



September 23, 2024  
GENERAL GOVERNMENT ACCOUNTS  
2023

## MAIN AGGREGATES OF GENERAL GOVERNMENT

Statistics Portugal publishes the first results of the main aggregates of General Government (GG) in the new series of the Portuguese National Accounts, having 2021 as the benchmark year. This publication presents the results for the entire series, from 1995 to 2023, with half-finalized data for 2023 and final data for the previous years.

According to the provisional estimate for 2023, the GG sector presented a net lending of 3 246.8 EUR million, corresponding to 1.2% of GDP.

The GG sector accounts presented in this press release are compiled in accordance with the concepts and definitions of the European System of National and Regional Accounts 2010 (ESA 2010) and with the specific guidelines of the Manual on Government Deficit and Debt<sup>1</sup>. These results are sent to Eurostat in accordance with the ESA 2010 data transmission programme and are fully consistent with the second 2024 notification for the Excessive Deficit Procedure (EDP), also published today.

### The 2023 provisional estimate for the main aggregates of General Government

The following table presents the half-finalized data for the main aggregates of GG, arranged by subsector, for 2023<sup>2</sup>.

Table 1. Main aggregates of General Government  
half-finalized data - 2023

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

| Transaction code | Transaction label  | General Government | Central Government | Local and Regional Government | Social security funds |
|------------------|--|--------------------|--------------------|-------------------------------|-----------------------|
|                  |  | S13                | S1311              | S1313                         | S1314                 |
| OTE              | Total Expenditure  | 113 361.7          | 82 782.3           | 17 477.9                      | 32 166.8              |
| OTR              | Total Revenue  | 116 608.5          | 80 709.1           | 17 248.6                      | 37 716.1              |
| B.9              | Net lending (+)/Net borrowing (-)<br>(National Accounts balance) | <b>3 246.8</b>     | <b>-2 073.2</b>    | <b>-229.3</b>                 | <b>5 549.3</b>        |

Note: For total expenditure (OTE) and total revenue (OTR), the sum of sub-sectors is not equal to the sector value, due to consolidation effects in some transactions.

<sup>1</sup> Regulation (EU) No. 549/2013 of the European Parliament and of the Council of 21 May 2013 on the European system of national and regional accounts. This document is available at <https://ec.europa.eu/eurostat/en/web/products-manuals-and-guidelines/w/ks-gg-23-002>.

<sup>2</sup> Excel files containing additional data are made available in attachment to this press release.



The GG sector revealed a net lending of EUR 3 247 million, which corresponds to 1.2% of GDP (EUR -757 million in 2022, -0.3% of GDP). This positive balance was mainly driven by the Social Security Funds subsector, given that the Central Government and Local and Regional Government balances were negative.

The Central Government balance improved by EUR 2.9 billion between 2022 and 2023, reaching EUR -2 073 million in 2023 (from EUR -4 966 million in 2022) and the Social Security Funds balance increased by EUR 1.25 billion, in the same period, attaining EUR 5.5 billion (from EUR 4 299 million in 2022). In contrast, the Local and Regional Government balance decreased by EUR 139 million in 2023, going from EUR -91 million in 2022 to EUR -229 million in 2023.

GG total revenue was of EUR 116.6 billion, corresponding to 43.6% of GDP, as in 2022, while GG total expenditure reached EUR 113.4 billion (42.4% of GDP, that compares with 43.9% in 2022).

Table 2 presents the main components of GG revenue for 2022 and 2023, using final data for 2022 and half-finalized data for 2023.

Table 2. General Government revenue

| Transaction code | Transaction label                       | 2022                | 2023             | Change rate |
|------------------|---|---------------------|------------------|-------------|
|                  |   | EUR 10 <sup>6</sup> |                  | %           |
| <b>OTR</b>       | <b>Total revenue</b>                    | <b>106 276.3</b>    | <b>116 608.5</b> | <b>9.7</b>  |
|                  | <b>Current revenue</b>                  | <b>104 706.1</b>    | <b>113 508.9</b> | <b>8.4</b>  |
|                  | of which                                |                     |                  |             |
| D.2              | Taxes on production and imports         | 36 512.3            | 38 712.2         | 6.0         |
| D.61             | Social contributions                    | 29 685.2            | 32 819.3         | 10.6        |
| D.5              | Current taxes on income, wealth, etc... | 25 693.1            | 28 454.1         | 10.7        |
| <b>D.9</b>       | <b>Capital revenue</b>                  | <b>1 570.2</b>      | <b>3 099.6</b>   | <b>97.4</b> |

