



REPUBLIC OF SLOVENIA
FISCAL COUNCIL

Monthly Information

January 2026

Key highlights¹

- The state budget deficit, excluding intervention measures, increased significantly from EUR 0.2 billion in 2024 to EUR 1.7 billion in 2025. According to the current budget documents, the deficit is expected to further increase in 2026-2027.
- The high year-end budget deficit was mainly due to economic policy measures (winter bonus and winter allowance, additional financing of health insurance budget) and was, unlike in the previous years, not due to extraordinary circumstances.
- The increase in state budget revenues was slower than in the previous year. The main source of growth consisted of EU rather than of domestic funds, which were negatively affected by the deteriorating economic situation.
- The state budget expenditure, excluding intervention measures, increased by 15% or five times faster than the year before. The increase was broad-based, and was principally due to the high cost of labour resulting from wage reform and winter bonus payments. Investment was up by about one fifth, one half of this increase being due to higher defence spending.
- In 2024, the general government sector's real current expenditure grew significantly higher than the estimated long-term economic growth for the second consecutive year. A similar trend is expected to continue also in the future. The high current expenditure growth poses a risk in terms of fiscal sustainability, since it is difficult to bring it down once the rights have been established. Therefore, economic policymakers should refrain from encouraging expectations of further interventions by the state.
- The gross debt-to-GDP ratio slightly increased by the end of the third quarter last year and was at level similar to the pre-COVID-19 level. Slovenia is ranked in top half of EU Member States (10th out of 27) in terms of the debt-to-GDP ratio. A high liquidity reserve remains an important risk mitigating factor.

The 2025 state budget¹

- According to preliminary data, the state budget was **in deficit** by EUR 1.7 billion in 2025. Excluding intervention measures, the 2025 deficit exceeded that for 2024 by EUR 1.5 billion. Intervention measures had no impact on the state budget balance as flood relief expenditure was offset mainly by the Fund for the Reconstruction of Slovenia. State budget expenditure for this purpose was also financed by the EU Solidarity Fund.² According to the adopted budget documents, the deficit (excluding intervention measures) is expected to further increase in 2026 and 2027 by EUR 2.1 billion in both years.
- The realised deficit was approximately EUR 100 million lower than estimated by the Ministry of Finance three months before the end of 2025, which served as the basis for the Draft budgetary plan. The estimate was again made on the not entirely realistic assumptions, which paved the way to the implementation of measures that had not been announced when the budget was being drafted. The deviation was again mainly due to a lower-than-planned realisation of investments.
- The December deficit (approximately EUR 750 million) was at a similarly high level as in some previous years. Previously it was the result of crisis events (the COVID-19 epidemic, energy crisis, flooding), and this time it was due mainly to economic policy measures (winter bonus and winter allowance, financing of the health insurance budget deficit).

Revenue:

- In 2025, budget revenue (excluding intervention measures) increased by 4.1%, compared to growth of 7.3% in the same period last year.
- The increase in revenue excluding intervention measures was mainly due to an increase in EU funds. The amount of RRP funds received was almost double the amount received in the previous year, and there was also an increase in EU Cohesion Policy funds.
- The VAT revenue growth almost doubled in 2025 compared to the previous year following an increase in the second half of the year. This could also be a result of higher domestic spending at the end of the year. The increase in total revenue was also due to the increase in other revenue that stagnated during 2024. There was a particular increase in customs revenue and revenue from tax on CO₂ air pollution, and a stabilisation of revenue from the sale of emission allowances after a significant decrease in 2024.³
- In 2025, a lower growth in the gross wage bill and hence in employment income tax also contributed to a more modest growth in income tax revenue. The slowdown also reflects the fact that, unlike in 2024, income tax brackets were indexed to inflation. Income tax revenue from activities was also lower. This is also a result of the high tax base for 2024, when the balancing payment was one of the highest ever. In 2025, the almost twice as high increase in lump sum grants to municipalities compared to 2024 resulted in a significantly higher proportion of personal income tax as a municipal revenue source.⁴

¹ All comments refer to data known as of 6 January 2026.

