



REPUBLIC OF SLOVENIA
FISCAL COUNCIL

Monthly Information

May 2025

Key highlights¹

- The state budget recorded a deficit of approximately -EUR 280 million in the first four months of the year. In the same period last year, it recorded a surplus of around EUR 170 million.² The gap between revenue (1.7%) and expenditure growth (11.8%) remains high. Revenue growth is slowing across all major components.
- The expenditure growth is driven by higher subsidy and interest payments, as well as certain discretionary factors, and remains high despite a decline in investment. In the coming months, expenditure growth could increase further, primarily due to the effects of the public sector wage agreement.

¹ All comments pertain to data as at 6 May 2025. In addition to our standard data sources published on <https://proracun.gov.si/>, data from the MFERAC system has also been used this time due to delays in booking at the end of last month.

² All comparisons exclude the direct effects of the intervention measures.

State budget in January–April 2025

- The state budget recorded a deficit of -EUR 276 million in the first four months of this year (excluding emergency measures), which is a deterioration of around EUR 450 million compared to the same period last year

Revenue:

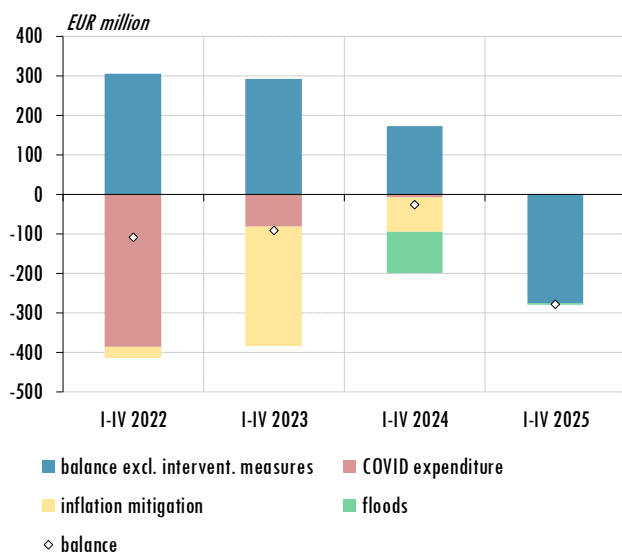
- In the first third of the year, revenue grew by 1.7% year-on-year compared to the same period last year, representing only a third of the 5.5% growth recorded in the same period last year.
- Among the major categories, only higher VAT receipts contributed to revenue growth. Of the other contributions to revenue growth, only the taxes on the total assets of banks and savings banks and customs duties stand out.
- Following strong growth in April last year due to the settlement of outstanding liabilities, corporate income tax revenue fell significantly, declining by a fifth year-on-year in the first four months of this year.
- The dynamics of personal income tax revenue is considerably slower than in the same period last year, as growth in employment income is slowing down. Due to the increase in lump sum funding and the simultaneous agreement on additional funds to reduce objective differences affecting

