

THE OECD TAX-BENEFIT DATABASE

Description of policy rules for
Switzerland 2023



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Description of policy rules for 2023

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Preface

This report provides a detailed description of the tax and benefit rules in Switzerland as they apply to working-age individuals and their dependent children. It also includes output from the [OECD Tax-Benefit model \(TaxBEN\)](#), which puts all these complex legal rules into a unified methodological framework that enables international comparisons of how tax liabilities and benefit entitlements affect the net disposable income of families in different labour market circumstances, e.g. in employment versus unemployment.

The **main body** of the report describes the rules that are relevant for the family and labour market characteristics that are within the scope of the **TaxBEN** model (see below for the methodology and user guide). The **annex** provides information on other cash benefits and taxes on employment income that are relevant for other groups of the working-age population, but are outside the scope of the **TaxBEN** model.

TaxBEN is essentially a large cross-country calculator of tax liabilities and benefit entitlements for a broad set of *hypothetical* families (“vignettes”), e.g. a married couple of 40-years-old adults with two children aged 4 and 6 (click [here](#) for a quick overview of the **TaxBEN** model). **TaxBEN** incorporates rules on the main taxes on employment income, social contributions paid by employees and employers, as well as the main cash and near-cash benefit programmes, including unemployment benefits, family and childcare benefits, guaranteed minimum-income benefits, cash housing benefits, and employment-conditional benefits. Disability benefits, maternity and parental leaves benefits are included in the model for a sub-set of countries and years. The main policy instruments that are currently not included in the **TaxBEN** model are taxes on wealth (e.g. taxes on immovable and unmovable properties), indirect taxes (e.g. VAT), early-retirement benefits, short-time work compensation schemes, sickness benefits, and in-kind benefits (e.g. subsidised transport and free health care).

Useful online resources for the OECD tax-benefit model (TaxBEN)



[TaxBEN web calculator](#)



[Methodology and user guide](#)



[OECD tax-benefit data portal](#)



[Network of national experts](#)


Guidelines for updating this report (for national experts)



[General guidelines](#)

Detailed [guidelines for updating Section 5](#) “Net costs for Early Childhood Education and Care”

Reading notes and further details on the content of this report

- **Reference date** for the policy rules described in this report: **January 1, 2023**.
- The TaxBEN models all policies in effect on the reference date. This includes temporary policies implemented in response to the **Covid-19 pandemic**.
- The symbol  in the text provides a link to the glossary of technical terms.
- Section titles provide the names of taxes and benefits as they are known in the country: first, direct translation into English, then (in brackets) the name in the national language.
- **TaxBEN** variables are indicated in the text using the format **[variable name]**.

The OECD tax-benefit model for Switzerland: Policy rules in 2023

1. Reference wages


Average wage [**AW**]: The OECD tax-benefit model (TaxBEN) uses Secretariat estimates of the average full-time wage (available [here](#)).¹ If Secretariat estimates are not available yet, the model uses wage projections obtained by applying forecasted wage growth² to the latest available wage estimate.

Minimum wage [**MIN**]: There is no national statutory minimum wage in Switzerland, though five cantons have a minimum wage at 1 January 2023: Geneva, Neuchâtel, Jura, Ticino and Basel-Stadt.

2. Unemployment benefits

2.1. Unemployment insurance (*Assurance chômage / Arbeitslosenversicherung*)

Variable names:³ [**UB**; **UI_p**; **UI_s**]

This is an unemployment insurance benefit. It is contributory, not means-tested and taxable. 

All employees are affiliated to the unemployment insurance scheme.

2.1.1. Eligibility conditions

Age: the insured person must have completed compulsory schooling, not yet have reached the age of entitlement to a 1st pillar old-age pension and not be receiving said pension.

Contribution/employment history:

There are two types of framework periods:

1. Framework contribution period (DCC), which is in principle 2 years. A minimum of 12 months of contributions during the 2 years preceding unemployment is


¹ Average Wages are estimated by the [Centre for Tax Policy and Administration](#) at the OECD. For more information on methodology see the latest [Taxing Wages publication](#).

² Wage growth projections are based on [OECD Economic Outlook](#) and [EU economic forecasts](#) (for non-OECD countries).

³ Each (sub-) section in this chapter lists the variable names for the different benefits and taxes as they are used in TaxBEN. The first variable usually denotes the aggregate component while variable names ending with “_p” refer to the first adult (so-called “principal” adult) whereas those ending with “_s” are related to the spouse (alternative specifications to denote adults are possible, e.g. “_1” and “_2”). For instance, in this section, **UB** denote unemployment benefits, which are the sum of individual-specific unemployment insurance benefits of the principal adult, **UI_p**, and the spouse, **UI_s** (as relevant).

required to be entitled to unemployment benefit (exception "persons released from the conditions relating to the period of contribution", see below Section 2.1.3.).

2. Framework compensation period (FCP), the period directly following the framework contribution period, which in principle also lasts 2 years. If at the end of this framework period the insured person is still unemployed, they can reopen a new framework period for compensation if they have paid contributions for at least 12 months during these 2 years, i.e. in the case in which they only have been partially unemployed.

Behavioural requirements and related eligibility conditions:  TaxBEN assumes that the following compulsory conditions are satisfied when simulating unemployment benefits.⁴

The insured person must be unemployed; have suffered a loss of work for at least two consecutive days with loss of earnings; be fit for employment; meet the requirements of the control; be domiciled in Switzerland. Those who quit are considered voluntarily unemployed and will have a suspension of between 1 and 60 days.

2.1.2. *Benefit amount*

Calculation base: the insured income (salary obtained during the reference period from one or more employment relationships, up to a maximum of CHF 12 350) multiplied by 0.7 or 0.8 divided by 21.7.

Benefit amount: The daily allowance amounts to 70% of the insured income.

A daily allowance amounting to 80% of the insured income is granted to insured persons who:

- have a maintenance obligation towards children under 25 years of age;
- receive a daily allowance of no more than CHF 140;
- receive a disability pension corresponding to a degree of disability of at least 40% (these persons are not included in TaxBEN).

The gross insurable income is limited to a maximum monthly amount of CHF 12,350 (CHF 148,200 annually). The benefit is paid monthly.

2.1.3. *Benefit duration*

Insured persons with less than 18 months' contributions are entitled to 260 daily benefits during a two-year benefit period, provided they are over 25 or have dependent children.

Insured persons with a contribution period of between 18 and 24 months are entitled to 400 daily allowances for a benefit period of two years, provided they are over 25 or have dependent children.

Insureds without children and under 25 years of age are entitled to 200 benefits regardless of the period during which they have paid contributions.

Insured persons who have reached the age of 55 or who receive a disability pension corresponding to a degree of disability of at least 40% are entitled to a maximum of 520 daily allowances if they can prove a minimum contribution period of 22 months. The maximum number of daily allowances is increased by 120 for insured persons who

⁴ Details on behavioural requirements and sanction provisions for unemployment benefits are reported in regularly updated companion reports, see [Immervoll and Knotz \(2018\)](#), [Langenbacher \(2015\)](#) and [Venn \(2011\)](#).

become unemployed during the four years preceding the age for entitlement to an AVS pension (retirement). The framework period is extended by two years or more for the latter category of insured persons.

Unused daily allowances during an unemployment spell cannot be “saved” for a future unemployment spell.

Waiting period⁵:

The waiting period does not apply to insured persons whose insured income does not exceed CHF 36,000 per year or to insured persons with children if their income does not exceed CHF 60,000 per year.

For persons who do not have a maintenance obligation towards children under 25 years of age, the waiting period extends to

- a 10 days for insured earnings between CHF 60,001 and 90,000;
- b 15 days for insured earnings between CHF 90 001 and 125 000;
- c 20 days for an insured income of more than CHF 125 001.

Persons with children under the age of 25 whose annual income exceeds CHF 60,000 are subject to a waiting period of 5 days.

Persons who are exempt from the contribution period requirement for training reasons (Art. 14, para. 1, letter a of the LACI; these persons are not included in TaxBEN) must observe a waiting period of 120 days before receiving unemployment benefit during the framework period. Other persons who have been released from the obligation to pay contributions are subject to a waiting period of 5 days.

2.1.4. Means test

The benefit is not means-tested.

2.1.5. Tax treatment

Unemployment insurance benefits are subject to accident insurance contributions (2.51%), death and disability insurance (PP: 1.25%) and old-age,survivors' and disability insurance (AVS/AI/APG: 5.3%).

2.1.6. Interactions with other components of the tax-benefit system

Family allowances are paid in addition, as long as the insured person receives unemployment benefit and does not receive family allowance from another institution.

2.1.7. Combining benefit receipt and employment/starting a new job

If the person earns income while unemployed, this is taken into account as intermediate earnings. If this income is greater than or equal to the amount of unemployment benefit to which he or she would be entitled during the month under consideration, they will not receive unemployment insurance benefits during that month. If, on the other hand, the insured person's income is less than the amount of unemployment benefit to which he or she would be entitled during the month under consideration, the insured person keeps the intermediate income and receives compensation equivalent to 70 or 80 per cent of the difference between their insured income and the amount of the intermediate income. In this way, the insured person benefits from his intermediate earnings since

⁵ Waiting periods are not simulated in TaxBEN

their income will be higher than the amount of unemployment benefit to which they would have been entitled without intermediate earnings. This system applies for 12 months during the 2-year DCI. Thereafter, the insured person is still paid the difference between his intermediate earnings and the monthly unemployment benefit to which they would have been entitled during the month in question. This means that their income will no longer be increased. If the insured person has children or is older than 45, the system applies for the entire duration of the framework compensation period.