² In 2024, the impact of intervention measures on the state budget balance resulted in a deficit of EUR 600 million.

³ Customs revenue is mainly the result of non-EU car imports which recorded a high increase in 2025. Higher revenue from tax on CO₂ air pollution resulted from their almost 80% increase in September 2024. In 2024, revenue from the sale of emission allowances declined both as a result of a reduction of their number and a sharp price reduction. In 2025, a further decline in the number of allowances was similar to the increase in their price, which stabilised the revenue therefrom.

⁴ In 2024, the lump sum grant to municipalities increased from EUR 700 per capita to EUR 725 per capita, and totalled EUR 771 per capita.

- The corporate income tax revenue (excluding the part belonging to the Fund for the Reconstruction of Slovenia) showed a sharp decline in 2025 and were the main factor in slower growth of total revenue compared to 2024. The decline is primarily due to the high base, given that the balancing payment in 2024 was one of the highest on record.
- After a high increase in 2024, last year also saw a decline in non-tax revenue. Dividend income remained at a similar level, but increased sharply in 2024, including do to additional dividends paid by energy companies.⁵ After years of growth, interest income also recorded a decrease last year.
- Excise duty revenue has been decreasing ever since the beginning of 2024, primarily due to the decline in the sale of diesel and cigarettes.

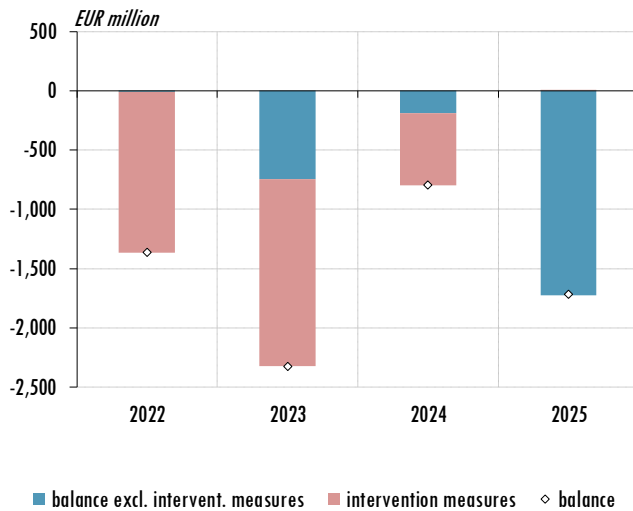
Expenditure:

- Growth in expenditure (excluding intervention measures) stood last year at 14.8%, which is five times the growth seen in the 2024 (2.9%).
- The growth in expenditure in 2025 and its increase compared to the previous year was mainly due to labour costs, which showed a year-on-year increase of 14.1%. Growth is for the most part due to the start of the implementation of the new wage system with the first two instalments paid in January and October wages. In December, winter allowance totalling EUR 120 million was paid to employees.⁶
- The category of other expenditure also played a significant role in expenditure increase, mainly with EUR 80 million transfer for the provision of regular public transport services and TEŠ compensation totalling EUR 164 million (both shown in Figure 6 in item "other").
- Following an increase in the last four months of the year, investment (excluding intervention measures) grew by around one fifth in 2025. Approximately one half of the total growth was due to higher defence investment. Investments in railway infrastructure were higher by 40%, while investments in road infrastructure decreased by about one fourth. A significant proportion of Slovenia's investment activity occurs outside the state budget, including through budgetary funds. In 2025, these funds doubled the volume of investment spending to EUR 832 million and accounted for approximately half of the total value of investments realised through the state budget.
- Expenditures for subsidies (mainly subsidies for agriculture and for promoting investment and employment), for transfers to the Health Insurance Institute of Slovenia ZZZS (EUR 420 million or around 80% for providing stabler funding) and to budgetary reserve funds (almost entirely due to higher inflows to the RRP fund) were also around a fifth higher in 2025.
- Expenditure for payments to the EU budget, expenditure on goods and services, transfers to the Pension and Disability Insurance Institute of Slovenia (ZPIZ) and interest expenditure increased by approximately one-tenth.

