



Fiskālās disciplīnas
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Summary of budget revenues and expenditures in 2018

The 2018 consolidated budget balance was weaker than planned, mainly due to significant deviations from the planned budgets of local governments. The general government budget balance is improved by a significantly better outcome of the European System of Accounts corrections¹.

Balance	2016, million euro		2017, million euro		2018, million euro	
	outcome	plan ²	outcome	plan ³	outcome	plan ⁴
General government budget	15.6	-260.9	-131.4	-263.1	-115.6	-265.3
ESA corrections	115.9	81.0	90.6	38.3	99.5	-101.6
Consolidated government budget	-100.3	-341.9	-221.9	-301.4	-215.1	-163.7
Government basic budget	-239.0	-388.8	-357.0	-366.6	-302.1	-321.7
Special budget	47.8	104.6	113.8	65.3	202.2	125.9
Local government budget	57.4	-52.7	-14.2	0.0	-150.5	31.6
Derived public persons budget	33.7	-5.0	35.6	-0.1	35.2	0.6

Local government budgets' balance (Chart 3) lag behind planned by 0.6% of GDP, while ESA corrections (Chart 4) improve the general government budget balance annually, incl. 2018 by 0.7% of GDP.

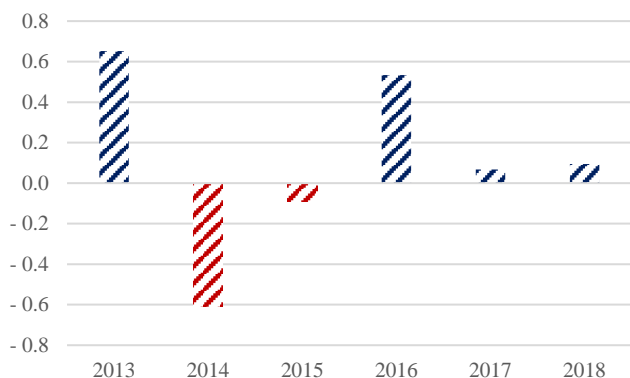


Chart 1. Difference among outcome and planned state basic budget balance (cash flow), 2013.-2018., %pp of GDP. Source: Treasury.

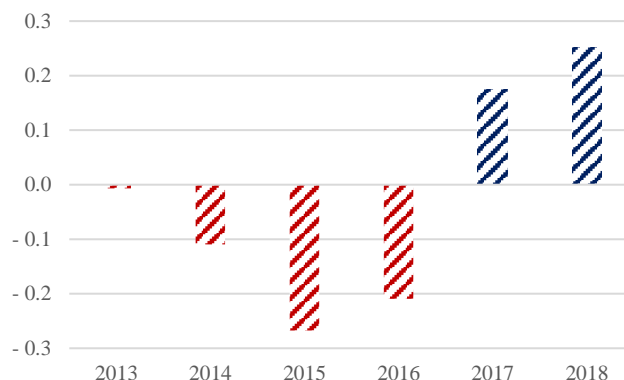


Chart 2. Difference among outcome and planned state special budget balance (cash flow), 2013.-2018., %pp of GDP. Source: Treasury.

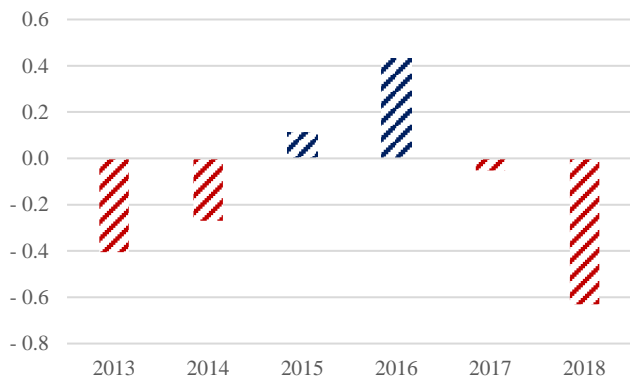


Chart 3. Difference among outcome and planned local government budget balance (cash flow), 2013.-2018., %pp of GDP. Source: Treasury.

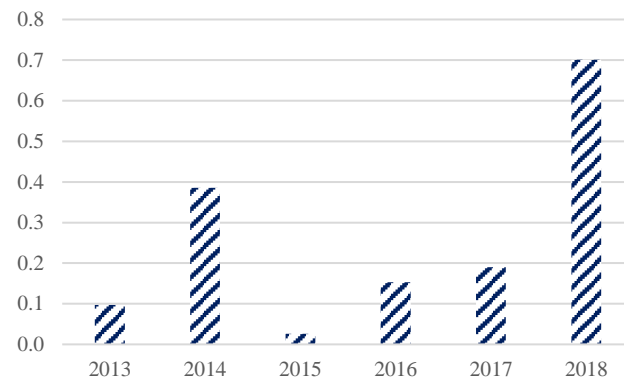


Chart 4. Difference among outcome and planned ESA corrections, 2013.-2018., %pp of GDP. Source: MoF.

