



REPUBLIC OF SLOVENIA  
**FISCAL COUNCIL**

## **Monthly Information**

October 2025



**Key highlights<sup>1</sup>**

- The state budget deficit, excluding intervention measures, amounted to just under EUR 1.0 billion in the first nine months of the year, compared to an almost balanced budget in the same period last year. An increase in the deficit had been projected both in the current budget and in the revised estimate presented alongside the draft budget documents. The deficit excluding intervention measures is expected to total around EUR 1.8 billion for the entire year, compared to around EUR 0.2 billion last year. However, based on the outturn for the first nine months of the year, the full-year deficit could be lower than the current estimate, which serves as the basis for budget planning for the coming years.
- The increase in the deficit this year is entirely due to higher current expenditure. As expected, the increase in expenditure is broad-based, with the largest contributions coming from higher labour costs following changes to the public sector salary system. Meanwhile, revenue growth has stalled, which was partly due to a slowdown in economic activity as well as a further decline in revenue from EU funds. Intervention measures have had a negligible impact on the overall state budget balance this year, as flood recovery measures are predominantly financed from dedicated sources.
- On 30 September, the Fiscal Council received the proposed amendments to the 2026 state budget and the 2027 draft budget. In accordance with the provisions of the Fiscal Rule Act, the Fiscal Council will provide its assessment within ten days of receiving the general government revenue and expenditure projections, which are expected by 10 October 2025 at the latest.

---

<sup>1</sup> All comments refer to data known as of 1 October 2025.

## State budget January–September 2025

- The state budget deficit, excluding intervention measures, stood at EUR 948 million in the first nine months of this year, compared to EUR 69 million in the same period last year. According to the Ministry of Finance's revised estimate, the full-year deficit is projected at around EUR 1,830 million (compared to around EUR 200 million in 2024). For this estimate to be achieved, the deficit in the final quarter of the year would need to be roughly in line with that recorded in the first nine months. In that case, the average monthly deficit over the final three months would be triple that of the first nine months of the year. This indicates that the full-year deficit may be lower than currently estimated.
- Compared with the full-year budgetary projections, performance on the revenue side is lagging, and even more so on the expenditure side. The main reasons for this are, on the revenue side, slower economic growth and lower-than-projected absorption of EU funds. This is reflected on the expenditure side by significantly lower investment spending. A large proportion of this year's spending is being channelled through budgetary funds.

### Revenue:

- In the first nine months of the year, budget revenue (excluding intervention measures) increased by 2.8% year-on-year, compared to 5.3% in the same period last year.
- The main reason for the slower revenue dynamics this year is lower revenue from corporate income tax. The year-on-year decline is primarily due to the high base, given that last year's settlement payment was one of the highest on record. However, this year's monthly advance payments have remained similar to those of last year.
- Modest growth in personal income tax revenue compared to the same period last year reflects weaker growth in the gross wage bill, and therefore in income tax from employment. The slowdown also reflects the fact that income tax brackets have been indexed to inflation this year, whereas last year they were not. Another reason for the lower growth in personal income tax revenue is the lower income tax revenue from activities. This is also a result of last year's high tax base, when the settlement payment was one of the highest ever recorded.
- VAT revenue growth is similar to that in the same period last year, while excise duty revenue has been lower year-on-year since the beginning of last year.
- Revenue from EU funds has decreased by around a fifth year-on-year due to the slow absorption of funds under the 2021–2027 financial framework. According to revised state budget projections, revenue from EU funds is expected to increase by almost 30% this year.
- Non-tax revenue has increased by just over a quarter this year, mainly driven by higher dividends paid into the state budget in September.
- According to the revised budget estimate, revenue (excluding intervention measures) is expected to increase by 3.1% this year, which is less than the 5.1% projected under the current budget. For the estimate on which the 2026 budget proposal is based to materialise, year-on-year growth would need to average around 3.6% for the remainder of the year. This assumption is considered relatively realistic.

