



REPUBLIC OF SLOVENIA  
**FISCAL COUNCIL**

## **Monthly Information**

December 2023



## Key highlights<sup>1</sup>

- In the first eleven months of 2023, the state budget recorded a deficit (of EUR 1,321 million), while it recorded a surplus of EUR 5 million when excluding the impact of various intervention measures.
- State budget trends in the first eleven months were worse than in the same period last year. The overall deficit was higher (by EUR 760 million) and was mainly the result of the EUR 504 million lower "core" surplus (excluding intervention measures). The overall amount of all intervention measures was year-on-year higher by EUR 256 million.
- The eleven-month outturn confirms the Fiscal Council's assessment on continued unrealistic budget planning. According to the assessment of the state budget outturn for 2023, which the Fiscal Council received with the draft budget documents for the next two years, an 77.4% year-on-year increase in the total state budget expenditure is possible in December of this year (the year-on-year increase recorded in the first eleven months of this year was EUR 9.3%). As a result, the budget deficit in the last month of this year could reach as much as EUR 1.8 billion, or almost EUR 500 million more than in the first eleven months of this year.

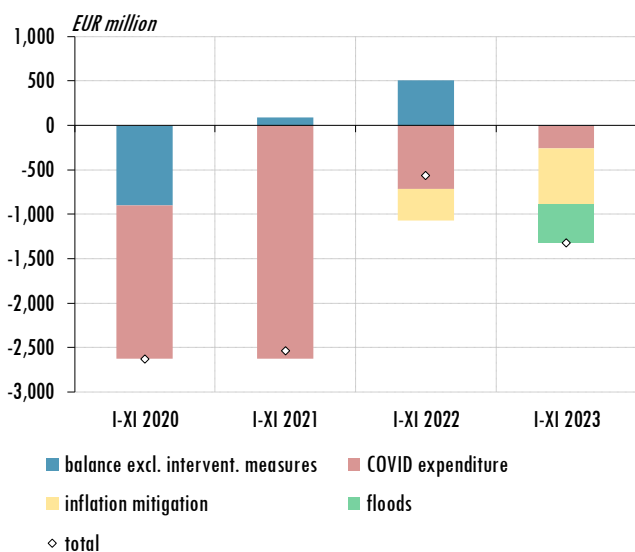
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<sup>1</sup> The Fiscal Council will continue to publish in its regular monthly publication an overview of the state budget outturn under the cash flow methodology and of measures related to COVID-19 and to mitigating the cost-of-living crisis, subject to the availability of such data in the future. All comments pertain to data as at 4 December 2023.

