



REPUBLIC OF SLOVENIA
FISCAL COUNCIL

Monthly Information

December 2024

Key highlights¹

- According to preliminary data, the state budget deficit for the first eleven months of the year amounted to EUR 396 million, less than a third of the deficit recorded in the same period last year. According to the latest available estimate by the Ministry of Finance, the end-of-year deficit is expected to amount to EUR 1,407 million, implying a deficit of as much as EUR 1 billion in December.
- The balance excluding the direct impact of intervention measures showed a surplus of EUR 100 million, similar to the same period last year (EUR 80 million). Total expenditure on intervention measures amounted to EUR 496 million, just four tenths of the amount spent in the same period last year. According to the latest available estimate by the Ministry of Finance, EUR 713 million is earmarked for intervention measures this year (excluding the Reconstruction Fund).
- The growth in "core" expenditure (excluding intervention measures) was 9.3%, an increase compared to the same period last year (7.2%). The main reasons for this year's growth were contributions to budgetary funds, in particular to the newly established Reconstruction Fund, and the transfer to the Pension and Disability Insurance Institute of Slovenia (ZPIZ) due to the high indexation of pensions.
- Like the Fiscal Council, the European Commission has assessed that the Medium-Term Fiscal Structural Plan 2025–2028 formally meets the requirements of European legislation. However, the European Commission also warns of risks that actual net expenditure growth will be higher than required or allowed as a result of changes to the public sector pay system, the introduction of long-term care, the reform of the healthcare system and deviations from the planned implementation of major investment projects. The possibility that net expenditure growth could be significantly higher than required is also indicated by the adopted amendment to the state budget for 2025, which projects a growth in non-intervention spending of 12.3%. According to the Plan, the growth in net general government expenditure in 2025 could be no higher than 5.6%.

¹ All comments refer to data known as at 3 December 2024.

State Budget from January to November 2024²

- According to preliminary data, the state budget recorded a deficit at the end of November (EUR 396 million) and a surplus of EUR 100 million excluding the direct effect of the intervention measures.
- The growth of "core" revenue (excluding intervention measures) in the first eleven months of 2024 (9.4%) was considerably higher than in the same period last year (3.1%). The main contributor to growth this year was higher corporate income tax revenue. This was due to the high settlement of outstanding liabilities from the previous year and the increased tax rate in connection with the post-flood recovery. Income tax revenue also grew, due to continued strong growth in employee compensation and partly due to the non-adjustment of income tax brackets