Compared with 2022, GG total revenue increased by 9.7% in 2023 (in EUR 10.3 billion), driven by the EUR 8.8 billion growth in current revenue (a change of 8.4%). The three main current revenue components increased, with the most significant rises belonging to current taxes on income and wealth (change rate of 10.7%, by more than EUR 2.7 billion) and social contributions, that increased by EUR 3.1 billion, by 10.6%. Taxes on production and imports increased 6.0%, EUR 2.2 billion more than in 2022. These performances result from economic activity and labour market growth, as well as from price increases for taxes on production and imports.

Capital revenue almost doubled in comparison with 2022 (change of 974%, by EUR 1.5 billion), boosted by the European Recovery and Resilience Facility (RRF). 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.



In terms of the GG revenue structure, to be noted the 1.2 percentage point (p.p.) reduction in the relative weight of current taxes on income and wealth, that nevertheless remained as the main source of public revenue, accounting for 33.2% of total revenue. In line with the economic activity and labour market growth, the share of both social contributions and taxes on production and imports increased 0.2 p.p. from 2022 to 2023, with the former accounting for 28.1% and the latter for 24.4% of total revenue. Overall, the relative weight of current revenue decreased by 1.2 p.p., given the rise of capital revenue.

Table 3 presents the main components of GG expenditure for 2022 and 2023, with final data for 2022 and half-finalized data for 2023.

**Table 3. General Government expenditure**

| Transaction code  | Transaction label                                   | 2022                | 2023             | Change rate |
|-------------------|---|---------------------|------------------|-------------|
|                   |   | EUR 10 <sup>6</sup> |                  | %           |
| <b>OTE</b>        | <b>Total expenditure</b>                            | <b>107 033.6</b>    | <b>113 361.7</b> | <b>5.9</b>  |
|                   | <b>Current expenditure</b>                          | <b>98 021.2</b>     | <b>102 871.2</b> | <b>4.9</b>  |
|                   | of which  |                     |                  |             |
| D.1               | Compensation of employees                           | 25 976.6            | 27 919.0         | 7.5         |
| D.62              | Social benefits other than social transfers in kind | 40 296.4            | 42 218.3         | 4.8         |
| D.41              | Interest  | 4 608.0             | 5 526.1          | 19.9        |
| <b>D.9+P.5+NP</b> | <b>Capital expenditure</b>                          | <b>9 012.4</b>      | <b>10 490.5</b>  | <b>16.4</b> |

Total expenditure increased by 5.9% between 2022 and 2023, reflecting the growth of 4.9% in current expenditure and of 16.4% in capital expenditure.

The increase in current expenditure was mainly forged by the increases in compensation of employees (growth of 7.5%, by EUR 1.9 billion) and in interest payments (an increase of EUR 918 million, a variation of 19.9%), as a result of the wages upgrades and remuneration valuations of the civil servants that began to take place in 2023 and of the considerable rise in interest rates. The increase in Interest payments terminates the decreasing trend that started in 2015.

As for social benefits other than social transfers in kind, the increase was of EUR 1.9 billion, that corresponds to a 4.8% growth, and reflects the burden associated with the automatic and interim pension update, as well as the increase in the costs associated with the majority of social benefits. Social benefits other than social transfers in kind continue to include public policy measures to mitigate the effects of high prices of several goods and services, namely energy prices, as a result of the geopolitical conflict, although to a lesser degree than in the previous year (EUR 580 million in 2023, that compares with EUR 2 billion in 2022).

In the remaining components of current expenditure, it is worth highlighting the reduction of 21.5% in subsidies paid, that mostly refers to the lower amount of the additional allocation of funds to the National



Electric System (SEN) for electricity tariff reduction, a measure to mitigate the impact of the geopolitical conflict, recorded as subsidies paid, and that was of EUR 650 million in 2022 and of EUR 200 million in 2023.

