



Budget Balance

May 2026

The central government budget posted a deficit of 298.2 billion TRY in May.

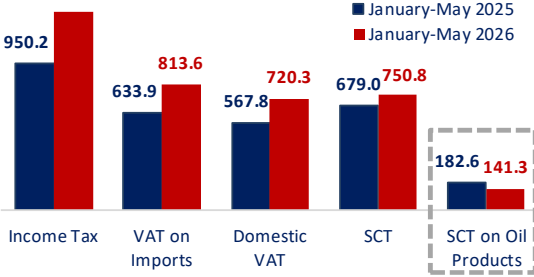
In May, central government budget expenditures rose by 27% compared to the same month of last year, reaching 1.4 trillion TRY, while budget revenues fell by 18% to 1.1 trillion TRY. Consequently, the central government budget, which had recorded a surplus of 235.2 billion TRY in May 2025, posted a deficit of 298.2 billion TRY in the same month this year. During the same period, Treasury cash flows indicated a deficit of 252.3 billion TRY. Meanwhile, the primary budget balance, which had recorded a surplus in the first quarter, continued to post a deficit of 169.3 billion TRY in May, following April.

While the budget deficit increased by 62.5% yoy, reaching 1.1 trillion TRY in the first five months of the year, the primary budget balance recorded a surplus of 205.6 billion TRY, driven by the positive performance in the first quarter.

Non-interest expenses rose by 28.3% yoy in May.

In May, interest expenses increased by 16.0% yoy, while non-interest expenses rose by 28.3%. Consequently, the share of interest expenses in total expenses fell from 10.2% in May 2025 to 9.3% in May 2026. During this period, personnel expenses, which accounted for 32.5% of non-interest expenditures, recorded the fastest increase in the last eight months at 48.1%, while current transfers, which accounted for 41.8%, expanded by 14.8%, below the annual CPI inflation rate, contributing to the deceleration in the growth of budget expenditures compared to the previous month. Purchases of goods and services, which accounted for 8% of non-interest expenditures, recorded an increase of 18.5%, remaining below inflation, while Social Security Institution expenditures, which accounted for 4.1%, rose by 52.6%. Meanwhile, among the items that recorded triple-digit increases in March and April, capital transfers continued this trend with a 444% annual increase, while the lending expenditures rose by 38% yoy.

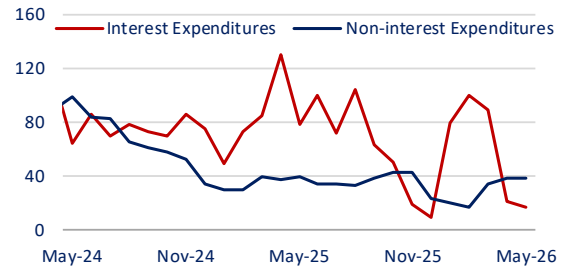
Tax Revenues
(billion TRY)



Tax revenues fell by 22.1% yoy in May.

Tax revenues, which accounted for 85.8% of the central government's budget revenues in May, decreased by 22.1% yoy to 931.5 billion TRY. Due to the impact of the sliding scale system implemented in March, special consumption tax (SCT) revenues from petroleum and natural gas products fell by 89.3% yoy in May, dropping to 4.4 billion TRY. Parallel to the annual decline in automotive sales during this period, partly because of public holidays, the increase in SCT on motor vehicles was limited to 7.9%. Consequently, total SCT revenues decreased by 9.5% yoy in May. Additionally, the postponement of certain filing and payment deadlines to June due to the holiday period led to a significant annual decline in income tax and domestic value added tax (VAT) collections. In May, income tax revenues fell by 57.4% yoy, and corporate tax revenues decreased by 21.9%. During this period, VAT on domestic sales decreased by 66.1% yoy, while VAT on imports recorded a limited increase of 17.5%.

Interest and Non-interest Expenditures
(3-month ma, annual % change)



Expectations...

In May, the ongoing effects of the sliding-scale mechanism, coupled with the postponement of tax payments to June due to the holiday season, led to a decline in tax revenues and caused the budget deficit recorded since the beginning of the year to rise from 759 billion TRY in April to 1.1 trillion TRY in May. Consequently, the budget deficit in January–May period accounted for 39% of the target for the full year 2026. Following the preliminary agreement reached between the U.S. and Iran, developments in the Middle East in the coming period will be closely monitored in terms of the sliding scale mechanism, economic activity, and consequently the pace of the central government budget.

Central Government Budget

							(billion TRY)	
	2025	May 2026	% Change	2025	2026	% Change	2026 Budget Target	Real/ Budget Target (%)
Expenditures	1,089.7	1,384.4	27.0	5,339.5	7,334.7	37.4	18,978.8	38.6
Interest Expenditures	111.2	128.9	16.0	835.8	1,262.6	51.1	2,741.7	46.1
Non-Interest Expenditures	978.6	1,255.5	28.3	4,503.7	6,072.1	34.8	16,237.2	37.4
Revenues	1,325.0	1,086.2	-18.0	4,689.2	6,277.7	33.9	16,266.1	38.6
Tax Revenues	1,196.4	931.5	-22.1	4,006.5	5,304.1	32.4	13,833.1	38.3
Other Revenues	128.6	154.6	20.3	682.6	973.6	42.6	2,433.0	40.0
Budget Balance	235.2	-298.2	-	-650.3	-1,057.0	62.5	-2,712.7	39.0
Primary Balance	346.4	-169.3	-	185.5	205.6	10.9	29.0	-

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

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