



Tax Policy

Parliament approves individual taxation

23.06.2025

At a glance

- Second earners, mostly women, are to receive tax relief through individual taxation and their incentives to work are to be improved.
- In the summer session, the reform received a narrow majority in the final vote.
- *economiesuisse* supports the system change to combat the shortage of skilled workers.

With their popular initiative, the FDP women are calling for a reform of the tax system in order to abolish the so-called marriage penalty and strengthen incentives for second earners - mostly women. In the summer session, the Council of States dealt with the "tax justice initiative" and the associated indirect counter-proposal as the second chamber. Both pursue the same goal: the introduction of individual taxation, in which all persons are to be taxed individually in future, regardless of their marital status. The aim of the proposals is to eliminate the tax disadvantage of married couples compared to cohabiting couples. Back in 1984, the Federal Supreme Court ruled that the tax "marriage penalty" was unconstitutional. The tax systems in the cantons have since been adapted, but there is still no comprehensive solution at federal level.

In the summer session, the National Council and Council of States agreed on a compromise that was supported by the FDP, GLP, SP and Greens. In the final vote, both the initiative and the counter-proposal received a narrow majority.

Better employment incentives alleviate skills shortage

economiesuisse supports the introduction of individual taxation in a decision of principle. Individual taxation creates additional employment incentives for second earners and helps to mobilize previously untapped labour potential. Making the best possible use of existing skilled workers is important in view of the labor shortage, which will become even more acute in the future.

The abolition of the marriage tax penalty is also the aim of the centrist initiative "Yes to fair federal taxes for married couples too - finally abolish discrimination against marriage!". This popular initiative is pending in the councils and will probably be put to the vote in 2026. This initiative also improves incentives to work, but probably to a lesser extent than individual taxation. This is because the initiative only affects the federal government. Individual taxation requires a complete system change, which also applies to the taxation of married couples in the cantons and municipalities. Despite these measures, married couples can still be taxed at a disadvantage. In the case of individual taxation, this would be ruled out.

As individual taxation is a fundamental change to the system, a referendum against the counter-proposal is to be expected - which would ultimately give voters the final say. The FDP women as initiators have not yet commented

on how to proceed. However, in view of the impending referendum, it can be assumed that they will not withdraw their initiative.



Frank Marty

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



Thimea Haefliger

Project Associate Finances & Taxes