

Swiss Vote on Individual Taxation: Who Wins – Who Loses?

“With individual taxation, the socially sensitive issues of the ‘marriage penalty’ and ‘marriage bonus’ would be eliminated. Marital status would thus lose its relevance for tax purposes. Couples who have postponed their decision to marry for fiscal reasons would no longer have to fear tax disadvantages, provided the reform is successfully implemented at all government levels.”

Dr. iur. Aurelia Frick, Strategic Advisor, Location Head Buchs SG

Abolition of joint taxation

At present, married couples are jointly assessed for direct federal taxes; their income and assets are combined. Due to progressive tax rates, this can result in a higher tax burden compared to two unmarried persons with the same total income. Existing deductions and special rates alleviate this effect to some extent, but do not completely eliminate it.

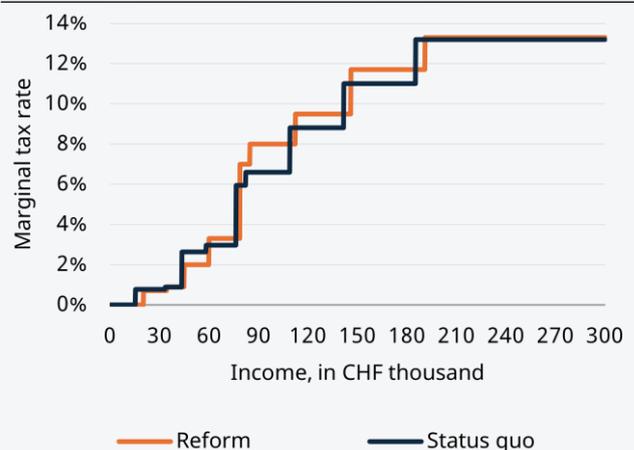
This situation has been the subject of political debate for years, with repeated adjustments made to reduce disparities. Nevertheless, the fundamental question of the system – joint or individual taxation – remained unresolved.

The proposal to be voted on March 8 aims to abolish the so-called marriage penalty and achieve neutrality with regard to marital status by introducing individual taxation. To this end, deduction rules will be adjusted and the rates for direct federal taxes redesigned, so that lower and middle incomes tend to benefit, while higher incomes may face greater tax burdens.

The following outlines the specific impacts of the reform on different households, depending on income level and marital status.

New tax rates for direct federal tax

Comparison of marginal tax rates, status quo vs. reform



Source: Federal Act on Direct Federal Taxation (DBG, current law) as well as Federal Gazette BBl 2025 2033, Federal Act on Individual Taxation (voting proposal), smzh ag.

To illustrate the effects of the reform on direct federal taxation, the Federal Tax Administration (ESTV) uses a specific income concept based on taxable income, to which certain deduction items are added. These include insurance deduction, child deduction, and – under the current status for married couples – married couple deduction and second earner deduction. This comparative income is typically lower than the gross income but higher than taxable income in the strict sense.

The marriage penalty would disappear – as would the marriage bonus

The reform has differentiated effects on married couples. Households with a largely balanced earned income split (e.g., 50/50) generally benefit from individual taxation, regardless of the absolute income level or whether children live in the household. As income distribution becomes more asymmetrical, the relief decreases and can turn into an increased tax burden, especially at higher income levels. Traditional single-earner marriages (100/0) lose the existing marriage bonus and thus are structurally more affected. In cases of part-time employment (e.g., 80/20), the actual impact depends largely on the overall income level. Therefore, it is no longer the marital status itself that is decisive, but rather the specific income distribution within the household.

