

State Budget

- **Ratio of surplus to GDP 0.5 %**

State budget according to cash fulfilment ended for H1 2006 in mild surplus (7.6 bn), which relative to GDP amounted to 0.5 %, slightly more y-o-y (by 0.2 p. p.). Y-o-y growth of receipts considerably diminished and outlays gained pace, consequently the lead of growth of receipts over outlays was quite negligible – by 13.9 p. p. on a year ago. Even though the receipts fulfilment was higher than anticipated in the 2006 state budget (target 52.7 % and 47.9 % respectively), compared to H1 2005 was the fulfilment on the receipt side lower and on the outlay side higher.
- **Revenue slowdown by 6.3 p. p.**

Total receipts of CZK 468.8 bn for H1 2006 presenting 52.7 % of the budget were y-o-y higher by 10.0 %, however their growth was by 6.3 % slower on a year ago. Tax receipts (excluding social security insurance) rose by 7.7 % and budget fulfilment of 51.1 % was higher than in the previous year. However their structure changed substantially; consumption taxes went up markedly (by 20.3 %) and income taxes went down (by 6.1 %). Social security insurance rose by 7.2 % and budget fulfilment was low (47.6 %). Non-tax and capital receipts and received subsidies grown at an exceptionally fast pace (by 28.3 %) and already surpassed the planned annual budget.
- **Outlays acceleration by 7.7 p. p.**

Total outlays of CZK 461.2 bn in H1 2006, representing 47.9 % budget fulfilment, were y-o-y higher by 9.2 %, growing 7.7 p. p. faster on a year ago. The outlays side has also recorded considerable structural changes, especially with respect to current outlays, which has grown by 8.9 %, however the wages of employees increased only by 4.4 %, social benefits by 7.6 % and pensions by 9.0 %.

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

Latest CZSO data used in this report are from 8 September 2006. The analysis is based on monthly statistical data from branch statistics and quarterly GDP estimates.