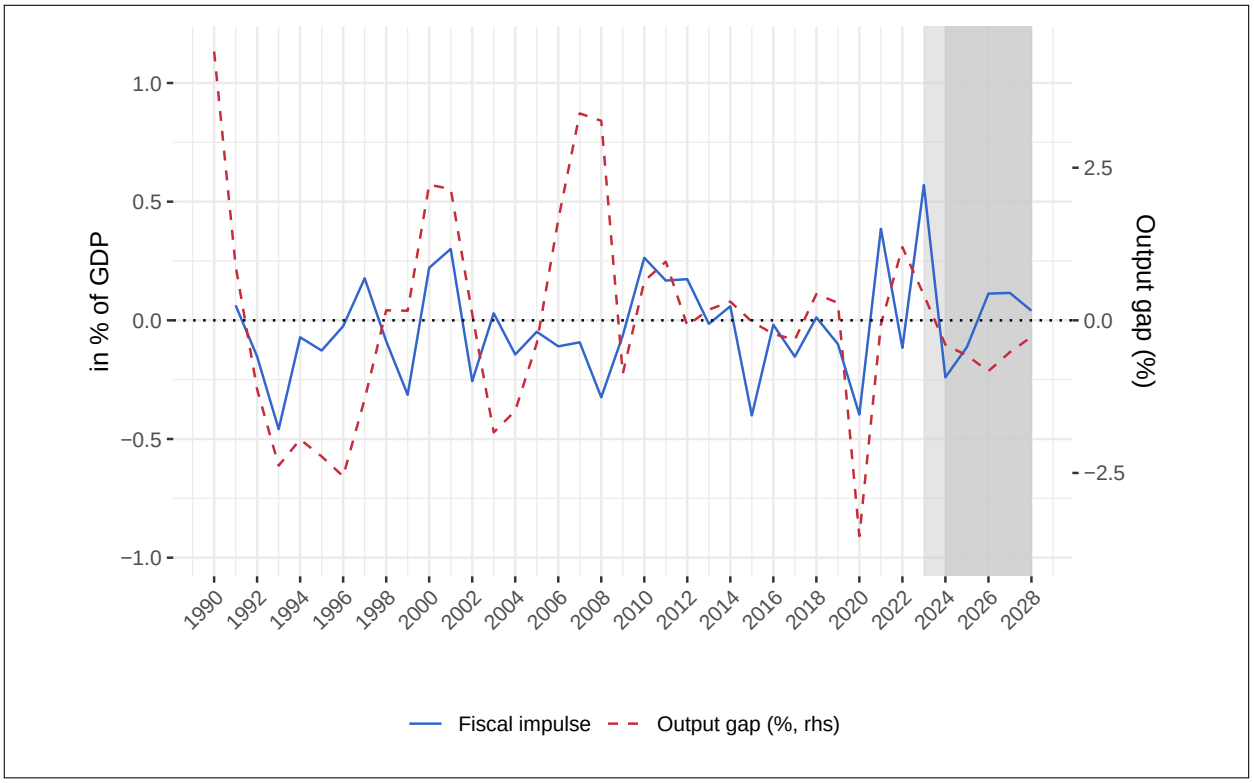
A.2 GFS Subsector Results

Figure A1: Central Government - Fiscal Impulse and Output Gap



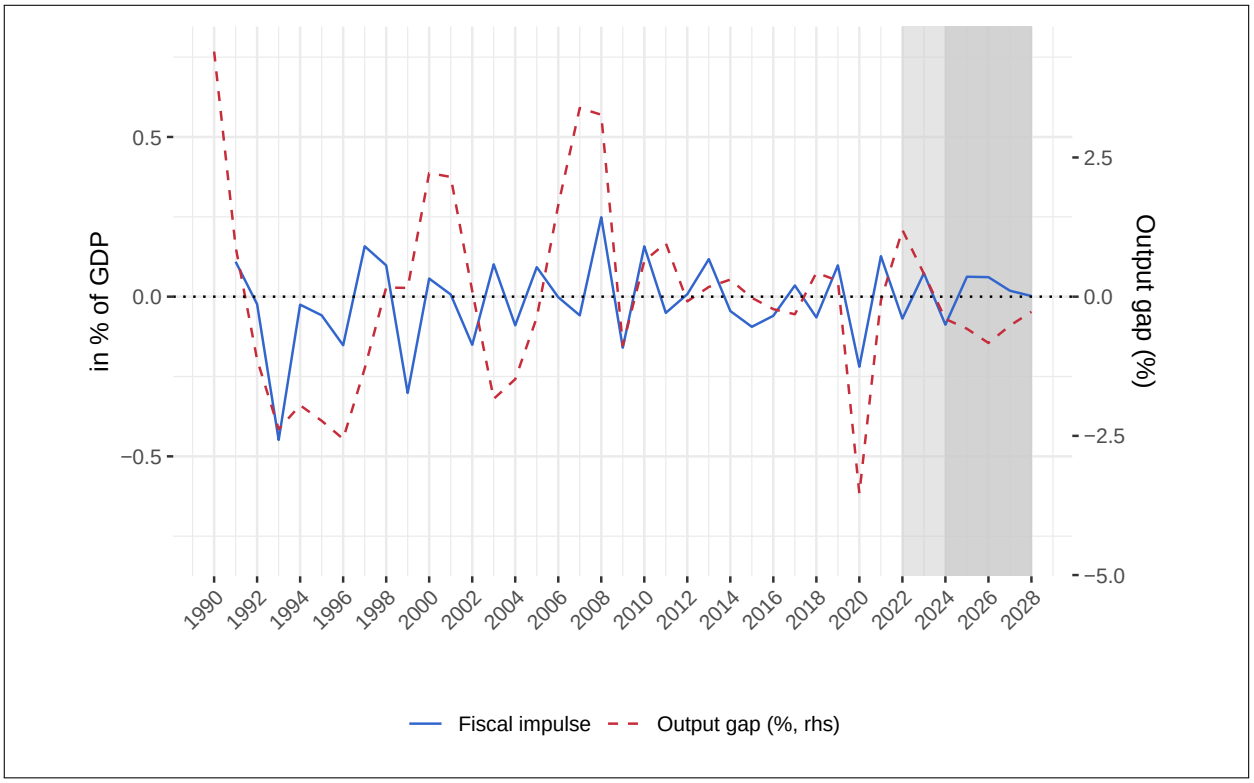
Notes: The figure shows the central government fiscal impulse together with the output gap (in %, right-hand side scale) for the GFS data. The fiscal impulse is estimated as the difference of the structural balance at time t and $t-1$, multiplied by -1. Data in the light gray area are provisional data, data in the dark gray area are forecasts.