⁵ The adopted Act regulating the transitional financing for the accelerated and equitable phase-out of coal introduced an annual compensation for the operation of the Šoštanj Thermal Power Plant (TEŠ) public utility service and simultaneously provided for higher HSE dividends.

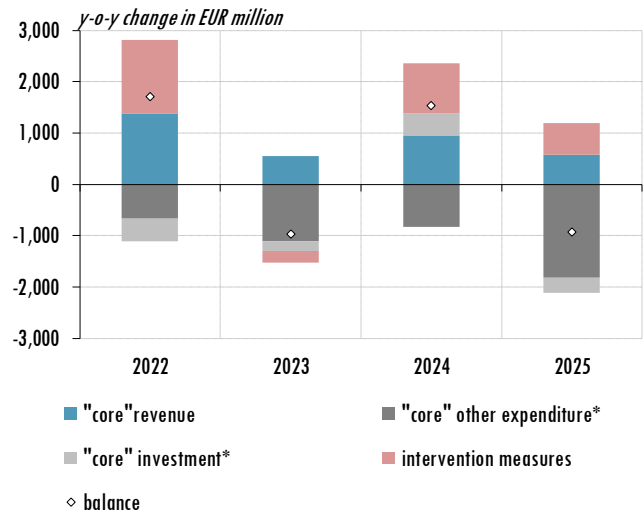
⁶ The total amount of winter allowance paid was EUR 126 million, of which EUR 6 million was posted as fund transfers to municipalities, social security funds, public funds, public agencies and payments to public service contractors other than direct budget users.

Figure 1: State budget balance



Source: MoF, FC calculations.