2.1.8. Indexation

The benefit amount below which a higher daily allowance is paid (CHF 140, see Section 2.1.2) is in principle adjusted every two years with effect from the beginning of the calendar year, in accordance with the principles governing the old-age and survivors' insurance (see Section 7.1).⁶

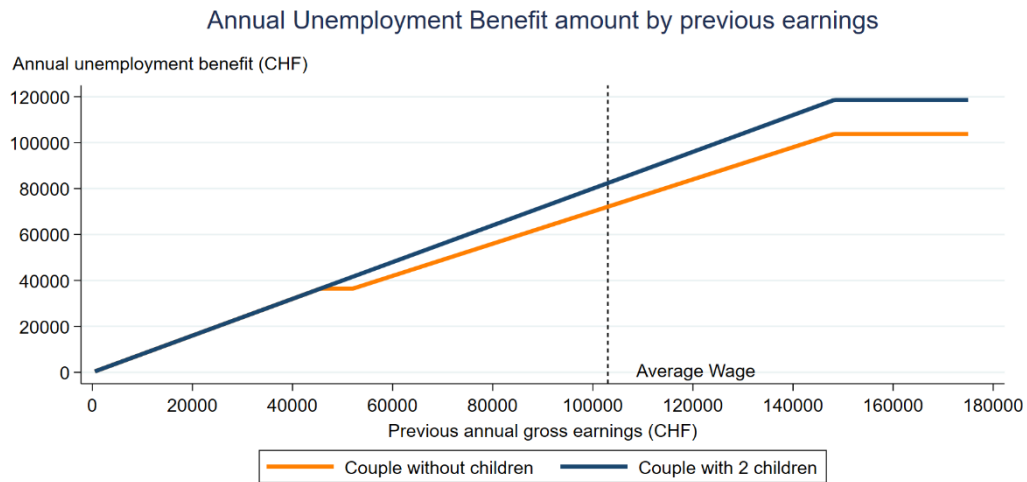
The maximum insured earnings level (CHF 148 200) is set by the Federal Council in the Ordinance on Accident Insurance. It is not automatically indexed and was last updated with effect on 1 January 2016.

2.2. Unemployment assistance (*Assistance chômage / Arbeitslosenhilfe*)

OECD note: In many OECD countries, jobseekers who do not qualify for Unemployment Insurance (UI – Section 2.1), or whose entitlement to UI is low or has expired, can claim Unemployment Assistance (UA – this section) and/or Social Assistance benefits (SA – Section 3). These UA and SA benefits have different purposes (and reach different target groups). For instance, while the main purpose of UA is to encourage the labour market reintegration of jobseekers who have exhausted or are not eligible to the standard UI benefit, the purpose of SA programmes is to provide an acceptable standard of living for families unable to earn sufficient incomes from other sources. Conditions for UA typically include requirements to register with the public employment service and participate in active job search in a similar way as for UI. This is *not always* the case for SA benefits, for which low income is the key entitlement criterion and activation requirements exist only for those who are capable of work.

Based on this definition, Switzerland and the representative region considered in this report (Zurich) do not currently provide a national/local Unemployment Assistance programme. Nevertheless, certain cantons of Switzerland (notably, Zug) do provide an Unemployment Assistance programme. These benefits are not implemented in the TaxBEN model as they do not refer to the representative region. However, they are described in the Annex.

⁶ Legal basis: LACI Article 22(2)(b) and 22(3).

Figure 1 – Unemployment Benefit by previous earnings

Note : Figures for 40-year old one-earner couple (spouse does not work). Children are 4 and 6 years old. Figures for second month of benefit receipt.

3. Social assistance and housing benefits

3.1. Guaranteed minimum income (*Aide sociale / Sozialhilfe / Assistenza sociale*)

Variable names: **[SA]**

This is a non-contributory benefit, means-tested and non-taxable.

The Guaranteed minimum income supports the livelihood of people in need, promotes their economic and personal independence and ensures their social integration; it is therefore not limited to the bare minimum. It is the responsibility of the cantons and is often organised at the municipal level. The Swiss Conference of Social Action Institutions (CSIAS in French, SKOS in German, or COSAS in Italian) publishes recommendations which are widely adopted by the cantons and thus help to reduce cantonal differences (CSIAS/SKOS/COSAS guidelines "Concepts and standards for the calculation of social assistance").⁷

In the TaxBEN model, the policy rules for the **Zurich canton (ZH)** are simulated.

3.1.1. Eligibility conditions

Social assistance is means-tested. It only comes into play if the person can no longer support him or herself and all other available sources of assistance have been exhausted. It is subsidiary to personal effort, private and public law claims (insurance benefits) and voluntary third-party benefits.

⁷ See also, SKOS guidelines 2023 (most recent):

Normes (skos.ch) (français): https://rl.skos.ch/lexoverview-home/lex-RL_A_1

Richtlinien (skos.ch) (allemand): https://rl.skos.ch/lexoverview-home/lex-RL_A_1

Sozialbericht Kanton Zürich 2021, Bundesamt für Statistik (BFS) und Kantonales Sozialamt Zürich: [Sozialbericht des Kantons Zürich 2021 - Ergebnisse der Schweizerischen Sozialhilfestatistik | Publikation | Bundesamt für Statistik \(admin.ch\)](#)

3.1.2. Benefit amount

Economic assistance must guarantee the "social" minimum, which takes into account not only expenses for basic needs but also other needs depending on individual circumstances. The amount of assistance is calculated by comparing the expenses for maintenance, housing, medical care, etc., with the income. There is no limit to the benefit, the amount needed is covered by social assistance.

The **basic benefit** consists of a lump sum for maintenance which corresponds to the minimum subsistence level for a life in Switzerland that is consistent with human dignity. It is paid monthly.

- Maintenance allowance⁸, for persons in the same private household (per year). In 2023, the benefit rates are:
 - 1 person up to the age of 25, under certain conditions (not modelled in TaxBEN): CHF 9 898
 - 1 person: CHF 12 372.
 - 2 persons: CHF 18 924
 - 3 persons: CHF 23 016
 - 4 persons: CHF 26 472
 - 5 persons: CHF 29 940
- Supplement of 2 508 CHF per additional person.

In addition to this amount, housing costs (see Section 3.2) and medical ones are also considered:

- Housing costs (see Section 3.2)
- Costs for basic medical care: without compulsory health insurance premiums (these are paid directly by the municipality but are still included in basic needs and modelled in TaxBEN⁹).

Benefits can be reduced if the beneficiary refuses to cooperate or does not make sufficient efforts towards integration; the subsistence level remains guaranteed.

Other benefits are added, but are not modelled in TaxBEN:

- Circumstantial costs (e.g. costs due to illness, disability, holidays, convalescence, etc.): at the discretion of the competent authority.
- Integration supplement for persons over 16 years of age who are not gainfully employed and who make special efforts to integrate socially or professionally: from CHF 100 to 300 per month.

⁸ Richtlinien (skos.ch) : https://rl.skos.ch/lexoverview-home/lex-RL_A_1

⁹ <https://richtlinien.skos.ch/b-materielle-grundsicherung/b4-junge-erwachsene/> et B.5. To facilitate the calculation, TaxBEN first simulates the premiums of the compulsory health insurance (the inclusive premium reduction, see Section 7.1). Afterwards the premiums are added to the basic needs and included in the social assistance if the beneficiary's income is lower. For more details on the rules applied in Zurich see (in German): <http://www.sozialhilfe.zh.ch/Seiten/Kapitel.aspx?OpenTrigger=7&FilterValue1=7%2E3>

- Minimum integration supplement for people who are not able or willing to provide an integration benefit (health, few offers): minimum 100 CHF per month.

3.1.3. Benefit duration

Duration of benefits: no limits, as long as the need is proven. Under certain conditions the social assistance must be paid back.

Waiting period: none.

3.1.4. Means test

Income test

Income taken into account includes:

- Earnings (less, in the canton of Zurich, up to CHF 400 per month on income from full-time employment¹⁰, limited to CHF 850 per household per month)
- Unemployment insurance (Section 2.1)
- Family allowances (Section 4.1)
- Personal income tax and social security contributions are deducted from the income for the purposes of the income test
- Other income sources not modelled in TaxBEN (including claims against third parties¹¹)

Asset test

At the time of claim, if the total value of assessable assets exceeds CHF 4000 per adult plus CHF 2000 per child (up to a limit of CHF 10 000 per household), the claimant is not eligible for social assistance.¹²

While receiving social assistance, the value of assets gained is counted as income and is assessed via the income test (see above).

Assets included in the assessment are those which can be reasonably realised. The municipal authorities are responsible for applying the asset test and in principle, it is up to the examiners to decide whether certain assets are to be included or not. The following assets are generally included:

- Real estate, to the extent it can be reasonably realised (that is, sold)¹³.
 - o It may be unreasonable to sell the property if assistance is expected to be for a short period or a low amount, or if the achievable sale price is unreasonably low (due to current demand, provided an improvement is expected in the near future).

¹⁰ [http://www.sozialhilfe.zh.ch/Handbuch/9.1.02.%20Einkommensfreibetrag%20\(EFB\).aspx](http://www.sozialhilfe.zh.ch/Handbuch/9.1.02.%20Einkommensfreibetrag%20(EFB).aspx)

¹¹ Claims pass to the assistance authority under certain conditions (maintenance obligations of parents) by virtue of the law or an assignment deed.

¹² If the combined value of assets is above the allowable limit, support may be granted as a loan if it is likely to be a short term need.

