

# Vocabulary

## I. Australia

This is an official glossary produced by the 'Commonwealth Grants Commission' (CGC, <[www.cgc.gov.au](http://www.cgc.gov.au)>). It provides a list of the main terms that have a meaning specific to the Commission. The term 'State(s)' includes the Australian Capital Territory and the Northern Territory. The table of contents and most of the cross-references have been added by the project.

The original of the list is provided at <<https://www.cgc.gov.au/sites/default/files/glossary.pdf>>.

<b>Actual per capita (APC) assessment method</b>	<b>Component</b>
<b>Adjusted budget</b>	<b>Cost of service ratio (ratio of assessed expenses per capita to average expenses per capita)</b>
<b>Administrative scale disability</b>	<b>Cross-border factor</b>
<b>Application year</b>	<b>Disability</b>
<b>Assessed capital requirements ratio (or ratio of assessed investment per capita to average investment per capita)</b>	<b>Disability factor</b>
<b>Assessed differences (also known as needs)</b>	<b>Discounting</b>
<b>Assessed expenses</b>	<b>Distribution</b>
<b>Assessed GST requirement</b>	<b>Distribution model</b>
<b>Assessed investment</b>	<b>Equal per capita assessment method (EPC)</b>
<b>Assessed net lending/borrowing</b>	<b>Equalisation</b>
<b>Assessed revenue</b>	<b>Expenditure</b>
<b>Assessed service use</b>	<b>Expenses</b>
<b>Assessed unit cost (of a service)</b>	<b>Expense assessment framework</b>
<b>Assessment years</b>	<b>Financial averages</b>
<b>Average (or Australian average)</b>	<b>Fiscal capacity</b>
<b>Average expenses</b>	<b>Goods and Services Tax (GST) revenue or GST pool</b>
<b>Average revenue</b>	<b>Grant design inefficiency</b>
<b>Backcasting</b>	<b>Horizontal fiscal equalisation (equalisation) (HFE)</b>
<b>Capital assessments</b>	
<b>Category</b>	
<b>Category factor</b>	
<b>Commonwealth payments</b>	

**Impact on relativities (previously called inclusion), see also no impact on relativities**

**Infrastructure**

**Investment**

**Joint disability assessment**

**Level of capital provision ratio (ratio of actual investment to assessed investment)**

**Level of service ratio (ratio of actual expenses to assessed expenses)**

**Material, materiality**

**Model**

**National capital disability**

**National partnership payments (NPPs)**

**Native title and land rights disability**

**Needs**

**Net financial worth**

**Net balancing transactions**

**Net borrowing**

**No impact on relativities (previously called exclusion or out of scope)**

**Payments for specific purposes (PSPs)**

**Policy averages**

**Policy neutral assessment**

**Quarantine**

**Redistribution**

**Regional costs disability**

**Relativity**

**Revenue base**

**Revenue effort**

**Revenue raising capacity ratio (ratio of assessed revenue to average revenue)**

**Revenue raising effort ratio (ratio of actual revenue to assessed revenue)**

**Review**

**Service delivery scale disability**

**Socio-demographic composition disability**

**Specific purpose payments (SPPs)**

**State(s)**

**Tax base**

**Update**

**User charges**

**Wage costs disability**

### **Actual per capita (APC) assessment method**

The assessed  $\nearrow$  expense or revenue for each State is set equal to its actual expense or revenue. It is used when, in the Commission's judgment, the policies of all States are the same and any differences in expenses or revenue per capita are due to differences in State circumstances.

### **Adjusted budget**

A representation of State budgets used by the Commission to calculate the  $\nearrow$  average per capita revenue and expenditures. The scope of the adjusted budget covers all transactions of the State general government sector and urban transport and social housing public non-financial corporations, which are in whole or part financed by  $\nearrow$  adjusted  $\nearrow$  GST revenue.

### **Administrative scale disability**

A  $\nearrow$  disability that measures differences in costs which States incur in providing the minimum level of administration and policy development required to deliver services. It relates to core head office functions and to specialised State-wide services provided centrally.

### **Application year**

The year in which the  $\nearrow$  average of the assessed GST distributions for each  $\nearrow$  assessment year (expressed as  $\nearrow$  relativities) are to be used to distribute the  $\nearrow$  GST revenue. For example, in the 2016  $\nearrow$  Update the year of application was 2016-17.

### **Assessed capital requirements ratio (or ratio of assessed $\nearrow$ investment per capita to average investment per capita)**

A ratio of a State's assessed capital requirements per capita to the  $\nearrow$  Australian average capital requirement per capita. The assessed capital requirements are what a State would have needed to invest or lend/borrow to have the  $\nearrow$  Australian average level of capital.

### **Assessed differences (also known as needs)**

The financial impact on a State's budget of its disabilities. They are measured, for example, as the difference between  $\nearrow$  assessed expenses and  $\nearrow$  average expenses,  $\nearrow$  average revenue and  $\nearrow$  assessed revenue. Assessed differences can be either positive or negative.

### **Assessed expenses**

The  $\nearrow$  expenses a State would incur if it were to follow  $\nearrow$  average expense policies, allowing for the disabilities it faces in providing services, and assuming it provides services at the  $\nearrow$  average level of efficiency. Assessed expenses exclude differences from the  $\nearrow$  average due to policy choices under the control of a State.

### **Assessed GST requirement**

A State's requirement for funds from  $\nearrow$  GST revenue in an  $\nearrow$  assessment year. It is measured as its  $\nearrow$  assessed expenses, plus its  $\nearrow$  assessed  $\nearrow$  investment, less its  $\nearrow$  assessed revenue, less assessed  $\nearrow$  Commonwealth payments and less  $\nearrow$  assessed  $\nearrow$  net borrowing.

### **Assessed investment**

The  $\nearrow$  expenditure on new  $\nearrow$  infrastructure a State would incur if it were to follow  $\nearrow$  average policies, allowing for disabilities it faces in providing infrastructure, and assuming it requires the  $\nearrow$  average level of infrastructure to deliver the  $\nearrow$  average  $\nearrow$  level of services. Assessed  $\nearrow$  investment excludes differences from the  $\nearrow$  average due to policy choices under the control of that State.

### **Assessed net lending/borrowing**

The transaction-based change in  $\nearrow$  net financial worth that a State would require to achieve the  $\nearrow$  average net financial worth at the end of each year. The Commission's method for calculating assessed net lending/borrowing assumes that each State has the average net financial worth at the start of each year.

### **Assessed revenue**

The revenue a State would raise if it were to apply the  $\nearrow$  average policies to its  $\nearrow$  revenue base, and raised revenue at the  $\nearrow$  average level of efficiency. Assessed revenue excludes differences from the  $\nearrow$  average due to policy choices under the control of that State, for example a higher or lower tax rate applied by a State compared to the  $\nearrow$  average.

### **Assessed service use**

The use assessed by the Commission for a State to achieve  $\nearrow$  average service delivery to its population. Assessed service use can be influenced by many things especially the demographics of the State's population (for example, percentage of low income people, percentage in remote communities) and geography (which influences, for example, length of roads).

### **Assessed unit cost (of a service)**

The cost per unit of service assessed by the Commission for a State to deliver a particular service to a particular segment of the population at the  $\nearrow$  average standard (for example, cost per student of State primary education). The assessed unit cost can differ for different population groups.

### **Assessment years**

The financial years used in a  $\nearrow$  review or an  $\nearrow$  update to calculate the  $\nearrow$  assessed GST requirement, from which an annual  $\nearrow$  relativity is calculated. The Commission uses data for three assessment years (where each assessment year corresponds to a financial year). For example, the  $\nearrow$  GST distribution recommended in the 2015 Review (for 2015-16) is based on the average of three assessment year annual relativities calculated for the most recent completed financial years at the time the relativities are released (2011-12 to 2013-14).

### **Average (or Australian average)**

The benchmark against which the performance or characteristics of a State are assessed. It is an average derived from the policies or financial data of all States, and hence may be a  $\nearrow$  financial average or a  $\nearrow$  policy average.

### **Average expenses**

The average per capita  $\nearrow$  expense, in a  $\nearrow$  category, a group of categories or in total. It is calculated as the sum of expenses of all States, divided by the Australian population.

## Average revenue

The average per capita revenue, in a  $\uparrow$  category, a group of categories or in total. It is calculated as the sum of State revenues, divided by the Australian population.

## Backcasting

Changes made to data for  $\uparrow$  assessment years to reflect current or future Commonwealth or State policies. Backcasting is mainly used to reflect major changes in federal financial arrangements. Where required by the Commission's terms of reference, it has also been used to reflect other changes, such as the replacement of one tax with another tax or the abolition of a tax. In effect, backcasting produces notional financial data that simulate a changed distribution of a  $\uparrow$  Commonwealth payment or State revenue collection before they may have actually changed. Actual data for the assessment period are adjusted to reflect what is reliably known to be happening in the  $\uparrow$  application year.

Backcasting is also used to refer to estimating population for periods before June 2011, using the 2011 Census based estimates, and independent estimates of births, deaths and net migration.

## Capital assessments

In this report, the term capital refers to the  $\uparrow$  Investment, Depreciation and  $\uparrow$  Net borrowing assessments.

## Category

A classification of in-scope transactions relating to distinct services or revenue sources, used for analytical purposes. In the 2015  $\uparrow$  Review, the  $\uparrow$  adjusted budget is divided into  $\uparrow$  Commonwealth payments, six specific revenue categories, twelve specific  $\uparrow$  expenditure categories,  $\uparrow$  net borrowing and two residual (or other) categories — one for revenue and one for expenditure.

## Category factor

The combined result of all the  $\uparrow$  disability factors in a  $\uparrow$  category, or where the category is made up of multiple  $\uparrow$  components, the combined disability factors for all of those components. The category factor is expressed as a ratio to the  $\uparrow$  average. For example in an  $\uparrow$  expense category, a category factor of 1.05 means that the State's disabilities require it to spend 5% more than the average to follow the  $\uparrow$  average expense policy at the average level of efficiency.

## Commonwealth payments

Payments to States made by the Australian Government, including general revenue grants, National  $\uparrow$  specific purpose payments (SPPs),  $\uparrow$  National partnership payments (NPPs) and Commonwealth own purpose  $\uparrow$  expenses. The Commission examines the purpose of each payment using established guidelines to decide whether the payment has an impact on State  $\uparrow$  fiscal capacities.

## Component

A part of an  $\uparrow$  expense or revenue category that is separated from others in the  $\uparrow$  category because different  $\uparrow$  disability factors apply to it.

### **Cost of service ratio (ratio of assessed expenses per capita to average expenses per capita)**

A State's per capita cost of providing services at  $\nearrow$  average standards, relative to the average per capita cost. It is calculated by dividing per capita  $\nearrow$  assessed expenses by per capita  $\nearrow$  average expenses.

### **Cross-border factor**

A  $\nearrow$  disability factor that measures the net effects on a State's costs of the use of its services by residents of other States and vice versa.