Figure 1: State budget balance

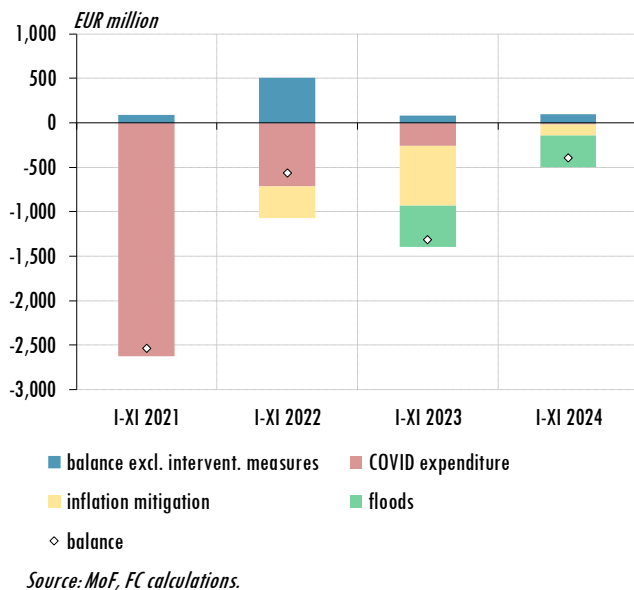


Figure 2: Factors of state budget balance change

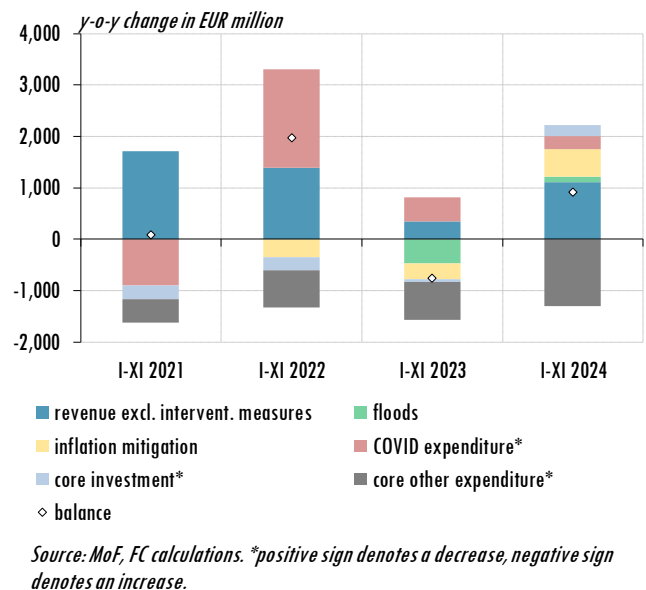


Figure 3: Structure of state budget expenditure growth

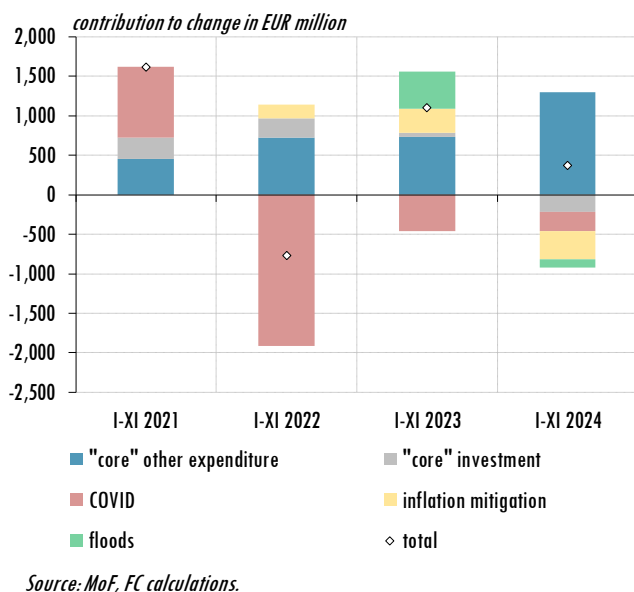
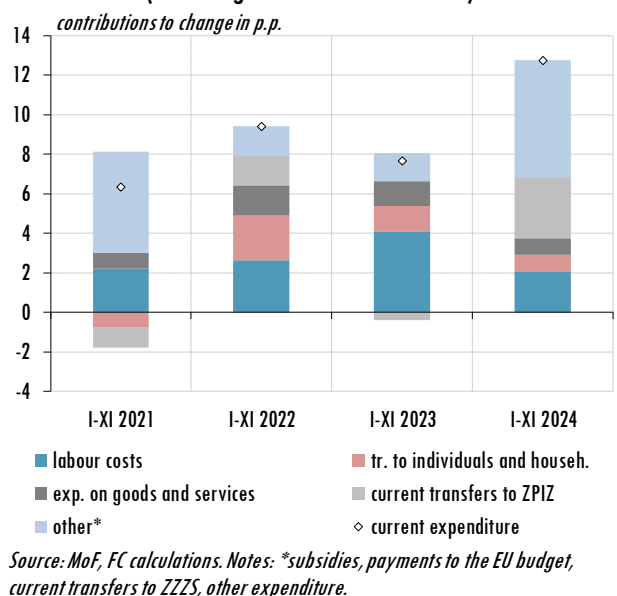


Figure 4: Current expenditure factors (excluding intervention measures)



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

and the general allowance with inflation. Non-tax revenue also increased year-on-year, but its growth would have been lower without the contribution of the Slovenian Sovereign Holding (SSH) profit paid into the Reconstruction Fund. Meanwhile, VAT revenue growth slowed, and revenue from excise duties and EU funds³ declined on a year-on-year basis.

