



Fiskālās disciplīnas
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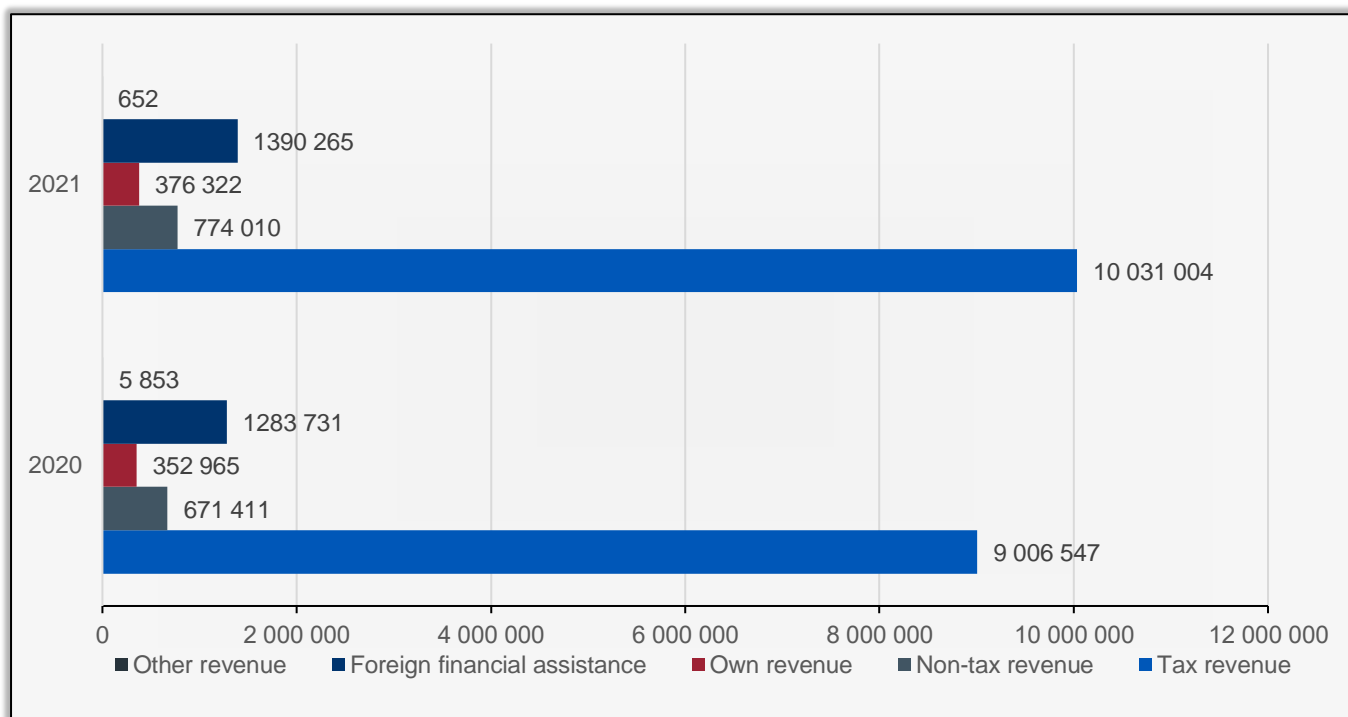
Budget revenues and expenditures review

4th quarter, 2021

Revenues

During the fourth quarter of 2021 general government consolidated budget revenue increased by 11.1% compared to the corresponding quarter of 2020, reaching 12.5 billion euros. In the fourth quarter, tax revenue increased by 11.4% compared to the same period of the previous year, while non-tax revenue increased by 15.3%. At the same time, own revenues grew by 6.6% and foreign financial assistance jumped by 8.3% compared to the same period of the previous year. Tax revenue plays the largest role in the revenue structure of the consolidated budget, accounting for 79.8% of the total revenue. Its share increased by 0.2% compared to the fourth quarter of 2020.

