

September 23, 2025  
 EXCESSIVE DEFICIT PROCEDURE  
 2<sup>nd</sup> Notification 2025

## EXCESSIVE DEFICIT PROCEDURE (2<sup>ND</sup> NOTIFICATION 2025)

According to EU regulations, Statistics Portugal presents the second notification for 2025 associated with the Excessive Deficit Procedure (EDP) to be sent to Eurostat before the end of the month<sup>1</sup>. According to these provisional results, the General Government (GG) had a positive balance, in 2024, amounting to EUR 1 451.4 million, corresponding to 0.5% of GDP (1.3 % in 2023). Gross debt of GG attained 93.6 % of GDP in 2024 (96.9 % of GDP in 2023).

GG Total revenue amounted to EUR 124 billion, increasing by 6.8% vis-à-vis 2023 (+ EUR 8.0 billion), mainly as a consequence of the growth of current revenue by 7.3% (EUR 8.3 billion more than in 2023).

In the same period, GG total expenditure increased by 8.7% (in EUR 8.6 billion), to EUR 123 billion, with current expenditure increasing 9.6%, by EUR 9.9 billion, as a result of rises in compensation of employees (with a rate of change of 9.0%) and in interest payments, which grew 6.9%. Capital expenditure remained at the same level, with a small variation of EUR 17 million (0.2%).

In 2024, total tax revenue increased by 6.7% in nominal terms, attaining EUR 101.9 billion. The tax burden indicator, that corresponds to the ratio between tax revenue and GDP, was 35.2% in 2024 (35.3% in the previous year).

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### RESPONSIBILITIES IN THE NOTIFICATION

The present notification was prepared under an Institutional Agreement in the field of GG Statistics, signed on the 27th of March 2017, where Statistics Portugal, Banco de Portugal and the Budget Directorate-General (Ministry of Finance) are responsible for the reporting according to the following terms:

- **For 2024 and precedent years**, the compilation of the Net lending / net borrowing is prepared by Statistics Portugal and the Gross debt is compiled by the Banco de Portugal.
- **For the current year (2025)**, estimates of the Net lending/ net borrowing, gross debt and nominal GDP are the responsibility of the Ministry of Finance based on macroeconomic and budgetary scenario presented in the 2025 Annual Progress Report on the implementation of the 2025-2028 National Medium-Term Fiscal Structural Plan.

**Under Council Regulation (EC) No. 479/2009 the notifications initiate a joint work between national statistical authorities and Eurostat which, within a three-week deadline, should examine the notifications and publish the results for all Member States.**

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<sup>1</sup> Excel files containing additional data are made available in attachment to this press release. It should also be noted that the list of entities classified in the institutional sector of General Government (GG) from the perspective of National Accounts, is also available on INE's website.

The GG accounts presented in this press release are compiled in accordance with the concepts and definitions of the European System of Accounts 2010 (ESA 2010) and with the specific orientations of the Manual on Government Deficit and Debt (MGDD). The data is sent to the Eurostat under the ESA 2010 transmission programme.

Table 1 of the notification, summarized below, presents the main results for the period 2021-2025<sup>2</sup>.

Table 1

## REPORTING OF GOVERNMENT DEFICIT/SURPLUS AND DEBT LEVELS AND PROVISION OF ASSOCIATED DATA

Member State: Portugal Date: 23/09/2025	ESA 2010 Codes	2021	2022	2023	2024	2025
		Final	Final	Final	Half- finalized	Planned
<b>Net borrowing (-)/ net lending (+)</b>	B.9					
<b>General government</b>	<b>S.13</b>	<b>-6 117.0</b>	<b>- 757.3</b>	<b>3 398.7</b>	<b>1 451.4</b>	<b>814.0</b>
- Central government	S.1311	-7 984.7	-4 966.1	-1 984.9	-4 713.0	-5 555.0
- Local government	S.1313	- 600.6	- 90.5	- 240.8	258.5	554.0
- Social security funds	S.1314	2 468.3	4 299.4	5 624.4	5 906.0	5 815.0
<b>General government consolidated gross debt</b>		<b>268 188.5</b>	<b>271 357.6</b>	<b>261 864.1</b>	<b>270 880.7</b>	<b>274 427.0</b>
<b>Gross domestic product at current market prices</b>	B.1*g	216 493.7	243 957.1	270 352.6	289 428.0	304 402.0
<i>Memorandum items:</i>						
<i>Net lending (+)/Net borrowing (-) on GDP</i>		-2.8%	-0.3%	1.3%	0.5%	0.3%
<i>General government consolidated gross debt on GDP</i>		123.9%	111.2%	96.9%	93.6%	90.2%