### **Disability**

An influence beyond a State's control that requires it:

- to spend more (or less) per capita than the  $\nearrow$  average to provide the average  $\nearrow$  level of service, or
- to make a greater (or lesser) effort than the  $\nearrow$  average to raise the average

amount of revenue per capita.

### **Disability factor**

A measure of a State's use, cost or revenue raising  $\nearrow$  disability, expressed as a ratio of the State's  $\nearrow$  assessed expense or  $\nearrow$  assessed revenue over the corresponding  $\nearrow$  average figure. Policy differences between States are specifically excluded when calculating disability factors. The population weighted average of a disability factor is 1.0.

### **Discounting**

Where a case for including a  $\nearrow$  disability in a  $\nearrow$  category is established by the Commission, but the measure of that disability is affected by imperfect data or methods, the Commission may decide to discount. When an assessment is to be discounted, a uniform set of discounts is used (12.5%, 25% or 50%), with higher discounts being applied where there is less confidence in the outcome of the assessment or more concern attached to the data.

### **Distribution**

State shares of  $\nearrow$  GST revenue based on the principle of  $\nearrow$  horizontal fiscal equalisation.

### **Distribution model**

A formulation, mathematical or otherwise, of the way in which State  $\nearrow$  GST shares (and  $\nearrow$  relativities) are calculated.

### **Equal per capita assessment method (EPC)**

Each State's  $\nearrow$  assessed expense or  $\nearrow$  assessed revenue in a  $\nearrow$  category is set equal to the  $\nearrow$  Australian average per capita amount. It is typically used when there are judged to be no material disabilities between the States, or no reliable assessments could be developed due to data or other limitations. Such an assessment means that no needs are assessed for any State and that there is no impact on the  $\nearrow$  GST  $\nearrow$  distribution.

### **Equalisation**

↗ Horizontal fiscal equalisation (HFE).

### **Expenditure**

This term is used to refer to ↗ expenses and capital expenditure.

### **Expenses**

Operating outlays under an accrual budgeting framework.

### **Expense assessment framework**

The general approach used to assess ↗ expenses. Under the current framework, an expense ↗ category is divided into expense ↗ components, separate ↗ disabilities which move ↗ average expenses away from an ↗ equal per capita distribution are recognised in each component and the final category assessment is achieved by summing the component ↗ assessed expenses.

### **Financial averages**

The weighted average per capita ↗ expenses and revenues for each ↗ category in the ↗ adjusted budget. These are calculated by dividing the sum of expense or revenue for all States by the Australian population.

### **Fiscal capacity**

The fiscal capacity of a State is a measure of its ability to provide ↗ average services, including ↗ infrastructure, to its population if it raised revenue from its own ↗ revenue bases at average rates and received its actual ↗ Commonwealth payments, excluding the ↗ GST. Once the GST has been distributed using the Commission's recommendations, State fiscal capacities should be equal.

The relative capacity of each State is a comparison of its fiscal capacity with the ↗ average capacity.

### **Goods and Services Tax (GST) revenue or GST pool**

The funds made available by the Australian Government for transfer to the States as untied financial assistance, following the principle of ↗ horizontal fiscal equalisation.

### **Grant design inefficiency**

A flaw in a method of assessment which would allow a State to influence its ↗ relativity by changing its ↗ expense or revenue policies (apart from any effect of these policies on the average).

### **Horizontal fiscal equalisation (equalisation) (HFE)**

A ↗ distribution of ↗ GST revenue to State governments such that, after allowing for material factors affecting revenues and ↗ expenditures, each would have the ↗ fiscal capacity to provide services and their associated ↗ infrastructure at the same standard, if each made the same effort to raise revenue from its own sources, operated at the same level of efficiency and maintained the ↗ average per capita ↗ net financial worth.

### **Impact on ↗ relativities (*previously called inclusion*), ↗ also no impact on relativities**

Treatment applied to a  $\nearrow$  Commonwealth payment that provides budget support for State services for which  $\nearrow$  expenditure needs are assessed. The  $\nearrow$  expenses funded by payments that impact on the relativities are assessed in relevant categories and the revenue is  $\nearrow$  assessed on an actual per capita basis.

### **Infrastructure**

Infrastructure refers to the stock of physical assets owned by a State's general government sector and its urban public transport and housing public non-financial corporations (PNFCs) for the purpose of delivering services. It includes buildings, non-building construction (such as roads) and plant and equipment for economic and social purposes.

### **Investment**

Investment refers to acquisition of new  $\nearrow$  infrastructure. It is conceptually equivalent to 'net acquisition of non-financial assets' that appears in the Australian Bureau of Statistics Government Finance Statistics State operating statement.

### **Joint disability assessment**

A disability assessment in which more than one  $\nearrow$  disability is calculated simultaneously. Joint disability assessments are most frequently used for the calculation of  $\nearrow$  socio-demographic composition disability factors.

### **Level of capital provision ratio (ratio of actual $\nearrow$ investment to $\nearrow$ assessed investment)**

A ratio that reflects how a State's policies on the level of capital provided varies from the  $\nearrow$  average policies. It is measured by dividing actual per capita  $\nearrow$  expense by  $\nearrow$  assessed expense per capita.

### **Level of service ratio (ratio of actual expenses to assessed expenses)**

A ratio that reflects how a State's policies on the level of services provided and the relative efficiency with which they are provided vary from the  $\nearrow$  average policies. It is measured by dividing actual per capita  $\nearrow$  expense by  $\nearrow$  assessed expense per capita.

### **Material, materiality**

A test used to assist decisions on when a separate assessment of disabilities should be undertaken or when data should be adjusted. The materiality levels are defined in terms of the amount of  $\nearrow$  GST redistributed per capita for any State. Different thresholds are used for each. An assessment or adjustment is said to be material if it exceeds the threshold set for it. (See the Assessment Guidelines, Chapter 1 of the 2015 Review Report, Volume 2.)

### **Model**

$\nearrow$  Distribution model.

### **National capital disability**

A  $\nearrow$  disability that measures the additional costs that the ACT (Australian Capital Territory) incurs because of Canberra's status as the national capital.

### **National partnership payments (NPPs)**



↗ Commonwealth payments to States that support the delivery of specified projects, facilitate reforms, or reward those jurisdictions that deliver on nationally-significant reforms.

### **Native title and land rights disability**

A ↗ disability that measures differences in costs that States incur because of the operation of the Australian Government's Native Title Act 1993 or the additional and unique costs that the Northern Territory incurs because of the operation of the Australian Government's Aboriginal Land Rights (Northern Territory) Act 1976.

### **Needs**

↗ Assessed differences.

### **Net financial worth**

Net financial worth is the sum of financial assets minus the sum of liabilities.

### **Net balancing transactions**

An accounting entry ensuring the sum of total State ↗ expenditure and total State revenue including the ↗ GST are equal. Net balancing transactions are included in the ↗ adjusted budget but they have no impact on the assessment of State ↗ fiscal capacities. They generally appear in adjusted budget and assessed budget in the Other revenue ↗ category.

### **Net borrowing**

The outcome of an operating budget calculated as ↗ expenses and ↗ expenditure on non-financial assets less State own source revenues and revenues received from the Australian Government.

### **No impact on relativities (*previously called exclusion or out of scope*)**

Treatment applied to a ↗ Commonwealth payment that does not provide budget support for State services or for which ↗ expenditure needs are not assessed. Both the payment and the ↗ expenses relating to it have no impact on a State's ↗ fiscal capacity. Occasionally the terms of reference instruct the Commission to ensure a particular payment has no impact on ↗ relativities. (↗ quarantine.)

### **Payments for specific purposes (PSPs)**

Australian government payments to the States for specific purposes in policy areas for which the States have primary responsibility. These payments cover most functional areas of State (and local government) activity, including health, education, skills and workforce development, community services, housing, Indigenous affairs, ↗ infrastructure and the environment. PSPs include ↗ SPPs, National Health Reform Funding, Students First funding and ↗ NPPs.

### **Policy averages**

The average policies as reflected in the practices of the States in the collection of revenue and the provision of services. These averages are usually weighted according to the size of the user or ↗ revenue bases in each State.

### **Policy neutral assessment**

An assessment in which the  $\bar{\pi}$  policy average is applied to every State. The resultant assessment is therefore unaffected by the policies of individual States, other than through the influence of those policies on the averages.

### **Quarantine**

The treatment of a  $\bar{\pi}$  Commonwealth payment, and where possible the  $\bar{\pi}$  expense for which it is used, in such a way as to have  $\bar{\pi}$  no impact on the  $\bar{\pi}$  relativities. Quarantining always results from instructions given directly to the Commission in its terms of reference and the term is used only in this context.

### **Redistribution**

The difference between an equal per capita  $\bar{\pi}$  distribution of  $\bar{\pi}$  GST revenue and one based on the principle of  $\bar{\pi}$  horizontal fiscal equalisation.

### **Regional costs disability**

A  $\bar{\pi}$  disability that measures cost differences within a State due to differences in the wages paid and in the price and quantity of other inputs to State services.

### **Relativity**

A per capita weight assessed by the Commission for use by the Australian Treasury in calculating the share of the  $\bar{\pi}$  GST revenue a State requires to achieve  $\bar{\pi}$  horizontal fiscal equalisation.

### **Revenue base**

A measure of the transactions, activities, or assets that are taxed by the States. Differences between the revenue bases of each State are used by the Commission to determine the relative capacities of each to raise a particular type of revenue.

### **Revenue effort**

The intensity of use of a  $\bar{\pi}$  revenue base (the implied tax rate) measured as actual revenue divided by the  $\bar{\pi}$  assessed revenue. It is influenced by the rate of tax or charge, the exemptions, and concessions provided, actual scope of the revenue base in a State, and the effort put into ensuring compliance.

### **Revenue raising capacity ratio (ratio of assessed revenue to average revenue)**

A ratio which indicates the capacity of a State to raise revenue relative to the average. It reflects the size of a State's  $\bar{\pi}$  revenue base per capita relative to the  $\bar{\pi}$  average and is measured by dividing  $\bar{\pi}$  assessed revenue per capita by  $\bar{\pi}$  average revenue per capita.

### **Revenue raising effort ratio (ratio of actual revenue to assessed revenue)**

A ratio which indicates the actual effort made by a State to raise revenue relative to the  $\bar{\pi}$  average effort. It is primarily a measure of the deviation of a State's tax rates and efficiency in ensuring compliance from the average rates and compliance efficiency. It is measured by dividing actual per capita revenue by  $\bar{\pi}$  assessed revenue per capita.

### **Review**

The process in which the Commission reconsiders the methods used to calculate the  $\nearrow$  GST distribution, according to terms of reference given to it. From 1988 onwards, reviews have usually been done every five years. By contrast, an  $\nearrow$  update is conducted every year other than a review year and updates the GST distribution using the methods determined in the last review and the latest financial data.

### **Service delivery scale disability**

A  $\nearrow$  disability that measures the additional costs of providing a service where it needs to be delivered but where the delivery is more costly because the population served is small and isolated from other points of service delivery.

### **Socio-demographic composition disability**

A  $\nearrow$  disability that measures differences in both the  $\nearrow$  average use and cost of providing services due to differences between States in the relative size of various socio-demographic groups. It can reflect differences between States in some or all population characteristics such as age-sex structure, socio-economic status, Indigenous status and location.