Figure 2: Factors of state budget balance change

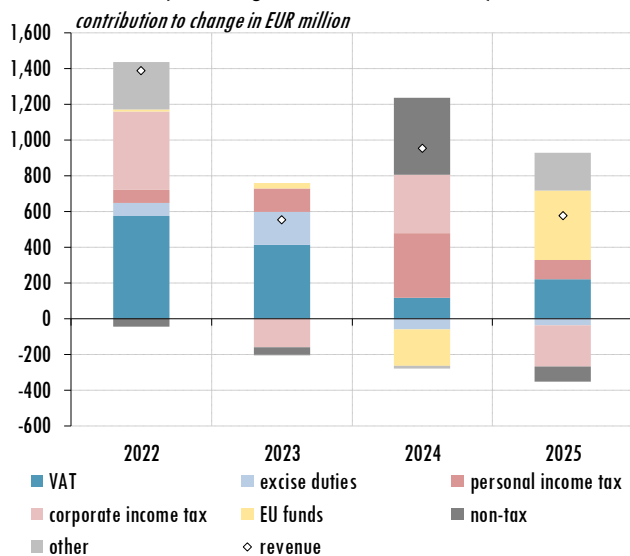
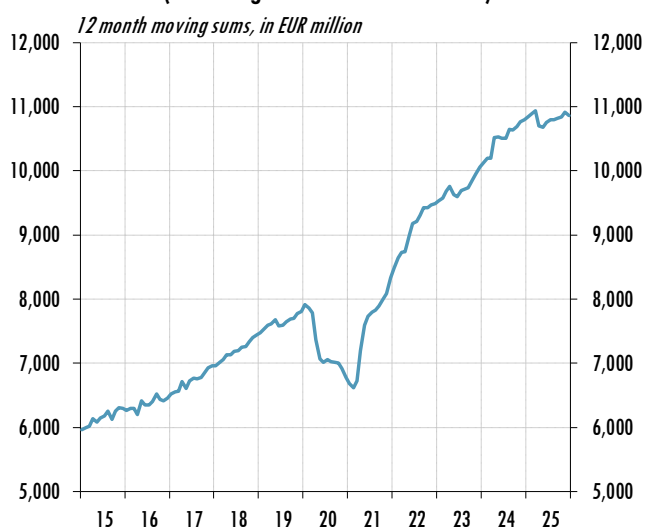
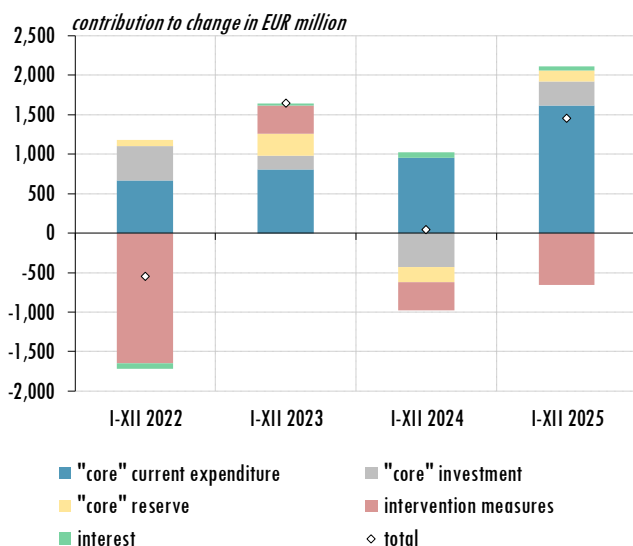
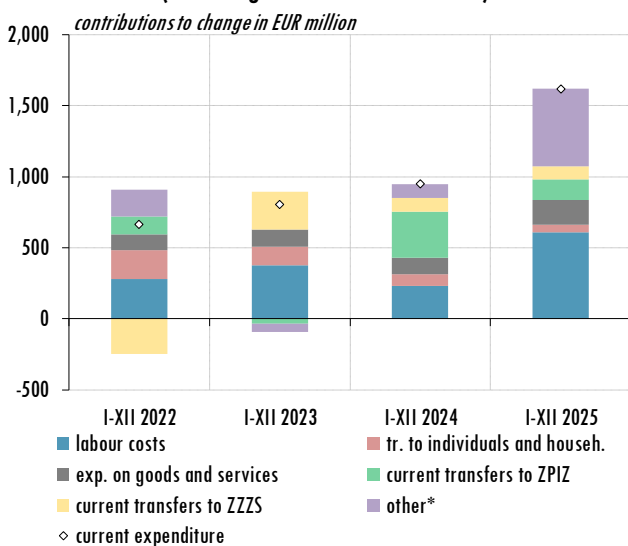
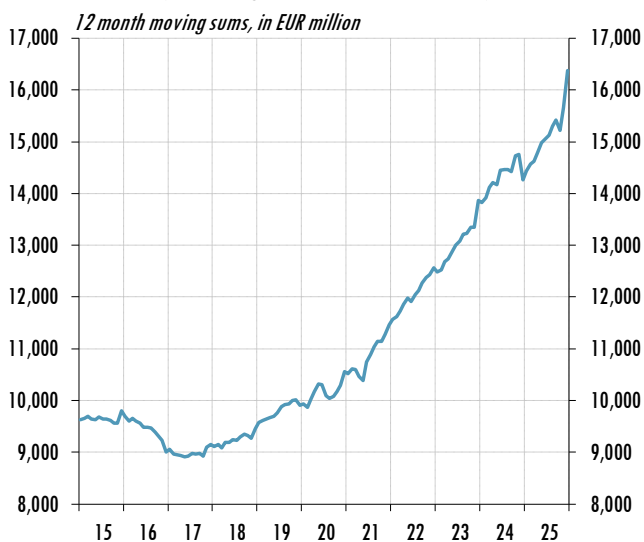
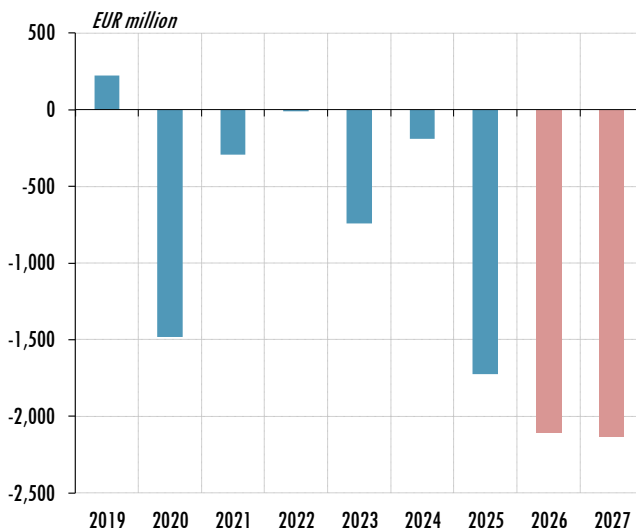


