



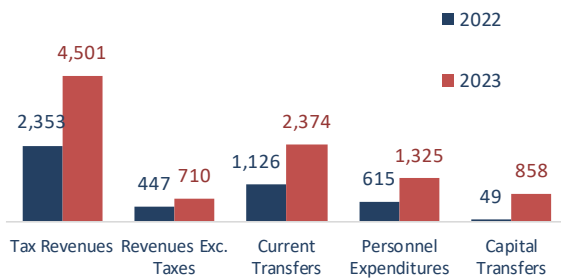
**Central government budget posted a deficit of 842.5 billion TRY in December.**

In December, central government budget deficit increased nearly 6-fold on an annual basis to 842.5 billion TRY. In this period, budget revenues increased by 117.4% yoy to 549.9 billion TRY, while budget expenditures rose by 271.2% yoy to 1.4 trillion TRY. In December, the primary deficit widened nearly 8-fold yoy to 800.2 billion TRY.

**In 2023, the budget deficit was realized as 1.4 trillion TRY.**

The central government budget deficit, which stood at 142.7 billion TRY in 2022, rose to 1.4 trillion TRY in 2023 due to the rapid increase in expenditures despite the positive performance in revenues. Thus, the budget deficit was realized slightly below the Medium Term Programme forecast of 1.6 trillion TRY announced in September 2023. In this period, budget revenues and budget expenditures increased by 86.1% and 123.8%, respectively. The primary balance, which posted a surplus of 168.2 billion TRY in 2022, gave a deficit of 700.4 billion TRY in 2023.

**Leading Budget Items**  
(billion TRY)



**Tax revenues amounted to 440.9 billion TRY in December.**

Rising by 108.3% yoy in December, tax revenues surpassed annual consumer inflation and was realized as 440.9 billion TRY, accounting for 80.2% of total budget revenues. In this period, special consumption tax (SCT) revenues rose by 122.3% yoy (64.2 billion TRY) thanks to the increase in automobile and light commercial vehicle sales, and domestic value-added tax (VAT) revenues increased by 225% yoy (33.8 billion TRY), supporting budget revenues. In the same period, corporate tax revenues rose

by 124.9% (10.9 billion TRY). In December, revenues from interest, shares and fines went up by 168.7% yoy to TRY72.8 billion.

In 2023, tax revenues increased by 91.2% and reached 4.5 trillion TRY. The favorable performance of tax revenues was driven by high inflation as well as the increases in tax rates in the second half of the year. Throughout the year, high increases in SCT (508.4 billion TRY), import VAT (370.5 billion TRY) and domestic VAT (330.3 billion TRY) and income taxes (337.6 billion TRY) supported budget revenues. Interest, shares and penalties item increased by 72% yoy in 2023 and was realized as 409 billion TRY.

**Budget expenditures rose by 271.2% yoy in December.**

The 271.2% rise in budget expenditures in December was mainly driven by the rapid increases in capital transfers and current transfers. In this period, capital transfers increased 38-fold to 639.4 billion TRY, and transfers to other unclassified institutions, enterprises and households amounting to 622.7 billion TRY were the main drivers of this increase. Current transfers also increased by 167.4% yoy to 309.6 billion TRY in December. In this period, 14.5 billion TRY was paid to the Electricity Generation Corporation (EÜAŞ) and 65.6 billion TRY was paid to social security institutions under assignment expenditures, while 14.2 billion TRY was paid to State Railways under the lending item. In this period, interest expenditures increased by 132% yoy to 42.3 billion TRY.

In 2023, current transfer expenditures rose by 110.7% (1.2 trillion TRY), while personnel expenditures increased by 115.3% (709.2 billion TRY). The capital transfers item was realized as 858.1 billion TRY, almost 18 times higher compared to 2022. In 2023, interest expenditures increased by 117% to 674.6 billion TRY.

**Expectations...**

In 2023, despite the favorable performance of budget revenues, particularly tax revenues, the high budget expenditures due to the earthquake disaster caused the budget deficit to widen rapidly. Thus, the budget deficit for 2023 was realized as TL 1.4 trillion, 84.2% of the Medium Term Program forecast. Considering the actual budget deficit and growth forecasts for 2023, the budget deficit to GDP ratio is estimated to be 5.4% in 2023, below the Medium Term Program's projection of 6.4%.

**Central Government Budget**

	December			January-December			(billion TRY)	
	2022	2023	% Change	2022	2023	% Change	MTP Target	Real./ MTP Target (%)
<b>Expenditures</b>	<b>375.1</b>	<b>1,392.5</b>	<b>271.2</b>	<b>2,942.7</b>	<b>6,585.5</b>	<b>123.8</b>	<b>6,562.6</b>	<b>100.3</b>
Interest Expenditures	18.2	42.3	132.0	310.9	674.6	117.0	646.1	104.4
Non-Interest Expenditures	356.9	1,350.1	278.3	2,631.8	5,910.8	124.6	5,916.5	99.9
<b>Revenues</b>	<b>252.9</b>	<b>549.9</b>	<b>117.5</b>	<b>2,800.1</b>	<b>5,210.5</b>	<b>86.1</b>	<b>4,929.7</b>	<b>105.7</b>
Tax Revenues	211.7	440.9	108.3	2,353.4	4,500.9	91.2	4,270.7	105.4
Other Revenues	41.3	109.0	164.0	446.7	709.6	58.9	659.0	107.7
<b>Budget Balance</b>	<b>-122.2</b>	<b>-842.5</b>	<b>589.5</b>	<b>-142.7</b>	<b>-1,375.0</b>	<b>863.5</b>	<b>-1,633.0</b>	<b>84.2</b>
<b>Primary Balance</b>	<b>-104.0</b>	<b>-800.2</b>	<b>669.4</b>	<b>168.2</b>	<b>-700.4</b>	<b>-</b>	<b>-986.8</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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