- The growth in "core" expenditure (excluding intervention measures) was 9.3%, up compared to the same period last year (7.2%). The main contributors to this year's growth and its strengthening compared to the same period last year were transfers to the Pension and Disability Insurance Institute of Slovenia (ZPIZ) due to the high regular pension indexation and the high growth in payments to budgetary funds.⁴ Other notable contributors to growth were year-on-year increases in labour costs (the effect of the partial adjustment to last year's inflation), transfers to individuals and households (adjustment to last year's inflation), and interest expenditure.

Implementation of intervention measures from January to November 2024

- By the end of November, EUR 354 million had been paid out for post-flood recovery in the first eleven months of 2024, out of a total of EUR 540 million planned for the whole of 2024. This year's outturn is averaging just over EUR 30 million per month. Based on the latest available estimate of the annual outturn by the Ministry of Finance, almost EUR 190 million more is expected to be spent in December. The largest part of this year's outturn was allocated for the maintenance of watercourses (EUR 110 million) and subsidies to businesses (EUR 98 million). In addition, according to the available data, EUR 225 million (donations, SSH profits and part of the revenue resulting from the increased corporate tax rate) was paid into the Reconstruction Fund by the end of October out of the planned EUR 413 million. Disbursements from the Reconstruction Fund will start next year. Regarding post-flood recovery, in August 2024 the European Commission granted Slovenia EUR 328 million under the Solidarity Fund (on top of the EUR 100 million advance payment received in December).⁵ According to the Ministry of Finance, by the end of November, EUR 298 million had been provided from the Solidarity Fund to finance measures to deal with the consequences of last year's floods.
- A total of EUR 126 million was paid out this year to ease the cost-of-living crisis, out of a total of EUR 151 million planned for the whole of 2024. The majority of this amount (EUR 108 million) consisted of compensation paid out to electricity and gas suppliers. For COVID-19-related measures, EUR 16 million was disbursed from the state budget this year, out of a total of EUR 22 million planned for the whole of 2024. The bulk of this was spent on vaccines and vaccination (EUR 10 million).

³ At the end of October, Slovenia received EUR 258 million from the Recovery and Resilience Facility. Based on monthly revenue outturns from European funds, we conclude that these funds had not yet been fully recorded as state budget revenue by the end of November.

⁴ Payments into budgetary funds are recorded as expenditure in the state budget under account 409300 Budget funds. According to the data available up to the end of October, the year-on-year growth of payments into budget funds in the first ten months of this year exceeded 150%.

⁵ According to the detailed balance sheet of the state budget, these funds, which were approved by the European Parliament at the beginning of October, had not yet been recorded as revenue by the end of October.

Table 1: State budget

EUR million, unless stated otherwise	Jan.-Nov.			Dec.			2023	2024**	2024 compared to 2023			
	2023	2024	2024 compared to 2023	2023	2024*	2024 compared to 2023						
			%			%			%			
Revenue	11,609	12,903	1,294	11.1	1,417	1,644	227	16.0	13,026	14,547	1,521	11.7
VAT	4,685	4,870	185	4.0	462	509	47	10.1	5,147	5,379	232	4.5
Excise duties	1,532	1,538	6	0.4	127	121	-6	-5.0	1,659	1,659	0	0.0
Personal income tax	1,503	1,848	345	23.0	213	220	7	3.2	1,716	2,067	352	20.5
Corporate income tax	1,282	1,729	447	34.9	111	136	25	22.3	1,393	1,865	472	33.9
EU funds	769	666	-103	-13.4	319	446	127	40.0	1,088	1,112	24	2.2
Non-tax	644	1,024	380	59.1	85	110	25	28.9	729	1,134	405	55.5
Other revenue	1,195	1,228	33	2.8	100	103	3	3.4	1,294	1,331	37	2.8
Expenditure	12,924	13,299	375	2.9	2,428	2,655	226	9.3	15,352	15,954	602	3.9
Total labour costs	3,757	3,942	185	4.9	358	528	169	47.3	4,115	4,469	354	8.6
Transfers to individ. and hhs	1,792	1,807	15	0.8	270	156	-114	-42.2	2,062	1,963	-99	-4.8
Goods and services	1,322	1,475	153	11.5	297	339	42	14.0	1,619	1,813	194	12.0
Investment	1,515	1,007	-508	-33.5	688	875	188	27.3	2,203	1,883	-320	-14.5
Current transfers to ZPIZ	1,104	1,411	307	27.8	13	9	-4	-29.5	1,116	1,420	303	27.2
Subsidies	811	556	-255	-31.4	131	69	-61	-47.0	942	626	-316	-33.6
Interest	669	705	36	5.3	15	113	98	668.7	684	818	134	19.5
Payments to the EU budget	600	572	-28	-4.7	72	95	23	32.4	672	667	-5	-0.7
Other expenditure	1,353	1,825	471	34.8	585	471	-115	-19.6	1,939	2,295	356	18.4
Balance	-1,315	-396	919		-1,012	-1,011	1		-2,327	-1,407	920	

