Budget Balance Developments (June 2026) 16 July 2026

Macro: The budget balance continued to improve in the first half of the year

The central government budget recorded a surplus of TRY 114.2 billion in June, exceeding the Treasury cash balance surplus of TRY 50.8 billion, while the primary surplus reached TRY 315.8 billion. As a result, the 12-month cumulative budget deficit narrowed to TRY 1.76 trillion, and the 12-month cumulative primary surplus increased to TRY 645.7 billion. In seasonally adjusted terms, the monthly improvement in budget performance was largely driven by higher tax revenues, reflecting the rescheduling of the declaration and payment deadlines for certain taxes to the first week of June. Meanwhile, primary expenditures remained broadly flat on a monthly basis, whereas interest payments increased.

As highlighted in our previous reports, temporary monthly factors made it difficult to accurately assess fiscal performance during the first half of 2026. However, the June data provide a more reliable basis for evaluating the fiscal stance relative to end-2025. Accordingly, the improvement in the budget balance as a share of GDP, which became evident in the second half of 2025, continued through the first half of 2026. Based on our estimate for second-quarter GDP, the budget deficit-to-GDP ratio declined from 2.9% at end-2025 to 2.4%, while the primary surplus-to-GDP ratio increased from 0.4% to 0.9%. This improvement was supported almost equally by stronger revenues and lower primary expenditures. On the expenditure side, the decline was mainly driven by current transfers, while capital expenditures decreased and personnel expenditures increased as a share of GDP. Purchases of goods and services remained broadly stable for the sixth consecutive quarter. Overall, current trends suggest that the year-end primary budget balance is likely to outperform the targets set out in the Medium-Term Program (MTP).

Budget Balance:

- **The central government budget** posted a TRY 114.2 billion surplus in June, while the primary surplus reached TRY 315.8 billion (Chart 1). In June 2025, the budget balance recorded a TRY 330.2 billion deficit, and the primary balance posted a TRY 54.5 billion deficit. Consequently, the 12-month cumulative budget deficit narrowed from TRY 2.2 trillion to TRY 1.76 trillion (2.4% of GDP), while the 12-month cumulative primary surplus increased from TRY 275.4 billion to TRY 645.7 billion (0.9% of GDP) (Chart 2).

  The fact that the budget recorded a surplus in June for the first time since 2015 was partly attributable to the postponement of the declaration and payment deadlines for certain taxes (withholding and social security premium returns, accommodation tax, stamp tax, and VAT) from May 26 to the first week of June due to the Eid al-Adha holiday. In addition, income tax revenues also registered a significant increase.

Chart 1. Budget and Cash Balances (billion TL)

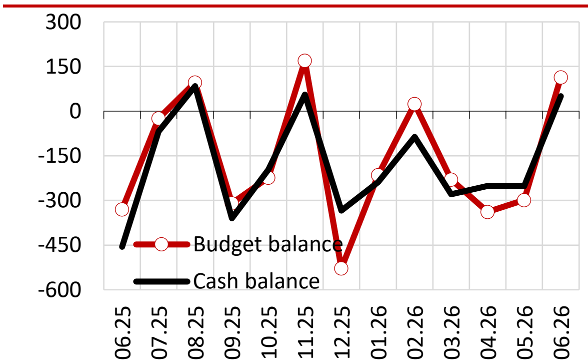
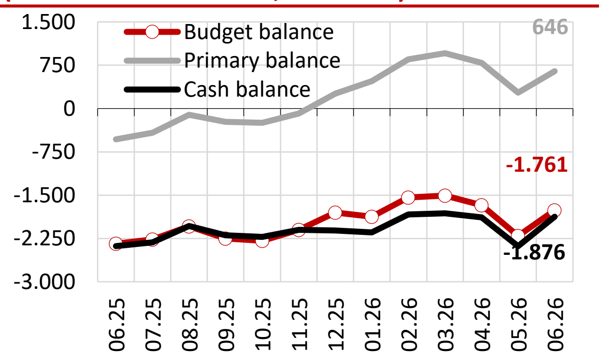
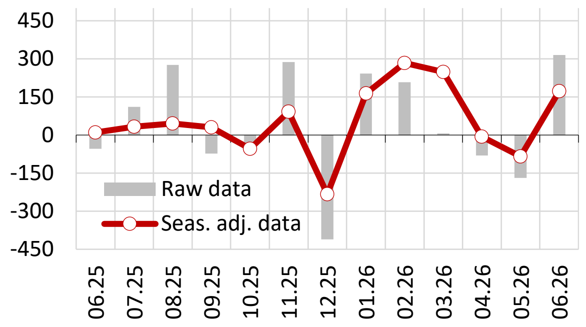