Figure A2: State Government - Fiscal Impulse and Output Gap



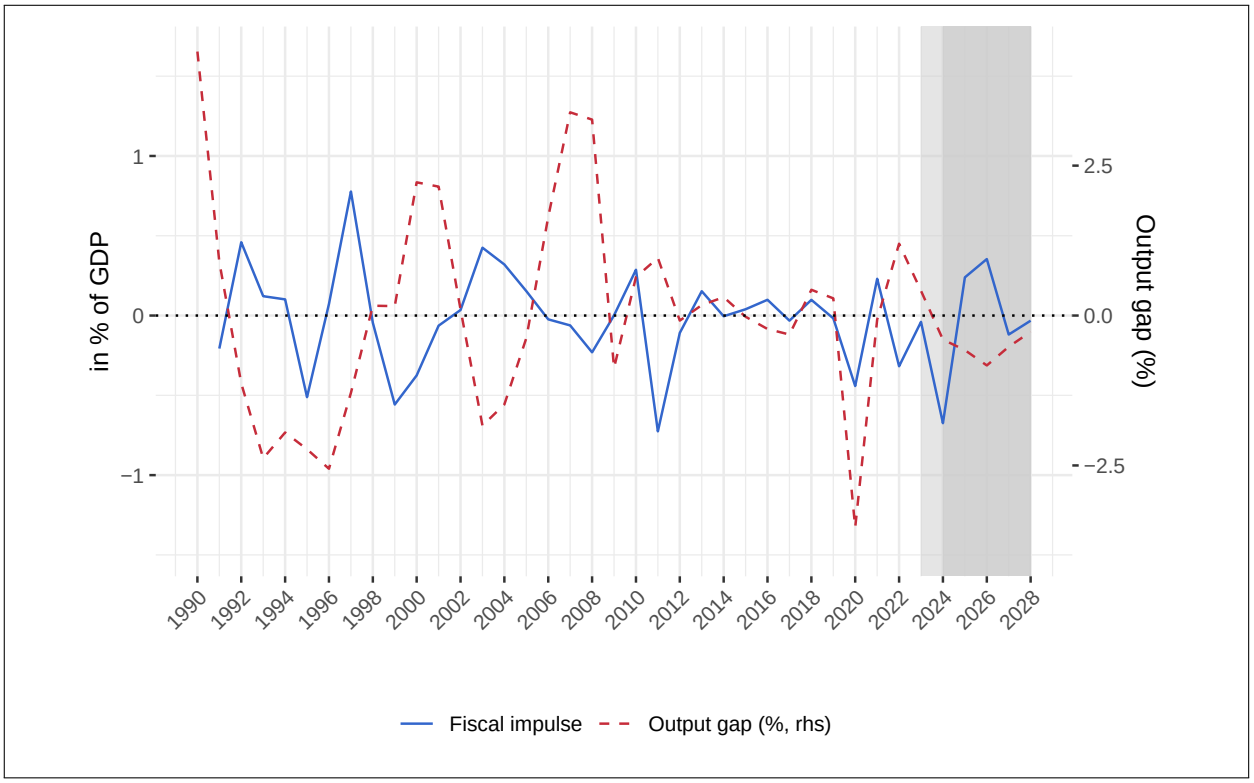
Notes: The figure shows the state government fiscal impulse together with the output gap (in %, right-hand side scale) for the GFS data. The fiscal impulse is estimated as the difference of the structural balance at time t and $t-1$, multiplied by -1. Data in the light gray area are provisional data, data in the dark gray area are forecasts.

Figure A3: Local Government - Fiscal Impulse and Output Gap



Notes: The figure shows the local government fiscal impulse together with the output gap (in %, right-hand side scale) for the GFS data. The fiscal impulse is estimated as the difference of the structural balance at time t and $t-1$, multiplied by -1. Data in the light gray area are provisional data, data in the dark gray area are forecasts.

Figure A4: Social Security Funds - Fiscal Impulse and Output Gap



Notes: The figure shows the social security funds fiscal impulse together with the output gap (in %, right-hand side scale) for the GFS data. The fiscal impulse is estimated as the difference of the structural balance at time t and $t-1$, multiplied by -1. Data in the light gray area are provisional data, data in the dark gray area are forecasts.