**Expenditure:**

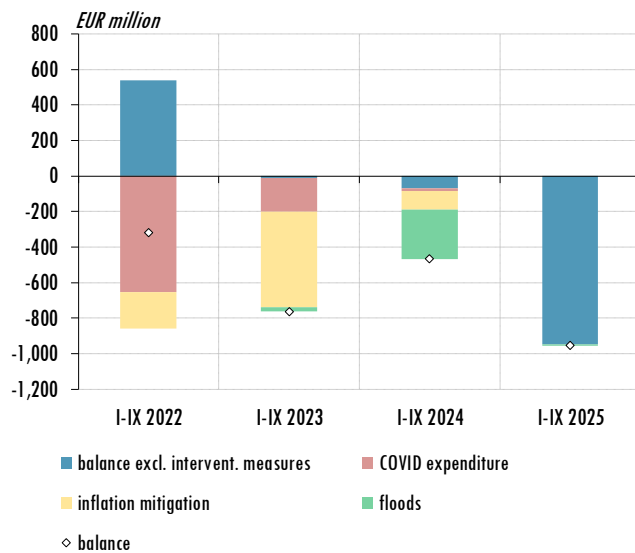
- Growth in expenditure (excluding intervention measures) stood at 11.6% in the first nine months of the year, which is roughly double the growth in the same period last year (5.7%).
- Labour costs were the main contributor to expenditure growth, increasing by one tenth year-on-year due to the introduction of a new salary system. They are expected to grow further following the next adjustment, scheduled for October.
- Other significant contributors to growth include spending on goods and services, as well as transfers for the provision of regular public transport services and to the Pension and Disability Insurance Institute of Slovenia.
- Investment levels were similar to those in the same period last year. Despite taking into account the usual dynamics throughout the year, this is significantly lower than the revised estimate, which projects an approximate 40% increase for the full year (the current budget projected a 60% increase). Investment in defence has increased year-on-year, while investment in road and rail infrastructure has decreased noticeably. A significant proportion of Slovenia's investment activity occurs outside the state budget, including through budgetary funds. These funds increased the volume of investment spending by two-thirds to EUR 400 million this year, accounting for around half the value of investments realised through the state budget.

**Table 1: State budget**

<i>EUR million, unless stated otherwise</i>	I-IX 2024					I-IX 2025					I-IX 25 compared to I-IX 24, %		I-IX 25 compared to I-IX 24	
	total	COVID mitig.	infl. measures	floods interv.	excl. measures	total	COVID mitig.	infl. measures	floods interv.	excl. measures	total	excl. interv. measures	total	excl. interv. measures
<b>Revenue</b>	<b>10,209</b>	<b>...</b>	<b>...</b>	<b>224</b>	<b>9,985</b>	<b>10,668</b>	<b>...</b>	<b>...</b>	<b>399</b>	<b>10,269</b>	<b>4.5</b>	<b>2.8</b>	<b>460</b>	<b>284</b>
VAT	3,852	...	...	...	3,852	4,016	...	...	...	4,016	4.3	4.3	164	164
Excise duties	1,241	...	...	...	1,241	1,213	...	...	...	1,213	-2.2	-2.2	-27	-27
Personal income tax	1,476	...	...	...	1,476	1,561	...	...	...	1,561	5.8	5.8	85	85
Corporate income tax	1,450	...	...	134	1,317	1,282	...	...	172	1,111	-11.6	-15.6	-168	-206
EU funds	505	...	...	0	505	454	...	...	37	417	-10.2	-17.5	-51	-88
Non-tax	678	...	...	79	599	842	...	...	85	758	24.2	26.4	164	158
Other revenue	1,006	...	...	11	995	1,299	...	...	106	1,193	29.1	19.9	293	198
<b>Expenditure</b>	<b>10,674</b>	<b>14</b>	<b>105</b>	<b>502</b>	<b>10,054</b>	<b>11,622</b>	<b>...</b>	<b>...</b>	<b>405</b>	<b>11,217</b>	<b>8.9</b>	<b>11.6</b>	<b>947</b>	<b>1,163</b>
Total labour costs	3,227	0	...	0	3,226	3,569	...	...	0	3,569	10.6	10.6	342	342
Transfers to individ. and hhs	1,484	3	0	15	1,465	1,512	...	...	...	1,512	1.9	3.2	28	47
Goods and services	1,142	3	4	133	1,001	1,160	...	...	5	1,155	1.6	15.4	18	154
Investment	769	0	...	31	738	803	...	...	38	766	4.5	3.8	34	28
Current transfers to ZPIZ	1,168	...	...	...	1,168	1,269	...	...	...	1,269	8.6	8.6	101	101
Subsidies	494	1	100	90	302	345	...	...	0	345	-30.2	14.1	-149	43
Interest	665	...	...	...	665	705	...	...	...	705	6.0	6.0	40	40
Payments to the EU budget	456	...	...	...	456	531	...	...	...	531	16.5	16.5	75	75
Current transfers to ZZS	274	...	...	...	274	302	...	...	...	302	10.2	10.2	28	28
Reserves	518	...	...	224	295	688	...	...	362	325	32.7	10.4	169	31
Other expenditure	478	6	0	8	463	739	...	...	...	739	54.6	59.4	261	275
<b>Balance</b>	<b>-466</b>	<b>-14</b>	<b>-105</b>	<b>-278</b>	<b>-69</b>	<b>-954</b>	<b>...</b>	<b>...</b>	<b>-6</b>	<b>-948</b>			<b>-488</b>	<b>-879</b>

