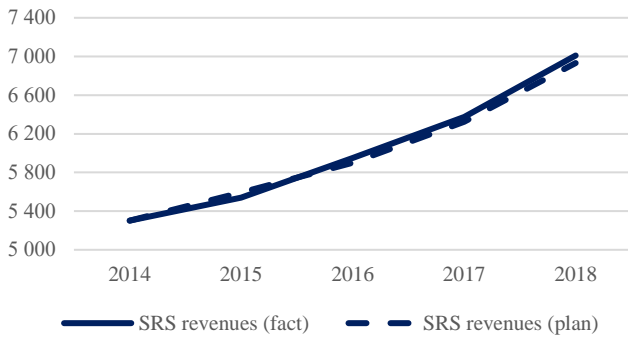




Fiskālās disciplīnas padome

Summary of budget revenues and expenditures: Quarter III of 2018

Tax revenue forecasts have been conservative.



Experience since 2014 suggests that **tax revenue forecasts are conservative**, so in the third quarter actual earnings are higher than projected.

Chart 1. Execution of the tax revenue (incl. SSC) plan: Quarter III of 2014 - Quarter III of 2018, million euro. Source: State revenue service

VAT, PIT, SSC and CIT revenues usually reach the planned level.

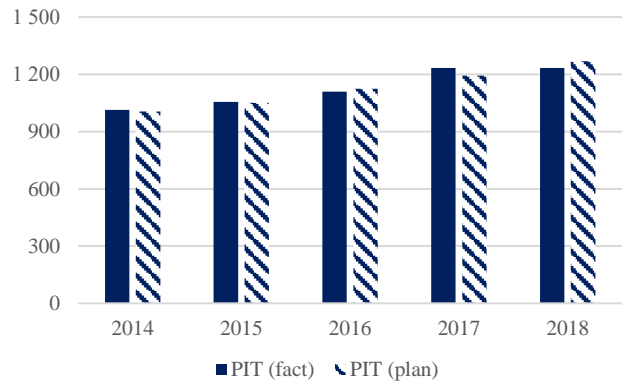
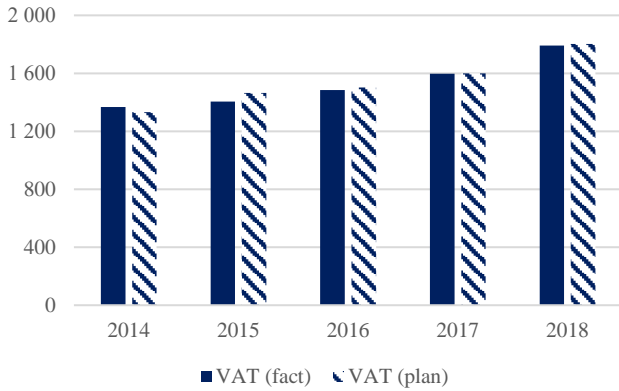


Chart 2. Execution of the VAT revenue plan: Quarter III of 2014 - Quarter III of 2018, million euro. Source: State revenue service

Chart 3. Execution of the PIT revenue plan: Quarter III of 2014 - Quarter III of 2018, million euro. Source: State revenue service

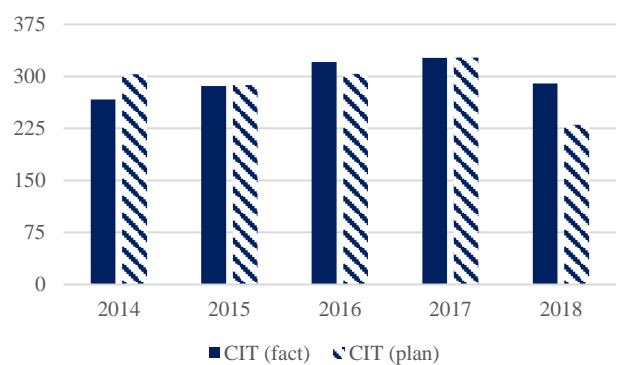
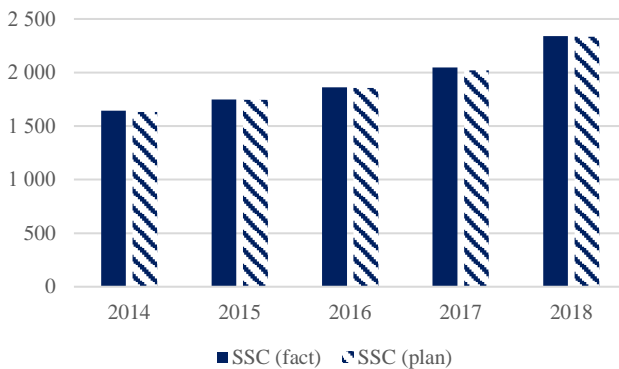