Among unmarried individuals, almost all benefit – except those with very high incomes

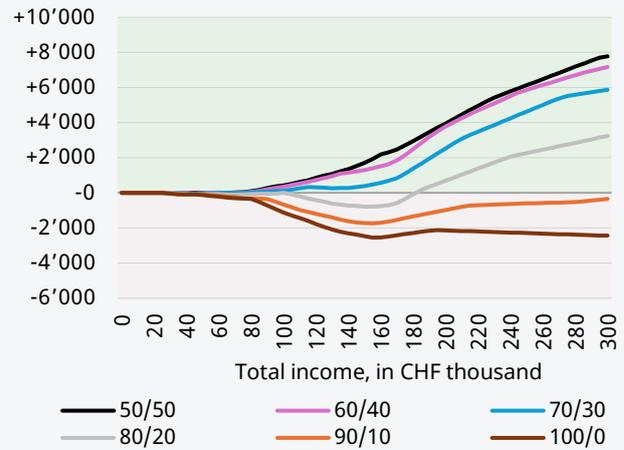
According to official estimates, around 60% of unmarried taxable persons would benefit from the reform, while only about 10% would face an increased tax burden. Primarily affected are higher incomes starting at approximately CHF 95,000, where the adjusted tax rates result in a higher tax bill.

For unmarried individuals with children, two opposing effects come into play: On the one hand, the child deduction per child will increase from CHF 6,700 to CHF 12,000. On the other hand, higher tax rates apply at elevated income levels, reducing the relief effect or even turning it into a higher tax burden.

In absolute terms, the effects for unmarried persons are overall smaller than for married couples, since there is no distortion from progressive rates through joint assessment.

Effects on married couple without kids

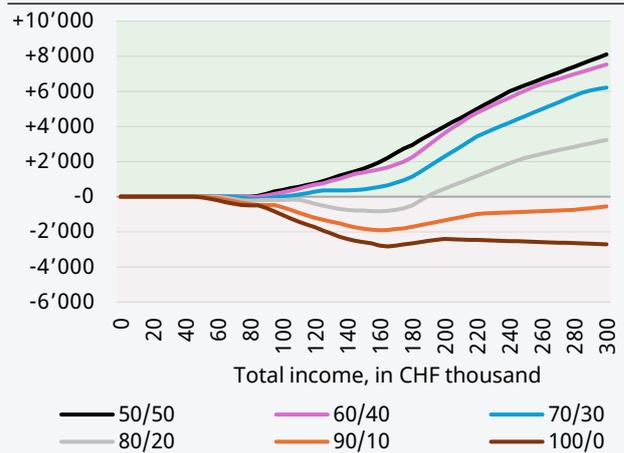
Lower (+) / greater (-) tax burden in CHF, reform vs. status quo



Source: Excel file „Tax Burden – Married Couples (with secondary earner deduction),“ Swiss Federal Tax Administration ESTV, smzh ag.

Effects on married couple with one child

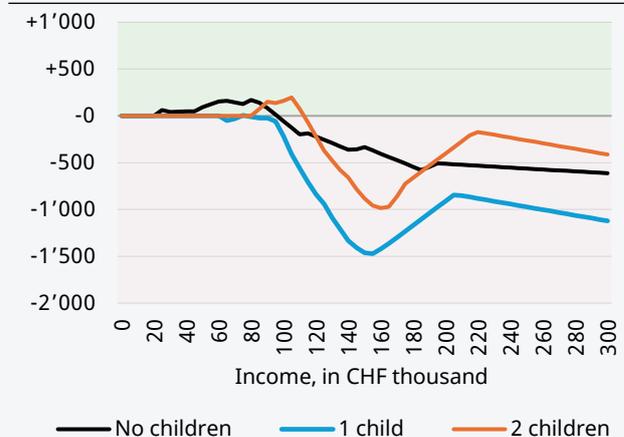
Lower (+) / greater (-) tax burden in CHF, reform vs. status quo



Source: Excel file „Tax Burden – Married Couples (with secondary earner deduction),“ Swiss Federal Tax Administration ESTV, smzh ag.

Effects on unmarried persons (single person)

Lower (+) / greater (-) tax burden in CHF, reform vs. status quo



Note: With full child deduction.
Source: Excel file „Tax Burden – Unmarried Persons,“ Swiss Federal Tax Administration ESTV, smzh ag.

