



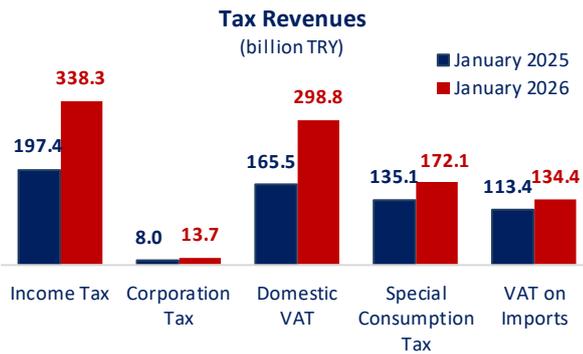
**The central government budget posted a deficit of 214.5 billion TRY in January.**

In January, central government budget revenues rose by 55% yoy to 1.4 trillion TRY, while budget expenditures recorded a similar increase with 54.9% to 1.6 trillion TRY. Thus, in the first month of the year, the central government budget deficit widened by 54% yoy to 214.5 billion TRY. During the same period, the Treasury cash balance showed a deficit of 246.2 billion TRY. In January, the primary surplus increased tenfold on an annual basis to 241.9 billion TRY.

**Tax revenues increased by 49% yoy in January.**

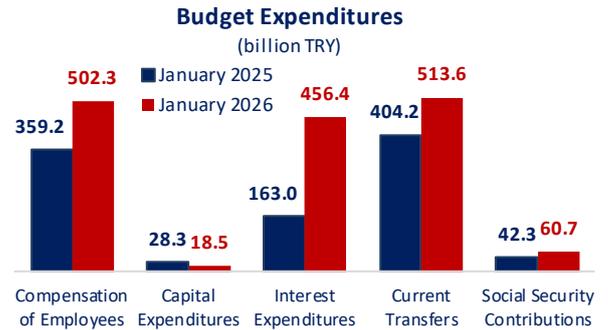
In January, due to the impact of adjustments at the beginning of the year, tax revenues recorded an increase of 49% yoy and reached 1.2 trillion TRY, accounting for 83.1% of total budget revenues. Income tax stood out in the increase in tax revenues, rising by 71.4 yoy to reach 338.3 billion TRY, while domestic value added tax recorded a rapid rise of 80.6% to 298.8 billion TRY. On the other hand, due to the moderate trend in foreign exchange rates, the value added tax collected on imports and the special consumption tax recorded annual increases below the annual consumer inflation rate with 18.5% and 27.4%, respectively.

In January, the interest, dividends, and penalties item continued its rise above the inflation at 58.2%, reaching 104.9 billion TRY. During this period, capital income surged approximately eightfold to 30 billion TRY, while business and property income rose approximately 3.5-fold to 70 billion TRY.



**Interest expenses surged by 180% yoy in January.**

Non-interest budget expenditures increased by 32% yoy in January, reaching 1.2 trillion TRY. Current transfers, which accounted for 44% of non-interest expenditures during this period, went up by 27% yoy, while personnel expenses, which accounted for 43%, rose by 40% yoy. In January, the 35% annual contraction in capital expenditures somewhat eased the pressure on expenditures. On the other hand, the 180% annual rise in interest expenditures during this period was noteworthy.



**Expectations...**

In January, the budget deficit widened rapidly on an annual basis as budget revenues and expenditures rose above the CPI inflation. Considering the support provided by the increase in VAT collected domestically to tax revenues during this period, we believe that the course of domestic economic activity in the coming months and the audit of tax revenues will continue to be important. On the other hand, the relatively limited real increase of non-interest budget expenditures in January indicates that there has been no significant deterioration in budget discipline. Interest expenditures, which accounted for nearly 28% of total expenditures in January (compared to 14% in 2025), remain the main factor putting pressure on the budget balance.

**Central Government Budget**

	January		% Change	(billion TRY)	
	2025	2026		2026 Budget Target	Real/ Budget Target (%)
<b>Expenditures</b>	<b>1,056.3</b>	<b>1,635.8</b>	<b>54.9</b>	<b>18,978.8</b>	<b>8.6</b>
Interest Expenditures	163.0	456.4	180.0	2,741.7	16.6
Non-Interest Expenditures	893.3	1,179.4	32.0	16,237.2	7.3
<b>Revenues</b>	<b>917.1</b>	<b>1,421.2</b>	<b>55.0</b>	<b>16,266.1</b>	<b>8.7</b>
Tax Revenues	792.7	1,181.2	49.0	13,833.1	8.5
Other Revenues	124.4	240.0	92.9	2,433.0	9.9
<b>Budget Balance</b>	<b>-139.3</b>	<b>-214.5</b>	<b>54.1</b>	<b>-2,712.7</b>	<b>7.9</b>
<b>Primary Balance</b>	<b>23.8</b>	<b>241.9</b>	<b>918.0</b>	<b>29.0</b>	<b>835.1</b>

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

Source: Datastream, Ministry of Treasury and Finance

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