



General government budget results for 2025

(based on data published by the Statistical Office
of the Slovak Republic on 21 April 2026 – the
spring notification of deficit and debt)

April 2026

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Summary

Slovakia's general government¹ deficit reached 4.5% of GDP in 2025, representing a significant decline of 0.8 percentage points from the high deficit level of the previous year. Compared to the budgeted target of 4.7% of GDP, the final deficit represents a positive deviation of 0.3% of GDP (EUR 368 million), primarily due to delayed deliveries of military equipment, savings in expenditure of other general government entities, and overestimation of social benefits in the budget, which more than offset the strongly negative impact of lower tax and social contribution revenues.

The gross debt, which is less affected by delayed military deliveries, reached 61.4% of GDP. It thus increased by 1.7 percentage points year-on-year, while exceeding the budget assumption by 0.1% of GDP, despite a decline in the cash reserve compared to the budget by almost EUR 1.3 billion (0.9% of GDP). Public debt therefore exceeds the upper limit of the debt brake by as much as 9.4% of GDP, which is a historical maximum. **Net debt, i.e. public debt adjusted for the government's cash reserve, increased by as much as 3 percentage points year-on-year to 54.4% of GDP. Such a pace of increase over the past two non-crisis years exceeds the growth observed during the recent pandemic and energy-security crisis and is comparable only to the period following the outbreak of the global financial crisis.**

Table 1: Development in basic public finance performance indicators

(in % of GDP)	2019	2020	2021	2022	2023	2024
General government balance	-5.3	-5.1	-1.6	-5.3	-5.3	-4.5
Structural balance	-3.4	-2.2	-1.4	-3.6	-4.9	-4.4
Gross general government debt	58.4	60.2	57.8	55.8	59.7	61.4
Net general government debt	48.5	48.9	47.6	48.1	51.4	54.4
<i>Memorandum items:</i>						
<i>Government's target in approved budget</i>	-0.5	-7.4	-4.9	-6.4	-6.0	-4.7
<i>Primary balance</i>	-4.1	-4.0	-0.5	-4.2	-3.9	-2.9
<i>Upper limit of debt brake</i>	57.0	56.0	55.0	54.0	53.0	52.0
<i>Difference between gross debt and the upper limit</i>	1.4	4.2	2.8	1.8	6.7	9.4
<i>Cyclical component</i>	-0.1	0.5	0.8	-0.2	0.1	-0.1
<i>One-off effects</i>	-1.8	-3.3	-1.0	-1.5	-0.6	0.1
<i>Change in the structural balance (- means deterioration)</i>	-1.9	1.2	0.8	-2.2	-1.3	0.5
<i>Change in the structural balance (defence at 2 % of GDP)</i>	-1.9	1.4	0.5	-2.2	-1.0	0.9
<i>Output GAP</i>	-2.5	1.7	0.7	0.6	0.4	-0.6
<i>Fiscal impulse (+ means restriction)</i>	-	0.1	2.8	-4.7	1.2	1.0

Source: Slovak Statistical Office, MFSR, CBR

The largest positive deviation² in general government fiscal performance in 2025 compared to the budget was primarily due to lower defence expenditure (0.4% of GDP) and better fiscal performance of general government entities (0.5% of GDP). The budget assumed defence spending at EUR 3.4 billion (2.4% of GDP), while the actual outturn, including accruals, reached EUR 2.7 billion (2.0% of GDP). The recorded savings were mainly related to delays in the delivery of military equipment

¹ For the purpose of assessing developments in public finances, the general government sector consists of central government (the state budget, contributory organizations, and other central government entities), the Social Insurance Agency and health insurance companies, and local governments (municipalities, self-governing regions, and their contributory and budgetary organizations).

