



Fiscal Policy

# Federal finances: The ***full relief program 27*** is needed

19.12.2025

## At a glance

- Commitment to financial discipline in the federal budget: Additional revenue will be used to stabilize the federal finances in 2026.
- In its deliberations on the important relief program 27, the Council of States only completed two-thirds of its task: one billion is missing.
- The National Council must ensure the amount of relief: Financial stability is central to Switzerland.

## Budget 2026: Lots of attention for side issues, little for key decisions

The consultations on the 2026 budget came to an end without any major surprises. In terms of content, the focus was largely on peripheral issues and symbolic details. For example, the night train connection to Malmö or the question of whether there should be more money for women or sheep gave rise to discussion. The attention paid to these debates was in marked contrast to their financial policy significance.

One of the key decisions of the session was largely overlooked: the use of the CHF 290 million in additional revenue from the canton of Geneva. This additional revenue is one-off and provides the Confederation with financial leeway in the short term. Parliament has decided not to spend these funds in the short term, but to use them specifically to stabilize the federal finances in the coming years. The focus here is on the year 2027, when the federal government's financial situation is likely to worsen significantly.

In concrete terms, this relates to the reduction in federal contributions to unemployment insurance (ALV), which was already approved by Parliament in September 2024 in order to ease the burden on the federal budget. The reduction in the federal contribution to unemployment insurance amounts to a total of 1.25 billion and was spread over the years 2025, 2026 and 2027. The reduction does not result in any adjustments to ALV benefits. With the contribution of the one-off additional income from Geneva, the relief planned in 2026 can be reduced and realized in subsequent years. This decision demonstrates fiscal discipline and responsibility, which will be crucial in the near future.

## 2027 relief package: solid basis, but open financing requirements

However, the fiscal focus of the session was not on the 2026 budget, but on the 2027 relief package (EP27). The Council of States discussed the matter shortly before the end of the session. The Finance Committee of the Council of States (FK-S) had presented a solid starting point for this, which recognized the need for comprehensive spending measures.

The Council of States only partially followed the proposal. For numerous expenditure-side measures, it reduced the relief contribution even further or even completely eliminated it - for example in the buildings program, the railroad infrastructure fund, financial equalization and contributions to educational and research institutions. Planned savings in agriculture, the media and regional airports were also reduced or completely omitted. Nevertheless, the signal for the revenue-side measures was clear: The deficits are not to be compensated for through additional revenue and certainly not through tax increases. Accordingly, the so-called "compromise proposal" for the building program should also be rejected. In return for the relief contribution to this program, the Federal Council agrees to a temporary increase in the partial earmarking of the CO2 levy. The Council of States halved the relief, but retained the higher partial earmarking and even increased it. The time limit was removed at the same time - the partial earmarking thus takes on the character of a new tax, as was rightly criticized in the Council of States.

The bottom line is that the Council of States has reduced the relief package to around two thirds of the volume originally planned. This is insufficient in terms of fiscal policy, which was openly acknowledged in part in the small chamber. After the deliberations in the Council of States, one billion francs is missing to balance the budget. The amount seems large - but is put into perspective with a budget that is aiming for around CHF 100 billion towards the end of the decade (the current planning period).

## National Council now has a duty: financial stability is key for Switzerland

The National Council is now called upon to ensure the level of relief. This is the only way to lay the foundations for balancing the budget and ensuring the stable development of federal finances in the coming years, and to do so in a predictable and foreseeable manner. The timetable is ambitious: Deliberations in the National Council will continue in January 2026, and the deal must be finalized in March. A referendum can be held against EP27, and a possible popular vote would take place in September. Clarity must be achieved by October at the latest. Detailed discussions on the 2027 budget will then begin. If EP27 fails or is too small, the Federal Council would have to propose alternative measures at short notice in order to adopt the 2027 budget in line with the debt brake, as required by the constitution. This increases the pressure on uncommitted areas of expenditure, which could lead to even more intense distribution conflicts.

In this case, the risk of a budget-less state cannot be ruled out. This would not reflect well on Swiss financial policy. Or as President Karin Keller-Sutter put it in the budget debate: ***"In geopolitically and geoeconomically uncertain times, we would do well to hold on to Switzerland's strengths. One of Switzerland's key strengths is its financial stability. It has immeasurable value. We should not put it at risk."***



**Frank Marty**

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



**Lea Flügel**

Deputy Head of Department Finances & Taxes