¹³ For further information, see: [Consideration of real estate in general | Canton of Zurich \(zh.ch\)](#)

- It may be unreasonable to sell the property if it is permanently inhabited by the claimant and the costs associated with the property, such as the mortgage, are appropriate to their circumstances (for example, below the amount that would be covered by social welfare for a rental property, or below what municipal guidelines indicate is reasonable for the household size).
- If the property cost is not proportionate to the claimant's achievable income or if it is not inhabited by the claimant, then it is generally considered reasonable to sell.
- If it is deemed reasonable to sell the property, social assistance may be granted as a loan until the property can be sold given that this can take some time.
- Vehicles are included. They are considered liquid (that is, can be sold immediately to support the claimant's needs). The value of the car is determined by a Eurotax valuation at a garage.
 - Exceptions are possible on a case-by-case basis. Circumstances including need of a car for work or medical reasons may be considered.
- Securities, shares and cryptocurrencies. The value is determined by the daily price, that is the price they could be currently sold at.
- Household appliances and personal belongings are generally NOT included (if they are declared non-attachable in the Federal Law on Debt Enforcement and Bankruptcy, Art. 92 SchKG). This includes items for personal use such as clothes, effects, household appliances, furniture or other movables, provided they are indispensable.
 - Everything else is taken into account. Professional appraisal for value needs to be provided by applicant.

3.1.5. Tax treatment

Not taxable.

3.1.6. Interaction with other components of the tax-benefit system

No information.

3.1.7. Combining benefit receipt and employment/starting a new job

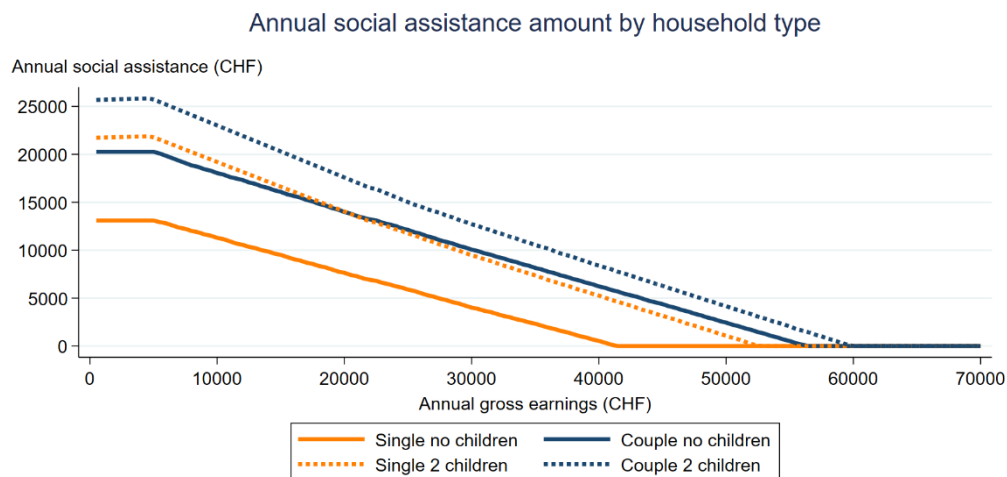
See Section 3.1.4.

3.1.8. Indexation

The basic benefits are adjusted according to the AVS adjustments (same time and same percentage) but the cantons may adjust with a delay of half a year or a year.

Income allowance and asset limit do not change for many years.

As a rule the Federal Council adjusts AVS pensions in line with salary and price trends every two years. Pensions are adjusted earlier if annual inflation exceeds 4%. Adjustments are calculated according to the so-called mixed index, which corresponds to the mean salary and price index. On 1 January 2023 AVS and AI were increased.

Figure 2 – Social Assistance by gross earnings

Note: All adults are 40 years old. In case of couples, spouse does not work. Children, if present, are 4 and 6. Household also receives Housing Benefits.

3.2. Housing assistance for social assistance recipients (*Frais de logement / Wohnkosten*)

Variable names: [\[HB\]](#)

This is a non-contributory benefit, means-tested and not taxable.

3.2.1. Eligibility conditions

Same as social assistance (see 3.1.1).

3.2.2. Benefit amount

The rental costs are covered by social assistance. The social welfare authority sets the maximum rental costs for social assistance recipients.¹⁴ The benefit is paid monthly.

The basic rule is that the rent should not exceed a third of the possible income. The maximum rent for one-person households is currently CHF 1 200¹⁵. If a person or family lives in an apartment that is too expensive, they may be required to look for a cheaper solution.¹⁶

¹⁴ More information is available at : https://www.stadt-zuerich.ch/sd/de/index/unterstuetzung/finanz/wirtschaftliche_hilfe/faq-sozialhilfe.html

as well as: https://www.stadt-zuerich.ch/sd/de/index/ueber_das_departement/organisation/sod/haw_sod.html

¹⁵ More information is available at: [Richtlinie für die Bemessung der Wohnkosten im Unterstützungsbudget - Stadt Zürich \(stadt-zuerich.ch\)](https://www.stadt-zuerich.ch/sd/de/index/ueber_das_departement/organisation/sod/haw_sod.html)

¹⁶ It is not obligatory that a person living in an overly expensive apartment is forced to look for a new apartment. Social workers have the discretion to temporarily approve an overly expensive rent, if a change of apartment (for the time being) is not proportionate and reasonable. If a person does receive this approval, it must be reviewed periodically.

There are special rules for young adults aged 18-25. These are based on the financial situation of other young adults. If they cannot live with their parents, they are expected to choose an affordable form of living in a shared flat. At the same time, young adults are supported so that they can do vocational training.

Maximum monthly amounts:

1 person: 1 200 CHF; 800 CHF if under 25 years old

2 persons: 1 500 CHF

3 persons: 1 650 CHF

4 persons: 1 800 CHF

5 persons: 2 000 CHF

6 persons: 2 200 CHF

3.2.3. Benefit duration

Same as social assistance (see Section 3.1.3).

3.2.4. Means test

Same as social assistance (see Section 3.1.4).

3.2.5. Tax treatment

Non imposable.

3.2.6. Interaction with other components of the tax-benefit system

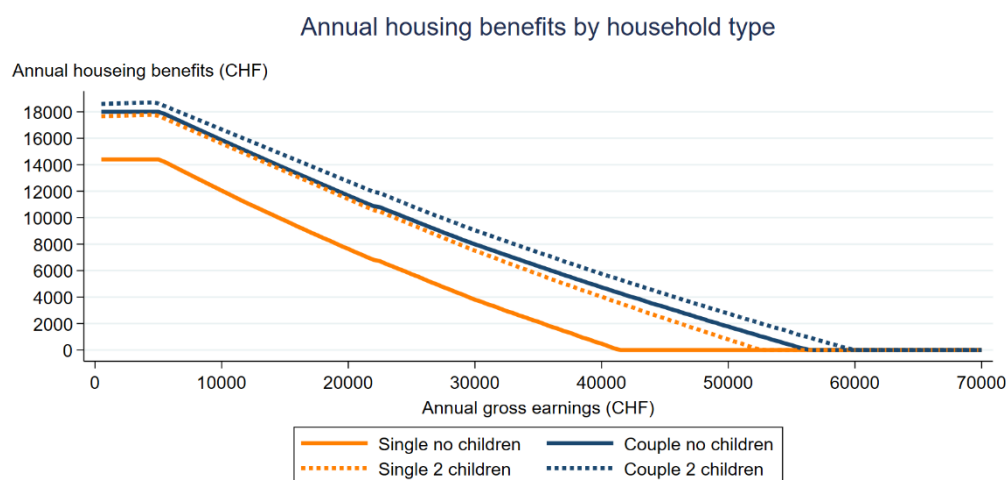
No information.

3.2.7. Combining benefit receipt and employment/starting a new job

Same as social assistance (see Section 3.1.4).

3.2.8. Indexation

The amounts stay the same for several years.

Figure 3 – Housing Benefits by gross earnings and household type

Note: All adults are 40 years old. In case of couples, spouse does not work. Children, if present, are 4 and 6. Households also receive Social Assistance.

4. Family benefits

Variable names: [\[FB\]](#)

Family benefits are determined by the cantons and, with the exception of the canton of Valais, are financed by employers and, since 1 January 2013, also by the self-employed.

4.1. Family benefit (*Allocation familiales / Familienzulagen*)

This is a non-contributory benefit, not means-tested, taxable, but not subject to social security contributions.

4.1.1. Eligibility conditions

Have at least one dependent child under the age of 16 or, if in education, under the age of 25. Parents must be working or receiving unemployment insurance. Individuals who are not in gainful employment (who do not receive unemployment insurance benefit) and who have a low income can also receive family allowances.¹⁷

¹⁷ Entitlement to child benefit as a non-working person is subsidiary: if, for the same period, a working person is entitled to child benefit for the same child, this entitlement has priority. In order to receive family allowances as a non-working person, the applicant must be recognised as a non-working person within the meaning of the Old-Age and Survivors' Insurance (AVS) and be resident in Switzerland. Their taxable income must not exceed CHF 44,100 per year and they must not be receiving any supplementary benefits from the Old Age and Survivors' Insurance (AVS) / Invalidity Insurance (AI). The canton of Vaud has raised the taxable income limit to CHF 58,800 per year. The cantons of Geneva, Jura and Ticino have abolished it. A person who becomes unemployed during the year is entitled to family allowances as a non-working person as soon as the conditions are met; he or she may therefore start receiving family allowances as a non-working person during the year (not recorded in TaxBEN because income other than wages and unemployment insurance benefits is not considered when calculating taxable income).

4.1.2. Benefit amount

Family allowances are paid monthly either by the employer if the parent is working, or by the unemployment fund if the parent is unemployed, or by the AVS compensation fund of the canton of residence for persons not in gainful employment, or by the family allowance fund for persons who are self-employed.

