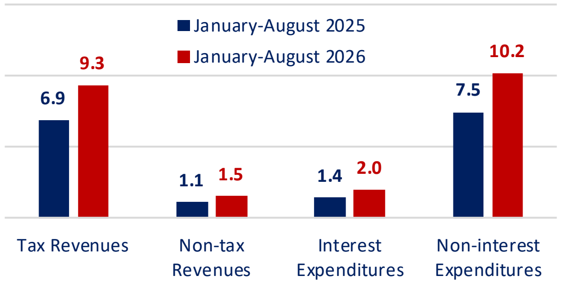
Central government budget posted a surplus of 12.9 billion TRY in August.

In August, central government budget revenues increased by 28.5% yoy to 1,655 billion TRY, while budget expenditures rose by 37.8% to 1,642 billion TRY. Accordingly, the central government budget posted a surplus of 12.9 billion TRY, while the primary balance recorded a surplus of 209.9 billion TRY.

In the January–August period, the budget deficit increased by 44.1% compared to the same period of last year and became 1.3 trillion TRY, while the primary surplus rose by 31.2% to 680 billion TRY.

Main Budget Items
(trillion TRY)



Tax revenues increased by 28.1% yoy in August.

In August, tax revenues, which accounted for 89% of central government budget revenues, increased by 28.1% yoy to 1.5 trillion TRY. In a month when collections related to the second provisional tax period were made, corporate tax revenues rose by 37.7% yoy to 403.3 billion TRY, constituting the main item supporting tax revenues. Income tax revenues increased by 42.8% yoy to 351.2 billion TRY in August. In the January–August period, the increases in these items were 46.9% and 51.8%, respectively.

Regarding consumption based taxes, domestic value added tax (VAT) revenues and VAT revenues on imports increased by 26.6% and 32.4% yoy, respectively, in August. During the same period, partly due to the impact of the sliding scale mechanism, special consumption tax (SCT) revenues collected from petroleum and natural gas products fell by 64.9% yoy to 17.8 billion TRY. Meanwhile, reflecting the ongoing weakness in the automotive sector, SCT revenues from motor vehicles declined by 8.1% to 60.4 billion TRY. In the January–August period, SCT revenues recorded a limited increase of 4.7%, while total consumption based tax revenues increased by 22.9% yoy.

The annual increase in interest expenditures slowed.

In August, interest expenses, whose annual growth rate decelarated to 9.7%, became 197.1 billion TRY. Accordingly, the share of interest expenses in total budget expenditures stood at 12% in August, below the 15.1% recorded in August 2025. Having averaged 17% in the first seven months of the year, this ratio declined to 16.3% in the January–August period.

Non-interest expenditures increased by 42.8% yoy to 1.4 trillion TRY in August. Personnel expenses and current transfers, which rose by 42% and 39%, respectively, both above CPI inflation, continued to account for the bulk of non-interest expenditures, with a combined share of 73%. Purchases of goods and services, which accounted for 8% of non-interest expenditures and increased by 32.6% yoy, and social security expenditures, with a 4% share and an annual increase of 47.9%, also expanded at rates above inflation. By contrast, capital expenditures, accounting for 9% of non-interest expenditures, posted a relatively limited increase of 17.3%. In addition, the share of capital transfers in non-interest expenditures increased from 2% in July to 4% in August.

Expectations…

In August, the central government budget posted a modest surplus, supported by provisional tax collections and the slowdown in interest expenditures. In the Medium Term Program announced on September 6, budget deficit target for the end of 2026 was revised down from 2.7 trillion TRY to 2.6 trillion TRY, and as a percentage of GDP, from 3.5% to 3.1%. Within this framework, the cumulative budget deficit of 1.3 trillion TRY recorded in the first eight months of the year corresponded to 49.7% of the target set in the MTP for the whole year. The course of energy prices will remain important for tax revenues, given the regulations concerning SCT revenues collected on fuel products. In the remainder of the year, the impact of domestic economic activity on tax collections will also be a key determinant of the budget outlook.

Central Government Budget (billion TRY)

	August		%	January-August		%	MTP	Real/ Budget
	2025	2026	Change	2025	2026	Change	Target	Target (%)
Expenditures	**1,191.4**	**1,642.1**	**37.8**	**8,891.2**	**12,162.7**	**36.8**	**19,660.1**	**61.9**
Interest Expenditures	179.7	197.1	9.7	1,425.8	1,988.1	39.4	2,824.9	70.4
Non-Interest Expenditures	1,011.6	1,445.0	42.8	7,465.4	10,174.6	36.3	16,835.2	60.4
Revenues	**1,288.1**	**1,654.9**	**28.5**	**7,983.6**	**10,854.7**	**36.0**	**17,028.2**	**63.7**
Tax Revenues	1,150.4	1,473.3	28.1	6,871.7	9,327.9	35.7	14,585.7	64.0
Other Revenues	137.7	181.6	31.9	1,111.9	1,526.8	37.3	2,442.5	62.5
Budget Balance	**96.7**	**12.9**	**-86.7**	**-907.6**	**-1,308.1**	**44.1**	**-2,631.9**	**49.7**
Primary Balance	**276.4**	**209.9**	**-24.1**	**518.1**	**680.0**	**31.2**	**193.0**	**352.3**

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

Source: Datastream, Ministry of Treasury and Finance

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