Chart 4. Execution of the SSC revenue plan: Quarter III of 2014 - Quarter III of 2018, million euro. Source: State revenue service

Chart 5. Execution of the CIT revenue plan: Quarter III of 2014 - Quarter III of 2018, million euro. Source: State revenue service

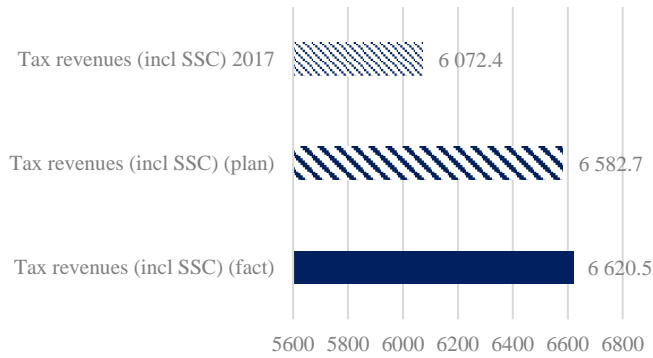
A similar consistency is evident with regard to the four major revenue positions – value-added tax (VAT), personal income tax (PIT), compulsory state social security contributions (SSC) and corporate income tax CIT). **In the last years, revenues in the first three quarters have been close to the forecasted level, however, this year CIT has been able to significantly exceed the forecasted level.**



Fiskālās disciplīnas
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Summary of budget revenues and expenditures: Quarter III of 2018

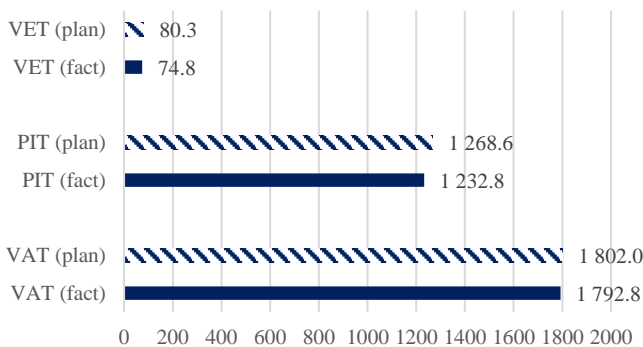
Tax revenues were above forecasted levels after the III quarter of 2018.



After the first three quarters of 2018 tax revenues (incl. SSC) amounted to 6.62 billion euro, which **was above the planned level by 37.8 million and by 9% more than in the first three quarters of 2017.**

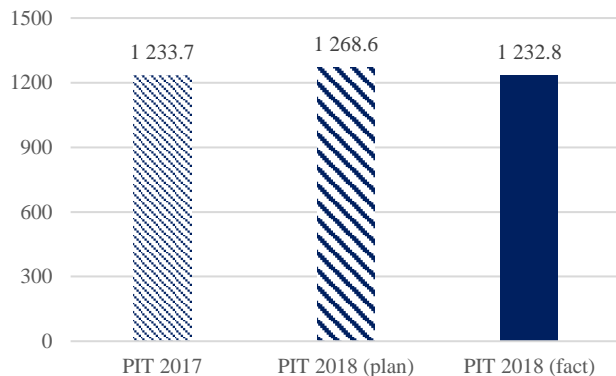
Chart 6. Execution of the tax revenue (incl. SSC) plan, million euro.

Source: State revenue service



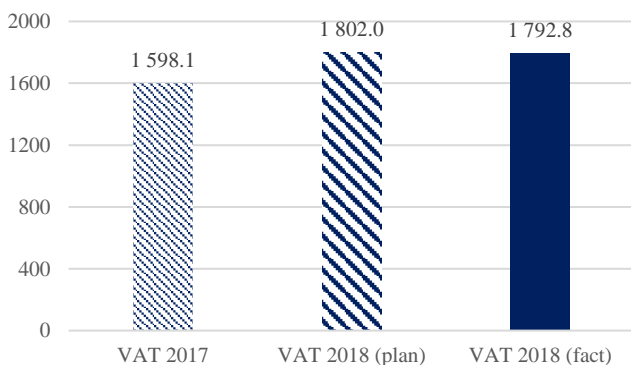
In the first three quarters of 2018, the most significant negative deviations were due to personal income tax (PIT) revenues, value added tax (VAT) revenues and vehicle exploitation tax (VET) revenues.