Table A2: One-off Revenues and Expenditures for the GFS Model

Year	Sector	Amount (in 1,000 CHF)	Description
Central Government			
2004	Central Government	1,114,906	Contingency reserves ETH, Swiss Post, Skyguide
2007	Central Government	7,037,733	SNB gold proceeds, transfer to AHV
2008	Central Government	953,903	One-off contribution to PUBLICA
2011	Central Government	1,148,000	Restructuring contribution to SBB pension fund
2020	Central Government	1,158,582	Various expenses related to the Covid-19 pandemic, such as the procurement of medicines and Covid tests, protective shields for events, and participation in measures taken by the cantons
2021	Central Government	2,932,837	Various expenses related to the Covid-19 pandemic, such as the procurement of medicines and Covid tests, protective shield for events, or participation in measures taken by the cantons
2022	Central Government	2,466,492	Various expenses related to the Covid-19 pandemic, such as the procurement of medicines and Covid tests, protective shield for events, or participation in measures taken by the cantons
2024	Central Government	1,164,465	Expenses related to the crisis in Ukraine
State Government			
2004	State Government	964,120	Pension fund financing
2008	State Government	1,753,623	Pension fund financing
2013	State Government	3,982,853	Pension fund financing
2014	State Government	1,477,542	Pension fund financing
2015	State Government	1,234,367	Pension fund financing
2016	State Government	619,896	Pension fund financing
2020	State Government	5,244,493	Financing of the Geneva pension fund
2024	State Government	1,616,135	Expenditure related to the crisis in Ukraine
2024	State Government	1,463,080	Revenue related to the crisis in Ukraine – transfers from the federal Government
Social Security Funds			
2007	Social Security Funds	7,037,733	SNB gold proceeds, transfer to AHV

Note: The table shows one-off revenues and expenditures included in the calculation of the structural balance. These items are non-recurring and are not considered to be related to the business cycle. The table only reports the one-off positions for the GFS data and greater than 800 million.