² The material presents analytically adjusted contributions to the change in the general government balance under the ESA 2010 methodology relative to the budget, while these adjustments have a zero net impact on the general government balance. The individual effects therefore may not correspond to the figures reported in the 2025 State Final Account. Under ESA 2010, total revenues were EUR 426 million lower than in the approved budget and total expenditures declined by EUR 943 million.

compared to the budget assumptions³. **Without lower defence spending, the budget outcome would have been at 4.9% of GDP, worse than the target. These savings can therefore be considered temporary, as delayed deliveries do not represent permanent savings but only a shift to subsequent years.**

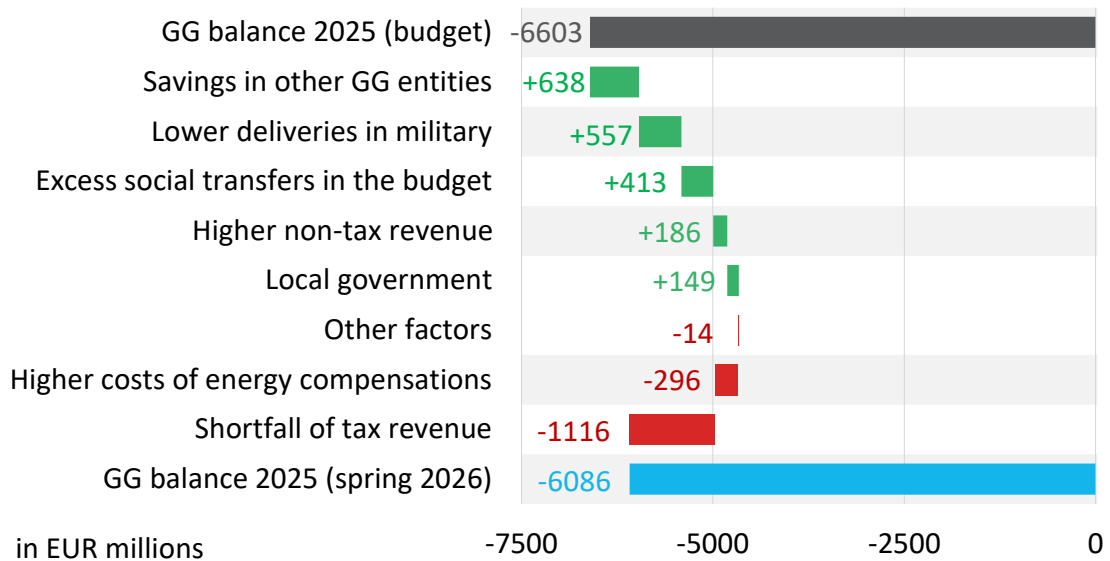
The better-than-budgeted fiscal result of general government entities was largely due to lower investment spending (especially in the case of ZSSK (railway company) and the Valaliky Industrial Park, as well as transport companies and public universities). **These savings also cannot be considered fully permanent, as some of the unspent funds will need to be utilized in the following years.**

By contrast, the most significant negative deviation from the budget was caused by lower tax and social contribution revenues (0.8% of GDP). In addition to weaker economic developments, which negatively affected corporate income tax revenues and labor taxation, the shortfall was also driven by lower tax collection efficiency, particularly in value-added tax (VAT). **Unlike the temporary positive factors, the revenue shortfall represents a structural deterioration in public finances.**

Other factors affecting the balance relative to the budget include the following:

- On the positive side, lower spending on social transfers and benefits contributed EUR 413 million (0.3% of GDP). The savings were mainly due to overestimation of expenditure in the budget, as assumptions regarding the number of newly granted early retirement pensions and recipients of parental benefits were not fulfilled.
- Non-tax revenues improved the deficit by EUR 186 million (0.1% of GDP), mainly due to the first-ever dividend payment by the company Slovenské elektrárne, which had not been included in the budget.
- Another positive contribution came from better fiscal performance of local governments amounting to EUR 149 million (0.1% of GDP), where higher grants and transfers were not fully reflected in increased spending.
- On the negative side, the deficit was affected by energy-related measures with an impact of EUR 296 million (0.2% of GDP). Budgeted resources were insufficient to cover direct costs of energy subsidies, and the deficit impact was further increased by weaker financial performance of MH TH, which was excluded from subsidy schemes, and SPP, where subsidies were partially offset against dividends.
- Unlike previous years, no negative impact on the budget balance from healthcare expenditure was identified in 2025. Higher operating costs of health insurance companies and weaker hospital performance were offset by higher non-tax revenues and lower healthcare spending.