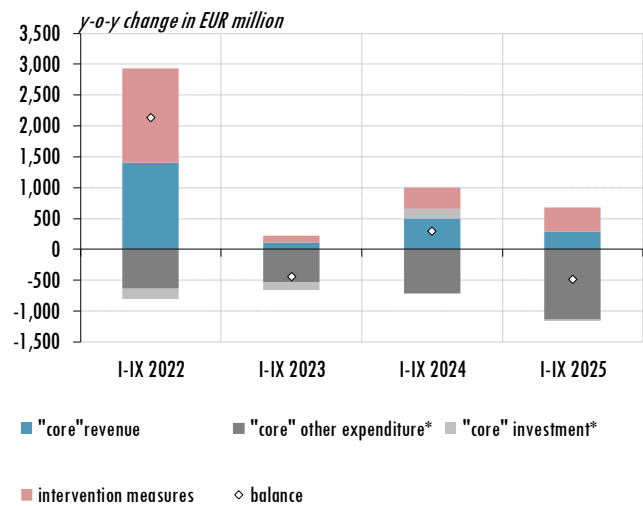
Source: MoF, FC calculations.

Figure 1: State budget balance



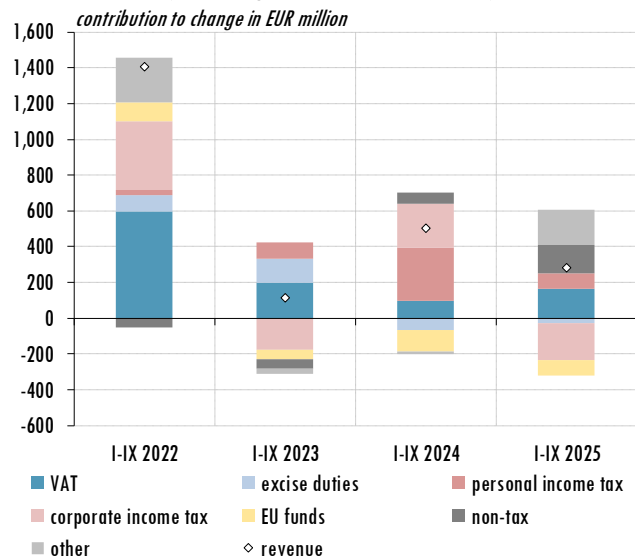
Source: MoF, FC calculations.