Unit: 10<sup>6</sup> EUR

## REVISIONS COMPARED TO THE APRIL 2025 NOTIFICATION

Vis-à-vis the first EDP notification of 2025, the figures for 2023 and 2024 were revised due to the incorporation of recently available data. The results for 2023 are now final, whereas those for 2024 are half-finalized.

The revisions of the figures for 2023 were determined by the use of final and detailed information, now available for all units classified in the General Government sector. These revisions mainly reflect the incorporation of data from Simplified Business Information (*Informação Empresarial Simplificada – IES*) and of data on an accrual basis, rather than cash basis, for a vast group of entities.

The main revision of the GG balance in 2023 occurred in the Central Government (which improved by EUR 88.3 million) mainly due to the incorporation of final financial information for public corporations classified, in national

<sup>2</sup> The complete version can be consulted in the Excel files attached to this press release.

accounts, in the GG sector. The Social Security Funds balance improved EUR 75.1 million, as a result of the incorporation of the SNC-AP accounting system information.

In 2024, the Central Government balance presents a downward revision of EUR 461.1 million, of which EUR -332.1 million are a result of changes in the State subsector, and EUR -129 million of changes in the Autonomous Services and Funds (ASF) and Public Corporations classified in GG.

In the State subsector, the revisions stem from the incorporation of data from the General State Account (CGE), but primarily from the reprogramming of certain projects financed by the European Recovery and Resilience Facility (RRF). This reprogramming involved a shift in the financing source – from European grants, previously recorded as General Government (GG) revenue – of some projects with expenditure already carried out to loans provided under the RRF or by the State. As a result, in national accounts, this change led to the additional recording of expenditure in the year the reprogramming was committed (2024), amounting to EUR 369 million, with the European Union as counterpart.

As for the ASF and Public Corporations, the revision is due to the incorporation of final accounts, with a relevant impact deriving from the revised information for the accounts of the National Health Service (NHS).

It is also worth mentioning the impact of the use of the accounts of the municipalities on an accrual basis and the SNC-AP accounting framework used by the Social Security Funds.

The following table summarizes the revisions of general government balances by subsector.

Table 2

## REVISIONS OF GENERAL GOVERNMENT BALANCES BY SUBSECTOR

	ESA 2010 Codes	Unit: 10 <sup>6</sup> EUR	
		2023 Final	2024 Half-finalized
<b>Net borrowing (-)/ net lending (+)</b>	B.9		
<b>General Government</b>	<b>S.13</b>	<b>152.0</b>	<b>- 542.8</b>
Central government	S.1311	88.3	- 461.1
Local government	S.1313	- 11.5	- 162.9
Social security funds	S.1314	75.1	81.2

## PUBLIC TO NATIONAL ACCOUNTS ADJUSTMENTS

For the compilation of GG net lending / net borrowing in National Accounts several adjustments to Public Accounting data are necessary. Public Accounting data is on a cash-basis, meaning that expenditure is recorded in the accounting period in which it is paid. In National Accounts, expenditure is recorded on an accrual-basis, that is, in the accounting period to which it refers to, regardless of the period of its payment. Accordingly, payments referring to expenditure due on other periods are not considered.

Another important adjustment is related to sector delimitation of GG. As the classification of a public entity may differ in National Accounts compared to Public Accounting, not all the entities included in the GG sector are coincident with those considered in the Public Accounting balance.

Finally, there are transactions that, according to the conceptual framework of the National Accounts, have a specific classification, notably in the cases where entities from the GG sector acquire shares from other entities, which are recorded as expenditure (capital transfer) and not as financial transactions.

The table below details the main amendments for 2024 in the Public to National Accounts adjustment, presented in tables 2A, 2C and 2D of the EDP notification attached to this press release.

