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Unconditional Transfers under Fiscal Federalism: Distributional Trade-offs in Switzerland[1]

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Abstract

This article examines how Switzerland's decentralized welfare structure shapes the outcomes of Basic Income reforms. Using SWISSMOD, a static microsimulation model based on EUROMOD, we simulate unconditional transfer schemes of varying generosity at federal and cantonal levels, combined with alternative financing. Our results show that Basic Income reduces poverty and inequality across all scenarios, but effects differ by implementation level: federal schemes achieve stronger redistribution and uniformity, while cantonal schemes produce heterogeneous outcomes and maintain interregional disparities. Progressive taxation enhances equity but risks excessively high marginal rates; wealth taxation offers fiscal relief but does not automatically enhance poverty reduction or social protection in a decentralized setting. Thus, centralized implementation enhances uniformity and equity across regions, while decentralized administration preserves local differentiation but risks perpetuating spatial inequalities. These findings underscore the importance of aligning social policy design with fiscal federalism when considering unconditional transfers and equitable access to income security.

JEL codes: C15, D31, H24, I32

Keywords: Basic income, fiscal federalism, poverty, inequality, Switzerland

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1. Introduction

Basic Income (BI) has gained renewed attention as a response to economic insecurity in an era of globalization, automation, and volatile labor markets. Its appeal lies in its simplicity: an unconditional cash transfer to all, replacing complex means-tested schemes (Colombino, 2015; Hoynes & Rothstein, 2019). Yet, the distributional and fiscal effects of BI are far from simple and depend critically on institutional context.

In Switzerland, the debate around BI is not merely theoretical: In 2016, a popular initiative proposing a BI was rejected by referendum, but it sparked a nationwide debate on the future of social policymaking. The country also offers a unique case: a three-tier tax structure and 26 distinct cantonal tax-benefit systems make it one of the most fiscally decentralized countries in the world. This raises key questions: how does the level of implementation affect the fiscal and distributive outcomes of an unconditional welfare reform, and how do these outcomes shape the resulting spatial differences?

To address these questions we use SWISSMOD (Kirn et al., 2025), a static microsimulation model based on EUROMOD (Sutherland & Figari, 2013). We simulate BI schemes of varying generosity under alternative financing mechanisms (flat and progressive income taxes, wealth tax).

Although simple to model, the potential distributional impact of unconditional transfers is far from trivial and critically depends on its design and surrounding institutional structure, as a number of microsimulation studies have shown (Aerts et al., 2025; Browne & Immervoll, 2017; Martinelli, 2020). However, the focus has mostly been on the implementation in uniform tax-benefit systems. Less attention has been given to the role of fiscal federalism and subnational fragmentation, as it exists in Switzerland. From a theoretical perspective, fiscal federalism may lead to fiscal competition and efficient outcomes (Tiebout, 1956), but also to adverse relocation incentives based on the generosity of the fragmented welfare systems and the respective distributional outcomes (Musgrave, 1971; Oates, 1999; Schmidheiny, 2006).

Our contribution is twofold: (1) we introduce a multi-level perspective to the BI debate, and (2) we provide new evidence on welfare reforms in a fragmented federal system. We find highly heterogeneous outcomes, with the tendency of centrally implemented BI reforms to perform stronger in terms of redistribution as well as poverty and inequality reduction.

The paper is structured as follows. Section 2 briefly reviews the concept of BI and gives an overview of relevant literature on it. Section 3 outlines the fiscal and institutional structure of Switzerland. Section 4 describes our simulation model, its data, and the setup of reform specifications. Section 5 presents our results, while Section 6 discusses them and concludes the paper.

2. Basic Income and Microsimulation

Basic Income is a regular cash payment made to individuals who are part of a specific political community (Van Parijs & Vanderborght, 2017). Often, a BI is conceptualized as an unconditional benefit, meaning the payment is made irrespective of age, gender, and labor market status and without any means-test attached to it. Such a *Universal* Basic Income (UBI) would be a radical shift in the way social security systems are traditionally designed, stepping away from a workfare approach (Van Parijs, 2004).

A BI is usually thought to be financed through labor taxation. Atkinson's (1997) proposed a flat tax on labor income relying on indirect progressivity, in order to arrive at an optimal tax system, though direct progressive taxation is also possible. BI is often compared to the Negative Income Tax (NIT), popularized by Milton Friedman (1962). NIT is a scaling transfer based on income. It subsidizes incomes below a threshold and taxes those above. Under simplified assumptions, BI and NIT can be distributionally equivalent (Limerick & Quiggin, 2025; Tondani, 2009). Other financing options include taxes on consumption, capital, or wealth, and the reimbursement of the revenue of a carbon tax.

BI has never been implemented outside of pilot projects (e.g., Riutort et al., 2023). Advocates emphasize potential benefits for recipients' health, well-being, and its potential redistributive power (Standing, 2017). Furthermore, consolidating existing benefits into one universal transfer and removing means-tests could lower administrative costs and partly offset higher spending (Ter-Minassian, 2020; Widerquist, 2017). Nonetheless, BI would be a very expensive policy, especially in high-income countries with a high poverty threshold. Even with savings, it would require substantial tax hikes (Hoynes & Rothstein, 2019). Additionally, labor supply effects are, at best, unclear. Early pilots found slightly negative effects, though these results are limited by their experimental setting (Widerquist, 2005). Recent studies either predict a strongly negative labor supply response, making the policy infeasible due to productivity and welfare

losses (Blömer & Peichl, 2021; Daruich & Fernández, 2024) or small, manageable reductions in working hours (Islam & Colombino, 2018), depending on model specifications.

An increasing number of studies move beyond a "full" BI and consider partly conditional or lower-level benefits that do not lift recipients above the poverty threshold but are more universal than traditional, means-tested programs (e.g., Aerts et al., 2025; Martinelli, 2020). While still distant from actual social policy, such "partial" BI schemes resemble existing benefits, e.g., child allowances, more closely. Partial schemes may reduce negative effects on labor incentives and fiscal costs, while maintaining potentially positive distributional effects. However, if conditions are too strict or benefits too low, they may fail to achieve the broader, normative goals of a BI (Martinelli, 2020).

Several recent microsimulation studies specifically examine BI policies. As mentioned, Martinelli (2020) simulates partial and full BI schemes in the UK, finding that schemes which replace existing benefits are either too expensive or lead to net household losses, while complementary partial schemes perform better in terms of poverty and affordability. In Germany, a study by the Federal Ministry of Finance attests unaffordability and largely negative labor incentives to a BI (Blömer & Peichl, 2021; BMF, 2021). Browne & Immervoll (2017) and Aerts et al. (2025) both simulate BI schemes of varying generosity across differing institutional contexts, showing how effects on budget, poverty, and redistribution are ambivalent and depend on the institutional context and design of the scheme. While our analysis only focuses on one country, Switzerland's institutional fragmentation offers substantial variation. To our knowledge, only two microsimulation studies investigate BI and NIT in Switzerland, both finding equity gains, at the cost of negative labor supply effects and, under some assumptions, efficiency losses (Abul Naga et al., 2008; Müller, 2004).

3. The Swiss Tax-Benefit System

3.1 Overview

Switzerland's system of direct taxation, benefits, and social insurance contributions (SIC) reflects its administrative structure. Taxes are levied on the federal, cantonal, and municipal levels. Considering a structure of 26 cantons and many more municipalities, the tax burden varies considerably, depending on the place of residency. Taxes are relatively low, with

Switzerland having an average income tax burden of 23% for a full-time working, one-person household, which is roughly 12 percentage points less than the OECD average (OECD, 2025)

On the federal level, only income taxes are levied. A progressive schedule is applied, taxing labor income between 0.77% and 13%. Different schedules exist for married and unmarried individuals, with married individuals being taxed on their joint labor income.[2] This is subject to change after a decision by the Swiss parliament in 2025. In the future, there will be a shift to individual income taxation to eliminate the tax disadvantages of married double-earner households.

The Swiss cantons and municipalities levy both income and wealth taxes, making Switzerland one of the few countries still relying on wealth taxation (Scheuer & Slemrod, 2021). Cantonal income taxes are mostly progressive; only the cantons of Obwalden and Uri apply a flat tax. As with the federal income tax, tax payers are assessed individually or jointly. Cantonal wealth taxes are similar in structure but have low rates (typically 0.1%-1%), low exemption levels, and a broad tax base. All wealth is taxable except pension accruals, certain household assets, and foreign real estate. However, outstanding liabilities lower the amount of taxable wealth, making it a net wealth tax. While many countries have abolished wealth taxes, Switzerland retains a long-standing one, partly substituting for a non-existent capital gains tax on movable assets (Scheuer & Slemrod, 2021). Municipal income and wealth taxes are, in all cases, assessed by applying a municipality-specific multiplier to the cantonal tax liability.

The Swiss social insurance system is of the Beveridge type. Insurances cover old-age, disability, other reasons for temporary leave of absences (e.g., maternity), work-related accidents, and unemployment. Contributions are set as a percentage of wages and paid by both employees and employers. Benefits are paid out in accordance with prior contributions and/or prior wages. Family Allowances, intended to cover child-related costs, are financed only by employers and self-employed individuals, with benefit levels varying across cantons (BFS, 2023).

Switzerland also provides means-tested social assistance for individuals who have exhausted unemployment benefits and fall below a certain asset threshold. It is administered at a cantonal level and financed via cantonal and municipal taxes. The transfer amount varies based on personal living arrangements and place of residence. Additionally, supplementary benefits support pensioners with insufficient pension income, and bridging benefits assist older

[2] For a more detailed description of the Swiss tax-benefit system see, e.g., Kirn et al. (2025).

unemployed individuals below retirement age. Both are financed by federal and cantonal tax revenues.

