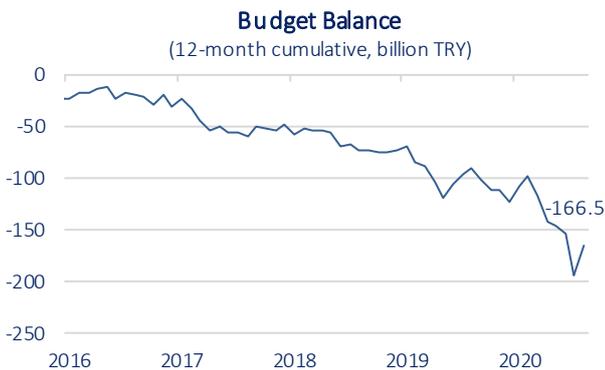




The central government budget posted a surplus of 28.2 billion TRY in August.

The central government budget, which had a surplus of 576 million TRY in August 2019, posted a surplus of 28.2 billion TRY in the same period of this year. Thus, in August 2020, the budget posted a surplus for the first time since January. In August, budget revenues increased by 15.1% yoy to 108.6 billion TRY, while budget expenditures decreased by 14.3% yoy to 80.3 billion TRY. The primary surplus, which was 11.4 billion TRY in August 2019, became 40.1 billion TRY in August 2020.

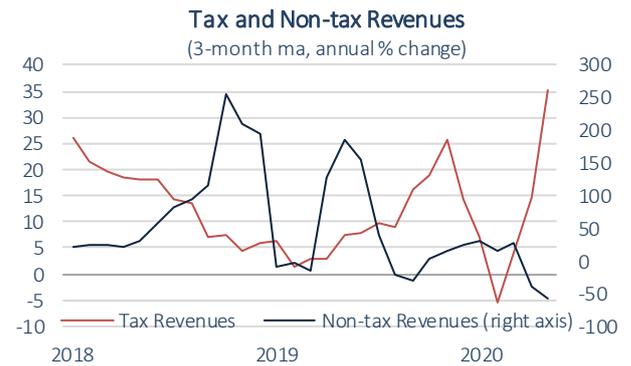
In January-August period, budget expenditures expanded by 15.6% yoy, while revenues increased by 10.1%. Thus, the budget deficit, which was 68.1 billion TRY in the first 8 months of last year, rose by 62.9% in the same period of this year and reached 110.9 billion TRY. The primary balance, which posted a surplus of 1.2 billion TRY in January-August 2019, gave a deficit of 19.3 billion TRY in the same period of this year. According to 12-month cumulative data, the central government budget deficit, which reached a historically high level of 194.2 billion TRY in July, became 166.5 billion TRY as of August 2020.



Tax revenues rose rapidly in August.

In August, tax revenues increased by 47.8% yoy and became 98.5 billion TRY. The rapid rises in corporate tax and special consumption tax revenues stood out in August. Corporate tax revenues increased by 10.9 billion TRY on an annual basis thanks to the realization of postponed collections,

while SCT revenues rose by 9.3 billion TRY and supported the budget revenues. The rise in SCT revenues realized from motor vehicles and durable goods was significant as in these sectors high sales figures were achieved, in August. In addition, VAT on imports and domestic VAT revenues went up by 38.2% yoy and 56.6% yoy in August, respectively. In this period, non-tax revenues decreased by 63.5% yoy. The high base effect from the last year was effective in this development.



In January-August 2020, tax revenues increased by 18% yoy to 510.4 billion TRY, while non-tax revenues decreased by 11.3% and became 140.1 billion TRY.

Current transfers declined in August.

Among the budget expenditures, the rapid decreases in current transfers and capital expenditures stood out in August. In this period, a 50% decrease in real estate capital and production expenditures under capital expenditures was noteworthy. The interest expenditures increased by 9.5% yoy and became 11.9 billion TRY in August.

Expectations...

In addition to the recovery in economic activity led by the realization of delayed demand, the collection of taxes, which were postponed during the pandemic, increased tax revenues in August and supported the budget outlook. The course of the pandemic and its reflections on economic activity will continue to be effective on budget indicators in the upcoming period.

Central Government Budget

	August			January-August			2020 Budget	
	2019	2020	% Change	2019	2020	% Change	Target	Real./Target (%)
Expenditures	93.7	80.3	-14.3	658.8	761.4	15.6	1,095.5	69.5
Interest Expenditures	10.9	11.9	9.5	69.3	91.6	32.1	138.9	65.9
Non-Interest Expenditures	82.8	68.4	-17.4	589.5	669.8	13.6	956.5	70.0
Revenues	94.3	108.6	15.1	590.7	650.5	10.1	956.6	68.0
Tax Revenues	66.6	98.5	47.8	432.7	510.4	18.0	784.6	65.1
Other Revenues	27.7	10.1	-63.5	158.0	140.1	-11.3	172.0	81.5
Budget Balance	0.6	28.2	4,797.1	-68.1	-110.9	62.9	-138.9	79.9
Primary Balance	11.4	40.1	250.7	1.2	-19.3	-	0.1	-

Numbers may not add up to total value due to rounding.

Source: Datastream , Ministry of Treasury and Finance

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