



Budget implementation

## In 2011, the Central Government recorded a deficit of 54,739 million euros

- This negative balance in the national accounts is equivalent to 5.1% of GDP, 0.3% above the deficit target that was set.
- In terms of national accounts, the state's non-financial income was down by 2.8% and non-financial expenditure by 12.5%.

**7 March 2012.** In 2011, the Central Government recorded a deficit of €54,739 million in relation to national accounts, equivalent to 5.10% of GDP. This balance implies that the deficit target was not met, the deviation being 0.3% of GDP. Of the resulting deficit, €54,376 million (5.07% of GDP) correspond to the State and €363 million (0.03% of GDP) to the bodies of the Central Administration.

Taking into account the effect of the financing system's balance of payments in 2009, the State deficit stands at 2.91% of GDP (€31,256 million) according to the summary of the budget implementation figures "**National** economic and financial activity indicators", published today by the Ministry of Finance and Public Administrations.

This annual balance sheet is the result of non-financial expenditure in the national accounts, of €168,312 million, with non-financial income coming to €137,056 million.

In cash terms, an accounting methodology that takes into account the income and payments made over the course of the period, in 2011 the State presented a deficit of €46,950 million, compared to the negative balance of €52,235 million with which it ended the preceding year.

The full-scale application of the financing system for common regime autonomous communities in 2011, makes it difficult to compare the



State's income and expenditure figures with those for the previous year. Its application means fewer transfers to autonomous communities from the State Budgets and a reduction in the State's tax income, due to the increase in the percentage of tax revenue transferred to the autonomous communities.

### **NON-FINANCIAL INCOME**

The figures for non-financial income, in cash terms, include data from all the public administrations, before discounting the regional and local administrations' share (Autonomous Communities and Local Authorities), which allows for a more thorough analysis.

Over the course of last year, net revenue collection rose to €177,000 million, 1.1% up on the figure for 2010. Tax income, which accounts for almost 91% of the total, was up 1.3% compared to 2010, mainly as a result of tax increases and the withdrawal of fiscal benefits approved during the last two years.

Revenue collected through direct taxes stood at €89,641 million, 3.1% up on 2010, while the figure corresponding to indirect taxes stood at €71,240 million, 0.9% less than in 2010. Other non-financial income came to €16,119 million, 0.8% down on the previous year.

Revenue collected through IRPF (personal income tax) totalled €69,803 million euros, up 4.2% on 2010. This increase is partly a result of the rise in tax rates for incomes over €120,000 and for revenues on capital, the withdrawal of the maternity tax benefit, and the partial withdrawal of the €400 deduction; and, on the other hand, a result of the evolution of payable tax in the 2010 Income Tax Campaign, and fewer refunds requested by taxpayers.

Revenue collection from Corporation Tax rose to €16,611 million euros, a 2.5% increase over 2010. This positive evolution has been helped by the reduction in the number of refunds made, as a result of lower sums being requested, and the regulatory changes approved in Royal Decree law 9/2011, of 19 August, approving the rise in the calculation percentage applicable to payments made in instalments by companies with an annual turnover of over €20 million, the temporary restriction on the possibility of offsetting negative tax bases from previous years and the deduction for amortisation of financial goodwill.



With regard to indirect taxes, last year VAT generated an income of €49,302 million. This figure represents a 0.5% increase on the previous year, despite the fact that the effect of the rise in tax rates since 1 July 2010 has had an effect throughout the year.

A total of €18,974 million were collected through excises, 4.2% less than in 2010, mainly due to the 6.4% drop in the amount of Hydrocarbon Tax collected as a result of reduced fuel consumption. Likewise, revenue collected through the Tax on Tobacco Products was down by 2.3%.

### **NON-FINANCIAL PAYMENTS**

The State's non-financial payments stood at €151,095 million, a year-on-year fall of 15.9%. This fall is mainly due to full-scale implementation in 2011 of the new financing system for common regime autonomous communities. This means that current transfers to autonomous communities went from €44,294 million in 2010 to €16,012 million in 2011.

There was a fall in payments in all areas of the Budget with the exception of staff costs and interest.

Within current expenditure, staff costs rose to €27,420 million, 1.7% up on 2010, due mainly to the 7.3% increase in social benefits, arising from the payment of compensation for the deviation in the CPI in 2010. With regard to the wages and salaries of active employees, these were down by 2.3% at €14,085 million.

Payments relating to current expenditure on goods and services were down by 6.8%.

Interest payments went up by 13.1% to €22,204 million, which accounts for 14.7% of all non-financial payments, compared to the 10.9% recorded the previous year.

Within the capital account, real investments stood at €6,895 million, 21.5% down on the previous year, due mainly to the containment of expenditure on civil investments. Likewise capital transfers, at €10,365 million, were down by 30.4%, due largely to the decrease in transfers to local authorities due to the effect of exceptional local investment funds in previous years.