REPUBLIC OF SLOVENIA
FISCAL COUNCIL

Monthly Information

November 2026

Document No.: 30-1/2026/9

Key highlights[1]

- The budget documents for 2027 envisage measures worth approximately EUR 700 million, which are intended to reduce the general government deficit from 3.4% of GDP under the Ministry of Finance's no-policy change scenario to a target of 2.5% of GDP. In its recent assessment of the budget documents, the Fiscal Council noted that these measures were not adequately presented. According to the estimate presented by the Ministry of Finance, the deficit would be an additional 0.8 percentage points of GDP, or EUR 647 million, higher upon the entry into force of the Intervention Measures for Slovenia's Development Act (ZIURS). Without the implementation of the assumed consolidation measures, it would be approximately 4.2% of GDP. To achieve the Government's objective, it would therefore be necessary to define and implement measures with a combined impact of approximately EUR 1.35 billion. If the measures were to significantly limit payments to households (as envisaged in the budget documents), thereby reducing their incomes and consumption, the resulting decline in tax and contribution revenue would also need to be taken into account when assessing the overall impact of these measures.

- The state budget deficit for the first ten months of this year was EUR 1.2 billion. Revenue growth (10.3%)[2] strengthened considerably compared to the same period last year, even when excluding the effect of the accelerated absorption of funds under the Recovery and Resilience Plan (RRP). This strengthening was primarily driven by higher VAT revenue, which also reflects improved macroeconomic conditions. Expenditure growth remains high (12.2%)[3] and broad-based. The main drivers of growth are higher labour costs resulting from the implementation of the pay reform, as well as investment, which has been increasing since the end of last year.

[1] All comments refer to data available as of 3 November 2026.

[2] Excluding the effect of intervention measures (dedicated revenue for reconstruction following the 2023 floods).

[3] Excluding the effect of earmarked funds allocated to the Fund for the Reconstruction of Slovenia.

State budget from January to October 2026

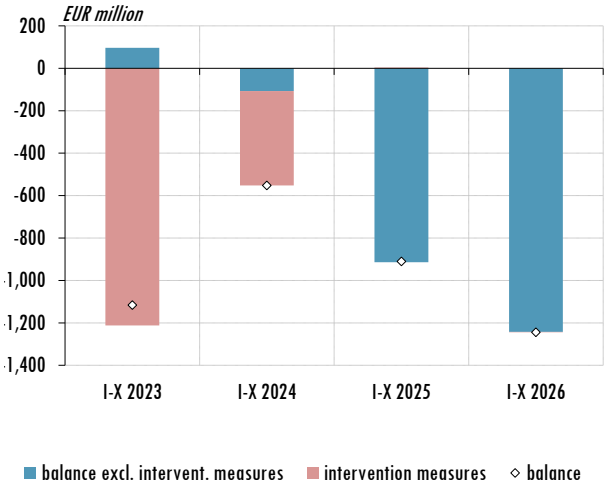
- In the first ten months of this year, the state budget recorded a deficit of EUR 1.2 billion. This is around EUR 300 million more than in the same period last year. Data for the first ten months of this year and the revised budget adopted in September indicate that the budget deficit for the last two months is expected to be nearly EUR 1 billion.

- Year-on-year revenue growth stood around 10%, which was considerably higher than in the same period last year. Approximately half of this growth was the result of higher VAT revenue, growth in which has been steadily strengthening since the second half of last year. This reflects an improvement in macroeconomic trends this year. Corporate income tax revenue has also been significantly higher this year, following a near-record settlement of liabilities for the previous year in April. Growth in personal income tax revenue has slowed this year. The adopted revised budget implicitly suggests that growth in personal income tax and corporate income tax revenue recorded in the last two months of this year is expected to be significantly higher than in the first ten months of this year (see Table 1). Higher EU funding has also made an important contribution to revenue growth this year. This increase is mainly due to accelerated payments under the RRP, which is set to expire this year.

- Expenditure growth remains higher than revenue growth (approximately 12%) and broad-based. A significant share of this year's growth is attributable to the transfer of earmarked revenue to budgetary funds, more than half of which consists of RRP funds. Even excluding this factor, expenditure growth remained high, at around 10%. Approximately one-third of this growth was driven by higher labour costs and investment. Labour cost growth reflects partial adjustment for last year's inflation in the May payment of April salaries, an annual holiday allowance more than one fifth higher than last year and the July payment of the third instalment under the public sector pay reform. This year's investment spending [4] jeis almost one third higher than in the same period last year. Approximately half of the increase is accounted for by higher defence investment. Higher transfers to individuals and households, payments to the EU budget and transfers to the Health Insurance Institute of Slovenia (ZZZS) each contributed around one percentage point to year-on-year growth in total expenditure. The adopted revised budget implies that expenditure growth is expected to slightly increase further in the last two months of this year. The transfer to the ZPIZ (Pension and Disability Insurance Institute) is expected to be an exception, as it will be significantly lower than last year due to the EUR 185 million transfer of funds from the budgetary demographic fund.