Table 1: State budget

EUR million, unless stated otherwise	I-IV 2024					I-IV 2025					I-IV 25/ I-IV 24, %		I-IV 25/ I-IV 24	
	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	4,618	...	...	11	4,608	4,704	...	...	20	4,684	1.9	1.7	86	77
VAT	1,768	...	...	...	1,768	1,828	...	...	...	1,828	3.4	3.4	60	60
Excise duties	510	...	...	...	510	496	...	...	...	496	-2.8	-2.8	-14	-14
Personal income tax	793	...	...	...	793	786	...	...	...	786	-1.0	-1.0	-8	-8
Corporate income tax	664	...	...	...	664	550	...	...	20	530	-17.2	-20.2	-114	-134
EU funds	223	...	...	...	223	151	...	...	...	151	-32.3	-32.3	-72	-72
Non-tax	224	...	...	...	224	212	...	...	...	212	-5.7	-5.7	-13	-13
Other revenue	435	...	...	11	424	682	...	...	0	682	56.7	60.7	247	258
Expenditure	4,645	9	87	114	4,435	4,984	...	...	24	4,960	7.3	11.8	339	525
Total labour costs	1,471	0	...	0	1,471	1,531	...	...	0	1,530	4.1	4.1	60	60
Transfers to individ. and hhs	684	2	0	14	669	687	...	...	...	687	0.5	2.8	3	18
Goods and services	453	2	4	71	376	444	...	...	1	443	-1.8	17.8	-8	67
Investment	338	0	...	6	331	323	...	...	3	320	-4.3	-3.3	-14	-11
Current transfers to ZPIZ	484	...	...	...	484	535	...	...	...	535	10.5	10.5	51	51
Subsidies	213	1	83	9	119	210	...	...	0	210	-1.5	76.1	-3	91
Interest	432	...	...	...	432	531	...	...	...	531	22.9	22.9	99	99
Payments to the EU budget	197	...	...	...	197	227	...	...	...	227	15.5	15.5	30	30
Other expenditure	374	4	...	14	357	497	...	...	20	477	32.6	33.6	122	120
Balance	-26	-9	-87	-103	173	-280	...	...	-4	-276			-253	-448

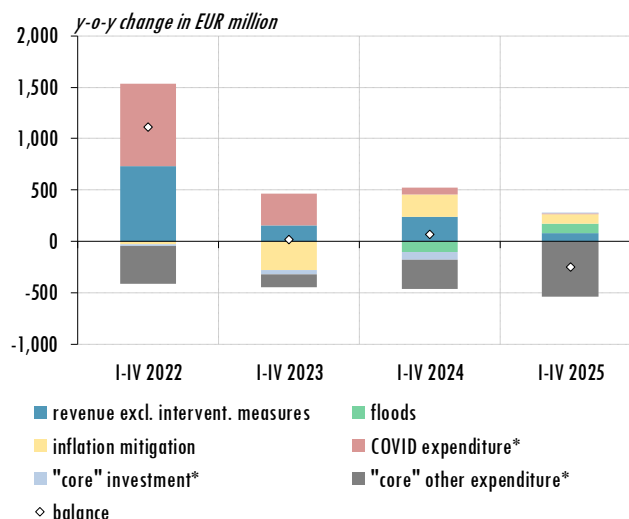
Source: MoF, FC calculations.

Figure 1: State budget balance



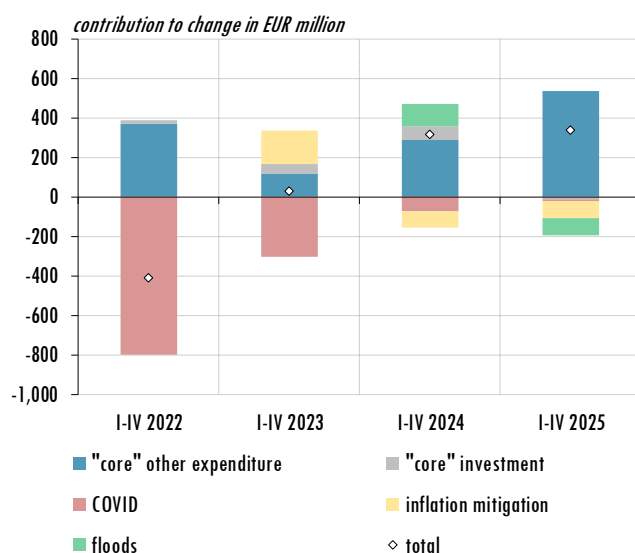
Source: MoF, FC calculations.