The 2023 growth in capital expenditure was mostly due to the increase in gross capital formation (+20.0%) boosted by the RRF European funds.

Capital transfers increased by less than 1%, maintaining the level recorded in 2022, and reflecting several extraordinary measures of capital expenditure. In 2023, these included the amount related to the reprivatisation of EFACEC (with a net impact of EUR 166 million), the recording of additional losses on credits that will not be recovered, held by *Parvalorem*, S.A. (amounting to EUR 916 million), the conversion of deferred tax assets (DTA) of *Novo Banco* in tax credits (EUR 117 million) and the recording of the decision of the Supreme Administrative Court that determined the payment of EUR 228 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. As stated in the Press release of March 2023, in 2022 these capital transfers included the support granted to the TAP Group (EUR 990 million), to SATA Air Açores (EUR 197 million) and to EFACEC (EUR 159 million) and a DTA conversion of EUR 245 million.

Given the above-mentioned figures, current expenditure share on total expenditure decreased by 0.9 p.p. given the rise of capital expenditure, from 8.4% in 2022 to 9.3% in 2023. Expenditure with social benefits other than social transfers in kind decreased 0.4 p.p., from 37.6% of total expenditure to 37.2%, in opposition to the rise in the relative share of compensation of employees (from 24.3% to 24.6%) and interest payments, from 4.3% in 2022 to 4.9% in 2023.

Table 4 shows the GG main balances, with final data for 2022 and half-finalized data for 2023.

**Table 4. General Government balances**

|                  |  | Unit: EUR 10 <sup>6</sup> |                |
|------------------|--|---------------------------|----------------|
| Transaction code | Transaction label                          | 2022                      | 2023           |
| <b>B.9</b>       | <b>Net lending (+) / Net borrowing (-)</b> |                           |                |
|                  | (National Accounts Balance)                | <b>-757.3</b>             | <b>3 246.8</b> |
|                  | Current balance                            | 6 685.0                   | 10 637.7       |
| B.9 - D.41       | Primary balance                            | 3 850.7                   | 8 772.9        |

The 2023 figures reveals that the GG sector balance increased by EUR 4 billion between 2022 and 2023, determining a net lending of EUR 3 247 billion in 2023 (1.2% of GDP), that compares with a net borrowing of EUR 757 million in 2022 (-0.3% of GDP). This result was due to a revenue increase (9.7%) that more than compensated the increase in expenditure (5.9%).



The primary balance, *i.e.* the global balance net of interest payments, was positive, as in 2022, by EUR 8.7 billion, improving EUR 4.9 billion with respect to the previous year.

## Revisions regarding the previous publication

When comparing with the March 2024 Main Aggregates Press Release, still with the 2016 benchmark year, it can be seen that the GG sector net balances were only slightly revised, having improved by 22 EUR million in 2022 and 53 EUR million in 2023.

The major revisions occurred in the Central Government subsector and were related to the methodological changes introduced by the new benchmark year, namely the inclusion of new units in the GG sector, and to the incorporation of final and revised data.

Table 5. Revisions

|  | 2022         | 2023         |
|--|--------------|--------------|
| <b>Revision of Total Revenue</b>                       | <b>181.9</b> | <b>987.0</b> |
| Revision of Current Revenue                            | 91.3         | 386.0        |
| Revision of Capital Revenue                            | 90.5         | 601.1        |
| <b>Revision of Total Expenditure</b>                   | <b>160.0</b> | <b>933.8</b> |
| Revision of Current Expenditure                        | 364.9        | 679.0        |
| Revision of Capital Expenditure                        | -204.8       | 254.7        |
| <b>Revision of Net Lending (+) / Net Borrowing (-)</b> | <b>21.9</b>  | <b>53.3</b>  |

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

## The change over the period 1995-2023

Due to the combined performance of revenue and expenditure over the period 1995-2023 GG presents, except for 2019 and 2023, a net borrowing balance. This was particularly high between 2009 and 2014, reaching maximums in 2009 and 2010.

Figure 1 shows the evolution of total expenditure and total revenue as a % of GDP for 1995 to 2023. Values for 2023 are half-finalized.



