

Summary

Full report is available [in Serbian >>](#)

General government registered a deficit of RSD 11.1 bn in 2019. Surpluses were recorded by the Republic and the Pension Fund, whereas local government, other social security funds and companies *Roads and Corridors* of Serbia registered deficits.

The *fiscal result was by RSD 43.3 bn lower than in 2018* (when a surplus of RSD 32.2 bn was recorded). This deterioration was attributable to the larger increase in expenditures over revenues (expenditures increased by RSD 216.6 bn and revenues by RSD 173.3 bn).

CONSOLIDATED GENERAL GOVERNMENT REVENUES

January–December 2019 in RSD bn	Amount	Change y-o-y	
TOTAL	2,278.6	173.3	8.2%
Current revenues	2,263.7	173.1	8.3%
<u>Tax revenues</u>	<u>1,993.7</u>	<u>171.4</u>	<u>9.4%</u>
Personal income tax	203.7	24.3	13.6%
Corporate income tax	126.7	14.2	12.7%
Value added tax	550.6	50.7	10.2%
Excise taxes	306.5	16.5	5.7%
Customs	48.1	4.4	10.2%
Property tax	53.1	3.6	7.2%
Other tax revenues	29.0	1.4	5.1%
Social security contributions	675.9	56.2	9.1%
<u>Non-tax revenues</u>	<u>270.0</u>	<u>1.7</u>	<u>0.6%</u>
Grants	14.9	0.2	1.3%

Data source: Ministry of Finance of the Rep. of Serbia and PBO calculations
Data do not include indirect budget beneficiaries which are not included in the budget execution system.

Revenues of the general government totalled RSD 2,278.6 bn in 2019, which represents a y-o-y *increase* of **RSD 173.3 bn (8.2%)**.

◆ Substantial increases in revenues:

- ◇ *Social security contributions* rose by RSD 56.2 bn (9.1%). Social security contributions are paid on salaries, so their growth reflects an increase in average salaries and registered employment during 2019;
- ◇ *Value added tax* revenues increased by RSD 50.7 bn (10.2%). This increase largely reflects macroeconomic developments — in particular rise in consumption and a modest rise in the level of prices, which led to the increase in the value of goods and services the VAT is charged on;
- ◇ *Personal income tax revenues* were higher by RSD 24.3 bn (13.6%). The most substantial part of this tax is the salary tax; consequently, a y-o-y increase in average salaries and registered employment partly

explains an increase in the collected personal income taxes;

- ◇ *Excise taxes* rose by RSD 16.5 bn (5.7%), mostly due to a higher collection of excise taxes on petroleum products (because of an increase in retail turnover), as well as on tobacco products;
- ◇ *Corporate income tax revenues* increased by RSD 14.2 bn (12.7%), due to an increase in profitability of the corporate sector in 2018;
- ◆ All other major **categories** of revenues of the general government also increased, albeit by smaller amounts.

CONSOLIDATED GENERAL GOVERNMENT EXPENDITURES

January–December 2019 in RSD bn	Amount	Change y-o-y	
TOTAL	2,289.7	216.6	10.4%
Current expenditures	2,001.7	154.5	8.4%
<u>Expenditures for employees</u>	<u>516.3</u>	<u>47.5</u>	<u>10.1%</u>
<u>Purchase of goods and serv.</u>	<u>379.3</u>	<u>35.9</u>	<u>10.4%</u>
<u>Interest payment</u>	<u>108.9</u>	<u>0.3</u>	<u>0.3%</u>
<u>Subsidies</u>	<u>121.2</u>	<u>11.5</u>	<u>10.5%</u>
<u>Soc. assistance and transfers</u>	<u>782.9</u>	<u>37.0</u>	<u>5.0%</u>
Pensions	559.3	34.1	6.5%
Unemployment benefits	8.2	-0.7	-7.9%
Sick leave benefits	9.2	-4.4	-32.4%
Social assistance	165.6	4.7	2.9%
Other trans. to households	40.5	3.3	8.8%
<u>Other current expenditures</u>	<u>93.1</u>	<u>22.3</u>	<u>31.6%</u>
Capital expenditures	266.3	67.0	33.6%
Activated guarantees	10.8	-8.9	-45.3%
Net lending	10.9	4.1	59.9%

Data source: Ministry of Finance of the Rep. of Serbia and PBO calculations
Data do not include indirect budget beneficiaries which are not included in the budget execution system.

Expenditures of the general government totalled RSD 2,289.7 bn in 2019, which represents a y-o-y *increase* of **RSD 216.6 bn (10.4%)**.