Figure 1. Consolidated budget revenue in 12 months (thou. euros)



Source: the Treasury

Overall, absolute figures show that the revenues in the fourth quarter of 2021 increased compared to 2020. The economic situation during the fourth quarter of 2021 was relatively stable with a presence of growth. However, currently prices are rising due to the government debt and inflation increase, which can potentially negatively affect the real income.

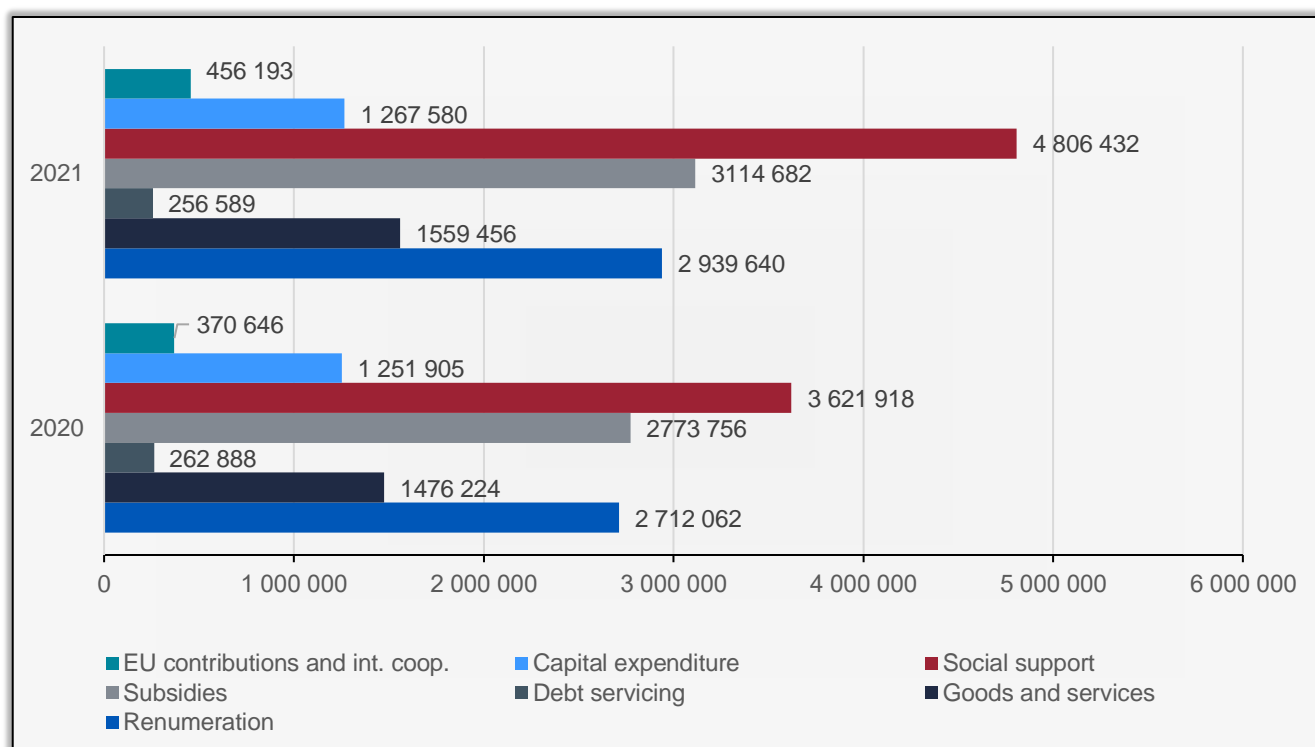
Due to the fact that since January 1, 2021, the SRS started the transition process to the unified system of accounts, tax revenue data are not fully divided by tax groups, therefore the tax analysis is not representative and the FDC does not publish it.

Expenditure

In the fourth quarter of 2021, general government consolidated budget expenditure increased by 15.5% compared to the corresponding period of 2020, reaching 14.4 billion euros. The largest percentage increase was in social benefits, which grew up by 32.7%. Expenditure on EU and international cooperation (23.1%), subsidies and grants (12.3%), as well as remuneration (8.4%) also increased significantly compared to the corresponding quarter of 2020. The largest share of expenditures belongs to social benefits (33.4%), remuneration (20.4%) and subsidies and grants (21.6%).

