



Fiscal Policy

# Relief package ***secures benefits and stable finances***

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## At a glance

- Increased spending on the army and AHV will lead to deficits running into the billions from 2027 - the debt brake requires compensatory measures.
- The EP27 contains broad-based and therefore individually sustainable measures. The economy rejects tax increases.
- Parliament is called upon to adopt EP27 to the extent necessary to stabilize the federal finances.

The federal government is facing deficits of over 4 billion francs by 2029. Although revenues continue to rise sharply, they are no longer sufficient to cover the increasing expenditure. The main reason: the people and parliament have set new priorities - more money for the AHV and the army, two core tasks of the state. To ensure that these decisions can be implemented within the framework of the debt brake, the Federal Council has adopted the Dispatch on the Discharge Package 27 (EP27).

## Focus on reducing expenditure growth

The EP27 comprises 57 measures, 36 of which include legislative amendments that will now go to Parliament as a blanket decree. The 21 measures without legislative amendments will be adopted as part of the annual budgets. The aim is to slow down expenditure growth and bring it back into balance with revenue. Accordingly, the majority of the measures are on the expenditure side. The package accounts for a total of around three percent of the federal budget.

## Moderate corrections instead of radical cuts

The measures are spread across all areas of responsibility: In addition to education and research, transport and climate policy, agriculture, development aid and other areas are also making their contribution. The Federal Administration also has to make cuts. This broad approach ensures fairness and prevents individual areas from being excessively burdened. The planned reductions amount to a total of CHF 2.4 billion in 2027 and CHF 3 billion in 2028, which will compensate for the deficits in both years. However, this will not create any leeway for future fiscal policy challenges.

## Tax increases are not a solution

The Federal Council has also proposed a tax increase: capital withdrawals from the 2nd and 3rd pillars are to be taxed more heavily. However, this intervention in the tried-and-tested pension system is neither justified nor necessary. In view of the strong growth in expenditure, there is sufficient potential for correction on the expenditure side. *economiesuisse* therefore clearly rejects measures on the revenue side and tax increases in particular.

## The debt brake sets the framework

Politicians are obliged not only to guarantee Switzerland's social security (AHV) and defense, but also to ensure the stability of public finances. As the financial planning shows, EP27 in the planned scope is indispensable in order to comply with the debt brake from 2027 and thus the requirements of the Federal Constitution. In the interests of financial stability, the Federal Council has presented a broad-based and therefore individually acceptable correction package. This is an absolute minimum requirement that must be adhered to at all costs - as further deficits are already looming from 2029, even with EP27. The Federal Council also points out what will happen if the EP does not succeed. The situation would be uncomfortable: the uncertainty for many areas of responsibility would be maximum and the burdens could be higher than with EP27.



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