

September 2021

Secretariat of the Council for Budget Responsibility



Gov't forecast  
August 2021

**-8509 Eur mil.**  
**-8,8 % of GDP**



SoCBR forecast

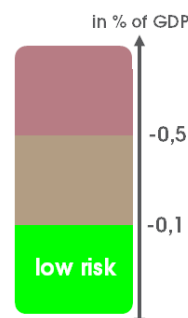
**-6873 Eur mil.**  
**-7,1 % of GDP**



Difference

**+1636 Eur mil.**  
**+1,7 % of GDP**

**+1,7**



expected deviation of the GG balance from the government forecast under assumption that the government does not take additional measures

## Secretariat of the Council for Budget Responsibility (SoCBR) estimates General Government Budget (GGB) deficit on the level of EUR 6,9 bn.

- **SoCBR has slightly reduced the estimate of the GGB deficit in 2021**, the change compared to the August forecast is about EUR 38 mil. **The deficit improvement is due to higher tax revenue**, in particular faster growth rate of VAT and CIT revenues. **Under assumption that the government does not take additional measures, the GGB deficit can reach the level of EUR 6.873 bn. (7.1% of GDP).**
- **The deviation of the expected GGB deficit from the current government estimate is positive in the amount of EUR 1.637 bn. (1.7% of GDP), which means that the risk of a deficit rising above the level assumed by the government is low.** However, the expected evolution of public finances is still affected by high uncertainty due to the ongoing pandemic and its implications for macroeconomic development.
- **Due to the approval of the amendment to the State Budget Act, the deficit target from the original budget of 7.4% of GDP is not relevant.** For this reason, CBR does not evaluate the deviation of the expected deficit from the original budget (starting from the June forecast). The current government estimate published in August 2021 assumes the GGB deficit of 8.8% of GDP.
- **Compared to government expectations, we estimate the most significant positive impact on the general government balance in state budget expenditures.** Saving of EUR 702 mil. (0.7% of GDP) is mainly due to a slower absorption of capital expenditures and expenditures on goods and services, as the low growth rate observed during the first eight months does not correspond to the high level of year-end expenditures projected by the government.
- **Pandemic government measures in the current forecast amount to a total of EUR 3,012 bn. (3.1% of GDP).** In comparison to the government's estimate, the budgetary impact is lower by EUR 343 mil. (0.4% of GDP). Expenditures in the amount of EUR 133 mil. (0.1% of GDP) should be financed from EU funds.