Table 3

## PUBLIC TO NATIONAL ACCOUNTS ADJUSTMENTS

	Unit: 10 <sup>6</sup> EUR
	2024
<b>Balance in Public Accounting</b>	<b>-188.8</b>
Accrual adjustment and sector delimitation in National Accounts	3 274.7
<i>Caixa Geral de Aposentações</i>	46.7
<i>Autonomous Services and Funds</i>	575.0
<i>Public Entities classified in GG</i>	2 653.0
Difference between paid and due interest	461.2
Other receivables:	1 484.4
<i>Temporal adjustment to taxes and social contributions</i>	1 028.2
<i>Others</i>	456.2
Other payables:	322.6
<i>Expenditure already incurred but not yet paid</i>	59.4
<i>Others</i>	263.2
Other adjustments:	-3 902.7
<i>Capital injections and debt assumptions</i>	-3 538.0
<i>Others</i>	-364.7
<b>Balance in National Accounts</b>	<b>1 451.4</b>

The balance of GG was positive in 2024, standing at EUR 1 451 million, which corresponded to 0.5% of GDP (1.3% of GDP in 2023).

As referred in previous press releases, the adjustment "capital injections and debt assumptions" includes capital injections granted to public corporations classified in the GG sector (EUR 3 472 million) with no impact on the

national accounts balance, being also reflected in the item “Accrual adjustment and sector delimitation in National Accounts – Public Entities classified in GG”.

In the adjustments considered under “Other payables - others”, the following payments held in 2024 for expenditures related to 2023 stand out: *i)* conversion of deferred tax assets (DTA) of Novo Banco amounting to EUR 117 million; *ii)* the decision of the Supreme Administrative Court that determined the payment of EUR 227.6 million by the State to EDP - Energias de Portugal, as refund of the amount paid in 2009 for the rights of exploitation of the Fridão dam concession, whose construction did not occur and *iii)* the allocation of funds to the National Electric System (SEN) for tariff reduction (EUR 200 million).

These transactions correspond to commitments made in 2023 and paid in 2024, with a positive impact on the 2024 national accounts balance. In addition, this item includes other adjustments with the opposite sign that correspond to commitments made in 2024, and are still unpaid.

The impact of the RRF reprogramming is included under “Other adjustments – other”.

## BALANCES OF GENERAL GOVERNMENT

Table 4 presents the main balances of GG for 2023 and 2024.

Table 4

### GENERAL GOVERNMENT BALANCES

Unidade: 10<sup>6</sup> EUR

	ESA 2010 Codes	2023	2024
		Final	Half-finalized
<b>Net lending (+) / Net borrowing (-)</b>	<b>B.9</b>	<b>3 398.7</b>	<b>1 451.4</b>
Current balance		10 873.5	9 251.8
Primary balance	B.9 - D.41	8 952.0	7 386.2

The GG sector balance decreased by EUR 1.95 billion between 2023 and 2024, determining a net lending of EUR 1 451 million in 2024 (0.5% of GDP), that compares with a net lending of EUR 3 399 million in 2023 (1.3% of GDP). This result was due to a revenue increase (6.8%) that was offset by the increase in expenditure (8.7%).

The primary balance, i.e. the global balance net of interest payments, was positive, as in 2023, by EUR 7.4 billion. However, this balance was lower than in the previous year by EUR 1 566 million.

## BALANCES OF REGIONAL AND LOCAL GOVERNMENT AND TRANSFERS FROM CENTRAL GOVERNMENT

The following table details the net borrowing/net lending and the gross debt of (Regional and) Local Government (S1313).

Table 5

### NET BORROWING/NET LENDING AND GROSS DEBT OF (REGIONAL AND) LOCAL GOVERNMENT

Unit: 10<sup>6</sup> EUR

	2021	2022	2023	2024
<b>Net borrowing (-)/ net lending (+)</b>				
- Regional and Local Government	- 600.6	- 90.5	- 240.8	258.5
<i>Regional Government of Madeira</i>	- 213.6	- 145.6	19.9	169.5
<i>Regional Government of Azores</i>	- 384.4	- 403.4	- 132.3	- 247.3
<i>Local Government</i>	- 2.7	458.5	- 128.4	336.3
<b>Gross Debt</b>				
- Regional and Local Government	10 882.2	11 216.3	11 328.8	11 412.2
<i>Regional Government of Madeira</i>	5 089.9	5 031.0	5 002.3	4 924.8
<i>Regional Government of Azores</i>	2 708.9	3 063.5	3 203.6	3 394.4
<i>Local Government</i>	3 083.5	3 121.8	3 122.9	3 093.0

As it can be seen in the previous table, there was an improvement in the balance of the subsectors of the Regional Government and the balance of the Local Government returned to present positive values in 2024.