The amount varies from canton to canton; in TaxBEN the rules for the **canton of Zurich (ZH)** are simulated. In 2023, the amounts are: CHF 2,400 per year for a child under 12 and CHF 3,000 for those aged 12 and over.

Types and amounts of family allowances according to the Federal Child Benefit Act, the Federal Child Benefit Act and cantonal laws: <https://www.bsv.admin.ch/bsv/de/home/sozialversicherungen/famz/grundlagen-und-gesetze/ansaetze.html>

4.1.3. Benefit duration

Entitlement to benefit starts at birth and ends when the child reaches the age of 16 or, if in education, when the child reaches the age of 25.

4.1.4. Means test

Family benefits are not means-tested.

4.1.5. Tax treatment

Taxable, but not subject to social security contributions.

4.1.6. Interaction with other components of the tax-benefit system

No information.

4.1.7. Combining benefit receipt and employment/starting a new job

No restriction.

4.1.8. Indexation

There is no automatic indexation of benefits amounts.

5. Net costs of Early Childhood Education and Care

The **reference date** for the policy rules described in this section is **January 1, 2023**.

In general, childcare allowances for children in municipal childcare facilities do not exist in Switzerland. However, some cities provide subsidies. The subsidies for the City of Zurich are simulated in TaxBEN (see Section 5.1).¹⁸

Family allowances paid to persons not in gainful employment are mainly paid by the cantons.

¹⁸ Other benefits that are not simulated in TaxBEN :

Nine cantons pay birth allowances to employees, self-employed persons and persons not in gainful employment. To qualify for these allowances, you must be entitled to other family

5.1. Gross childcare fees

Variable names: [\[SZcc_cost\]](#)

This is for the city of Zurich and cannot be extrapolated to the whole of Switzerland.

Children in the city of Zurich may voluntarily attend childcare and education services until the age of 4. Children who turn 4 by 31 July attend mandatory kindergarten for two years from the school year starting in mid-August¹⁹.

Voluntary childcare and education services in the city of Zurich are subject to a fee. Parents of children residing in Zurich can apply for subsidies for a childcare place in a:

- public crèches (*stadteigene kitas*, simulated in TaxBEN)
- private day care centres and day families with a contract with the city of Zurich (not simulated in TaxBEN).

For day care centres, parents pay a maximum of CHF 120 for a subsidised day's care in 2023 and a minimum of CHF 12 after subsidies (see Section 5.3), depending on income (including costs for meals).²⁰

5.1.1. Discounts for part-time usage

Day care fees apply per day, so fees are only charged for days attended (thus a child attending care for three days per week pays 60% of the fees that a child attending five days per week would pay).

In addition, there are reduced costs for a half day: maximum CHF 84 (CHF 60 excluding cost of meals), minimum CHF 8.4 (CHF 6 excluding cost of meals)²¹.

OECD Note: The standard assumption of the TaxBEN model is that childcare use is spread evenly across each day of the week. For example, a family requiring 50 percent

allowances and the amount is a one-off. The regulations are described in this document: <https://www.bsv.admin.ch/bsv/fr/home/assurances-sociales/famz/grundlagen-und-gesetze/ansaeetze.html>.

In addition, 12 cantons (2021; source: [Sozialhilfe im weiteren Sinn: Leistungen pro Kanton - 2007-2021 | Tabelle | Bundesamt für Statistik \(admin.ch\)](#)) already have need benefits that are paid to mothers and partly also to fathers. These benefits are modelled on the AVS/AI supplementary benefit system (PC). Depending on the canton, they are paid for 6 to 24 months (up to three years in Ticino) and correspond to the difference between the actual income and the threshold for entitlement to PC (dito). You can refer to the brochure: <https://www.bsv.admin.ch/bsv/de/home/sozialpolitische-themen/familienpolitik/absicherung/bedarfsleistungen.html>.

At the federal level, the National Council (lower house) in 2002 acted on parliamentary initiatives by Fehr and Meier-Schatz (00.436 and 00.33*7), which called for the introduction of supplementary benefits for parents based on the Ticino model. The aim is to ensure a minimum standard of living for families and children. Three different models were submitted to the cantons for consultation in 2004. The initiative was rejected on 17.6.2011.

¹⁹ In the first year, children attend only in the mornings. In the second year they also attend two afternoons per week. There are no fees for kindergarten. In the second year, if the kindergarten offers lunch and the child attends, a lunch time care fee of between CHF 4.50 and 18 applies for the days with afternoon attendance.

²⁰ [Berechnungsbeispiele - Stadt Zürich \(stadt-zuerich.ch\)](#)

²¹ [Beitragsrechner \(gültig ab 1.8.2022\) - Stadt Zürich \(stadt-zuerich.ch\)](#)

care is assumed to use half a day (four hours), for five days per week. However, in Switzerland the use of part-time childcare per day is very rare (as opposed to use for only a few days per week; the use of public crèches and day-care centres amounted to just under 3 days per week on average in 2021). For this reason, where part-time care is required, the TaxBEN model assumes that whole days of care are used. A family requiring 50 percent care is assumed to require 2.5 days of care, and thus uses 3 full days of childcare.

5.2. Fee discounts and free provision

Variable names: `[cc_subsidy]`

Parents are only eligible for a subsidy if they are unable to care for the child because the parents are working (including volunteer work), in education, undergoing further training, looking for a job and registered with the regional unemployment centre (RAV) or for medical reasons such as mental or physical disability. In addition, children may be eligible if they do not speak German or are socially disadvantaged.²²

For day care centres, parents pay a maximum of CHF 120 for a day's care and a minimum of CHF 12. The income level above which the maximum amount applies is CHF 100,000. The personal contribution factor (PCF) is calculated as follows, for a given income level (the Reference Income):

$$PCF = \frac{\min(Ref\ Inc, 100\ 000)}{100\ 000}$$

The reference income taken into account to assess resources is equal to taxable income for the purposes of local income tax (see Section 8.2.1, and example calculation in Box below) plus 10% of taxable assets exceeding CHF 50,000 per parent (not taken into account in TaxBEN) minus personal (CHF 6,000 per adult and CHF 6,000 per child) and household deductions (CHF 6,000).²³

The daily childcare fee is then calculated based on the personal contribution factor (PCF):

$$Fee = PCF \times (Fee_{max} - Fee_{min}) + Fee_{min} = PCF \times 108 + 12$$

²² See: [Childcare costs and subsidies - City of Zurich \(stadt-zuerich.ch\)](https://www.stadt-zuerich.ch/beitragsrechner-betreuung)

²³ More information is available here: <https://www.stadt-zuerich.ch/beitragsrechner-betreuung>

Explanation: Childcare fee calculation

Childcare fees charged to parents depend on the reference income, which is derived from the local income tax base. The local income tax base includes a deduction for childcare costs from the previous year. In the static TaxBEN model, childcare costs from the current year (rather than previous year) are deducted from the local income tax base. This creates a circular calculation. In the TaxBEN model, one iteration of the childcare fee calculation is made to calculate a *proxy childcare fee*. The proxy fee is then applied to the local tax base to calculate the *actual childcare fee*.

The steps are outlined below, including an example to illustrate the calculation for a 40 year old single parent earning CHF 100 000 per year. They have two children aged 2 and 3 who attend daycare full time (defined in TaxBEN as 5 days per week, 52 weeks per year). The TaxBEN model does not consider assets, so these are not included in the Reference Income.

Note: It is possible to do further iterations of proxy local income tax base and proxy childcare fee calculations (that is, repeating steps 3 and 4). The TaxBEN model only does a single iteration.

<p>1. Calculate the local income tax base before childcare costs</p> <p>Taxable income less local tax allowances (but not childcare costs).</p>	<p>Taxable income</p> <ul style="list-style-type: none"> • Earnings: CHF 100 000 • Family benefit: CHF 2400 per child: CHF 4 800 <p>Less local tax allowances excluding childcare costs:</p> <ul style="list-style-type: none"> • Social security contributions: CHF 11 302.15, including: <ul style="list-style-type: none"> ○ Old age: 5.3% of earnings: CHF 5300 ○ Unemployment: 1.1% of earnings: CHF 1100 ○ Occupational pension contribution for a person aged 40: 6.6% of earnings less coordinated deduction: CHF 4902.15. • Work related expenses: 3% of earnings net of social security contributions: CHF 2660.9355 • Dependent child allowance: CHF 9000 per child: CHF 18 000 • Maximum deduction for health insurance premiums: CHF 2600 + 1300 per child: CHF 5200 <p>Local income tax base excluding childcare costs: CHF 67 636.9145</p> <p>Round down to multiple of CHF 100: CHF 67 600</p>
<p>2. Calculate a proxy childcare fee based on the income tax base before childcare costs [1]</p> <p>Calculate the reference income, the personal contribution factor, and finally the proxy fee.</p>	<p>Reference income (Ref): CHF 43 600, comprising:</p> <ul style="list-style-type: none"> • Local income tax base: CHF 67 600 • Less household deduction: CHF 6000 • Less personal deduction: CHF 6000 per household member: CHF 18 000 <p>Personal contribution factor (PCF): $\frac{Ref}{100\ 000} = 43.6\%$</p> <p>Proxy fee: $PCF \times 108 + 12 = 59.09$ per child per day</p>

Note that TaxBEN does not include assets in the reference income.	Annual proxy fee (2 children, 5 days per week, 52 weeks per year): CHF 30 725.76
3. Calculate a proxy local income tax base by deducting the proxy childcare fee [2] from the local income tax base before childcare costs [1]	Local income tax base before childcare costs: CHF 67 636.9145 Proxy childcare costs: CHF 30 725.76 Proxy local income tax base including proxy childcare costs: CHF 36 911.1545 Round down to multiple of CHF 100: CHF 36 900
4. Calculate the childcare fee based on the proxy local income tax base [3] Calculate the reference income, the personal contribution factor, and finally the fee.	Reference income (Ref): CHF 12 900, comprising: <ul style="list-style-type: none"> • Proxy local income tax base: CHF 36 900 • Less household deduction: CHF 6000 • Less personal deduction: CHF 6000 per household member: CHF 18 000 Personal contribution factor (PCF): $\frac{Ref}{100\,000} = 12.9\%$ Fee: $PCF \times 108 + 12 = 25.93$ per child per day Annual fee (2 children, 5 days per week, 52 weeks per year): CHF 13 484.64

The number of days of subsidised care is determined by workload of the parents. Workload (as per reasons listed above) is calculated as a percentage of full-time (42 hours). Members of a couple add this time together and subtract 100%. The result is rounded up to whole days of subsidised care, where 20% corresponds to one day of care.

