

***The state of the central sub sector of the state budget
in January 2013***

Key features of financial processes regarding the central sub sector of the state budget in
January 2013

In the month of January 2013 the central sub sector of the state budget registered a deficit of almost 2.5bn HUF which corresponds to only 0.3 percent of the statutory estimate of 841.8bn HUF for the entire year. Within that, the central state budget posted a deficit of 90.7bn HUF, while Social Security Funds and extra budgetary state funds posted surpluses of 50.9bn HUF and almost 37.3bn HUF, respectively. In the month of January 2012 the central sub sector of the state budget had a surplus of 107.3bn HUF.

The discrepancy between the balances of January 2012 and 2013 is attributable on the one hand to the regulatory changes impacting Value Added Tax revenues and the revenue-expenditure dynamics related to EU projects of chapter administered appropriations on the other.

When analyzing the budgets for 2012 and 2013 it has to be taken into account that due to significant changes concerning certain types of taxes the annual accounting schedule of relevant revenues differs greatly.

Central government budget

Revenues

The revenues of the central government budget for the month of January were almost 117bn HUF lower in comparison to the same month of the previous year. The lower figure has been the consequence of first delaying in 2012 the payment of certain taxes – especially of Value Added Tax -- and, second, lower revenues at central budgetary institutions and chapter administered appropriations. As far as VAT is concerned, revenues in January 2012 were boosted by extra payments resulting from purchases brought forward to the end of 2011 which were prompted by last year's key changes. The higher amount of refunds this year, on the other hand, was the consequence of the cash flow effect of increasing the return period from 45 days to 75 days. Regarding chapter administered professional appropriations last year's higher revenues primarily resulted from postponing the settlement of certain operative programmes related to EU appropriations from December 2011 to January 2013.

Expenditures

Expenditures of the central government budget in the month of January were almost 59bn HUF higher in comparison to the same month of last year which is mainly attributable to more spending this year at budgetary institutions and chapter administered professional appropriations. The lower amount of expenditures last year at chapter administered professional appropriations was the result primarily of later payments related to certain EU operative programmes.

The wage payments of municipal institutions taken over as of 1 May 2012 played a key role in the change of revenues and expenditures at budgetary institutions.

Interest payment balance

Interest payments totaled 59.9bn HUF in January 2013, which was 15.2bn HUF below the figure of the corresponding period of the previous year. Interest revenues totaled 6.9bn HUF which was 2.3bn HUF less than last year's figure. Thus the gap between net interest expenditures (52.9bn HUF) and the figure of the same period of last year as a whole amounted to 12.9bn HUF, due to a different interest payment schedule for this year.

Social security funds

The 50.9bn HUF surplus in January 2013 of Social Security Funds originated from the surpluses of 31.9bn HUF and 19.0bn HUF, respectively, of the Pension Fund and the Health Fund. In the month of January 2012 the compound surplus of the Funds amounted to 1.4bn HUF. The difference is due to revenue side change, as among others social contribution tax payments to the Pension Fund as well as health care contribution payments and fiscal subsidies and compensations to the Health Fund came in higher than in the previous year. (This latter entitlement will cover as of 2013 contributions related to the Job protection Action Plan.)

Extra budgetary state funds

The positive balance of almost 37.7bn HUF of extra budgetary state funds in the month of January was more favourable than in the same month of the previous year. Total revenues and expenditures of the funds were 0.9bn HUF and 17.6bn HUF lower, respectively, compared to the corresponding period of the previous year, and thus the significant surplus in this year resulted from lower expenditures. Within expenditures, those at the National Employment Fund, Nuclear Fund and the Research and Technological Innovation Fund were all below the

levels of the same month of the previous year. Within revenues, when comparing the two years it has to be stressed that the National Employment Fund this year no longer receives revenues from social contribution tax.

Key cash flow data of the central sub sector of the state budget at the end of January 2013 are as follows:

	billion HUF		Index (%)	billion HUF		Index (%)
	Preliminary data for 2012 (1)	Actual data for January 2012 (2)	Preliminary data=100 (2/1)	2013 statutory estimate (1)	Actual data of January 2013 (2)	estimate=100 (2/1)
Central budget balance	-620,1	85,3	- 13,8	-834,5	- 90,7	10,9
revenue	9 376,7	811,1	8,7	10 230,8	694,5	6,8
expenditure	9 996,8	725,8	7,3	11 065,3	785,2	7,1
Balance of extra budgetary state funds	130,4	20,6	15,8	-7,3	37,3	-511,0
revenue	508,8	42,7	8,4	431,4	41,8	9,7
expenditure	378,4	22,1	5,8	438,7	4,5	1,0
Balance of Social Insurance Funds	-117,8	1,4	-1,2	0,0	50,9	-
revenue	4 509,8	376,2	8,3	4 651,6	429,5	9,2
expenditure	4 627,6	374,8	8,1	4 651,6	378,6	8,1
Total balance	-607,5	107,3	-17,7	-841,8	-2,5	0,3
revenue	14 395,3	1 230,0	8,5	15 313,8	1 165,8	7,6
expenditure	15 002,8	1 122,7	7,5	16 155,6	1 168,3	7,2