Source: MoF, FC calculations. *positive sign denotes a decrease, negative sign denotes an increase.

Table 1: State budget

EUR million, unless stated otherwise	2024					2025					2025 compared to 2024, %		2025 compared to 2024	
	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	14,602	...	...	533	14,070	15,138	...	...	493	14,645	3.7	4.1	536	575
VAT	5,336	...	...	...	5,336	5,558	...	...	...	5,558	4.1	4.1	221	221
Excise duties	1,668	...	...	...	1,668	1,631	...	...	...	1,631	-2.2	-2.2	-37	-37
Personal income tax	2,077	...	...	...	2,077	2,185	...	...	...	2,185	5.2	5.2	109	109
Corporate income tax	1,908	...	...	189	1,719	1,715	...	...	228	1,487	-10.1	-13.5	-193	-232
EU funds	1,039	...	...	254	786	1,248	...	...	75	1,174	20.1	49.4	209	388
Non-tax	1,238	...	...	79	1,159	1,160	...	...	85	1,075	-6.3	-7.3	-78	-84
Other revenue	1,336	...	...	11	1,325	1,642	...	...	106	1,536	22.9	15.9	306	211
Expenditure	15,398	20	127	995	14,257	16,856	...	...	486	16,370	9.5	14.8	1,457	2,113
Total labour costs	4,323	0	...	0	4,322	4,932	...	...	0	4,932	14.1	14.1	609	609
Transfers to individ. and hhs	1,979	3	0	36	1,940	1,995	...	...	...	1,995	0.8	2.9	16	55
Goods and services	1,772	4	4	156	1,607	1,787	...	...	7	1,780	0.9	10.8	15	173
Investment	1,503	1	...	144	1,358	1,719	...	...	59	1,660	14.4	22.2	216	302
Current transfers to ZPIZ	1,443	...	...	...	1,443	1,589	...	...	...	1,589	10.1	10.1	145	145
Subsidies	618	1	122	121	373	448	...	...	0	447	-27.5	19.8	-170	74
Interest	757	...	...	...	757	812	...	...	...	812	7.2	7.2	54	54
Payments to the EU budget	636	...	...	...	636	720	...	...	...	720	13.2	13.2	84	84
Current transfers to ZZS	453	...	...	...	453	544	...	...	...	544	20.1	20.1	91	91
Reserves	1,177	...	...	529	648	1,205	...	...	419	786	2.4	21.3	28	138
Other expenditure	737	10	0	9	718	1,105	...	...	...	1,105	50.0	53.9	368	387
Balance	-796	-20	-127	-462	-188	-1,717	...	...	8	-1,725			-921	-1,538

Source: MoF, FC calculations.