3.2 The Issues of Fiscal Fragmentation in Switzerland

Switzerland's high degree of fiscal federalism reflects its history as a confederation of independent cantons and its constitutionally anchored division of competencies (Linder & Mueller, 2021), extending to the tax-benefit system. According to Tiebout (1956), subnational public goods provision can be efficient, due to individuals expressing heterogeneous preferences through "voting by feet". This has been challenged, however, for overstating the mobility of labor and the benefits of tax competition (Boadway & Tremblay, 2012). From a federal perspective, centralizing tax authority may even be optimal to internalize fiscal externalities and broaden the tax base (Boadway & Keen, 1996; Oates, 1972).

In Switzerland, the effects of fiscal decentralization on the general economic performance of the Swiss cantons are ambiguous, though competitive elements appear mostly beneficial (Burret et al., 2022; Feld et al., 2005). Beyond general performance, one can raise the issue of the effectiveness of a welfare state. The same "voting with their feet" mechanism that drives tax competition, may lead individuals to choose more generous welfare systems, with the adverse effect of high-income households preferring less progressive ones (Agrawal et al., 2024). For Switzerland, there exists empirical evidence of such income sorting among the rich (Schaltegger et al., 2011; Schmidheiny, 2006). This undermines redistributive efforts and may even turn effective, country-wide tax rates for rich households regressive, due to their spatial choice (Roller & Schmidheiny, 2016), supporting the argument by Musgrave (1971) and Oates (1999) that redistributive policies should be assigned to the highest fiscal authority to limit adverse mobility effects.

Centralizing the tax-benefit system to limit taxpayer mobility consequently broadens the tax base, which may affect distributional outcomes. Sepulveda & Martinez-Vazquez (2011) find that fiscal decentralization increases poverty, with stronger inequality effects, the smaller the central government is. For Switzerland, fiscal fragmentation is linked to weaker redistribution and higher inequality, at least when the degree of decentralization is high (Feld et al., 2021). Switzerland's fiscal equalization mechanism (NFA)[3] aims at equalizing budgets between jurisdictions, but, while equalizing fiscally, such cooperative mechanisms tend to impede

[3] *Nationaler Finanzausgleich.*

economic performance, both in Switzerland and elsewhere in Europe (Burret et al., 2022; Feld et al., 2012; Sorribas-Navarro, 2011). Oates (1972, p.78 ff.) argues that intergovernmental transfers are ill-suited for redistribution, as transfers between rich and poor jurisdictions neglect that a relatively poor jurisdiction can still house rich individuals, making an equitable income distribution harder to achieve than transfers between individuals under a single authority.

Centralizing most of the Swiss tax-benefit system under a BI could have several implications. Reforming the expenditure side, i.e., equalizing transfer spending across governmental levels, could reduce intra-country migration incentives because of differences in transfers. However, if regulation remains cantonal, tax schedules would still vary due to demographic and socio-economic differences affecting revenue and budgetary requirements. Assigning transfers and their financing to the highest federal level would harmonize tax progression for everyone, hampering the possibility of evading higher taxes through mobility.

Furthermore, it is unclear how far the fiscal and distributional effects of such a social policy reform in Switzerland depend on its level of implementation. In theory, implementing it at a higher jurisdictional level broadens the tax base, facilitating redistribution due to a larger number of individuals. It also pools the different socio-economic conditions of 26 jurisdictions, changing the relation between rich and poor, and therefore net-payers and net-recipients of the social system. This could result in a form of equalization mechanism that does not rely on intergovernmental transfers, at least for social spending.

4. Simulation

4.1 Microsimulation Model and Data

We simulate the impact of BI reforms, using SWISSMOD (Kirn et al., 2025). SWISSMOD extends EUROMOD, a static microsimulation model covering all EU member states' tax-benefit frameworks (Sutherland & Figari, 2013). SWISSMOD covers the federal, as well as the 26 distinct cantonal tax-benefit systems and reflects the Swiss policy environment of 2023. For our simulations, we use the Swiss SILC dataset of 2020, uprated to correspond to 2023 values. To accurately represent data on wealth and place of residence, missing data were imputed

through matching with data from the Swiss Household Panel (SHP, 2023) dataset from 2020.[4] EUROMOD's hypothetical household tool was employed to analyze synthetic household types.

As a static model, SWISSMOD assumes no behavioral responses to policy changes, results therefore represent "day-after" effects on fiscal and distributional outcomes. We also assume full benefit take-up, which might overstate baseline coverage for means-tested programs. In the Swiss context the assumption of full benefit take-up is less of an issue for, e.g., child benefits, and the simulated BI, but neglects a significant portion of individuals who forego, e.g., social assistance, due to social norms and stigma effects (Hümbelin, 2019).

4.2 Simulation Specifications

We simulate one "full" and two partial BI schemes. The full scheme equals the subsistence level according to the Swiss Conference for Social Security (SKOS)[5], which is CHF 1,031 per month, excluding housing costs. To account for accommodation, we increase the amount according to the credited accommodation costs in the federal supplementary benefit scheme (CHF 1,525/month), resulting in a total of CHF 2,556 per month. While reflecting nationally defined minimum standards, applying the housing component uniformly across cantons can limit the real purchasing power of the transfer across regions, as there are substantial differences in housing costs between cantons, which must be considered when interpreting the results. The partial schemes amount to 50% (CHF 1,278/month) and 20% of the full BI (CHF 511/month). Children under the age of 18 will receive 30% of the amount that adults receive, following the OECD equivalence scale. Although high by international standards, these figures reflect Switzerland's elevated price and wage levels. With the 2023 poverty line at CHF 2,315 per month (SKOS), only the full scheme exceeds it marginally, whereas the Partial-High scheme covers basic subsistence excluding housing costs.

The BI reforms are only simulated for individuals below the statutory retirement age in Switzerland, which is 65. This constraint, common in other studies using the EUROMOD framework, stems from the static nature of the model as well as data limitations concerning work history and pension accruals (Aerts et al., 2025; Browne & Immervoll, 2017). Consequently, we leave the tax-benefit structure for those aged 65 and older unchanged.

[4] For more information on the model and imputation procedures, see Kirn et al. (2025).
[5] The SKOS is a voluntary association of cantons, municipalities, federal offices and associations that makes recommendations for the coordination and harmonization of social welfare but has no legally binding authority to set standards.

	Full BI	Partial BI (High)	Partial BI (Low)
Amount	2,556 CHF/month	1,278 CHF/month	511 CHF/month
Amount Children	767 CHF/month	383 CHF/month	153 CHF/month
Benefits			
Unemployment Benefit	No	Yes	Yes
Maternity Benefit	No	No	Yes
Social Assistance	No	Yes	Yes
Supplementary Benefit	Yes	Yes	Yes
Bridging Benefit	No	No	Yes
Child Benefit	No	No	Yes
Educational Allowance	No	No	Yes
Social Insurance Contributions			
AHV (Old Age)	Yes	Yes	Yes
IV (Invalidity)	No	No	Yes
EO	No	No	Yes
BV (Second Pillar)	Yes	Yes	Yes
Unemployment Insurance	No	Yes	Yes
Accident Insurance	No	No	Yes

Table 1: Overview of the simulated Basic Income Reforms and changes in the tax-benefit system

Depending on the generosity of the scheme, several benefits and social insurance contributions are abolished or retained (Table 1). Under the *Full BI*, all benefits are replaced except for the federal supplementary benefit scheme for pensioners. Only the old-age and survivors' insurance (AHV) is kept in place as a social insurance, as well as the second, occupational pillar of the pension system (BV). The *Partial-High scheme* reintroduces unemployment benefits as well as social assistance, to compensate for non-coverage of essential costs like housing for those in need of additional financial support. Correspondingly, unemployment insurance contributions are also reinstated. The *Partial-Low scheme* reintroduces all other benefits and SICs, making the BI a premium on the existing benefits.

4.3 Adjustments in Taxation

Our analysis focuses on two administrative levels of implementation: federal and cantonal. Municipal taxation is excluded because it operates as a simple multiplier of the cantonal tax burden. To isolate the effects of adjustments at the cantonal level, we adjust the municipal tax

factor when simulating cantonal reforms, to keep municipal tax revenue constant with respect to the baseline simulation. Similarly, we adjust only one level at a time: when simulating federal reforms, cantonal tax schedules remain unchanged, and vice versa. This ensures a ceteris paribus comparison of BI scenarios across different institutional anchoring points.

Following Atkinson (1997), we couple our BI reforms with a flat income tax, deviating from Switzerland's progressive federal, as well as almost all cantonal income tax schedules. For comparison, we also simulate federal implementations of the Partial-High and Partial-Low schemes with a progressive schedule. Since we assume fixed BI amounts when simulating the reforms, we require the tax revenue to match the previous revenue plus the additional revenue required for financing the BI, subtracted by the savings from benefits that are replaced. We iteratively adjust the flat income tax rates in our simulations to ensure budget neutrality. Depending on the level of implementation, we either consider the federal budget, i.e., covering the whole of Switzerland, or the specific cantonal budgets.

A further deviation from the status quo is that, in all reform scenarios, income taxation is strictly individual, matching the individuality of the BI benefit; joint taxation is not retained. Lastly, our simulations treat the BI as a true income floor, i.e., as a tax-free allowance, abolishing all other income tax allowances. Other studies have treated BI as taxable income, to partly offset its fiscal cost (e.g., Aerts et al., 2025; Badenes Plá et al., 2019).

