



### The central government budget gave a deficit of 40.7 billion TRY in December.

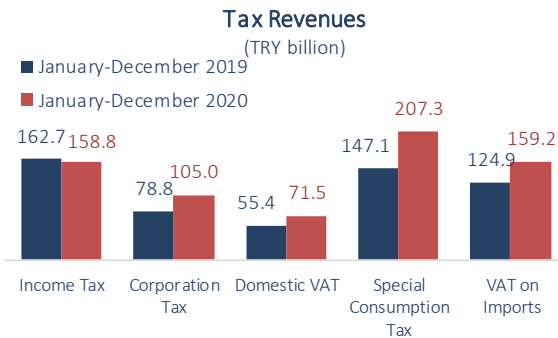
Budget balance which gave a deficit of 31.8 billion TRY in December 2019, gave a deficit of 40.7 billion TRY in the same period of 2020. During this period, while budget revenues increased by 34% yoy to 97.6 billion TRY, budget expenditures expanded by 32.2% to 138.3 billion TRY. The primary deficit, which was 27.6 billion TRY in December 2019, became 35.8 billion TRY in the same period of 2020 with a 29.5% yoy increase.

### The budget deficit increased to 172.7 billion TRY in 2020.

The budget deficit, which was 124.7 billion TRY in 2019, increased by 38.5% in 2020 and reached 172.7 billion TRY. During this period, budget revenues increased by 17.6% and budget expenditures rose by 20.2%. The primary balance, which gave a deficit of 24.8 billion TRY in 2019, also posted a deficit of 38.8 billion TRY in 2020.

### The annual increase in tax revenues was 29.4% in December.

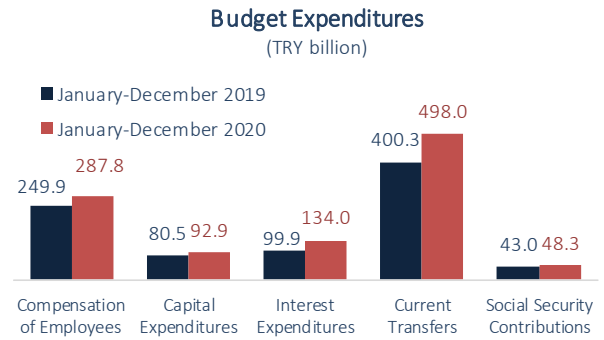
Tax revenues increased rapidly by 29.4% in December. In this period, the rises in value added tax on imports and special consumption tax (SCT) stood out. With the effect of the domestic automobile sales increasing on an annual basis in December and the new SCT rates implemented since September, SCT received from motor vehicles recorded a rapid increase by 171% yoy. On the other hand, the 115% decrease in donations and aids received and special income item during this period drew attention. In 2020, tax revenues rose by 23.6% compared to 2019. On the other hand, with the effect of the developments related to the pandemic, enterprise and property revenues decreased by 36.6% and collection from receivables declined by 23.4%, limiting the rise in budget revenues.



### Rapid rise in interest expenditures...

In December 2020, the current transfers item drove the rise in budget expenditures due to the Treasury supports and transfers to households. In this period, annual increases of 100.2% and 48.2% in capital transfers and capital expenses, respectively, drew attention. Lending expenditures was another item that recorded a high annual rise in December.

In 2020, as a whole, interest expenditures rose by 34% and reached 139 billion TRY. Domestic and foreign debt interest expenditures accounted for 71% and 19,8% of this amount, respectively. In this period, rises in current transfers and the purchase of goods and services item were also noteworthy.



### Expectations

The central government budget balance was under the effects of the coronavirus pandemic throughout 2020. While the budget deficit surpassed the target set at the beginning of the year by 24.4%, it was realized at 72.2% of the New Economy Program (NEP) estimate published in September 2020. The government announced that the ratio of budget deficit to GDP is estimated to have realized at 3.6% in 2020 and the target for the end of 2021 has been revised as 3.5%. In the first half of 2021, the extension of the tax delays as well as possible measures to limit the effects of the pandemic on the economic activity will continue to be effective on the budget balance. Tax revenues and savings policies will be determinant on the budget discipline in 2021, when the possibility of one-off income is also limited.

### Central Government Budget

	December		%	January-December		%	2020 Budget Target	NEP Target	Real./ NEP Target (%)
	2019	2020		Change	2019				
<b>Expenditures</b>	<b>104.6</b>	<b>138.2</b>	<b>32.2</b>	<b>1,000.0</b>	<b>1,202.2</b>	<b>20.2</b>	<b>1,095.5</b>	<b>1,212.3</b>	<b>99.2</b>
Interest Expenditures	4.2	4.9	17.4	99.9	134.0	34.0	138.9	137.4	97.5
Non-Interest Expenditures	100.4	133.4	32.8	900.1	1,068.3	18.7	956.5	1,074.9	99.4
<b>Revenues</b>	<b>72.8</b>	<b>97.6</b>	<b>34.0</b>	<b>875.3</b>	<b>1,029.5</b>	<b>17.6</b>	<b>956.6</b>	<b>973.1</b>	<b>105.8</b>
Tax Revenues	60.6	78.5	29.5	673.9	833.1	23.6	784.6	790.7	105.4
Other Revenues	12.2	19.1	56.5	201.4	196.4	-2.5	172.0	182.4	107.7
<b>Budget Balance</b>	<b>-31.8</b>	<b>-40.7</b>	<b>27.9</b>	<b>-124.7</b>	<b>-172.7</b>	<b>38.5</b>	<b>-138.9</b>	<b>-239.2</b>	<b>72.2</b>
<b>Primary Balance</b>	<b>-27.6</b>	<b>-35.8</b>	<b>29.5</b>	<b>-24.8</b>	<b>-38.8</b>	<b>56.3</b>	<b>0.1</b>	<b>-101.8</b>	<b>38.1</b>

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

Source: Datastream , Ministry of Treasury and Finance

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