Chart 7. Significant deviations from the revenue plan after III quarter of 2018, million euro. Source: State revenue service



In first three quarters of 2018 PIT revenues were **0.1% less** than in the first three quarters of 2017 and they were below the planned level by 35.8 million euro.

Chart 8. Execution of the PIT revenue plan after III quarter of 2018, million euro. Source: State revenue service



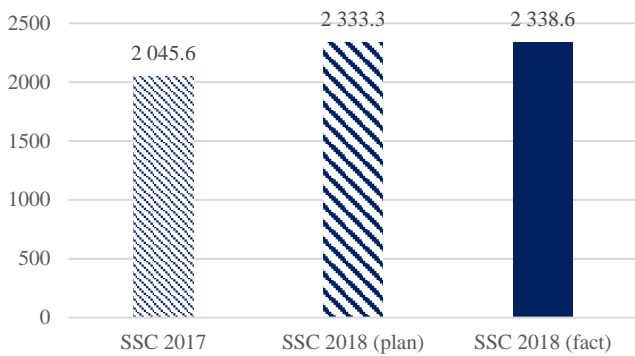
In the first three quarters of 2018 VAT revenues were **12.2% higher** than in the first three quarters of 2017 but they were below planned level by 9.2 million euro.

Chart 9. Execution of the VAT revenue plan after III quarter of 2018, million euro. Source: State revenue service



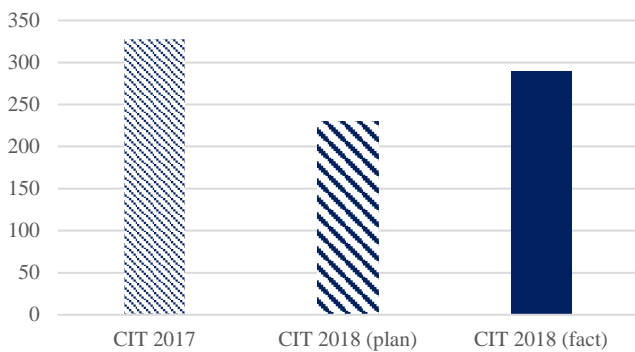
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Summary of budget revenues and expenditures: Quarter III of 2018



In the first three quarters of 2018 SSC revenues were **14.3% higher** than in the first three quarters of 2017 and they were above the planned level by 5.3 million euro.

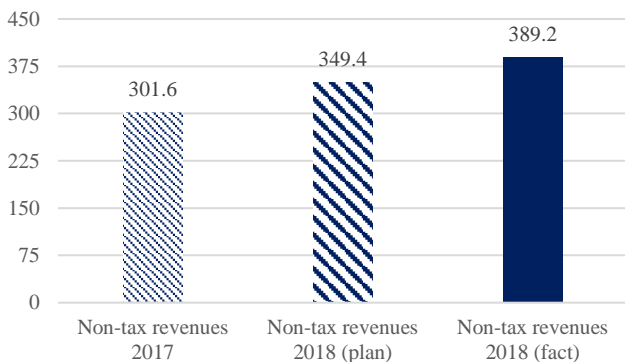
Chart 10. Execution of the SSC revenue plan after III quarter of 2018, million euro. Source: State revenue service



In the first three quarters of 2018 CIT revenues were **11.2% lower** than in the first three quarters of 2017 and they were above the planned level by 59.9 million euro.

Chart 11. Execution of the CIT revenue plan after III quarter of 2018, million euro. Source: State revenue service

Non-tax revenues were above forecasted levels after the III quarter of 2018.



In the first three quarters of 2018 non-tax revenues amounted to 389.2 million euro **and this is by 39.8 million euro above planned levels.**

Chart 12. Execution of the non-tax revenue plan after III quarter of 2018, million euro. Source: State revenue service



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Summary of budget revenues and expenditures: Quarter III of 2018

Uneven changes in the budget expenditures are noticed after the III quarter of 2018.

