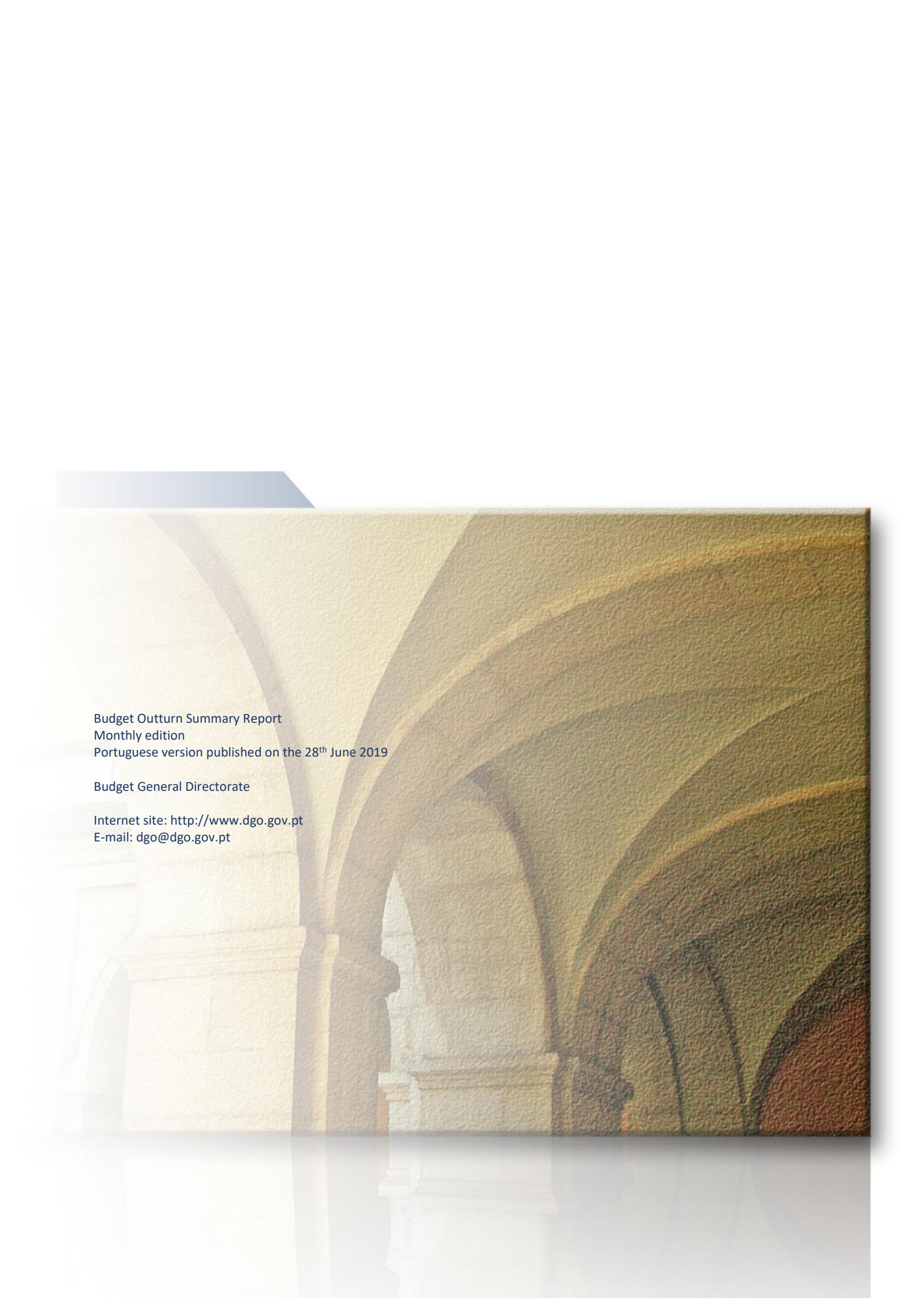


# Budget Outturn Summary Report

*May 2019*

**DGO**çamentos  
PORTUGAL  
MINISTRY OF FINANCE  
BUDGET GENERAL DIRECTORATE



Budget Outturn Summary Report  
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Budget General Directorate