Figure 1. Main Aggregates of General Government, 1995-2023

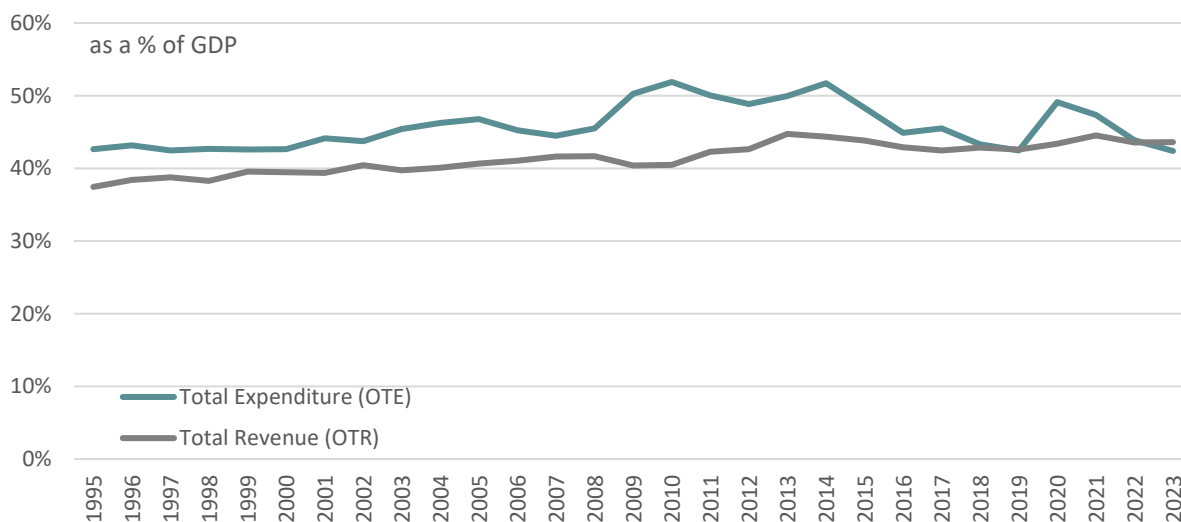
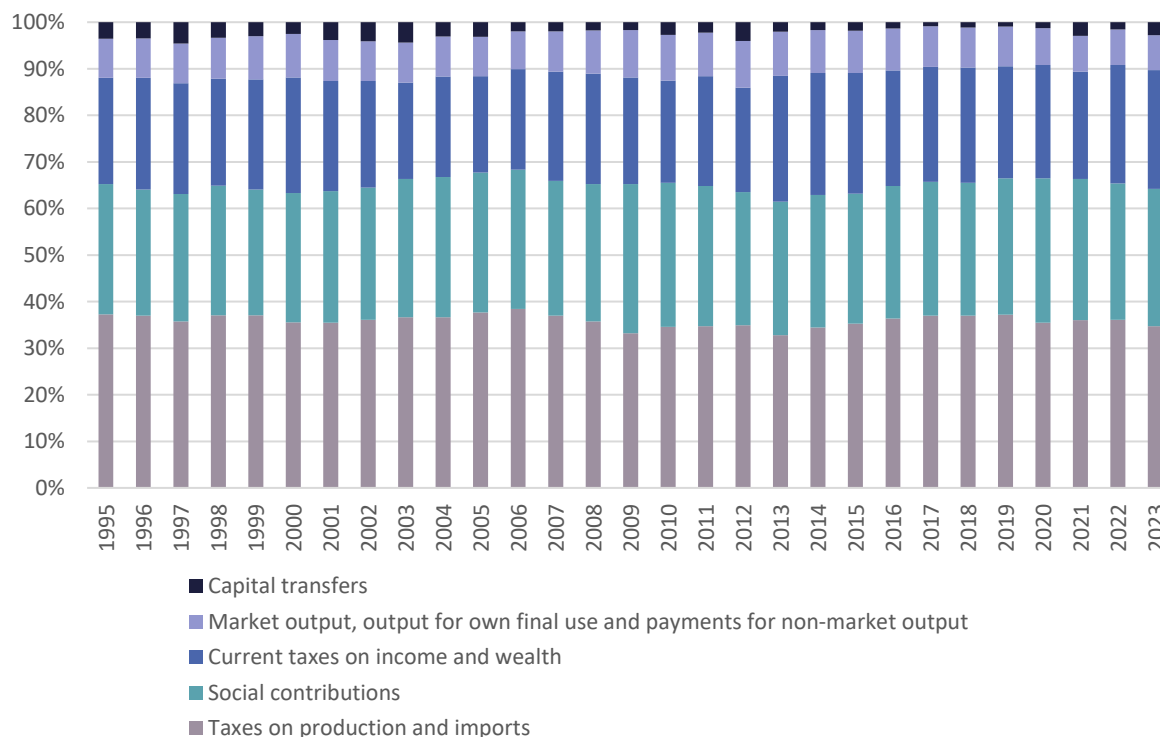