### **Specific purpose payments (SPPs)**

$\nearrow$  Commonwealth payments to States for specific purposes which enable national policy objectives to be achieved in areas that may be administered by States.

### **State(s)**

Unless the context indicates otherwise, the term 'State(s)' includes the Australian  $\nearrow$  Capital Territory and the Northern Territory.

### **Tax base**

$\nearrow$  Revenue base.

### **Update**

The annual assessment of the  $\nearrow$  GST distribution undertaken by the Commission between  $\nearrow$  reviews. Update assessments incorporate new budgetary developments and the most recent available data. In general, the methods used to calculate the GST distribution are those adopted in the most recent review.

### **User charges**

Fees and charges raised by States through the provision of goods or services. In the  $\nearrow$  adjusted budget, user charges for health, post-secondary education, electricity, water and protection of the environment, mining regulation and public transport are deducted from related  $\nearrow$  expenses. Housing user charges are assessed in a separate  $\nearrow$  component in the Housing  $\nearrow$  category. Other user charges are included in the Other revenue category.

### **Wage costs disability**

A  $\nearrow$  disability that recognises that otherwise comparable public sector employees in different States are paid different wages, partly due to differences in labour markets beyond the control of State governments.



# Vocabulary

## II. Austria

### **Abgabe**

[tax]

See explanation of the term *Steuer* in the schedule of our German colleagues

### **abgestufter Bevölkerungsschlüssel**

[graduated population quota]

The distribution of the revenues from the -> joint federal taxes among the municipalities within the provinces is partly based on the so-called graduated population quota, which favors bigger municipalities over smaller ones. It rests on the idea that bigger municipalities have bigger financial needs, as they also provide services for surrounding smaller municipalities.

### **Aufgabenreform**

[tasks reform]

In the political debate, questions of -> financial equalization are often connected to demands for a tasks reform. The current system of the financial relations between the federal and the regional governments is often described as inefficient. A major reform of the financial system, however, it is usually stipulated, should be preceded by a thorough discussion of a new, more efficient distribution of responsibilities between the different territorial levels.

### **Ausschließliche Abgaben**

[exclusive tax]

A tax the revenue of which is not shared by the tax-levying territorial body with the other territorial corporate bodies.

## Bedarfszuweisungen

[needs-based grants]

Specific grants that are given by the federal to provincial governments or by a provincial government to municipalities in order to secure balanced budgets, to contribute to extraordinary needs or to compensate for severities arising out of the normal distribution of tax revenues from -> joint taxes or -> key grants.

## Bund

[Federation]

The Federation is the territorial corporate body with the most competences (in the field of taxation) within the Republic of Austria.

## Ertragshoheit

[tax sovereignty]

The right to dispose of tax revenues, which is closely linked to the right to pass the respective tax laws. Thus, the federation has the right to pass laws on exclusive as well as -> joint federal taxes and on federal main taxes (-> additional fees), while the provinces have the right to pass laws on exclusive as well as -> joint provincial taxes, exclusive municipal taxes and additional provincial or municipal fees to federal main taxes. The municipalities have no right to pass tax laws.

## Finanzausgleich

[fiscal equalization (or financial equalization)]

A system based on a simple federal statute (ie Fiscal Equalisation Statute - *Finanzausgleichsgesetz*) to share the tax revenues between the territorial corporate bodies (ie Federation, states and municipalities)

## Finanzausgleichsgesetz

[Fiscal Equalisation Statute]

The Fiscal Equalisation Statute lays down what taxes are shared or exclusive ones with regard to the territorial corporate bodies. The Statute also lays down grants from the Federation to the other territorial corporate bodies. The Statute is typically enacted for a period of five years and is the product of political negotiations between the territorial corporate bodies (fiscal equalisation negotiations – *Finanzausgleichsverhandlungen*)

**Finanzausgleichsverhandlungen**

[fiscal equalisation negotiations]

Informal negotiations between representatives of the Federation, the states and the municipalities before the adoption of the Fiscal Equalisation State by the national parliament (ie the National Council – *Nationalrat*)

**Finanzzuweisungen**

[financial grants]

Financial grants of the federal to provincial governments or of a provincial government to municipalities. These can be either ->key grants or -> needs-based grants.

**Gemeinde**

[municipality]

A local territorial corporate body with important functions in public administration but with very limited competences to raise taxes. There are 2096 municipalities in Austria.

**Gemeindekopfquotenausgleich**

[municipal per-capita equalization]

Financial grants by the federal government to municipalities with below-average financial capacity.

**gemeinschaftliche Abgaben**

[joint taxes]

Tax revenues which are collected by the federal or the regional government and partly distributed to the subordinate territorial level(s). The distribution of revenues from the -> joint federal tax system based on a, over the years relatively stable, percentage ratio determining the shares of the different territorial levels.

### **Geteilte Abgaben**

[shared taxes]

A tax the revenue of which is shared by the tax-levying territorial body with the other territorial corporate bodies.

### **grauer Finanzausgleich**

[grey financial equalization]

When the federal or the provincial level passes laws which transfer new tasks to the subordinate level without providing the financial means necessary to implement them, this is called grey financial equalization.

### **Kompetenz-Kompetenz**

The competence to decide on the division of competences. In general, this competence lies with the federal constitutional legislator (ie National Council acting with a constitutional majority). By contrast, it is for the simple federal legislator (ie National Council acting with a simple majority) to divide taxes into -> exclusive and -> shared ones and, thus, indirectly to decide upon the amount of revenues the territorial corporate bodies get. This is done by the -> financial equalization law.

### **Konnexitätsprinzip**

[Connexity principle]

A federal constitutional provision, under which each territorial corporate body has – unless provided otherwise – bear the costs related to the performance of its tasks.

### **Konsultationsmechanismus**

[Consultation Mechanism]

Consultative body between the territorial corporate bodies. The other bodies have to be informed of draft acts and the potential costs for them. Each territorial body may call for negotiations. If no consensus is reached, the author of the respective act has to bear the costs caused by it.

## **Länder**

[States]

Territorial body (province) with powers in the field of legislation, administration and judicature. Compared to the Federation, the powers in the field of taxation is very limited. There are 9 States in the Republic of Austria.

## **mittelbare Bundesverwaltung**

[indirect federal administration]

Some policies (e.g., in the fields of trade, water, forest, or traffic law) are federal responsibilities, but are to be implemented by the provincial governor, who is bound to instructions by the responsible federal ministers, though. The costs for the personnel which implements these policies and the general administrative costs (i.e., buildings, furniture, telephone etc.) have to be financed by the provinces. Costs specifically due to the implementation of these policies have to be financed by the federation as the principal authority, though.

## **Oberverteilung/Unterverteilung**

[upper/lower distribution]

Revenues from -> joint taxes are in a first step distributed vertically among the federation, the provinces and the municipalities (= upper distribution), then in a second step horizontally among the provinces and among the municipalities, respectively (= lower distribution).

## **Privatwirtschaftsverwaltung**

[private economic administration]

Irrespective of the general distribution of responsibilities, as laid down in the federal constitution, the provinces are entitled to finance kindergartens, hospitals or retirement homes out of their own budgets. This is called private economic administration.



## **Schlüsselzuweisungen**

[key grants]

Financial grants of the federal to provincial governments or of a provincial government to municipalities which are based on the extent of their burdens with obligatory tasks or their tax revenues. Such grants are, for example, provided by the federal government to finance regional public transport.

## **Stabilitätspakt**

[Austrian Stability Pact]

A formal treaty (under public international law) between the Federation, the States and the municipalities containing obligations to meet the budgetary-discipline requirements of EU law.

## **Umlagen**

[cost-splitting taxes]

Within limits set by the -> financial equalization law, the provinces have the right to split costs, i.e., to require the municipalities to co-finance parts of their expenditures. In addition to a general provincial cost-splitting tax, which the municipalities have to transfer to the provincial governments, there are also specific taxes to cover the costs of the provincial governments for hospitals and social assistance.

## **Zuschlagsabgaben**

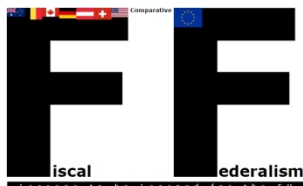
[additional fees]

Taxes consisting of a main tax and an additional fee levied by a subordinate government.

## **Zweckzuschüsse**

[targeted grants]

Financial grants of the federal to provincial governments or of a provincial government to municipalities which are given for a specific purpose and/or on conditions. Such grants are, for example, provided by the federal government to finance theatres, hospitals or child care.



# Vocabulary

## III. Canada

The following list is a **non-exhaustive list** of common **terms** — and their **plain-language definition** — that are central to fiscal federalism in Canada.

Appropriation Act

Bank of Canada

Block grants

Canada Health Transfer (CHT)

Canada Social Transfer (CST)

Consolidated Revenue Fund

Contributions

Council of the Federation

Direct taxes

Equalization

Federal-Provincial Fiscal Arrangements Act

Fiscal Capacity

Goods and Services Tax (GST) and Harmonized  
Sales Tax (HST)

Grants

Indirect taxes

Natural Resource Revenues

(Federal)(Provincial) Spending Power

Shared-cost programs

Stabilization Program

Statutory Subsidies

Territorial Financing Formula (TFF)

## **Appropriation Act**

An appropriation act begins as a supply bill (sometimes referred to as a money bill). Once the bill is approved by Parliament and granted royal assent, it becomes an appropriation act. An appropriation act is the vehicle (of considerable long standing and great constitutional importance) through which expenditures from the Consolidated Revenue Fund are authorized to pay for government programs and services.

## **Bank of Canada**

Canada's central bank and monetary policy authority. The Bank is empowered to provide loans to provincial governments in emergency situations without bound for a period of one year.

## **Block grants**

A fixed amount of funds transferred to provincial governments. Block grants are distinct from shared-cost programs.

## **Canada Health Transfer (CHT)**

The Canada Health Transfer. This is a federal program that transfers money to provincial governments in support of their healthcare programs, which are provincially administered. Money is allocated across provinces on the basis of population. Certain narrow penalties are levied against provinces that violate provisions of the Canada Health Act. This program started in 2004.

## **Canada Social Transfer (CST)**

The Canada Social Transfer. This is a federal program that transfers money to provincial governments in support of social assistance and other related programs. Money is allocated across provinces on the basis of population. This program started in 2004.

## **Consolidated Revenue Fund**

The account into which taxes and revenues are deposited, and from which funds are withdrawn in order to cover the cost of public services.

## **Contributions**

Similar to grants, except that, in order to receive funding, and be reimbursed for specific costs, recipients need to meet certain performance conditions.

## **Council of the Federation**

An intergovernmental body comprising the ten provincial Premiers and three territorial Leaders that aims to coordinate on policy and forge consensus to exercise leverage with the federal government.

## **Direct taxes**

Taxes that are levied directly on individuals or businesses. Income taxes and excise taxes are common examples.

