



Fiscal Policy

Federal Finances: Improvement Thanks to High Corporate Tax Payments and EP27

24.06.2026

At a glance

- The federal budget should be balanced by 2030. Relief Package 27 and high tax payments from large companies are making this positive development possible.
- Thanks to additional revenue, the Federal Council can reduce the planned VAT increase for the armed forces and finance them more heavily through the budget.
- Large companies are becoming increasingly important as taxpayers. Risks can be addressed through measures to promote business location.

As usual, the Federal Council released the new federal budget figures at its last meeting before the summer recess. What had been hinted at in recent weeks is now clear in black and white: the outlook has improved. The federal government's improved financial situation is, on the one hand, a result of Relief Package 27, which Parliament passed in the spring and which reduces the federal budget by up to 2 billion francs. Furthermore, the Federal Council has revised its revenue estimates upward by nearly 2 billion francs. The slower growth in spending and higher revenues mean that the Federal Council now expects a balanced budget with modest surpluses through 2030. As recently as April, the outlook was different. The Federal Council had planned additional adjustments, which are no longer necessary.

Few companies, big impact—a concentrated risk for the federal treasury

Companies are the main drivers behind the strong revenue growth. Their tax payments are growing at an above-average rate, a trend attributable to a relatively small number of large firms—the Federal Council notes that half a percent of companies account for three-quarters of corporate income tax revenue! It is obvious that this high concentration of tax payments poses a risk. And the Federal Council is right to address this. Large companies, which generally operate internationally, are indispensable for federal financing. The OECD minimum tax has worsened the operating conditions for these companies. To ensure the federal government's substantial financing needs are met, the legislative process regarding the minimum tax should be used as an opportunity to take countermeasures and improve the country's attractiveness as a business location once again.

Sound federal finances open up new options for defense and security

The importance of good taxpayers and maintaining their numbers is immediately apparent when it comes to financing key government functions—such as the military. While the Federal Council proposed a 0.8 percentage point increase in the value-added tax this spring to strengthen defense, it can now reduce this additional funding to 0.5 percentage points. According to the new projections, the armed forces can be fully funded from the budget with over 10 billion Swiss francs per year (1 percent of GDP). *economiesuisse* called for this during the consultation on military financing this spring and expressly welcomes the revised proposal. However, given the improved budget forecasts, the question arises as to whether additional defense procurements could also be paid for out of the budget. Funds amounting to 2 billion Swiss francs annually would need to be prioritized for this purpose—an amount that, with the necessary political will, could actually be budgeted for in a budget of over 104 billion Swiss francs (2030).

The Federal Council will adopt the detailed figures for the 2027 budget and the financial plan through 2030 in mid-August. Deliberations on military funding will begin shortly thereafter and are expected to be completed by the end of the year.



Frank Marty

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