As Switzerland levies a wealth tax on the cantonal and municipal levels, we simulate two different approaches: (1) maintaining the status quo, where existing schedules remain unchanged and revenue equals the baseline; and (2): introducing a uniform progressive wealth tax across all cantons, taxing net wealth between CHF 100,000 and CHF 5 million at 1%, and amounts above CHF 5 million at 1.5%. The exemption threshold is deliberately set low, reflecting current practice where exemptions are minimal or absent. The wealth tax rates are comparable to those still levied in, e.g., Norway or Spain, and in line with wealth taxes that were historically levied in other European countries (Scheuer & Slemrod, 2021). The additional wealth tax revenue reduces the degree to which income tax rates must be increased to ensure budget neutrality. Consequently, the final distributive outcome reflects the combined incidence of wealth taxes and the relatively smaller adjustment in income taxation. As with income taxation, we adjust the municipal wealth tax factor to keep municipal revenue constant relative to the baseline.

5. Results

5.1 Budgetary Impact

To determine the necessary revenues, we subtracted the savings from (partially) abolished benefits from the revenue in the baseline scenario, while adding the increased cost of the BI reforms. This ensures sufficient funding to finance government spending aside from welfare spending.

	Baseline	Full BI	Partial BI (High)	Partial BI (Low)
Tax Revenue	11,355,676,891	191,608,478,902	102,764,194,172	47,800,366,605
Difference to Baseline	-	+180bn	+91bn	+36bn
Tax Rate (flat)	-	46.9%	24.6%	11%
Tax Rate (progressive)	1%-11.5%	-	4.5%-77.2%	2.4%-36.2%

Table 2: Fiscal and budgetary impact of the three different levels of BI simulated. Source: Own simulations with SWISSMOD using SILC and SHP data.

Compared to the baseline, BI is highly expensive and requires substantial increases in tax revenue (Table 2). This holds especially true for the most generous scheme, which can only be financed with a flat tax of 46.9% on all labor income on the federal level. Keeping the level of progression of the federal tax schedule constant with respect to the baseline, financing it via a progressive income tax is infeasible, due to the rates in the highest brackets exceeding 100%. The partial schemes also require significant additional revenue, but are more affordable through both linear as well as progressive taxation, with the lowest BI scheme requiring tax rate increases that would put Switzerland at around the same level as other developed nations.

Figure 1 shows the impact of cantonal implementation on tax rates[6]. For some, the flat rates rise above what would be necessary on a federal level, while for some, they fall below. The cheaper the reform becomes, the more cantons have higher linear tax rates compared to the federal

[6] AG (Aargau), AI (Appenzell-Innerrhoden), AR (Appenzell-Ausserrhoden), BE (Bern), BS (Basel-Stadt), BL (Basel-Landschaft), FR (Fribourg), GE (Geneva), GL (Glarus), GR (Graubünden), JU (Jura), LU (Luzern), NE (Neuchâtel), NW (Nidwalden), OW (Obwalden), SG (St. Gallen), SH (Schaffhausen), SO (Solothurn), SZ (Schwyz), TG (Thurgau), TI (Ticino), UR (Uri), VD (Vaud), VS (Valais), ZG (Zug), ZH (Zürich)

implementation. This can be explained by two factors. First, the single cantonal budgets in the baseline add up to a larger total revenue than there is for the federal income tax. This means that although the total additional revenue needed for the BI is the same on a federal as well as a cantonal level, the net costs are higher, due to a higher residual. Second, the less generous schemes retain several existing benefits, particularly social assistance, which is fully financed at the cantonal level, making them significant cost drivers

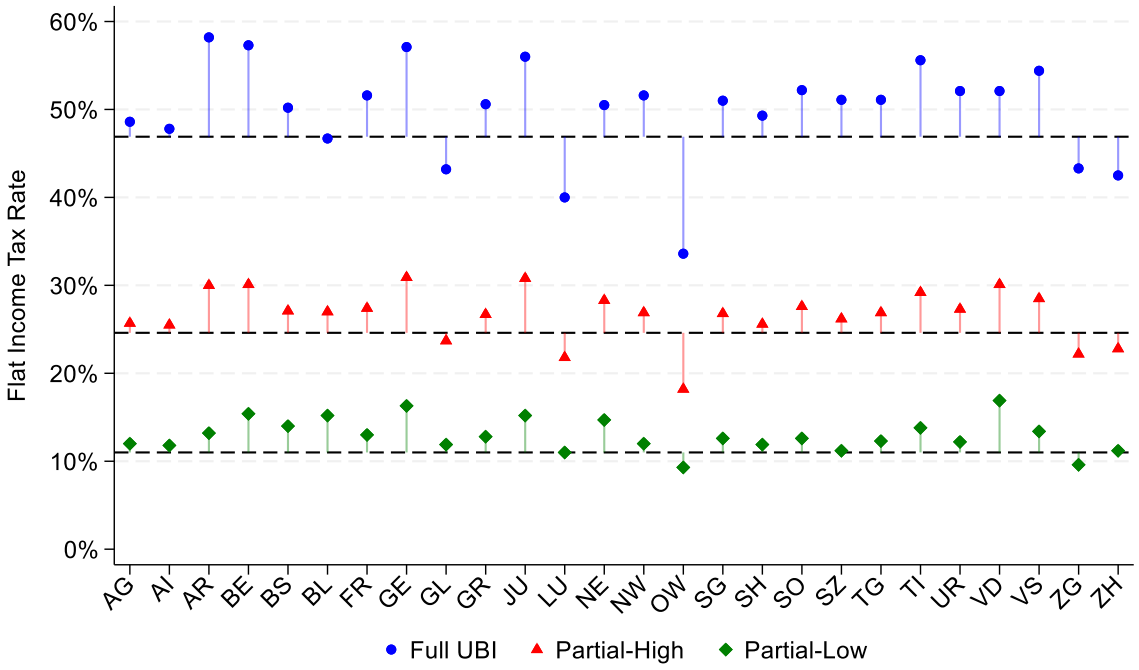

Figure 1: Linear income tax rates for all 26 Swiss cantons for three levels of generosity. The dashed line represents the respective rate for a federal implementation. Source: Own calculations with SWISSMOD using SILC and SHP data.

Figure 2 shows that this pattern reverses when an additional wealth tax reform is introduced. Especially the less generous reforms tend to require lower linear tax rates in almost all cantons, while for the full BI reform, most cantons would still have to employ rates above the federal benchmark. This can be attributed to the fact that, by design, the wealth tax revenue is the same for all reform options, but the total cost scales significantly, leading to a larger share of expenditure that can be financed by it.

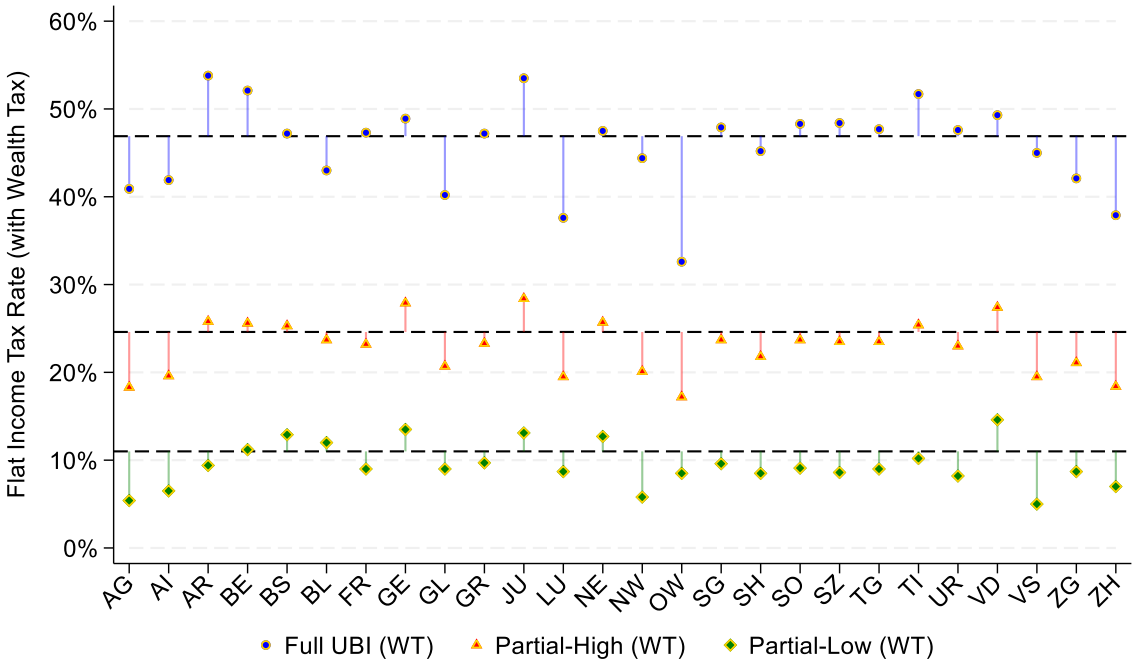

Figure 2: Linear income tax rates for all 26 Swiss cantons for three levels of generosity and a supplementary wealth tax reform. The dashed line represents the respective rate for a federal implementation. Source: Own simulations with SWISSMOD using SILC and SHP data.

5.2 Impact on the Distribution of Income

5.2.1 Household Level

Figure 3 depicts disposable income for a fictitious single-person household in relation to gross household labor income under the three BI levels. For the federal reform simulation, we assume residence in the canton of Zurich; for the cantonal reforms, we compare Zurich (high-income) and Ticino (low-income). We assume a net wealth of 500,000 CHF, making the individual ineligible for social assistance and therefore isolating the impact of the BI reforms on household income. Consequently, we also exclude the simulation of the supplementary wealth tax reform in this comparison.

