

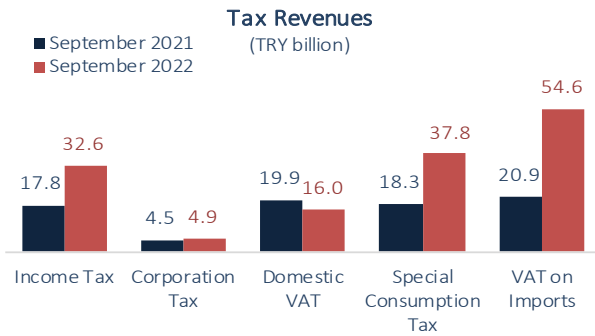
### Central government budget posted a deficit of 78.6 billion TRY.

In September, central government budget deficit increased by 233% yoy and reached 78.6 billion TRY. Budget revenues increased by 75.5% yoy to 206.9 billion TRY, while budget expenditures increased by 101.8% to 285.6 billion TRY. In this period, primary deficit was realized as 45.5 billion TRY.

In the first nine months of the year, budget expenditures and revenues increased by 92.2% and by 99.4% yoy, respectively. In this period, the budget deficit became 45.5 billion TRY and the primary surplus reached 161.6 billion TRY.

### SCT and VAT on imports came to the fore in tax revenues.

Tax revenues increased by 81.4% yoy in September, close to the annual CPI inflation, reaching 173.5 billion TRY. While VAT on imports continued to be strong in September, the increase in SCT revenues also stood out. SCT collected from motor vehicles tripled year-on-year and led the rise in total SCT revenues. On the other hand, domestic VAT limited the annual increase in budget revenues by 3.3 points, with an annual loss of 26.5% recorded in domestic VAT based on declaration.

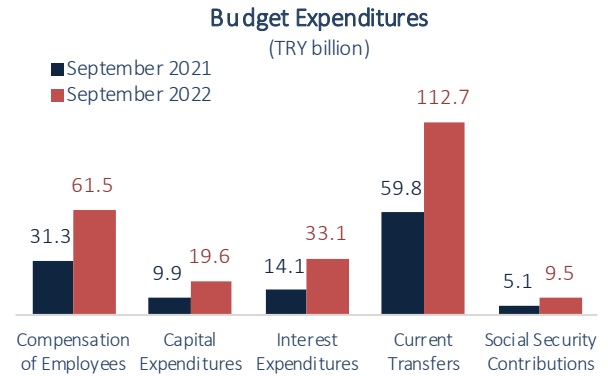


In the first nine months of the year, tax revenues increased by 103.8% yoy to 1.65 trillion TRY, while non-tax revenues expanded by 179.7% to 327.3 billion TRY.

### In September, current transfers increased by 88% yoy.

In September, the annual increase in primary expenditures was 98.2%, above the annual CPI inflation. Current transfers, which make up 45% of non-interest expenditures, increased by 88.4% on an annual basis and became the leading factor in the expansion in budget expenditures with 112.7 billion TRY.

Other transfers to households, which are recorded under current transfers, increased six times compared to the same month of previous year, while shares of local administrations and funds increased by 107.3% yoy. In this period, capital expenditures more than doubled to 19.6 billion TRY due to the rise in real estate capital production expenses. In September, interest expenses increased by 134.7% yoy to 33.1 billion TRY.



In September, payments made under domestic debt transfers to PE's, which increased approximately five times compared to same month of 2021 and realized as 22.5 billion TRY, continued to push budget expenditures up. In the said transfer, 18 billion TRY payment made to BOTAŞ because of the increase in natural gas prices came to the fore. Thus, domestic debt transfers to PE's in the first nine months of the year reached 150.3 billion TRY. In addition, expenses related to FX protected deposit accounts were recorded as 9.3 billion TRY in September. The said expense reached at amount of 84.9 billion TRY in the March-September period.

### Expectations...

Central government budget ran a deficit in September due to the rapid increase in budget expenditures, especially current transfers. Increases in expenditures related to transfers to PE's and FX protected deposit accounts continued to put pressure on the budget balance. While the anticipated momentum loss in domestic and foreign demand in the upcoming period is expected to limit the rise in tax revenues, course of exchange rates as well as global energy prices will continue to be influential on the budget balance.

### Central Government Budget

	September			January-September			(billion TRY)	
	2021	2022	% Change	2021	2022	% Change	MTP Target	Real./ MTP Target (%)
<b>Expenditures</b>	<b>141.5</b>	<b>285.6</b>	<b>101.8</b>	<b>1,051.6</b>	<b>2,020.8</b>	<b>92.2</b>	<b>3,133.7</b>	<b>64.5</b>
Interest Expenditures	14.1	33.1	134.7	142.3	207.1	45.6	329.8	62.8
Non-Interest Expenditures	127.4	252.5	98.2	909.4	1,813.6	99.4	2,803.9	64.7
<b>Revenues</b>	<b>117.9</b>	<b>206.9</b>	<b>75.5</b>	<b>990.6</b>	<b>1,975.3</b>	<b>99.4</b>	<b>2,672.5</b>	<b>73.9</b>
Tax Revenues	95.6	173.5	81.4	808.4	1,648.0	103.8	2,269.6	72.6
Other Revenues	22.3	33.5	50.1	182.1	327.3	79.7	402.9	81.2
<b>Budget Balance</b>	<b>-23.6</b>	<b>-78.6</b>	<b>233.4</b>	<b>-61.1</b>	<b>-45.5</b>	<b>-25.5</b>	<b>-461.2</b>	<b>9.9</b>
<b>Primary Balance</b>	<b>-9.5</b>	<b>-45.5</b>	<b>380.2</b>	<b>81.2</b>	<b>161.6</b>	<b>99.1</b>	<b>-131.4</b>	<b>-</b>

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

Source: Datastream , Ministry of Treasury and Finance

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