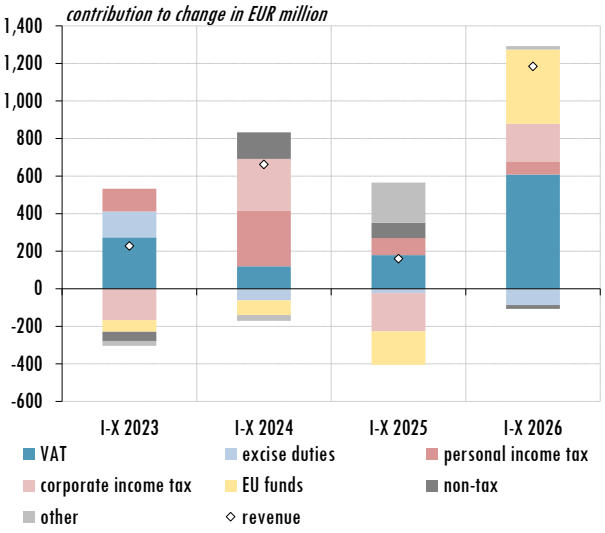
[4] A significant proportion of Slovenia's investment activity takes place through budgetary funds. Investment expenditure by these funds totalled around EUR 851 million in the first ten months of this year, which accounted for about two thirds of state budget expenditure on investment. In the same period last year, investment expenditure by budgetary funds was EUR 586 million.

Figure 1: State budget balance



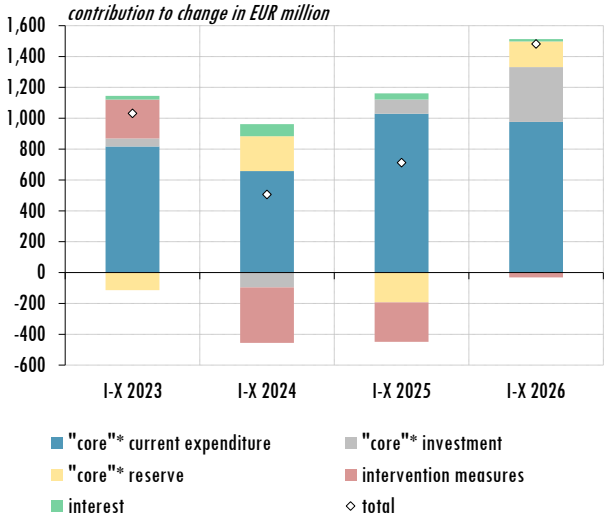
Source: MoF, FC calculations.

Figure 2: Structure of state budget revenue change (excluding intervention measures)



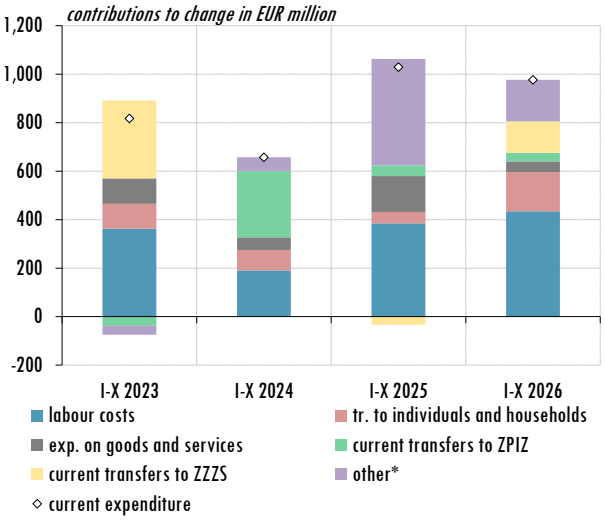
Source: MoF, FC calculations.

Figure 3: Structure of state budget expenditure growth



*Source: MoF, FC calculations. Note: *excluding intervention measures.*

Figure 4: Factors of state budget current expenditure change (excluding intervention measures)



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

Table 1: State budget (excluding intervention measures)

