



Budget 2022

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



SoCBR forecast

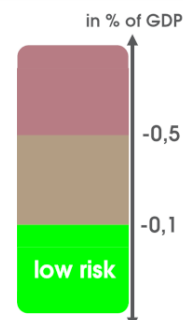
-3598 Eur mil.
-3,3 % of GDP



Deviation

+1616 Eur mil.
+1,5 % of GDP

+1,5



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 3,6 billion

- **SoCBR has decreased the estimated level of GGB deficit in 2022.** A positive difference compared to the November forecast amounts to EUR 175 million (0.2 % of GDP). **Under the assumption that the government does not take additional measures, the deficit can reach the amount of EUR 3 598 million (3.3 % of GDP).** Month-to-month decreasing of GG deficit is mainly due to **lower expenses to compensate for the increase in energy prices** caused by the non-implementation of additional compensation schemes for vulnerable groups of citizens and slower drawdown of companies compensations.
- **Energy prices compensation measures have a negligible impact on the deficit in 2022.** Total costs of compensation schemes (including the 14th pension) amount to EUR 388 million (0.4 % of GDP), while SoCBR expects income from the solidarity contribution originated from excess profits of refineries in the amount of EUR 383 million. **Costs of compensatory measures will most significantly affect the deficit in 2023.**
- **Estimated deviation between the SoCBR's forecast for GGB deficit in 2022 and approved government budget remains positive and amounts to EUR 1 616 million (1.5 % of GDP),** which means that the risk of the public deficit level 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 1 449 million (1.3 % 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).
- **Financial performance of other GG entities represents the most significant negative impact on the budget balance** with an estimated negative contribution of EUR 633 million (0.6 % of GDP). Higher expenses result mainly from the realization of investments connected with the Valaliky industrial park as well as from the growth of operating costs.