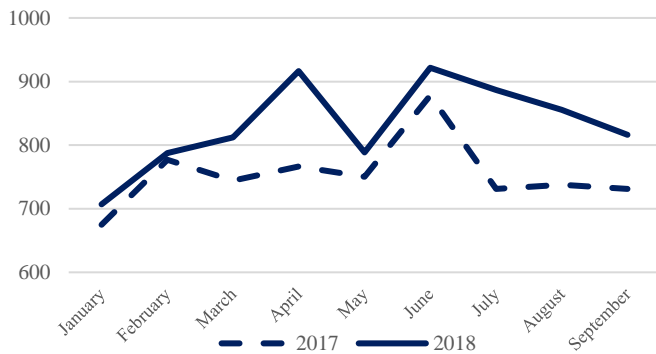


Chart 13. Consolidated government budget expenditure after III quarter of 2018, million euro. Source: Treasury

After the III quarter of 2018, consolidated government budget expenditure was 7.5 billion euro, which is **higher than in the III quarter of 2017** when expenditure accounted for 6.8 billion euro.

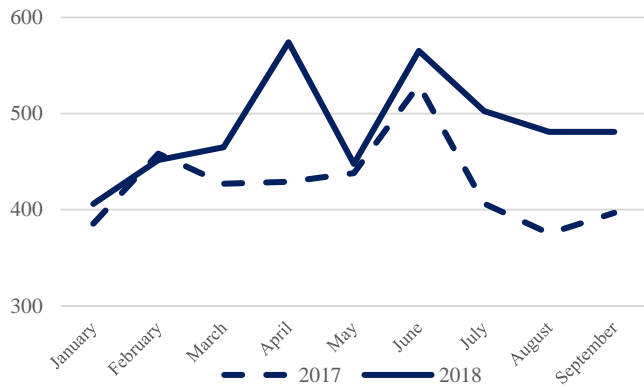


Chart 14. State basic budget expenditure after III quarter of 2018, million euro. Source: Treasury

After the III quarter of 2018, state basic budget expenditures amounted to 4.4 billion euro, which is **higher than in the III quarter of 2017** when expenditures accounted for 3.8 billion euro.

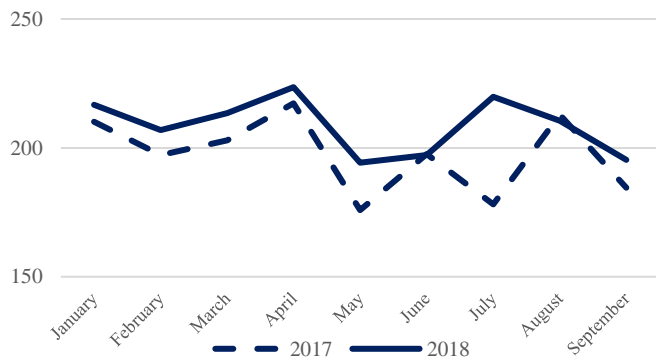


Chart 15. Special budget expenditure after III quarter of 2018, million euro. Source: Treasury

After the III quarter of 2018, special budget expenditures amounted to 1.9 billion euro, which is **higher than in the III quarter of 2017** when expenditures amounted for 1.8 billion euro.

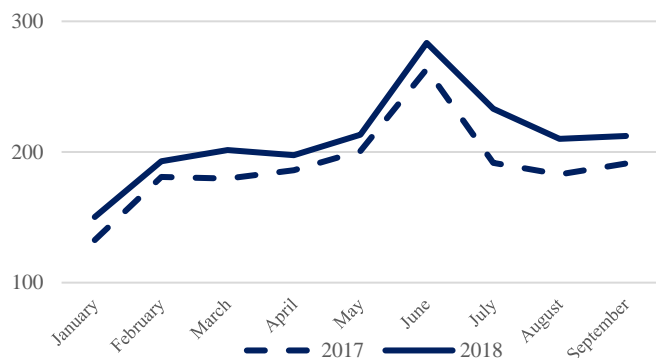


Chart 16. Local government expenditure after III quarter of 2018, million euro. Source: Treasury

After the III quarter of 2018, local government budget expenditures amounted to 1.9 billion euro, which is **higher in the III quarter of 2017** when expenditures accounted for 1.7 billion euro.



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Summary of budget revenues and expenditures: Quarter III of 2018

After the third quarter of 2018 the consolidated government budget balance is better than in 2017

	2016 (mln. euro)	2017 (mln. euro)	2018 (mln. euro)	2018 (mln. euro, plan ¹)
Consolidated government budget	303,6	360,8	691,3	-163,7
Government basic budget	141,3	190,4	475,9	-321,8
Special budget	12,3	63,8	148,8	125,9
Local government budget	106,8	74,7	19,3	31,5
Derived public persons budget	44,2	33,0	48,8	0,6

First three quarter balance sheets are far from annual plans, except for the local government budget balance