**Figure 3: Structure of state budget revenue change
(excluding intervention measures)****Figure 4: Key tax revenues*
(excluding intervention measures)****Figure 5: Structure of state budget expenditure growth****Figure 6: Factors of state budget current expenditure change
(excluding intervention measures)****Figure 7: Expenditure
(excluding intervention measures)****Figure 8: State budget balance excluding intervention measures**

2025 Fund for the Reconstruction of Slovenia

- In 2025, the Fund for the Reconstruction of Slovenia recorded inflows totalling around EUR 420 million. By the end of November, the Fund's resources totalled around EUR 600 million.
- Disbursements from the Fund totalled around EUR 330 million or one-third less than planned. The bulk of the disbursements was made primarily for local infrastructure (EUR 120 million), replacement construction (EUR 70 million), the rehabilitation of water infrastructure (EUR 55 million) and national road infrastructure (EUR 55 million). In addition to the Fund's own resources, around EUR 70 million was disbursed for reconstruction from the state budget, predominantly financed by the EU Solidarity Fund.

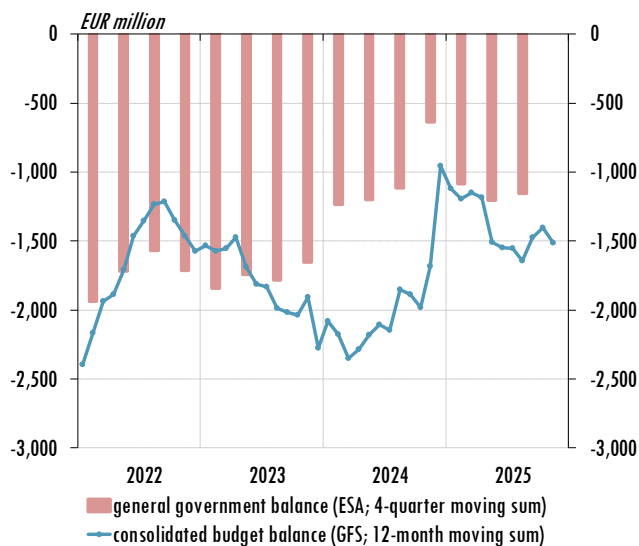
The general government sector (until the third quarter of 2025)

- According to the available data from the Statistical Office of the Republic of Slovenia (SURS)⁷, in the first three quarters of 2025 the **deficit** of the whole general government sector averaged 2.2% or 0.9 percentage points of GDP more than in the same period of 2024. The increase in the deficit compared to the previous year is mainly due to stronger expenditure growth (8.2%), which was broad-based. It was due mainly to the increase in employee compensation and social benefits. The increase in revenue (6.1%) slowed down mainly as a result of lower economic growth.
- In the third quarter of 2025, the deficit was relatively low (0.5% of GDP) mainly due to new long-term care contribution. The data on the implementation of the state budget and the consolidated balance sheet point to a higher deficit in the last quarter of the year. However, it is estimated that the full-year general government deficit in 2025 will be around 2% of GDP, which is less than the Government's projection in the October Draft Budget Plan. Similar to the state budget, this primarily due to the actual expenditure being again lower than planned, as this time too, spending projections were relatively high.
- In recent years, the government spending to GDP ratio has increased in most EU Member States, mainly in response to successive crises. Slovenia ranks in the middle of the EU Member States in terms of the level of government spending and its increase compared to the period before the COVID-19 epidemic. The trends in real⁸ current expenditure (excluding intervention measures, investments and interest) are particularly important from the perspective of public finance sustainability. In 2024 and 2025, real current expenditure significantly exceeded the estimated economic potential growth, and such trend is expected to continue in the 2026-2028 period. Government spending is thus increasing faster than the long-term increase of the business sector's ability to generate revenue. This is particularly problematic as current expenditure is generally difficult to reduce once certain rights have been established.
- The general government **debt** at the end of the third quarter of last year was EUR 67.6% of GDP, 1.0 percentage points of GDP higher than at the end of 2024. According to the projections in the latest Draft Budgetary Plan, the gross debt ratio was expected to increase slightly in the last quarter of 2025, reaching 66.0% of GDP at the end of the year, similar to the period before the COVID-19 epidemic. Slovenia ranks in the bottom half of the EU Member States in terms of the change in the debt ratio compared to the period before the COVID-19 epidemic and 10th among the EU Member States in terms of the level of the debt ratio. An important factor of resistance to the potential deterioration of the situation in the financial markets continues to be the high liquidity reserve, resulting in a considerably lower net government debt. According to the latest available data, net government debt stood at 45.6% of GDP at the end of the second quarter of last year.