¹ More data and charts on each budget are available in the MS Excel file here: http://fdp.gov.lv/files/uploaded/2018_Quarter_IV_EN.xlsx, accessed on: 01.02.2019

² Law "On 2016 state budget". Fiscal policy explanations (in Latvian). Available: http://www.fm.gov.lv/files/valstsbudzets/2016/FMPask_D_180216_bud2016.pdf, accessed on: 01.02.2019

³ Law "On 2017 state budget". Fiscal policy explanations (in Latvian). Available here: http://www.fm.gov.lv/files/valstsbudzets/FMPask_D_100217_bud2017.pdf, accessed on: 01.02.2019

⁴ Law "On 2018 state budget". Fiscal policy explanations (in Latvian). Available: http://www.fm.gov.lv/files/files/FMPask_D_050218_bud2018.pdf, accessed on 01.20.2019



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Tax revenue forecasts remained conservative (Chart 5). However, since 2016, there has been no increase in tax-to-GDP (Chart 6).

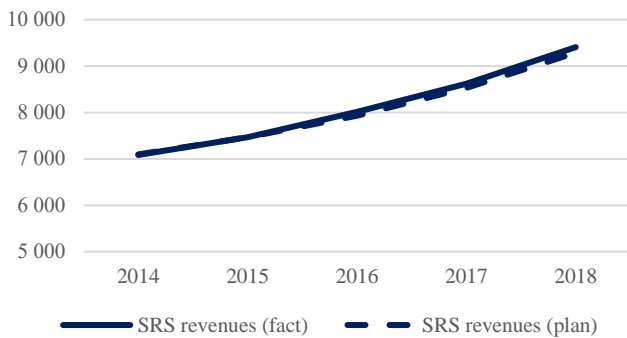


Chart 5. Execution of the tax revenue (incl. SSC) plan: 2014 - 2018, million euro. Source: State revenue service.

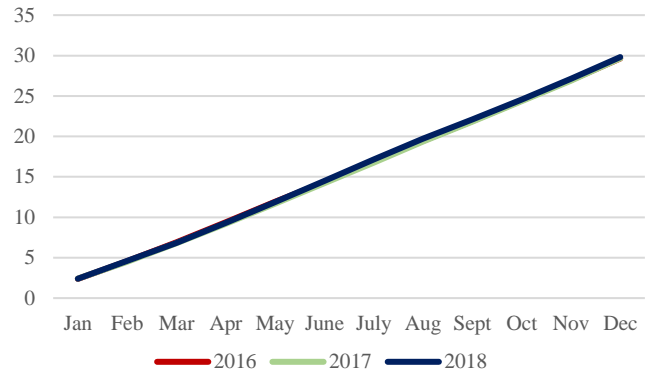


Chart 6. Tax income, monthly figures 2016-2018, cumulative, % of GDP. Source: Treasury.

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

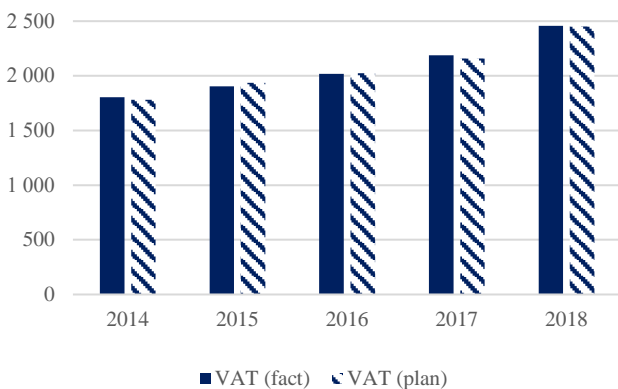


Chart 7. Execution of the VAT revenue plan: 2014 - 2018, million euro. Source: State revenue service.