Chart 2. Budget and Cash Balances (12-month cumulative, billion TL)



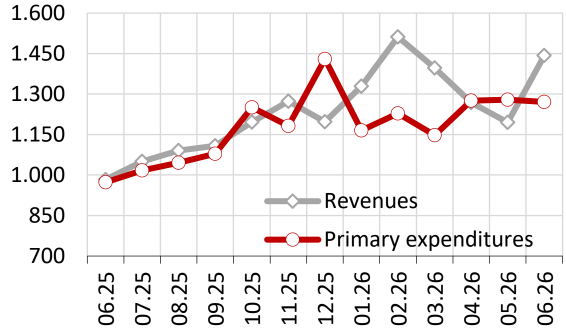
- **In seasonally adjusted (s.a.) terms**, the budget balance improved on a monthly basis (Chart 3), as revenues increased by 20.7% month-on-month, outpacing the 5.8% rise in expenditures. The increase in revenues was mainly driven by higher income tax, stamp tax, and domestic VAT collections. On the expenditure side, the monthly increase was largely attributable to interest expenditures, while primary expenditures remained broadly flat over the past three months (Chart 4).

Chart 3. Primary Balance (billion TL)



Source: Treasury, Akbank

Chart 4. Revenue and Expenditure (s.a, bn. TL)

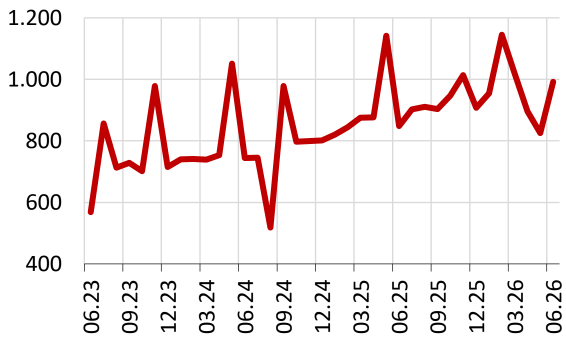


Source: Treasury, Akbank

Budget Revenue:

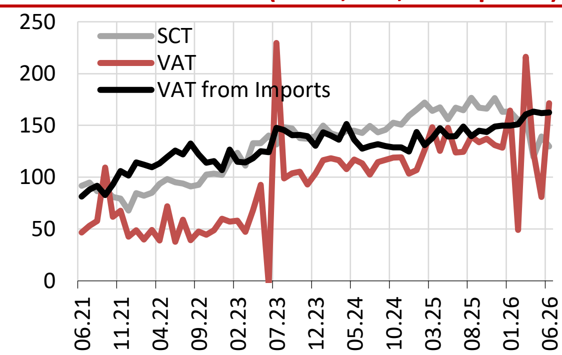
- **Central government budget revenues increased by 66.0% year-on-year to TRY 1,509.6 billion in June.** In the first half of the year, revenues rose by 39.1% year-on-year to TRY 7.787 trillion, corresponding to 48% of the Medium-Term Program year-end revenue target of TRY 16.2 trillion.
  - **Tax revenues** increased by 72.0% year-on-year to TRY 1,315.7 billion, supported by the postponement of the declaration and payment deadlines for certain taxes to June. Over the first half of the year, tax revenues rose by 38.7% year-on-year.
    - **Income tax** revenues increased by 145.7% year-on-year in June, while corporate tax revenues rose by 31.8%.
    - **Stamp tax** and **domestic VAT** revenues increased by 110.2% and 89.6% year-on-year, respectively, reflecting the change in declaration deadlines. After adjusting for price and seasonal effects, stamp tax revenues rebounded by 61.0% monthly following two consecutive monthly declines, while domestic VAT revenues surged by 111.7% month-on-month.
    - **Special Consumption Tax (SCT)** revenues declined slightly on a year-on-year basis in June. **In seasonally adjusted (s.a.) terms**, SCT revenues fell by 4.6% month-on-month, following a 19% increase in May. **SCT revenues from petroleum and natural gas products** have been declining on an annual basis for the past three months due to the sliding-scale fuel tax mechanism. Meanwhile, **SCT revenues from tobacco products** increased by 27.6% year-on-year, and those from **motor vehicles** rose by 26.8%. Based on our seasonally adjusted calculations, the cumulative tax **revenue loss (SCT + VAT) stemming from the sliding-scale mechanism amounted to approximately TRY 120 billion over the past four months**.
    - **Import VAT** revenues increased by 53.1% year-on-year, while adjusting for price and seasonal effects increase remained limited at 0.2%

