

## ***The state of the central sub sector of the state budget in June 2013***

### **Key features of financial processes regarding the central sub sector of the state budget in June 2013**

In the month of June 2013, the central sub sector of the state budget registered a monthly deficit of 162.3bn HUF. Within that, the central state budget posted a deficit of 186.4bn HUF, while Extra Budgetary State Funds and Social Security Funds registered surpluses of 9.4bn HUF and 14.7bn HUF, respectively.

Thus, the deficit of the central sub sector of the state budget was 721.7bn HUF at the end of June 2013. The central sub sector of the state budget had a deficit of 517.7bn HUF in the initial six months of 2012.

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 (revenue estimates regarding some types of taxes were reduced, certain taxes were abolished or modified, and some new taxes were introduced) it is impossible to compare the two periods without filtering out the distorting effects of these factors.

In addition to the aforementioned factors, this year's revenues and expenditures at budgetary institutions are hugely influenced by structural changes as institutions of local governments were taken over as of 1 May 2012 and 1 January 2013.

### ***Central government budget***

#### ***Revenues***

The revenues of the central government budget at the end of June were some 288bn HUF higher in comparison to the same period of the previous year. The higher figure has been the consequence, first, of the amount of liabilities paid which was above the level of last year's – such as personal income tax, vehicle registration tax and duties – revenues from the new taxes introduced this year and, second, of higher revenues at central budgetary institutions and chapter administered appropriations. In addition, payments related to state assets and other revenues were also up.

### ***Expenditures***

Expenditures of the central government budget at the end of June were almost 610bn HUF higher in comparison to the same period of last year which is mainly attributable to more spending this year – due primarily to structural changes -- at budgetary institutions and chapter administered professional appropriations. (In the year 2013, expenditures of healthcare, welfare and other institutions taken over by the state as well as those resulting from teachers' wages paid in public education are booked as expenditures of the central government budget.) In addition, special and normative subsidies, housing subsidies, payments resulting from third-party guarantees, expenditures related to state assets and other expenditures were also higher compared to the corresponding period of the previous year.

### ***Interest payment balance***

Interest payments totaled 637.0bn HUF at the end of June 2013 and were thus 55.6bn HUF below the figure of the corresponding period of the previous year. Interest revenues totaled 59.3bn HUF which was 7.9bn HUF less than last year's figure. Thus net interest expenditures (577.7bn HUF), as a whole, were 47.7bn HUF more favourable in comparison to the figure of the same period of last year.

### ***Social security funds***

The 136.1bn HUF surplus at the end of June 2013 recorded at Social Security Funds originated from the surpluses of 84.1bn HUF and some 52.0bn HUF at the Pension Fund and the Health Fund, respectively. At the end of June 2012, the compound deficit of the Funds amounted to 3.3bn HUF. The difference was primarily caused by revenue side change, as among others social contribution tax payments to the Pension Fund, health care contribution payments as well as 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 56.5bn HUF surplus posted by Extra Budgetary State Funds at the end of June was less favourable than in the same month of the previous year. Total revenues of the

Funds were 12.4bn HUF lower, while expenditures were 9.0bn HUF higher in comparison to the same month of the previous year. Within revenues, those at the National Employment Fund – originating from training contributions -- were lower. In addition, this year the Fund no longer receives revenues from social contribution tax. Among expenditures, those concerning the Start work programme of the National Employment Fund edged higher, in line with estimates. This year's expenditures at the Research and Technological Innovation Fund were also higher.

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

	billion HUF		Index (%)	billion HUF		Index (%)
	Preliminary data for 2012 (1)	Actual data for Jan-June 2012 (2)	Preliminary data=100 (2/1)	2013 statutory amended estimate (1)	Actual data of Jan-June 2013 (2)	statutory amended estimate=100 (2/1)
Central budget balance	<b>-620.1</b>	<b>-592.3</b>	<b>95.5</b>	<b>-874.0</b>	<b>- 914.3</b>	<b>104.8</b>
revenue	9 376.7	4 299.1	45.8	10 230.8	4 587.6	44.8
expenditure	9 996.8	4 891.4	48.9	11 104.8	5 501.9	49.5
Balance of extra budgetary state funds	<b>130.4</b>	<b>77.9</b>	<b>59.7</b>	<b>-7.3</b>	<b>56.5</b>	<b>-774.0</b>
revenue	508.8	235.5	46.3	431.4	223.1	51.7
expenditure	378.4	157.6	41.6	438.7	166.6	38.0
Balance of Social Insurance Funds	<b>-117.8</b>	<b>-3.3</b>	<b>2.8</b>	<b>0.0</b>	<b>136.1</b>	<b>-</b>
revenue	4 509.8	2 244.8	49.8	4 651.6	2 439.1	52.4
expenditure	4 627.6	2 248.1	48.6	4 651.6	2 303.0	49.5
<b>Total balance</b>	<b>-607.5</b>	<b>-517.7</b>	<b>85.2</b>	<b>-881.3</b>	<b>-721.7</b>	<b>82.0</b>
revenue	14 395.3	6 779.4	47.1	15 313.8	7 249.8	47.3
expenditure	15 002.8	7 297.1	48.6	16 195.1	7 971.5	49.2