The effects on disposable income vary by generosity, implementation level and mechanism, and canton. For the full scheme, differences emerge between federal and cantonal implementation and between Zurich and Ticino. Nonetheless, all full reforms increase the disposable income among low-earners, while increasing the tax burden in the top deciles compared to the baseline, with the federal reform being the most redistributive. These patterns repeat for the less expensive reform options, although weaker. The Partial-Low flat tax reform

differs little across levels and cantons and is only slightly more redistributive than the baseline. In contrast, the Partial-High progressive reform generates very high marginal effective tax rates (METR) in the top brackets, as higher federal taxes compound with unchanged cantonal taxes and social insurance contributions, undermining an efficient incentive structure.

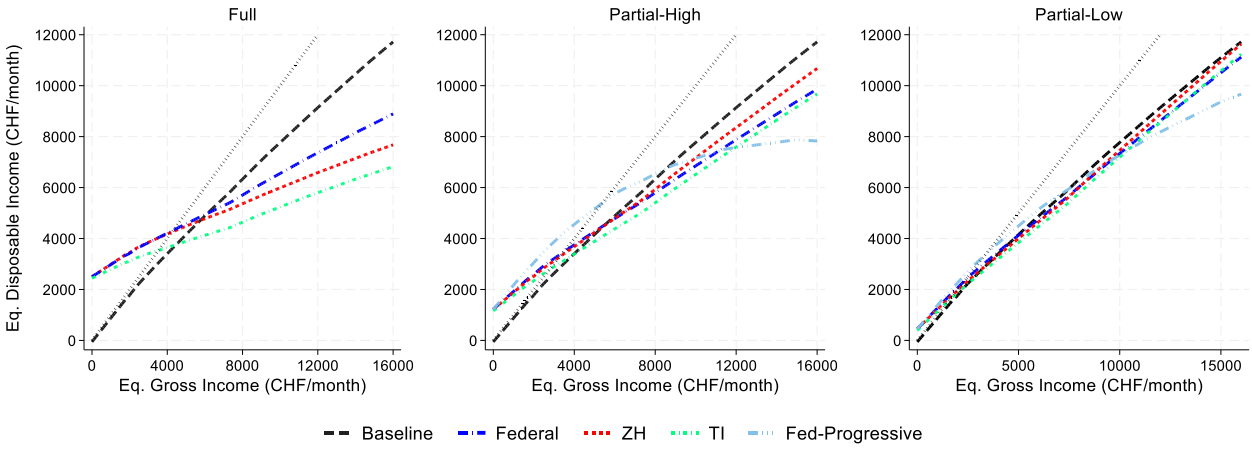

Figure 3: Equivalized Disposable Income depending on different implementation levels and mechanisms for one-person-household. Source: Own simulations with SWISSMOD using hypothetical household data.

These effects are even more pronounced for a hypothetical household with two married adults and two minor children (Figure 4). Under the Partial-High progressive reform, the METR exceeds 100% at around CHF 7,000 equivalized gross household income per month when a single earner is assumed. These very high METRs observed under this scenario are in both cases caused by the interaction of several modelling assumptions. First, the BI is simulated as a tax-free transfer and most existing deductions and allowances are abolished to ensure budget neutrality. Second, progressive federal tax brackets are scaled to meet the revenue target, while cantonal tax schedules remain unchanged. Third, joint taxation at the cantonal level implies that spouses increase the household's marginal tax burden. Combined with SICs, these elements mechanically produce METRs exceeding 100% for specific household constellations. Such high rates, however, are not inherent to progressive BI financing, as can be seen in the Partial-Low scenario. In the Partial-High case, they result from scaling tax rates within the existing tax architecture to finance a BI. Harmonizing tax units across levels or redesigning tax brackets, could mitigate these effects, but reduces comparability with the baseline institutional structure, which is why we do not consider them here.

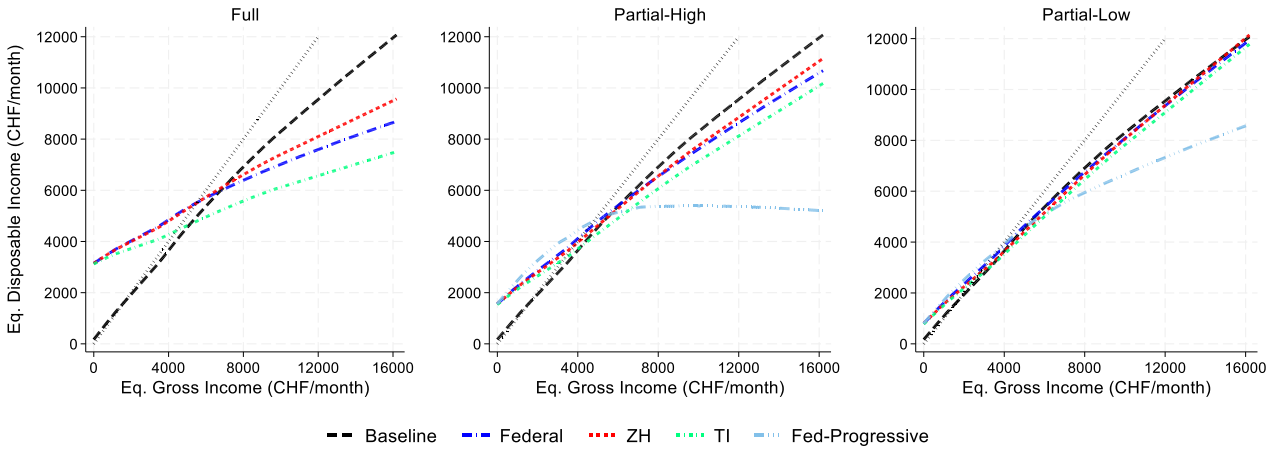

Figure 4: Equivalized Disposable Income depending on different implementation levels and mechanisms for a two-person-one-child-household. Source: Own simulations with SWISSMOD using hypothetical household data.

For all other reforms, results are comparable to those of the single-household. Generally, we observe that, although financed via a flat tax, in all BI scenarios we find a slight concavity in disposable income. This is due to at least one part of the tax system keeping its progressive structure in the reform scenarios. The close correspondence between the Partial-Low reforms and the baseline indicates that a low BI combined with a flat tax, while maintaining existing benefits, yields comparable household-level outcomes, implying similar marginal as well as average tax rates.

5.2.2 Aggregate Level

To provide a comprehensive distributional assessment, we assume returns on wealth in addition to labor income. Attributing wealth tax liabilities solely to labor income would overstate burdens for households with low labor income but high net wealth and ignore asset-derived disposable income. The returns on wealth in Switzerland are highly dependent on total wealth and asset structure (Brunner et al., 2021), but since our data lack clear information on the composition of wealth, we assume an average return rate. While recent work assumes a high 6% return rate for Switzerland (Brülhart et al., 2016), empirical suggests lower returns for most households (Brunner et al., 2021). Estimates for the United States and Norway range from 3% to 4.2% (Benhabib et al., 2019; Fagereng et al., 2018). We settle for an average rate of return of 4.5% in our analysis, which fits the current and persistent low interest level in Switzerland (Bacchetta et al., 2022).

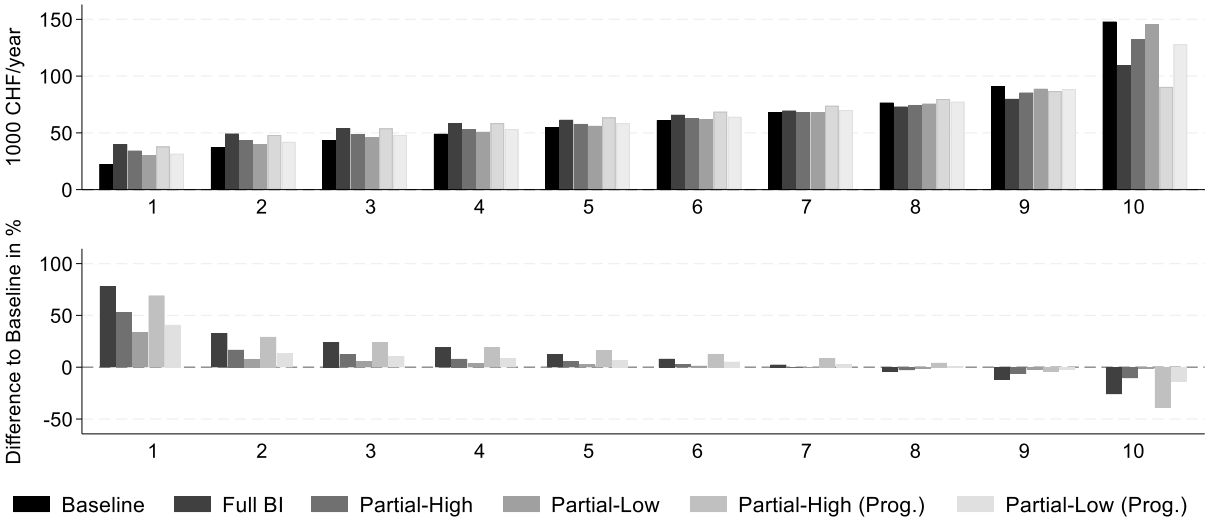

Figure 5: Changes in yearly mean equivalized disposable income by income deciles induced by federal BI reforms (Total and percentage). Source: Own simulation with SWISSMOD using SILC and SHP data.