⁷ On 30 December 2025, the Statistical Office of the Republic of Slovenia (SURS) published the Main Aggregates of the General Government for the third quarter of 2025. Available at: <https://www.stat.si/StatWeb/News/Index/14070>. Data for the entire 2025 will be published on 31 March 2026.

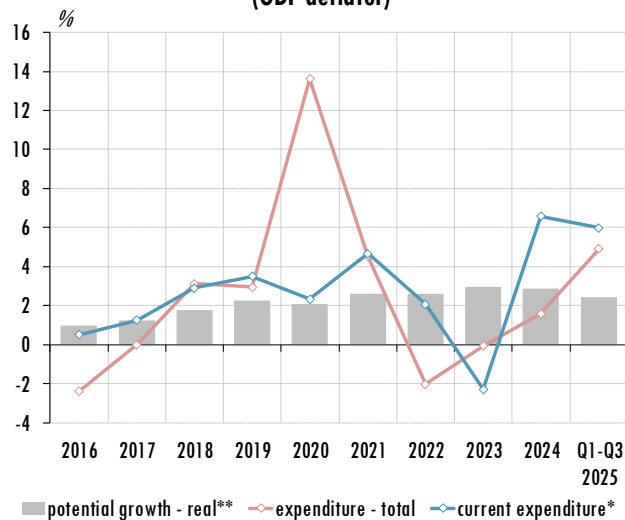
⁸ Deflated by GDP deflator. The presentation of real increase in government spending is particularly appropriate in a period of strong fluctuations in the inflation rate, as a significant part of government spending increase is directly or indirectly associated with inflationary trends. Thus, a relatively high nominal increase in a period of high inflation is to some extent expected, while a high nominal increase during a period of low inflation points to increased risks for the fiscal sustainability.

Figure 9: Public finance balances



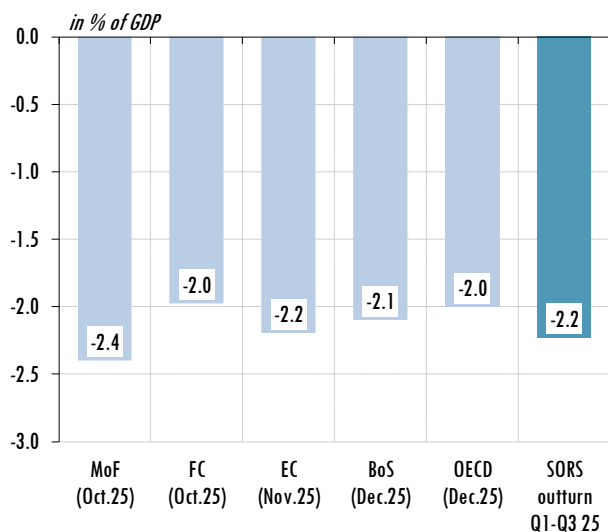
Source: SORS, MoF, FC calculations.

