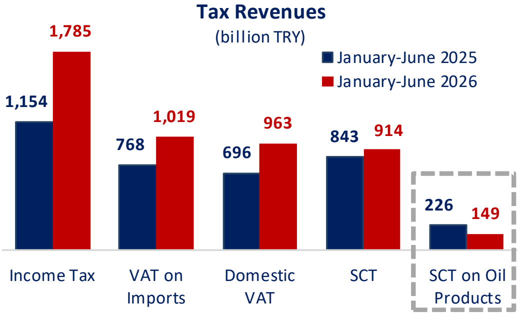
Budget Balance
June 2026

The central government budget posted a surplus of 114.2 billion TRY in June.

In June, central government budget revenues increased by 66% yoy to 1.5 trillion TRY, while budget expenditures rose at a more moderate pace of 12.6% to 1.4 trillion TRY. As a result, the central government budget, which had recorded a deficit of 330.2 billion TRY in June 2025, posted a surplus of 114.2 billion TRY in the same month of 2026. In this period, the Treasury cash surplus was 50.8 billion TRY. The primary budget balance, which had posted a deficit of 54.5 billion TRY in June 2025, recorded a surplus of 315.8 billion TRY in June 2026. Consequently, in the first half of the year, the cumulative budget deficit declined by 3.8% yoy to 942.8 billion TRY, while the cumulative primary surplus increased fourfold to 521.4 billion TRY.

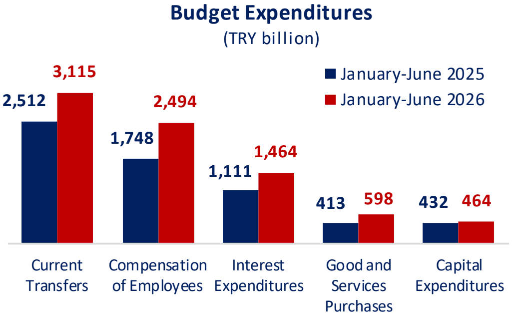


Tax revenues expanded by 72% yoy in June.

Tax revenues, which accounted for 87.2% of central government budget revenues in June, increased by 72% yoy to 1.3 trillion TRY. Due to the postponement of certain payment deadlines from the end of May to June due to the holiday period, income tax revenues surged by 145.7% yoy in this period, while corporate tax revenues increased by 31.8%. Value added tax (VAT) collections on domestic sales rose by 89.6% yoy in June, while VAT on imports continued to accelerate, increasing by 53.1%. On the other hand, special consumption tax (SCT) revenues from petroleum and natural gas products continued to decline, falling by 82.6% yoy in June, reflecting the impact of the sliding scale system. As a result, despite increases in SCT revenues from durable goods (57.5%), beverages (31.0%), and tobaccos (27.6%), total SCT revenues remained flat on an annual basis. In the first half of the year, total tax revenues increased by 38.7% yoy. Taxes on income and profits rose by 54.6%, while the increase in indirect taxes on consumption remained relatively moderate at around 27%, partly due to the impact of the sliding scale system.

Interest expenditures declined by 26.9% yoy in June.

Interest expenditures fell by 26.9% yoy in June, while non-interest expenditures increased by 23.9%. As a result, the share of interest expenditures in total budget expenditures declined from 22.2% in June 2025 to 14.4% in June 2026. Current transfers, which accounted for 39% of non-interest expenditures in June, increased by only 0.7% yoy, remaining the main factor behind the slowdown in non-interest expenses. Meanwhile, personnel expenditures, which made up 33% of non-interest expenditures, rose by 40.3%, outpacing annual CPI inflation. Expenditures on the purchase of goods and services, accounting for 11% of non-interest expenditures, increased by 67.7% yoy, while capital expenditures, which represented 9% of non-interest expenditures, rose by 32.6%. In the first half of the year, total budget expenditures increased by 32.7% yoy, in line with CPI inflation. Over the same period, interest expenditures rose by 31.7%, while non-interest expenditures increased by 32.9%, indicating similar rates of growth.



Expectations…

In the first half of the year, tax revenues from income and profits recorded strong growth, while the increase in indirect taxes on consumption remained limited due to the impact of the sliding scale system. Meanwhile, interest and non-interest expenditures exhibited similar growth rates. During this period, the cumulative budget deficit accounted for 34.8% of the target for the full year 2026, pointing to a favorable fiscal performance. Looking ahead, the volatility in oil prices stemming from the recent escalation of tensions in the Middle East, together with the impact of these developments and the continued tight monetary policy stance on economic activity, will continue to be closely monitored in terms of their effects on budget performance.

Central Government Budget (billion TRY)

	June		%	January-June		%	2026 Budget	Real/ Budget
	2025	2026	Change	2025	2026	Change	Target	Target (%)
Expenditures	**1,239.6**	**1,395.5**	**12.6**	**6,579.1**	**8,730.2**	**32.7**	**18,978.8**	**46.0**
Interest Expenditures	275.7	201.6	-26.9	1,111.4	1,464.2	31.7	2,741.7	53.4
Non-Interest Expenditures	963.9	1,193.9	23.9	5,467.6	7,265.9	32.9	16,237.2	44.7
Revenues	**909.4**	**1,509.6**	**66.0**	**5,598.6**	**7,787.3**	**39.1**	**16,266.1**	**47.9**
Tax Revenues	764.9	1,315.7	72.0	4,771.5	6,619.7	38.7	13,833.1	47.9
Other Revenues	144.5	194.0	34.2	827.1	1,167.6	41.2	2,433.0	48.0
Budget Balance	**-330.2**	**114.2**	**-**	**-980.5**	**-942.8**	**-3.8**	**-2,712.7**	**34.8**
Primary Balance	**-54.5**	**315.8**	**-**	**131.0**	**521.4**	**298.1**	**29.0**	**-**

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

Source: Datastream, Ministry of Treasury and Finance

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