### The state budget (January–November 2023)<sup>2</sup>

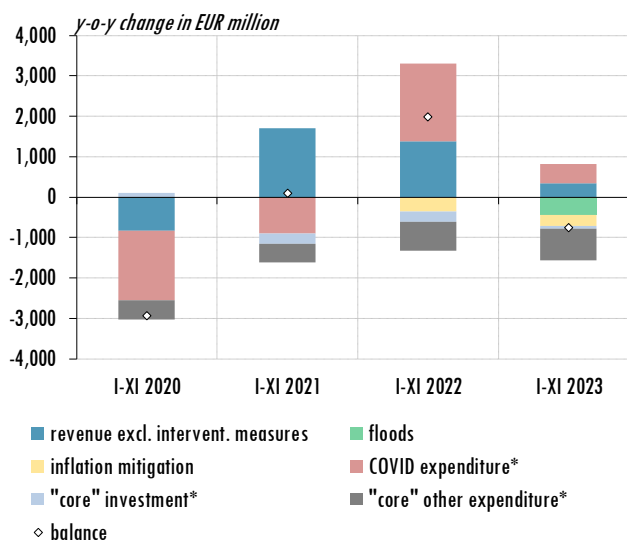
- With a EUR 203 million **deficit** being recorded in November according to preliminary data, the total **state budget deficit** amounted to EUR 1.321 billion in the first eleven months of 2023. Excluding the direct effect of intervention measures related to the epidemic (EUR 255 million), the cost-of-living crisis (EUR 635 million) and the floods (EUR 436 million), the state budget had a surplus of EUR 5 million in the first eleven months. In the same period last year, it had a “core” surplus of EUR 508 million, mainly due to strong cyclical and inflation-driven revenue growth.
- Total **revenue** in the first eleven months of this year was 3.1% higher on a year-on-year basis (there was 12.0% growth in the same period last year). In particular, revenue from corporate income tax is lower year-on-year, mainly due to the effect of last year’s high base, when the 2021 balancing payments of tax were at a record high, and so are the EU funding and non-tax revenue. Growth slowed considerably in VAT inflows, which is the main source of state budget revenue, mainly due to lower consumption and partly also to the lower VAT rate on energy products, which ended at the end of May. In contrast, growth in income tax revenue (favourable labour market conditions and high nominal wage growth) and excise duties (an increase in excise duties) has strengthened this year.
- Total **expenditure** in the first eleven months of this year was 9.3% higher year-on-year, while the “core” expenditure (excluding intervention measures) was 7.8% higher. The year-on-year growth in “core” expenditure was mainly driven by higher expenditure on labour costs (11.2%) as a result of the wage increase agreement reached last autumn. The increase in “core” expenditure was also a result of higher transfers to the social security funds, especially due to a higher transfer to the ZZZS.

Figure 1: State budget balance



Source: MoF, FC calculations.

Figure 2: Factors of state budget balance change



Source: MoF, FC calculations. \*positive sign denotes a decrease, negative sign denotes an increase.

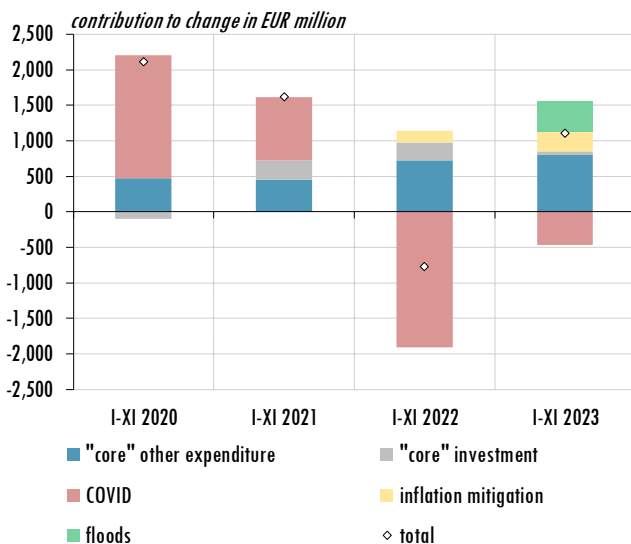
<sup>2</sup> The comments on the implementation of the state budget refer to the daily data available at: <https://proracun.gov.si/#> (Only in Slovene).