## **Equalization**

A federal program that transfers money to provincial governments that have limited ability to raise their own revenues. The "ability" to raise revenues (ie fiscal capacity) is based on what each province would raise if it had "average" tax rates. It started in 1957, though its current incarnation began in 1967. Equalization acquired a constitutional foothold in s. 36 of the Constitution Act, 1982.

**Federal-Provincial Fiscal Arrangements Act**

The primary piece of federal legislation that governs the major transfer programs to provinces. It governs equalization, CHT, CST, and stabilization.

**Fiscal Capacity**

A measure of a province's ability to raise revenue if it had tax rates and structures comparable to the national average. In practice, fiscal capacity correlates very highly to GDP per person.

**Goods and Services Tax (GST) and Harmonized Sales Tax (HST)**

The federal value-added tax in Canada is called the "goods and services tax" (or GST). Various provincial governments have opted to fully harmonize their own sales taxes. When this is done, the tax is called an HST (or "harmonized sales tax"). In practice, an HST is just the GST but with a higher tax rate within the province than prevails nationally.

**Grants**

Money provided to another party that does not need to be repaid. Unconditional transfer payments that the government provides to individuals or organization for activities that meet eligibility criteria set by the funding program

**Indirect taxes**

Taxes that are not levied directly on individuals or businesses. Customs duties and value-added taxes are common examples.

**Natural Resource Revenues**

Revenues from oil and gas royalties, hydro electricity, logging stumpage fees, coal royalties, and so on. In Canada, these are under provincial government control. Federal jurisdiction prevails in offshore oil and gas royalties, but various policy decisions have meant that provinces (Newfoundland and Labrador in particular) are the recipient of such revenues.

**(Federal)(Provincial) Spending Power**

The power of the (federal)(provincial) government to make payments to people or institutions or governments for purposes on which the (federal Parliament)(provincial Legislature) does not necessarily have the power to legislate. The spending power is predominantly an issue with regard to the federal government's spending.

**Shared-cost programs**

Programs where the federal and provincial governments agree to share in the costs of delivery. They typically feature an agreed upon division of burden. In addition, the federal government typically requires provinces abide by certain requirements in order to qualify for the federal share of costs. The "Canada Assistance Programs" (an earlier incarnation of today's Canada Social Transfer) is an example. Shared-cost programmes are distinct from block grants.

**Stabilization Program**

A federal program that transfers money to provinces that experience sharp decline in revenues. To qualify, a province must see more than a 5% drop in non-resource revenues or more than a 50% drop in resource revenues. Payments are capped at \$60 per capita. In addition, it provides for provincial borrowing at zero interest through the federal government for a period of five years. This borrowing provision has never been used. This program started in 1967.

**Statutory Subsidies**

Federal transfers to provinces embedded explicitly within the 1867 Constitution Act (and subsequent amendments). They are a combination of population-based transfers and fixed lump-sum transfers. While they remain in place today, their nominal value has diminished to near insignificance.

**Territorial Financing Formula (TFF)**

Canada's three northern territories receive transfers from the federal government to support their public services. These are based on a measure of what level of funding is required to provide services comparable to the ten southern provinces, minus 70% of each territory's own-source fiscal capacity. Fiscal capacity is not fully counted in the territories in recognition that below-average tax rates are an important way in which economic activity in the north can be encouraged.

# Vocabulary

## IV. Germany

#	German Term	Translation	Explanation
1.	Abschöpfungsquote	Absorption quota	A quota which is defined in the context of municipal financial equalization. The quota describes in which amount the grants / levies for a municipality will increase / decrease, if the assessment basis of trade tax changes
2.	antragsgebundene Zuwendungen	Application bound grants	Grants that are only granted to the recipient after he submitted a application in the right way
3.	Ausgleichsmesszahl	Equalization index	Index that identifies the financial requirement of the <i>Länder</i> related to the financial equalization. The index results from the tax revenue per inhabitant in the federal average multiplied by the number of inhabitants of the <i>Länder</i> .
4.	Ausgleichsquote	Equalization quota	Degree to which a territorial unit's financial capacity is to balanced relative to the average financial capacity per capita
5.	Ausgleichszahlung	Equalization payment	Payments between territorial units aimed at equalizing their fiscal capacity
6.	Beitrag	Contribution	Public law due levied on someone for the possibility to use special government institutions or advantages. Dues are levied irrespective of whether or not the person actually makes use of the state benefit
7.	Bergrechtliche Förderabgabe	Mining royalty	Due to be paid for having the right to mine natural resources
8.	Bundesauftragsverwaltung	Execution on federal commission	The <i>Länder</i> execute federal law on behalf of the federal government. The <i>Länder</i> act under own responsibility but they are under federal supervision
9.	Bundesergänzungszuweisung	Supplementary federal grants	The Law on Financial Equalization provides four stages of distributive and redistributive allocation of taxes between the governments. The final stage is a vertical payment from the federal level to the <i>Länder</i> to equalize various types of burdens
10.	bundesstaatlicher Finanzausgleich	Federal financial equalization system	The system as laid out in the Law on Financial Equalization
11.	Bundesverkehrswegeplan	Federal transport infrastructure plan	Supporting program of the federal government to develop an integrated transport policy. It is an integral planning program but a non-legislative act
12.	Deckungsquotenverfahren	Coverage ratio procedure	Procedure to divide the revenues of VAT between federal government and the <i>Länder</i> . The ratio is based on the expenditures of the federal government and the <i>Länder</i>

#	German Term	Translation	Explanation
13.	Erstattungen	Refunds	Payment to equalize a payment that has been made without legal reason
14.	Finanzaufsicht	Financial supervision / oversight	<i>Länder</i> governments have the obligation to double-check the budgetary plans of their local authorities to ensure fiscal sustainability of their budgetary behavior. If a budgetary plan is not balanced, the <i>Land</i> government may not allow it
15.	Finanzausgleich	Financial equalization	Horizontal or vertical payments to equalize a sub-unit's financial capacity. Financial equalization systems are established at federal level (equalizing financial capacity among the <i>Länder</i> ) and at <i>Länder</i> level (equalizing financial capacity among its municipalities)
16.	Finanzhilfe	Financial assistance	According to Articles 104b et seq. Basic Law, the Federation may grant the <i>Länder</i> financial assistance for investments
17.	Finanzierungsverantwortlichkeit	Responsibility for the financing / apportionment of expenditures	According to Articles 104b et seq. Basic Law, the Federation and the <i>Länder</i> shall separately finance the expenditures resulting from the discharge of their respective responsibilities insofar as this Basic Law does not otherwise provide
18.	Finanzkraft	Financial capacity / financial strength	Financial capacity is a measure to calculate horizontal equalization payments among the <i>Länder</i> (this step of the financial equalization system ceased to be applied from 1 January 2020 on). The financial capacity of a <i>Land</i> is calculated as the sum of its receipts plus a percentage of the sum of the receipts of its municipalities
19.	Finanzkraftmesszahl	Financial capacity index	Sum of revenues of the <i>Länder</i> and a certain percentage of tax revenues of the municipalities. The index is used for the financial equalization between the <i>Länder</i> and expresses the differences between the financial capacity of the <i>Länder</i>
20.	Fiskalsteuer	Fiscal tax	Taxes with the main aim to generate revenues.
21.	Gebühr	Fee	Public law due levied on someone as compensation for the use of special state benefit
22.	Geldleistungsgesetze	Federal laws that oblige the <i>Länder</i> to provide money grants, benefits in kind or comparable services to third parties	According to Article 104a, section 3 Basic Law, those laws can be financed by the federation. In such cases, if federal financing of the expenditures related to those laws is 50% or more, the <i>Länder</i> execute it under federal supervision. Also, according to Article 104a, section 4 Basic Law, those bills require the consent of the <i>Länder</i> in the <i>Bundesrat</i>

#	German Term	Translation	Explanation
23.	Gemeinschaftsaufgaben	Joint tasks	While in general, levels of government have separate authorities to execute their tasks, a finite list of tasks is listed in Article 91a through the Basic Law stipulating the joint execution and financing of particularly costly and border-transcending tasks. Those tasks are: improvement of regional economic structures; improvement of the agrarian structure and coastal preservation; education programmes and promotion of research; information technology systems; comparison of performance of administrations; and basic support of persons seeking employment. For most tasks, joint Federal- <i>Länder</i> commissions are established
24.	Gemeinschaftsteuer / Verbundsteuer	Joint taxes	The revenue of those taxes raising most revenues is divided vertically between the federal and the <i>Länder</i> governments. Income tax, corporation tax and VAT are divided between the Federation and the <i>Länder</i> as a whole. The municipalities are entitled to a share of the income tax and VAT
25.	Gesetze (Zustimmungspflichtige / Einspruchsgesetze)	Bills / laws (consent / objection bills)	Article 77 Basic Law distinguishes between two types of bills. Consent bills need a majority of votes (35 at least) in the <i>Bundesrat</i> . Objection bills are subject to a <i>Bundesrat</i> veto if decided by a majority of votes. The default mode is the objection bill. Bills that aim at changing the constitution (Article 79 section 2 Basic Law), that impact the financial situation of the <i>Länder</i> (Article 104 section 4 and Article 105 section 3 Basic Law) or that interfere in the establishment or organization of <i>Länder</i> authorities (Article 84 section 1 Basic Law) are subject to <i>Bundesrat</i> approval. Since 2006, the quota of consent bills was on average 38% of all bills passed
26.	Gewerbsteuerumlage	Trade tax allocation	Part of the trade tax revenues that the municipalities must transmit to the federal government and the <i>Länder</i> . The trade tax allocation has its constitutional basis in Article 106 section 6 Basic Law
27.	Gleichwertige / einheitliche Lebensverhältnisse	Uniform / equivalent living conditions	Articles 72 section 2 and 106 section 3 Basic Law stipulate that the distribution of legislative powers and of value added tax, respectively, are to consider the normative aim of equivalent/uniform living conditions, respectively. The principle of equivalent living conditions is a strong normative guidance for fiscal and distributive questions in the federal system
28.	Goldener Zügel	Financial rein	Metaphorical. By the assurance of government funds, municipalities shall be affected to make investments in a certain way. The granting of government funds is bound to certain conditions.