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- According to the May 2019 implementation data available, the **General Government balance** on a cash basis approach (that is, revenues minus payments) amounted to -637.3 million euros, which has underlying an improvement of 1,572.7 million euros, compared to the amount recorded in 2018 (-2,210 million euros). The primary surplus was 3,000.6 million euros, 1,484.4 million euros higher than in 2018.

Table 1 – General Government consolidated accounts

Period: January to May							€ Millions
	Implementation		YOY Change				Contribution (p.p.)
			Absolute		Relative (%)		
	2018	2019	April	May	April	May	
<b>Current revenue</b>	<b>29 417,3</b>	<b>31 052,8</b>	<b>1 021,3</b>	<b>1 635,5</b>	<b>4,3</b>	<b>5,6</b>	<b>5,4</b>
Tax	16 258,7	17 121,6	933,3	862,9	7,1	5,3	2,9
Social security contributions	8 065,8	8 615,7	407,7	549,9	6,3	6,8	1,8
Other current revenue	5 055,4	5 222,6	-315,7	167,2	-7,7	3,3	0,6
Consolidation differences	37,4	93,0	-3,9	55,6	-	-	0,2
<b>Capital revenue</b>	<b>639,8</b>	<b>963,7</b>	<b>54,1</b>	<b>323,9</b>	<b>10,7</b>	<b>50,6</b>	<b>1,1</b>
Consolidation differences	7,1	52,1	-2,0	45,1	-	-	0,1
<b>Effective revenue</b>	<b>30 057,1</b>	<b>32 016,6</b>	<b>1 075,4</b>	<b>1 959,4</b>	<b>4,5</b>	<b>6,5</b>	
<b>Current expenditure</b>	<b>30 411,1</b>	<b>30 734,7</b>	<b>169,3</b>	<b>323,6</b>	<b>0,7</b>	<b>1,1</b>	<b>1,0</b>
Compensation of employees	7 404,2	7 724,8	275,6	320,6	4,7	4,3	1,0
Purchase of goods and services	4 780,4	4 541,3	-227,2	-239,1	-6,0	-5,0	-0,7
Interests and other charges	3 726,2	3 637,9	-102,8	-88,2	-2,9	-2,4	-0,3
Current transfers	13 692,3	14 080,2	314,0	387,9	2,9	2,8	1,2
Subsidies	368,6	396,2	14,6	27,6	5,0	7,5	0,1
Other current expenditures	403,3	345,0	-31,5	-58,3	-10,5	-14,5	-0,2
Consolidation differences	36,2	9,3	-73,5	-26,9	-	-	-0,1
<b>Capital expenditure</b>	<b>1 856,0</b>	<b>1 919,1</b>	<b>120,4</b>	<b>63,1</b>	<b>8,4</b>	<b>3,4</b>	<b>0,2</b>
Investments	1 478,8	1 510,6	80,7	31,7	7,0	2,1	0,1
Capital transfers	339,6	373,8	22,0	34,1	8,2	10,0	0,1
Other capital expenditures	8,8	13,0	3,9	4,2	51,2	47,5	0,0
Consolidation differences	28,7	21,8	13,8	-6,9	-	-	0,0
<b>Effective expenditure</b>	<b>32 267,1</b>	<b>32 653,9</b>	<b>289,7</b>	<b>386,7</b>	<b>1,1</b>	<b>1,2</b>	
<b>Overall balance</b>	<b>-2 210,0</b>	<b>-637,3</b>	<b>785,7</b>	<b>1 572,7</b>			
Primary expenditure	28 541,0	29 015,9	392,5	475,0	1,7	1,7	
Current balance	-993,8	318,1	852,0	1 311,9			
Capital balance	-1 216,2	-955,4	-66,3	260,7			
Primary balance	1 516,2	3 000,6	682,9	1 484,4			

**Note:** Cash basis amounts consolidated of flows among different subsectors; differences against the values published in 2018 are due to data updates.

