



REPUBLIC OF SLOVENIA
FISCAL COUNCIL

Monthly Information

June 2025

Key highlights¹

- The state budget had a deficit of -EUR 551 million in the first five months of the year, compared to a surplus in the same period last year.² The balance thus deteriorated by EUR 765 million in one year.
- Revenues were down year-on-year, while expenditure growth more than doubled compared to the same period last year.
- The dynamics of all key revenue categories are slowing down. In order to meet the projections of the current budget, their growth should pick up significantly over the rest of the year.
- The stronger expenditure growth is broad-based, mainly driven by higher labour costs with the introduction of the new wage system. The main underperformer of the current budget projections is investment spending, which is lower year-on-year, mainly due to lower EU funding.
- The post-flood reconstruction is behind schedule, with only about one tenth of the planned funds disbursed for measures in the first five months of this year. At the end of May, the Fund for the Reconstruction of Slovenia had almost EUR 700 million at its disposal.

¹ All comments pertain to data as at 3 June 2025.

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

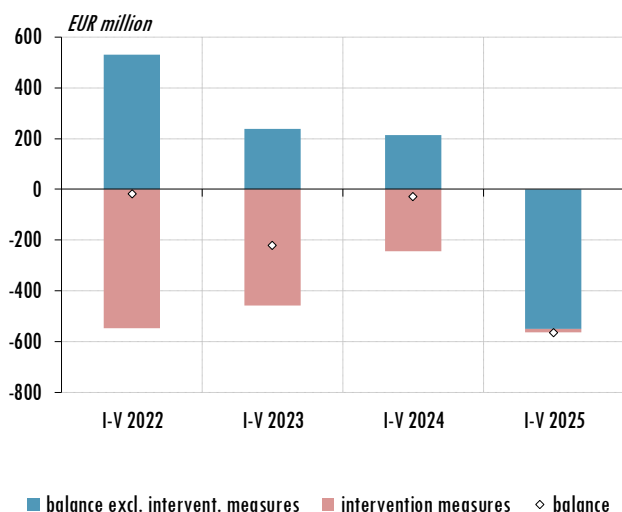
State budget in January–May 2025

- The state budget had a deficit of -EUR 551 million in the first five months of this year (excluding intervention measures), compared to a surplus of EUR 215 million in the same period last year. The balance thus deteriorated by EUR 765 million.

Revenue:

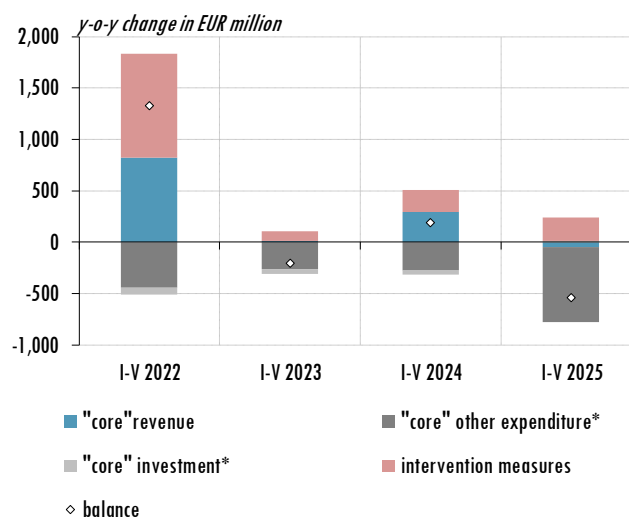
- Revenue was down by 0.8% year-on-year in the first five months, compared with an increase of 5.5% in the same period last year.
- The key reason for this year's weaker revenue dynamics are lower settlements of corporate income tax and self-employment personal income tax. Last year, however, the settlements of both components were among the highest since data have been available.
- Lower growth in the gross wage bill and hence in employment income tax also contributes to the more modest growth in income tax revenue compared to the same period last year. The slowdown is also due to the fact that income tax brackets have been adjusted for inflation this year, whereas last year they were not.
- VAT revenue growth is also lower than in the same period last year, which is linked to the slowdown in economic activity. Excise duty revenue has been lower year-on-year since the beginning of last year.
- Revenue from EU funds was down by around a quarter year-on-year due to the slow absorption of funds from the 2021-2027 financial perspective.
- According to the current budget for this year, revenue is expected to grow by 4.3% in the full year 2025. With a low outturn in the first five months, growth would need to pick up significantly in the rest of the year to meet the projection.

