

State Budget

Deteriorated state budget balance

The state budget deficit in 2006 deteriorated in comparison to 2005 due to the worse collection of direct taxes and higher dynamics of expenditures. Expenditures exceeded revenues by CZK 97.3 bn., therefore the balance compared to the adjusted budget increased by CZK 13.6 bn., compared to real values in 2005 even by CZK 40.9 bn. The proportion of the balance and the nominal GDP reached 3.04 %. In Q4 the deficit increased by CZK 98.5 bn.

• Total expenditures grew 1.6 times more than total revenues, year-on-year

Total tax revenues were higher than real tax revenues in 2005 by 4.1 %, however, the anticipated adjusted budget was not fulfilled (-0.9 %) due to tax revenues (-1.1 %) and social security revenues (-0.7 %). Compared to 2005 the corporate (-4.8 %) and natural persons (minus 3.3 %) income tax collection lagged behind. Current expenditures exceeding nine tenths of total expenditures increased by 8.5 % year-on-year, total expenditures by 10.6 % due to capital expenditures (+77 %). Expenditures on pensions increased by 10.3 % to CZK 273 bn., the surplus of pensions account amounted almost to CZK 4 bn.

Data sources: CZSO, MF CR, CNB, MLSA, calculations of the CZSO.