Press release

Budget implementation

The State deficit decreased by 2.146 billion euros to May, at 2.38% of GDP, in like-for-like terms

- Fernández Currás says that the Government continues to work towards the stability targets and its core commitment to correcting the deficit

- Advance transfers to other administrations are nearly 9 billion, and tax refunds were 1.6 billion more than usual

- Income tax collection totalled €30.124 billion, 0.8% more than one year ago, the first positive rate of the year so far

26 June 2012.The Secretary of State for Budgets and Expenditure, Marta Fernández Currás, today said that in like-for-like terms the State deficit to May was 2.38% of GDP, compared to 2.56% in 2011, or €2.146 billion less than one year ago.

Fernández Currás believes the Government's decision to provide liquidity to other public administrations, citizens and companies is having a significant impact on the state deficit for the first five months of the year when compared like-for-like with 2011, including advances for certain expenses through transfers or tax refunds.

The Government is still working every day, "to meet the stability targets, because we understand that it is essential to correct the deficit," said the Secretary of State.

The State deficit to May was €36.364 billion in national accounting terms, equivalent to 3.41% of GDP, a figure which is affected by advances of transfers to other public administrations of nearly 9 billion euros, according to the preliminary budget execution figures released today by the Secretary of State for Budgets and Expenditure.

These include transfers to the autonomous regions of €5.176 billion, and smaller amounts to the Social Security, local authorities and the European Union budget.

There were also higher tax refunds than usual, for approximately 1.6 billion euros more than a normal tax year.

In cash terms, the accounting methodology that takes into account real income and payments, the deficit in the first five months of the year was €19.793 billion, 1.86% of GDP. This was also affected by the same factors in terms of national accounts, so that a like-for-like comparison shows a cash deficit that is 1.482 billion euros lower than in 2011.

Non-financial revenues

The State's non-financial revenue before discounting the participation of other administrations totalled €75.251 billion at the end of the first five months, 0.1% less than the same period last year.

Income tax collection was €30.124 billion, 0.8% higher than a year ago, the first positive rate of the year so far, a trend which was positively influenced by the supplementary levy approved in December last year, which had a positive impact on the collection of tax deductions at source.

There was also a positive influence from the 13.6% higher collection from withholdings on investment income, due to the responsiveness of rents and the increase in the rates from 19% to 21%, leading to higher revenues.

Withholdings on leases and investment funds fell more slowly thanks to the positive evolution in May, although they were still negative, at -1.7% and -22.1% respectively.

The collection from corporate income tax fell by 8% to a total of €3.572 billion due to streamlining refunds as well as lower collection rates of withholdings on the interest on public debt.

A like-for-like comparison shows that revenues from companies grew by 22.6%, thanks to the boost from regulatory measures on capital withholding and payments in instalments.

VAT collection fell by 10.1% to €22.782 billion, due to the extreme slowdown in consumption and greater efforts to make refunds, which were up by 7.3% on last year.

Revenues from special taxes fell over the first five months by 2.8% compared to 2011, to €7.466 billion. This is a direct consequence of stockpiling tobacco before tax and price increases and a reduction of 7.2% in fuel tax, in line with lower fuel consumption, which was nevertheless in line with forecasts for this year.

Non-financial payments

In the first five months, non-financial payments stood at €65.716 billion, a 12% increase compared to the same period in 2011. This is the result of advances on payments to other public administrations, mainly the autonomous regions.

All headings recorded decreases except for salaries, interest expenses and expenses for current transfers.

Payments to staff were up by 1.4% due to increased social security contributions and state pensions, affected by the 1% increase set by the Government for 2012.

Payments for current expenditure on goods and services fell by 30.7% as a consequence of 2011 expenditure with no equivalent for this year, together with the Government's austerity measures regarding this type of expenditure.

Financial expenditure was up to €11.555 billion, a 32% increase over the previous year, although it should be noted that the evolution of these payments is determined by the debt maturity structure.

Payments for current transfers increased by 27.1% due to advance transfers to other public administrations, especially to the autonomous regions and the Social Security.

Payments for financing real investments were down by 35.9% to €1.941 billion.

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