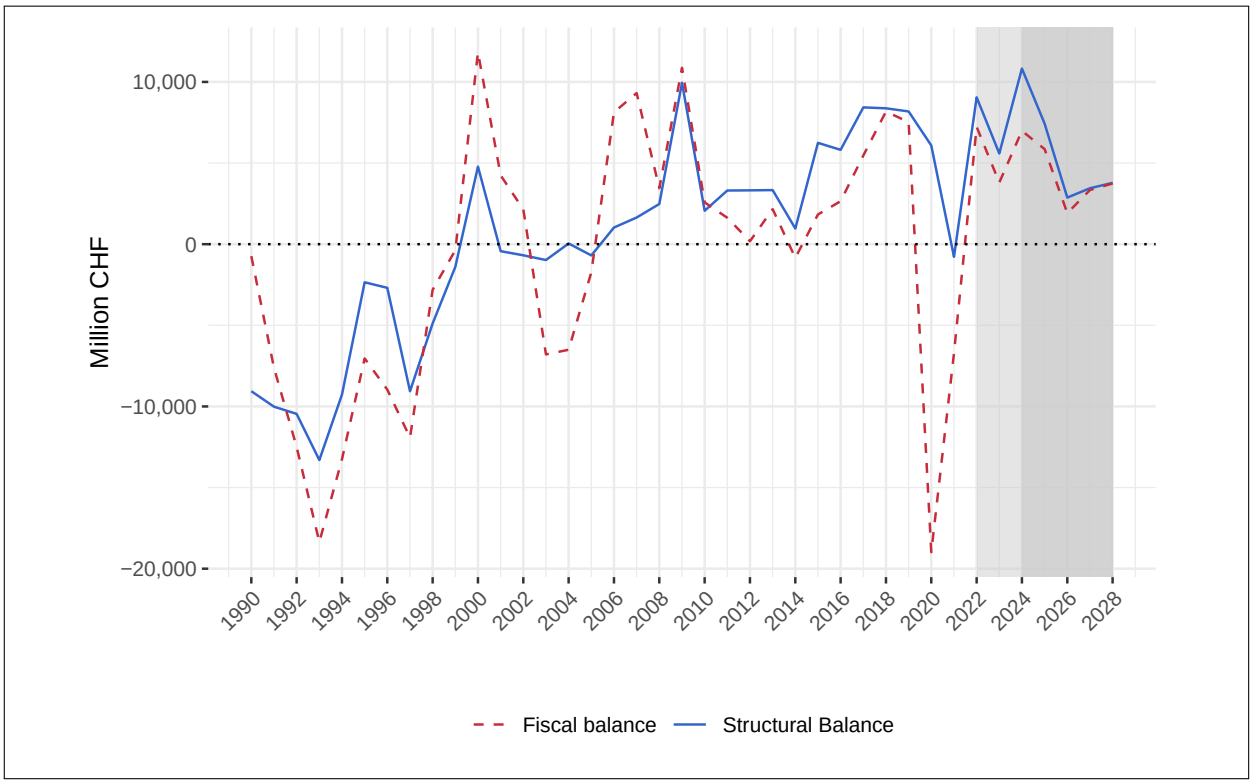
Table A3: Summary GFS Data and Results

Sector	2022	2023	2024	2025	2026	2027	2028
General Government							
Revenue	259,771	259,155	268,415	278,688	282,722	291,295	296,411
Expenditure	249,831	258,171	263,651	273,353	282,054	288,018	292,542
Balance	9,940	984	4,763	5,335	668	3,277	3,868
Balance (in % of GDP)	1.26	0.12	0.58	0.64	0.08	0.37	0.43
Balance One-Off (in % of GDP)	-0.31	-0.08	-0.13	-0.06	-0.07	0	0
Cyclical Balance (in % of GDP)	0.08	-0.16	-0.33	-0.12	-0.04	-0.01	0
Structural Balance (in % of GDP)	1.49	0.37	1.04	0.82	0.19	0.38	0.43
Fiscal Impulse (in % of GDP)	-1.04	1.1	-1.04	0.2	0.61	-0.2	-0.06
Central Government							
Revenue	82,878	82,464	86,778	89,188	93,072	97,855	100,309
Expenditure	83,521	85,979	88,398	89,693	94,250	96,499	98,312
Balance	-643	-3,515	-1,620	-505	-1,178	1,356	1,996
Balance (in % of GDP)	-0.08	-0.44	-0.2	-0.06	-0.14	0.15	0.22
Balance One-Off (in % of GDP)	-0.31	-0.08	-0.11	-0.04	-0.06	0	0
Cyclical Balance (in % of GDP)	0.03	-0.06	-0.12	-0.04	-0.01	0	0
Structural Balance (in % of GDP)	0.2	-0.3	0.03	0.02	-0.06	0.15	0.22
Fiscal Impulse (in % of GDP)	-0.53	0.49	-0.03	0.01	0.09	-0.22	-0.07
State Government							
Revenue	110,549	109,226	114,464	120,569	123,138	124,100	125,781
Expenditure	105,723	109,539	113,436	118,143	121,387	123,244	125,271
Balance	4,826	-313	1,028	2,426	1,750	856	510
Balance (in % of GDP)	0.61	-0.04	0.12	0.29	0.2	0.1	0.06
Balance One-Off (in % of GDP)	0	0	-0.02	-0.02	-0.01	-0.01	-0.01
Cyclical Balance (in % of GDP)	0.02	-0.05	-0.1	-0.04	-0.01	0	0
Structural Balance (in % of GDP)	0.59	0.01	0.24	0.35	0.23	0.11	0.06
Fiscal Impulse (in % of GDP)	-0.12	0.57	-0.24	-0.11	0.11	0.12	0.04
Local Government							
Revenue	54,166	55,786	57,397	58,758	59,510	60,381	61,236
Expenditure	53,355	55,832	57,044	58,693	59,873	60,876	61,740
Balance	811	-46	353	65	-363	-495	-504
Balance (in % of GDP)	0.1	-0.01	0.04	0.01	-0.04	-0.06	-0.06
Balance One-Off (in % of GDP)	0	0	0	0	0	0	0
Cyclical Balance (in % of GDP)	0.01	-0.02	-0.05	-0.02	0	0	0
Structural Balance (in % of GDP)	0.09	0.02	0.09	0.02	-0.04	-0.06	-0.06
Fiscal Impulse (in % of GDP)	-0.07	0.07	-0.09	0.06	0.06	0.02	0
Social Security Funds							
Revenue	72,579	73,981	75,649	77,500	79,800	84,154	85,846
Expenditure	67,633	69,123	70,646	74,151	79,341	82,594	83,981
Balance	4,946	4,858	5,003	3,349	459	1,560	1,865
Balance (in % of GDP)	0.63	0.6	0.61	0.4	0.05	0.18	0.21
Balance One-Off (in % of GDP)	0	0	0	0	0	0	0
Cyclical Balance (in % of GDP)	0.02	-0.03	-0.07	-0.03	-0.01	0	0
Structural Balance (in % of GDP)	0.61	0.64	0.67	0.43	0.06	0.18	0.21
Fiscal Impulse (in % of GDP)	-0.32	-0.04	-0.67	0.24	0.35	-0.12	-0.03
Nominal GDP	791,087	803,632	824,335	835,704	857,462	880,614	903,150
Output Gap (in % of potential output)	1.2	0.41	-0.4	-0.58	-0.83	-0.52	-0.27

Note: The table shows the most recent GFS data for the fiscal balance, the balance of one-off revenues and expenditures, the cyclical balance, the structural balance and the fiscal impulse. The cyclical balance is the differences of the fiscal balance minus the one-off balance minus the structural balance. The fiscal impulse is the difference of the structural balance at time t and t-1, multiplied by -1. Values in millions of CHF or % of GDP.