³ Under the ESA 2010 methodology, expenditure on the acquisition of this equipment is recorded at the time of delivery rather than at the time of cash payment.

Chart 1: Items contributing to the difference between GG balance and the approved budget


Source: Slovak Statistical Office, MFSR, CBR

From the point of view of a medium-term burden on public finances, it is better to focus on the structural deficit indicator (i.e., a deficit that will automatically last even into the future, if no additional measures⁴ are adopted). **In 2025, the structural deficit reached 4.4% of GDP, representing a decrease of 0.5 percentage points compared to 2024.** The year-on-year improvement in the structural balance was largely driven by measures adopted by the government, in particular the consolidation package introduced in autumn 2024.

The development of public finances without policy measures, the so-called no-policy-change (NPC) scenario, would imply a deterioration of the structural deficit in 2025 by 0.3% of GDP compared to 2024. The NPC scenario assumes an increase in defence expenditure due to deliveries of military equipment procured in previous years to the level of 2% of GDP (an increase of 0.6 percentage points year-on-year), which would reach the long-term target level for the first time under ESA 2010 methodology. The increase in net interest expenditure (by 0.3 percentage points) would also have a negative impact, reflecting higher interest costs and a decline in temporarily elevated interest revenues. These negative effects would be partially offset by a reduction in social transfers (a year-on-year decline of 0.3 percentage points), mainly due to the decrease in the temporarily increased tax bonus for 2023 and 2024. A lower growth in intermediate consumption (0.2 percentage points) and a slightly faster increase in tax revenues (0.1 percentage points) would also contribute positively.

New measures implemented by the government during the approval of the 2025 budget and throughout the year reduced the structural deficit by 0.7% of GDP. The most significant contribution came from the consolidation package adopted in autumn 2024 (1.2% of GDP), which increased selected tax and non-tax revenues (e.g., changes in VAT rates, higher corporate income tax rates, and the introduction of a financial transaction tax) and reduced selected expenditures (e.g., reduction of the tax bonus and changes to the parental pension scheme). The deficit was also temporarily reduced

⁴ The structural balance excludes one-off and temporary measures that do not burden the development of public finances over the long term. At the same time, the estimated effect of the economic cycle on tax revenues and selected expenditures sensitive to economic developments is deducted from the nominal balance.

by lower investment spending (by 0.2 percentage points year-on-year). On the other hand, measures with a negative impact on the structural balance partially offset these improvements, in particular the continuation of broad-based energy subsidies (0.3% of GDP), higher healthcare expenditure and compensation measures (0.2 percentage points), and weaker tax revenues unrelated to policy measures (0.2 percentage points). **After adjusting for the temporary reduction in investment spending, the impact of fiscal developments in 2025 on long-term sustainability was positive at 0.5% of GDP⁵.** The budget outcome in 2025 therefore implies an improvement in long-term sustainability⁶.

In 2025, gross debt reached 61.4% of GDP. After a temporary decline during the high-inflation years of 2022 and 2023 and a renewed increase in 2024, debt continued to rise in 2025, increasing by 1.7 percentage points year-on-year. Gross debt has therefore not yet stabilized and has moved further away from the upper limit of the debt brake.

The main contributors to the year-on-year increase in debt in 2025 were the primary deficit (contributing 2.8 percentage points), interest expenditures related to public debt servicing (1.5 percentage points), and the stock-flow adjustment (1.1 percentage points). Interest costs will represent an increasing burden on public finances in the coming years, as existing debt is being refinanced at significantly higher interest rates compared to the period before 2021.