Figure 10: General government expenditure real growth (GDP deflator)



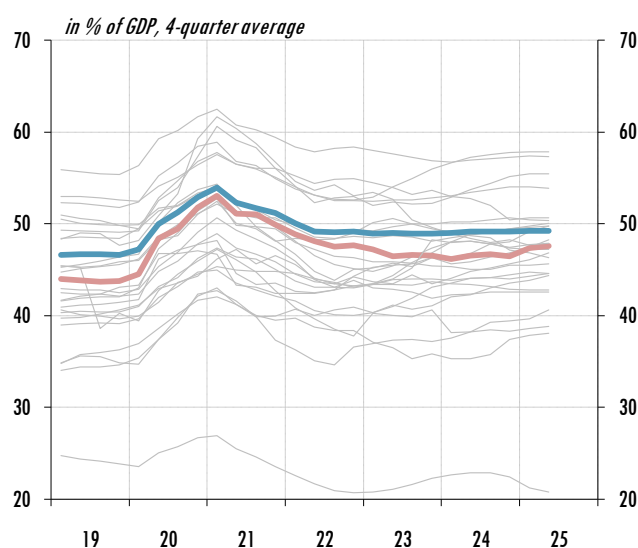
Source: SORS, IMAD, MoF, FC calculations. Note: *expenditure excluding intervention measures, interest and investment. **annual estimate for 2025.

Figure 11: General government balance 2025



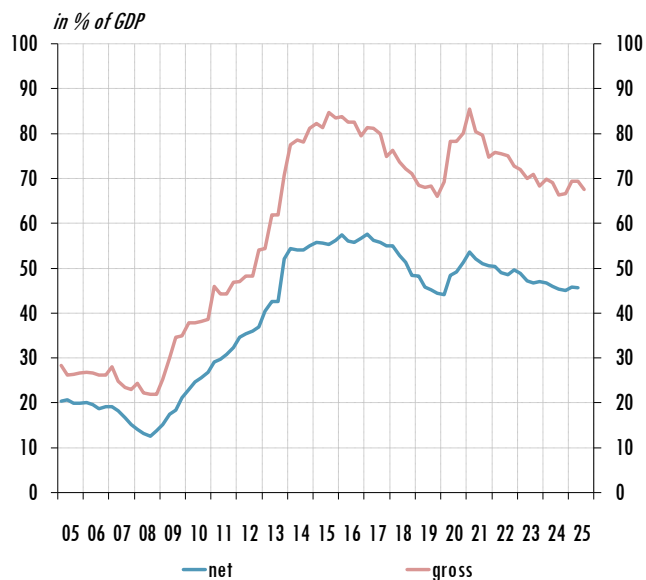
Source: MoF, FC, EC, BoS, OECD, SORS.

Figure 12: General government expenditure in EU countries



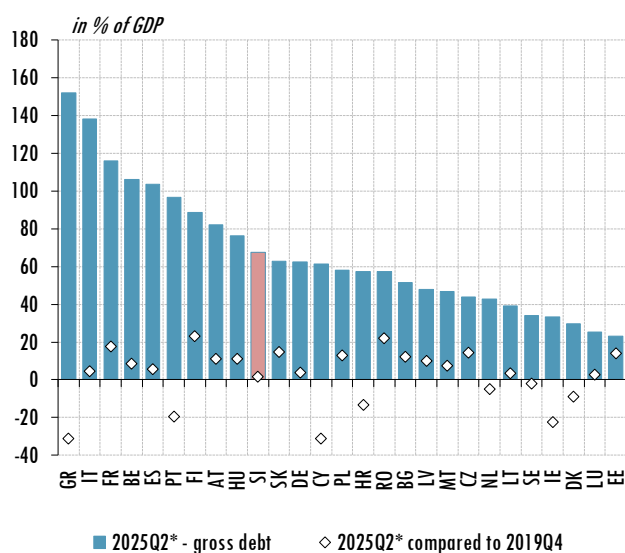
Source: Eurostat, FC calculations. Red: Slovenia, Blue: EU.

Figure 13: Gross and net general government debt



Source: Eurostat, ECB, SORS, FC calculations.

Figure 14: Gross general government debt



Source: Eurostat, SORS, FC calculations.. * Slovenia: 2025Q3.