



Factsheet

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Switzerland's tax-to-GDP ratio and tax ratio compared internationally

The **tax-to-GDP ratio** represents actual tax receipts and social security charges as a percentage of nominal gross domestic product (GDP). It covers all taxes and contributions of the Confederation, cantons and municipalities, as well as the social security contributions to old-age, disability and unemployment insurance, compensation for loss of earnings, agriculture family allowances and maternity insurance in the canton of Geneva. The tax-to-GDP ratio is comprised primarily of the tax ratio and the ratio of payments made to social security funds (table 1). Although mandatory, health insurance, accident insurance and pension fund contributions are not taken into account, as these entities are public or private enterprises in Switzerland according to the sectoring principles of the European System of Accounts (ESA) and they are thus not part of the general government sector by definition. When determining the tax-to-GDP ratio, the Federal Finance Administration (FFA) uses as a basis the financial statistics figures, which are prepared in accordance with international guidelines. They correspond to the tax receipts published by the Organization for Economic Co-operation and Development (OECD). This ensures comparability with the tax-to-GDP ratios of other member countries.

The tax-to-GDP ratio corresponds to the proportion of GDP which the general government sector collects in the form of taxes and social security contributions to accomplish government tasks. The tax-to-GDP ratio cannot be interpreted as the ratio of compulsory payments of a state's citizens, as the various government units cover different tasks also according to the uniform ESA sectoring principles applied in the European Union and Switzerland.¹

The latest figures for Switzerland's financial statistics, and thus also the tax-to-GDP ratio, were published and discussed on September 7, 2017.² The following tables and figures put Switzerland's tax-to-GDP ratio in an international context by comparing Switzerland's figures with the latest OECD publication of November 23, 2017.

¹ In the OECD's Revenue Statistics, the "Financing of social security benefits" tables include not only contributions to social security funds, but also associated compulsory contributions to the private sector for all countries:

http://www.oecd-ilibrary.org/taxation/revenue-statistics_19963726

In addition, the OECD has been calculating a compulsory payments ratio for mandatory payments since 2010; this is more suitable than the tax-to-GDP ratio for international comparisons:

<http://www.oecd.org/tax/tax-policy/tax-database.htm#NTCP>

² Press release and basic information:

<https://www.efv.admin.ch/efv/en/home/themen/finanzstatistik/berichterstattung.html>

Table 1: Components of Switzerland's tax-to-GDP ratio in % of GDP, 1990-2016

In % of nominal GDP						
Year	Tax ratio				Tax-to-GDP ratio	
	Confederation	Cantons	Municipalities	General government	Social security funds	General government (1)
1990	8.1	6.0	4.2	18.2	5.5	23.8
1995	8.0	6.2	4.5	18.7	6.8	25.7
2000	10.2	6.3	4.5	20.9	6.7	27.7
2005	9.4	6.7	4.2	20.3	6.3	26.7
2010	9.7	6.5	4.0	20.3	6.3	26.7
2012	9.5	6.7	4.1	20.2	6.7	27.0
2013	9.6	6.7	4.1	20.3	6.7	27.1
2014	9.4	6.7	4.1	20.2	6.6	26.9
2015	9.8	6.8	4.2	20.9	6.7	27.6
2016	9.8	6.9	4.3	21.0	6.7	27.8

(1) The tax-to-GDP ratio also includes the imputed social contributions of the Confederation, the cantons and the municipalities.