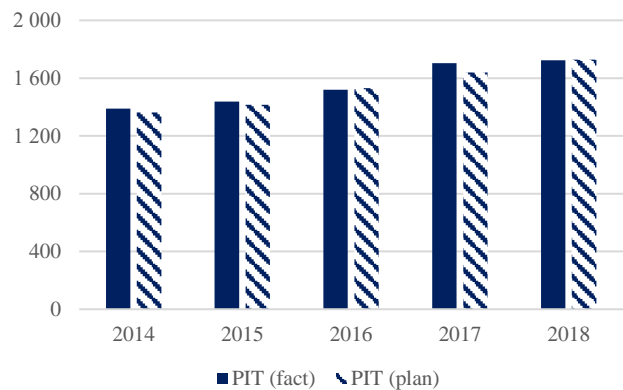


Chart 8. Execution of the PIT revenue plan: 2014 - 2018, million euro. Source: State revenue service.

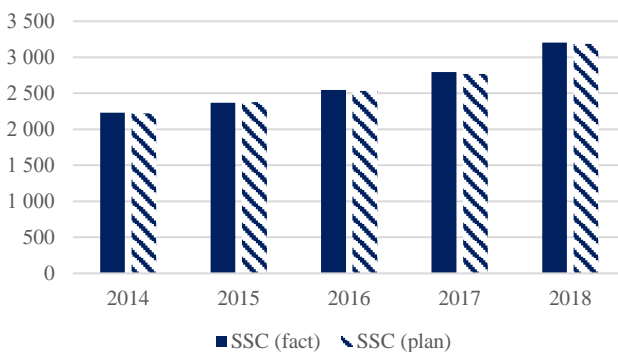


Chart 9. Execution of the SSC revenue plan: 2014 - 2018, million euro. Source: State revenue service.

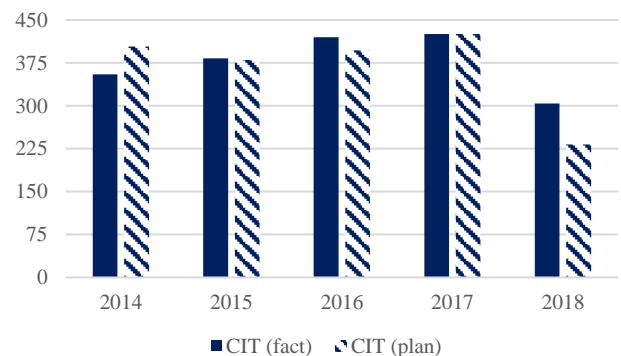


Chart 10. Execution of the CIT revenue plan: 2014 - 2018, million euro. Source: State revenue service.

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 have been close to the forecasted level, however, CIT has been able to significantly exceed the forecasted level in 2018. Mostly because of the tax reform impact demanding to take cautious approach.**



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Summary of budget revenues and expenditures in 2018

Tax revenues were above forecasted levels in 2018.



Chart 11. Execution of the tax revenue (incl. SSC) plan, million euro.
Source: State revenue service.

Tax revenues (incl. SSC) amounted to 8.96 billion euro in 2018, which **was above the planned level by 87.1 million and by 8.4% more than in the 2017.**

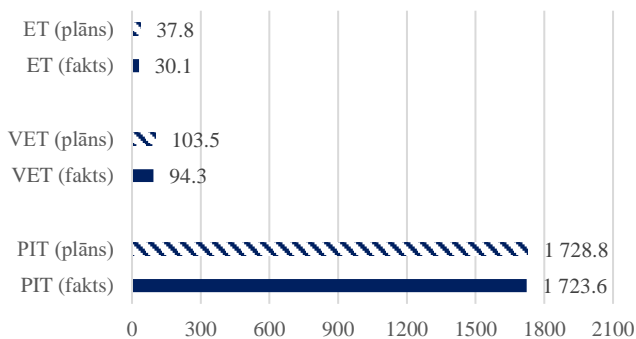


Chart 12. Significant deviations from the revenue plan in 2018, million euro.
Source: State revenue service.

In 2018, the most significant negative deviations were due to personal income tax (PIT) revenues, vehicle exploitation tax (VET) revenues and environmental tax (ET) revenues.

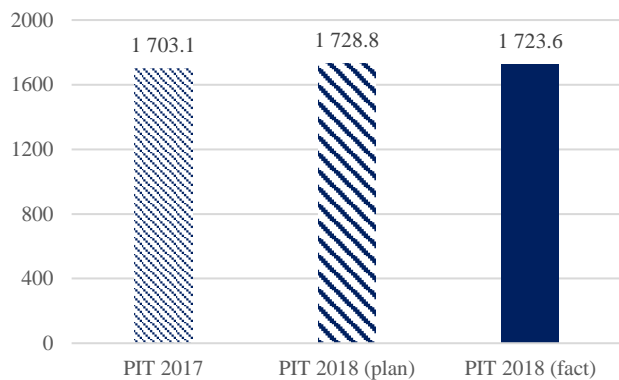


Chart 13. Execution of the PIT revenue plan in 2018, million euro. Source: State revenue service.