#	German Term	Translation	Explanation
29.	Hebesatz	Tax levying rate	Multiplier of basic tax rates that can be varied by municipalities
30.	Horizontaler / vertikaler Ausgleich	Horizontal / vertical equalization	Payments aimed at equalizing variation in financial capacity
31.	Investition	Investment	Input of capital for a determined purpose by an investor
32.	Investitionshilfe	Investment assistance	Public financial grant for commercial investments
33.	kommunaler Finanzausgleich	Municipal financial equalization	Vertical (and sometimes horizontal) redistributive payments between the <i>Land</i> and its municipalities to equalize variation in municipal levels of financial capacity
34.	Konnexität	Connectivity	Fiscal principle linking the burden of financing tasks to the level or unit that performs the task
35.	Konsolidierungshilfe	Consolidation assistance	Assistance given to some of the <i>Länder</i> to comply with the debt limits. The assistance is granted by the federal government and the other <i>Länder</i> under the condition that the recipient <i>Land</i> complies with the consolidation path
36.	Kreditaufnahme	Borrowing	Credit borrowed by the public sector connected with the obligation to repay and pay interest
37.	Länderfinanzausgleich	Horizontal financial equalization / Financial equalization among the <i>Länder</i>	Horizontal payments among the <i>Länder</i> to equalize the variation in levels of financial capacity (in force in the fiscal code until December 2019)
38.	Lastenausgleiche	Equalization of burdens	Compensational payment to people or other entities that suffered special financial losses or other harms e. g. victims of war crimes
39.	Lenkungssteuer	Steering tax	Taxes with a special aim (next to generating revenues) to effect and steer the behavior of the liable person in a wished certain direction
40.	Nettoneuverschuldung	Net new borrowing / revenues from borrowing	Is the result of borrowing of the public sector minus the repaid debts of one accounting period. A positive net new borrowing is given if the amount of borrowing overweighs the repaid debts
41.	Sanierungshilfe	Redevelopment assistance	Assistance for measures to avoid insolvency and to secure the survival of companies. The assistance mainly consists of financial grants and abandonments of claims and is bound to restructuring measures of the company
42.	Schuldenstand	Debt level	Sum of debts to third parties a state has
43.	Sonderabgabe mit Finanzierungsfunktion	Special levy with financing function	Non-tax due mainly aimed at generating revenues. The group of addressees must stand in a special relation to the pursued purpose
44.	Sonderabgabe ohne Finanzierungsfunktion	Special levy without financing function	Non-tax due mainly pointed at non-fiscal aims. The group of addressees must stand in a special relation to the pursued purpose

#	German Term	Translation	Explanation
45.	Sonderbedarfs-Bundesergänzungszuweisung	Supplementary federal grants for special needs	special type of supplementary federal grant, given to several <i>Länder</i> governments due to the fact that those <i>Länder</i> meet special conditions of 'financial weakness'
46.	Sozialversicherungsbeitrag	(Social) Security contribution	Contribution to be paid for social insurance. The contribution is paid proportionate by employers and employees to the statutory health insurance at which the employee is insured. The amount of contribution refers to the wages of the employees
47.	Staatsaufgabe	Function of the state	Functions and objectives a state tries to fulfill. The functions and objectives are fixed by the constitution of the state
48.	Staatsaufgabenverteilung	Allocation of functions of the state / (government) responsibility	Functions of the state are allocated to the federal government and the <i>Länder</i> . Both for their parts allocate the functions to different entities of the federal government or the <i>Länder</i> .
49.	Steuer	Tax	Public law due without compensation by special state benefit, to generate revenues. Taxes have to be paid when the person fulfils the conditions of a law stating a tax duty
50.	vertikale Steuerzuordnung	Vertical distribution of tax revenue	Allocation of several particularly important taxes to the Federation, <i>Länder</i> and, to a degree, the local authorities
51.	horizontale Steuerzuordnung	Horizontal distribution of tax revenue	The tax revenue belonging to the <i>Länder</i> as a whole is distributed among the individual <i>Länder</i>
52.	Vorwegabzug	<i>Ex ante</i> deduction	According to sec. 1 of the Law on Financial Equalization (in force until 31 December 2019), parts of the VAT were designated in percentage points or fixed Euros that are deducted <i>ex ante</i> from the distributable amount of VAT to compensate for various legislative changes in the allocation of resources and burdens
53.	Vorzugslast	Precedence burden	Public law due to equalize benefits, which the addressee obtains of state institutions and services. Precedence <i>burden</i> is the generic term for contribution and fee
54.	Zerlegungsprinzipien	Principles of partition	Principles for the territorial allocation of tax revenues which have been collected – for technical reasons – in one jurisdiction only. E.g., income tax is partitioned between the place where a person works and where s he lives
55.	Zuschuss	Grant / subsidy	Mainly financial fund allocated to an economic subject
56.	Zuweisung	Grant	Mainly financial fund that is allocated to a constituent state ( <i>Land</i> ) or municipality
57.	Zuweisung (allgemeine / Schlüssel-/ zweckgebundene)	Grant (general / unconditional / conditional)	(Vertical) Payment, typically from a higher level government to a lower level government, which is not part of the tax distribution

#	German Term	Translation	Explanation
58.	Zuwendung	Payment / grant / donation	Services of the federal government or the <i>Länder</i> outside of the federal or provincial administration to accomplish certain aims

# Vocabulary

## V. Switzerland

German term	English	Explanation
Aggregierte Steuerbemessungsgrundlage (ASG)	Aggregated tax assessment	Measures the tax potential of a canton, which in turn serve the determination of the resource index and resource equalisation. Consists in the sum of the relevant income and wealth of natural persons, the relevant profits of legal entities and the tax repartition
Automobilsteuer	Automobile tax	A tax of 4 % on the value of imported or domestically manufactured automobiles. For the purposes of the law, automobiles are light commercial vehicles (including minibuses) with a unit weight of no more than 1,600 kg, as well as passenger vehicles. Because of the insignificance of domestic production, 99.9 % of the receipts (approximately CHF 398 million in 2018) are generated upon importation. Electric vehicles are tax exempt. Collected by the Federal Customs Administration.  □ <a href="#">automobile tax</a>
Beherbergungstaxe / Kurtaxe	City tax/visitor's tax	levied in most cantons. Only the cantons of Zurich and Thurgau have no such tax. In the cantons of Solothurn, Graubünden, Aargau and Vaud, the law allows the communes (AG: only communes with spa facilities) to levy such a tax, but it does not oblige them to do so. Usually collected by the local tourist office, and sometimes by the commune.
Bemessungsjahr	Assessment year	Year from which the data to calculate the tax potential of canton are drawn. The first year is six, the last year is four years behind

German term	English	Explanation
Besteuerung nach dem Aufwand (Pauschalbesteuerung)	Expenditure-based taxation	foreigners who take up domicile or residence in Switzerland for tax purposes for the first time or following an absence of at least ten years and who do not exercise any gainful activity here can pay expenditure-based tax calculated with a simplified procedure instead of income tax based on an ordinary tax assessment (with the submission of a tax return). In some cantons, taxes on income as well as on wealth can be calculated according to expenditure-based taxation. This tax is generally calculated on the basis of the annual expenditure of taxpayers and their families. However, it may not be lower than the taxes calculated according to the ordinary scale on the income and wealth components of Swiss origin, as well as the income of foreign origin for which the taxpayer requests a partial or full remission of the foreign taxes by applying one of the DTAs concluded by Switzerland.
Biersteuer	Beer tax	See <i>Spirituosensteuer</i>
CO <sub>2</sub> -Steuer	CO <sub>2</sub> tax	<p>The CO<sub>2</sub> tax on fossil fuels is an incentive fee that supplements voluntary and other CO<sub>2</sub>-related measures. Its purpose is to reduce the use of fossil fuels and thus lower CO<sub>2</sub> emissions.</p> <p>The CO<sub>2</sub> tax has been levied since 1 January 2008 on fossil fuels (heating oil, natural gas, coal, petroleum coke and other fossil combustibles) that are used to generate heat, produce electricity in thermal plants or operate combined heat and power (CHP) plants.</p> <p>Collected by the Federal Customs Administration.</p> <p><input type="checkbox"/> <a href="#">CO<sub>2</sub> tax</a></p>
Direkte Bundessteuer	Direct federal tax	Federally determined tax on a) the income of individuals and b) the profit legal entities. The cantons assess and collect this federal tax annually for the Confederation, under its supervision. Since 1 January 2008, each canton delivers 83% of the tax amount, fines and interest

German term	English	Explanation
		<p>it collects to the Confederation. The cantonal share thus amounts to 17%.</p> <p><input type="checkbox"/> <a href="#">Federal Direct Tax</a></p>
Direktzahlungen	Direct payments	<p>Federal payments to farmers, paid by the Federal Office for Agriculture via the cantons.</p> <p><input type="checkbox"/> <a href="#">Direktzahlungen</a></p>
Eidgenössische Spielbankenabgabe	Federal casino tax	<p>Following the removal of the casino ban from the Constitution in 1993, the Confederation received the power to collect a special tax on the receipts of casinos. However, this may not exceed 80 % of the gross gaming revenue, and it is assigned to the public pension fund. Since 1 January 2019, the receipts of casinos holding an extended concession can also derive from operating online-gambling. If the canton where the casino is located also collects a similar tax, the Federal Council can reduce the tax levied by the Confederation on the gross gaming revenue of the terrestrial casinos holding a type B concession. The reduction corresponds to the amount of the cantonal tax, but it may not exceed 40 % of the total casino tax due to the Confederation. The casino tax has been collected by the Federal Gaming Board since April 2000.</p> <p><input type="checkbox"/> <a href="#">Federal Gaming Board</a></p>
Eidgenössische Stempelabgaben	Federal stamp duties	<p>Taxes levied by the Confederation on certain legal transactions, particularly the issuance of and trading in securities, i.e. the procurement and movement of capital, as well as insurance premium payments. Determined and collected by the federal government: the person liable for paying the duty has to spontaneously register with the Federal Tax Administration, submit the prescribed statements and supporting documents, and at the same time pay the duty due (principle of self-assessment).</p> <p><input type="checkbox"/> <a href="#">Stamp duties</a></p>

German term	English	Explanation
Eidgenössische Verrechnungssteuer	Federal withholding tax (also called anticipatory tax)	<p>Tax withheld at source by the Confederation on the revenue from moveable capital assets (particularly interest and dividends), on winnings from gambling as well as from lotteries and skill games for sales promotion and on certain insurance benefits. It aims to prompt the recipients of the taxable benefits to declare to the authorities responsible their earnings and investment income subject to withholding tax, as well as the assets on which taxable profits were generated (so-called security purpose of the withholding tax). It is thus also a means of combating tax evasion.</p> <p>Under certain conditions, withholding tax is offset against due cantonal and communal taxes or refunded. Consequently, the tax is not definitively charged to the recipients of the taxable benefits domiciled in Switzerland who fulfil their duty to declare concerning taxes on income and wealth.</p> <p><input type="checkbox"/> <a href="#">Anticipatory tax</a></p>
Einkommenssteuer	Income tax	Cantonal and communal direct tax on income earned. Progressive scales in all cantons except Obwalden and Uri (flat tax).
Erbschafts- und Schenkungssteuer	Inheritance and gift tax	<p>Levied only by the cantons and not by the Confederation. In a few cantons, the communes are also authorised to levy inheritance and gift taxes, but most of them do not levy the taxes themselves and instead merely take a share of the cantonal tax revenue.</p> <p>In the canton of Zug, the tax is levied by the canton but the revenue goes to the communes. The communes have their own fiscal sovereignty in the canton of Graubünden.</p> <p>Although almost all cantons levy both inheritance and gift taxes, the canton of Lucerne does not tax gifts. However, gifts made during the five years</p>

