Tax expenditures of the Swiss Confederation
Examination of the reporting of the Federal Finance Administration

Key facts

Every year tax expenditures cause losses of at least CHF 2,5 billion of tax revenues for the Swiss Confederation. Tax incentives thus represent one of the Confederation's most important steering instruments. Tax exceptions can be found in all types of taxes, particularly in the direct federal tax, in the value added tax, stamp duty and also increasingly in the mileage-related HGV charge. The Subsidies Act obliges the Swiss government to examine its subsidy regulations at least every six years. Tax expenditures are likewise to be examined as they represent a special form of subsidy.
In 1997 the Federal Finance Administration (FFA) reported for the first time in the Subsidy Report (part I) on corresponding tax expenditures.
The Swiss Federal Audit Office examined this reporting and recommends several improvements for the coming report in 2005. The FFA should describe which tax standards it applies. The definition of tax expenditures must be extended so that less tax exemptions are excluded from the report. Estimates and tables are to be integrated into the report and should be organized in such a way that comparisons with ordinary subsidies are facilitated. Further recommendations of the Swiss Federal Audit Office concern the fundamental assessment of financial and fiscal incentives, the integration of information about the impact of tax expenditures in the report and, finally, the way it is received.

The report is in German