

January 2023

Secretariat of the Council for Budget Responsibility



Budget 2023

-7871 Eur mil.
-6,4 % of GDP



SoCBR forecast

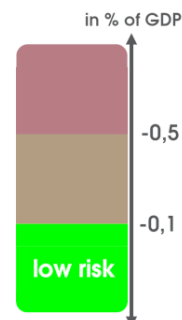
-7393 Eur mil.
-6,0 % of GDP



Deviation

+478 Eur mil.
+0,4 % of GDP

+0,4



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 7,4 billion

- **Estimated deviation between the SoCBR's forecast for GGB deficit in 2023 and approved government budget is positive and amounts to EUR 478 million (0.4 % of GDP), which means that the risk of the public deficit level rising above the government objective is low.** We estimate a positive impact on the deficit mainly in state budget expenditures due to savings in expenses related to children's leisure activities and a lower spending of co-financing expenditures related to EU funds.
- **Under the assumption that the government does not take additional measures, the deficit can reach the amount of EUR 7 393 million (6.0 % of GDP).**
- **The development of public finances is in year 2023 negatively affected by the high growth of energy prices and the need to finance compensation schemes. Expected expenditures of government measures to compensate high energy prices reach the level of EUR 3 666 million (3.0 % of GDP), of which expenses in the amount of EUR 456 million (0.4 % of GDP) should be financed from EU funds. After considering the revenue from the windfall taxation of electricity production is the overall impact of measures on the budget deficit negative in the amount of EUR 37 million.**
- **We expect the most significant positive impact on the GG balance in current expenditures of the state budget, where we predict savings of EUR 710 million compared to the budgeted level.** The lower expense level results mainly from assumed saving of reserve budgeted for financing of children's leisure activities, the lower estimated deficit is also due to lower interest costs and expenses for wages and social security contributions.
- **Financial performance of local governments represents the most significant negative impact on the budget balance, the budgeted level is exceeded by EUR 461 million.** We estimate the deterioration of financial performance mainly due to underestimation of expenses for wages and energy in the budget.