

# Türkiye- Central Budget

## Dec. 2024 - Central budget deficit/GDP at 4.8% in 2024

In December, the central budget and primary deficit were TRY829bn and TRY754bn, respectively. The budget performance improved in December compared to the previous year on the back of the slowdown in yoy expenditure growth. In December 2024, the budget and primary deficit decreased on a yoy basis. Thus, on a 12-month basis, the budget deficit and primary deficit narrowed slightly compared to November. We calculate the central budget deficit/GDP ratio at 4.8% in 2024 with the estimated GDP, down from 5.2% in 2023. We calculate that the primary deficit/GDP ratio decreased from 2.6% to 1.9%. Accordingly, the budget performance improved slightly in 2024 compared to the previous year.

In the Medium Term Program (MTP), the central budget deficit/GDP ratio forecast for 2024 was announced as 4.9%. Data released today shows that the MTP forecasts were achieved. The 3.1% projection for 2025 in the MTP indicates that a more significant tightening in the budget deficit is targeted compared to 2024. Our central budget deficit/GDP forecast for 2025 is 3.5%. We believe that a clear correction in budget performance, especially by limiting the increase in expenditures during the year, is necessary to ensure gains from macro policies.

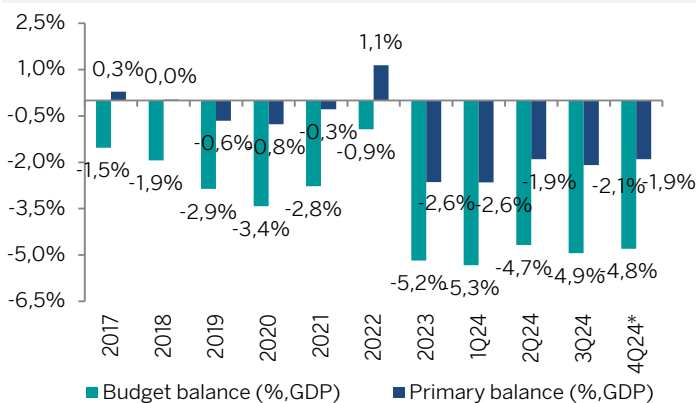
### Budget deficit and primary deficit narrowed in 12-month cumulative terms

- The budget deficit decreased by TRY13bn to TRY2,106bn compared to the previous month (MTP 2024 estimate is a TRY2,148bn deficit).
- The primary deficit decreased by TRY46bn to TRY836bn compared to the previous month (MTP 2024 estimate is a TRY851bn deficit)

### Non-interest expenditure growth fell below tax revenue growth in 12-month cumulative terms

- In December, yoy increases in most of the non-interest expenditure sub-items were more limited compared to previous months. Personnel expenditures, purchases of goods and services and current transfer expenditures recorded the highest yoy increases by 85%, 84% and 39%, respectively. Investment expenditures, on the other hand, decreased by 4% yoy. 12-month primary expenditure growth slowed down significantly compared to the previous month, from 88% to 61%.
- In 2024, assignment expenditures in current transfer expenditures reached TRY1.2trl. In the SEE assignment expenditures item, Electricity Generation Co. and BOTAŞ were allocated TRY214bn and TRY66bn, respectively. Under the lending item, TRY123bn was transferred to TCDD and TRY72bn to the Turkish Grain Board.
- Interest payments rose remarkably by 88% yoy to TRY1.3trl in 2024.
- In December, total tax revenues increased by 61% yoy, close to the 12-month increase of 62%. In December, yoy increases in income tax (123%), BSMV (93%) and VAT (83%) were high, while increases in SCT (48%) and VAT on imports (26%) were more limited.
- In 2024, yoy increases in BSMV (159%), income tax (120%) and VAT (96%) were significant, while increases in SCT (56%), VAT on imports (40%) and corporate tax (13%) were lower.

Budget Performance (12 month)



Central Budget Details

bnTRY	Dec'23	Dec'24	Change (yoy)	2023	2024	Change (yoy)
<b>Expenditures</b>	1392	1707	23%	6.585	10.777	64%
1-Non-Interest Exp.	1350	1632	21%	5.911	9.507	61%
Personnel	94	174	85%	1.325	2.666	101%
Goods&Services	81	149	84%	453	745	64%
Current Transfers	310	430	39%	2.374	3.864	63%
Capital Exp.	819	787	-4%	1.401	1.583	13%
Others	47	92	98%	359	649	81%
2-Interest Exp.	42	75	78%	675	1.270	88%
<b>Revenues</b>	550	878	60%	5.210	8.671	66%
Tax Revenues	441	708	61%	4.501	7.305	62%
Non-tax Revenues	109	170	56%	710	1.366	92%
<b>Budget Balance</b>	-843	-829	-2%	-1.375	-2.106	53%
<b>Primary Surplus</b>	-800	-754	-6%	-700	-836	19%

Source: Ministry of Treasury and Finance, Garanti BBVA Securities \*GDP estimate

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