It is worth noting that the transfers received by Central Government are considered in the compilation of Regional and Local Government net lending / net borrowing. These transfers are recorded as expenditure in Central Government, so that they consolidate in the General Government Account.

The following table presents these transfers, from 2021 to 2024, included in the Central Government Account.

Table 6

### TRANSFERS TO THE REGIONAL AND LOCAL GOVERNMENT

Unidade: 10<sup>6</sup> EUR

	2021	2022	2023	2024
<b>Tranfers from General Government:</b>				
Regional Government of Madeira	185.8	173.8	181.2	196.7
Regional Government of Azores	301.8	281.2	288.9	315.1
Local Government	2 553.7	2 444.7	2 607.5	3 163.0

As far as gross debt is concerned, and accordingly with European legislation, the following clarifications are relevant: *i)* Trade credits are excluded; *ii)* Debt of public corporations not classified inside General Government is not considered; *iii)* Debt of municipalities and parishes located in the territory of the Autonomous Regions is included in Local Government.

## REVENUE AND EXPENDITURE OF GENERAL GOVERNMENT

Table 7 presents the revisions identified in Revenue and expenditure by subsector of GG, vis-à-vis the first notification of 2025, for 2023 and 2024, complementing table 2 presented earlier.

Table 7

### REVISIONS OF REVENUE AND EXPENDITURE BY SUBSECTOR

Unit: 10<sup>6</sup> EUR

	2023	2024
<b>Total revenue</b>	<b>62.1</b>	<b>664.3</b>
Central government	143.9	645.0
Regional and Local government	-104.3	53.4
Social security funds	54.9	35.6
<b>Total expenditure</b>	<b>-89.9</b>	<b>1 207.1</b>
Central government	55.5	1 106.1
Regional and Local government	-92.8	216.3
Social security funds	-20.2	-45.6
<b>Net lending (+) / Net borrowing (-)</b>	<b>152.0</b>	<b>-542.8</b>

With the compilation of final figures for 2023, there was an upward revision of the Central Government and Social Security Funds balances, combined with a downward revision of the Regional and Local Government balance. In Central Government, the increase of EUR 88 million results from a revenue increase of EUR 144 million, which exceeded the expenditure increase of EUR 56 million, and mainly reflects the incorporation of the final accounts of public enterprises. In the Social Security subsector, the improvement of EUR 75 million in the balance reflects the combined effect of a EUR 55 million increase in total revenue and a EUR 20 million decrease in total expenditure, primarily due to the incorporation of more detailed data under the SNC-AP accounting framework, compared to the information used in the provisional account. The balance of the Regional and Local Government subsector decreased by only EUR 11.5 million, with downward revisions of similar magnitude in both revenue and expenditure.

The downward revision of the net lending for 2024 mainly reflects adjustments in the Central Government and Regional and Local Government subsectors, as the revision of the Social Security balance was positive, amounting to EUR 81 million. The Central Government balance decreased by EUR 461 million, resulting from a significant

upward revision in total expenditure (EUR 1 106 million), which exceeded the revision in total revenue (EUR 645 million), primarily due to the impact of the aforementioned RRF reprogramming and the incorporation of final data from enterprises classified within this subsector. Similarly, in Regional and Local Governments, expenditure was revised upward by EUR 216.3 million, while revenue increased by only EUR 53.4 million. This result was mainly driven by the Regional Government, where the balance deteriorated by EUR 93 million, following the incorporation of final data from entities classified within this institutional sector. It is worth mentioning that two companies from the SATA group were included in the entities classified under the GG sector<sup>3</sup>: SATA Air Açores, S.A. and SATA, Gestão de Aeródromos, S.A. The revision of the Local Government balance (EUR -70 million) was primarily due to the incorporation of data based on the SNC-AP accounting system, as the results used for first notification of 2025 were highly provisional, with reporting delays from several municipalities.