Pensioners benefit above average

According to official estimates, around 60% of pensioners would benefit from the reform, while only about 10% would face a higher tax burden. Married pensioner households often have a balanced income structure from AHV and BVG benefits, which reduces the previous progressive impact of joint assessment. Unmarried pensioners mostly fall within the lower and middle income segments and accordingly benefit from the adjusted tax rates. The estimated average tax effect is highest for married pensioners, at about CHF 203 per person. Next in line – consistent with the reform’s objectives – are households with two working individuals.

The reform would lead to reduced tax revenues

If average tax payments decrease across all taxable individuals, the overall tax revenue falls accordingly. According to official estimates, the revenue losses for direct federal taxes in the 2026 tax year would amount to approximately CHF 626 million. The largest share of relief would go to pensioner households (around CHF 288 million), followed by dual-earner marriages (about CHF 225 million).

Increased employment incentives could boost workforce participation

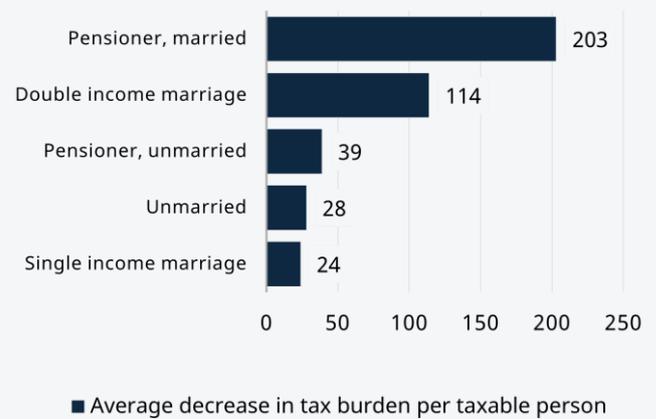
The federal government expects that adjusted tax rates and lower marginal tax burdens – especially for second earners – will encourage greater labor force participation. An increase in workforce participation could generate both economic stimulus and additional fiscal effects. ESTV estimates that approval of the reform for direct federal taxes could create between 2,400 and 10,400 additional full-time equivalents in the long term. If implemented across all government levels – including federal, cantonal, and municipal – a projected effect of around 10,000 to 44,000 additional full-time equivalents is expected.

Uncertainty at the cantonal level

The vote formally concerns direct federal taxes. Cantons and municipalities would have to adjust their tax laws accordingly if the reform is approved. However, the concrete effects on cantonal and municipal taxes are currently not quantifiable. Therefore, the overall tax impact across all government levels remains highly uncertain until the specific cantonal implementations are determined.

Pensioners stand to benefit particularly strongly

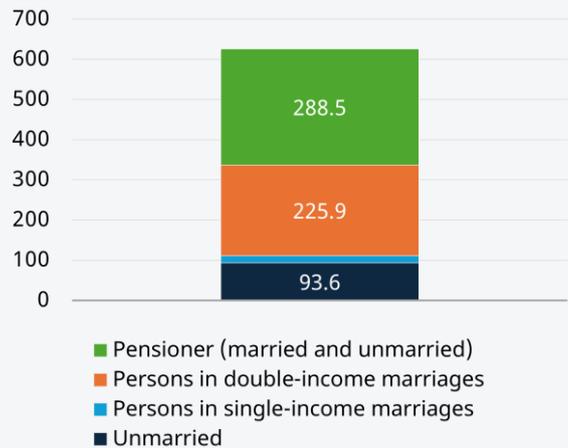
Average lower direct federal tax burden



Source: Excel file „Average change in tax burden,” Swiss Federal Tax Administration ESTV, smzh ag.

Estimated decrease in tax revenue of CHF 626 m

Average lower tax revenue in direct federal tax revenue



Source: Excel file „Average change in tax burden,” Swiss Federal Tax Administration ESTV, smzh ag.

Conclusion

The reform neutralizes marital status from a tax point of view.

Double-income and pensioner households are the primary beneficiaries of the reform.

Married couples with a single income lose their marriage bonus.

Unmarried persons with low or medium incomes benefit, while high-income earners benefit only partly.

Reduced federal tax revenues of some CHF 626 m; cantonal and municipal implementation uncertain

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