



Fiskālās disciplīnas
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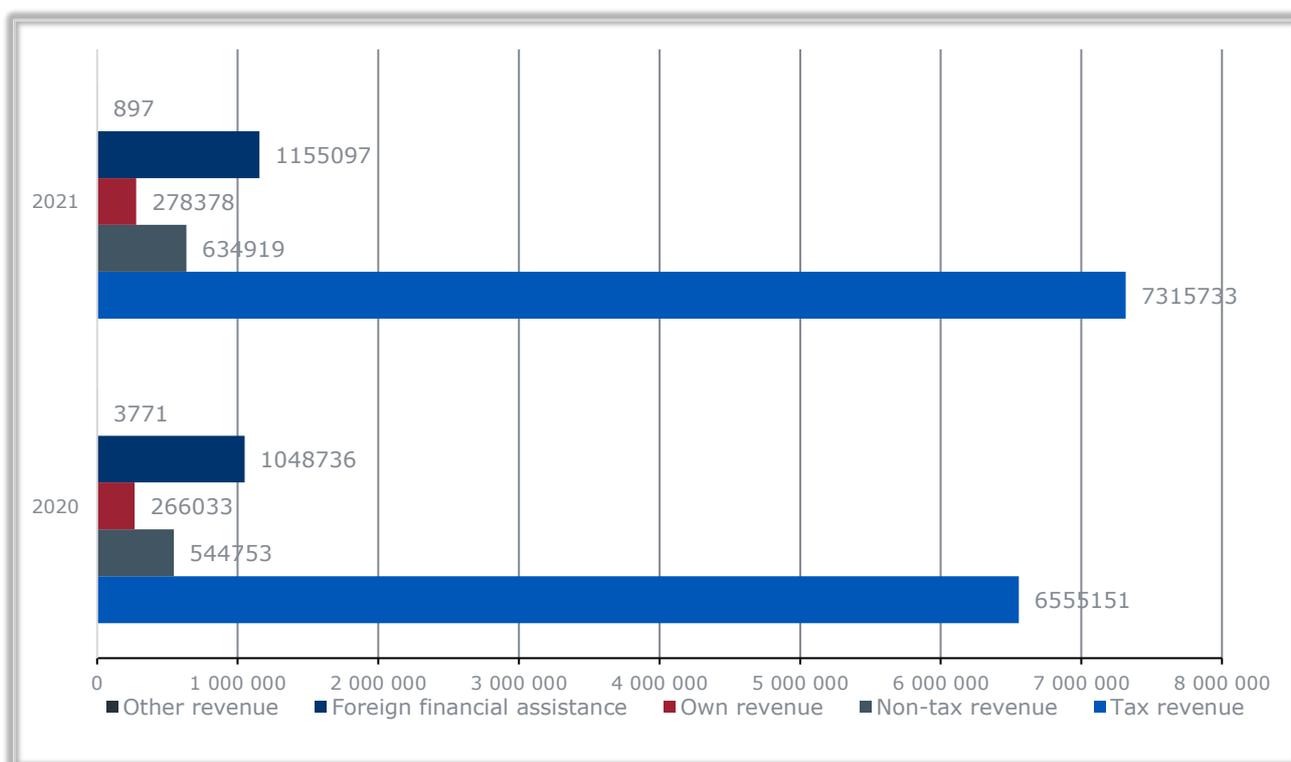
Budget revenues and expenditures review

3rd quarter, 2021

Revenues

During the third quarter of 2021 general government consolidated budget revenue increased by 11.5% compared to the corresponding quarter of 2020, reaching 8.4 billion euros. In the third quarter, tax revenue increased by 11.6% compared to the same period of the previous year, while non-tax revenue increased by 16.6%. At the same time, own revenues grew by 4.6% and foreign financial assistance jumped by 10.1% compared to the same period of the previous year. Tax revenue plays the largest role in the revenue structure of the consolidated budget, accounting for 78.0% of the total revenue. Its share increased by 0.1% compared to the third quarter of 2020.