Chart 5. Tax Revenue (bn TL, s.a., 2025 prices)



Sources: Treasury, Akbank
Note: Tax revenues are deflated with the relevant CPI items.

Chart 6. Tax Revenue (bn TL, s.a., 2025 prices)



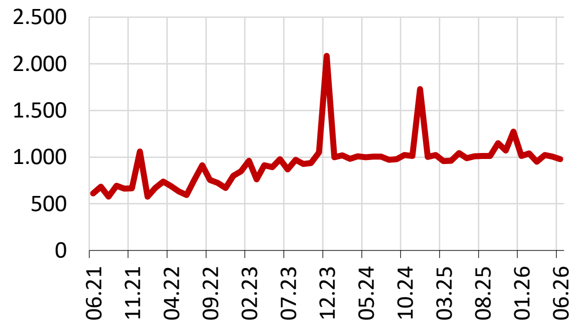
Sources: Treasury, Akbank

- In **seasonally adjusted terms, tax revenues** rose by 23.0% month-on-month in June, following three months of decline. **In seasonally adjusted real terms**, the monthly increase in tax revenues was 20.1% (Chart 5). Increases in income tax, stamp duty, and domestic VAT were the key drivers of this monthly rise (Chart 6).

Budget Expenditure:

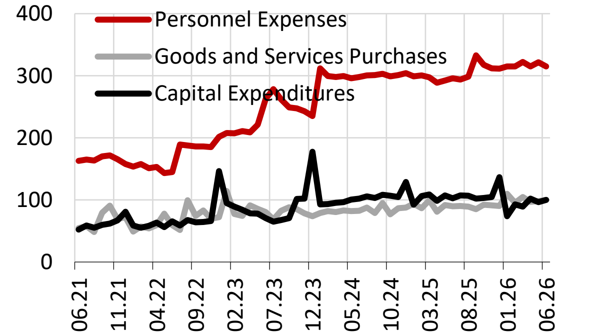
- **Central government expenditures** increased by 12.6% year-on-year to TRY 1,395.5 billion in June. In the first half of the year, expenditures rose by 32.7% year-on-year to TRY 8,730 trillion, corresponding to 46% of the year-end expenditure target set in the MTP.
  - **Primary expenditures** increased by 23.9% year-on-year in June and by 32.9% year-on-year in the January–June period, reaching TRY 7.266 trillion
    - **Current transfers** increased by only 0.7% year-on-year in June. The amount allocated to state-owned enterprises was TRY 38.1 billion, of which TRY 20.0 billion was transferred to BOTAŞ and TRY 17.8 billion to Electricity Generation Corporatio. In the first half of the year, the total transfer amount reached TRY 182 billion, including TRY 94.5 billion to Elektrik Üretim A.Ş., TRY 83.0 billion to BOTAŞ, and TRY 4.4 billion to the Türkiye Kömür İşletmeleri Kurumu. On a seasonally adjusted basis, current transfers declined by 5.5% month-on-month. As a share of GDP, current transfers fell to 8.2% in the second quarter, the lowest level since the first quarter of 2023.
    - **Goods and services purchases** increased by 67.7% year-on-year, while personnel expenses rose by 40.3%. In seasonal adjusted real terms, goods and services purchases increased by 2.1% month-on-month, whereas personnel expenses declined by 2.2%. **Capital expenditures**, including investment spending, rose by 32.6% year-on-year and 3.8% month-on-month in seasonally adjusted terms. **Capital transfers** increased from TRY 7.8 billion in June 2025 to TRY 23.4 billion in June 2026.
    - **Lending item** increased by 19.0% year-on-year to TRY 28.8 billion in June. Of this amount, TRY 21.0 billion consisted of capital transfers within the scope of lending to State Economic Enterprises (SEEs), including TRY 17.7 billion to the T.C. Devlet Demiryolları, TRY 1.9 billion to Türkiye Şeker Fabrikaları A.Ş, and TRY 1.4 billion to the Türkiye Taşkömürü Kurumu.
  - **Interest payments** declined by 26.9% year-on-year to TRY 201.6 billion in June. However, in the first half of the year, they increased by 31.7% year-on-year to TRY 1,464 trillion.
  - **In seasonal adjusted real terms**, primary expenditures declined by 1.8% month-on-month in May and by a further 2.5% in June (Chart 7). The monthly decline was mainly driven by lower capital transfers, current transfers, and personnel expenditures.

