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Individual taxation: labor market ***benefits***

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At a glance

- With individual taxation, spouses are taxed separately.
- The incentive to work increases because taxation starts at zero for second incomes and progression only takes effect later.
- Stronger incentives to work help to make better use of the existing workforce potential and alleviate the shortage of skilled workers.

Today, married couples who are both employed often pay more tax than unmarried couples. This is because their incomes are added together, which can lead to a higher tax burden due to progression. This so-called marriage penalty is unfair and was ruled unconstitutional by the Federal Supreme Court back in 1984. It can lead to the second earner foregoing gainful employment or not increasing an existing workload.

With individual taxation, taxation always starts at zero. Each person fills out their own tax return. Income and assets are taxed separately - individually - even for married couples. Individual taxation applies to all levels of government, i.e. not only at federal level, but also in the cantons and municipalities.

Efficiency gains relativize initial additional costs

Individual taxation completely abolishes the marriage penalty. Married couples will never be taxed more heavily than unmarried couples. Individual taxation involves a certain amount of effort. If each person completes their own tax return, the number of tax returns naturally increases. If the marriage penalty is to be abolished, additional work is unavoidable. This applies to all solutions - including those that maintain joint taxation (center initiative, which will be put to the vote later this year).

Individual taxation is expected to result in around 1.7 million additional tax dossiers, or an increase of around a third. The digital processing options will limit the additional workload. The procedures will also be simplified in some cases.

Many taxpayers will benefit

Individual taxation will bring relief for many taxpayers. It is estimated that around half of taxpayers, or over 3 million, will pay less direct federal tax. For another third, nothing will change. Married couples where both are employed will practically always receive tax relief, unless one of the earned incomes is very low. Individual taxation aims to promote gainful employment. Of the tax incentives, it is probably the most effective.

Labor market benefits from skilled workers

Individual taxation provides tax relief for second incomes in particular. The tax relief strengthens incentives to work. The federal government has carried out calculations on this. If second incomes are taxed separately, this can lead to up to 44,000 new full-time positions being filled. It is assumed that employment will increase, especially among women, because in married couples today it is often the women who earn the second income. Although a large number of women work in Switzerland by international standards, the workloads are often relatively low. The sometimes high tax burden is one reason for this. Individual taxation will change this. If more women work higher salaries, this will not only benefit the women themselves. Many families and, not least, the Swiss economy, which relies on domestic workers and specialists, will also benefit.


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