Source: MoF, FC calculations. Note: *implicitly calculated to match MoF forecast. **MoF estimate (Sep.2024).

Table 2: State budget (excluding intervention measures)

EUR million, unless stated otherwise	I-XI 2023					I-XI 2024					I-XI 24/ I-XI 23, %		I-XI 24/ I-XI 23	
	total	COVID mitig.	infl. floods	excl. interv. measures		total	COVID mitig.	infl. floods*	excl. interv. measures		total	excl. interv. measures	total	excl. interv. measures
Revenue	11,609	...	-190	...	11,799	12,903	...	...	...	12,903	11.1	9.4	1,294	1,104
VAT	4,685	...	-73	...	4,757	4,870	...	...	...	4,870	4.0	2.4	185	113
Excise duties	1,532	...	-69	...	1,601	1,538	...	...	...	1,538	0.4	-3.9	6	-63
Personal income tax	1,503	...	...	...	1,503	1,848	...	...	...	1,848	23.0	23.0	345	345
Corporate income tax	1,282	...	...	...	1,282	1,729	...	...	...	1,729	34.9	34.9	447	447
EU funds	769	...	...	...	769	666	...	...	...	666	-13.4	-13.4	-103	-103
Non-tax	644	...	...	...	644	1,024	...	...	...	1,024	59.1	59.1	380	380
Other revenue	1,195	...	-48	...	1,243	1,228	...	...	...	1,228	2.8	-1.2	33	-15
Expenditure	12,924	261	480	464	11,719	13,299	16	126	354	12,803	2.9	9.3	375	1,084
Total labour costs	3,757	15	8	0	3,734	3,942	0	...	0	3,941	4.9	5.5	185	207
Transfers to individ. and hhs	1,792	11	38	43	1,700	1,807	3	0	23	1,781	0.8	4.8	15	81
Goods and services	1,322	8	3	69	1,242	1,475	4	4	143	1,324	11.5	6.6	153	82
Investment	1,515	142	...	219	1,154	1,007	1	...	66	940	-33.5	-18.5	-508	-214
Current transfers to ZPIZ	1,104	...	...	...	1,104	1,411	...	...	...	1,411	27.8	27.8	307	307
Subsidies	811	36	428	36	310	556	1	121	113	321	-31.4	3.3	-255	10
Interest	669	...	...	...	669	705	...	...	...	705	5.3	5.3	36	36
Payments to the EU budget	600	...	...	...	600	572	...	...	...	572	-4.7	-4.7	-28	-28
Other expenditure	1,353	49	4	96	1,205	1,825	7	0	9	1,809	34.8	50.2	471	604
Balance	-1,315	-261	-670	-464	80	-396	-16	-126	-354	100			919	20

Source: MoF, FC calculations. Note: *excluding the effect of measures to finance post-flood recovery on revenues (higher corporate income tax rate, SDH profits and donations) and expenditures (redirecting these revenues into Reconstruction Fund). The effect on the balance is neutral, while the stated measures have effects on growth rates of several categories of revenues and expenditure included in the category »excluding intervention measures«.