



Budget 2022

-5213 Eur mil.
-4,9 % of GDP



SoCBR forecast

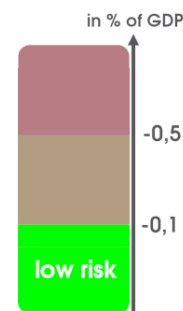
-3913 Eur mil.
-3,6 % of GDP



Deviation

+1300 Eur mil.
+1,2 % of GDP

+1,2



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

Secretariat of the Council for Budget Responsibility (SoCBR) estimates General Government Budget (GGB) deficit amounting to EUR 3,9 billion

- **SoCBR has significantly decreased the estimated level of GGB deficit in 2022.** A positive difference compared to the May forecast amounts to EUR 620 million (0.6 % of GDP). **Under the assumption that the government does not take additional measures, the deficit can reach the amount of EUR 3,913 billion (3,6 % of GDP).** A positive change in the expected deficit level is due to higher tax revenues, mainly due to the incorporating assumptions of the current macroeconomic forecast, which expects high inflation to be reflected in the faster growth in nominal consumption as well as in nominal wages.
- **Estimated deviation between the SoCBR's forecast for GGB deficit in 2022 and approved government budget remains positive and amounts to EUR 1 300 million (1.2 % of GDP), which means that the risk of public deficit rising above the government objective is low.** However, development of public finances is still affected by high uncertainty due to a rapid rise in the price level and the war conflict in Ukraine.
- **Tax and levy revenues represent the most significant positive impact on the estimated level of deficit by EUR 1 863 million (1.7 % of GDP).** We expect higher budgetary revenues especially from taxes, where high inflation increases the growth of macroeconomic bases compared to budget assumptions (especially labor taxes and VAT).
- **The estimated positive impact of high inflation on public finances is only temporary,** higher prices in coming years will be reflected in the faster growth of public expenditures, especially social transfers and operating costs of general government entities.
- **Expenditures for financing of measures approved by the government to support families increased the forecasted deficit by an amount of EUR 277 million (0.3 % of GDP),** of which the cost of one-off measures represents EUR 106 million (0.1 % of GDP).
- **Absorption of EU funds and RRP is still lower than previously expected,** what is reflected in the reduction of co-financing expenditures compared to the budget by EUR 278 million (0.3 % of GDP).