

# Solidarity in times of Corona

## Survey among political parties

Dear Ladies and Gentlemen

The spread of the virus has been successfully slowed down and in many places the health system is functioning normally. This was made possible by timely decisions and compliance with regulations. However, the measures taken are extremely expensive. [We will only be able to meet the extraordinary challenges with solidarity at all levels.](#)

Additional finances are needed to rescue companies, support the unemployed and compensate for tax losses. Wealthy house owners are most likely to have the opportunity to make a substantial contribution to these additional expenses. [A NEW 5% residential tax could generate funds for the public aid programmes. Can your party support this approach?](#)

- Yes
- Rather yes
- Rather no
- No

Reason:

I kindly ask you for a short feedback.  
Thank you very much for your contribution.

With kind regards

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### **New considerations and arguments**

The financial consequences of the lockdown are distributed very differently. Entrepreneurs who are no longer allowed to perform services and employees who have lost their jobs are particularly hard hit. The temporary closures slow down the spread of the virus, from which the whole society benefits. Companies and people who contribute the necessary sacrifices deserve public support. [Companies should be rescued and those in need should receive the indispensable help.](#) But how can these additional public expenses be financed?

A tax of 5% on residential consumption could be considered. For simple housing conditions, this results in a very modest tax. On the other hand, those who live in their own, comfortable houses are economically privileged. Moreover, house owners currently benefit from very low interest rates. Since solidarity and tax competition can hardly be combined, the 5% residential tax should be introduced throughout Europe. [A survey should now show which parties support this approach.](#)

### **How do you measure residential consumption?**

A suitable measure of residential consumption is the imputed rent. [This is the estimated rent a house owner would be willing to pay to live in his own house.](#) Since everyone knows his house best, a [self-declaration](#) might be useful.

### **Is a 5% residential tax appropriate?**

The contribution is equivalent to one twentieth, or about half a month's rent. Compared to the VAT or the total expenses on housing, this is modest. Most imputed rents are within a range of € 6000 to € 30,000 per year. 5% of these are 300 €, respectively 1500 €.

### **What is the significance for climate policy?**

In a comprehensive climate policy, the residential tax is indispensable. As a rule, the larger, more expensive and newer a house is, the greater the carbon footprint. The construction of a single-family house requires approximately 500,000 kWh of grey energy. An ecological house can be heated with the same energy for 70 years. **Conclusion: The grey emissions and the operating emissions are similarly high. That is why incentives for the optimal use of houses are urgently needed. This reduces grey emissions caused by new building sites.**

### **Is a self-declaration appropriate?**

Clear criteria must be defined for the recording of data: size of the rooms, age, standards, quality of location, etc. In addition, a user-friendly online portal is required. Cheating can be prevented to a large extent with sporadic spot checks. The calculated plausibility of the data provides helpful hints.

### **Are tenants spared from residential taxes?**

No. For tenants, comparable taxes are included in the rents. The 5% residential tax therefore ensures the equalisation between tenants and house owners. Comparison of house owner and tenant:

- House owner: With an imputed rent of 20'000 € the 5% residential tax is 1000 € per year.
- Tenant: If the rent is 20'000 € the gain can be 4000 €. If the profit tax is 25%, the tax is also 1000 € per year.

### **Does the 5% residential tax lead to double taxation?**

Probably not. Residential tax would replace previous taxes on the use of one's own home.

### **What about second homes and empty houses?**

Second homes and empty houses can be taxed according to the same model. These dwellings also require municipal infrastructure. A tax exemption would therefore not be appropriate.

### **Is this transparency not going too far?**

The residential tax shows the state how generously someone lives. This can lead to contradictions. If someone lives luxuriously and does not declare any income, it raises questions. But this is probably the exception. Transparency primarily burdens those who have a lot to hide.

### **What will happen to scheduled tax cuts?**

We are currently facing extraordinary challenges. The public sector needs a lot of money to be able to act counter-cyclically. When the economy recovers, taxes can be cut again. For example, low income taxes help to reduce undeclared work.

### **Who benefits the most?**

Environment-friendly and solidarity-based measures will primarily serve future generations. We can be proud of this.

Thank you very much for your attention