**Table 1: State budget**

EUR million, unless stated otherwise	Jan.-Nov.			Dec.			2022	2023**	2023 compared to 2022			
	2022	2023	2023 compared to 2022	2022	2023*	2023 compared to 2022						
			%			%			%			
<b>Revenue</b>	<b>11,263</b>	<b>11,608</b>	<b>345</b>	<b>3.1</b>	<b>1,081</b>	<b>1,543</b>	<b>462</b>	<b>42.7</b>	<b>12,345</b>	<b>13,151</b>	<b>806</b>	<b>6.5</b>
VAT	4,351	4,685	334	7.7	397	293	-104	-26.3	4,747	4,977	230	4.8
Excise duties	1,367	1,532	165	12.1	79	115	36	44.8	1,446	1,647	200	13.9
Personal income tax	1,387	1,503	116	8.4	199	223	24	11.9	1,586	1,725	140	8.8
Corporate income tax	1,446	1,282	-164	-11.3	108	120	12	11.5	1,553	1,402	-151	-9.8
EU funds	813	769	-44	-5.4	144	701	556	385.7	957	1,470	513	53.5
Non-tax	703	643	-60	-8.5	68	62	-5	-7.9	770	705	-65	-8.4
Other revenue	1,198	1,194	-3	-0.3	87	30	-57	-65.3	1,284	1,225	-60	-4.7
<b>Expenditure</b>	<b>11,824</b>	<b>12,929</b>	<b>1,104</b>	<b>9.3</b>	<b>1,884</b>	<b>3,343</b>	<b>1,459</b>	<b>77.4</b>	<b>13,709</b>	<b>16,272</b>	<b>2,563</b>	<b>18.7</b>
Total labour costs	3,392	3,758	366	10.8	359	612	253	70.4	3,751	4,370	619	16.5
Transfers to individ. and hou.	1,773	1,793	20	1.1	192	180	-12	-6.4	1,965	1,973	8	0.4
Exp. on goods and services	1,279	1,322	43	3.3	247	158	-89	-35.9	1,526	1,480	-46	-3.0
Investment	1,130	1,516	386	34.2	538	1,009	471	87.4	1,669	2,526	857	51.3
Curr. transf. to soc. sec. funds	1,369	1,481	112	8.1	156	79	-77	-49.3	1,526	1,560	35	2.3
Subsidies	513	811	298	58.1	119	64	-55	-46.5	632	875	243	38.4
Interest	643	670	27	4.1	12	11	-1	-8.6	655	681	26	3.9
Payments to the EU budget	654	600	-54	-8.2	75	130	55	72.7	730	730	1	0.1
Other expenditure	1,070	977	-93	-8.7	186	1,101	915	492.7	1,255	2,078	822	65.5
<b>Balance</b>	<b>-561</b>	<b>-1,321</b>	<b>-760</b>		<b>-803</b>	<b>-1,800</b>	<b>-997</b>		<b>-1,364</b>	<b>-3,121</b>	<b>-1,757</b>	

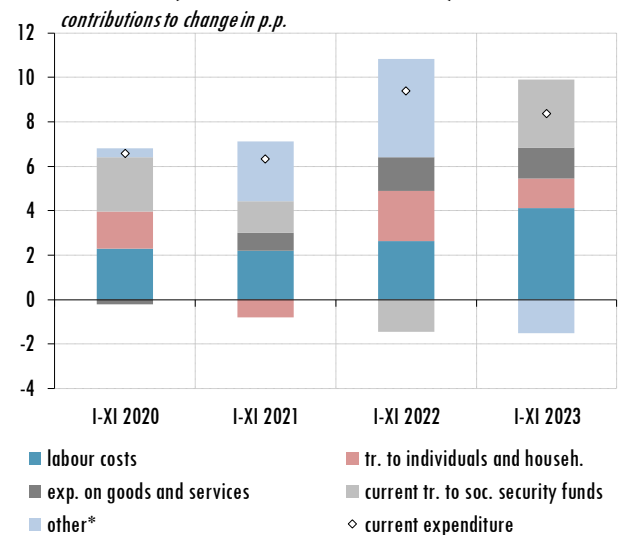
Source: MoF, FC calculations. Note: \*implicitly calculated to match MoF forecast. \*\* MoF estimate (September 2023).

**Figure 3: Structure of state budget expenditure growth**



Source: MoF, FC calculations.

**Figure 4: Current expenditure factors (excl. intervention measures)**



Source: MoF, FC calculations. Notes: \*subsidies, payments to the EU budget, other expenditure.