For example, a family where the father is looking for work 30 hours per week (30/42=71%) and the mother works 3 days per week (60%) has a total workload of 131%. After subtracting 100%, the amount of care required is 31%, rounded up to 40% or 2 days of subsidised care per week.²⁴

As childcare costs for non-subsidised places are not currently available, the TaxBEN model assumes that parents meet the activity test and receive subsidised care.

5.3. Childcare benefits for formal centre-based care

Variable names: `[cc_benefit]`

None.

5.4. Childcare allowance for children not using child care centers

Since 30 September 2016, no childcare allowance for stay-at-home parents has been payable in the Canton of Zurich.

²⁴ See also examples here: https://www.stadt-zuerich.ch/sd/de/index/familien_kinder_jugendliche/kinderbetreuung/KostenSubventionen_neu_2/Berechnungsbeispiele.html; [Betreuungskosten berechnen - Stadt Zürich \(stadt-zuerich.ch\)](#)

AI	Assurance-invalidité
PC	Prestations complémentaires pour AVS et AI
PP	Prévoyance professionnelle
AMal	Assurance-maladie
AA	Assurance-accidents
APG	Allocations pour perte de gain
AC	Assurance-chômage
AF	Allocations familiales
Ptra	Prestations transitoires pour chômeurs âgés
<u>German:</u>	
AHV	Alters- und Hinterlassenenversicherung
IV	Invalidenversicherung
EL	Ergänzungsleistungen zu AHV und IV
BV	Berufliche Vorsorge
KV	Krankenversicherung
UV	Unfallversicherung
EO	Erwerbsersatzordnung
ALV	Arbeitslosenversicherung
FZ	Familienzulagen
ÜL	Überbrückungsleistungen für ältere Arbeitslose

7.1.1. Employee contributions

Variable names: [[SOCSEC](#); [SOCSEC_p](#); [SOCSEC_s](#); [COMP_INS](#)]

Retirement pensions

- 5.3% total - 4.35% of gross income for old age insurance (AHV/AVS), 0.7% for Disability Insurance (IV/AI) and 0.25% for Income compensation regulations²⁶ (EO/APG).
- An age-varying percentage of the “coordinated salary” for the occupational pension fund (BV/PP).²⁷ Pension funds set the amounts of contributions paid by the employee and the employer in their internal regulation. A minimum contribution is required, calculated based on the coordinated salary²⁸, however

²⁶ Income compensation includes, since 2021, paternity benefits and care allowances. See: [Loss of earnings compensation scheme \(EO\) \(admin.ch\)](#)

²⁷ Old age insurance is based on individual savings. The savings assets accumulated by the insured person on their individual savings account over the years serve to finance the old age pension. The constituted capital is converted into an annual old age pension on the basis of a conversion factor. For further information, see: [Meaning and objectives of occupational pension funds \(admin.ch\)](#)

²⁸ The coordinated salary is the part of the annual salary that is between CHF 22 050 and CHF 88 200, with a minimum amount of CHF 3 675. As a result, the coordinated salary is:

- CHF 0 for those earning less than CHF 22 050
- CHF 3 675 for those earning between CHF 22 050 and CHF 25 725
- Earnings less CHF 25 725 for those earning between CHF 25 725 and CHF 88 200
- CHF 62 475 for those earning more than CHF 88 200.

typically the contribution is made on earnings less the co-ordinated deduction (CHF 25 725 in 2023). The average employee contribution is as follows:

Age	Average employee contribution rate (%)	
	2015	2020
25 - 34	4.9	5.1
35 - 44	6.3	6.6
45 - 54	8.0	8.5
55 – 65	9.0	9.6

In the TaxBEN model, the most recent average age-based contribution (2020) is applied to earnings less the co-ordinated deduction. These contributions are classified as a non-tax compulsory payment (NTCP).

Unemployment

ALV/AC: 1.1% on the portion of income up to CHF 148 200²⁹.

Health

Sickness insurance (medical and pharmaceutical treatments; KV/AMaI) is compulsory for any resident of Switzerland. The insured freely choose their insurer (health funds) that fixes the amount of the premiums to pay. The premium tariffication must be approved by the *Office Fédéral de la Santé Publique* (OFSP). TaxBEN assumes that average compulsory health insurance fees for Zurich are paid, amounting to CHF 385.30 per month (CHF 4,623.35 per year) for adults (age 26 or older), CHF 274,50 per month (3,293.95 per year) for young adults (age 19-25) and CHF 105.40 per month (1.265.40 per year) for children (age 0-18).³⁰

Health insurance premiums can be reduced depending on the contributor's income level and the family situation ("Prämienverbilligung"). Each canton has its own definition of the income thresholds and the reduction regime. The health insurance premium and reduction rates of the Canton of Zurich are used in the TaxBEN calculations.

The reduction is calculated as 60% of the average premium less an own contribution. The own contribution is 11,8% of the relevant income for married persons and 9,4% of the relevant income for single people. The average premium in 2023 is CHF 553 for those over 26 and CHF 405 for those aged 19 to 25 and CHF 133 for those under 25.³¹ In TaxBEN the relevant income is the same as the local income tax base (see section 8.2.1).

²⁹ This threshold is adjusted each year to ensure that at least 92% of the insured employees have their whole income insured. It was adjusted in 1987, 1991, 2000, 2008, 2011 and 2016.

³⁰ Estimated average monthly premiums for 2023, published in OKP Prämienübersichten 2023 of the Federal Office of Public Health BAG (Guide on Premiums, Prämienübersicht). See following links:

<https://www.bag.admin.ch/bag/de/home/zahlen-und-statistiken/statistiken-zur-krankenversicherung/weitere-statistiken-zur-krankenversicherung.html>

<https://www.priminfo.admin.ch/de/uebersichthttps://www.priminfo.admin.ch/de/praemien>

³¹ Source: [Regionale Durchschnittsprämien \(svzurich.ch\)](https://www.svzurich.ch)

The health insurance premiums are modelled as non-tax compulsory payments (see Section 7.2).³²

Contributions payable when in receipt of unemployment benefits

When in receipt of unemployment benefits, contributions are payable to the old-age and survivors' insurance (AHV/AVS = 4.35%), invalidity insurance (IV/AI 0.7%), income compensation allowances (EO/APG = 0.25%), non-occupational accident insurance (2.51%) and to the occupational benefit plans (BV/PP = 0.25%), in sum 8.06%.

7.1.2. Employer contributions

Variable names: [[SSCR](#); [SSCR_p](#); [SSCR_s](#)]

Retirement pensions

5.3% total - 4.35% of gross income for old age insurance (AHV/AVS), 0.7% for Disability Insurance (IV/AI) and 0.25% for Income compensation regulations (EO/APG).

An age based percentage of gross income less the coordinated deduction for the pension fund (see above). TaxBEN uses the most recent average employer contribution percentage from the table below. These contributions are classified as non-tax compulsory payments (NTCP).

Age	Average employer contribution rate (%)	
	2015	2020
25 - 34	5.9	6.1
35 - 44	8.1	8.3
45 - 54	11.0	11.3
55 – 65	12.9	13.3

Unemployment

1.1% on the portion of income up to CHF 148 200³³.

7.2. Non-tax compulsory payments

In Switzerland the following non-tax compulsory payments (NTCP)³⁴ have to be paid:

- Employee and employer contributions to the second pillar of the pension system (**occupational pension funds**): See Section 7.1.
- **Health insurance** (KV/AMal) is compulsory for all persons domiciled in Switzerland. Every family member is insured individually, regardless of age.

³² For the calculation of the reduction of health insurance premiums 2023 in Zurich, see : [Prämienverbilligung: Leistung \(svzurich.ch\)](#)

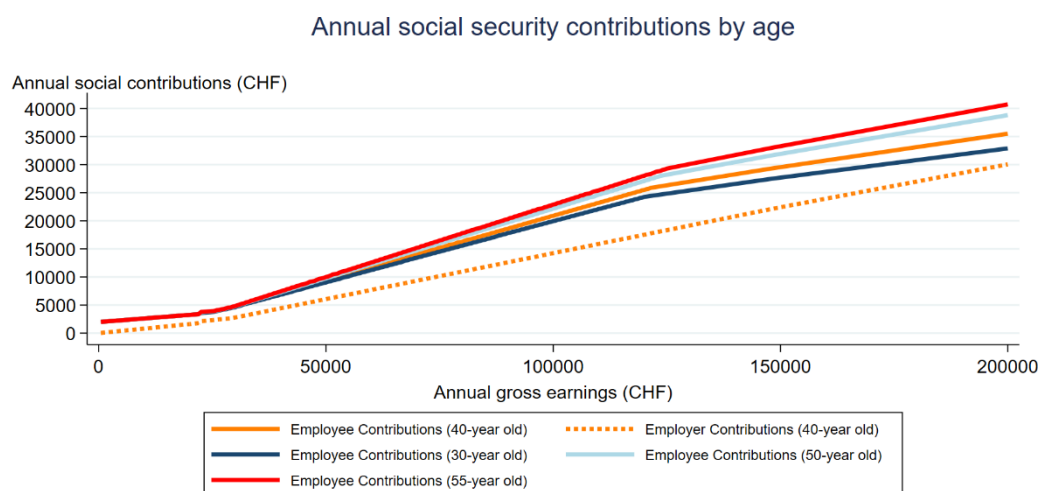
³³ Threshold is adjusted as described in the employee contributions, Section 7.1.1.

