



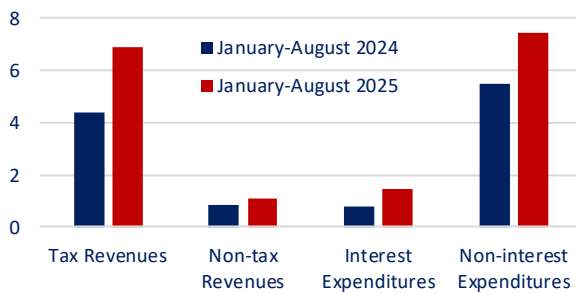
Central government budget posted a surplus of 96.7 billion TRY in August.

In August, central government budget revenues increased by 86.5% yoy to 1.3 trillion TRY, while budget expenditures recorded a more moderate rise with 45.2% and became 1.2 trillion TRY. Thus, the central government budget posted a surplus of 96.7 billion TRY in August. During this period, primary budget surplus was realized as 276.4 billion TRY. In the January-August period, central government budget deficit decreased by 6.8% compared to the same period of last year and became 907.6 billion TRY.

Tax revenues continued to grow rapidly in August.

Tax revenues, which have shown strong growth since the beginning of the second half of the year, surged by 99.5% yoy and reached 1.2 trillion TRY in August. Corporate tax revenues, which accounted for 25.5% of tax revenues recorded a 14.3-fold annual increase, partly due to differences in the collection period and became 292.9 billion TRY. In the same period income tax revenues, which accounted for 21.4% went up by 80.7% yoy to 245.9 billion TRY. In August, domestic value-added tax revenues (64.1%) and special consumption tax revenues (47.8%) showed increases above the annual CPI inflation rate, while value-added tax collected on imports recorded a more limited rise of 26.7% due to the moderate trend in foreign exchange rates. Thus, tax revenues from the consumption of goods and services totaled 472.3 billion TRY in August, accounting for 41.1% of total tax revenues. During this period, the halving of portfolio revenues of Treasury compared to the same month of last year caused a 30.8% annual contraction in property income revenues. Interest, shares, and fines revenues rose by 42.6% yoy, exceeding the annual CPI inflation, due to high increases in shares from person and agencies and fines, despite a limited 18% rise in interests.

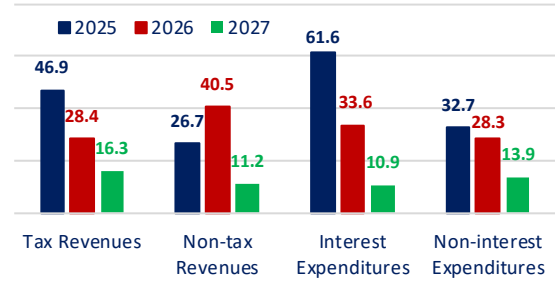
Main Budget Items
(TRY trillion)



Interest expenses rose by 85.2% yoy.

In August, interest expenses went up by 85.2% and became 179.7 billion TRY. Thus, the share of interest expenditures in total budget expenditures continued to be high at 15.1%. During this period, current transfers, which accounted for 44.4% of budget expenditures excluding interest, increased by 48.8% yoy to 449.4 billion TRY, while personnel expenditures, which accounted for 30%, rose by 31.9% yoy to 303.1 billion TRY. Expenditures on goods and services (49.9%) and capital expenditures (45.5%) increased above the annual CPI inflation rate. During this period, 12.9 billion TRY was allocated to the Turkish State Railways from the lending item. There were allocations of 27 billion TRY to Electricity Generation Corporation and 18 billion TL to Petroleum Pipeline Corporation (BOTAS), both from the assignment item under current transfers.

Annual % Change in Main Budget Items According to MTP Targets



Expectations...

In August, despite budget expenditures continued to rise above CPI inflation, tax revenues nearly doubled yoy, resulting in a surplus in the central government budget. Thus, the budget deficit for the January-August period stood at 907.6 billion TRY. In the Medium-Term Program announced on September 8, the budget deficit target for the end of 2025 was revised from 1.9 trillion TRY to 2.2 trillion TRY, and as a percentage of GDP, from 3.1% to 3.6%. Within this framework, the cumulative budget deficit for the first eight months of the year constituted 41.1% of the target set in the MTP for the whole year. In the coming period, when the CBRT is expected to continue with its interest rate cuts, the size of the cuts and their impact on economic activity will continue to be decisive for budget revenues through taxes.

Central Government Budget

	August		% Change	January-August		% Change	2025 Budget Target	MTP Target	Real./ MTP Target (%)
	2024	2025		2024	2025				
Expenditures	820.3	1,191.4	45.2	6,226.6	8,891.2	42.8	14,731.0	14,674.1	60.6
Interest Expenditures	97.0	179.7	85.2	764.0	1,425.8	86.6	1,950.0	2,052.7	69.5
Non-Interest Expenditures	723.3	1,011.6	39.9	5,462.6	7,465.4	36.7	12,781.0	12,621.4	59.1
Revenues	690.7	1,288.1	86.5	5,253.0	7,983.6	52.0	12,800.3	12,465.9	64.0
Tax Revenues	576.7	1,150.4	99.5	4,401.8	6,871.7	56.1	11,138.8	10,733.6	64.0
Other Revenues	114.0	137.7	20.8	851.2	1,111.9	30.6	1,661.6	1,732.3	64.2
Budget Balance	-129.6	96.7	-	-973.6	-907.6	-6.8	-1,930.7	-2,208.3	41.1
Primary Balance	-32.5	276.4	-	-209.5	518.1	-	19.3	-155.6	-

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

Source: Datastream, Ministry of Treasury and Finance

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