By contrast, inflation had a mitigating effect on debt dynamics through the denominator effect (-2.4 percentage points). Although its impact increased by almost 0.6 percentage points compared to 2024, it was still insufficient to offset the impact of the primary deficit, unlike in 2022 and 2023 when inflation was in double digits. The decline in the government's cash reserve also contributed to the increase in debt (0.9 percentage points). Real economic growth had only a limited dampening effect, reducing debt by 0.5 percentage points.

The economy operated slightly below its potential, with a negative output gap of 0.6% of potential GDP. The significant restriction on the revenue side (1.1% of GDP) and current expenditure (1.1% of GDP) was partially offset by higher capital expenditure (0.8% of GDP) and increased absorption of EU funds (0.4% of GDP), particularly the Recovery and Resilience Plan. **The fiscal impulse in 2025 had a restrictive impact on the economy amounting 1.0 % of GDP.**

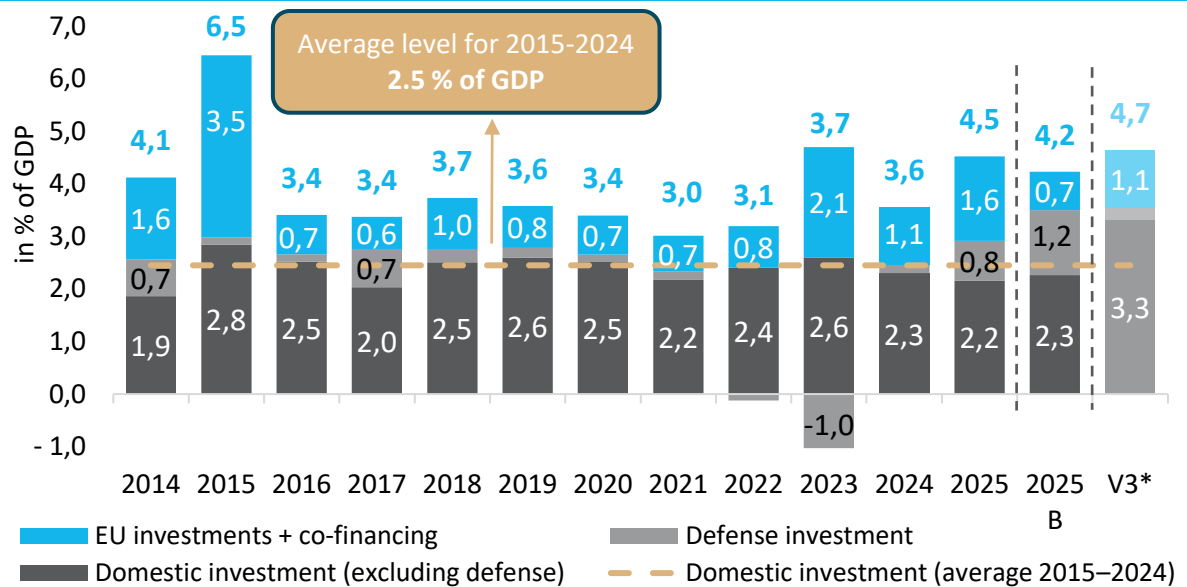
From the perspective of long-term sustainability, economic growth over a longer horizon plays a key role. This can be supported by the accumulation of new capital through effective public investment. As the flow of EU funds follows a multiannual absorption plan and the schedule of the relevant programming period, it is important from a fiscal management perspective to monitor the development of domestic public investment. At the same time, it is appropriate to adjust these investments for expenditure on military equipment, as their recorded level in the budget balance under ESA 2010 is largely influenced by delivery schedules.

⁵ After taking medium-term developments into account, the permanent impact of fiscal policy measures in 2025 may differ, since the contribution of some measures changes in subsequent years. On the one hand, for tax revenues, the positive effect of consolidation measures declines because of their growing negative impact on the economy. At the same time, energy subsidy costs can be expected to decrease over the medium term, given the assumed stabilization of energy prices.