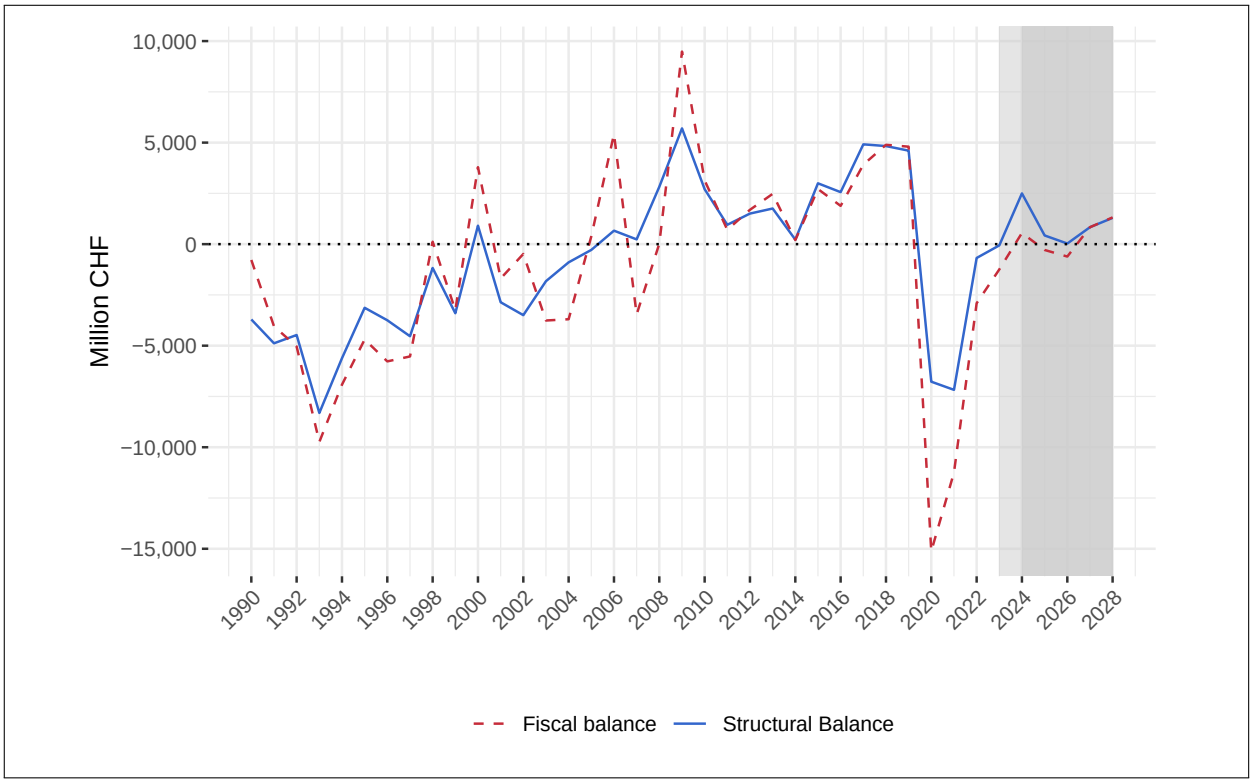
A.3 FS Subsector Results

Figure A5: General Government - Fiscal Balance and Structural Balance



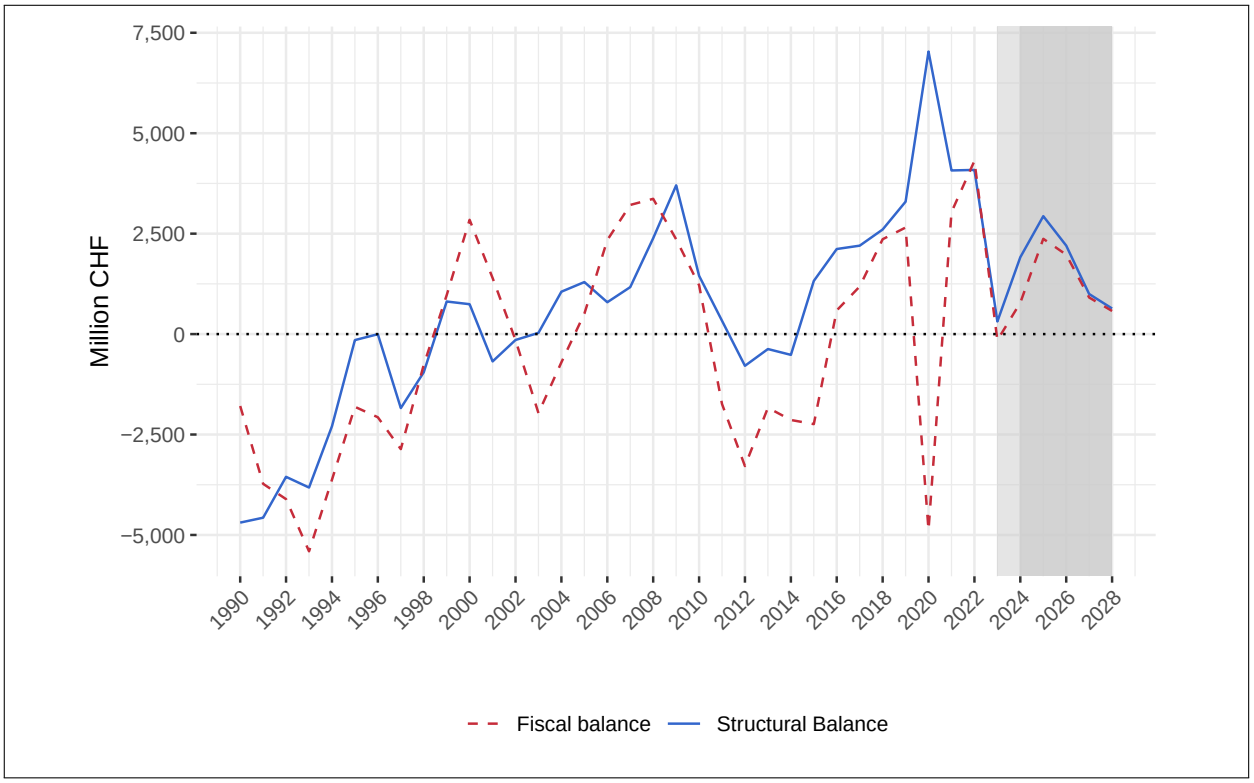
Notes: The figure shows the general government structural balance together with the actual fiscal balance for the FS data. The structural balance is calculated as the cyclically adjusted balance, subtracting any one-off expenditures or revenues. Data in the light gray area are provisional data, data in the dark gray area are forecasts.

