



Budget Balance - December 2013

Economic Research Division



Central government budget posted a deficit of 18.4 billion TL in 2013.

In general, central government budget gives a high amount of deficit in the last months of each year. This trend was also kept in 2013 and the budget posted a deficit of 17.2 billion TL in December. However, due to the strong performance in the first 11 months of the year, budget deficit declined by 37.3% to 18.4 billion TL compared to the previous year. It is anticipated that budget deficit to GDP ratio receded to 1.2% in 2013 from 2.1% in 2012.

In 2013, primary surplus increased by 65.9% to 31.5 billion TL. Thus, budget deficit was realized as only 54.3% of initial budget target while primary surplus surpassed the year-end target with a significant margin indicating a strong performance.

In 2013, budget expenditures rose by 12.7%, whereas budget revenues increased by 17.1%.

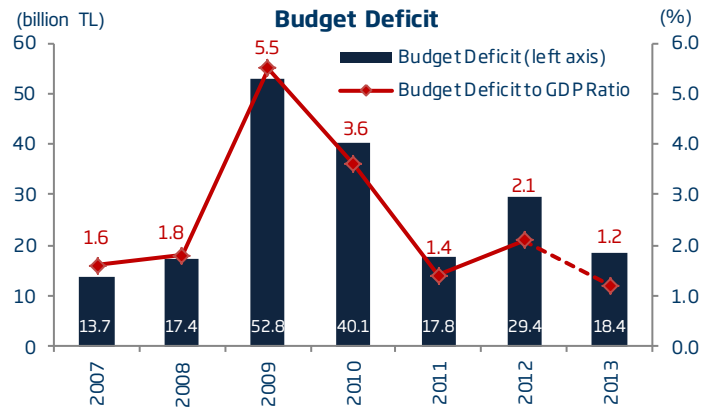
Tax revenues...

Tax revenues reached 326 billion TL in 2013 and were realized slightly above initial budget target. In 2013, revenues from Domestic Value Added Tax (VAT), Special Consumption Tax (SCT) and VAT on imports increased by 20.3%, 19.2% and 25.5%, respectively. Those three items had a share of 57.1% in total tax revenues.

Analyzing the budget targets, all tax items except SCT on alcoholic beverages reached the year-end budget targets. The said item however reached only 87% of the year-end target.

Budget expenditures...

Analyzing the budget expenditures, in the last month of the year expenditures reached 49.7 billion TL, highest amount in 2013 as the goods and services purchases together with capital expenditures and transfers were generally made in



December. Thus, budget expenditures were realized as 407.9 billion TL in parallel with initial budget targets. During this period, non-interest expenditures increased by 14.2% whereas, the rise in interest expenditures remained limited with 3.2%. In 2013, personnel expenditures and current transfers increased by 11.3% and 14.9%, respectively. Those two items had a share of 60% in total budget expenditures.

Expectations...

In 2013, domestic demand conditions were reflected on budget positively via increase in tax revenues and budget discipline was maintained. In 2014, we expect that the anticipated slowdown in domestic demand would affect the budget performance; however, we think that the budget deficit target in Medium Term Program (MTP), which is 33.2 billion TL, is achievable.

Central Government Budget

	December		%	January-December		%	Budget Target	Real./ Target (%)	MTP Real. Estimates
	2012	2013		Change	2012				
Expenditures	44.2	49.7	12.5	361.9	407.9	12.7	404.0	101.0	406.6
Interest Expenditures	1.7	2.0	16.9	48.4	50.0	3.2	53.0	94.3	50.5
Non-interest Expenditures	42.5	47.7	12.3	313.5	357.9	14.2	351.0	102.0	356.1
Revenues	28.1	32.5	15.6	332.5	389.4	17.1	370.1	105.2	387.2
Tax Revenues	23.1	26.7	15.8	278.8	326.1	17.0	317.9	102.6	325.1
Other Revenues	5.0	5.7	14.8	53.7	63.3	17.9	52.1	121.4	62.0
Budget Balance	-16.1	-17.2	7.0	-29.4	-18.4	-37.3	-34.0	54.3	-19.4
Primary Balance	-14.4	-15.2	5.9	19.0	31.5	65.9	19.0	165.6	31.1

Numbers may not add up to total due to rounding

Source: Ministry of Finance

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