EUR million, unless stated otherwise	Jan.-Oct.				Nov.-Dec.				2025	2026**	2026 compared to 2025	
	2025	2026	2026 compared to 2025		2025	2026*	2026 compared to 2025					
				%				%				%
Revenue	**11,477**	**12,661**	**1,184**	**10.3**	**3,170**	**3,565**	**395**	**12.5**	**14,647**	**16,226**	**1,579**	**10.8**
VAT	4,578	5,187	608	13.3	984	1,078	94	9.5	5,563	6,265	702	12.6
Excise duties	1,358	1,271	-87	-6.4	274	263	-11	-4.0	1,632	1,534	-98	-6.0
Personal income tax	1,741	1,811	70	4.0	448	545	97	21.7	2,189	2,357	167	7.6
Corporate income tax	1,251	1,451	200	16.0	236	383	147	62.3	1,487	1,834	347	23.3
EU funds	434	830	395	91.1	740	813	74	10.0	1,174	1,643	469	40.0
Non-tax	809	789	-20	-2.5	267	261	-6	-2.3	1,076	1,050	-26	-2.5
Other revenue	1,305	1,323	18	1.4	221	221	0	0.1	1,526	1,545	18	1.2
Expenditure	**12,391**	**13,904**	**1,513**	**12.2**	**3,975**	**4,539**	**564**	**14.2**	**16,366**	**18,443**	**2,077**	**12.7**
Total labour costs	3,961	4,395	434	11.0	970	1,125	155	16.0	4,931	5,521	590	12.0
Transfers to individuals and hhs	1,673	1,834	162	9.7	322	400	78	24.1	1,995	2,234	239	12.0
Goods and services	1,303	1,347	44	3.4	477	566	89	18.7	1,780	1,913	133	7.5
Investment	930	1,285	355	38.2	731	1,083	352	48.2	1,661	2,368	708	42.6
Current transfers to ZPIZ	1,335	1,371	36	2.7	253	106	-148	-58.3	1,589	1,477	-112	-7.0
Subsidies	356	339	-17	-4.8	91	179	88	97.1	447	519	71	15.9
Interest	720	735	15	2.1	88	164	76	86.9	808	899	92	11.3
Payments to the EU budget	589	749	160	27.2	131	139	8	6.2	720	888	168	23.4
Current transfers to ZZZS	345	474	129	37.5	200	84	-116	-57.9	544	558	14	2.5
Reserves	348	514	166	47.6	438	368	-70	-16.0	786	882	96	12.2
Other expenditure	831	859	28	3.4	274	324	50	18.3	1,105	1,183	78	7.1
Balance	**-914**	**-1,243**	**-328**		**-805**	**-974**	**-169**		**-1,719**	**-2,217**	**-497**	

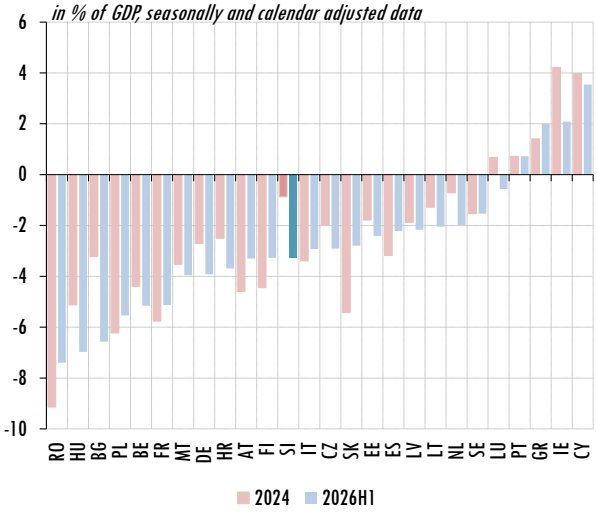
*Source: MoF, FC calculations. Note: *implicitly calculated to match MoF forecast. ** for 2026: MoF (Revised Budget, Sep. 2026).*

General government sector – the first half of 2026

- Eurostat[5] published data on the main aggregates of the general government sector for all Member States. In the first half of this year, Slovenia ranked in the middle among EU Member States in terms of its general government balance; however, the deterioration in this balance compared to 2024 was among the most significant of all Member States. While the deficit (0.8% of GDP) was well below the EU average in 2024, it was at the same level as the EU average (3.3% of GDP) in the first half of this year.

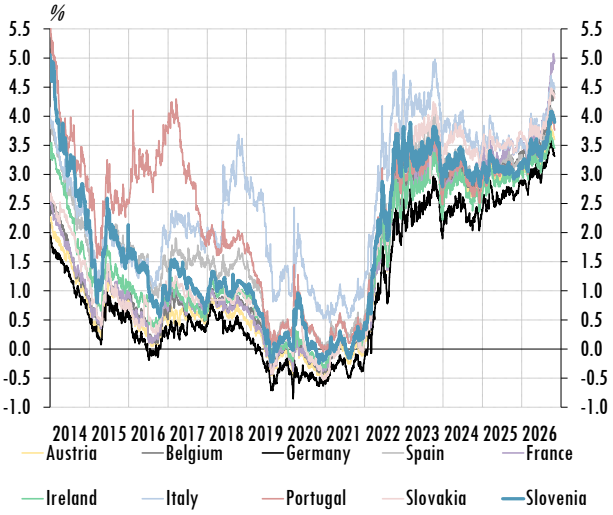
- Fiscal deterioration is occurring at a time when the required yields on government bonds are increasing and investors are once again paying more attention to the sustainability of public finances. The required yield on the Slovenian 10-year government bond averaged around 4% in October, which is nearly 1 percentage point higher than at the end of last year. Given that bonds totalling more than EUR 7.5 billion, with an average interest rate of around 1%, will mature over the next three years, refinancing them at currently required yields will increase interest expenditure by approximately EUR 150 million per year. Higher interest expenditure will crowd out other expenditure, which is an additional reason for pursuing a prudent and transparent fiscal policy.

Figure 5: General government budget balance in the first half of 2026 and in 2024 by EU countries



Source: Eurostat, FC calculations.

Figure 6: Yields on 10-year government EUR reference bonds



Source: Bloomberg.

[5] Available at https://ec.europa.eu/eurostat/en/web/products-euro-indicators/w/2-21102026-cp and at https://ec.europa.eu/eurostat/en/web/products-euro-indicators/w/2-21102026-bp.