Figure 5 illustrates changes in yearly mean equivalized disposable income under federal BI reforms compared to the baseline across income deciles. Under flat-tax-financing, the top three deciles are net-payers, whereas progressive reforms shift the heaviest burden towards the tenth decile. Most individuals gain or experience only minor losses compared to the status quo. Comparing federal and cantonal linear reforms, we find that, for all three levels of generosity, individuals would be between 0.3-4.3% worse off under a cantonal implementation, while the two highest income deciles would be between 0.7-7.3% better off (Appendix A2). This confirms the difference in impact on higher incomes and highlights the regressive tilt of cantonal implementation for higher incomes.

Figure 6 compares mean equivalized disposable income across cantons for flat BI schemes without a wealth tax. Two key patterns emerge. First, the level of implementation matters: differences between cantonal and federal implementation are evident but diminish as generosity decreases. Second, whether disposable income increases or decreases on average compared to the status quo varies by canton. Overall effects are modest; the largest average increase is CHF 1,592 under the full federal BI.

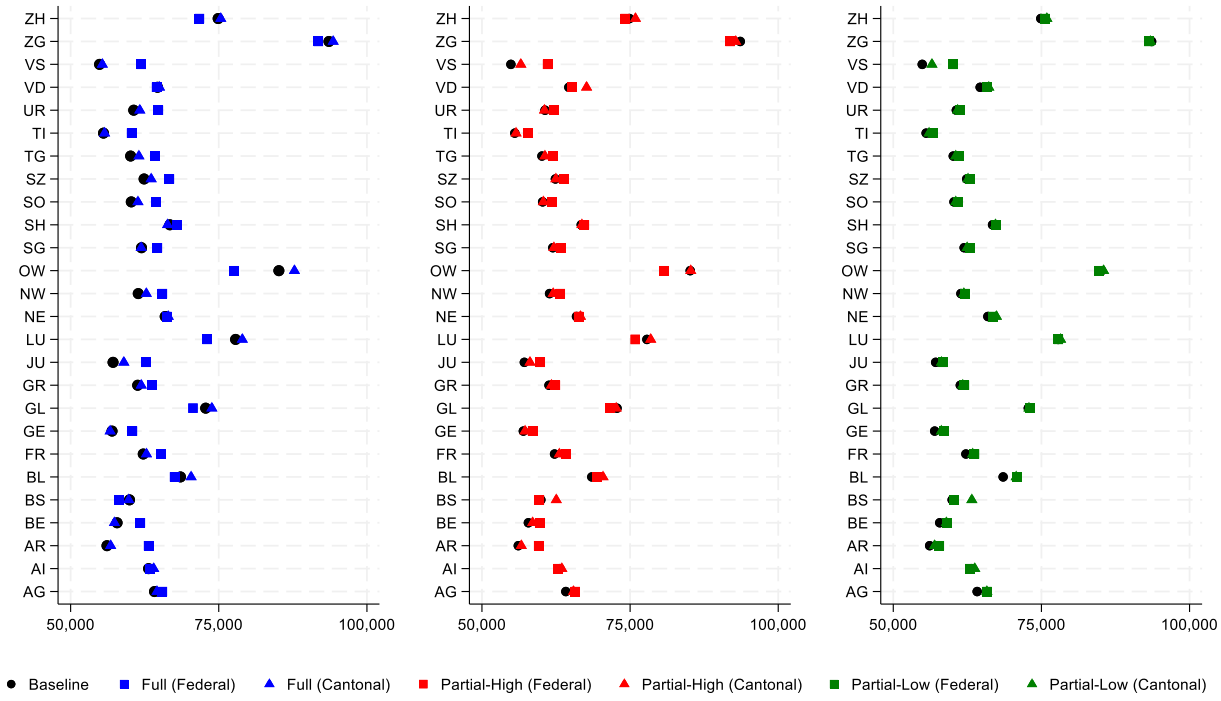

Figure 6: Mean equivalized disposable income by canton and reform option. Source: Own simulations with SWISSMOD using SILC and SHP data.

It is, however, not evident whether federal implementation reduces cross-cantonal heterogeneity, and thus mobility incentives, relative to cantonal implementation, as substantial differences persist in both cases. To approximate disincentive effects, we compute the weighted coefficient of variation of mean disposable income across cantons for each scenario relative to the baseline (Appendix A3). Starting from a baseline value of $CV_{base} = 0.122$, our findings indicate that only the most expensive scheme has a noticeable equalizing effect on the federal level, which can be related to its strong redistribution from higher to lower quantiles (Figure 5). Comparing the federal partial linear and progressive reforms shows a stronger equalizing effect between cantons compared to their linear counterparts. Notably, the CV under the progressive Partial-High scheme is lower than under the full flat-tax scheme, indicating less cantonal variation; the progressive Partial-Low scheme performs similarly and better than most linear reforms. In contrast, cantonal reforms with and without a wealth tax yield no meaningful differences in dispersion.

5.3 Inequality and Poverty

While it is intuitive that an extensive tax-benefit reform such as a BI alters the income distribution, aggregate measures alone obscure inter-cantonal disparities, an aspect central to

our analysis. To capture both overall and regional inequality, we employ the Theil-Index to compare inequality changes induced by our simulations. The Theil-Index is of the generalized entropy class of inequality measures (Haughton & Khandker, 2009; Theil, 1967) and can be defined as:

$$T = \frac{1}{W}\sum_i w_i * \frac{y_i}{\bar{y}} * \ln\left(\frac{y_i}{\bar{y}}\right)$$

with W being the sum of all individual weights, w_i being the individual weight of household i, y_i being household i's disposable income and $\bar{y}$ being mean disposable income. It measures the average weighted deviation of each individual's income from the overall mean, with 0 meaning total equality. Its advantage is that it is decomposable into components reflecting both inter- as well as intra-subgroup inequality (Haughton & Khandker, 2009; Theil, 1967). We can write the total weighted Theil-Index as:

$$T_{CH} = T_{within} + T_{between}$$

with

$$T_{within} = \sum_k \frac{W_k}{W} * \frac{\bar{y}_k}{\bar{y}} T_k \qquad T_{between} = \sum_k \frac{W_k}{W} * \frac{\bar{y}_k}{\bar{y}} \ln\left(\frac{\bar{y}_k}{\bar{y}}\right)$$

W_k is the sum of all individual weights of individuals living in canton k and $\bar{y}_k$ is the mean income in canton k. Decomposing allows us to compare the overall effects of the different unconditional reforms and makes it possible to dissect which *kind* of inequality is the aggregate main driver. It also illustrates which reforms have a stronger impact on between-canton inequality.

We find that all simulated BI reforms reduce overall inequality compared to the baseline, but the cheaper reforms have an almost negligible impact, except if financed by a progressive tax schedule (Table 3). The Partial-High scheme with a progressive tax schedule has the highest overall impact due to the very high tax rates in the top brackets. Aside from this, the linear reforms reduce inequality proportional to their generosity. For each level of generosity, the federal reform performs best overall, but the differences to the cantonal reform are minor.[7]

[7] This is mostly supported by measuring inequality in terms of Gini coefficient and S80/S20 (Appendix A4), with only the Partial-High progressive reform performing worse and the Partial-Low progressive reform performing better compared to their respective T_{CH}. This can be attributed to the Theil-Index being more sensitive towards the top of the income distribution (Cowell, 2000).

	T_{within}	$T_{between}$	T_{CH}
Baseline	0.260645	0.008007	**0.268652**
Full BI (Federal)	0.126454	0.004416	**0.13087**
Full BI (Cantonal)	0.127408	0.008207	**0.135615**
Full BI (Cantonal-WT)	0.133539	0.007807	**0.141346**
Partial-High (Federal)	0.19261	0.006298	**0.198908**
Partial-High (Federal-Prog.)	0.110706	0.003625	**0.114331**
Partial-High (Cantonal)	0.195019	0.008162	**0.203181**
Partial-High (Cantonal-WT)	0.202887	0.008156	**0.211043**
Partial-Low (Federal)	0.24867	0.00753	**0.2562**
Partial-Low (Federal-Prog.)	0.206424	0.006365	**0.212789**
Partial-Low (Cantonal)	0.251916	0.008026	**0.259942**
Partial-Low (Cantonal-WT)	0.260327	0.008003	**0.26833**

Table 3: Theil-Indices for each reform option. Source: Own calculations using output from SWISSMOD.

Decomposition reveals additional insights. All federal programs decrease inter-cantonal inequality relative to the baseline and all cantonal reforms, highlighting their stronger equalizing effect and potentially less adverse mobility incentives. Cantonal reforms with a supplementary wealth tax perform better than those without, but worse than strictly federal reforms. Notably, four cantonal reforms increase the value of $T_{between}$ compared to the status quo. Intra-cantonal inequality drives the overall effect and mirrors the aggregated values T_{CH}: inequality rises with decreasing generosity of the linear schemes and is higher under cantonal than federal implementation at comparable generosity levels. As expected, the progressive reform schemes consistently improve equality. Nonetheless, the progressive Partial-Low scheme is still marginally outperformed in terms of inequality by all Partial-High schemes.

Interestingly, cantonal reforms combined with a higher wealth tax perform worse in terms of inequality than those without. This indicates that taxing wealth more heavily does not necessarily have the same redistributive power as taxing income, even when accounting for returns on wealth. Our result reflects the interaction between flat income taxation and the

supplementary wealth tax under budget neutrality. In the linear cantonal reforms, introducing a wealth tax reduces the flat income tax rate. As wealth holdings are not perfectly aligned with the highest disposable income deciles, the lower income tax burden at the top is not fully offset. Given the Theil-Index's sensitivity to upper-tail changes (Cowell, 2000), this can result in slightly higher measured inequality.

