



## Budget Balance - January 2014

Economic Research Division



### Central government budget posted surplus in January.

According to data announced by Ministry of Finance, central government budget, which gave 5.9 billion TL surplus in January 2013, posted a surplus of 1.9 billion TL in the first month of 2014. The decrease in budget surplus in January was due to a much higher increase in budget expenditures compared to the budget revenues. The acceleration in budget expenditures was mainly due to the non-interest expenditures. On the revenues side, decrease in other revenues (excluding the tax revenues) was also noteworthy. In this period, primary surplus decreased by 38% and was realized as 6.9 billion TL.

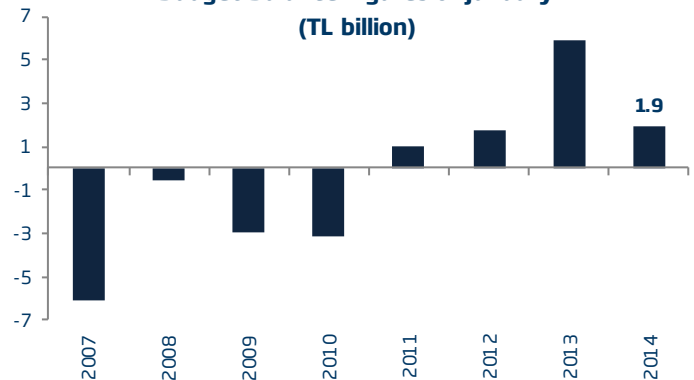
### Tax revenues increased...

In January, tax revenues increased by 15% compared to the same month of the previous year. During this period, total revenues collected from Special Consumption Tax (SCT) stayed flat. However, analyzing the sub-items of SCT revealed that despite the decrease in automotive sales in January, the tax increases which have been effective from the new year caused an increase in SCT revenues collected from the motor vehicle sales. The tax regulations also had an incremental impact on SCT revenues collected from tobacco products. In addition, in line with the rapid increase in foreign exchange rates in the beginning of the year, VAT on imports expanded by 38.7%. Domestic VAT, which increased by 15.7%, also had a positive impact on tax revenues. In addition to the tax revenues, privatization revenue was 551 million TL in January.

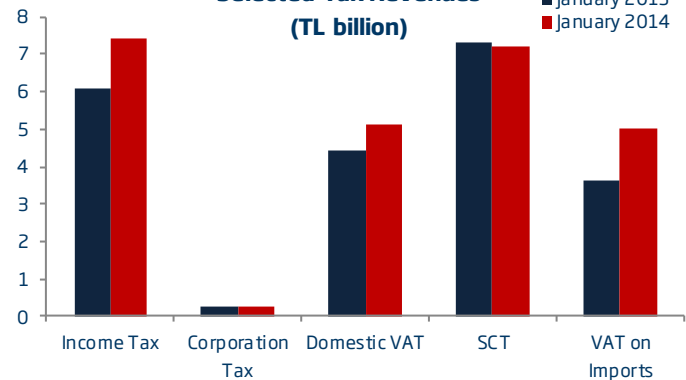
### Increase in budget expenditures stemmed from the current transfers.

On the expenditures side, budget expenditures increased by 16.4% compared to the same month of the previous year. The rise in budget expenditures mainly stemmed from the personnel expenditures and current transfers. Resources transferred to the financing of the social security system, which constitutes 60% of current transfers,

Budget Balance Figures of January  
(TL billion)



Selected Tax Revenues  
(TL billion)



increased by 16.4% compared to the same month of the previous year and were realized as 7.8 billion TL.

### Expectations...

The central government budget displayed a relatively favorable performance in the first month of 2014. Although, the anticipated slowdown in domestic demand might put pressure on the tax revenues in the coming period, we think that the year-end budget deficit target is achievable.

Central Government Budget	(TL billion)				
	January		%	2014 Budget	Real./
	2013	2014	Change	Target	Target <sup>(%)</sup>
<b>Expenditures</b>	<b>30.9</b>	<b>36.0</b>	<b>16.4</b>	<b>436.4</b>	<b>8.2</b>
Interest Expenditures	5.2	5.0	-4.0	52.0	9.6
Non-interest Expenditures	25.7	31.0	20.5	384.4	8.1
<b>Revenues</b>	<b>36.9</b>	<b>37.9</b>	<b>2.8</b>	<b>403.2</b>	<b>9.4</b>
Tax Revenues	28.4	32.7	15.0	348.4	9.4
Other Revenues	8.4	5.2	-38.3	54.8	9.5
<b>Budget Balance</b>	<b>5.9</b>	<b>1.9</b>	<b>-67.9</b>	<b>-33.3</b>	<b>-</b>
<b>Primary Balance</b>	<b>11.2</b>	<b>6.9</b>	<b>-38.0</b>	<b>18.7</b>	<b>36.9</b>

Numbers may not add up to total due to rounding

Source: Ministry of Finance

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