PIT revenues in 2018 were **1.2% higher** than in the 2017 but they were below the planned level by 5.2 million euro.

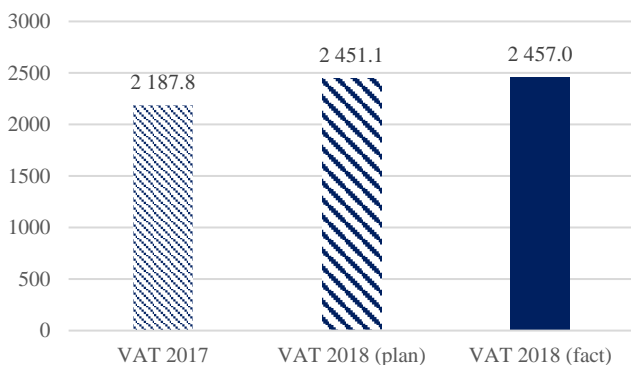


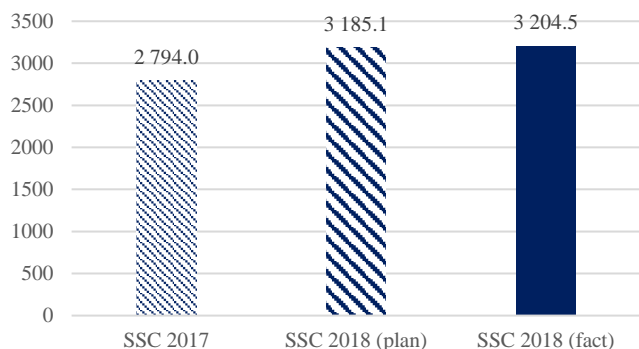
Chart 14. Execution of the VAT revenue plan in 2018, million euro. Source: State revenue service.

VAT revenues in 2018 were **12.3% higher** than in the 2017 and they were above planned level by 5.8 million euro.



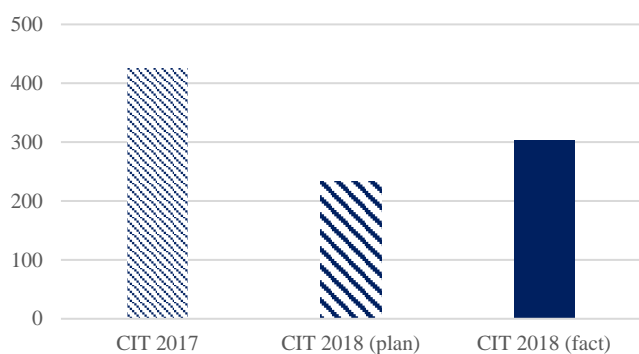
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Summary of budget revenues and expenditures in 2018



SSC revenues in 2018 were **14.7% higher** than in the 2017 and they were above the planned level by 19.4 million euro.

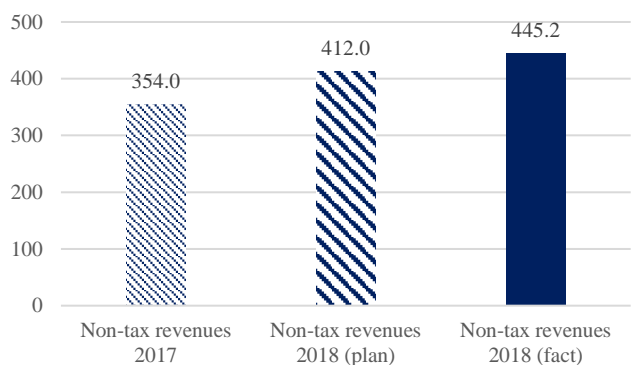
Chart 15. Execution of the SSC revenue plan in 2018, million euro. Source: State revenue service.



CIT revenues in 2018 were **28,6% lower** than in the 2017 but they were above the planned level by 71.3 million euro.

Chart 16. Execution of the CIT revenue plan in 2018, million euro. Source: State revenue service.