Chart 7. Primary Expenditure (bn TL, s.a., 2025 prices)



Sources: Treasury, Akbank
Note: Expenditure are deflated with the relevant CPI items.

Chart 8. Primary Expenditures (bn TL, s.a., 2025 prices)



Sources: Treasury, Akbank

Table 1. Budget Balance (Million TRY)

	Monthly		First 6 months		12-Month Cumulative	
	Jun.26	Jun.25	2026	2025	Jun.26	Jun.25
Budget Revenues	**1,509,630**	**909,427**	**7,787,344**	**5,598,580**	**15,024,241**	**10,440,047**
General Budget Revenues	**1,471,851**	**882,685**	**7,575,273**	**5,430,386**	**14,640,961**	**10,148,188**
Taxes	1,315,662	764,929	6,619,741	4,771,457	12,897,751	8,863,371
Income Tax	502,050	204,303	1,785,288	1,154,462	3,444,061	2,094,592
Corporate Tax	19,181	14,555	832,469	538,903	1,517,441	963,272
VAT	242,830	128,085	963,176	695,890	1,823,218	1,252,073
Special Consumption Tax	163,634	163,851	914,451	842,860	2,095,907	1,685,394
VAT from Imports	205,385	134,194	1,019,009	768,076	1,975,130	1,471,134
Property Income	16,957	11,815	206,162	127,585	278,723	191,732
Grants and Aids and Special Revenues	10,133	4,801	38,917	72,297	83,868	178,025
Interest, Shares and Fines	127,053	98,820	666,939	433,585	1,313,238	857,230
Capital Revenues	1,980	2,226	42,554	22,593	65,029	48,774
Collections from Loans	65	93	960	2,870	2,351	9,057
Special Budget Revenues	**30,016**	**21,636**	**159,879**	**128,923**	**303,670**	**234,086**
Rev, of Regulatory & Supervisory Inst,	**7,764**	**5,106**	**52,192**	**39,271**	**79,610**	**57,773**
Budget Expenditures	**1,395,467**	**1,239,603**	**8,730,179**	**6,579,058**	**16,785,728**	**12,781,124**
Primary Expenditures	**1,193,860**	**963,928**	**7,265,931**	**5,467,619**	**14,378,537**	**10,973,652**
Compensation of Employees	389,472	277,592	2,493,562	1,747,793	4,379,718	3,128,401
Social Security Contributions	49,466	33,257	316,799	212,258	558,943	385,684
Purchases of Goods and Services	126,190	75,247	598,232	413,188	1,254,794	888,446
Current Transfers	465,591	462,161	3,115,257	2,512,316	6,011,310	4,547,233
Capital Expenditures	110,880	83,619	464,082	432,361	1,375,327	1,088,934
Capital Transfers	23,446	7,844	116,434	50,320	426,250	662,434
Lending	28,816	24,209	161,565	99,383	372,195	272,521
Interest Payments	**201,607**	**275,675**	**1,464,249**	**1,111,440**	**2,407,191**	**1,807,472**
Budget Balance	**114,164**	**-330,176**	**-942,835**	**-980,478**	**-1,761,487**	**-2,341,077**
Primary Balance	**315,770**	**-54,501**	**521,414**	**130,962**	**645,704**	**-533,605**

Source: Treasury

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