

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

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

In the month of April 2013, the central sub sector of the state budget registered a monthly deficit of 35.0bn HUF. Within that, the central state budget posted a deficit of 79.4bn HUF, and extra budgetary state funds and Social Security Funds registered surpluses of 8.5bn HUF and 35.9bn HUF, respectively.

Thus, the deficit of the central sub sector of the state budget was 528.6bn HUF at the end of April 2013. The central sub sector of the state budget had a deficit of 228.2bn HUF in the initial four 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 for the month of April were almost 58bn HUF higher in comparison to the same month of the previous year. The higher figure has been the consequence, first, of delaying the payment of certain taxes in 2012 – especially of Value Added Tax – as well as revenues from new taxes introduced this year and, second, of higher revenues at central budgetary institutions and chapter administered appropriations.

### ***Expenditures***

Expenditures of the central government budget at the end of April were almost 455bn HUF higher in comparison to the same month 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 in public education were booked as expenditures of the central government budget.) In addition, special and normative subsidies were also higher compared to the corresponding period of the previous year, as the payment schedule of subsidies to public transport companies was this time different.

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

Interest payments totaled 447.6bn HUF at the end of April 2013 and were 29.8bn HUF below the figure of the corresponding period of the previous year. Interest revenues totaled 29.7bn HUF which was 7.7bn HUF less than last year's figure. Thus net interest expenditures (417.9bn HUF) were 22.1bn HUF higher in comparison to the figure of the same period of last year.

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

The 98.5bn HUF surplus at the end of April 2013 of Social Security Funds originated from the surpluses of 56.8bn HUF and 41.7bn HUF at the Pension Fund and the Health Fund, respectively. At the end of April 2012, the compound deficit of the Funds amounted to 11.6bn HUF. The difference is primarily caused by revenue side change, as among others social contribution tax payments to the Pension Fund, health care contribution payments as well as 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 41.0bn HUF surplus of extra budgetary state funds at the end of April was less favourable than in the same month of the previous year. Total revenues of the Funds

were 8.2bn HUF lower, while expenditures were 5.3bn 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.

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

	billion HUF		Index (%)	billion HUF		Index (%)
	Preliminary data for 2012 (1)	Actual data for Jan-April 2012 (2)	Preliminary data=100 (2/1)	2013 statutory estimate (1)	Actual data of Jan-April 2013 (2)	estimate=100 (2/1)
Central budget balance	<b>-620.1</b>	<b>-271.0</b>	<b>43.7</b>	<b>-874.0</b>	<b>- 668.1</b>	<b>76.4</b>
revenue	9 376.7	2 881.3	30.7	10 230.8	2 939.4	28.7
expenditure	9 996.8	3 152.3	31.5	11 104.8	3 607.5	32.5
Balance of extra budgetary state funds	<b>130.4</b>	<b>54.4</b>	<b>41.7</b>	<b>-7.3</b>	<b>41.0</b>	<b>-561.6</b>
revenue	508.8	158.2	31.1	431.4	150.0	34.8
expenditure	378.4	103.8	27.4	438.7	109.0	24.8
Balance of Social Insurance Funds	<b>-117.8</b>	<b>-11.6</b>	<b>9.8</b>	<b>0.0</b>	<b>98.5</b>	<b>-</b>
revenue	4 509.8	1 493.3	33.1	4 651.6	1 625.8	35.0
expenditure	4 627.6	1 504.9	32.5	4 651.6	1 527.3	32.8
<b>Total balance</b>	<b>-607.5</b>	<b>-228.2</b>	<b>37.6</b>	<b>-881.3</b>	<b>-528.6</b>	<b>60.0</b>
revenue	14 395.3	4 532.8	31.5	15 313.8	4 715.2	30.8
expenditure	15 002.8	4 761.0	31.7	16 195.1	5 243.8	32.4