Figure 2. Composition of the General Government revenue, 1995-2023



As can be seen on figure 2, that reflects the composition of total revenue for the period under analysis, tax revenue, including social contributions, ranged from 80% (in 2012) to 86.5% (in 2023) of total revenue. Over

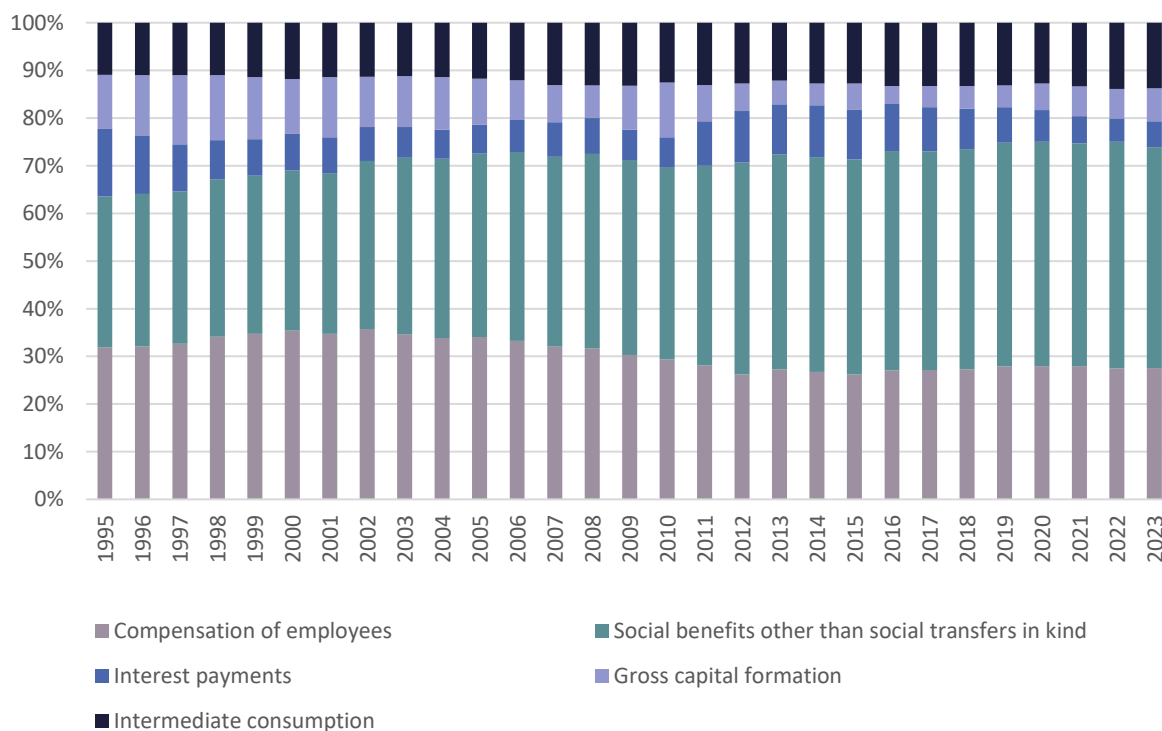


the entire period, taxes on production and imports were the main source of revenue (with an annual contribution, on average, of 34% of total revenue), followed by social contributions (on average, 27.5% of total revenue) and current taxes on income and wealth (22.4%).

As a percentage of GDP, revenue represents in average, 41.5%.

Figure 3 shows the composition of total expenditure for the period under analysis.