We performed two sensitivity checks to explore this finding (Appendix A5). First, we repeated the simulation without adjusting the flat income tax rate, eliminating the revenue substitution between wealth and income taxation. Under this specification, the Theil-Index declined slightly across all levels, indicating that part of the increase in inequality is due to the use of wealth tax revenues to reduce the flat income tax. However, the magnitude of this effect is modest. Second, we tightened the wealth tax base by increasing the exemption threshold and the second bracket by a factor of ten, concentrating the burden on the upper tail of the wealth distribution, while again adjusting the flat income tax rate to maintain budget neutrality. Under this specification, inequality decreased more strongly compared to the baseline wealth tax scenario and converged to the corresponding cantonal linear reform without a supplementary wealth tax reform across all BI levels. This suggests that the initial increase in inequality is primarily driven by the assumed broad wealth tax base rather than an inherent limitation of wealth taxes as a redistributive instrument.

Table 4 summarizes the effect of all reforms on the At-Risk-of-Poverty (AROP) rate, defined as 60% of median baseline equivalized disposable income (national level), for the total population and selected household types. Overall, federal reforms outperform cantonal reforms at all generosity levels. Supplementary wealth tax reform proposals perform worse, and the Partial-Low version is the only reform that even increases overall poverty risk compared to the baseline. This likely reflects the weaker redistributive power of the simulated wealth tax compared to income taxation as well as a slight overrepresentation of lower-income households with high assets and a general overrepresentation of smaller fortunes in the dataset (Kirn et al., 2025). Nonetheless, all simulated reforms have the potential to decrease the overall risk of poverty, with the more generous ones being more powerful.

	Total	One Adult (Working Age)	One Adult (working age), at least one child	Two adults (working age), one child	Two adults (working age), two children
Baseline	**11.7%**	12.7%	40.3%	10.3%	9.6%
Full BI (Federal)	**3.1%** (-8.6pp)	8.5% (-4.2pp)	24.4% (-15.9pp)	1.6% (-8.7pp)	0.0% (-9.6pp)
Full BI (Cantonal)	**3.7%** (-8.0pp)	9.4% (-3.3pp)	36.4% (-3.9pp)	1.6% (-8.7pp)	0.1% (-9.5pp)
Full BI (Cantonal-WT)	**5.0%** (-6.7pp)	9.5% (-3.2pp)	34.8% (-5.4pp)	2.4% (-7.9pp)	1.2% (-8.4pp)
Partial-High (Federal)	**6.9%** (-4.8pp)	11.0% (-1.7pp)	36.5% (-3.8pp)	3.9% (-6.4pp)	4.5% (-5.1pp)
Partial-High (Federal-Prog.)	**5.3%** (-6.4pp)	6.4% (-6.3pp)	25.8% (-14.4pp)	2.6% (-7.7pp)	3.1% (-6.5pp)
Partial-High (Cantonal)	**7.9%** (-3.8pp)	11.6% (-1.1pp)	42.3% (+2.0pp)	4.4% (-5.9pp)	6.0% (-3.6pp)
Partial-High (Cantonal-WT)	**9.7%** (-2.0pp)	11.6% (-1.1pp)	42.7% (+2.4pp)	6.3% (-4.0pp)	10.4% (+0.8pp)
Partial-Low (Federal)	**9.4%** (-2.3pp)	13.2% (+0.5pp)	37.9% (-2.4pp)	6.3% (-4.0pp)	5.8% (-3.8pp)
Partial-Low (Federal-Prog.)	**8.1%** (-3.6pp)	9.5% (-3.2pp)	33.7% (-6.6pp)	5.9% (-4.4pp)	4.6% (-5.0pp)
Partial-Low (Cantonal)	**10.4%** (-1.3pp)	13.1% (+0.4pp)	41.4% (+1.1pp)	8.1% (-2.2pp)	9.4% (-0.2pp)
Partial-Low (Cantonal-WT)	**12.1%** (+0.4pp)	13.6% (+0.9pp)	40.5% (+0.2pp)	8.8% (-1.5pp)	12.6% (+3.0pp)

Table 4: At-risk-of-poverty rates for every reform option, changes to baseline in brackets (Poverty line: 60% of median equivalized disposable income). Source: Own simulations with SWISSMOD using SILC and SHP data.

A more detailed view shows unequal effects across household types. For single-person households below retirement age, poverty risk declines under all reforms, except the linear Partial-Low reforms, which slightly increase it. This effect is partly reversed in households with at least one child, albeit not for all implementation mechanisms. Thus, while overall inequality

falls, the least generous reforms have heterogeneous poverty effects. The decrease is not necessarily stronger the more children a household has, even though both unconditional transfers as well as child benefits add up in the cheapest reform. For single-parent families, poverty risk decreases under all linear federal reforms but increases slightly under partial linear cantonal reforms. The decrease for the more generous schemes is mostly driven by changes in disposable income of single mothers.

Dissecting not only by household type but by economically vulnerable subgroups shows that these groups would be supported by even a minimal BI scheme (Appendix A6). E.g., for individuals with a disability and unemployed individuals, every scheme lowers their respective AROP rate. If we directly compare vulnerable groups with their less-vulnerable counterparts (e.g., Swiss citizens vs. non-European citizens or owners vs. tenants), we can clearly observe a disproportionate decrease in poverty risk. For schemes which show a slight increase in poverty risk for some household types (Table 4), we only find increases in poverty risk for the economically stronger subgroup, suggesting that these small increases in overall poverty risk are not to the detriment of economically vulnerable groups.

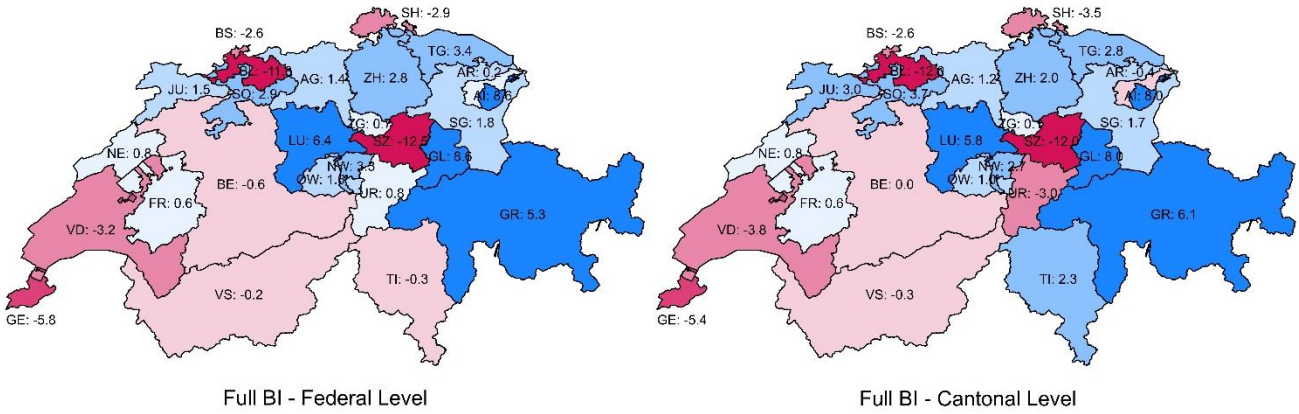

Figure 7: Variation in poverty reduction across cantons under the cantonal BI reform, measured as each canton's deviation from the national average change in the AROP rate. Source: Own simulations with SWISSMOD using SILC and SHP data.

We also calculated canton-level AROP rates, using both a national AROP-line (Appendix A7) and canton-specific lines (Appendix A8). Under most schemes, poverty risk is lower with federal than with cantonal implementation. For more generous reforms, however, some cantons benefit more from a cantonal implementation. Figure 7 visualizes this by mapping each canton's deviation from the national average change in AROP rate for the full BI under federal and cantonal implementation. The pattern slightly weakens when applying cantonal AROP-lines, but largely persists. Reform options that show heterogeneous effects on the household level also differ in impact between cantons, with some having a lower, and others having a higher poverty risk compared to the baseline scenario. Consistently, none of the supplementary wealth tax reforms reduce poverty risk compared to the linear cantonal reforms under either AROP-line definition.

6. Discussion and Conclusion

Our study shows that the impact of a BI reform depends critically on its institutional context and design. Even in a wealthy country like Switzerland, a generous BI covering basic living costs would require substantial tax increases, whereas modest reforms are more affordable, even with certain benefits being retained. Distributional effects are heterogeneous: although most reforms reduce poverty and inequality overall, outcomes differ across household types and regions. Progressive financing, while appealing, risks excessively high marginal tax rates at the top. Increasing wealth taxes lowers required income tax rates but yields less favorable inequality outcomes than income-tax-only reforms. Thus, although popular (Rincon, 2023), shifting the burden to the asset-rich might not always facilitate the most favorable distributional outcomes.

Implementation level plays a central role. Federal schemes consistently achieve stronger reductions in poverty and inequality and reduce both intra- and inter-cantonal inequality more strongly than cantonal schemes. A broader tax base allows for a stronger redistributive effect, whereas decentralized implementation preserves spatial differentiation and produces more heterogeneous outcomes. Coupled with less variation in disposable income, this can be interpreted as a weaker incentive structure for inter-cantonal migration.

This study is limited due to our static modelling assumptions. Our static framework abstracts from behavioral responses in labor supply, migration, and capital mobility, and does not capture

macroeconomic feedback effects. We also abstract from Switzerland's fiscal equalization mechanism and from regional cost-of-living differences, both of which may shape real-world reform outcomes. The estimates therefore represent first-order distributional effects under current institutional conditions.