³⁴ NTCPs refer to compulsory payments made by employers or employees in connection with the employees' labour activity that do not qualify as taxes and social security contributions. See [the "Associated paper: non-tax compulsory payments" to the latest OECD Taxing Wages report](#) for more details on NTCPs.

The contributions are lump sum contributions per capita depending on age, canton of residence and insurer (see Section 7.1.1).

- **Family allowance:** Employers have to make family allowance contributions (FZ/AF). The contribution rates vary between cantons and family contribution funds. A representative (weighted) contribution rate of 1.68% has been estimated for 2021 (most recent data).
- **Accident insurance:** Accident insurance (UV/AA) is compulsory for every employee. Employees are automatically insured by their employers, who are generally automatically assigned to a particular insurance company depending on their branch of trade. The risk and associated costs of the respective business activity determines the insurance premiums. This is estimated in 2021 to be 1.28% of gross income for employees and 0.66% of gross income for employers. (not modelled in TaxBEN).

Figure 5 – Social Security Contributions by gross earnings



Note: Figures for 40-year old one-earner couple with two children (ages 4 and 6).

8. Taxes

The income of spouses living together is taxed jointly, regardless of the property regime under which they were married. Income of children living under parental authority is added to the income of their custodian. Children's labour income is taxed separately and in some cases, as in Zurich, is exempt from tax.

8.1. Federal income tax (*Impôt sur le revenu perçu par l'administration fédérale (Confédération) / Einkommensteuer (Direkte Bundessteuer)*)

Variable names: [\[IT\]](#); [\[INC_TAX\]](#)

8.1.1. Tax allowances

Variable names: [\[ALLOW\]](#)

Standard reliefs for “postnumerando” taxation [*i.e.* annual taxation on the basis of actual earned income, assessed at the end of the year]

- Basic deduction for married couples

There is a basic deduction of CHF 2 700 for married couples for direct federal tax

- Deduction for children

A CHF 6 600 deduction is allowed for each child under 18 years of age; the deduction is allowed for older children if they are apprentices or still in school for direct federal tax. and a CHF 9 000 deduction for cantonal tax (Zürich).

- Deduction for childcare costs

See Section 5.5.

- Deductions for social insurance contributions and other taxes

Premiums for old age, disability insurance and income compensation allowances (5.3% of gross earned income) and for unemployment insurance (1.1% for income up to CHF 148 200) are deductible in full. Compulsory contributions of 7.78% approximately to private pension funds are also fully deductible. Health and life insurance premiums are deductible from federal income tax (for federal tax (Zürich) up to CHF 3 600 (CHF 5 200) for married persons and CHF 1 800 (CHF 2 600) for taxpayers who are widow(er)s, divorced or single (such premiums are not considered social contributions). These amounts are increased by CHF 700 (CHF 1 300) for each dependent child.

- Work-related expenses

Taxpayers are allowed a deduction corresponding to 3% of net income (*i.e.* gross income less contributions for old age and disability insurance, unemployment insurance and work-related provident funds). This deduction may be no less than CHF 2 000 and no more than CHF 4 000.

In addition to the deduction for professional costs above, workers may deduct expenses related to meals taken away from home and for stays away from home. They may also claim between CHF 800 and CHF 2400 for ancillary activities (not simulated in TaxBEN).³⁵

- Deduction for two-income couples (partner allowance)

50% of the smaller income can be deducted, but no less than CHF 8 300 and no more than CHF 13 600.

- Deductions for local income tax payments

See Section 8.2.1.

Main non-standard reliefs (available to the average worker; not simulated in TaxBEN)

- Interest payments on qualifying loans

This is the main non-standard relief available to the average worker. It is allowed for all sorts of loans.

- Medical expenses

Expenses incurred as a result of illness, accidents or disability of the taxpayer or one of its dependants are deductible if the taxpayer bears the expenses personally and they exceed 5% of his or her net income.

³⁵ <https://www.admin.ch/opc/fr/classified-compilation/19930032/index.html> (français) or <https://www.admin.ch/opc/de/official-compilation/2008/4077.pdf> (deutsch)

8.1.2. Tax base

Variable names: **[TAX_INC_F]**

Allowable deductions from gross income	Single taxpayer (CHF)	Married taxpayer, 2 children (CHF)
Work-related expenses ¹	2 000 - 4 000	2 000 - 4 000
Personal deduction	--	2 700
Deduction for 2 dependent children	--	13 200 (6 600*2)
Social contributions		
-- Old age insurance etc.	5.3%	5.3%
-- Unemployment insurance	1.1% ²	1.1% ²
-- Pension fund	7.78%	7.78%
-- Accident insurance (UV/AA)	1.28%	1.28%
Maximum deductions for health insurance premiums and loan interest ³	1 800 plus 700 per child	3 600 plus 700 per child
Deduction for two-income couples ⁴		8 300 – 13 600

1. 3% of net income, minimum CHF 2 000, maximum CHF 4 000.
2. 1.1% of income up to CHF 148 200.
3. For modelling purposes, taxpayers are assumed to always receive the relevant maximum deduction.
4. 50% of smaller income, minimum CHF 8 300, maximum CHF 13 600.

8.1.3. Income tax schedule³⁶

Income tax brackets are adjusted annually based on the consumer price index.³⁷

Rates for persons living alone:

³⁶ Source: <https://www.estv.admin.ch/estv/de/home/direkte-bundessteuer/direkte-bundessteuer/fachinformationen/tarife.html>

³⁷ See Art 39 of the [direct federal taxation law](#) (*Bundesgesetz über die direkte Bundessteuer*) for further detail.

Taxable income (CHF)¹	Base amount (CHF)	Plus % of excess (CHF)
Up to 14 800 ³	--	--
14 800 to 32 200		0.77
32 200 to 42 200	133.95	0.88
42 200 to 56 200	221.95	2.64
56 200 to 73 900	591.55	2.97
73 900 to 79 600	1 117.20	5.94
79 600 to 105 500	1 455.75	6.60
105 500 to 137 200	3 165.15	8.80
137 200 to 179 400	5 954.75	11.00
179 400 to 769 700	10 596.75	13.20
Over 769 700 ²	--	11.5 of total income

1. Fractions of less than CHF 100 are disregarded.
2. The calculation model disregards this part of the schedule.
3. Tax amounts below 25 CHF are not charged. Thus, earners in this group begin to owe income taxes at income of at 18 100 CHF.

Rates for spouses living together and for widowed, separated, divorced taxpayers or unmarried taxpayers living with their own children:

Taxable income (CHF) ¹	Base amount (CHF)	Plus % of the excess (CHF)
Up to 28 800 ³	--	--
28 800 to 51 800		1
51 800 to 59 400	230	2
59 400 to 76 700	382	3
76 700 to 92 000	901	4
92 000 to 105 400	1 513	5
105 400 to 116 900	2 183	6
116 900 to 126 500	2 873	7
126 500 to 134 200	3 545	8
134 200 to 139 900	4 161	9
139 900 to 143 800	4 674	10
143 800 to 145 800	5 064	11
145 800 to 147 700	5 284	12
147 700 to 912 600	5 512	13
For 912 600	104 949.00	
Over 895 900 ²	--	11.5 of total income

1. Fractions of less than CHF 100 are disregarded.
2. The calculation model disregards this part of the schedule.
3. Tax amounts below 25 CHF are not charged. Thus, earners in this group begin to owe income taxes at income of at 31 300 CHF.

8.1.4. Tax credits

- Tax credit for children

A CHF 255 deduction from the tax liability is allowed for each child under 18 years; the deduction is allowed for older children if they are apprentices or still in school.

8.2. Local income tax (*Impôt sur le revenu perçu par l'administration le canton et la commune de Zurich / Einkommensteuer (Staatssteuer)*)

Variable names: **[IT; LOCTAX]**

The system of cantonal and communal taxation has the same features as that of direct federal tax. The tax base is comprised of income from all sources.

Once the basic amount of tax is set, cantons, communes and churches levy their taxes by applying a multiple, which may change from year to year. In 2023, for example, the canton applied a multiple of 0.99, the commune of Zurich 1.19 and the reformed church 0.10. The basic amount of tax is therefore multiplied by a total of 2.28. However, following the decision no longer to include church tax in Revenue Statistics, it is no longer included in the calculations for Taxing Wages. The basic amount of tax is therefore multiplied by a total of 2.18.

8.2.1. Tax base

Variable names: [TAX_INC_1; LOC_ALL]

Allowable deductions from gross income	Single taxpayer (CHF)	Married taxpayer, 2 children (CHF)
Work-related expenses ¹	2 000 - 4 000	2 000 - 4 000
Personal deduction	--	--
Deduction for 2 dependent children ⁴	--	18 000 (9 000*2)
Social contributions		
-- Old age insurance	5.3%	5.3%
-- Unemployment insurance	1.1% ²	1.1% ²
-- Pension fund	7.78%	7.78%
-- Accident insurance (UV/AA)	1.28%	1.28%
Maximum deductions for health insurance premiums and loan interest ³	2 600 plus 1 300 per child	5 200 plus 1 300 per child
Deduction for two-income couples		5 900

1. 3% of net income, minimum CHF 2 000 CHF, maximum CHF 4 000.
2. 1.1% of income up to CHF 148 200.
3. For modelling purposes, taxpayers are assumed to always receive the relevant maximum deduction.
4. In case centre-based childcare is used, a further deduction for the cost applies (see Section 5.5).