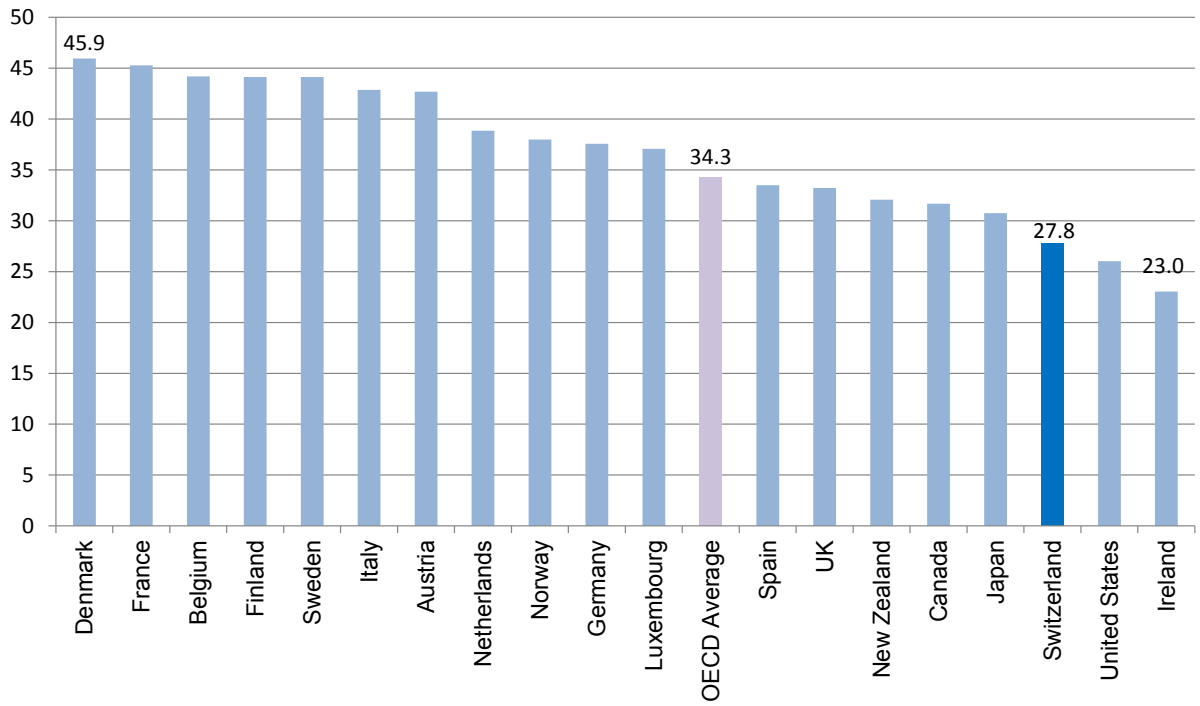
2016 provisional

Table 2: International comparison of tax-to-GDP ratios in % of GDP, 1990-2016

In % of nominal GDP									
	1990	1995	2000	2005	2012	2013	2014	2015	2016
Switzerland	23.8	25.7	27.7	26.7	27.0	27.1	26.9	27.6	27.8
Belgium	41.2	42.6	43.5	43.2	44.2	45.2	45.0	44.8	44.2
Denmark	44.4	46.5	46.9	48.0	45.5	45.9	48.6	45.9	45.9
Germany	34.8	36.2	36.2	33.9	36.4	36.8	36.8	37.1	37.6
Finland	42.9	44.5	45.8	42.1	42.7	43.6	43.8	43.9	44.1
France	41.0	41.9	43.1	42.8	44.3	45.2	45.3	45.2	45.3
UK	32.9	29.8	33.2	32.9	32.8	32.6	32.2	32.5	33.2
Ireland	32.4	31.7	30.8	29.4	27.5	28.2	28.5	23.1	23.0
Italy	36.4	38.6	40.6	39.1	43.9	44.1	43.5	43.3	42.9
Japan	28.2	25.8	25.8	26.2	28.2	28.9	30.3	30.7	..
Canada	35.2	34.8	34.8	32.2	31.0	30.9	31.2	32.0	31.7
Luxembourg	33.5	34.9	36.9	37.8	38.4	38.2	37.4	36.8	37.1
New Zealand	36.2	35.6	32.5	36.1	32.1	31.1	32.4	33.0	32.1
Netherlands	40.2	37.7	37.2	35.4	36.0	36.5	37.5	37.4	38.8
Norway	40.2	40.0	41.9	42.6	41.5	39.9	38.9	38.3	38.0
Austria	39.4	41.4	42.4	41.2	42.0	42.8	43.1	43.7	42.7
Sweden	49.5	45.6	49.0	46.6	42.6	42.9	42.6	43.3	44.1
Spain	31.6	31.3	33.2	35.1	32.2	33.1	33.7	33.8	33.5
United States	26.0	26.5	28.2	25.9	24.1	25.7	25.9	26.2	26.0
OECD Average	31.9	33.3	33.9	33.5	33.3	33.6	33.9	34.0	34.3

Source: OECD 2017, FFA 07.09.2017

Figure 1: Switzerland's tax-to-GDP ratio in % of GDP in an international comparison, 2016



Japan: 2015 values

Source: OECD 2017, FFA 07.09.2017

Further details:

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