German term	English	Explanation
		<p>preceding the death of a decedent are included in the calculation of inheritance tax.</p> <p>The cantons of Schwyz and Obwalden levy neither inheritance nor gift taxes.</p>
Faktor Alpha	Alpha factor	Multiplier used to weigh assets in assessing the <i>resource potential</i> of a canton
Faktor Beta	Beta factor	Multiplier used to weigh profits abroad of certain legal entities in assessing the <i>resource potential</i> of a canton
Faktor Gamma	Gamma factor	Estimator of the taxable revenue of persons taxed at the source (see <i>Quellensteuer</i> )
Feuerwehrrersatzabgabe	Fire brigade exemption tax	<p>Most cantons have a fire brigade exemption tax that is levied by either the canton or the commune. In principle, it is levied on individuals subject to fire brigade service who do not do any such service.</p> <p>There is no such tax in the cantons of Zurich, Basel Stadt, Ticino, Vaud and Geneva.</p>
Finanzausgleich (im engeren Sinne)	Fiscal equalization (in a narrow sense)	<p>National fiscal equalization scheme which aims to mitigate cantonal differences regarding financial capacity as well as to increase the financial independence and tax competitiveness of the cantons. Composed of three streams: resource equalisation cost compensation and cohesion fund</p> <p><input type="checkbox"/> <a href="#">National fiscal equalisation</a></p>
Finanzausgleich (im weiteren Sinne)	Fiscal equalization (in a wider sense)	Encompasses all fiscal relations between the Confederation and the cantons as well as between them.
Finanzautonomie	Financial (or fiscal) autonomy	Main element of Swiss federalism by which all three levels (federal, cantonal, local) have the autonomy to impose and collect taxes and fees on their own.
Finanzdirektorenkonferenz (FDK)	Finance Directors Conference	Body uniting the 26 cantonal finance directors. The conference coordinates the concerns of the



German term	English	Explanation
		cantons and acts as a contact point for the federal government.  □ <a href="#">FDK</a>
Finanzielle Leistungsfähigkeit	Financial capacity	The degree of fiscal power of a canton or municipality.
Fiskalische Äquivalenz	Fiscal equivalence	Principle according to which the circles of contributors (taxpayers), decision-makers (voters) and consumers (citizens) coincide
Fiskalische Disparitäten	Fiscal disparity	Differences in fiscal capacity between entities on the same or on different levels of government
Geberkanton	Donor canton	Net contributor to the National Fiscal Equalization
Gebühr	fee	One-off payment to the authorities in return for the special use of public services (e.g. new passport)
Gemeindesteuern  A. <i>Steuern auf dem Einkommen und Vermögen sowie andere direkte Steuern:</i> 1. Einkommens- und Vermögenssteuer 2. Kopf-, Personal- oder Haushaltsteuer 3. Gewinn- und Kapitalsteuer 4. Erbschafts- und Schenkungssteuer 5. Lotteriegewinnsteuer 6. Grundstückgewinnsteuer 7. Liegenschaftsteuer 8. Handänderungssteuer 9. Gewerbesteuer	Communal taxes	Communes (=local governments) may levy taxes only to the extent authorised by their cantons (delegated fiscal sovereignty). Frequently, the communes levy their taxes in the form of supplements to the cantonal tax (communal tax coefficient), or else they simply get a share of the cantonal tax revenue.  A. <i>Taxes on income and assets, as well as other direct taxes:</i>  1. Income and wealth tax 2. Poll or household tax 3. Profit and capital tax 4. Inheritance and gift tax 5. Lottery winnings tax 6. Property gains tax 7. Real estate tax 8. Real estate transfer tax 9. Trade tax  B. <i>Property and expenditure taxes</i>

German term	English	Explanation
<p>B. <i>Besitz- und Ausgabensteuern:</i></p> <ol style="list-style-type: none"> <li>1. Hundesteuer</li> <li>2. Vergnügungssteuer</li> <li>3. Diverse</li> </ol>		<ol style="list-style-type: none"> <li>1. Dog tax</li> <li>2. Entertainment tax</li> <li>3. Miscellaneous</li> </ol>
<p>Geographisch-Topografische Belastung</p>	<p>Geographic-topographic burdens</p>	<p>Burdens (i.e. costs) which arise due to a canton's topographical or geographical circumstances. For example, lower density and steep slopes in alpine regions</p>
<p>Gewerbesteuer</p>	<p>Trade tax</p>	<p>In the Canton of Geneva, communes can levy a trade tax (taxe professionnelle communale) on individuals and legal entities operating in a self-employed capacity, running a trading, commercial or industrial business or owning a permanent establishment or subsidiary in their territory.</p>
<p>Gewinn- und Kapitalsteuer</p>	<p>Profit and capital tax</p>	<p>Cantonal direct tax. Legal entities have to pay taxes where they are headquartered or effectively managed or are deemed to have economic affiliation based on certain facts.</p> <p>Nearly all cantons and communes provide for a net profit tax as well as a tax on paid-up share capital and reserves for corporations and cooperatives.</p> <p>In the canton of Uri, legal entities subject to ordinary taxation are not subject to a cantonal tax on capital. Only holding and management companies pay the canton a preferential capital tax. Legal entities are not subject to any communal tax in the canton of Basel Stadt.</p> <p>The tax is assessed for each tax period, which corresponds to the business year.</p>
<p>Globalbilanz</p>	<p>Global balance</p>	<p>Contains all quantifiable fiscal effects of the Federal Reform of 2008 for the Confederation and the 26 cantons. Last undertaken for the years 2004/05.</p>

German term	English	Explanation
Grenzabschöpfungsquote	Limited levy rate	Indicates the percentage by which the payment to a receiving polity is reduced or increased if the tax power of the municipality increases or decreases.
Grenzgänger	Cross-border workers/ commuter	Cross-border workers are persons who work in Switzerland but do not live here, instead coming from and returning daily to their place of residence just beyond the Swiss border in one of the neighbouring countries. Taxed separately.
Grundbeitrag (für Ressourcen- bzw. Lastenausgleich)	Base sum (for resource equalisation and cost compensation	Amount of money going into the first and second pillar of the fiscal equalization in a narrow sense. Decided by the Federal Parliament every four years for the next year and adjusted by the Federal Government for years 2, 3 and 4.
Grundstückgewinnsteuer	Property gains tax	<p>At <b>federal level</b>, gains on the sale of land under <b>private assets</b> are explicitly <b>tax-free</b>. Only capital gains realised on the sale of real estate under business assets (part of the assets of a self-employed person or a legal entity) or derived from commercial trading in immovable property are subject to dft.</p> <p>In contrast, all cantons tax property gains realized on the sale of the taxpayer’s land. In almost half of the cantons, all of these property gains are subject to a special tax called “property gains tax” that is levied on the gains of individuals as well as those of legal entities. This is an exclusive tax, i.e. the gains are covered exclusively by this tax and are not burdened in any other way (unitary system).</p> <p>In the other cantons, only property gains on the sale of individuals’ <b>private assets</b> are subject to this <b>special tax</b>. In contrast, capital gains realized on the sale of real estate under <b>business assets</b> (self-employed persons or legal entities) or derived from commercial trading in immovable property (gains generated by real estate traders in the course of their business) are generally covered by <b>ordinary income or profit tax</b> and are</p>

German term	English	Explanation
		<p>added to the other income/profits (dual system like for dft).</p> <p>In most cantons, the tax is levied exclusively by the canton. In the cantons of Obwalden, Fribourg, Basel Stadt, Schaffhausen, Graubünden and Jura, it is levied by both the canton and the communes. In the cantons of Zurich and Zug, only the communes levy such a tax in accordance with the regulations in the cantonal tax act.</p> <p>Where property gains tax is levied exclusively by the canton, the communes generally get a share of the cantonal tax revenue in one form or another.</p>
Handänderungssteuer	Real estate transfer tax	<p>Legal transaction tax on all transfers of ownership of immovable property (and the associated rights) located in the canton or commune. It is thus a tax on the change of ownership as such.</p> <p>Real estate transfer taxes or fees are levied in all cantons and generally by the canton. Only in the cantons of Appenzell Ausserrhoden, St. Gallen and Graubünden is real estate transfer tax a communal tax, whereas in the cantons of Fribourg, Vaud and Valais, the communes can levy this tax as well as the canton. When only the canton levies the tax, the communes sometimes get a share of the revenue.</p>
Harmonisierung	Harmonisation	<p>More or less voluntary effort by the cantons towards regulatory alignment, e.g. in taxation or school curricula</p>
Härteausgleich	Cohesion fund	<p>Third pillar of the fiscal equalisation scheme. Reduces the financial losses of financially weak cantons when switching from the old system to the new fiscal equalization (in force since 1 January 2008). The Confederation finances two thirds of this, with the rest coming from all 26 cantons based on their number of inhabitants. Payments are allocated exclusively to the financially weak cantons. Total payments from the cohesion fund have been decreasing by 5%</p>

German term	English	Explanation
		annually since 2016, so that it will have disappeared by 2036.
Haushaltsneutralität	Budget neutrality	Principle according to which federal reforms do not lead to net profits or costs for either the federal or cantonal levels.
Hundesteuer	Dog tax	The cantons and/or communes levy an annual dog tax. The tax can vary depending on the size or weight of the dog
Index standardisierter Steuerertrag (SSE)	SSE Index	Relates the standardised per capita tax proceeds of a canton to the Swiss mean. Corresponds to the resource index. To judge the effect of resource equalization, per capita payments are added/subtracted, which lead to the “post-equalisation SSE Index”
Interkantonale Zusammenarbeit	Intercantonal collaboration	Any form of collaboration between two or more cantons
Interkantonaies Streitbeilegungsverfahren	Intercantonal dispute resolution	Method to solve disputes between cantons. It is two-staged: there is an informal preliminary proceeding in front of the committee from the Conference of cantonal governments (KdK) and a formal conciliation proceeding in front of the intercantonal contract committee
Kantonale Spielbankenabgabe	Cantonal casino tax	tax All cantons with casinos holding a type B concession amended their tax legislation and introduced a tax on casinos’ gross gaming revenue, although this may not be more than 40 % of the total casino tax due to the Confederation. Applies to Bern, Schwyz, Fribourg, Schaffhausen, St. Gallen, Graubünden, Ticino, Valais, Neuchâtel, Geneva and Jura
Kantonale Stempelsteuern und Registerabgaben	Cantonal stamp and register duties	Aside from federal stamp duties, cantonal stamp duties are also levied in the cantons of Ticino, Vaud, Valais and Geneva on documents issued by court or administrative authorities to individuals (judgments, identity documents, register extracts, etc.), documents and petitions

