

Budget balance posted a surplus of TRY144bn in May

Budget balance gave a surplus of TRY144bn in May, which was a deficit of TRY13.4bn in the same month of 2021. The central government budget revenues increased by 204% annually. The annual increase in central government budget expenditures was 47%. Primary balance gave a surplus of TRY161.9 bn in May, which was a surplus of TRY0.6 bn in the same month of prior year.

With these developments, the budget balance gave a surplus of TRY124.6bn in the January-May period. In the Medium Term Program (MTP), the 2022 year-end budget deficit estimated around TRY278.4bn (3.5% of GDP). In the January-May period, the primary balance gave a surplus of TRY246.5bn. In the MTP, the year-end primary balance deficit projected as TRY38bn.

Central government budget revenues increased by 204% in May and by 100% annually in the Jan.-May period to TRY1,084.4bn. In the MTP, the 2022 year-end forecast was TRY1,472.6bn.

- Tax revenues increased by 214% year-on-year, mainly driven by the high increase in corporate taxes; TRY290 bn. Looking into the details:
 - In absolute terms, corporate tax increased by TRY127 bn to TRY152 bn annually.
 - Due to the high increase in imports, the increase in value-added tax on imports continued and the annual increase in May was 140%.
 - Special consumption tax rose by 133% yoy in May. SCT on petroleum products increased by 149%. SCT on motor vehicles and durable goods increased by 197% and 134%, respectively.
 - Domestic value added tax increased by 70%.
 - The annual increase in tax revenues in the first five months of the year was 108%.

Central government budget expenditures rose annually by 47% in May and by 74.5% in the January-May period to TRY960bn. According to the MTP figures, total budget expenditure for the full year was TRY1,751bn.

- Non-interest expenditures increased by 50% yoy in May to TRY155.9bn. In the January-May period, the annual increase was 79%.
 - In May, purchases of goods and services, personnel expenditures, and lending were the items with the highest increase.
 - The annual increase in goods and services purchases was 169%. Annual increase in personnel expenses was 48%.
 - Lending item reached TRY11.3bn in May; with TRY8.2bn to Pipe Lines and Fuel-oil Transportation, TRY1.84bn to TCDD (Turkish State Railways). Lending item was TRY86.7bn in the January-May period; with TRY66.4bn to Pipe Lines and Fuel-oil Transportation.
 - Expenditures for Protection of Deposits and Participation Accounts Against Exchange Rate (KKM Accounts) was TRY4.84bn in May. It was TRY11.7bn in March and TRY4.56bn in April. Total expenses in the last three months amounted to TRY 21.1bn.
 - The increase in capital expenditures, including investment expenditures, was 7.4 per annum in May.
 - Current transfers (such as social security, etc.) increased by 27% to TRY64.4bn.
- Interest expenditures increased annually by 28% in May and by 49.6% in the Jan.-May period to TRY121.9bn. In the MTP, the 2022 year-end forecast was TRY240.4bn.

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(TRY billion)	May 2021	May 2022	yoy % chg	Jan.-May 2021	Jan.-May 2022	yoy % chg	Economic Program (2022)
Budget Expenditures	117,9	173,8	47,3%	550,0	959,8	74,5%	1.751
1) Non-Interest Expenditures	104,0	155,9	49,9%	468,5	837,9	78,8%	1.511
- Compensation of Employees	27,4	40,4	47,7%	143,7	215,9	50,3%	
- Social Security Contributions	4,5	6,7	46,7%	23,8	34,8	46,3%	
- Good and Service Purchase	7,5	20,3	169,4%	31,0	66,4	114,1%	
- Current Transfers	50,6	64,4	27,4%	226,0	383,4	69,6%	
- Capital Expenditures	9,8	10,5	7,4%	28,2	46,6	65,4%	
- Capital Transfers	1,4	2,2	55,7%	3,4	4,1	22,1%	
- Lending	2,8	11,3	-	12,5	86,7	-	
2) Interest Expenditures	13,9	17,9	28,4%	81,5	121,9	49,6%	240
Budget Revenues	104,6	317,8	203,9%	542,5	1084,4	99,9%	1.473
1) General Budget Revenues	102,4	314,2	207,0%	527,9	1061,0	101,0%	1.258
- Taxes	92,3	289,7	213,9%	423,7	881,2	108,0%	
- Property Income	1,9	3,7	89,1%	43,7	67,2	53,6%	
- Grants and Aids and Special Revenues	0,8	3,6	349,2%	8,2	16,6	101,4%	
- Interest, Shares and Fines	7,0	16,6	136,7%	49,6	91,6	84,8%	
- Capital Revenues	0,2	0,5	159,2%	2,1	3,9	80,5%	
- Collections from Loans	0,1	0,1	-24,3%	0,6	0,6	9,7%	
2) Other	2,2	3,6	60,6%	14,6	23,4	60,8%	
Budget Balance	-13,4	144,0	-	-7,5	124,6	-	-278,4
Primary Balance	0,6	161,9	-	73,9	246,5	-	-38,0

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