**Source:** Budget General Directorate and Social Security Financial Management Institute

The evolution of the General Government balance was driven by the increase in revenue (+6.5%), which was higher than that of expenditure (1.2%). Regarding revenue, tax revenue increased by 5.3% (contribution of 2.9 p.p. to the revenue YOY change rate) compared to 2018, boosted mainly by the increase in the Value-Added Tax and the Personal Income Tax. Regarding expenditure, growth was particularly a result

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of current transfers (+2.8%, with a contribution of 1.2 p.p. to the expenditure YOY change rate) and compensation of employees (+4.3%, contribution of 1 p.p.).

As regards the revenue behavior, the observed increase (1,959.4 million euros compared to 2018) mainly reflects the positive evolution of tax revenue (862.9 million euros)<sup>1</sup>, despite the monthly lag in the Municipal Real Estate Tax's revenue, and the contributory revenue, with reflex in the evolution of social security contributions (+6.8%, that is +549.9 million euros). The increase in other current revenue (+167.2 million euros) was influenced by the higher amount of *Banco de Portugal* dividends in 2019.

The expenditure increase (by 386.7 million euros compared to 2018) was mainly due to the evolution of: i) Current transfers (+387.9 million euros), mainly influenced by the increase in pension expenditure under the general social security scheme (295.8 million euros) and in the financial contribution to the European Union budget (123.2 million euros); and ii) Compensation of employees (+320.6 million euros), which incorporates the impact of the policy measures of salary promotion in public sector, in particular the un-freezing of promotions and progressions of careers. On the opposite direction, it highlights the decrease in expenditure on the acquisition of current goods and services (-5%, with a contribution of -0.7 p.p. to the expenditure YOY growth), influenced by the 2018 base effect associated with the payment of National Health Service's arrears and in interest and other charges (-2,4%, a contribution of -0.3 p.p.).

- The improvement of the **General Government's balance** (+1,572.7 million euros) by sub-sectors was due to the positive contribution from the Autonomous Services and Funds sub-sector (+1,012.2 million euros), the State sub-sector (+514 million euros) and Social Security (+336.4 million of euros). On the opposite direction, it is noteworthy the deterioration of the Local Government balance (-278 million euros), as well as that of Regional Government (-11.8 million euros).

**Table 2 – General Government budgetary implementation by sub-sectors – revenue, expenditure and balance**

Period: January to May	€ Millions							
	Overall balance		Revenue		Expenditure		YOY Change Rate (%)	
	2018	2019	2019	2019	2019	2019	Revenue	Expenditure
Central Government and Social Security	-2 745,8	-883,3	27 390,1	29 646,9	30 135,9	30 530,3	8,2	1,3
Central Government (CG)	-4 233,8	-2 707,7	20 611,3	22 266,6	24 845,2	24 974,4	8,0	0,5
State subsector	-4 216,8	-3 702,9	15 757,0	17 252,1	19 973,8	20 955,0	9,5	4,9
Autonomous Services and Funds	-17,1	995,1	11 758,9	12 288,7	11 776,0	11 293,5	4,5	-4,1
of which: CG reclassified State Owned Enterprises	-910,1	35,0	3 490,6	3 904,6	4 400,7	3 869,6	11,9	-12,1
Social Security	1 488,0	1 824,4	10 950,1	11 791,0	9 462,0	9 966,6	7,7	5,3
Regional Government	-30,9	-42,7	965,8	970,0	996,7	1 012,8	0,4	1,6
Local Government	566,7	288,7	3 147,2	3 018,0	2 580,4	2 729,3	-4,1	5,8
<b>General Government</b>	<b>-2 210,0</b>	<b>-637,3</b>	<b>30 057,1</b>	<b>32 016,6</b>	<b>32 267,1</b>	<b>32 653,9</b>	<b>6,5</b>	<b>1,2</b>