There was an increase in capital expenditure by 1.2% and expenditure on goods and services also increased (5.6%) compared to the fourth quarter of 2020. However, the share of this type of expenditure decreased by 0.7% compared to the corresponding period in 2020. Interest expenses decreased by 2.4%.

Figure 2. Consolidated budget expenditure in 12 months of 2020 and 2021 (thou. euros)

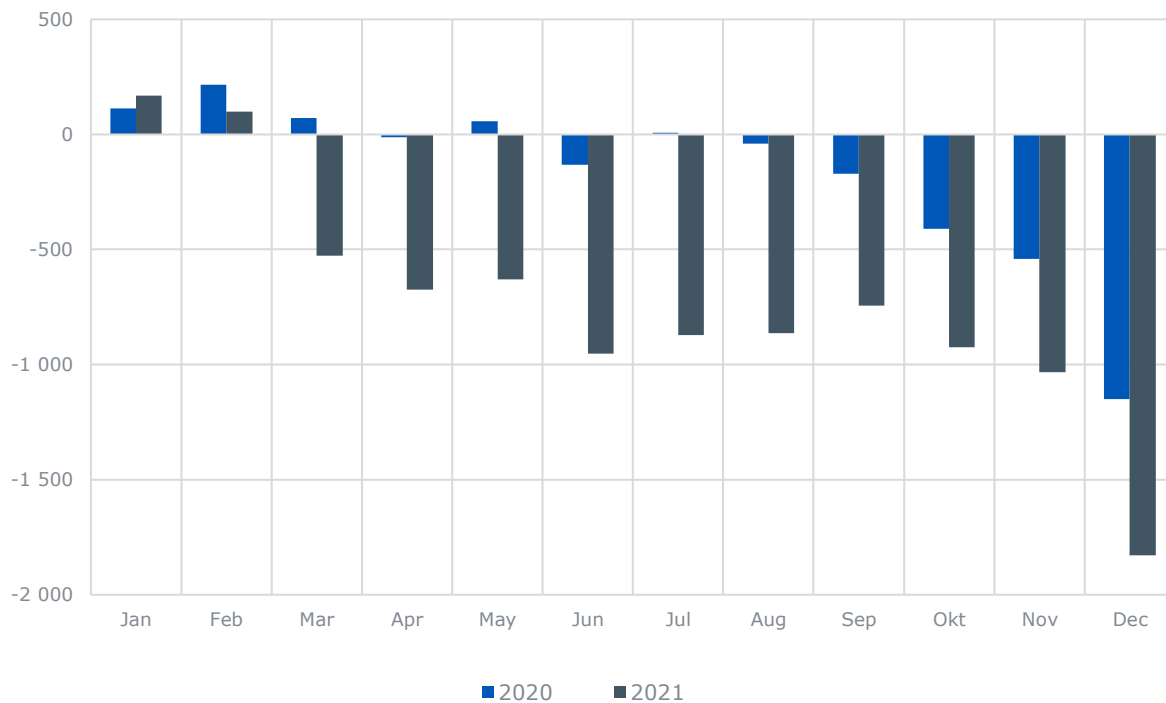


Source: the Treasury

Balances

Data for the fourth quarter of 2021 show a budget deficit of 1828 mil. euro which is 5.8% of GDP. Compared to 2020, after the fourth quarter there was a relatively small budget deficit of 1149 mil. euros or 0.6% of GDP. The increase in the deficit this year happened due to the government support programs. In October, the government implemented new support mechanisms after a new Covid-19 wave, which negatively affected the budget deficit at the end of the year. However, the actual deficit resulted to be lower than the projected one. Although the current balances are far from that number, the expenditure has a trend to increase in the next year due to the inflation growth. Since the Covid-19 situation remains unpredictable, it is possible that the government will deviate from the plan and increase the expenditure again, which will affect the economy after the crisis.

Figure 3. Consolidated budget balance (mil. euros) accrued values at the end of month



Source: the Treasury