REPUBLIC OF SLOVENIA
FISCAL COUNCIL

Monthly Information

November 2025

Document No: 30-1/2025/10

Key highlights[1]

- The state budget deficit, excluding intervention measures, was around EUR 900 million in the first ten months of this year. This is approximately half of the Ministry of Finance's projected full-year deficit.
- The increase in the deficit this year is entirely due to higher current expenditure. The increase in expenditure is broad-based, and as expected with the largest contributions coming from higher labour costs following changes to the public sector salary system. Meanwhile, revenue growth is significantly lower than last year. This is partly due to a slowdown in economic activity and partly due to 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.
- The planned winter bonus will further contribute to the deterioration of the fiscal situation this year and in the coming years. When the budget documents were assessed, we have not included the impact of the winter bonus in the general government balance projections, where, the deficit is already expected to increase, even without the winter bonus, primarily due to the significantly underestimated effect of the salary reform. The bonus will put permanent pressure on public finances, introducing it would increase the general government deficit by around 0.3 percentage points of GDP in the medium term. This increase would bring the deficit close to 3% of GDP, effectively eliminating the fiscal manoeuvring space to address the consequences of potential future shocks, which are becoming increasingly frequent.

[1] All comments refer to data available as at 3 November 2025.

State budget from January to October 2025

- In the first ten months of this year, the state budget recorded a deficit of EUR 915 million (excluding intervention measures), compared to EUR 107 million in the same period last year. The Ministry of Finance's revised estimate also anticipates an increase in the deficit. The full-year deficit, excluding intervention measures, is expected to be around EUR 1,830 million (compared to approximately EUR 200 million in 2024). For this estimate to be realised, the deficit in the last two months of the year would need to be almost equal to the deficit accumulated in the first ten months combined.
- Relative to the full-year budget projections, the current realisation is lagging in terms of both revenues and expenditure. The main reasons for this are slower economic growth and lower-than -projected absorption of EU funds on the revenue side. On the expenditure side, this is reflected by significantly lower investment spending.

Revenue:

- In the first ten months of the year, budget revenue (excluding intervention measures) increased by 1.4% year-on-year. This is lower than the growth of 6.2% seen 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 balancing payment was one of the highest on record. However, this year's monthly advance payments have remained similar to last year's.
- 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 balancing 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 ever since the beginning of last year.
- Revenue from EU funds was approximately one-third lower year-on-year due to the slow absorption of cohesion funds from the 2021–2027 financial perspective, as well as lower receipts from the Recovery and Resilience Plan (RRP). According to the current state budget projections, the revenue is expected to increase by almost 30% this year. This estimate appears achievable given that the European Commission (EC) approved the fourth payment request for RRF funds in October, which includes approximately EUR 400 million in grants, which will be recorded as the state budget revenue.
- According to the Ministry of Finance's updated budget realisation estimate for this year, revenues (excluding intervention measures) are projected to increase by 3.1% throughout 2025. For these projections to be realised, year-on-year revenue growth for the remainder of the year would need to reach around 10%.

Expenditure:

- Expenditure growth (excluding intervention measures) was 8.5% in the first ten months of the year, compared to an increase of 8.2% in the same period last year.
- Labour costs were the main contributor to this growth, increasing by approximately one tenth year-on-year due to the introduction of a new salary system. Further growth is expected following the next planned salary adjustment, which is scheduled to be included in the November payroll for the October salary. Based on current realisation and the Ministry of Finance's updated estimate, labour cost growth over the last two months of the year is expected to reach around 30%. In our assessment, this is achievable if the winter bonus is actually paid out, which we estimate to be approximately EUR 125 million.
- Other significant contributors to growth include the transfers for the provision of regular public transport services[2], compensation to the Šoštanj Thermal Power Plant[3], and expenditure on goods and services, which increased by around 13% year-on-year (excluding intervention measures). This last increase was primarily due to a doubling of expenditure on railway infrastructure maintenance.