Figure 1: State budget balance

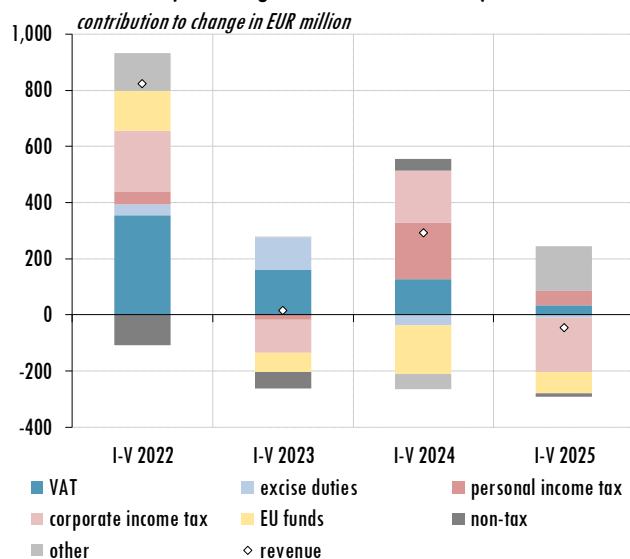
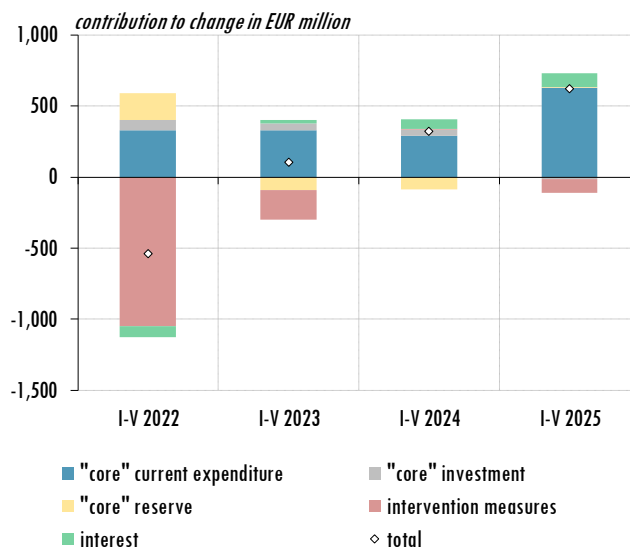


Source: MoF, FC calculations.

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 revenue change (excluding intervention measures)**Figure 4: Structure of state budget expenditure change****Table 1: State budget**