The changes observed in the expenditure components were significant, reflecting the incorporation of more detailed information under the SNC-AP accounting framework, particularly for Local Government and Social Security Funds. These revisions were especially relevant in certain expenditure items that incorporate GG final consumption expenditure, with a direct impact on the upward revision of the GDP level.

The following table shows the final revenue of GG for 2023 and half-finalized for 2024.

Table 8

## GENERAL GOVERNMENT REVENUE

	ESA 2010 Codes	2023	2024	Change rate
		10 <sup>6</sup> EUR		%
<b>Total revenue</b>	<b>OTR</b>	<b>116 670.6</b>	<b>124 625.8</b>	<b>6.8</b>
<b>Current revenue</b>		<b>113 763.4</b>	<b>122 027.4</b>	<b>7.3</b>
of which				
Taxes on production and imports	D.2	38 725.1	41 566.6	7.3
Social contributions	D.61	32 814.6	35 882.5	9.3
Current taxes on income, wealth, etc...	D.5	28 599.1	29 486.2	3.1
<b>Capital revenue</b>	<b>D.9</b>	<b>2 907.2</b>	<b>2 598.4</b>	<b>-10.6</b>

Total revenue increased by 6.8% (EUR 8.0 billion) between 2023 and 2024, reflecting the growth of 7.3% in current revenue (corresponding to EUR 8.3 billion).

The three main current revenue components increased, with the most significant rises belonging to taxes on production and imports (change rate of 7.3%, by more than EUR 2.8 billion) and social contributions, that increased

<sup>3</sup> Non-market institutional units controlled by government are included in the GG institutional sector. An institutional unit is considered market producer when it meets the market/non-market test—i.e., when its sales, conducted at economically significant prices, account for at least 50% of production costs over a multi-year period. A detailed analysis of the financial statements of these two companies led to a change in their sector classification, starting in 2024.

EUR 3 billion, by 9.3%. Current taxes on income and wealth grew 3.1%, with EUR 887 million more than in 2023. These performances are a result of the growth in economic activity and labour market, and of the price increases, for taxes on production and imports.

Capital revenue decreased 10.6% in comparison with 2023, by EUR 309 million, associated with a reduction of the European Funds received, except for the European Recovery and Resilience Facility (RRF) revenue, that increased 28%. It is worth mentioning that this revenue, in National Accounts, is recorded in the same period when the expenditure takes place, to ensure the neutrality of the European funds in the net balance of GG.

Box 1 presents a more detailed analysis of the tax revenue<sup>4</sup> and tax burden indicator.

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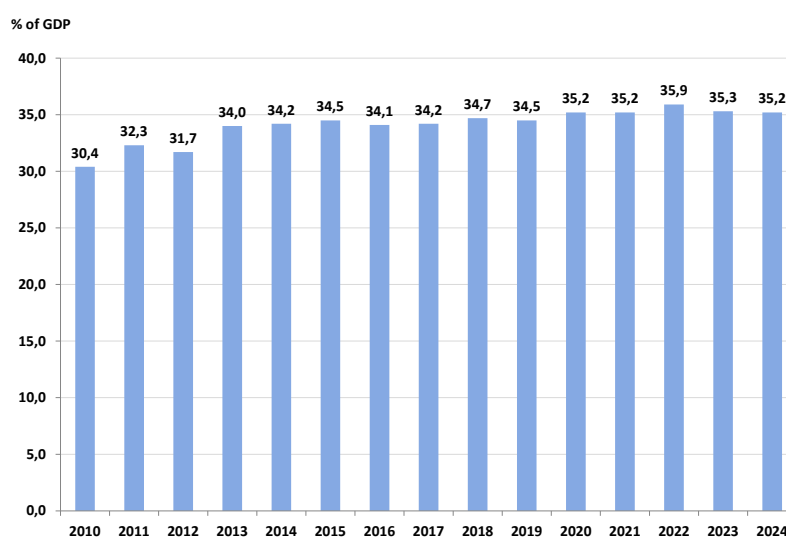
<sup>4</sup> An Excel file with the detailed data for the tax revenue statistics is published in attachment to this press release.