**Table 2: State budget (excluding intervention measures)**

EUR million, unless stated otherwise	I-XI 2022				I-XI 2023					I-XI 23/ I-XI 22, %		I-XI 23/ I-XI 22	
	total	COVID mitig.	infl. floods	excl. interv. measures	total	COVID mitig.	infl. floods	excl. interv. measures	total	excl. interv. measures	total	excl. interv. measures	
<b>Revenue</b>	<b>11,263</b>	<b>-182</b>		<b>11,445</b>	<b>11,608</b>	<b>-190</b>	<b>2</b>	<b>11,795</b>	<b>3.1</b>	<b>3.1</b>	<b>345</b>	<b>351</b>	
VAT	4,351	-44		4,394	4,685	-73		4,757	7.7	8.3	334	363	
Excise duties	1,367	-90		1,457	1,532	-69		1,601	12.1	9.9	165	144	
Personal income tax	1,387			1,387	1,503			1,503	8.4	8.4	116	116	
Corporate income tax	1,446			1,446	1,282			1,282	-11.3	-11.3	-164	-164	
EU funds	813			813	769			769	-5.4	-5.4	-44	-44	
Non-tax	703			703	643			643	-8.5	-8.5	-60	-60	
Other revenue	1,198	-48		1,246	1,194	-48	2	1,240	-0.3	-0.4	-3	-5	
<b>Expenditure</b>	<b>11,824</b>	<b>717</b>	<b>170</b>	<b>10,936</b>	<b>12,929</b>	<b>255</b>	<b>445</b>	<b>438</b>	<b>11,791</b>	<b>9.3</b>	<b>7.8</b>	<b>1,104</b>	<b>854</b>
Total labour costs	3,392	34		3,358	3,758	15	8	0	3,736	10.8	11.2	366	378
Transfers to individ. and hou.	1,773	132	61	1,580	1,793	9	38	43	1,703	1.1	7.7	20	122
Exp. on goods and services	1,279	151		1,128	1,322	8	3	54	1,257	3.3	11.4	43	129
Investment	1,130	28		1,103	1,516	138		218	1,160	34.2	5.2	386	58
Curr. transf. to soc. sec. funds	1,369	170		1,199	1,481	0			1,481	8.1	23.5	112	282
Subsidies	513	42	110	361	811	36	393	36	346	58.1	-4.1	298	-15
Interest	643			643	670				670	4.1	4.1	27	27
Payments to the EU budget	654			654	600				600	-8.2	-8.2	-54	-54
Other expenditure	1,070	160		910	977	49	4	86	838	-8.7	-7.9	-93	-72
<b>Balance</b>	<b>-561</b>	<b>-717</b>	<b>-352</b>	<b>508</b>	<b>-1,321</b>	<b>-255</b>	<b>-635</b>	<b>-436</b>	<b>5</b>			<b>-760</b>	<b>-504</b>

Source: MoF, FC calculations.

### Implementation of intervention measures (January–November 2023)

- State budget expenditure on COVID-19-related measures totalled EUR 255 million in the first eleven months of this year, while a total of EUR 371 million has been budgeted for this purpose this year according to the latest outturn estimate available. The bulk of this year's expenditure outturn so far is accounted for by investments (EUR 138 million) mostly financed under the REACT -EU programme.
- The effect of measures to mitigate the cost-of-living crisis in the first eleven months of this year amounts to EUR 635 million, while, according to the latest outturn estimate available, the impact on a yearly basis is expected to amount to EUR 943 million. According to Ministry of Finance estimates, revenue associated with the response to the cost-of-living crisis in the first eleven months is expected to be lower by EUR 190 million. Expenditure for mitigating the impact of the cost-of-living crisis in the same period amounted to EUR 445 million, mostly due to the subsidies to businesses under Article 14 of the ZPGOPEK (EUR 213 million) and the compensation of electricity and natural gas suppliers (EUR 147 million).
- By the end of November, EUR 438 million was spent for flood recovery by the end of November. The largest part was used for investment transfers to municipalities (EUR 218 million), the reimbursement of intervention costs to municipalities (EUR 71 million), for emergency financial social assistance (EUR 42 million), and aid to business (EUR 32 million).