EUR million, unless stated otherwise	I-V 2024					I-V 2025					I-V 25/ I-V 24, %		I-V 25/ I-V 24	
	total	COVID	infl. mitig.	floods	excl. interv. measures	total	COVID	infl. mitig.	floods	excl. interv. measures	total	excl. interv. measures	total	excl. interv. measures
Revenue	5,717	...	...	69	5,649	5,803	...	...	199	5,603	1.5	-0.8	85	-45
VAT	2,180	...	...	...	2,180	2,214	...	...	...	2,214	1.6	1.6	34	34
Excise duties	653	...	...	...	653	644	...	...	...	644	-1.4	-1.4	-9	-9
Personal income tax	929	...	...	...	929	981	...	...	...	981	5.6	5.6	52	52
Corporate income tax	873	...	...	58	816	715	...	...	93	622	-18.2	-23.8	-159	-194
EU funds	272	...	...	...	272	197	...	...	...	197	-27.6	-27.6	-75	-75
Non-tax	285	...	...	...	285	274	...	...	...	274	-4.2	-4.2	-12	-12
Other revenue	525	...	...	11	514	779	...	...	106	673	48.4	30.9	254	159
Expenditure	5,746	10	92	210	5,434	6,367	...	...	213	6,154	10.8	13.3	621	720
Total labour costs	1,823	0	...	0	1,822	2,003	...	...	0	2,003	9.9	9.9	181	181
Transfers to individ. and hhs	844	2	0	14	829	858	...	...	...	858	1.6	3.5	14	29
Goods and services	621	2	4	104	511	575	...	...	2	574	-7.4	12.2	-46	62
Investment	425	0	...	11	414	412	...	...	12	401	-2.9	-3.2	-12	-13
Current transfers to ZPIZ	604	...	...	...	604	678	...	...	...	678	12.2	12.2	74	74
Subsidies	246	1	87	10	147	248	...	...	0	248	0.9	68.4	2	101
Interest	436	...	...	...	436	533	...	...	...	533	22.2	22.2	97	97
Payments to the EU budget	240	...	...	...	240	295	...	...	...	295	23.0	23.0	55	55
Current transfers to ZZS	106	...	...	...	106	106	...	...	...	106	0.3	0.3	0	0
Reserves	171	...	...	69	102	306	...	...	199	107	79.0	4.6	135	5
Other expenditure	230	4	...	3	223	351	...	...	...	351	52.8	57.8	121	129
Balance	-28	-10	-92	-142	215	-564	...	...	-13	-551			-536	-765

Source: MoF, FC calculations.

Expenditure:

- Expenditure growth was 13.3% in the first five months of this year, more than double the growth recorded in the same period last year (6.2%).
- The main contributor to growth was labour costs, which were up by one tenth year-on-year due to the start of the new wage system. We expect their growth to be further boosted by the next adjustment scheduled for October.
- Other important contributors to growth were agricultural subsidies,³ which are also the main driver of the stronger growth in total expenditure, interest,⁴ the transfer for the operation of the public line transport service and payments to the EU budget.
- Expenditure on goods and services and transfer to the Pension and Disability Insurance Institute of Slovenia⁵ were up by around one tenth year-on-year.
- In contrast, investments have been declining since the beginning of last year, mainly due to a drop in EU funding. Investments in the water sector and state roads have fallen the most year-on-year, while defence investments have increased by almost 40%.

Fund for the Reconstruction of Slovenia (FRS)

- The Fund for the Reconstruction of Slovenia saw inflows of EUR 200 million in the first five months due to the payment of a tax on total assets of banks and savings banks and a higher corporate tax rate. At the end of May, the Fund had around EUR 700 million at its disposal.
- During the period, the Fund disbursed EUR 59 million, mainly for replacement construction (EUR 33 million) and state road infrastructure (EUR 13 million). In addition to the Fund, EUR 13 million were disbursed for reconstruction from the integral funds of the state budget.
- In the first five months, therefore, only a good tenth of the total foreseen expenditure for reconstruction, which according to the available programmes⁶ is expected to amount to almost EUR 600 million for the whole of this year, has been realised.

³ Agricultural subsidies were unusually low at the beginning of 2024, which is linked to the start of the implementation of the new financial perspective.

⁴ 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.

⁵ Within the total transfer to the Pension and Disability Insurance Institute of Slovenia, the growth of the additional transfer for the financial equalisation of the pension envelope was about half of the growth in the same period last year, as the regular adjustment of pensions this year (4.5%) was also much lower than last year (8.8%).

⁶ Available at <https://www.gov.si/zbirke/projekti-in-programi/ukrepi-drzave-za-pomoc-po-poplavah-avgusta-2023/financiranje-obnove/> (Only in Slovene).