

October 2022

Secretariat of the Council for Budget Responsibility



Budget 2022

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



SoCBR forecast

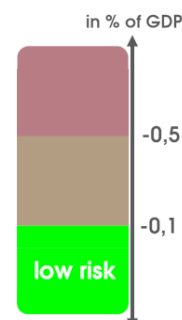
-3835 Eur mil.
-3,5 % of GDP



Deviation

+1378 Eur mil.
+1,3 % of GDP

+1,3



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 3,8 billion

- **SoCBR has increased the estimated level of GGB deficit in 2022.** A negative difference compared to the September forecast amounts to EUR 76 million (0.1 % of GDP). **Under the assumption that the government does not take additional measures, the deficit can reach the amount of EUR 3,875 billion (3.5 % of GDP).** Month-to-month worsening of GG balance is due to **expected spending on government measures that were announced to compensate high energy prices.**
- **Energy prices compensation measures increase the deficit by the amount of EUR 418 million (0.4 % of GDP).** Total costs of compensation schemes (including the 14th pension) amount to EUR 731 million (0.4 % of GDP), while SoCBR in accordance with the government's assumptions expects income from the EU regulation regarding excessive profits in the amount of EUR 313 million.
- **Estimated deviation between the SoCBR's forecast for GGB deficit in 2022 and approved government budget remains positive and amounts to EUR 1 378 million (1.3 % of GDP), which means that the risk of public deficit rising above the government objective is low.**
- **Income from tax revenues and social contributions represent the most significant positive impact on the estimated level of deficit by EUR 1 630 million (1.6 % 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).
- **According to the Draft Budgetary Plan for 2023-2025 approved by the government, the deficit in 2022 amounts to EUR 5,398 million (5.0 % of GDP), what exceeds the SoCBR's forecast by EUR 1 563 million (1.5 % of GDP).** The most significant difference is identified in state budget capital expenditures, where the government does not incorporate the slow spending observed during the year.