



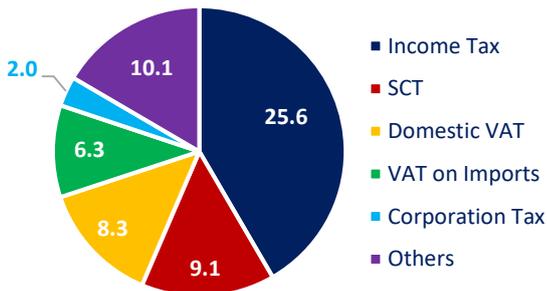
Central government budget posted a deficit of 174.7 billion TRY in April.

In April, central government budget revenues increased by 60.7% yoy to 957.4 billion TRY, while expenditures rose by 46.3% yoy to 1.1 trillion TRY. Thus, budget deficit narrowed slightly (by 1.8% yoy) to 174.7 billion TRY. Primary budget balance, which posted a deficit of 63.8 billion TRY in April 2024, posted a surplus of 85.9 billion TRY in the same month of this year. In the first 4 months of the year, budget deficit widened by 28.1% yoy to 885.5 billion TRY.

The increase in tax revenues accelerated.

Tax revenues, whose annual growth rate accelerated to 61.4% in April, accounted for 82.2% of budget revenues with 787.4 billion TRY. In this period, income tax revenues rose by 112.9% yoy to 235.2 billion TRY. Corporate tax, whose contribution to revenues was limited in the first quarter of the year, increased by 50.4% yoy in April, above the CPI inflation. Domestic and import value added taxes went up by 56% yoy and 27.5% yoy to 112.7 billion TRY and 142.2 billion TRY, respectively. Moreover, taxes on motor vehicles, which increased by 84.6% yoy in April thanks to the improving automotive market, contributed to the acceleration (45.3%) in special consumption tax (SCT) revenues to reach 141.8 billion TRY. In line with the rapid rise in Treasury Portfolio and Subsidiary Revenues in April, revenues from enterprises and property revenues surged nearly 8-times yoy and contributed 58.7 billion TRY to the budget balance. On the other hand, the support from interest, shares and fines item decreased compared to the same period of last year due to the decline in interest revenues (72%) in the same period.

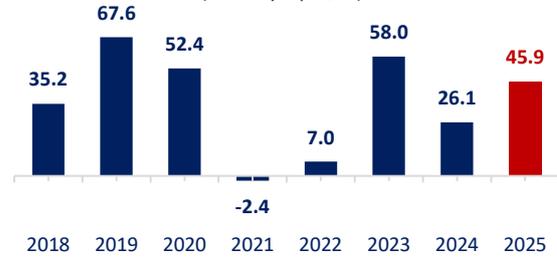
Contributions to Total Tax Revenues
(April, yoy, percentage points)



Interest expenditures accelerated as well.

Interest expenditures, which accelerated in April, surged by 128.6% yoy to 260.7 billion TRY and composed 23% of total budget expenditures. On the other hand, personnel expenditures and current transfers, which constitute almost 80% of non-interest expenditures in total, increased by 31% and 32.3% yoy in the same period, respectively, below the annual inflation rate. Premiums paid to social security institutions (28.6%) and capital expenditures (33.2%) also posted moderate annual increases. In April, the duty expenditures expanded by 17.6% yoy, with 29.7 billion TRY payments to Electricity Generation Co. and 10 billion TRY payments to Pipelines and Petroleum Transportation Co. Thus, non-interest budget expenditures rose by 32.1% yoy, relatively slower than interest expenditures.

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



Expectations...

In the first four months of the year, total budget deficit was realized as 45.9% of the annual target set for 2025 in the Medium-Term Program, presenting a more negative outlook compared to last year. Following the CBRT's policy rate and funding cost hikes, the pressure on economic activity is expected to increase and this is expected to determine the course of tax revenues in the upcoming period. Moreover, the rise in interest expenditures stands out as a risk factor that may put pressure on budget balance. In this period of monetary policy tightening, the support of fiscal policy remains highly important in the fight against inflation.

Central Government Budget

	March		%	January-March		%	MTP Target	Real./ MTP Target (%)
	2024	2025		2024	2025			
			Change			Change		
Expenditures	773.6	1,132.1	46.3	2,924.3	4,249.7	45.3	14,731.0	28.8
Interest Expenditures	114.0	260.7	128.6	364.5	724.6	98.8	1,950.0	37.2
Non-Interest Expenditures	659.6	871.5	32.1	2,559.8	3,525.1	37.7	12,781.0	27.6
Revenues	595.8	957.4	60.7	2,233.0	3,364.2	50.7	12,800.3	26.3
Tax Revenues	487.9	787.4	61.4	1,831.8	2,810.1	53.4	11,138.8	25.2
Other Revenues	108.0	170.0	57.5	401.2	554.1	38.1	1,661.6	33.3
Budget Balance	-177.8	-174.7	-1.8	-691.3	-885.5	28.1	-1,930.7	45.9
Primary Balance	-63.8	85.9	-	-326.8	-160.9	-50.8	19.3	-

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

Source: Datastream , Ministry of Treasury and Finance

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