Table 1: State budget

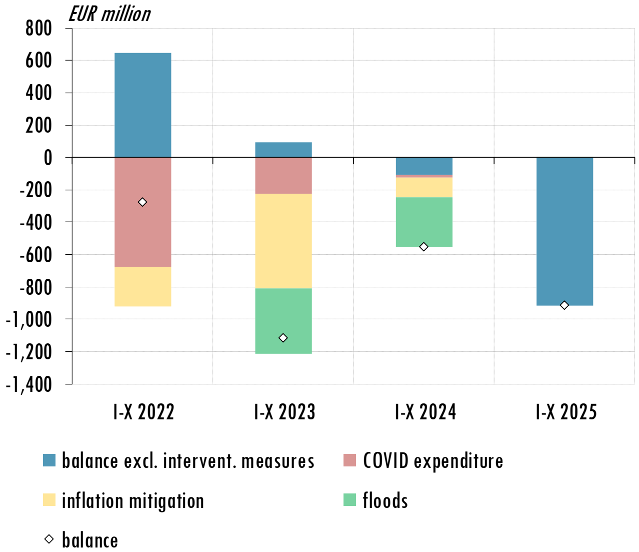
EUR million, unless stated otherwise	I-X 2024					I-X 2025					I-X 25 compared to I-X 24, %		I-X 25 compared to I-X 24	
	total	COVID	infl. mitig.	floods	excl. interv. measures	total	COVID	infl. mitig.	floods	excl. interv. measures	total	excl. interv. measure	total	excl. interv. measures
Revenue	**11,540**	**…**	**…**	**224**	**11,317**	**11,894**	**…**	**…**	**418**	**11,476**	**3.1**	**1.4**	**354**	**160**
VAT	4,400	…	…	…	4,400	4,578	…	…	…	4,578	4.1	4.1	179	179
Excise duties	1,381	…	…	…	1,381	1,358	…	…	…	1,358	-1.7	-1.7	-23	-23
Personal income tax	1,650	…	…	…	1,650	1,741	…	…	…	1,741	5.5	5.5	91	91
Corporate income tax	1,589	…	…	134	1,455	1,423	…	…	172	1,251	-10.5	-14.0	-166	-204
EU funds	612	…	…	…	612	490	…	…	55	434	-20.0	-29.1	-123	-178
Non-tax	807	…	…	79	728	894	…	…	85	809	10.7	11.1	86	81
Other revenue	1,102	…	…	11	1,091	1,410	…	…	106	1,304	28.0	19.6	309	214
Expenditure	**12,093**	**15**	**125**	**530**	**11,424**	**12,805**	**…**	**…**	**414**	**12,391**	**5.9**	**8.5**	**712**	**967**
Total labour costs	3,577	0	…	0	3,577	3,962	…	…	0	3,962	10.8	10.8	385	386
Transfers to individ. and hhs	1,644	3	0	16	1,625	1,673	…	…	…	1,673	1.8	2.9	29	48
Goods and services	1,302	4	4	138	1,155	1,309	…	…	6	1,303	0.5	12.8	7	148
Investment	876	1	…	37	838	976	…	…	46	930	11.3	10.9	99	92
Current transfers to ZPIZ	1,292	…	…	…	1,292	1,335	…	…	…	1,335	3.4	3.4	44	44
Subsidies	537	1	120	106	310	356	…	…	0	356	-33.7	15.0	-181	46
Interest	680	…	…	…	680	720	…	…	…	720	5.9	5.9	40	40
Payments to the EU budget	505	…	…	…	505	589	…	…	…	589	16.6	16.6	84	84
Current transfers to ZZZS	378	…	…	…	378	345	…	…	…	345	-8.8	-8.8	-33	-33
Reserves	765	…	…	224	542	710	…	…	362	348	-7.2	-35.7	-55	-194
Other expenditure	536	6	0	8	522	829	…	…	…	829	54.6	58.9	293	307
Balance	**-552**	**-15**	**-125**	**-306**	**-107**	**-911**	**…**	**…**	**4**	**-915**			**-359**	**-808**

Vir: MF, preračuni FS.

[2] The transfer amounted to EUR 237 million in ten months, which is EUR 102 million, or 76% more than in the same period last year.

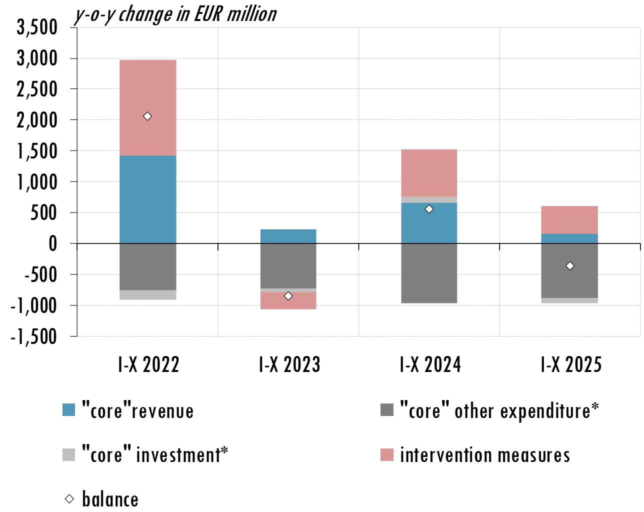
[3] The compensation to TPP Šoštanj amounted to EUR 127 million in the first ten months. The statutory allocation for the entire year 2025 was EUR 164 million.

