

## Key facts

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The audit did not identify any material weaknesses or errors in the collection and processing of the data used for calculating the 2012 fiscal equalization.

In 2012, the volume of movements associated with the New system of fiscal equalization and division of tasks (NFA) will be CHF 4,676 million, slightly lower than the previous year. CHF 3,573 million is set aside for resource equalization, with CHF 1,453 million borne by those cantons with greater fiscal capacity. The Confederation finances CHF 3,102 million, including 100% of the funds allocated to cost compensation (CHF 738 million).

At the request of the Swiss Federal Audit Office (SFAO), a systematic control of the exhaustiveness and accuracy of the data regarding companies benefiting from direct federal tax relief was introduced within the "Studies and Support" division of the Federal Tax Administration (FTA). This enhances the reliability of the cantonal resource equalization data. Practically all cantons have comprehensive and detailed NFA quality assurance concepts that cover all indicators. The FTA's control system, while coherent and systematically implemented, still has room for improvement in the organisation of the substitution and documentation of the computerised plausibility check of the cantonal data.

The most significant findings for the fiscal year audited in 2011, i.e. 2008, concern the income indicator for persons taxed at source. The SFAO found that two cantons made mistakes in communicating the resource potential for taxpayers at source who were also subject to ordinary taxation on account of their high salaries. The Canton of Ticino forwarded its data twice, with excess resource potential amounting to CHF 92, 148 and 178 million for the years between 2006 and 2008. Meanwhile, for the same fiscal years, the Canton of Vaud failed to transmit the potential for this category. The amounts not declared by the Vaud tax authorities thus came to CHF 121, 153 and 120 million. The SFAO also detected another systematic error: potential of CHF 2 million a year for diplomats posted abroad subject to direct federal tax in the Canton of Jura was not disclosed.

After being made subject to a qualified opinion by the NFA Quality Assurance Working Group last year, the 2005-2007 data for Vaud companies benefiting from direct federal tax relief was re-submitted by the Vaud tax authorities at the start of November 2010. With the exception of the figures for six companies with a special tax status that had not yet been taxed at the time of the cantonal NFA data retrieval, the SFAO found that the new figures complied with the directives for NFA application issued by the Federal Department of Finance. Favoursing an economic interpretation, the Federal Finance Administration (FFA) took account of the six companies' reduced tax potential in calculating the 2012 fiscal equalization data. Under the terms of a political compromise with the FDF, the Canton of Vaud refrained from any retroactive adjustment (in its favour) of the 2011 equalization payments.



For cost compensation, the only deficiencies identified by the SFAO concern the poverty sub-indicator. Despite the 2007 deadline set by the Federal Statistical Office (FSO) for introducing national statistics on poverty, this sub-indicator still includes cantonal data in aggregate form. Also, the cantons still cannot guarantee traceability of the FSO's calculation of the percentage of beneficiaries of social assistance.

The complex system of Excel tables used by the FFA to process NFA data has finally been secured. An IT audit conducted this year identified the remaining points that need improving in order to ensure the system meets the requirements for traceability and internal control. The SFAO's recommendation from 2006 can thus be regarded as implemented.

**Original text in French**