8.2.2. Income tax schedule

The income tax brackets are adjusted annually to the national consumer price index³⁸.

Cantonal income tax (Zurich)³⁹

a) Basic income tax rates for married, divorced, widowed or single taxpayers living with children:

³⁸ See Art. 48, Para. 1 and 2 of the Tax Act.

³⁹ Source : <https://www.zh.ch/de/steuern-finanzen/steuern/steuern-natuerliche-personen/steuererklaerung-natuerliche-personen.html#-2147285594>

Taxable income (CHF)¹	Base amount (CHF)	Plus % of the excess (CHF)
Up to 13 500	--	0
13 500 to 19 600	--	2
19 160 to 27 300	122	3
27 300 to 36 700	353	4
36 700 to 47 400	729	5
47 400 to 61 300	1 264	6
61 300 to 92 100	2 098	7
92 100 to 122 900	4 254	8
122 900 to 169 300	6 718	9
169 300 to 224 700	10 894	10
224 700 to 284 800	16 434	11
284 800 to 354 100	23 045	12
Over 354 100	31 361	13

b) Basic income tax rates for other taxpayers (single without children):

Taxable income (CHF)¹	Base amount (CHF)	Plus % of the excess (CHF)
Up to 6 700	--	0
6 700 to 11 400	--	2
11 400 to 16 100	94	3
16 100 to 23 700	235	4
23 700 to 33 000	539	5
33 000 to 43 700	1004	6
43 700 to 56 100	1646	7
56 100 to 73 000	2514	8
73 000 to 105 500	3866	9
105 500 to 137 700	6791	10
137 700 to 188 700	10011	11
188 700 to 254 900	15621	12
Over 254 900	23565	13

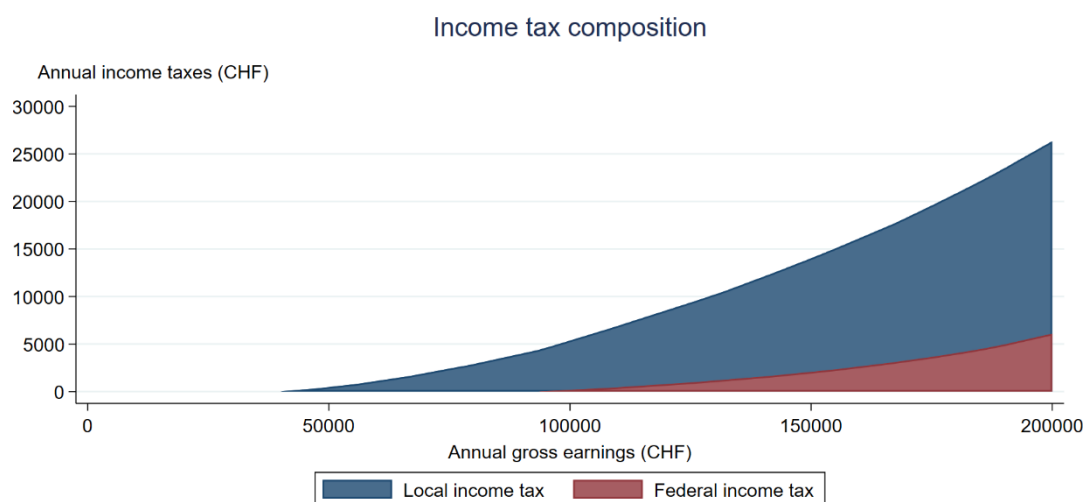
1. Fractions below CHF 100 are disregarded.

c) Annual multiple as a percentage of basic tax rates:

-- Canton of Zurich	99
-- Commune of Zurich	119
-- Roman Catholic church tax	10 (not simulated in TaxBEN)
-- Reformed Church tax	10 (not simulated in TaxBEN)

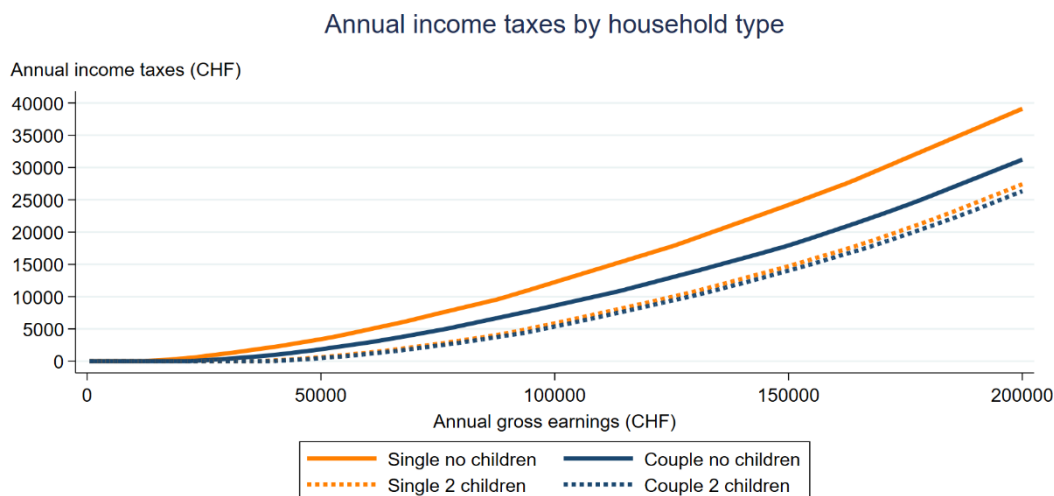
d) A personal staff tax of CHF 24 is added.⁴⁰

Figure 6 – Income Tax Composition by gross earnings



Note: For 40-year old one-earner couple with 2 children (ages 4 and 6).

⁴⁰ Source : Section 200 of the Zurich Tax Code : [http://www2.zhlex.zh.ch/appl/zhlex_r.nsf/WebView/49B30E8052B9D928C125849A00480C6C/\\$File/631.1_8.6.97_107.pdf](http://www2.zhlex.zh.ch/appl/zhlex_r.nsf/WebView/49B30E8052B9D928C125849A00480C6C/$File/631.1_8.6.97_107.pdf)

Figure 7 – Income Taxes by gross earnings and household type

Note: All adults are 40 years old. Children, if present, are 4 and 6. In case of couples, spouse does not work.

9. Selected output from the OECD tax-benefit model (TaxBEN)

This section shows selected output of the TaxBEN model for Switzerland in 2023 (see figure below). TaxBEN by default produces the following output: 1) net household incomes (**black line**) and 2) related income components (**coloured stacked areas**) for selected family and individual circumstances (users are free to select many of these circumstances). The model and the related web calculator is accessible from the [project website](#). The figure below shows output for a two-adult family with two children (adults are both 40 years old whereas children are 4 and 6 years old respectively) and four different scenarios:

By percentage of the average wage (**Panel A**);

By unemployment duration (in months) for a jobseeker claiming unemployment benefits (**Panel B**);

By previous gross earnings levels for a jobseeker claiming unemployment benefits (**Panel C**);

By previous employment record (in months), for a jobseeker claiming unemployment benefits (**Panel D**).

The stacked areas show the following household income components: **GROSS** = gross earnings; **UB** = unemployment benefits; **SA** = social assistance / guaranteed minimum income benefits; **HB** = housing benefits; **FB** = family benefits; **IW** = in-work benefits; **SSC** = social security contributions; **IT** = income tax. Note that these components may be the result of the aggregation of more than one benefit/tax into a composite category. Please refer to the sections above for the benefits/taxes included in each category.

