

March 2023

Secretariat of the Council for Budget Responsibility



Budget 2023

-6.4 % of GDP
-7 871 Eur mil.



SoCBR forecast

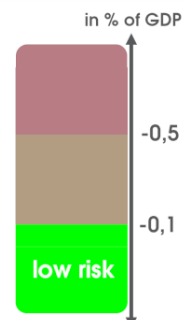
-6.0 % of GDP
-7 093 Eur mil.



Deviation

+0.4 % of GDP
+778 Eur mil.

+0,4



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

note: negative impact of change in denominator (nominal GDP) on deficit equals 0.2 pp

Secretariat of the Council for Budget Responsibility (SoCBR) estimates the 2023 General Government Budget (GGB) deficit at 6.0 % of GDP

- **SoCBR has reduced the estimated level of GGB deficit in 2023.** Positive difference compared to the February forecast amounts to EUR 346 million. **Under the assumption that the government does not take additional measures, the deficit can reach the amount of EUR 7 093 million (6.0 % of GDP).** Month-to-month decline of GG deficit is caused mainly by additional revenue from the **solidarity contribution**, which tax period was extended to 2023 by a newly passed amendment.
- **Estimated deviation between the SoCBR's forecast for the 2023 GGB balance and the approved budget is positive at 0.4 % of GDP, which means that the risk of the public deficit level rising above the government objective is low.**
- **Expected expenditures of government measures to compensate high energy prices reach the level of EUR 3 195 million (2.7 % of GDP),** of which expenses in the amount of EUR 456 million (0.4 % of GDP) should be financed from EU funds. After considering budgeted reserve, revenue from the windfall taxation of petroleum companies and electricity production companies is **the overall impact of measures on the budget deficit positive in the amount of EUR 803 million (0.7 % of GDP).**
- **We forecast a significant positive impact on the GG balance in current expenditures of the state budget,** where we expect savings of EUR 744 million (0.6 % of GDP) 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 deficit is also reduced by savings in operating costs expected due to lower spending at the year-end of 2022.
- **Income from tax revenues and social contributions represents the most significant negative risk for the budget balance,** the estimated shortfall reaches the level of EUR 769 million (0.6 % of GDP). Revenues are reduced by measures not included in the budget, in particular the reduction of the VAT rate for the restaurants and catering services and increase in the tax bonus.