⁶ Since the overall improvement was driven mainly by measures approved during 2024, their effects were already included in last year's assessment of long-term sustainability for 2024. In addition, the overall assessment of long-term sustainability also covers the impact of other factors that may not yet have been reflected in the current year's outcome, including the latest macroeconomic developments as well as measures whose impact materializes later over the medium-term horizon. The final assessment of long-term sustainability for 2025 will be published in the CBR report at the end of April.

In 2025, public investment excluding defence and EU funds declined year-on-year to 2.2% of GDP. This represents a decrease of 0.3 percentage points compared to the 10-year average, 0.1 percentage points compared to the previous year, and 0.1 percentage points below the budget assumptions. Lower investment contributed to a reduction in the deficit compared to the budget by EUR 144 million (and by EUR 399 million compared to the 10-year average). Compared to the V3 average⁷, public investment excluding defence and EU funds is lower by as much as 1.2 percentage points of GDP, corresponding to EUR 1.6 billion.

Chart 2: Public investment level outside the EU funds and defence sector was the lowest since 2017

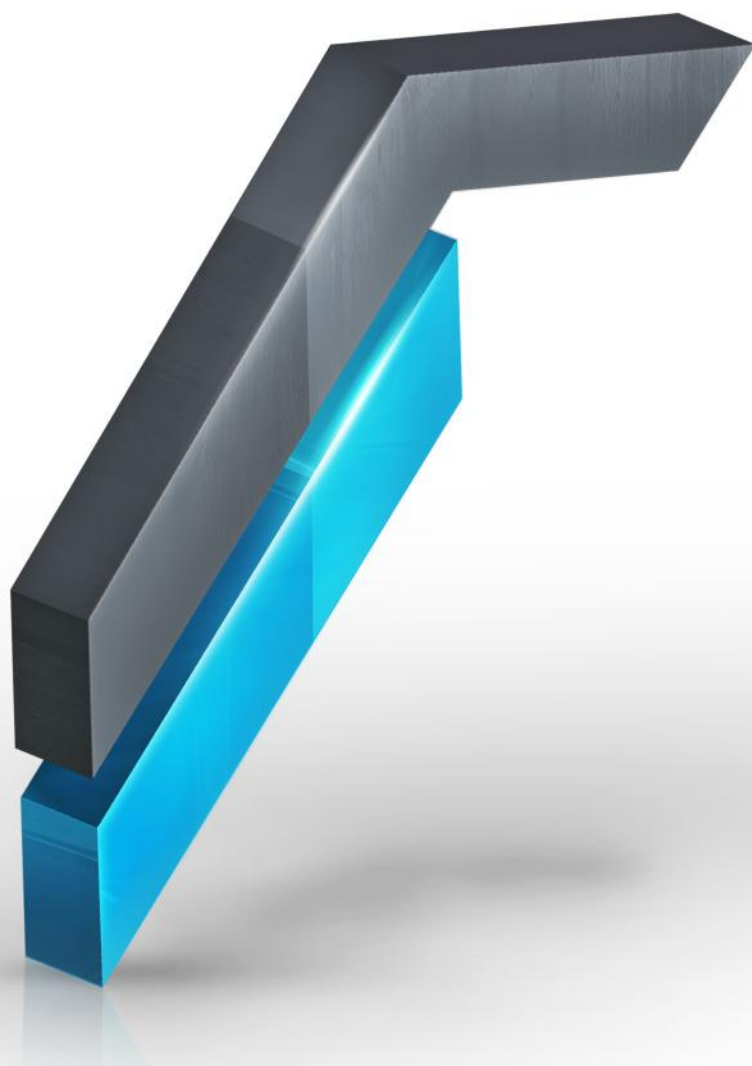


Note: B means budget; defence investments in 2022 and 2023 are affected by the recording of donated military equipment

Source: Statistical Office, Ministry of Finance, CBR, Eurostat

*represents the average level of public investment in Czechia, Poland, and Hungary over the period 2014–2023

⁷ This refers to the average level of public investment excluding EU funds and defence for the Czech Republic, Poland, and Hungary over the period 2014–2023.



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