Figure 1. Consolidated budget revenue in 9 months (thou. euros)



Source: the Treasury

Overall, absolute figures show that the revenues in the third quarter of 2021 increased compared to 2020. The economic situation during the third quarter of 2021 was relatively stable with a presence of growth. However, the government has recently introduced new restrictions due to Covid-19 daily cases increase, so the results of the next quarter might be not as positive.

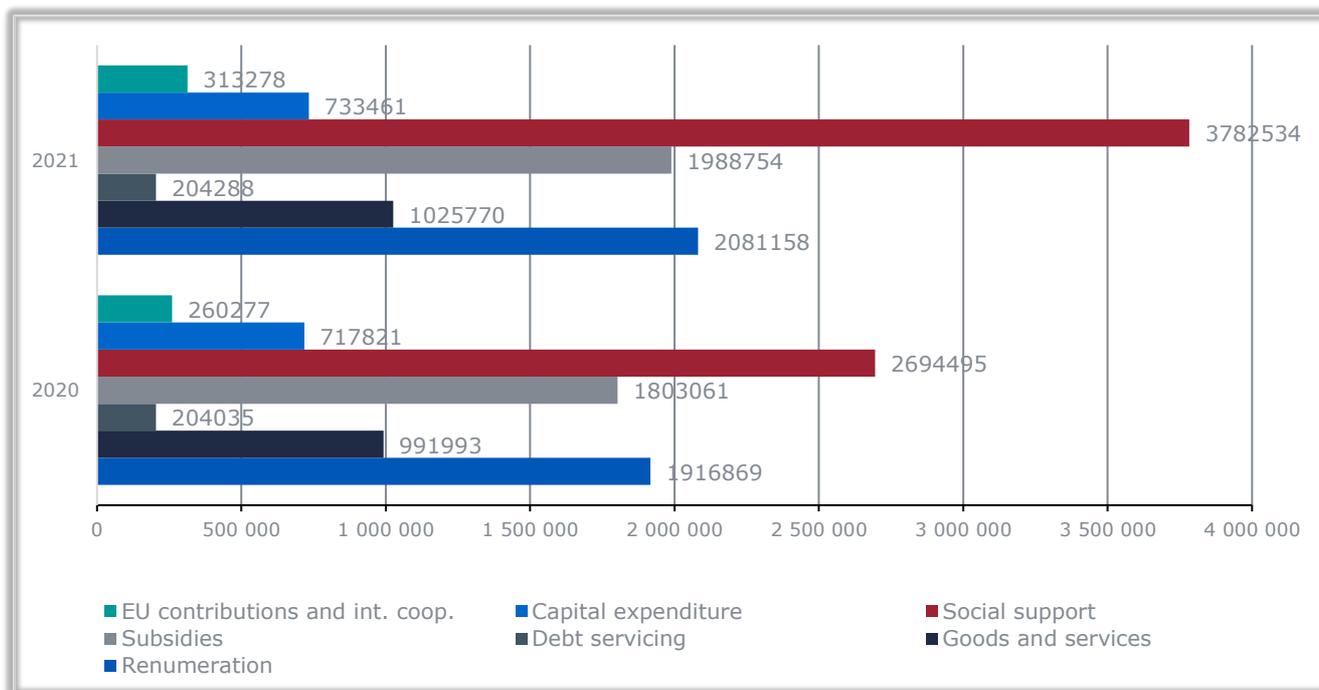
Due to the fact that since January 1, 2021, the SRS started the transition process to the unified system of accounts, tax revenue data are not fully divided by tax groups, therefore the tax analysis is not representative and the FDC does not publish it.

Expenditure

In the third quarter of 2021, general government consolidated budget expenditure increased by 18.0% compared to the corresponding period of 2020, reaching 10.1 billion euros. The largest percentage increase was in social benefits, which increased by 40.4%. Expenditure on EU and international cooperation (20.4%), subsidies and grants (10.3%), as well as remuneration (8.6%) also increased significantly compared to the corresponding quarter of 2020. The largest share of expenditures belongs to social benefits (37.3%), remuneration (20.55%) and subsidies and grants (19.63%).

There was an increase in capital expenditure by 2.2%. Since the capital expenditure reflects investments that usually drop during crisis, the increase in capital expenditure is a positive sign. Expenditure on goods and services also increased (3.4%) compared to the third quarter of 2020. However, the share of this type of expenditure decreased by 1.4% compared to the corresponding period in 2020. Interest expenses increased by 0.1%.