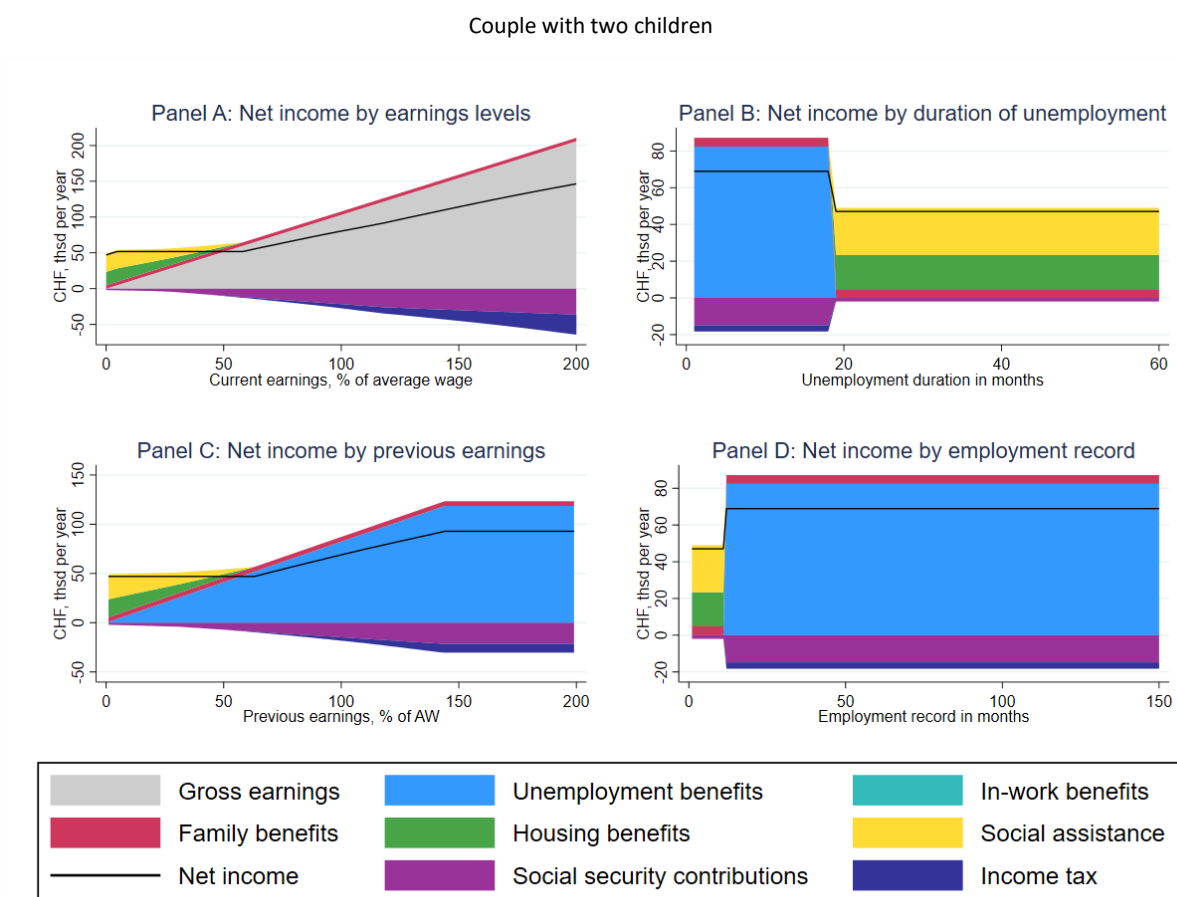
Social assistance and housing benefit supplements are assumed to be available in all the four scenarios provided that the necessary income and eligibility requirements are met. Where receipt of social assistance or other benefits is subject to activity tests (such as active job-search or being available for work), these requirements are assumed to be met.

Panel A assumes that one adult family member (the so-called ‘second adult’ using the TaxBEN terminology) is out of work and not eligible for unemployment benefits (e.g.

because they have expired) whereas the other adult member (the so-called ‘first adult’) is employed full-time throughout the entire year at different earnings levels ranging between 0 and 200% of the average wage (AW). When earnings of the first adult are precisely 0% of the AW this person is assumed to be out of work without receiving unemployment benefits (again, e.g. because they have expired) but claiming social assistance or guaranteed minimum income benefits, as applicable.

Panels B to D assume that the second adult is out of work and not eligible to unemployment benefits whereas the first adult is also out of work and claiming unemployment benefits. In Panel B and C the first adult is assumed to have a ‘long’ employment record of 264 consecutive months before the job loss. The x-axis in Panel B measures the time of benefit receipt, starting from the first month. The x-axis in Panel C shows the amount of previous gross earnings (before any social contribution payments). Results in Panels C and D refer to the 2nd month of unemployment benefit receipt. In Panel B and D, previous earnings are assumed to be equal to the average wage.

Figure 8. Selected output from the OECD tax-benefit model



Source: Calculations based on the OECD tax-benefit model, 2023. The average wage used in these charts is CHF 103 002.

Annex I: Other benefits and direct taxes

This section provides a brief description of other cash benefits and taxes on employment incomes in Switzerland that are relevant for some members of the population below the statutory retirement age, but which are not included in the OECD tax-benefit model.

Transition benefits (Prestations transitoires (Ptr) / Überbrückungsleistungen (ÜL)

Transition benefits – or bridging benefits – are benefits intended for individuals aged 60 or over who have exhausted their entitlement to unemployment benefits. They should cover their basic needs until normal retirement age at the latest.

Beneficiaries must meet a number of conditions, in particular having been gainfully employed for a sufficient period and having only modest assets.

Unemployment assistance (Assistance chômage / Arbeitslosenhilfe)

Transitional benefits for older unemployed persons:

Unemployment assistance is the responsibility of the canton of residence.

A distinction is made between different types of assistance for the unemployed (see study by WYSS K., *Évolution des mesures d'intégration de l'aide sociale*, in collaboration with the Swiss Conference of Social Welfare Institutions (CSIAS), Research Report No. 13/00, Bern: FSIO, 2000).

Some cantonal schemes take over from the federal unemployment insurance scheme; large cities or municipalities also have their own schemes:

- Economic support in the form of daily allowances following unemployment insurance: 1 canton (Zug).⁴¹
- Daily allowances (possibly means-tested) combined with labour market measures similar to those provided by unemployment insurance: 2 cantons (Ticino and Schaffhausen).⁴²
- Benefits comparable to social assistance in the narrow sense, in any case with the obligation to participate in integration measures. They have the character of an income supplement. The community therefore bears not only the cost of the compensation but also the cost of the integration measures. The same legal basis may provide for aid to start a self-employed activity or other ad hoc aid, subject to specific conditions (submission of a business plan or file, etc.). In the canton of Geneva, this assistance is administered directly by the authorities responsible for social assistance (Hospice général). It is identical to social assistance but with higher amounts (RMCAS, revenu minimal cantonal d'aide sociale). The canton of Vaud has even gone so far as to completely replace social assistance (ASV, aide sociale

⁴¹ Additional information is available here:

<https://www.zg.ch/behoerden/volkswirtschaftsdirektion/arbeitslosenkasse/arbeitslosenhilfe>

⁴² Additional information is available here: [https://svash.ch/wp-](https://svash.ch/wp-content/uploads/broschuere_anschlussstaggelder_2016.pdf)

[content/uploads/broschuere_anschlussstaggelder_2016.pdf](https://svash.ch/wp-content/uploads/broschuere_anschlussstaggelder_2016.pdf); CAN - Raccolta delle leggi del Cantone Ticino

vaudoise) with the "revenu d'insertion" (RI). This means that the ability to be integrated or reintegrated into the labour market is examined in ALL cases where a person claims social assistance.⁴³

- Labour market measures without daily allowances: various cantons have anchored this possibility in their social assistance legislation in recent years; others have introduced such benefits through other legislation (e.g. Valais, Neuchâtel).

Two cantons have a special minimum income scheme (in addition to unemployment assistance in one case).

Cantonal assistance to the unemployed has become less important due to the longer time limits of the federal unemployment insurance (since 1997). In the course of 1999, the number of beneficiaries decreased significantly, so that the specific unemployment assistance scheme was abolished in several cantons. It remains in the Canton of Zug.

Example - Unemployment assistance in the canton of Zug:⁴⁴

Unemployment assistance extends unemployment insurance benefits for people who have exhausted their entitlement to unemployment insurance benefits. Unemployment assistance is limited to 80 per cent of the last unemployment insurance benefit. Persons whose unemployment benefit does not exceed CHF 130 are compensated at 90 per cent of the last unemployment insurance benefit. Assistance is not paid, or is reduced, if income and assets exceed certain limits. The number of daily allowances for unemployment assistance is fixed at 90. Unemployment benefit is not taxable.

⁴³ <https://www.vd.ch/themes/aides-financieres-et-soutien-social/aides-financieres-et-comment-les-demander/revenu-dinsertion-ri/>

⁴⁴ Additional information is available here:

<https://www.zg.ch/behoerden/volkswirtschaftsdirektion/arbeitslosenkasse/arbeitslosenhilfe/wie-bemisst-sich-die-arbeitslosenhilfe-1>

Decisive elements	Conditions	Remarks
Entitlement.	Unemployment, no longer entitled to unemployment insurance benefits.	Job readiness, willingness to work, periodically visit the stamping office, actively seek employment and accept any reasonably acceptable job.
Expenditure taken into account ¹ : <ul style="list-style-type: none"> Flat rate for maintenance. Professional expenses, insurance premiums, contribution to the optional old age pension (3rd pillar). 		
Revenue taken into account : <ul style="list-style-type: none"> Revenue received during the payment of the benefit by the beneficiary or his/her spouse. 	All income.	
Applicable limits : <ul style="list-style-type: none"> Fortune. Maximum duration of payment of allowances. Maximum level of allowances. Montants maximas (status : 1.1.15⁴⁵). 	<p>Single person: CHF 100,000. Couple: CHF 200,000 and CHF 50,000 minor children.</p> <p>90 per diems.</p> <p>80 per cent of the last unemployment insurance benefits.</p> <p>Single unemployed persons: CHF 4,922. Married unemployed persons without children and other unemployed persons with a support or maintenance obligation towards a third party: CHF 5,905; towards two or more persons: CHF 6,397</p>	<p>The assets of the beneficiary, his or her spouse and minor children must not exceed the threshold for tax exemption ².</p> <p>90 per cent for persons whose assistance allowance does not exceed CHF 130 per day.</p>
Waiting period.	<p>Been in the canton for 2 years (foreigners: 5 years in Switzerland).</p> <p>Unless the canton or country from which the person comes has a similar benefit (reciprocity)</p>	.
Duty of repayment.	no	no
Competent authority.	Cantonal Unemployment Fund.	

1. Source : <http://www.zug.ch/behoerden/volkswirtschaftsdirektion/arbeitslosenkasse/arbeitslosenhilfe>.

2. The attached amounts are the tax-free amounts. Source: [BGS 632.1 - Steuergesetz - Kanton Zug - Erlass-Sammlung \(zg.ch\)](#); Art. 44

⁴⁵ <https://www.zg.ch/behoerden/volkswirtschaftsdirektion/arbeitslosenkasse/arbeitslosenhilfe>