



Budget implementation

On a like-for-like basis, the State deficit was reduced by around €1,000 million to April, to stand at 1.43%.

- Fernández Currás claims that the State deficit to April is on track according to Government calculations
- Including the advance on payments to other Public Administrations and the increase in tax refunds, the deficit now stands at 2.39% of GDP
- Direct tax revenue was up by 0.2% in the four-month period, the first positive rate recorded this year

29 May 2012. The Secretary of State for Budgets and Expenditure, Marta Fernández Currás, today stated that the Government's decision to prioritise the needs of the Regional Administrations, businesses and citizens, by providing them with liquidity, has had the desired effect on the evolution of the State's accounts. This means that, on a like-for-like basis, taking advances on payments and tax refunds into account, the deficit this year would be around €1,000 million lower than that of last year.

Specifically, in like-for-like terms, the State's deficit would be 1.43% of GDP as against 1.51% in 2011, showing that the State deficit is evolving in accordance with Government forecasts.

The State has sought to gain the support of the autonomous communities, businesses and citizens through the advance on payments to the regional administrations and through a campaign for the early repayment of tax refunds.

This factor in itself explains the impact on the State deficit to April. This effect, although temporary, will diminish over the course of the coming months.

To April the State recorded a deficit of €25,462 million in national accounting terms, equivalent to 2.39% of GDP, a figure which is in line with the calculations made by the government based on the policies implemented, according to the preliminary budget implementation figures released today by the Secretary of State for Budgets and Expenditure.

Other factors that need to be taken into account when assessing the evolution to April is that the first instalment of Corporation Tax is paid in this month, as well as the VAT withholdings from SMEs for the first quarter.

Advances on payments to other public administrations stood at €8,300 million, of which €5,176 million was for the autonomous communities.

With regard to State revenue, it should be noted that tax refunds paid out in this period were above those paid out during a normal refund campaign; €1,100 million up on what is usually paid out at this time of year.

All this means that the deficit target for the end of this year still stands at 3.5% for the State and 5.3% of GDP for the Public Administrations as a whole.

In cash terms, an accounting methodology which takes into account deposits and payments actually made, the deficit stands at €9,194 million, 0.86% of GDP, affected by the same factors as the deficit in national accounting terms. Indeed, without the policies that have been implemented, the cash deficit would be €1,300 million lower than the deficit in April 2011.

NON-FINANCIAL INCOME

The State's non-financial income before deducting the share for other administrations stood at €69,150 million at the end of the first four months of the year, 1.3% up on the same period last year, which means an improvement in the evolution to March of 0.8%.

In the first four months of the year, the fall in tax revenue slowed to 3%, a 2.6% improvement on March, when tax revenue fell by 5.6%.

Direct tax revenue was up by 0.2%, the first positive figure this year, as a result of the payment of the first instalment of Corporation Tax, while income from indirect taxes fell by 6.5%, slightly less than the 7.4% fall recorded in March.

Income tax (IRPF) revenue stood at €27,989 million, 0.2% less than a year ago and has been hit by the worsening evolution of employment income. This has been partially offset by the additional tax approved last December which has led to a €559 million increase in revenue from employment income withholdings and a 15.5% increase in withholdings on income from capital.

Corporation Tax revenue was up by 2.6% to April, to stand at €3,730 million. However, the evolution in aggregate terms is affected by the increase in the number of net tax refunds made, up to €660 million more than to April 2011, the effects of which will gradually start to diminish.

In the first four months, revenue from VAT stood at €20,969 million, which represents a decrease of 8.2% due to sluggish consumption. However, it is an improvement on the 9.1% fall recorded up to March.

Income from Excise Duties to March stood at €6,093 million, a slight fall of 0.4% in the year-on-year rate, but it should be noted that, as with Corporation Tax and VAT, there was a slight improvement compared to the previous month, when revenue was down by 2.2%.

This improvement in tax revenue is due to the 26.3% increase in April of revenue from the Tax on Tobacco Products, 7.8% in aggregate terms. In contrast, revenue from the Tax on Hydrocarbons fell by 6.2%.

NON-FINANCIAL PAYMENTS

In the first four months non-financial payments stood at €54,931 million, a 10.3% increase compared to the same period in 2011. This is a result of the higher interest being paid on government debt and the advance on payments to other public administrations.

Payments to staff were up slightly by 0.1% due to the 2.2% increase in state pensions, by the 1% increase set by the Government for 2012.

Current expenditure on goods and services was down by 32.9% as a result of the cancellation of a higher number of outstanding payment obligations from previous years, which were paid in 2011.

Financial expenditure was up to €11,381 million, a 31.5% 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 financing real investments were down by 34.3%, at €1,628 million.