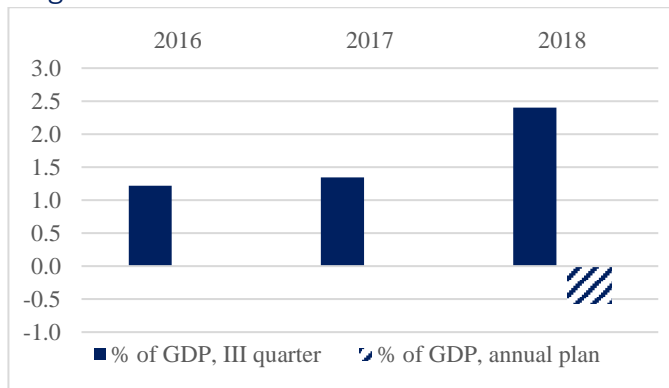


Chart 17. Consolidated government budget balance: Quarter III of 2016 - Quarter III of 2018, % of GDP. Source: Treasury

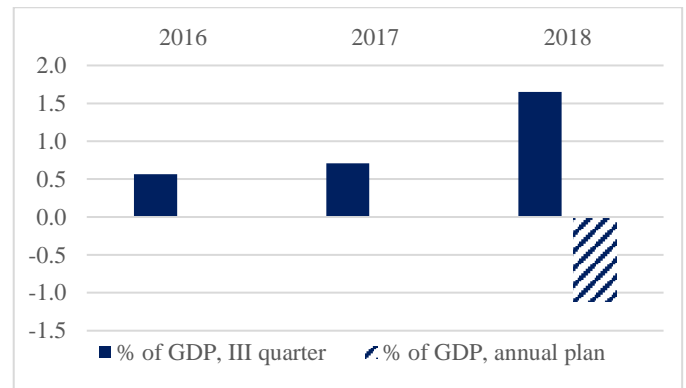


Chart 18. State basic budget balance: Quarter III of 2016 - Quarter III of 2018, % of GDP. Source: Treasury

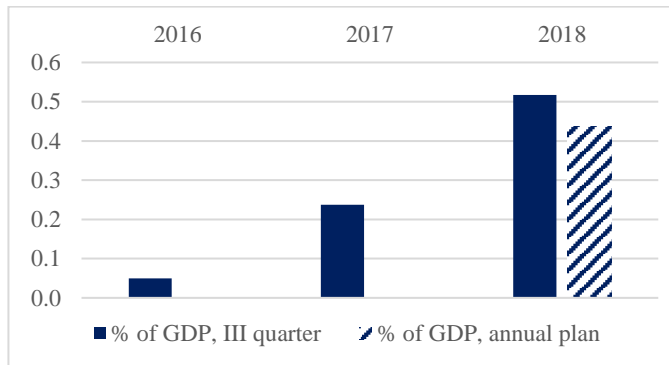


Chart 19. Government special budget balance: Quarter III of 2016 - Quarter III of 2018, % of GDP. Source: Treasury

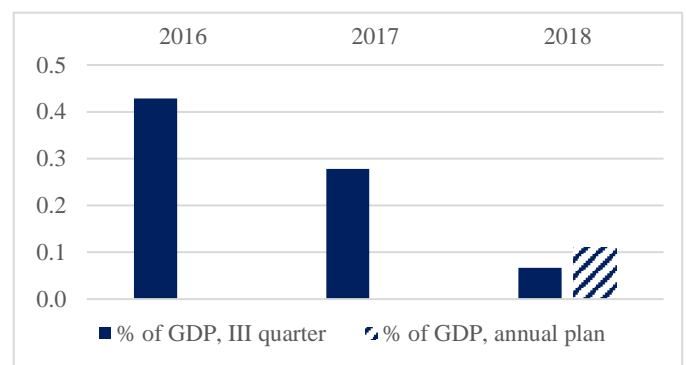


Chart 20. Local government budget balance: Quarter III of 2016 - Quarter III of 2018, % of GDP. Source: Treasury

The consolidated government budget and the state basic budget after the third quarter of 2018 are positive, as in previous years, **in Quarter 3 of 2018 reaching 2.4% of GDP for the consolidated government budget**. The local government budget balance shows the opposite result, it is below the annual plan. The government special budget balance is relatively close, however slightly above its planned 2018 budget.

This summary is based on the monthly publications of the [State revenue service](#) and the [Treasury](#).

¹ Law "On 2018 state budget". Fiscal policy explanations. Available: http://www.fm.gov.lv/files/files/FMPask_D_050218_bud2018.pdf, accessed on 18/10/2018.