Figure A6: Central Government - Fiscal Balance and Structural Balance



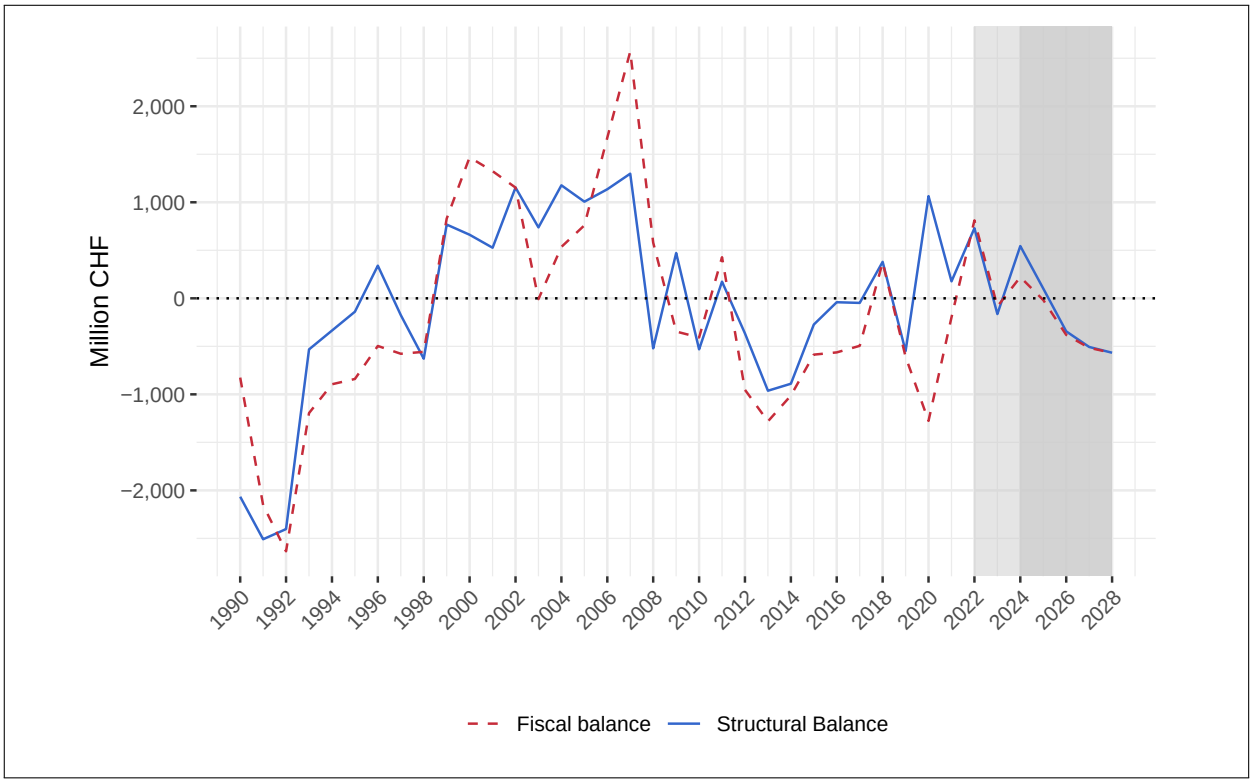
Notes: The figure shows the central government structural balance together with the actual fiscal balance for the FS data. The structural balance is calculated as the cyclically adjusted balance, subtracting any one-off expenditures or revenues. Data in the light gray area are provisional data, data in the dark gray area are forecasts.

Figure A7: State Government - Fiscal Balance and Structural Balance



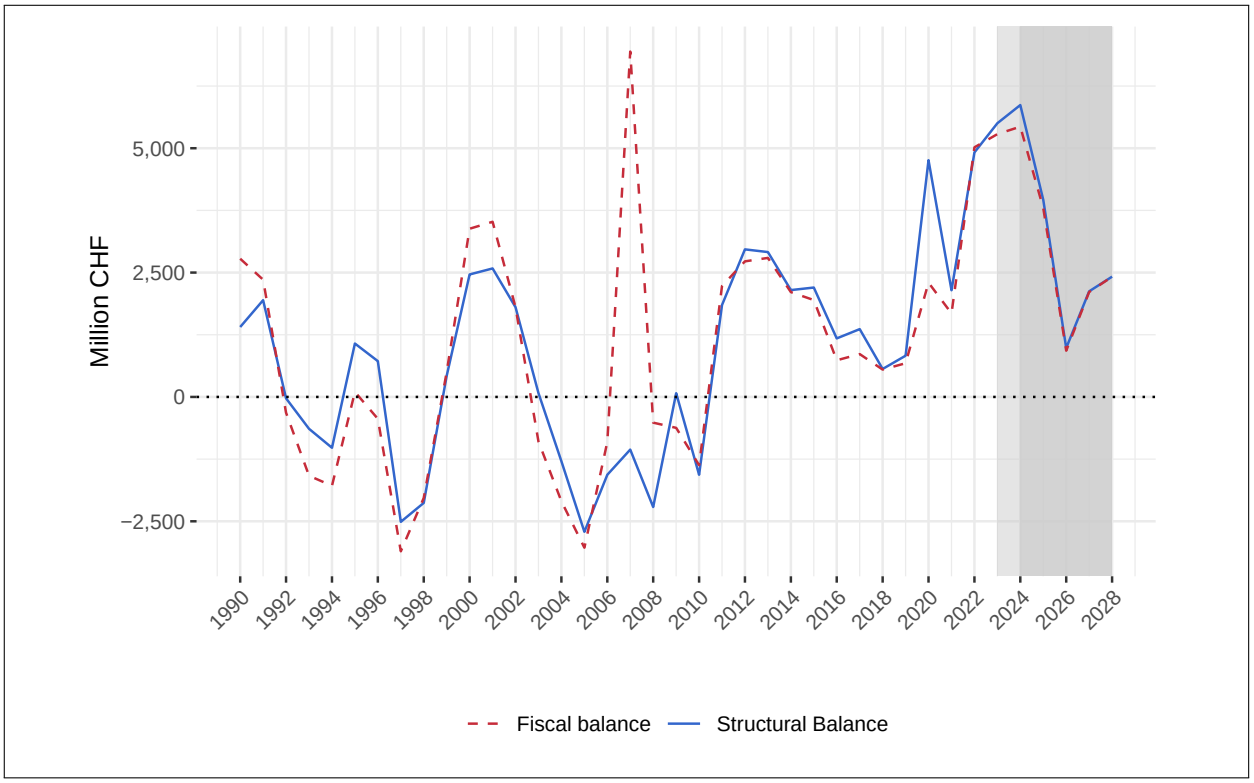
Notes: The figure shows the state government structural balance together with the actual fiscal balance for the FS data. The structural balance is calculated as the cyclically adjusted balance, subtracting any one-off expenditures or revenues. Data in the light gray area are provisional data, data in the dark gray area are forecasts.