Figure 2. Consolidated budget expenditure in 9 months of 2020 and 2021 (thou. euros)

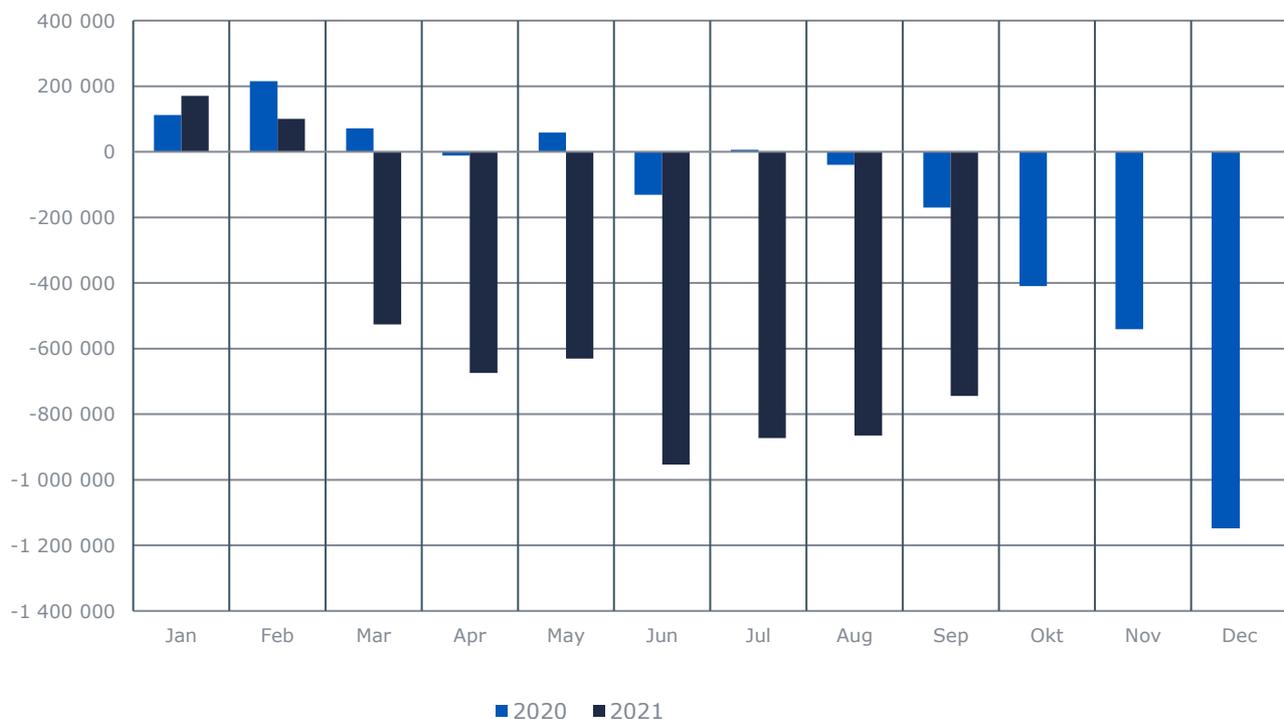


Source: the Treasury

Balances

Data for the third quarter of 2021 show a budget deficit of € 744 million which is 3.1% of GDP. Compared to 2020, after the third quarter there was a relatively small budget deficit of 170 mil. euros or 0.6% of GDP. The increase in the deficit this year was due to the government support programs implemented during March-April period, however, after this period the balances were stable and the deficit was even decreasing. At the end of October the government decided to implement new support measures to cope with a new Covid-19 wave which could worsen the balances in the next quarter. According to latest projected data, the deficit is planned to be 2.9 billion euros or 9.3% of GDP by the end of 2021. Although the current balances are far from that number, the expenditure has a trend to increase by the end of the year, which can be seen in the results of 2020. Since the Covid-19 situation remains unpredictable, it is possible that the government will deviate from the plan even more, which will affect the economy after the crisis.

Figure 3. Consolidated budget balance (mil. euros) accrued values at the end of month



Source: the Treasury