



Budget Balance - January 2015

Economic Research Division

TÜRKİYE BANKASI

Central government budget gave a surplus in January.

According to data announced by Ministry of Finance, central government budget, which gave 1.9 billion TRY surplus in January 2014, recorded a surplus of 3.8 billion TRY in the first month of 2015. The increase in budget surplus stemmed mainly from the limited rise (0.9% yoy) in budget expenditures. In this period, primary surplus was realized as 8.8 billion TRY, increasing by 26.9% yoy.

A slight increase in tax revenues...

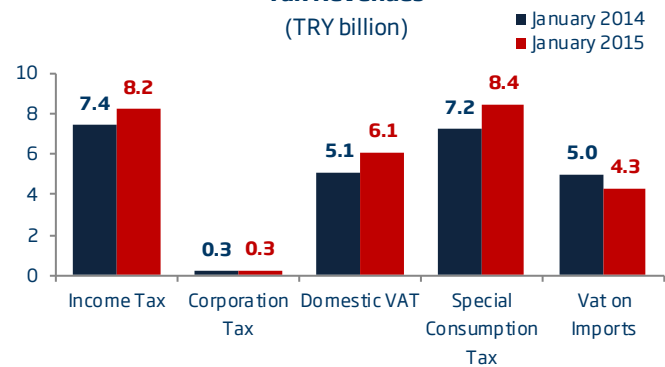
In January, tax revenues rose by 6.6% yoy and have maintained their moderate course seen throughout 2014. On the other hand, during this period, revenues collected from Special Consumption Tax (SCT), Domestic Value Added Tax (VAT) and Income Tax registered a remarkable rise. Hence, total revenues collected from the said groups, constituting two-thirds of total tax revenues, surged by 15.2% yoy. Tax regulations regarding tobaccos and beverages effective from the start of new-year played a significant role in expanding SCT. However, indicating a weak performance in imports, VAT on imports had a diminishing effect on budget revenues with declining by 13.8% yoy.

Flat course in budget expenditures...

In the first month of the year, having decreased by 4.1% yoy, current transfers were influential on the limited rise in budget expenditures. Social Security Deficit Finance item which amounted to 1.9 billion TRY in January 2014, declined to zero in January and thus had a significant effect on contracting current transfers. In addition, interest expenditures remained unchanged compared to the same month of the previous year. On the other hand, it was noteworthy that expenditures in compensation of employees and social security contributions items increased by 9.8% and 8.4%, respectively.

Tax Revenues

(TRY billion)



Expectations

The central government budget displayed a strong performance in the first month of 2015. We expect that the anticipated recovery in domestic demand might have an upward effect on the tax revenues in the coming period thus the budget balance will remain compatible with the year-end targets.

Central Government Budget

(TRY billion)

	January		% Change	% 2015 Budget	
	2014	2015		Target	Real/Target (%)
Expenditures	36.0	36.3	0.9	472.9	7.7
Interest Expenditures	5.0	5.0	0.0	54.0	9.3
Non-Interest Expenditures	31.0	31.3	1.1	418.9	7.5
Revenues	37.9	40.1	5.8	452.0	8.9
Tax Revenues	32.7	34.9	6.6	389.5	9.0
Other Revenues	5.2	5.2	0.6	62.5	8.4
Budget Balance	1.9	3.8	97.6	-21.0	-
Primary Balance	6.9	8.8	26.9	33.0	26.6

Numbers may not add up to total value due to rounding.

Source: Ministry of Finance, Datastream



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