**Note:** Cash basis amounts not consolidated of flows among different sub-sectors; differences against the values published in 2018 are due to data updates.  
**Source:** Budget General Directorate

<sup>1</sup> Tax revenue was influenced by: i) Tax on oil and energy products and the Tax on tobacco: consequence of the extension to January 2, 2019 of the term of payment of these taxes, due to the day-off granted on December 31, 2018 by the Government, which had an impact on the execution of December 2018 and January 2019; ii) Municipal Real Estate Tax: in 2019, the payment by taxpayers of the first installment occurs in June, unlike the previous years, when the corresponding revenue occurred in May.

- **Central Government and Social Security** balance (cash basis) in 2019 amounted to -883.3 million euros (-2,745.8 million in 2018), while the primary balance was +2,622.6 million euros (+879.8 million in 2018). Revenue's rate of growth was 8.2%, while expenditure's was 1.3%. On its turn, primary expenditure increased 1.9%.

Table 3 - Central Government and Social Security consolidated account

Period: January to May							€ Millions
Revenue/expenditure/balance	2018	2019	YOY cumulative change				YOY Change Rate Contrib. (p.p.)
	Cumulative implementation		Absolute		Relative (%)		
			April	May	April	May	
<b>Current revenue</b>	<b>26 934,4</b>	<b>29 107,2</b>	<b>1 021,6</b>	<b>2 172,8</b>	<b>4,6</b>	<b>8,1</b>	<b>7,9</b>
Tax	14 414,7	15 808,8	901,3	1 394,1	7,5	9,7	5,1
Direct taxes	3 929,4	4 240,2	123,3	310,7	3,1	7,9	1,1
Indirect taxes	10 485,2	11 568,6	778,0	1 083,4	9,6	10,3	4,0
Social security contributions	8 065,4	8 615,7	408,1	550,2	6,3	6,8	2,0
Current transfers	720,7	739,3	42,6	18,6	7,1	2,6	0,1
Other current revenue	3 687,7	3 740,2	-439,7	52,4	-14,6	1,4	0,2
Consolidation differences	45,9	203,4					
<b>Capital revenue</b>	<b>455,7</b>	<b>539,7</b>	<b>11,6</b>	<b>84,0</b>	<b>3,3</b>	<b>18,4</b>	<b>0,3</b>
Sale of investment good	34,7	59,7	17,2	25,0	69,0	71,9	0,1
Capital transfers	397,7	426,3	1,6	28,6	0,5	7,2	0,1
Other capital revenue	16,1	8,7	-4,7	-7,4	-32,7	-46,0	0,0
Consolidation differences	7,1	45,0					
<b>Effective revenue</b>	<b>27 390,1</b>	<b>29 646,9</b>	<b>1 033,2</b>	<b>2 256,8</b>	<b>4,6</b>	<b>8,2</b>	
Memo Item:							
<i>Tax and contributions revenue</i>	22 480,1	24 424,4	1 309,4	1 944,3	7,1	8,6	7,1
<i>Non tax revenue</i>	4 910,0	5 222,5	-276,2	312,5	-7,0	6,4	1,1
<b>Current expenditure</b>	<b>28 789,5</b>	<b>29 098,1</b>	<b>195,9</b>	<b>308,6</b>	<b>0,8</b>	<b>1,1</b>	<b>1,0</b>
Employees	6 033,9	6 267,6	193,6	233,7	4,1	3,9	0,8
Purchase of goods and services	3 614,8	3 392,9	-228,8	-221,9	-7,9	-6,1	-0,7
Interests and other charges	3 625,6	3 505,9	-131,5	-119,6	-3,8	-3,3	-0,4
Current transfers	14 843,8	15 262,9	335,6	419,1	2,8	2,8	1,4
Subsidies	344,9	366,0	12,0	21,0	4,3	6,1	0,1
Other current expenditure	292,7	282,6	17,8	-10,1	8,6	-3,4	0,0
Consolidation differences	33,8	20,2					
<b>Capital expenditure</b>	<b>1 346,5</b>	<b>1 432,2</b>	<b>133,3</b>	<b>85,7</b>	<b>12,2</b>	<b>6,4</b>	<b>0,3</b>
Investments	942,5	928,4	25,9	-14,0	3,3	-1,5	0,0
Capital transfers	366,5	479,3	93,0	112,8	30,9	30,8	0,4
Other capital expenditure	2,1	2,6	0,6	0,5	37,2	25,1	0,0
Consolidation differences	35,4	21,8					
<b>Effective Expenditure</b>	<b>30 135,9</b>	<b>30 530,3</b>	<b>329,1</b>	<b>394,3</b>	<b>1,3</b>	<b>1,3</b>	
Memo Item:							
<i>Current and capital transfers</i>	15 210,3	15 742,1	428,6	531,9	3,5	3,5	1,8
<i>Other current and capital expenditure</i>	294,8	285,2	18,4	-9,6	8,9	-3,2	0,0
<b>Overall balance</b>	<b>-2 745,8</b>	<b>-883,3</b>	<b>704,0</b>	<b>1 862,5</b>			
Primary expenditure	26 510,4	27 024,3	460,6	514,0	2,2	1,9	1,7
Current balance	-1 855,0	9,2	825,7	1 864,2			
Capital balance	-890,8	-892,5	-121,7	-1,7			
Primary balance	879,8	2 622,6	572,6	1 742,8			

