



## **Equalisation of Resources and Compensation of Burdens 2010 audit of the cantons and federal administrative offices**

### **Key facts**

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Except for data concerning companies that benefit from federal direct tax discounts, the audit did not identify any significant material weaknesses or errors in the process of collecting, processing and calculating the 2011 financial equalisation data.

The checks on individual data by the Division of Fiscal Fundamentals of the Federal Tax Administration (FTA) are relevant and systematically enforced. The control of plausibility and the traceability of the transactions have been improved, thanks especially to the explicit mention of the legal and taxation status (provisional/final) for the companies within the certification issued by the FTA. Lack of a substitution settlement within the Division endangers however the reliability of the data as well as the proper fulfillment of the operations schedule for the financial equalization process.

The most significant findings regarding the fiscal year under exam in 2010 – the year 2007 – concern the cantons of Schwyz and Vaud. The program aimed at extracting the data regarding the net fortune in Schwyz had to be corrected following the audit of the SFAO. This has led to additional resources of 15 billion francs in assets of private individuals. In Vaud, all indicators of the equalization of resources contain errors, except the one related to individuals liable to tax at source. The most momentous errors concern those companies benefitting from tax discounts. For some of them, the benefit after tax discount instead of the benefit before tax discount has been communicated. Informed of such errors, which could have had significant financial consequences, the canton of Vaud transmitted new data by the end of September 2010.

The specialist group on quality assurance for Financial Equalization has noted the insufficient quality of the data for the companies with tax discounts in the canton of Vaud. For these companies, the data of 2005 to 2007 will be reexamined in November 2010, which will eventually lead to a retroactive correction of the equalization amounts if indicated.

The SFAO notes that the Federal Statistical Office (FSO) has formalised the processes of collecting, handling and checking the data related to the compensation of burdens. Regarding the poverty indicator, only few cantons are still providing aggregated data. The SFAO recommends that the FSO introduce a certification system for those cantons in order to grant the traceability of the percentage of welfare recipients.

A new information technology environment has been established at the FTA. No error in the data processing by this office has been identified. In order to ensure the reliability of data processing at the FTA, the SFAO plans a specific examination of the issue in 2011.

**Original text in french**