



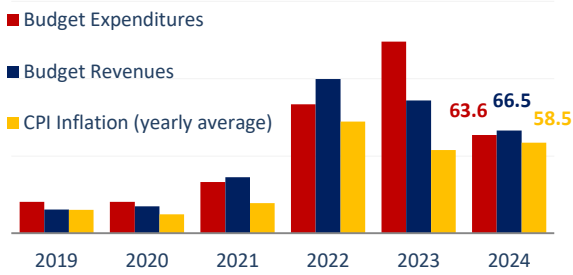
Central government budget posted a deficit of 829.2 billion TRY in December.

Central government budget deficit was realized as 829.2 billion TRY in December, close to the December 2023 figure. In this period, budget revenues increased by 60.4% yoy to 877.6 billion TRY, while budget expenditures rose by more moderately with 22.3% yoy to 1.7 trillion TRY. In December, primary budget deficit narrowed by 6.4% yoy to approximately 754 billion TRY.

In 2024, the budget deficit was realized as 2.1 trillion TRY.

The central government budget deficit, which was 1.4 trillion TRY in 2023, rose to 2.1 trillion TRY in 2024 due to high inflation and the earthquake related spending. Thus, the budget deficit was realized in line with the target set for the whole year in the Medium Term Program, which was announced in September 2024 (98% of the target). In 2024, budget revenues and budget expenditures increased by 66.5% and 63.6%, respectively. The primary budget deficit, which was 705.8 billion TRY in 2023, rose to 835.7 billion TRY in 2024.

Central Government Budget and Inflation
(yoy, %)



Tax revenues amounted to 707.8 billion TRY in December.

In December, tax revenues increased above the CPI inflation with 60.4% yoy and were realized as 707.8 billion TRY, accounting for 80.6% of total budget revenues. In this period, income tax revenues rose by 122.6% yoy (100.9 billion TRY) and was the main item that boosted tax revenues. In December, the increase in special consumption tax on motor vehicles thanks to the improvement in automotive sales contributed to total special consumption tax (SCT) revenues, which increased by 48.2% yoy (56.2 billion TRY). In the same period, domestic value-added tax (VAT) rose by 82.3% yoy, while VAT on imports posted a limited increase of 26.1%. In December, annual increase in corporate tax revenues was limited to 1.6%.

In 2024 tax revenues increased by 62.3% yoy to 7.3 trillion TRY. Income tax had the highest share in tax revenues with an annual increase of 120.1% (833.5 billion TRY), followed by SCT revenues with an annual rise of 20.9% (523.1 billion TRY). The annual increases above inflation in bank and insurance transaction tax (158.8%) and domestic VAT revenues (96.4%) were noteworthy. On the other hand, VAT revenues on imports increased by 40.5% in the same period.

Capital transfers had a large share in budget expenditures in December.

The annual rise in budget expenditures in December was mainly driven by the increases in current transfers (38.8%, 120.1 billion TRY), personnel expenditures (84.9%, 79.9 billion TRY) and goods and services expenditures (81.9%, 66.9 billion TRY). In this period, despite 11.1% annual contraction, capital transfers was the highest expenditure group this month with 568.6 billion TRY. The 108.8% yoy increase in lending expenditures in December was also noteworthy. Under this item, 42.7 billion TRY, was paid to State Railways while under assignment item 37 billion TRY and 62.7 billion TRY was paid to Pipelines and Petroleum Transportation Co. and to social security institutions, respectively. In December, rising by 77.8% on an annual basis interest expenditures were realized as 75.3 billion TRY.

In 2024, the top three expenditure groups with the highest share in non-interest expenditures were current transfers with 3.9 trillion TRY (62.8% annual increase), personnel expenditures with 2.7 trillion TRY (101.3%) and capital expenditures with 943.1 billion TRY (73.4%). The capital transfers item, on the other hand, contracted by 25.4% compared to the previous year and was realized as 640.4 billion TRY. In 2024, interest expenditures went up by 88.3% to 1.3 trillion TRY.

Expectations...

In 2024, despite the favorable performance of budget revenues, particularly led by tax revenues, high budget expenditures due to the earthquake disaster caused the budget deficit to widen. The course of fiscal policy will continue to be among the main determining factors in the fight against inflation in 2025.

Central Government Budget

	December			January-December			MTP Target	Real./ MTP Target (%)
	2023	2024	% Change	2023	2024	% Change		
Expenditures	1,395.0	1,706.8	22.4	6,588.0	10,777.0	63.6	11,213.1	96.1
Interest Expenditures	42.3	75.3	77.8	674.6	1,270.5	88.3	1,297.8	97.9
Non-Interest Expenditures	1,352.7	1,631.5	20.6	5,913.4	9,506.6	60.8	9,915.4	95.9
Revenues	547.0	877.6	60.4	5,207.6	8,670.9	66.5	9,064.7	95.7
Tax Revenues	441.2	707.8	60.4	4,501.1	7,304.9	62.3	7,605.5	96.0
Other Revenues	105.9	169.8	60.4	706.5	1,366.0	93.4	1,459.2	93.6
Budget Balance	-848.0	-829.2	-2.2	-1,380.5	-2,106.1	52.6	-2,148.5	98.0
Primary Balance	-805.7	-754.0	-6.4	-705.8	-835.7	18.4	-850.7	98.2

Source: Datastream , Ministry of Treasury and Finance

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