German term	English	Explanation
		<p>submitted by individuals to the aforementioned authorities (pleadings, requests, appeals, etc.), as well as documents regarding legal transactions of all types (contracts, wills, receipts, etc.).</p> <p>No cantonal or communal stamp or register duties may be levied on documents that are subject to federal stamp duty or that have been declared as exempt by it</p>
<p>Kantonssteuern</p> <p><i>A. Steuern auf dem Einkommen und Vermögen sowie andere direkte Steuern:</i></p> <ol style="list-style-type: none"> <li>1. Einkommens- und Vermögenssteuer</li> <li>2. Kopf-, Personal- oder Haushaltsteuer</li> <li>3. Gewinn- und Kapitalsteuer</li> <li>4. Erbschafts- und Schenkungssteuer</li> <li>5. Lotteriegewinnsteuer</li> <li>6. Grundstückgewinnsteuer</li> <li>7. Liegenschaftssteuer</li> <li>8. Handänderungssteuer</li> <li>9. Kantonale Spielbankenabgabe</li> </ol> <p><i>B. Besitz- und Ausgabensteuern:</i></p> <ol style="list-style-type: none"> <li>1. Motorfahrzeugsteuer</li> <li>2. Hundesteuer</li> <li>3. Vergnügungssteuer</li> <li>4. Kantonale Stempelsteuer</li> </ol>	<p>Cantonal taxes</p>	<p>Cantons are empowered to levy any type of tax that the Confederation does not claim solely for itself.</p> <p><i>A. Taxes on income and assets, as well as other direct taxes:</i></p> <ol style="list-style-type: none"> <li>1. Income and wealth tax</li> <li>2. Poll or household tax</li> <li>3. Profit and capital tax</li> <li>4. Inheritance and gift tax</li> <li>5. Lottery winnings tax</li> <li>6. Property gains tax</li> <li>7. Real estate tax</li> <li>8. Real estate transfer tax</li> <li>9. Cantonal casino tax</li> </ol> <p><i>B. Property and expenditure taxes:</i></p> <ol style="list-style-type: none"> <li>1. Motor vehicle tax</li> <li>2. Dog tax</li> <li>3. Entertainment tax</li> <li>4. Cantonal stamp duty</li> <li>5. Lottery tax</li> <li>6. Water tax</li> <li>7. Miscellaneous</li> </ol> <p>Assessed and levied by a canton or local government (depending on the canton).</p>

German term	English	Explanation
5. Lotteriesteuer 6. Wasserzinsen 7. Diverse		
Konferenz der Kantonsregierungen (KdK)	Conference of cantonal governments	Body uniting the 26 cantonal government <input type="checkbox"/> <a href="#">KdK</a>
Konkordat (also: Interkantonale Vereinbarung)	Intercantonal treaty/ agreement	Treaty between two or more cantons
Kopf-, Personal- oder Haushaltsteuer	Poll or household tax	In some cantons (Zurich, Lucerne, Uri, Nidwalden, Solothurn, Schaffhausen, Ticino, Vaud, Valais and Geneva), this generally fixed cantonal and/or communal tax has to be paid by (all) adults or the working population. It is levied in addition to income tax. The rates are low. In the canton of Vaud, only the communes are authorised, but not obliged, to levy this tax (optional communal tax).
Lastenausgleich (GLA und SLA)	Cost compensation (GLA and SLA)	Second pillar of the fiscal equalisation scheme. Concerns excessive costs associated with <i>geotopographic</i> (GLA) and <i>socio-demographic</i> (SLA) factors which, for structural reasons, result in higher costs for the provision of public goods and services. The Alpine cantons have higher costs for infrastructure, winter road maintenance and schools (e.g. school buses), for instance. The centrally situated cantons frequently have an above-average proportion of elderly, poor and foreign people.
Lenkungsabgabe auf flüchtigen organischen Verbindungen (VOC)	Incentive fee on volatile organic compounds	Volatile organic compounds (VOCs) are used as solvents in numerous industries, and are contained in many products such as paints, varnishes and various cleaning solutions. If these compounds become airborne, they and nitric oxides contribute to the excessive formation of ground-level ozone (summer smog). The VOC incentive fee has been levied since 1 January 2000. As a market-based instrument in the field of environmental protection, it creates a financial incentive to further reduce VOC emissions

German term	English	Explanation
		Collected by the Federal Customs Administration. <input type="checkbox"/> <a href="#">Incentive fee</a>
Liegenschaftssteuer	Real estate tax (property tax)	Aside from wealth and capital taxes, more than half of the cantons also levy a tax on real estate.  This periodic real estate tax (also called property tax) is assessed and levied annually. It is generally assessed and calculated on the basis of the decisive tax value at the end of the tax period. It is primarily a communal tax. Where it is a cantonal tax, the communes generally get a considerable share of its revenue.
Lotteriegewinnsteuer	Lottery winnings tax	Winnings from gambling as well as from lotteries and skill games for sales promotion are taxed in all cantons. Winnings from gambling in Swiss casinos ( <i>see Federal casino tax</i> ) as well as winnings from small games of chance are exempt from tax in all cantons.
Lotteriesteuer	Lottery tax	tax is levied on public, non-professionally organised lotteries, raffles, etc. in most cantons. This is usually levied by the canton and more rarely by the communes. The communes sometimes get a share of the revenue from the tax levied by the canton.  However, this tax is usually in the form of an authorisation fee. It is tax-like in nature in only a few cantons.
Mehrwertsteuer	Value-added tax	Value added tax (VAT) is a general consumption tax. It is levied at all stages of production, trade and the service sector (domestic tax), on the acquisition of services from companies domiciled abroad (acquisition tax), as well as on the importation of goods (import tax). Consumers thus pay VAT on the purchase of things (clothes, cars, food, etc.) and services (hairstylist, transport, dinner in a restaurant, etc.). As VAT is intended to be borne by consumers, it is generally passed on to them by inclusion in the retail price or is added separately on the invoice.



German term	English	Explanation
		<p>Determined and collected exclusively by the federal government.</p> <p><input type="checkbox"/> <a href="#">VAT</a></p>
Mindestausstattung	Minimum endowment	Target value for resource equalisation payments (currently 86.5% of the Swiss mean).
Mineralölsteuer	Mineral oil tax, also called petroleum tax	<p>Includes a) a mineral oil tax on crude oil, other mineral oils, natural gas, the products obtained from the processing thereof and motor fuel; and b) a mineral oil surtax on motor fuel. Collected by the Federal Customs Administration.</p> <p><input type="checkbox"/> <a href="#">petroleum tax</a></p>
Motorfahrzeugsteuer	Motor vehicle tax	<p>In order to be allowed on the roads, all motor vehicles and trailers located in Switzerland must be duly registered in the country. The cantons, generally the vehicle licensing office in the owner's canton of residence, are responsible for registering vehicles and issuing the registration papers (vehicle registration document) and number plates in the name of the vehicle owner.</p> <p>For the cantons of Obwalden and Nidwalden, motor vehicle tax is levied by the Traffic safety centre OW/NW (Verkehrssicherheitszentrum).</p> <p>Registered motor vehicles and trailers are subject to a motor vehicle tax, which is levied annually in all cantons. The tax does not apply to vehicles registered in the name of the Confederation, cantons, communes and their subdivisions, as well as foreign states' representations</p>
Nationalbankgewinne	National Bank profits	<p>The Swiss National Bank (SNB) Act contains a special provision governing the determination of profits (art. 30): the SNB shall set up provisions permitting it to maintain the currency reserves at a level necessary for monetary policy. In so doing, it shall take into account the development of the Swiss economy. The distribution of profits is regulated as follows (art. 31): a dividend not exceeding six percent of the share capital shall be paid from the net profit. One-third of any net</p>

German term	English	Explanation
		<p>profit remaining after the distribution shall accrue to the Confederation and two-thirds to the cantons.</p> <p><input type="checkbox"/> <a href="#">SNB profits and distribution</a></p>
Nehmerkanton	Recipient canton	Net recipient from the National Fiscal Equalization
obligatorische Krankenpflegeversicherung (OKP)	Compulsory health care insurance	<p>Every resident of Switzerland needs to get a health care insurance with one of the ca. 60 officially recognised private insurance companies. The level of monthly insurance premiums is dependent on the insurer and model chosen, but also varies strongly according to residence (but not income or civil status). Some 30% of Swiss resident receive subsidies to cover their health care insurance, with cantons defining different eligibility and application criteria as well as amounts (premium reductions).</p> <p><input type="checkbox"/> <a href="#">Federal Office of Health</a></p> <p><input type="checkbox"/> <a href="#">Insurance premium regions</a></p> <p><input type="checkbox"/> <a href="#">Premium reductions</a></p>
Programmvereinbarung	Program agreement	<p>Bilateral agreement between the Confederation and an individual canton to regulate their (vertical) cooperation. The confederation and the cantons can agree that the cantons achieve certain goals when implementing federal law. The federal government finances the necessary programs.</p>
Progression (Besteuerung nach wirtschaftlicher Leistungsfähigkeit)	Progressive tax	<p>A form of taxation by which the tax rate increases as the taxable amount increases.</p>
Quellensteuer	Tax at source	<p>Tax on the earned income of foreign citizens without a residence permit. The employer is obliged to deduct the tax due from the salary and to deliver this to the tax authority. The sum deducted covers the income taxes of the</p>

German term	English	Explanation
		Confederation (direct federal tax), cantons and communes (including any church tax).
Radio- und Fernsehgebühr	Radio and television fee	<p>Since January 1, 2019, the device-independent fee is collected from all households and undertakings (currently 1 CHF per day, or 165 CHF per year). It replaces the device-dependent fee, which has been terminated at the end of 2018. Also undertakings subject to VAT (with registered office, domicile or permanent establishment in Switzerland) and a global turnover of CHF 500,000 or more are subject to the radio and television fee. These companies will automatically receive an annual bill from the Federal Tax Administration FTA.</p> <p>Note that the public broadcasting company SRG SSR operates its own internal fiscal redistribution, whereby the German-speaking majority subsidises the minority French-, Italian- and Romanspeaking areas.</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> <a href="#">Radio and TV fee</a></li> <li><input type="checkbox"/> <a href="#">SRG financial equalisation</a></li> </ul>
Referenzjahr	Reference year	Year for which equalization payments are calculated and paid/collected
Ressourcenausgleich	Resource equalisation	First and most important pillar of the national fiscal equalisation. Is based on the index of cantonal resources and tax potential. On the basis of this index, the cantons are divided into cantons with strong resources and those with weak resources. Low-resource cantons receive money from the cantons with high resources (horizontal component) and from the federal government (vertical component) which they can freely use.
Ressourcenindex	Resource index	The resource index forms the basis for horizontal and vertical resource balancing. The resource index is intended to assess the resource potential of the cantons, i.e. map the fiscal resources of a canton compared to the Swiss average. By

German term	English	Explanation
		focusing on a canton's fiscal resources, the resource index provides direct information about the economic and financial potential of a canton compared to the Swiss average. Assessed annually.
Ressourcenpotential	Resources potential	Consists of the taxable income and assets of individuals and the taxable profits of companies. On the basis of this potential, the cantons are divided into cantons with high resources and weak resources. Assessed annually.
Ressourcenschwache Kantone	Resource-weak cantons	On the basis of the <i>resources potential</i> , the cantons are divided into cantons with high resources and weak resources. Low-resource cantons receive financial resources from the resource-strong cantons (horizontal resource balancing) and from the federal government (vertical resource balancing). Assessed annually.
Ressourcenstarke Kantone	Resource-strong cantons	On the basis of the <i>resources potential</i> , the cantons are divided into cantons with high resources and weak resources. Low-resource cantons receive financial resources from the resource-strong cantons (horizontal resource balancing) and from the federal government (vertical resource balancing)
Schuldenbremse	Debt brake	The debt brake is designed to avert structural imbalances in federal government finances. It ensures a countercyclical fiscal policy by permitting limited cyclical deficits during downturn phases of the economic cycle and requiring surpluses when the economy is booming.  <input type="checkbox"/> <a href="#">Debt brake</a>
Schwerverkehrsabgabe (LSVA und PSVA)	Heavy goods vehicle tax	Two forms: 1) The <i>performance-related heavy vehicle charge</i> (LSVA) is a federal charge that depends on the total weight, emissions level and kilometres driven in Switzerland and the Principality of Liechtenstein. Levied on all motor vehicles and trailers that have a total permissible laden weight of more than 3.5 tonnes; are used

