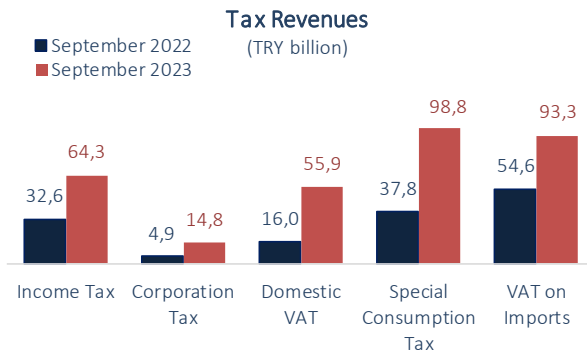


Central government budget gave a deficit of 129.2 billion TRY in September.

In September, budget revenues increased by 113.2% yoy to 441.3 billion TRY, while budget expenditures went up by 99.8% yoy to 570.5 billion TRY due to the increases in personnel expenditures and current transfers. Thus, central government budget deficit widened by 64.3% yoy to 129.2 billion TRY in September. In this period, interest expenditures increased by 113.7% yoy to 70.8 billion TRY, while primary budget deficit rose by 28.4% yoy to 58.5 billion TRY. In the first 9 months of the year, the budget deficit widened 11-fold to 512.6 billion TRY and the primary deficit became 41.7 billion TRY.

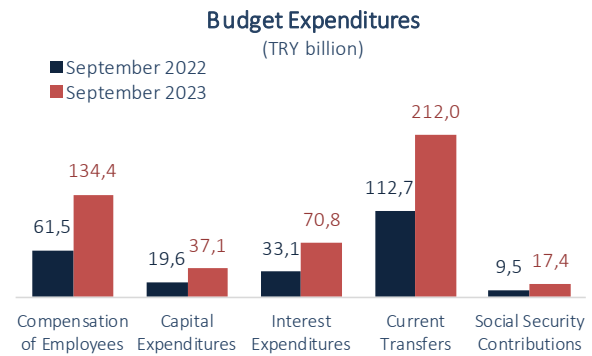
In September, SCT revenues increased by 161.5% yoy.

Tax revenues, which more than doubled (122.7% yoy) to 386.2 billion TRY in September, accounted for 87.5% of total budget revenues. The rise in tax revenues was led by SCT revenues, which increased by 161.5% yoy (61 billion TRY) thanks to the ongoing favorable course in the automobile market. In this period, domestic VAT revenues surged by nearly 3.5 times (39.9 billion TRY) yoy, while VAT revenues on imports rose by 71% (38.7 billion TRY), supporting tax revenues. Income tax revenues, which nearly doubled on an annual basis in September, contributed 31.7 billion TRY to the budget, while corporate tax revenues, which nearly tripled, contributed 9.9 billion TRY. In this period, interest, shares and penalties increased by 70.7% (15.5 billion TRY) compared to the same period of the previous year.



In September, current transfers increased by 88.1% yoy.

In September, the annual increase in non-interest expenditures was realized as 97.9%, above the annual CPI inflation. Current transfers, which accounted for 42.4% of primary expenditures, increased by 88.1% yoy (99.3 billion TRY) and were the main driver of the expansion in budget expenditures. In September, personnel expenditures continued to increase rapidly by 118.5% yoy (72.9 billion TRY), while interest expenditures rose by 113.7% yoy to 70.8 billion TRY. In this period, capital transfers increased by nearly 16 times and reached 33.3 billion TRY. On the other hand, while 14 billion TRY was paid to Petroleum Pipeline Corporation (BOTAS) and 6.8 billion TRY to The Electricity Generation Corporation (EÜAŞ) within the scope of duty losses, 16 billion TRY was paid to Produce of Soil Office (TMO) under the lending item.



Expectations...

The budget balance, which presented a favorable outlook in July and August, posted a deficit in September due to the high levels of budget expenditures despite the rapid increases in tax revenues. Thus, the budget deficit, which was realized as 512.6 billion TRY in the January-September 2023 period, constituted 31.4% of the deficit projected by the Medium Term Program (MTP) for this year. According to the MTP target, there is room for a budget deficit of 1.1 trillion TRY in the last 3 months of the year. On the other hand, the increase in tax revenues may lose momentum in the upcoming period in line with the expected moderate slowdown in economic activity.

Central Government Budget

							(billion TRY)	
	September 2022	September 2023	% Change	January-September 2022	January-September 2023	% Change	MTP Target	Real./ MTP Target (%)
Expenditures	285.6	570.5	99.8	2,020.8	3,952.6	95.6	6,562.6	60.2
Interest Expenditures	33.1	70.8	113.7	207.1	470.9	127.3	646.1	72.9
Non-Interest Expenditures	252.5	499.7	97.9	1,813.6	3,481.7	92.0	5,916.5	58.8
Revenues	206.9	441.3	113.2	1,975.3	3,440.0	74.2	4,929.7	69.8
Tax Revenues	173.5	386.2	122.6	1,648.0	2,982.0	81.0	4,270.7	69.8
Other Revenues	33.5	55.0	64.4	327.3	457.9	39.9	659.0	69.5
Budget Balance	-78.6	-129.2	64.3	-45.5	-512.6	1,026.6	-1,633.0	31.4
Primary Balance	-45.5	-58.5	28.4	161.6	-41.7	-	-986.8	-

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

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