Furthermore, our results must be interpreted within the context of these institutional conditions. Constitutionally anchored decentralization complicates more unifying social policymaking. Furthermore, both a federal and a cantonal BI would undercut cantonal sovereignty over policymaking, as they both do not allow for cantonal specificities in the design, aside from tax rate adjustments. From a more general perspective, the political feasibility of a modest or low BI reform in Switzerland could be seen as promising, since the necessary tax hikes would still largely leave Switzerland in line or below comparable countries in Europe (OECD, 2025). Especially a low, progressively financed BI reform on a federal level, shows encouraging results regarding affordability as well as inequality and poverty indicators.

While in our framework wealth taxes do not decrease inequality, this finding should be considered as partly conditional on the specific design and static incidence assumptions rather than a general statement about the redistributive potential of wealth taxation, as can be seen by additional sensitivity checks. Nonetheless, our results show that taxing wealth is not a panacea for financing social policy, but rather a support mechanism whose outcome depends on its exact design.

Although we do find some evidence for a weaker incentive structure for inter-cantonal migration, a careful evaluation is required, as some differences still prevail and the improvements compared to the cantonal implementation are sometimes minor. To get a more conclusive picture, a comparative analysis that is strictly limited to either the federal or the cantonal level could prove more conclusive, but would also reflect the reality of the Swiss administrative structure less accurately.

Overall, our findings complement existing microsimulation studies on BI and underscore how implementation level shapes reform outcomes. While specific, the simulation of a BI can serve as a starting point for further analysis of possible welfare state reforms in Switzerland and other federalized states, stressing the need for careful consideration of what the distributional goals are and which administrative level of implementation is most suited for achieving them.

Otherwise, any reform of the social security system risks not living up to its potential, limited by a country's self-imposed institutional structure.

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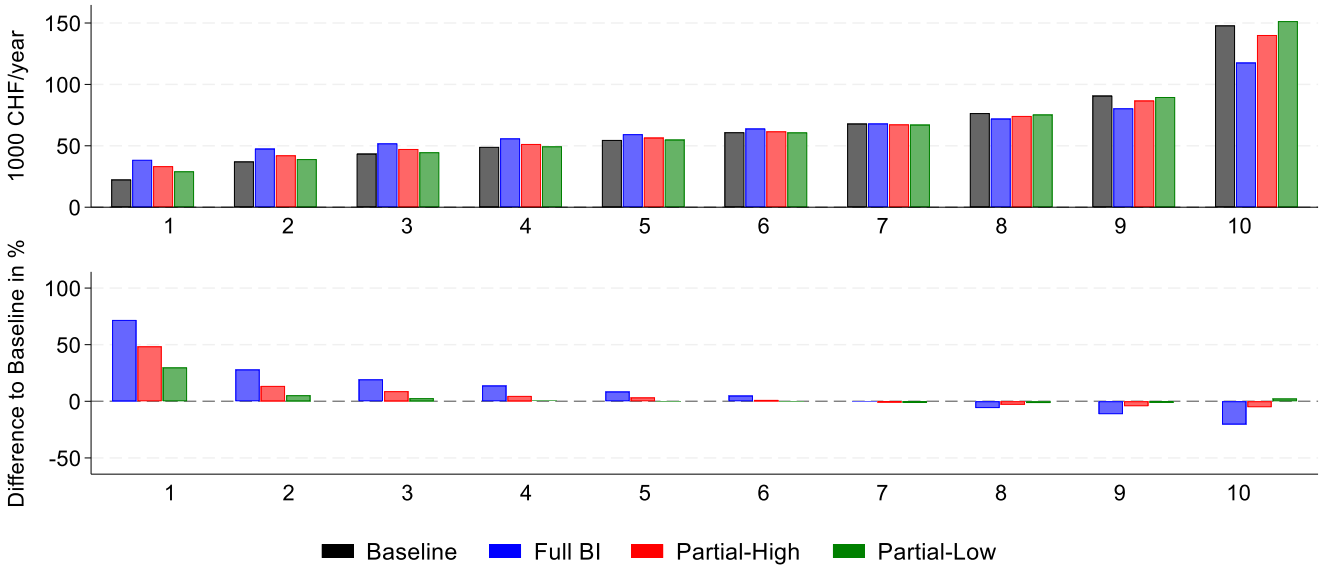
Appendix

A1. Swiss Federal Income Tax Schedule (Individual Assessment), baseline (2023) and in progressive BI reforms

Income Bracket	Baseline (2023)	Partial-High	Partial-Low
0-14,800 CHF	0%	0%	0%
14,800-32,200 CHF	0.77%	4.50%	2.43%
32,200-42,200 CHF	0.88%	5.15%	2.77%
42,200-56,200 CHF	2.64%	15.44%	8.32%
56,200-73,900 CHF	2.97%	17.37%	9.36%
73,900-79,600 CHF	5.94%	34.75%	18.71%
79,600-105,500 CHF	6.6%	38.61%	20.79%
105,500-137,200 CHF	8.8%	51.48%	27.72%
137,200-179,400 CHF	11%	64.35%	34.65%
179,400-769,600 CHF	12.35%	77.22%	41.58%
>769,600 CHF	11.5%	67.28%	36.23%

Note: The schedule for the partial-high reform has been adjusted with the factor 5.85, the schedule for the partial-low reform with the factor 3.15, in order to match the revenue requirements

A2. Changes in yearly mean equivalized disposable income by income deciles induced by cantonal BI reforms



Note: Own simulations with SWISSMOD using SILC and SHP data.

A3. Weighted coefficients of variation for cantonal differences in mean equivalized disposable income

Reform	Weighted coefficient of variation
Baseline	$CV_{base} = 0.122$
Full BI - Federal	$CV_{fed} = 0.079$
Partial-High - Federal	$CV_{fed} = 0.121$
Partial-Low - Federal	$CV_{fed} = 0.113$
Partial-High – Federal Progressive	$CV_{fed} = 0.061$
Partial-Low – Federal Progressive	$CV_{fed} = 0.098$
Full BI - Cantonal	$CV_{can} = 0.125$
Partial-High - Cantonal	$CV_{can} = 0.120$
Partial-Low - Cantonal	$CV_{can} = 0.118$
Full BI – Cantonal WT Reform	$CV_{can} = 0.113$
Partial-High – Cantonal WT Reform	$CV_{can} = 0.117$
Partial-Low – Cantonal WT Reform	$CV_{can} = 0.114$

Note: Own calculations based on simulations with SWISSMOD using SILC and SHP data.

A4. Inequality measures for different reform simulations and baseline scenario

Reform	Gini Coefficient	S80/S20
Baseline	0.2665	3.9324
Full BI - Federal	0.1642	2.3288
Partial-High - Federal	0.2189	3.0413
Partial-Low - Federal	0.2503	3.5589
Partial-High – Federal Progressive	0.1692	2.4694
Partial-Low – Federal Progressive	0.2220	3.1462
Full BI - Cantonal	0.1833	2.5218
Partial-High - Cantonal	0.2353	3.2651
Partial-Low - Cantonal	0.2638	3.7847
Full BI – Cantonal WT Reform	0.1945	2.7313
Partial-High – Cantonal WT Reform	0.2481	3.5773
Partial-Low – Cantonal WT Reform	0.2764	4.1584

Note: Own calculations based on simulations with SWISSMOD using SILC and SHP data.

A5. Sensitivity Checks for Theil-Index and Wealth Tax Reform

	T_{within}	$T_{between}$	T_{CH}
Full BI – No Substitution	0.133019	0.007954	**0.140974**
Partial-High – No Substitution	0.198659	0.008528	**0.207187**
Partial-Low – No Substitution	0.256891	0.008530	**0.265421**
Full BI – Higher threshold	0.127738	0.007991	**0.135729**
Partial-High – Higher threshold	0.195759	0.008100	**0.203859**
Partial-Low – Higher threshold	0.252231	0.007888	**0.260119**

Note: Own calculations based on simulations with SWISSMOD using SILC and SHP data.

A6. At-risk-of-poverty rates for specific subgroups in the sample

	Swiss Nationals	Non-EU Nationals	Tenants	Owners	Disabled Individuals	Unemployed
Baseline	9.1%	40.2%	16.4%	6.4%	25%	23.1%
Full BI (Federal)	2.8%	6.6%	3.7%	2.2%	4.6%	13.7%
Full BI (Cantonal)	3.3%	9.2%	4.6%	2.3%	4.3%	15.8%
Full BI (Cantonal-WT)	4.3%	14.7%	6.4%	3.2%	5.8%	16.1%
Partial-High (Federal)	5.0%	25.4%	9.5%	3.4%	15.2%	13.7%
Partial-High (Federal-Prog.)	3.8%	23.6%	6.7%	3.3%	7%	8.2%
Partial-High (Cantonal)	5.8%	27.6%	11%	3.8%	13.8%	13.9%
Partial-High (Cantonal-WT)	7.5%	33.2%	13.3%	5%	19.8%	16.1%
Partial-Low (Federal)	7%	34.1%	13.1%	4.6%	21.7%	20%
Partial-Low (Federal-Prog.)	5.8%	30.9%	10.9%	4.3%	13.1%	16.4%
Partial-Low (Cantonal)	7.6%	37.8%	14.4%	5.1%	17.6%	20%
Partial-Low (Cantonal-WT)	9.3%	38.5%	16.1%	6.7%	23%	21.6%

Note: Own calculations based on simulations with SWISSMOD using SILC and SHP data. At-risk-of-poverty rate is set as 60% of median equivalized disposable income.