Source: Budget General Directorate and Social Security Financial Management Institute

- **Regional and Local Government** recorded a balance (cash basis) of 246 million euros, that is -289.8 million euros in comparison with the previous year. Local Government showed a balance of 288.7 million euros and Regional Government of -42.7 million euros, -278 million euros and -11.8 million euros than until May 2018, respectively.

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- The **stock of public entities' arrears** at the end of May 2019 amounted to 857.8 million euros, representing a reduction of 112.3 million euros regarding May 2018 and an increase of 35.5 million euros over April 2019.

**Table 4 – Arrears (overdue for more than 90 days) - Stock in the end of the period (consolidated)**

Period: January to May														€ Millions		
Subsector	2018										2019				monthly variation	YOY variation
	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May*			
<b>General Government</b>	<b>969,6</b>	<b>1 028,8</b>	<b>1 034,0</b>	<b>1 037,2</b>	<b>1 128,0</b>	<b>1 113,0</b>	<b>1 163,6</b>	<b>707,5</b>	<b>741,3</b>	<b>738,3</b>	<b>744,5</b>	<b>821,8</b>	<b>857,3</b>	<b>35,5</b>	<b>-112,3</b>	
Central Government excl. Health Subsector	23,9	24,2	26,7	27,2	30,5	27,7	28,2	17,7	16,6	19,1	21,9	23,1	24,6	1,5	0,7	
Health Subsector	8,7	3,1	4,6	2,4	3,1	3,0	4,1	2,0	1,4	1,7	2,7	3,4	7,6	4,2	-1,1	
National Health Service - SOE Hospitals	704,8	773,2	773,4	773,0	859,0	851,4	902,9	483,8	530,3	520,1	519,8	587,1	626,5	39,4	-78,3	
Reclassified Public Enterprises	12,3	12,1	12,1	12,8	12,8	12,1	12,1	12,1	16,7	16,7	18,6	18,0	18,0	0,0	5,7	
Local Government	113,7	110,9	110,4	112,6	111,6	107,1	103,9	91,7	77,9	76,4	78,8	82,5	76,8	-5,8	-37,0	
Regional Government	106,2	105,4	106,8	109,2	111,0	111,7	112,4	100,2	98,4	104,2	102,7	107,6	103,8	-3,8	-2,4	
<b>Other Entities</b>	<b>0,4</b>	<b>0,4</b>	<b>0,4</b>	<b>0,4</b>	<b>0,4</b>	<b>0,4</b>	<b>0,4</b>	<b>0,4</b>	<b>0,4</b>	<b>0,4</b>	<b>0,4</b>	<b>0,4</b>	<b>0,4</b>	<b>0,0</b>	<b>0,0</b>	
Non-reclassified Public Enterprises	0,4	0,4	0,4	0,4	0,4	0,4	0,4	0,4	0,4	0,4	0,4	0,4	0,4	0,0	0,0	
<b>Total</b>	<b>970,0</b>	<b>1 029,3</b>	<b>1 034,4</b>	<b>1 037,6</b>	<b>1 128,4</b>	<b>1 113,5</b>	<b>1 164,0</b>	<b>708,0</b>	<b>741,8</b>	<b>738,7</b>	<b>744,9</b>	<b>822,2</b>	<b>857,8</b>	<b>35,5</b>	<b>-112,3</b>	