◆ Substantial increases in expenditures:

- ◇ *Capital expenditures* rose by RSD 67.0 bn (33.6%), largely reflecting higher capital spending from the Republican budget;
- ◇ *Expenditures for employees* were higher by RSD 47.5 bn (10.1%). This change mainly stems from the increases in salaries in the parts of the public sector in January and November 2019. To a lesser extent, it was also affected by an increase in minimum wage, as well as methodological changes (i.e. incorporation

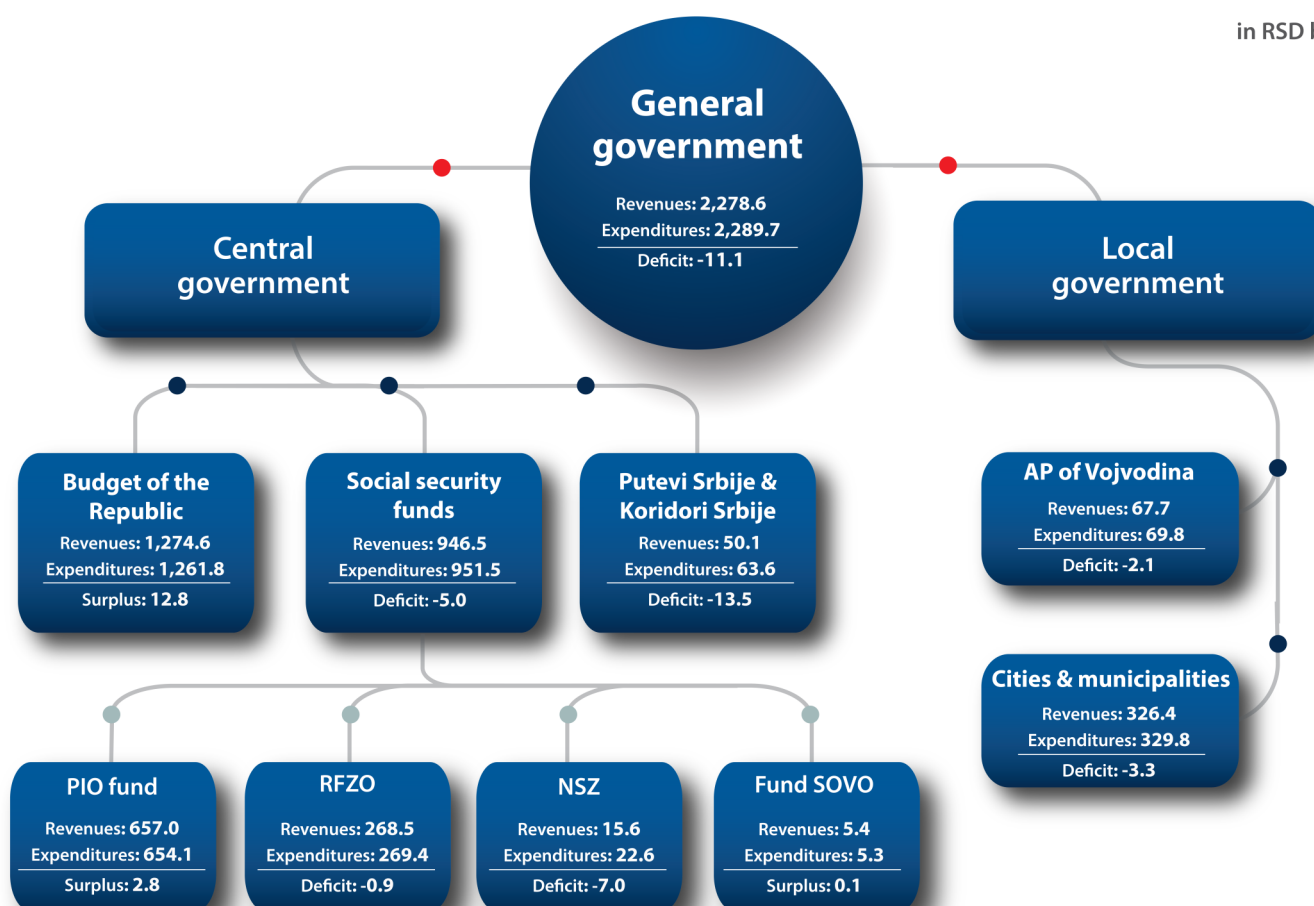
- of the social institutions into the Republican budget accounts);
- ◇ *Purchase of goods and services* increased by RSD 35.9 bn (10.4%), reflecting higher spending of cities and municipalities and of the Republic (the increase in the budget of the Republic is partly attributable to the incorporation of the social institutions into the Republican budget accounts);
- ◇ Outlays for *pensions* were higher by RSD 34.1 bn (6.5%), due to the abolition of the Law on Temporary Arrangement of the Pensions Payment Model;
- ◇ *Other current expenditures* rose by RSD 22.3 bn (31.6%), reflecting higher spending in the Republican budget;

- ◆ Outlays for *activated guarantees* decreased by RSD 8.9 bn (45.3%), because some of the guarantees had been fully repaid over the previous year;
- ◆ Other major categories of expenditures of the general government changed by smaller amounts.

Schematic representation

Fiscal balance by levels of government* January–December 2019

in RSD bn



*In accordance with the coverage in publications of the Ministry of Finance of the Republic of Serbia.

Notes:

Data are consolidated at the general government level, whereas data at individual levels of government include transfers. Data do not include indirect budget beneficiaries which are not included in the budget execution system.

Data source: Ministry of Finance of the Republic of Serbia – Macroeconomic and Fiscal Data

Other reports prepared by the Parliamentary Budget Office are available at

www.pbk.rs