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 revenue change (excluding intervention measures)



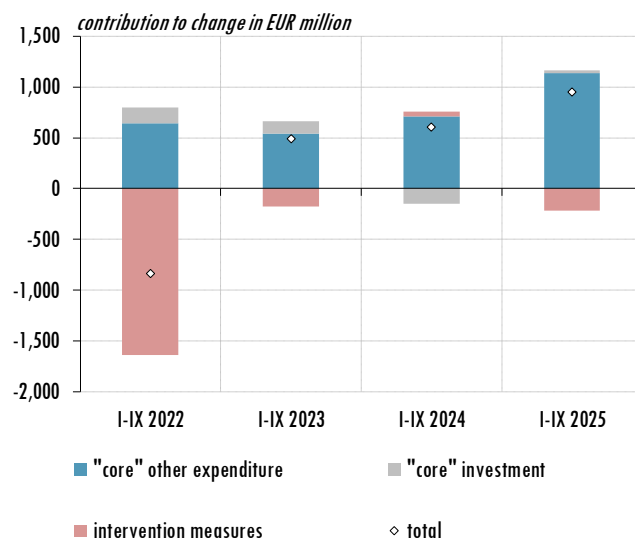
Source: MoF, FC calculations.

Figure 4: Key tax revenues\* (excluding intervention measures)



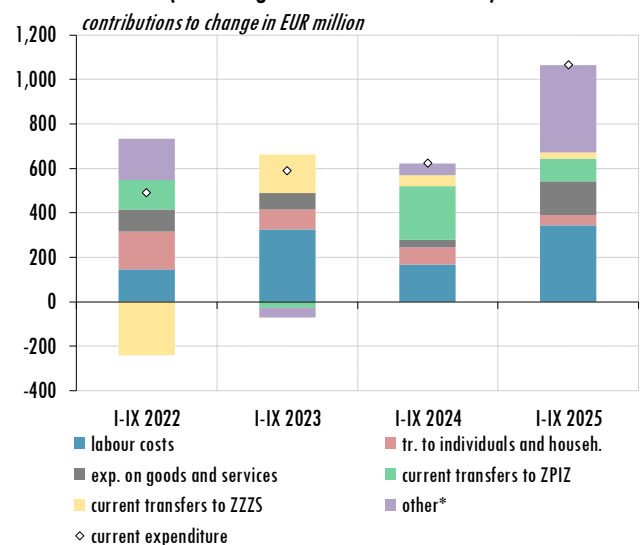
Source: MoF, FC calculations. Note: \*VAT, excise duties, personal income tax, corporate income tax.

Figure 5: Structure of state budget expenditure growth



Source: MoF, FC calculations.

Figure 6: Factors of state budget current expenditure change (excluding intervention measures)



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

- According to the revised budget estimate, expenditure (excluding intervention measures) is expected to increase by 14.6% this year, which is less than projected under the current budget (16.8%). For the estimate underlying the 2026 budget to be achieved, average expenditure in the last quarter of the year would need to increase by just over one-fifth year-on-year. Investment would need to increase by over 80% and subsidies by around 70%. Despite the usual increases in spending at the end of the year, we consider such assumptions to be unrealistic.

### **Fund for the Reconstruction of Slovenia**

- In the first nine months of this year, the Fund for the Reconstruction of Slovenia recorded inflows of approximately EUR 360 million. These were mainly sourced from the higher corporate income tax rate (accounting for almost 50% of the total), the payment of a tax on the total assets of banks and savings banks (30%), and dividend transfers from the Slovenian Sovereign Holding's assets (just over 20%). By the end of September, the fund's resources totalled around EUR 750 million. Based on the latest estimates, an additional EUR 25 million is expected to be paid into the fund resulting from the higher corporate income tax by the end of the year.
- Around EUR 150 million was disbursed from the fund during the first nine months. In addition to the fund's own resources, around EUR 37 million was disbursed for reconstruction from the state budget's integrated funds, which are predominantly financed by the EU Solidarity Fund.
- In the first nine months of this year, only around a quarter of the total planned reconstruction expenditure was realised. According to the available programmes<sup>2</sup>, the total expenditure was planned at almost EUR 600 million. However, the Ministry of Finance's latest estimate projects that only EUR 480 million will be paid out over the whole year, which does not appear realistic given the outturn so far.

---

<sup>2</sup> Available at <https://www.gov.si/zbirke/projekti-in-programi/ukrepi-drzave-za-pomoc-po-poplavah-avgusta-2023/financiranje-obnove/> (Only in Slovene).