(\*) May 2019 - Provisional data. In the case of non-reclassified public enterprises, and since that this information is not available, the stock is the same of the previous month

**Source:** Compiled by Budget General Directorate (DGO) based on data collected by Local Government Directorate (DGAL), DGO, Azores Autonomous Region Budget and Treasury Regional Directorate and Madeira Autonomous Region Budget and Treasury Regional Directorate.

The year-on-year reduction was attributable to the National Health Service's institutions belonging to the State-Owned Enterprises (SOE) sector and to the Local Government (-78.3 million euros and -37 million euros, respectively). Compared to the previous month, the increase was mainly due to the NHS – SOE hospitals (+39.4 million euros).

- Until May 2019, the **operations with different impact on the National Accounts** were as follows.

**Table 5 – Explanatory factors contributing to the year-on-year change with a differentiated effect on National Accounts**

Period: January to May					€ Millions
	Impact on cash basis approach		Impact on National Accounts (European Standard Accounts)		Difference of approaches (impact on the year-on-year change rate) [(4)-(3)] - [(2)-(1)]
	2 018	2 019	2 018	2 019	
	(1)	(2)	(3)	(4)	
<b>Overall balance</b>	<b>-993</b>	<b>-873</b>	<b>-738</b>	<b>-873</b>	<b>-255</b>
<b>Revenue</b>	<b>113</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>113</b>
Refund payments on European Union budget own resources	103	0	0	0	103 (a)
F-16 aircraft sales to the Republic of Romania	10	0	0	0	10 (b)
<b>Expenditure</b>	<b>1 106</b>	<b>873</b>	<b>738</b>	<b>873</b>	<b>368</b>
Contribution of Portugal to the European Union budget	750	873	738	873	12 (c)
Payment of interest charges due to swap contracts (following legal proceedings)	306	0	0	0	306 (d)
Devolution of the civil protection fee by the City Hall of Lisbon	50	0	0	0	50 (e)

**Explanatory notes:**

(a) The European Union's refunds are made in the year following the budgets that gave rise to them, so that, in National Accounts, they were accounted for in those years. The amounts received in 2018 relate to 2017.

(b) In National Accounts, the operation is recorded at the moment of the delivery, deducting the corresponding amount to the gross fixed capital formation.



(c) In National Accounts, the impact of the financial contribution to the European Union on expenditure is based on the year of the budget to which the contribution relates.

(d) It is at stake the settlement of outstanding payments until the conclusion of the agreement due to legal proceedings relating to swap contracts. In National Accounts, this expenditure - referring to *Metro do Porto*, *Metropolitano de Lisboa* and the Autonomous Region of Madeira - is considered a financial transaction, thus not having an impact on the overall balance.

(e) In National Accounts, the devolution of the civil protection fee was registered in 2017.