Figure 3. Composition of the General Government expenditure, 1995-2023



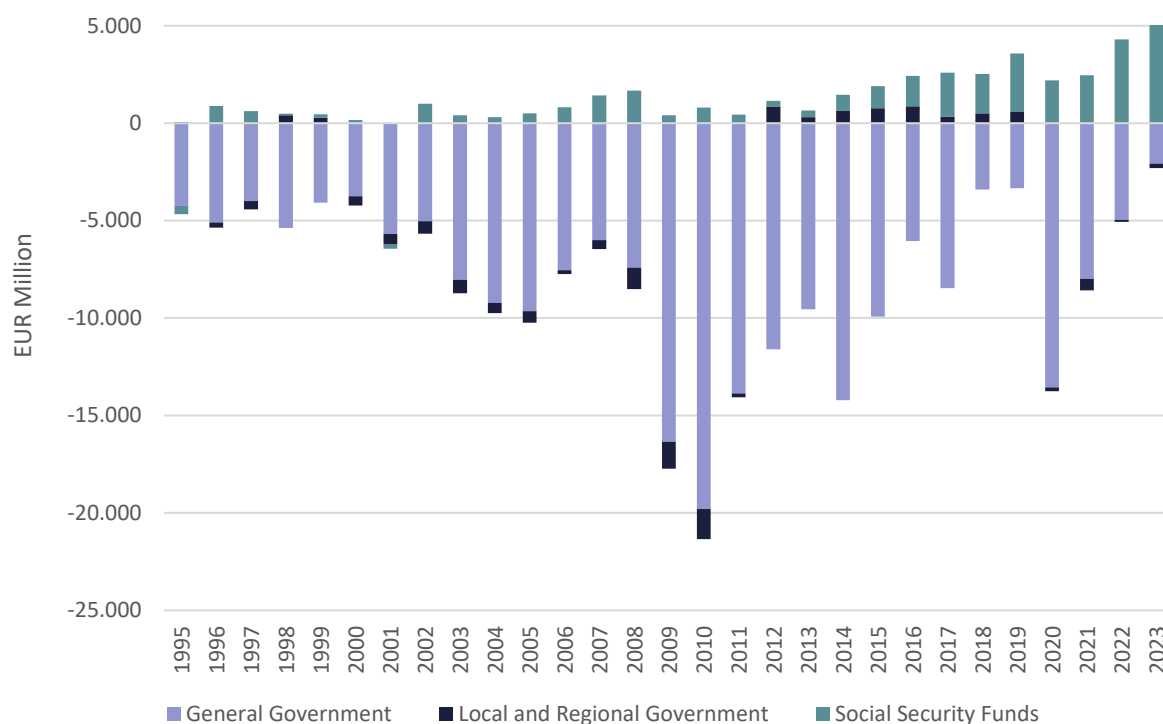
Between 1995 and 2023, GG total expenditure grew on average 4.0% per year, moving from 38.0 to 113.4 EUR billion. In percentage of GDP, public expenditure remained represents, on average, 45.9% of GDP, and was over 50% only in the 2009-2014 financial crisis period.

The composition of public expenditure changed over the series, given the larger share of social benefits, which more than compensated for the decrease in the compensation of employees' weight. In 1995, these two items accounted for 58.2% of GG expenditure, with a slight dominance of the compensation of employees; in 2023, these items accounted for 66.0% of total expenditure, but with unequal contributions: 24.6% of the compensation of employees and 41.4% of social benefits.

GG balances by subsectors are shown in Figure 4.



Figure 4. General Government net lending (+) / net borrowing (-), 1995-2023



Over the period under analysis, the Portuguese Central Government showed a persistence net borrowing, with smaller amount in the recent years, except for 2020, due to the impact of the COVID-19 pandemic. This balance is fundamental for the predominance of negative balances in the total GG. Only in 2019 and 2023, the positive balances of Social Security Funds and Regional and Local Government were large enough to present a net lending capacity for the GG.

The Local and Regional Government balances do not show any specific trend, varying from positive to negative and changing magnitudes under the period of 1995 to 2023. In case of Social Security Funds, among the 29 budget years under analysis, there is a record of net borrowing only in 1995 and 2001. Since 2015 the balance has exceeded 1 EUR billion, reaching 5.5 EUR billion in 2023.

