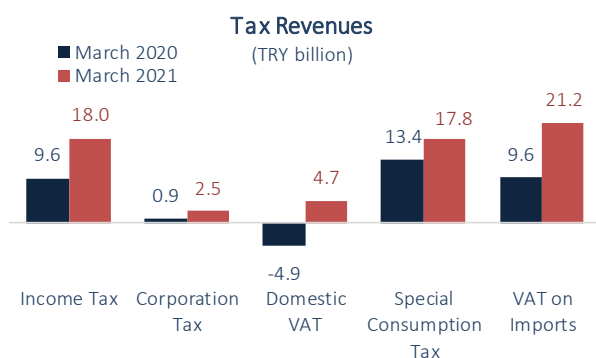


The central government budget posted a surplus of 23.8 billion TRY in March.

The budget balance, which gave a deficit of 43.7 billion TRY in March 2020 due to the impact of pandemic, posted a surplus of 23.8 billion TRY in the same period of 2021. In this period, budget revenues expanded by 184.4% yoy to 134.9 billion TRY, while budget expenditures increased by 21.9% yoy to 111.2 billion TRY. Primary balance, which gave a deficit of 32.4 billion TRY in March 2020, posted a surplus of 38 billion TRY in the same period of 2021. In the January-March period, the budget balance gave a surplus of 22.8 billion TRY, and the primary surplus was realized as 71.7 billion TRY.

Budget revenues displayed a positive outlook.

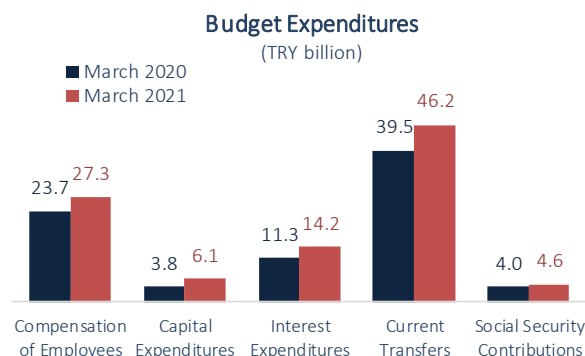
Tax revenues showed a rapid increase of 109.5% yoy in March and reached 77.4 billion TRY. As part of the restructuring of tax and administrative fines, the rapid rise of payments that began in February may have also supported tax revenues in March thanks to the time extension and benefits offered in advance payments. In this period, the increases in income tax and value added tax revenues on imports came to the fore. Income tax reached 18 billion TRY by an increase of 88% yoy, while the value added tax on imports went up by 120.7% with the effect of the annual rise in foreign exchange rates and became 21.2 billion TRY. Corporate tax increased by 166.6% yoy to 2.5 billion TRY. Within the scope of measures taken against the pandemic, the domestic value added tax, which was -4.9 billion TRY in March 2020 due to the effect of tax collection deferrals and refund mechanism, was realized as 4.7 billion TRY in this period.



Enterprise and ownership revenues, which were realized as 1 billion TRY in March 2020, increased to 37 billion TRY in March 2021, thanks to the transfer of CBRT's profit of 30.2 billion TRY to central government budget. Last year the CBRT's profit was transferred to the central government budget in January.

The rise in current transfers continued in March.

In March, interest expenditures went up by 25.5% yoy to 14.2 billion TRY, while non-interest expenditures increased by 21.4% to 96.9 billion TRY. During this period, interest payments on domestic debt rose by 13.8% yoy to 7.7 billion TRY and interest payments on foreign debt increased by 31.5% to 5.3 billion TRY. While the current transfers, which account for 48% of primary expenses, went up by 17.1% yoy, capital expenditures rose by 57.8% yoy in March. In this period, personnel expenses increased by 15.5% yoy.



Expectations...

Along with the rapid rise in tax revenues and the allocation of CBRT's operating revenue to the central government budget, the budget outlook displayed a positive outlook in March. The budget also had a good performance in the first quarter of the year. On the other hand, the rising number of coronavirus cases indicates that the pandemic isn't slowing down, and the potential impact of the restrictive measures taken against pandemic on economic activity will continue to be a concern for the budget outlook.

Central Government Budget

	March		%	January-March		%	2021 Budget Act./Budget Target	
	2020	2021		Change	2020		2021	Change
Expenditures	91.2	111.2	21.9	285.3	321.3	12.6	1,346.1	23.9
Interest Expenditures	11.3	14.2	25.5	38.2	48.9	27.9	179.5	27.3
Non-Interest Expenditures	79.8	96.9	21.4	247.1	272.4	10.3	1,166.6	23.4
Revenues	47.4	134.9	184.4	255.7	344.1	34.6	1,101.1	31.3
Tax Revenues	37.0	77.4	109.5	176.1	255.1	44.9	922.7	27.6
Other Revenues	10.5	57.5	448.2	79.6	89.0	11.8	178.4	49.9
Budget Balance	-43.7	23.8	-	-29.6	22.8	-	-245.0	-
Primary Balance	-32.4	38.0	-	8.7	71.7	727.3	-65.5	-

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

Source: Datastream , Ministry of Treasury and Finance

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