



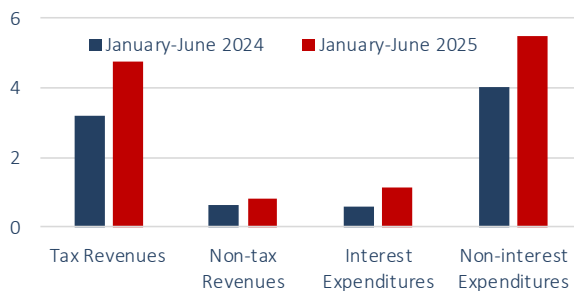
Central government budget posted a deficit of 330.2 billion TRY in June.

In June, central government budget revenues increased by 53.8% yoy to 909.4 billion TRY, while budget expenditures rose by 43.1% yoy to 1.2 trillion TRY. Thus, the central government budget posted a deficit of 330.2 billion TRY in this period. On the other hand, primary budget deficit fell by 69% yoy and became 54.5 billion TRY in June. In the first half of the year, budget deficit was 980.5 billion TRY, while the budget recorded a primary surplus of 131 billion TRY.

The increase in tax revenues gained momentum in June.

Gaining momentum compared to the first five months of the year, tax revenues rose by 58.3% yoy and reached 764.9 billion TRY in June. In this period, the 92.4% annual increase in income tax revenues was notable, partly due to changes made in the circular regarding wage, bonus, and gratuity payments at the beginning of the month. During the same period, corporate tax revenues recorded a limited increase of 5%. These two item together accounted for 28.6% of total tax revenues. Tax revenues from the consumption of goods and services rose by 52% yoy in June. In this period, domestic VAT revenues expanded by 58.6%, exceeding the CPI inflation rate (35.05%), while VAT collected on imports recorded a slower increase of 39.2% due to the moderate trend in foreign exchange rates. Special consumption tax revenues went up by 46.7% yoy in June. Non-tax revenues increased by 33.7% to 144.5 billion TRY.

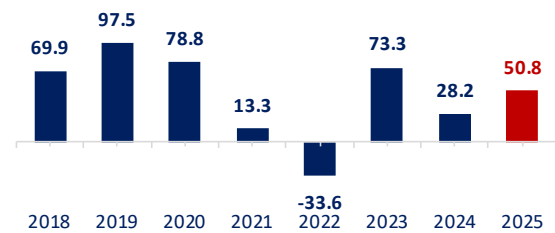
Main Budget Items
(TRY trillion)



Interest expenses surged by 177.7% yoy.

In June, interest expenses rose by 177.7% yoy and reached 276 billion TRY. Thus, the share of interest expenses in total budget expenditures rose from 15.7% in the January-May period to 22.2%. In June, personnel expenses rose by 33.7% yoy, below the CPI inflation rate, while current transfers, which account for approximately half of non-interest expenditures, recorded a moderate annual increase of 24.6%. During this period, it was noteworthy that Treasury assistance, which accounts for 22.4% of current transfers, remained flat with a 1.3% annual rise. In June, when assignment expenses declined by 2% yoy, a payment of 18.2 billion TRY was made to Electricity Generation Inc. During the same period, capital expenditures recorded a moderate increase of 14.6%, while the 51% decrease in capital transfers was noteworthy.

Ratio of Cumulative Budget Deficit to Annual MTP Projection
(January-June, %)



Expectations...

The central government budget deficit in the first half of the year constituted 50.8% of the target set for the whole year, which is in line with the plan. While the expansion in interest expenditures in the first half of the year put pressure on the budget balance, the limited rise in other expenditures seems to have balanced out this pressure. As of the beginning of July, increases in special consumption tax on petroleum products, tobacco products, and alcoholic beverages, as well as the rise in certain withholding tax rates, stand out as factors that could support tax revenues in the coming months. The course of economic activity in the remainder of the year will continue to be decisive for budget performance through tax revenues.

Central Government Budget

							(billion TRY)	
	June 2024	June 2025	% Change	January-June 2024	January-June 2025	% Change	MTP Target	Real./ MTP Target (%)
Expenditures	866.5	1,239.6	43.1	4,578.5	6,579.1	43.7	14,731.0	44.7
Interest Expenditures	99.3	275.7	177.7	574.4	1,111.4	93.5	1,950.0	57.0
Non-Interest Expenditures	767.2	963.9	25.6	4,004.1	5,467.6	36.5	12,781.0	42.8
Revenues	591.2	909.4	53.8	3,831.4	5,598.6	46.1	12,800.3	43.7
Tax Revenues	483.1	764.9	58.3	3,213.4	4,771.5	48.5	11,138.8	42.8
Other Revenues	108.1	144.5	33.7	618.0	827.1	33.8	1,661.6	49.8
Budget Balance	-275.3	-330.2	19.9	-747.2	-980.5	31.2	-1,930.7	50.8
Primary Balance	-176.0	-54.5	-69.0	-172.8	131.0	-	19,3	678.2

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

Source: Datastream, Ministry of Treasury and Finance

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