Figure 1: State budget balance



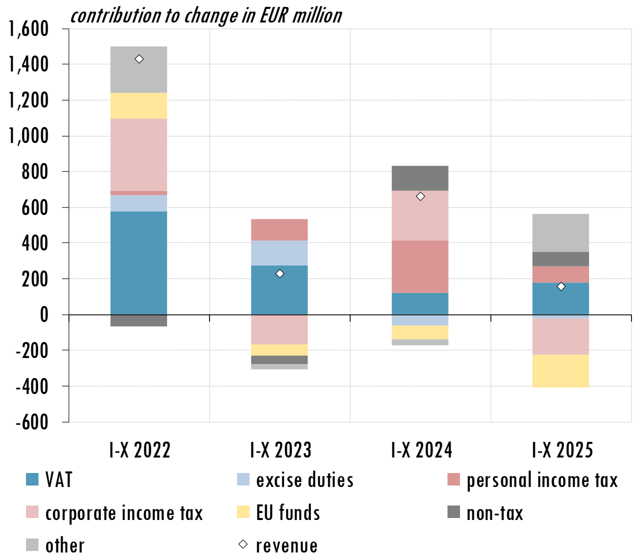
Source: MoF, FC calculations.

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)

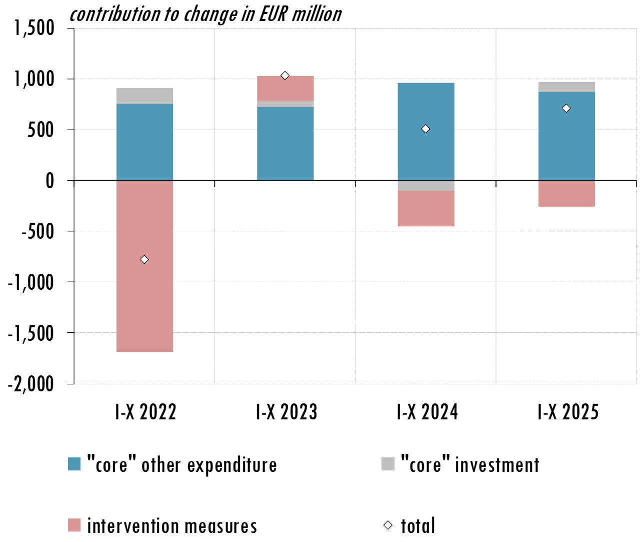


Source: MoF, FC calculations.

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

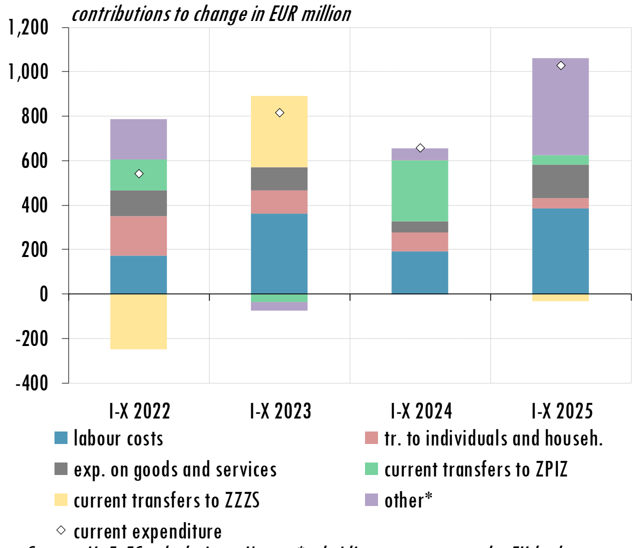
*Source: MoF, FC calculations. Note: * VAT, excise duties, personal income tax, corporate income tax.*

Figure 3: 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.*

- Investment (excluding intervention measures) grew by around 10% year-on-year in the first ten months of the year, following a period of strong activity in the previous two months. In order for the Ministry of Finance's estimate to be realised, investments would need to increase by almost 90% year-on-year in the final two months of the year. This year's growth is almost entirely due to increased defence investments, accounting for a good quarter of all investment in the first ten months. On the contrary, investment in road 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 approximately 70% this year, reaching EUR 455 million and accounting for approximately half of the total value of investments realised through the state budget this year.
- In order to meet the realisation estimate, which was used by the Ministry of Finance as the basis for preparing the 2026 budget amendment, total expenditure in the last two months of this year would need to be almost 40% higher year-on-year on average.

Fund for the Reconstruction of Slovenia (FRS)

- In the first nine months of this year, the Fund for the Reconstruction of Slovenia recorded inflows totalling around EUR 370 million. By the end of October, the Fund's resources totalled around EUR 720 million.
- In the first ten months of this year, the Fund disbursed EUR 182 million, primarily for replacement construction (EUR 61 million), local infrastructure (EUR 55 million) state road infrastructure (EUR 40 million) and the rehabilitation of water infrastructure (EUR 17 million). In addition to the Fund's own resources, around EUR 50 million was disbursed for reconstruction from the state budget's integrated funds, which are predominantly financed by the EU Solidarity Fund.