## BOX 1 – TAX BURDEN

In 2024, tax revenue reached the value of EUR 101.9 billion. The increase in revenue reached about EUR 6.4 billion, comparing with 2023 (a nominal variation of 6.7%). This behaviour reflects the economic activity growth, as the nominal GDP rose 7.1% (2.1% in volume).

Figure 1

EVOLUTION OF THE TAX BURDEN BETWEEN 2010 AND 2024 (% OF GDP)



Since the variation of total tax revenues (6.7%) was lower than the nominal change rate of GDP (7.1%), tax burden decreased to 35.2% in 2024 (35.3%, in the previous year).

Figure 2

CHANGES IN TAX BURDEN AND GDP BETWEEN 2010 AND 2024 (%)

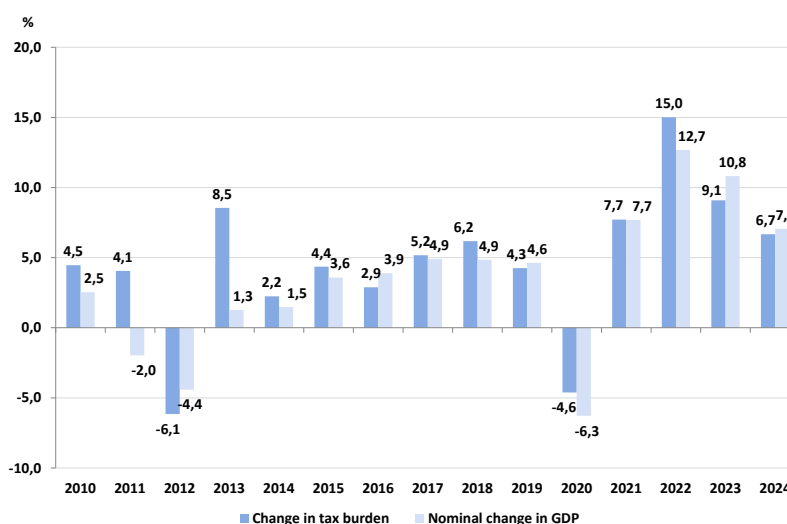


Table 9 shows the expenditure of GG by component, with final data for 2023 and half-finalized data for 2024:

**Table 9**  
**GENERAL GOVERNMENT EXPENDITURE**

	ESA 2010 Codes	2023	2024	Change rate
		10 <sup>6</sup> EUR		%
<b>Total expenditure</b>	<b>OTE</b>	<b>113 271.9</b>	<b>123 174.3</b>	<b>8.7</b>
<b>Current expenditure</b>		<b>102 889.9</b>	<b>112 775.6</b>	<b>9.6</b>
of which				
Compensation of employees	D.1	27 820.4	30 321.6	9.0
Social benefits other than social transfers in kind	D.62	42 118.8	46 385.7	10.1
Interest	D.41	5 553.3	5 934.8	6.9
<b>Capital expenditure</b>	<b>D.9+P.5+NP</b>	<b>10 381.9</b>	<b>10 398.8</b>	<b>0.2</b>

Total expenditure increased by 8.7% between 2023 and 2024, reflecting the growth of 9.6% in current expenditure and of 0.2% in capital expenditure.

The increase in current expenditure was mainly forged by the increases in compensation of employees (growth of 9.0%, by EUR 2.5 billion) as a result of the wages increases and remuneration revaluations of the civil servants, and to a lower extent of the special regime for accelerating the GG careers (health and education).

As for social benefits other than social transfers in kind, the increase attained EUR 4.3 billion, that corresponds to a 10.1% growth, and reflects the burden associated with both the Social Security and CGA pension regimes updates, as well as the increase in the number of pensioners and the extraordinary complement given to pensioners in October 2024. The amounts paid by Social Security regarding family allowances and transfers to Non-Profit Institutions have also risen significantly. Interest expenditure rose 6.3%, by EUR 381 million, mainly due to the expenditure on Treasury Savings Certificates in consequence of the rise in the interest rate and the payment of remuneration premium.

Regarding capital expenditure, there was an increase of 14.3% in investment, boosted by the RRF European Funds. Despite this increase, total capital expenditure only increased 0.2%, mostly due to the base effect of 2023 – the capital transfers in 2023 included extraordinary measures, totalling EUR 1 427 million (EFACEC reprivatization, the recording of additional losses on credits that will not be recovered, held by Parvalorem, S.A., the conversion of deferred tax assets (DTA) of Novo Banco in tax credits and the recording of the decision of the Supreme Administrative Court that determined the refund of the amount paid in 2009 for the rights of exploitation of the Fridão Dam concession, whose construction did not occur).

