

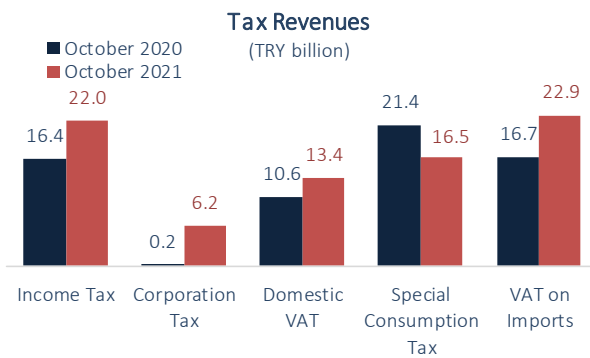
**The central government budget posted a deficit of 17.4 billion TRY in October.**

In October, the central government budget deficit increased by 256% yoy to 17.4 billion TRY. The rise in primary budget expenditures due to the pandemic was effective in the rapid expansion in the budget deficit. In October, budget revenues expanded by 22.9% yoy and budget expenditures increased by 34.6% yoy. The primary balance, which gave a surplus of 6.9 billion TRY in October last year, posted a deficit of 3.1 billion TRY in this period.

In the first 10 months of the year, budget revenues increased faster than budget expenditures due to the strong recovery in economic activity. While revenues expanded by 34.3% yoy, the annual increase in budget expenditures was recorded as 22.3%. Thus, the budget deficit, which was 145.5 billion TRY in the first 10 months of the last year, decreased by 46% yoy to 78.5 billion TRY in the same period of this year. The primary budget balance, which had a deficit of 25.9 billion TRY in the January-October period of last year, gave a surplus of 78 billion TRY.

**In October, corporation tax revenues rose rapidly.**

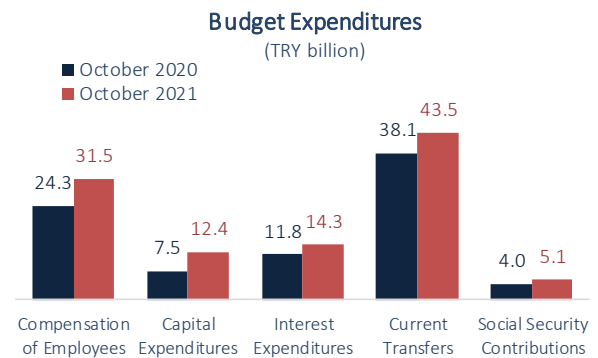
Tax revenues increased by 25.5% yoy to 96.1 billion TRY in October. Last year, due to the low base effect as a result of the postponement of tax collections and the strong recovery in the economic activity, corporate tax revenues increased by approximately 27 times compared to the same month of the last year and amounted to 6.2 billion TRY. VAT on imports increased by 37.4% yoy due to the developments regarding exchange rate and foreign trade developments, while income tax revenues increased by 34.8% yoy. In this period, SCT revenues decreased by 22.8% yoy basis due to the 80% decline in SCT on petroleum and natural gas products due to the "échelle mobile" system.



**Purchases of goods and services nearly doubled in October.**

In October, interest expenditures increased by 21.6% yoy, while non-interest expenditures increased by 36.3% yoy. In this period, expenditures on the purchase of goods and services rose rapidly due to the annual increase of 4.8 billion TRY in medical equipment and pharmaceutical expenditures within the scope of the pandemic. Current transfers, which had 37% of share in non-interest expenditures, expanded by 14.2% yoy and reached 44 billion TRY, due to the increase in other transfers to households and the shares from revenues. In the same period, the annual increase in personnel expenses was realized as 29.5%, while capital expenses expanded by 64.1% yoy due to the continuing high course in real estate capital and production expenses.

In the January-October period, current transfers increased by 17% yoy and made the highest contribution to the 22.3 point increase in budget expenditures with 7.2 points. In this period, rapid annual increases in capital transfers (60.9%) and lending (49.6%) expenditures were also noteworthy. In addition, interest expenditures increased by 30.9% yoy and reached 156.6 billion TRY.



**Expectations...**

Budget indicators continued to display a positive outlook in October compared to the year-end budget targets in the Medium Term Program. Considering the practices in the previous years, it is evaluated that the difference between the program target and the budget deficit in the first ten months of the year, which was approximately 150 billion TRY, can be used in the last two months of the year. In addition, the increase in spending due to the measures taken against the coronavirus and the decrease in SCT revenues due to the échelle mobile system are expected to put pressure on budget indicators in the coming period.

**Central Government Budget**

	October		% Change	January-October		% Change	2021 Budget Target	MTP Real./ MTP Target (%)	
	2020	2021		2020	2021			Target	Target
<b>Expenditures</b>	<b>97.7</b>	<b>131.4</b>	<b>34.6</b>	<b>967.7</b>	<b>1,183.1</b>	<b>22.3</b>	<b>1,095.5</b>	<b>1,506.3</b>	<b>87.9</b>
Interest Expenditures	11.8	14.3	21.6	119.6	156.6	30.9	138.9	175.9	87.2
Non-Interest Expenditures	85.9	117.1	36.3	848.1	1,026.5	21.0	956.5	1,326.7	88.0
<b>Revenues</b>	<b>92.8</b>	<b>114.0</b>	<b>22.9</b>	<b>822.2</b>	<b>1,104.6</b>	<b>34.3</b>	<b>956.6</b>	<b>1,276.3</b>	<b>100.3</b>
Tax Revenues	76.6	96.1	25.5	655.3	904.5	38.0	784.6	1,057.9	98.0
Other Revenues	16.2	17.9	10.8	166.8	200.0	19.9	172.0	218.4	112.1
<b>Budget Balance</b>	<b>-4.9</b>	<b>-17.4</b>	<b>255.8</b>	<b>-145.5</b>	<b>-78.5</b>	<b>-46.0</b>	<b>-138.9</b>	<b>-230.0</b>	<b>32.0</b>
<b>Primary Balance</b>	<b>6.9</b>	<b>-3.1</b>	<b>-</b>	<b>-25.9</b>	<b>78.1</b>	<b>-</b>	<b>0.1</b>	<b>-50.5</b>	<b>-</b>

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

Source: Datastream, Ministry of Treasury and Finance

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