German term	English	Explanation
		<p>to transport goods; and aAre registered in Switzerland or abroad and are driven on the Swiss public road network. The 2) <i>lump-sum heavy vehicle charge</i> (PSVA) is levied in the form of a lump sum on heavy motor vehicles for the following vehicle types: Heavy passenger vehicles; heavy campervans, motorhomes and caravans; vehicles used for transporting passengers (coaches, buses); tractors and motor carriages; motor vehicles for fun fairs and circuses; other motor vehicles for the carriage of goods and with a maximum speed of 45 km/h. Collected by the Federal Customs Administration.</p> <p>□ <a href="#">Heavy vehicle charges</a></p>
<p>Sonderlasten</p> <ul style="list-style-type: none"> <li>• der Bevölkerungsstruktur (SLA A-C)</li> <li>• der Kernstädte (SLA F)</li> </ul>	<p>Special burdens/costs</p>	<p>Special burdens are part of the geo-topographical and socio-demographic cost compensation (2<sup>nd</sup> pillar). The calculation of the special burdens is based on clearly defined and measurable indicators. Two main types for the socio-demographic cost compensation:</p> <ul style="list-style-type: none"> <li>• special burdens due to the demographic structure, measured through poverty, age structure and integration of foreigners.</li> <li>• special burdens due to core cities, measured through population size, settlement density and number of employees at local level</li> </ul>
<p>Soziodemografische Belastung</p>	<p>Socio-demographic burden</p>	<p>The socio-demographic burden relates to social and demographic structures that can affect the economic strength of a canton. Based on the factors of poverty, age structure and integration of foreigners.</p>
<p>Spirituosensteuer</p>	<p>spirits tax</p>	<p>Domestically produced spirits, brandies and aperitifs, etc. and high-grade alcohol produced for industrial purposes are liable to a tax. Imported products are liable to what are known as monopoly taxes. The spirits tax does not apply to traditional fermented products such as beer, wine and cider. Beer, however, is subject to a</p>

German term	English	Explanation
		<p>beer tax. Spirits and beer tax are both levied by the Federal Customs Administration.</p> <p>The net revenue from spirits duty is divided between the Confederation (90%) and the cantons (10%) every year. The Confederation's share flows into the public pension scheme; the cantons' share, known as the «alcohol tenth», is used to combat the causes and effects of alcoholism, addictive substances, narcotics and drug abuse. The cantons provide an annual report on the activities which were financed using this money</p> <p><input type="checkbox"/> <a href="#">Alcohol tax</a></p> <p><input type="checkbox"/> <a href="#">Beer Excise Tax</a></p>
Standardisierter Steuerertrag (SSE)	Standardised tax revenue	Tax proceeds a canton was to receive if it applied a uniform, standardises tax rate to its resource potential
Standardisierter Steuersatz	Standardised tax rate	Corresponds to the total tax proceeds of cantons and municipalities (including the cantonal share in the <i>Federal Direct Tax</i> ) in percentages of the total resource potential of all cantons in the assessment years
Steuerausschöpfungsindex	Tax exhaustion index	Ratio between the actual tax proceeds of a canton (incl. communal taxes) and the resource potential. Past on the past in that for the reference year 2018, the mean tax proceeds from 2012 through 2014 are used
Steuerbelastung	Tax burden	Total amount of tax due
Steuererklärung	Tax return/declaration	Declaration of one's own income and wealth, usually filled out annually per 31 December of the last year.
Steuererleichterungen für Ehepaare:  1. Besondere Tarife für Alleinstehende, Verheiratete und Familien	Tax relief measures for married couples	Due to the progressive nature of the income tax scales, the family taxation principle can lead to unjustified increases in the tax burden. In order to prevent a tax disadvantage for married couples <i>via-à-vis</i> cohabiting couples, the Confederation and cantons introduced – in addition to possible

German term	English	Explanation
2. Doppeltarif: 3. Splittingverfahren: 4. Besteuerung nach Konsumeinheiten		deductions – certain relief measures in favour of married couples:  1. Special scales for single persons, married couples and families 2. Double scale: aside from a singles’ scale, there is a married persons’ scale that provides relief for married couples in Zurich, Bern, Lucerne, Zug <sup>15</sup> , Basel Stadt <sup>15</sup> , Appenzell Ausserrhoden, Ticino and Jura. 3. Splitting procedure: Schwyz, Nidwalden, Glarus, Fribourg, Solothurn, Basel Landschaft, Schaffhausen, Appenzell Innerrhoden, St. Gallen, Graubünden, Aargau, Thurgau, Neuchâtel and Geneva apply full or partial splitting. 4. Taxation by consumption unit: a variable divisor that depends on the composition and size of the family is applied to a family’s total income in order to determine the tax rate. Only the canton of Vaud has this system which is a kind of splitting that is extended to children and single parent families.
Steuerfuss	Tax coefficient	Multiplier applied autonomously by communes to the cantonal tax, to determine the amount due to them
Steuerliche Wettbewerbsfähigkeit	Tax competitiveness	Describes the competition between municipalities, cantons or even countries to attract economically interesting companies and rich persons. The actual competition takes place in the area of tax policy
Steuersatz	Tax rate	The tax rate is a scale for the calculation of the tax (the percentage applied to the taxable income, for example). The rate can be fixed or vary with the height of the calculation base (i.e. the income). The form of the tax rate defines a proportional or a progressive tax collection.
Subsidiarität	Subsidiarity	The principle of subsidiarity states that (higher) state institutions should only intervene if the possibilities of the individual, a smaller group or a lower hierarchical level alone are not sufficient to solve a specific task. In other words, the level of

German term	English	Explanation
		regulatory competence should always be "as low as possible and as high as necessary".
Tabaksteuer	Tobacco (excise) tax	<p>The object of this tax are ready-to-use tobacco products, cigarette papers and substitute products that are commercially manufactured in or imported into Switzerland. Manufacturers must pay the tax on tobacco products produced in Switzerland; for imported tobacco products, the person liable for customs duties pays the tax. Collected by the Federal Customs Administration.</p> <p>☐ <a href="#">Tobacco excise tax</a></p>
Tourismusförderungsabgabe	Tourism promotion tax	<p>The cantons of Appenzell Innerrhoden and Geneva levy a so-called tourism promotion tax on companies that carry out a business or commercial activity and benefit from the direct or indirect effects of tourism.</p> <p>It is based on the benefits and added value that the taxpayers derive from tourism. The revenue from this tax is intended for developing and promoting tourism.</p> <p>Communes in the cantons of Bern, Lucerne, Glarus, Fribourg, Graubünden, Ticino, Vaud and Valais also have the option of levying such a tax or a similar one.</p>
Umverteilung	Redistribution	The term redistribution refers to the process of fiscal policy measures and developments that affect the distribution of income or wealth in different population groups. The goal is a redistribution towards greater equal distribution.
Unternehmenssteuer	Business tax	Totality of taxes which a business has to pay.
Vergnügungssteuer	Entertainment tax	<p>Tax on public events with payment of a fee and is levied in the form of either a ticket tax (usually 10 % of the admission fee or gross receipts) or a flat-rate charge.</p> <p>Levied in the cantons of Fribourg, Appenzell Ausserrhoden, Ticino (only cinemas), Neuchâtel and Jura. The entertainment tax is an optional</p>



German term	English	Explanation
		communal tax in the cantons of Lucerne, Solothurn and Vaud.
Vermögenssteuer	Wealth tax	<p>All cantons and communes levy a tax on the assets of individuals. Assessed annually at the same time as income tax (only one tax return for both taxes). A specific reference date is set for wealth tax.</p> <p>In general, the taxpayer's <b>total assets</b> are subject to wealth tax. Total assets include all of the property and rights of which the taxpayer is the owner or holder of a usufruct. They are usually assessed at market value.</p> <p>Taxable assets include in particular movable assets (e.g. securities, bank deposits, car) and immovable assets (e.g. land), redeemable life and annuity insurance, and assets invested in a business or farm.</p> <p>Most of the scales for wealth tax are progressive. The cantons of Lucerne, Uri, Schwyz, Obwalden, Nidwalden, Glarus, Appenzell Innerrhoden, St. Gallen and Thurgau have fixed tax rates (proportional tax).</p>
Wasserfahrzeugsteuer	watercraft tax	Tax on motorboats, sailboats and barges, which have to be registered with a cantonal shipping authority
Wasserzinsen	Water tax	<p>This tax must be paid by hydroelectric power stations for using the hydropower beyond a certain gross output.</p> <p>There is no such tax in the cantons of Zurich, Fribourg, Basel Stadt, Basel Landschaft, Schaffhausen, Thurgau and Ticino.</p> <p>It has to be distinguished from the water charge levied for disposing of water (water sovereignty), which represents a payment for water used.</p>
Wehrpflichtersatzabgabe	Military service exemption tax	Every Swiss male above 18 years is required to perform military service. Anyone who, for whatever reason, fails (in whole or in part) to

German term	English	Explanation
		fulfil this duty personally by doing military or civilian service has to pay military service exemption tax. Despite the name, this is not a tax in the pure sense, but rather a <b>compensation charge</b> . The cantons collect the military service exemption tax under the supervision of the Confederation. They can retain a collection commission of 20% for this.
Zollabgaben	Customs duties	Levied on all goods crossing the customs border. A customs debt also arises when goods are not used and are instead re-exported. Rates are almost exclusively based on weight (e.g. CHF X per 100 kg gross). The revenue from customs duties goes into the federal coffers and amounted to approximately CHF 1.13 billion in 2018. Collected by the Federal Customs Administration.  ☐ <a href="#">Customs duties</a>
Zweckbindung	Earmarked	The term earmarking generally means that certain funds may only be used for specific, statutory or contractual purposes.

**Further reading and data:**

- *Finanzausgleich:*  
<https://www.efv.admin.ch/efv/de/home/themen/finanzausgleich/uebersicht.html>
- *Overview of government finances:*  
<https://www.efv.admin.ch/efv/en/home/themen/finanzstatistik/uebersicht-staatsfinanzen.html>
- *The Swiss Tax System: Main features of the Swiss tax system; Federal taxes; Cantonal and communal taxes.* 2019 edition, at [https://www.eda.admin.ch/dam/countries/countries-content/united-kingdom/en/FTA-swiss-tax-system-2019\\_EN.pdf](https://www.eda.admin.ch/dam/countries/countries-content/united-kingdom/en/FTA-swiss-tax-system-2019_EN.pdf)