Box 2 summarizes the expenditure of General Government by function for 2022 and 2023.

## BOX 2 – FUNCTIONAL CLASSIFICATION OF EXPENDITURE

In addition to the economic classification, government expenditure is also classified by functions (COFOG). This classification complements the economic classification by providing information on the purposes of government expenditure, thus broadening the analytical framework for assessing its quality. Currently, 2023 is the last year for which this information is available.

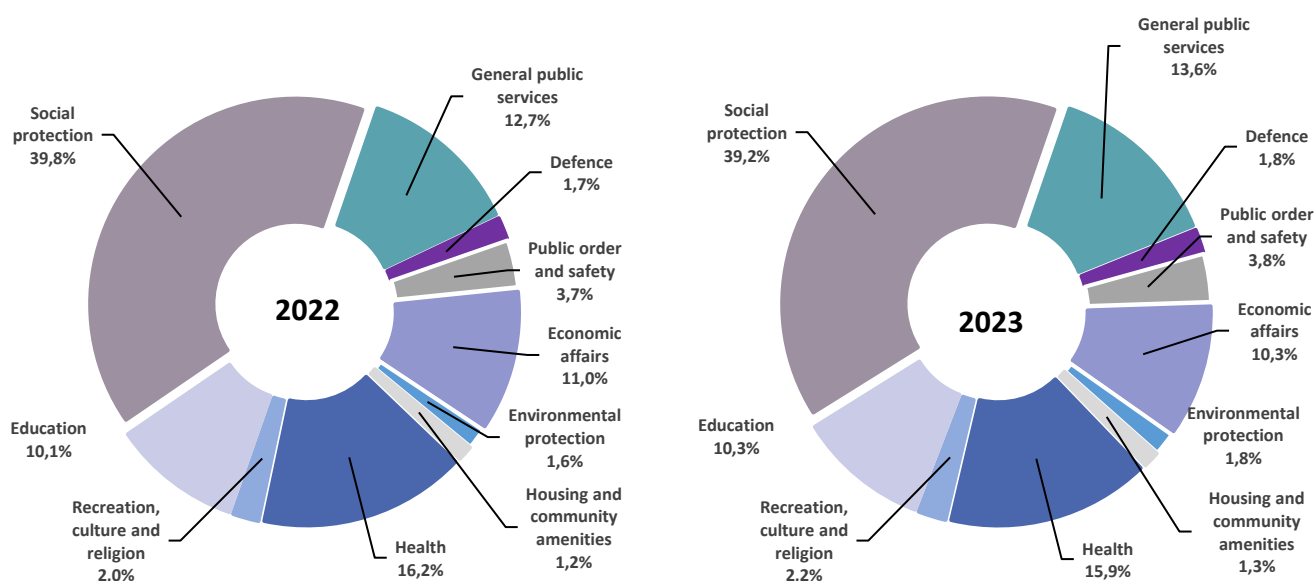
These data can be consulted in the following internet address: [B.4.4 Expenditure of General Government by Function \(COFOG\)](#).

The main function of government expenditure has been social protection, significantly far from the other categories considered in this classification. In 2023, its weight in total expenditure was 39.2%. This was followed by health and then by general public services function (which includes interest paid) with a value of 15.9% and 13.6% of total expenditure, respectively. Finally, expenditure on economic affairs registered and the education function displayed both a value of 10.3%.

Comparing with 2022, expenditure on general public services was the component that gained more share (+0.9 p.p.), with an 13.7% increase in nominal values, reflecting the increase in interest paid (+918.1 million euro). On the other hand, expenditure with economic affairs and social benefits lost importance (-0.7 p.p. and -0.6 p.p., respectively), reflecting the reduction in subsidies (-589.8 million euro) and a nominal pension expenditure increase below of that of total expenditure.

Figure 3

GOVERNMENT EXPENDITURE BY FUNCTION (% OF TOTAL), IN 2022 AND 2023





PRESS RELEASE



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Date of the next press release – March 26, 2026

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