



Shortcomings in the supervision of direct federal tax and of direct taxation harmonisation

Consolidation of previous reports addressed to the Federal Tax Administration

Key points

Direct federal tax (DFT) is collected by the cantons on behalf of and under the supervision of the Confederation. This tax brings in some CHF 20 billion every year. Moreover, there is a federal act which governs the harmonisation of direct taxation at cantonal and communal levels (DTHA). It is of key importance in the third series of corporate tax reforms (CTR III), particularly with regard to the elimination of cantonal tax status.

At the request of the Finance Delegation, the Swiss Federal Audit Office (SFAO) has summarised in this report the findings relating to the shortcomings in the supervision of these two areas. These findings come from both the audits carried out at the Federal Tax Administration (FTA) and those conducted as part of the reform of fiscal equalization and the division of tasks between the Confederation and the cantons (NFE).

The supervision of DFT collection has improved significantly in recent years. Shortcomings still remain in the intensity of tax supervision, and there are very disparate practices in the external auditing of taxpayers by the cantonal tax offices.

With regard to the supervision of DTHA application, the SFAO believes that CTR III should be exploited to remedy an unsatisfactory situation. Since it came into force in January 1993, no authority is actually supervising the correct application of the DTHA. A motion tabled in 2009 by the Taxation Committee to correct the situation was accepted by the Council of States before ultimately being rejected in view of the cantons' opposition. The SFAO's audits show that there is considerable risk that cantonal practices deviate from the DTHA, particularly in the area of cantonal tax status and tax allocation for principal companies. Implementing CTR III without monitoring its application is running the risk of perpetuating the problems that led to the reforms.

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