A7. At-risk-of-poverty rates for every canton under every reform scenario and baseline – National AROP line

Canton	Baseline	Full – Fed.	Full – Can.	Full – Can. WT	Partial-High – Fed.	Partial-High – Can.	Partial-High – Can. WT	Partial-High – Fed. Prog.	Partial-Low – Fed.	Partial-Low – Can.	Partial-Low – Can. WT	Partial-Low – Fed. Prog.
AG	11.5%	4.3%	4.7%	5.6%	5.8%	6.8%	10.7%	4.9%	8.3%	10.3%	12.5%	6.7%
AI	2.5%	2.5%	2.5%	5.9%	2.5%	2.5%	5.9%	2.5%	2.5%	2.5%	5.9%	2.5%
AR	9.6%	1.2%	1.2%	7.0%	4.9%	7.5%	12.3%	1.2%	7.5%	7.5%	12.3%	7.0%
BE	13.4%	4.2%	5.4%	6.6%	9.7%	10.8%	13.1%	6.3%	12.1%	12.4%	14.9%	9.8%
BS	16.6%	5.4%	6.0%	5.8%	13.6%	13.8%	15.9%	13.1%	17.2%	19.8%	20.8%	13.3%
BL	21.3%	0.9%	1.3%	16.4%	18.1%	19.4%	20.2%	15.2%	20.5%	21.2%	21.8%	20.3%
FR	10.3%	2.3%	2.9%	3.6%	5.4%	7.4%	8.1%	2.7%	8.2%	8.9%	9.9%	6.6%
GE	19.9%	5.5%	6.5%	5.6%	14.8%	17.1%	18.3%	14.0%	17.2%	18.9%	18.0%	16.5%
GL	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%
GR	10.0%	6.7%	8.1%	8.1%	6.2%	7.0%	7.3%	6.5%	7.2%	8.1%	10.4%	6.3%
JU	8.7%	1.6%	3.7%	3.7%	3.7%	8.7%	8.7%	3.7%	8.7%	8.7%	9.7%	6.7%
LU	3.8%	1.6%	1.6%	2.4%	2.4%	2.2%	3.6%	1.7%	2.8%	3.7%	4.9%	2.2%
NE	11.3%	3.5%	4.1%	4.5%	5.7%	6.7%	11.5%	4.9%	8.8%	9.7%	11.3%	7.7%
NW	8.5%	3.2%	3.2%	6.7%	5.7%	5.7%	9.0%	3.2%	8.5%	7.5%	16.3%	5.7%
OW	9.5%	2.5%	2.5%	2.5%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%
SG	9.8%	3.0%	3.5%	3.4%	3.8%	5.0%	5.9%	2.8%	6.7%	7.3%	9.3%	5.2%
SH	12.0%	0.5%	0.5%	3.9%	8.3%	8.3%	11.7%	3.9%	8.3%	8.3%	11.7%	8.3%
SO	6.9%	1.2%	2.6%	3.2%	5.9%	6.3%	7.1%	2.4%	5.1%	5.1%	7.5%	4.9%
SZ	22.9%	1.8%	2.9%	4.7%	11.9%	12.3%	13.5%	2.2%	12.3%	13.3%	20.8%	11.2%
TG	8.1%	2.9%	2.9%	4.5%	3.7%	3.7%	8.0%	3.1%	6.9%	6.7%	9.2%	6.5%
TI	13.4%	4.5%	7.7%	9.8%	9.6%	13.0%	13.8%	7.0%	13.8%	14.7%	17.3%	10.8%
UR	17.1%	9.3%	6.1%	9.3%	9.3%	9.3%	17.1%	9.3%	17.1%	15.2%	17.1%	15.2%
VD	15.9%	4.1%	4.1%	4.9%	8.1%	9.1%	10.6%	7.5%	11.9%	13.3%	14.1%	9.4%
VS	12.7%	3.9%	4.4%	6.1%	6.6%	10.0%	9.2%	6.4%	9.5%	12.3%	12.1%	9.0%
ZG	9.1%	1.2%	1.2%	1.2%	5.0%	5.0%	5.9%	1.4%	5.0%	5.0%	5.9%	5.0%
ZH	7.6%	1.8%	1.6%	2.3%	3.2%	3.2%	4.7%	2.0%	5.8%	6.8%	8.4%	5.2%
All	**11.7%**	**3.1%**	**3.7%**	**5.0%**	**6.9%**	**7.9%**	**9.7%**	**5.3%**	**9.4%**	**10.4%**	**12.1%**	**8.1%**

Note: Own calculations based on simulations with SWISSMOD using SILC and SHP data. At-risk-of-poverty rate is set as 60% of median equivalized disposable income.

A8. At-risk-of-poverty rates for every canton under every reform scenario and baseline – Cantonal AROP lines

Canton	Cantonal AROP-Line (CHF/Year)	Baseline	Full – Fed.	Full – Can.	Full – Can. WT	Partial-High – Fed.	Partial-High – Can.	Partial-High – Can. WT	Partial-High – Fed. Prog.	Partial-Low – Fed.	Partial-Low – Can.	Partial-Low – Can. WT	Partial-Low – Fed. Prog.
AG	**42,295**	7.1%	2.2%	2.4%	3.3%	3.3%	4.4%	5.8%	2.7%	6.3%	6.4%	7.3%	4.0%
AI	**39,295**	6.8%	2.3%	2.3%	2.3%	2.3%	2.3%	6.8%	2.3%	6.8%	2.3%	6.8%	6.8%
AR	**36,748**	8.7%	1.4%	1.4%	1.9%	1.9%	4.3%	4.3%	1.9%	4.3%	6.7%	7.2%	4.3%
BE	**36,810**	9.9%	2.8%	3.5%	4.8%	6.6%	7.6%	9.4%	4.2%	8.7%	8.5%	10.6%	6.9%
BS	**37,651**	10.9%	3.9%	3.1%	2.8%	9.3%	10.4%	11.4%	11.7%	11.9%	16.1%	17.1%	11.1%
BL	**44,171**	8.6%	2.1%	2.1%	5.2%	6.8%	7.6%	8.3%	4.5%	8.8%	8.9%	9.9%	7.1%
FR	**40,281**	11.5%	2.1%	2.8%	3.6%	6.0%	6.1%	7.7%	3.2%	8.8%	8.6%	9.8%	6.9%
GE	**38,358**	12.7%	3.0%	5.7%	5.2%	8.3%	9.8%	10.5%	6.2%	10.2%	12.0%	12.2%	8.5%
GL	**45,194**	7.2%	4.3%	4.3%	4.3%	7.2%	7.2%	8.7%	7.2%	7.2%	4.3%	5.8%	5.8%
GR	**38,986**	5.2%	5.8%	5.8%	6.4%	4.4%	4.9%	5.5%	4.7%	4.7%	4.7%	7.6%	4.4%
JU	**37,682**	7.2%	1.0%	1.0%	3.1%	2.1%	5.2%	7.2%	2.1%	6.2%	6.2%	7.2%	5.2%
LU	**45,285**	6.1%	1.8%	1.9%	2.3%	3.1%	3.5%	4.9%	2.5%	5.4%	5.2%	6.8%	4.6%
NE	**40,765**	10.7%	3.7%	3.7%	4.5%	4.7%	7.1%	10.9%	4.2%	8.6%	9.7%	11.3%	5.8%
NW	**37,609**	5.1%	2.0%	2.0%	2.0%	2.0%	2.0%	3.0%	2.0%	3.0%	5.1%	6.1%	3.0%
OW	**47,916**	14.1%	8.5%	8.5%	8.5%	15.5%	8.5%	8.5%	9.9%	14.1%	11.3%	11.3%	12.7%
SG	**40,036**	7.9%	2.3%	2.6%	3.0%	3.2%	4.7%	6.1%	2.1%	5.5%	7.6%	7.2%	5.4%
SH	**42,360**	9.7%	0.4%	0.4%	4.4%	6.6%	6.6%	10.2%	6.2%	8.4%	8.4%	12.4%	6.6%
SO	**37,894**	5.8%	0.9%	1.2%	2.2%	3.8%	4.3%	5.0%	1.6%	4.6%	4.4%	5.9%	4.0%
SZ	**42,120**	15.2%	4.4%	5.5%	6.1%	9.0%	10.8%	12.0%	6.7%	14.3%	14.0%	15.5%	10.2%
TG	**39,768**	5.8%	2.5%	2.7%	3.9%	2.9%	3.1%	5.6%	2.3%	5.3%	4.3%	6.0%	3.1%
TI	**34,823**	7.1%	2.1%	2.3%	3.0%	3.9%	4.3%	7.5%	3.1%	5.5%	6.2%	9.4%	5.4%
UR	**38,661**	11.3%	3.2%	3.2%	6.5%	3.2%	3.2%	6.5%	3.2%	3.2%	3.2%	14.5%	3.2%
VD	**41,333**	11.3%	3.5%	3.4%	3.4%	7.5%	8.2%	8.3%	5.2%	9.1%	10.2%	10.8%	7.7%
VS	**35,730**	9.5%	2.8%	4.3%	4.5%	5.0%	5.9%	7.5%	4.2%	7.5%	9.4%	10.2%	6.6%
ZG	**54,407**	14.2%	3.2%	3.2%	3.2%	6.4%	6.4%	8.7%	5.5%	10.5%	10.5%	11.9%	7.3%
ZH	**48,565**	11.4%	3.5%	3.3%	4.3%	7.2%	7.2%	8.1%	4.9%	9.9%	10.4%	11.8%	8.5%

Note: Own calculations based on simulations with SWISSMOD using SILC and SHP data. At-risk-of-poverty rate is set as 60% of median equivalized disposable income.