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



Non-tax revenues in 2018 amounted to 445.2 million euro **and this is by 33.3 million euro above planned levels.**

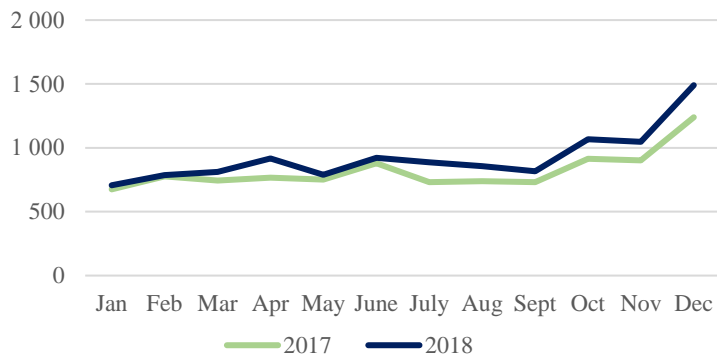
Chart 17. Execution of the non-tax revenue plan in 2018, million euro. Source: State revenue service.



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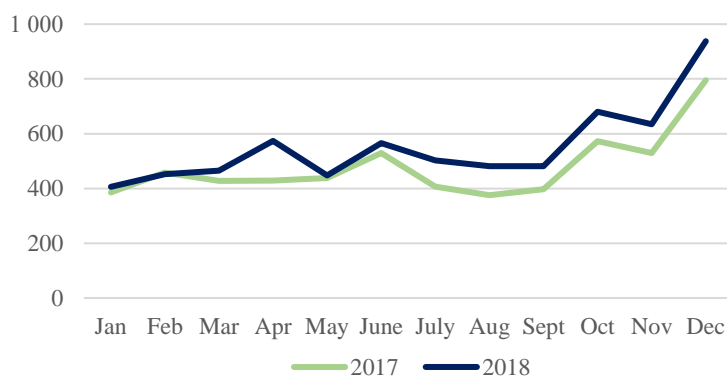
Summary of budget revenues and expenditures in 2018

In 2018, the state budget expenditures keep a similar trend as in 2017.



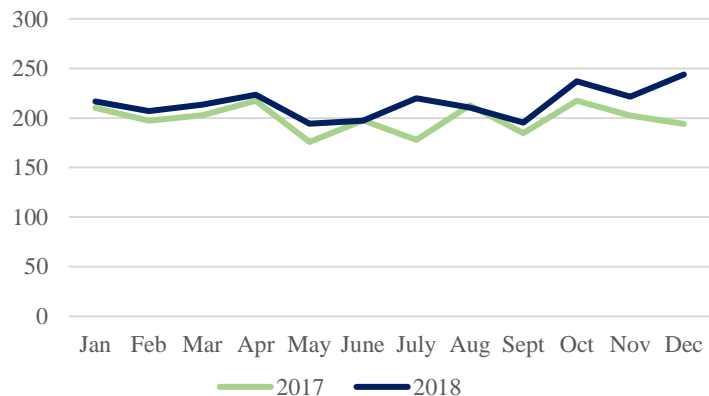
In 2018, consolidated government budget expenditure was 11.1 billion euro, which is **higher than in the 2017** when expenditure accounted for 9.8 billion euro.

Chart 18. Consolidated government budget expenditure in 2017-2018, million euro. Source: Treasury.



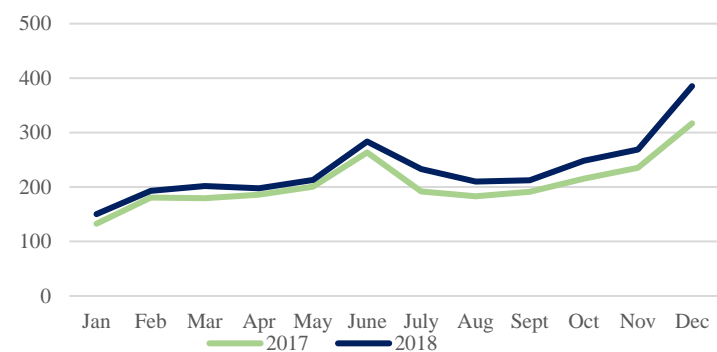
In 2018, state basic budget expenditures amounted to 6,6 billion euro, which is **higher than in the 2017** when expenditures accounted for 5.7 billion euro.

Chart 19. State basic budget expenditure in 2017-2018, million euro. Source: Treasury.



In 2018, special budget expenditures amounted to 2.6 billion euro, which is **higher than in the 2017** when expenditures amounted for 2.4 billion euro.

Chart 20. Special budget expenditure in 2017-2018, million euro. Source: Treasury.



In 2018, local government budget expenditures amounted to 2.8 billion euro, which is **higher in 2017** when expenditures accounted for 2.5 billion euro.

Chart 21. Local government expenditure in 2017-2018, million euro. Source: Treasury.

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