Figure 2: Factors of state budget balance change



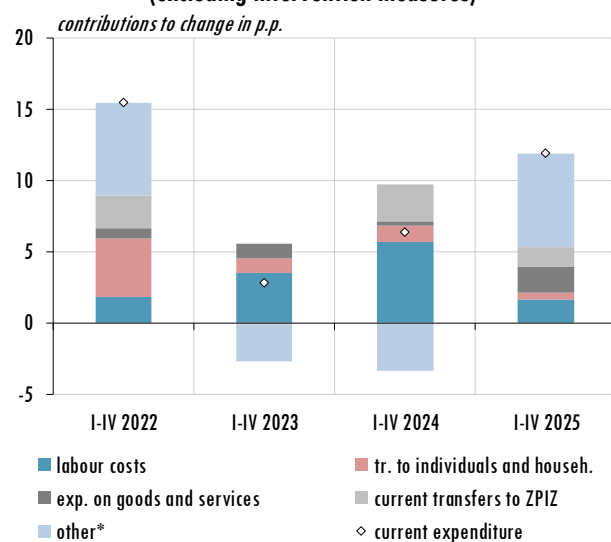
Source: MoF, FC calculations. *positive sign denotes a decrease, negative sign denotes an increase.

Figure 3: Structure of state budget expenditure growth



Source: MoF, FC calculations.

Figure 4: Current expenditure factors (excluding intervention measures)



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

municipal revenues,³ a larger share of the collected personal income tax is being allocated to municipalities this year.

- Revenues from European funds are down by a third due to the slow drawdown of funds from the new 2021-2027 financial framework and last year's high base, when funds from the previous multiannual framework were still available, as well as due to the slow drawdown of recovery and resilience plan funds.

Expenditure:

- Expenditure in the first quarter was 11.8% higher year-on-year, exceeding the increase recorded in the same period last year (8.8%).
- The primary driver of this increase was higher interest expenditure, which rose by approximately one-fifth compared to the same period last year. The increase in payments reflects, in particular, the relatively high issuance of RS93 bonds last year (totalling EUR 2.75 billion) with a coupon interest rate of 3%, as interest payments fell due for the first time this year.
- Other important contributors to growth were agricultural subsidies,⁴ a higher transfer for the public service in regular transport and compensation for the Šoštanj Thermal Power Plant (EUR 50 million).
- Expenditure on goods and services rose by just under a fifth (primarily due to the leasing of computer software and the purchase of military equipment), while transfers to the Pension and Disability Insurance Fund (ZPIZ⁵) increased by around a tenth.
- Labour costs increased by around 4% year-on-year. Growth is expected to increase in October this year due to the implementation of the wage reform and related additional adjustments.
- Investments have been declining since the beginning of last year, largely due to the conclusion of the previous European Financial Perspective. The sharpest drop was seen in railway infrastructure investments. Investments in military equipment rose by a third year-on-year, now accounting for 40% of all state budget investments (compared to 30% in the same period last year).

³ <https://www.gov.si/assets/ministrstva/MF/Proracun-direktorat/DP-SSFLS/Izracuni/Povprecnina-in-PPi/Dogovor-povprecnina-2025-26.pdf> (Only in Slovene).

⁴ Agricultural subsidies were atypically low in early 2024, which is linked to the start of the implementation of the new financial perspective.

⁵ The Pension and Disability Insurance Institute of Slovenia recorded significantly lower transfer growth than last year due to reduced supplementary transfer for the financial equalisation of the pension envelope, and a lower regular pension adjustment (4.5% in 2025 vs. 8.8% in 2024).

Fund for the Reconstruction of Slovenia (FRS)

- Inflows into the FRS Fund amounted to EUR 20 million in the first quarter of the year, stemming from the increased corporate income tax rate. However, this figure does not yet include inflows from the tax on total assets of banks and savings banks (EUR 106 million), which has already been recorded under state budget revenue. Under the budget adopted last year, the FRS is expected to receive EUR 342 million in 2025.
- During the same period, EUR 47 million was disbursed from the fund, primarily for replacement construction (EUR 29 million).⁶

⁶ In the first four months of the year, an additional EUR 4.1 million from state budget integrated funds was paid out for natural disaster recovery, alongside the resources from the dedicated fund.