### Methodological note

The regular update (usually every five years) of the National Accounts benchmark year is a common practice in European Union countries. Unlike the 2011 benchmark series which incorporated deep methodological changes as a result of the ESA 2010 implementation, the 2021 benchmark series, as the 2016 benchmark series, does not include structural methodological changes, and as such the revisions in the previously publicised data for 2022 and 2023 mainly reflect the use of new and more complete data sources.



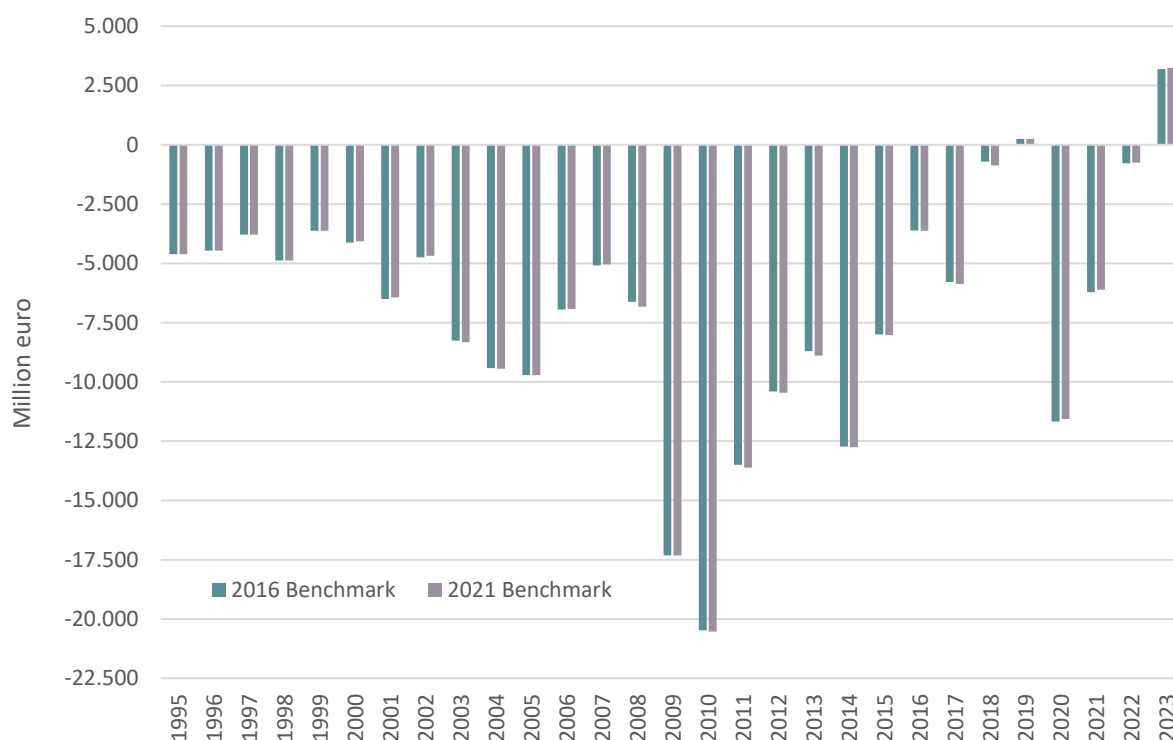


In the specific case of the General Government, it is worth mentioning the publication, in February of 2023, of the 2022 edition of the Manual on Government Deficit and Debt (MGDD) clarified the recording procedures of some operations; additionally, some changes were introduced as the result of adjustments in the sector classification of some units.

The results under analysis in this press release correspond to the first release of the main aggregates of General Government within the Portuguese National Accounts 2021 benchmark. The 1995-2022 series is final. The 2023 data are half-finalized.

The revisions introduced in the 2021 benchmark were mostly related to classifications of some ESA Transactions, and as such have a very small impact in the period under analysis. As can be seen in Figure 5, the major differences in GG net balance occurred in 2008 and 2013 and were of -199 and -195 EUR million (3.0% and 2.2% of the initial value, respectively).

Figure 5. General Government net lending (+) / net borrowing (-)  
2016 benchmark and 2021 benchmark, 1995-2023



Date of the next press release – March 21, 2025