Figure A8: Local Government - Fiscal Balance and Structural Balance



Notes: The figure shows the local government structural balance together with the actual fiscal balance for the FS data. The structural balance is calculated as the cyclically adjusted balance, subtracting any one-off expenditures or revenues. Data in the light gray area are provisional data, data in the dark gray area are forecasts.

Figure A9: Social Security Funds - Fiscal Balance and Structural Balance



Notes: The figure shows the social security funds structural balance together with the actual fiscal balance for the FS data. The structural balance is calculated as the cyclically adjusted balance, subtracting any one-off expenditures or revenues. Data in the light gray area are provisional data, data in the dark gray area are forecasts.

Table A4: One-off Revenues and Expenditures for the FS Model

Year	Sector	Amount (in 1,000 CHF)	Description
Central Government			
1998	Central Government	2,694,694	Swisscom IPO
1998	Central Government	1,597,555	Cash injection for SBB
2001	Central Government	1,080,000	Maintenance of flight operations in connection with Swissair
2004	Central Government	1,120,686	Cover capital for ETH, Swiss Post, Skyguide
2005	Central Government	1,346,943	Sale of Swisscom shares
2006	Central Government	3,196,156	Swisscom share sale
2007	Central Government	7,037,733	SNB gold proceeds, transfer to AHV
2008	Central Government	5,928,000	UBS mandatory convertible bond
2009	Central Government	5,379,534	Sale of UBS mandatory convertible bond
2011	Central Government	1,148,000	Restructuring contribution to SBB pension fund
2013	Central Government	1,246,442	Sale of Swisscom holdings
2020	Central Government	1,158,582	Various expenses related to the Covid-19 pandemic, such as the procurement of medicines and Covid tests, protective shield for events or participation in measures taken by the cantons
2021	Central Government	2,932,837	Various expenses related to the Covid-19 pandemic, such as the procurement of medicines and Covid tests, protective shield for events, or participation in measures taken by the cantons
2022	Central Government	2,466,492	Various expenses related to the Covid-19 pandemic, such as the procurement of medicines and Covid tests, protective shield for events, or participation in measures taken by the cantons
2024	Central Government	1,164,465	Expenditure related to the crisis in Ukraine
State Government			
2007	State Government	1,042,266	Pension fund financing
2007	State Government	490,000	Extraordinary contribution to IV due to NFA
2008	State Government	2,449,338	Pension fund financing
2011	State Government	2,895,993	Pension fund financing
2012	State Government	1,950,897	Pension fund financing
2013	State Government	1,213,968	Pension fund financing
2014	State Government	1,651,636	Pension fund financing
2015	State Government	3,077,378	Pension fund financing
2020	State Government	5,538,768	Financing of the Geneva pension fund
2024	State Government	1,616,135	Expenditure related to the crisis in Ukraine
2024	State Government	1,463,080	Revenue related to the crisis in Ukraine - Transfers from the federal Government
Social Security Funds			
2007	Social Security Funds	1,962,000	Commitments for collective IV benefits for the years 2008 to 2011 to institutions.
2007	Social Security Funds	7,037,733	SNB gold proceeds
2007	Social Security Funds	1,471,000	Transition to NFA - Share of IV benefits payable in arrears

Note: The table shows one-off revenues and expenditures included in the calculation of the structural balance. These items are non-recurring and are not considered to be related to the business cycle. The table only reports the one-off positions for the FS data and greater than 800 million.

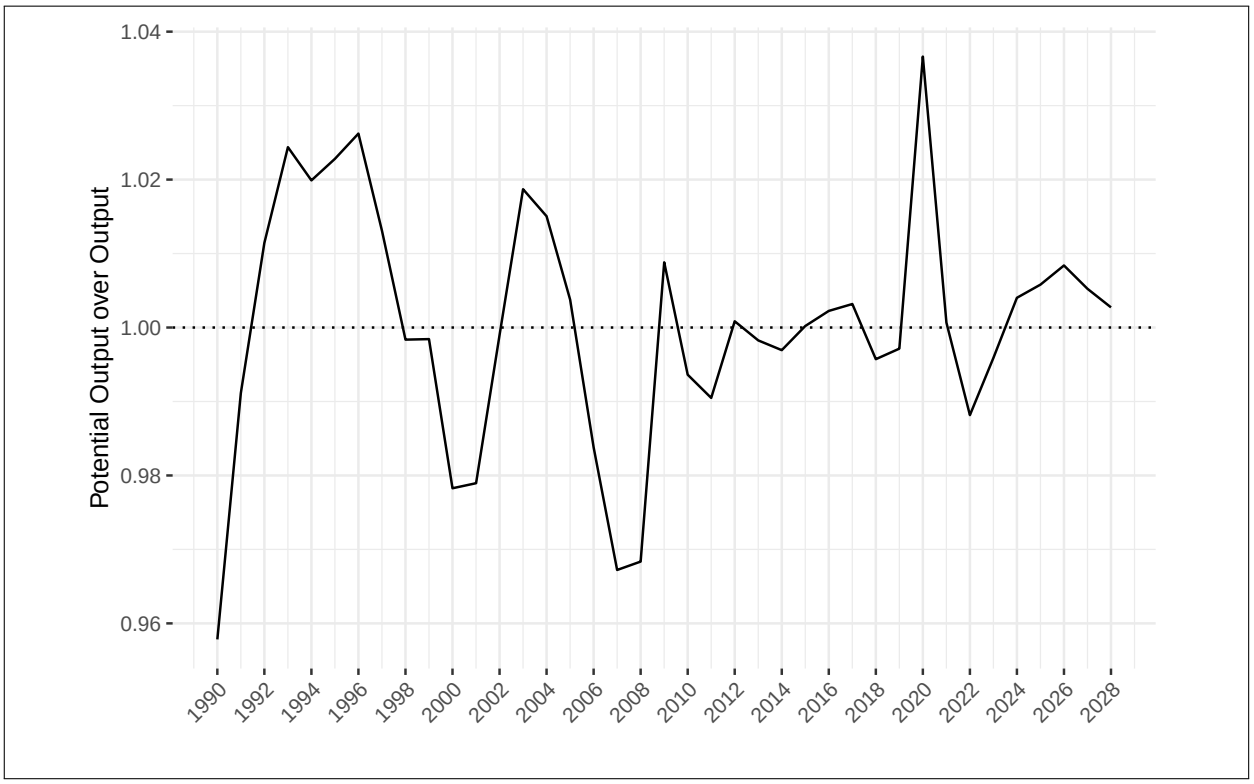
Table A5: Summary FS Data and Results

Sector	2022	2023	2024	2025	2026	2027	2028
General Government							
Revenue	252,534	254,625	264,224	273,921	279,071	286,730	291,771
Expenditure	245,304	250,825	257,240	268,063	277,156	283,392	288,031
Balance	7,231	3,801	6,984	5,858	1,915	3,339	3,740
Balance (in % of GDP)	0.91	0.47	0.85	0.7	0.22	0.38	0.41
Balance One-Off (in % of GDP)	-0.31	-0.08	-0.13	-0.06	-0.07	0	0
Cyclical Balance (in % of GDP)	0.08	-0.14	-0.34	-0.13	-0.04	-0.01	0
Structural Balance (in % of GDP)	1.14	0.7	1.31	0.89	0.33	0.39	0.42
Fiscal Impulse (in % of GDP)	-1.24	0.43	-0.63	0.41	0.53	-0.07	-0.04
Central Government							
Revenue	79,253	81,807	86,378	87,898	92,851	96,923	99,414
Expenditure	82,163	83,053	85,828	88,185	93,462	96,089	98,097
Balance	-2,910	-1,246	550	-287	-611	834	1,318
Balance (in % of GDP)	-0.37	-0.16	0.07	-0.03	-0.07	0.09	0.15
Balance One-Off (in % of GDP)	-0.31	-0.08	-0.11	-0.04	-0.06	0	0
Cyclical Balance (in % of GDP)	0.03	-0.06	-0.13	-0.05	-0.01	0	0
Structural Balance (in % of GDP)	-0.09	-0.01	0.3	0.05	0	0.09	0.14
Fiscal Impulse (in % of GDP)	-0.82	-0.08	-0.31	0.25	0.05	-0.09	-0.05
State Government							
Revenue	106,700	104,874	110,182	116,554	119,117	119,839	121,445
Expenditure	102,389	105,026	109,403	114,183	117,140	118,928	120,870
Balance	4,311	-152	779	2,371	1,977	911	575
Balance (in % of GDP)	0.54	-0.02	0.09	0.28	0.23	0.1	0.06
Balance One-Off (in % of GDP)	0	0	-0.02	-0.02	-0.01	-0.01	-0.01
Cyclical Balance (in % of GDP)	0.03	-0.06	-0.12	-0.05	-0.01	0	0
Structural Balance (in % of GDP)	0.52	0.04	0.23	0.35	0.26	0.11	0.07
Fiscal Impulse (in % of GDP)	0	0.47	-0.19	-0.12	0.09	0.14	0.04
Local Government							
Revenue	54,386	55,984	57,600	59,022	59,813	60,644	61,457
Expenditure	53,575	56,069	57,379	59,040	60,194	61,160	62,025
Balance	812	-85	221	-18	-381	-515	-569
Balance (in % of GDP)	0.1	-0.01	0.03	0	-0.04	-0.06	-0.06
Balance One-Off (in % of GDP)	0	0.03	0	0	0	0	0
Cyclical Balance (in % of GDP)	0.01	-0.02	-0.04	-0.01	0	0	0
Structural Balance (in % of GDP)	0.09	-0.02	0.07	0.01	-0.04	-0.06	-0.06
Fiscal Impulse (in % of GDP)	-0.07	0.11	-0.09	0.05	0.05	0.02	0.01
Social Security Funds							
Revenue	72,588	74,369	76,041	77,900	80,219	84,647	86,340
Expenditure	67,570	69,085	70,607	74,107	79,290	82,538	83,924
Balance	5,018	5,284	5,434	3,792	929	2,109	2,416
Balance (in % of GDP)	0.63	0.66	0.66	0.45	0.11	0.24	0.27
Balance One-Off (in % of GDP)	0	0	0	0	0	0	0
Cyclical Balance (in % of GDP)	0.01	-0.03	-0.05	-0.02	-0.01	0	0
Structural Balance (in % of GDP)	0.62	0.68	0.71	0.47	0.11	0.24	0.27
Fiscal Impulse (in % of GDP)	-0.35	-0.07	-0.04	0.23	0.35	-0.13	-0.03
Nominal GDP	791,087	803,632	824,335	835,704	857,462	880,614	903,150
Output Gap (in % of potential output)	1.2	0.41	-0.4	-0.58	-0.83	-0.52	-0.27

Note: The table shows the current FS data for the balance of revenues and expenditures, the structural balance, GDP, and the output gap. Values are expressed in millions of CHF or as percentages.

A.4 Ratio of Potential to Actual Output

Figure A10: Potential Output over Output



Notes: The figure shows the ratio of potential output over output. Source: SECO

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