

## Deficit at 1.28 pct of GDP, at the end of Q1, dropping since similar period of 2020

**The execution of the general consolidated budget in the first three months of 2021 ended with a deficit of 14.63 billion RON (1.28 pct of the GDP), a drop over the deficit of 18.06 billion RON (1.71 pct of the GDP), recorded in the first period of the year 2020, according to data published on Wednesday by the Finance Ministry.**

"The budget execution in the first quarter comes with a series of good news. Over Q1 2020 and 2019, we have an increase in income accompanied by an increase in investment. The expenses regarding projects financed from non-refundable funds have increased by 20.4 pct. The deficit drops by 0.4 pp of the GDP over the same period of last year. The expenses also increased by 11.2 pct, mainly for reasons relating to the management of the COVID-19 pandemic and increasing the pension point and child allowances. The financial monitoring and discipline in the area of budget expenses needs to be reinforced," wrote Finance Minister, Alexandru Nazare, on his Facebook page.

The incomes of the general consolidated budget totaled 85.79 billion RON in the first three months of 2021, by 18.8 pct larger than Q1 2020 and 14.9 pct over Q1 2019.

Collections from wage and income tax totaled 6.75 billion RON in the January-March 2021 period, noting a 12.7 pct increase year-over-year.

The insurance contributions stood at 30.50 billion RON in the first three months of this year, showing an 11.6 pct increase year-over-year.

The incomes from the tax on profit totaled 3.86 billion RON, a 34.9 pct increase y-o-y.

The net incomes from VAT stood at 16.95 billion RON, increasing 37.9 pct y-o-y. At the same time, VAT reimbursements totaled 6.29 billion RON, a level inferior to that recorded in the first quarter of the previous year.

Incomes from excises accounted for 7.75 billion RON in the January-March 2021 period, an increase of 4.4 pct year-over-year.

The incomes from property taxes and tariffs stood at 4.11 billion RON in the first quarter of 2021, a level nearly double than that recorded in the same period of last year.

In what regards non-fiscal incomes, they totaled 6.29 billion RON, recording a 14.3 pct increase year-over-year.

The sums reimbursed by the European Union for payments and donations made totaled 5.02 billion RON in the first three months of 2021, showing a 28.6 pct increase over the level recorded in the same period of last year.

On the other hand, the expenses of the general consolidated budget, totaling 100.42 billion RON, rose in nominal terms by 11.2 pct compared to the same period of the previous year.

Personnel costs stood at 27.74 billion RON, increasing by 5.8 pct compared to the same period of the previous year.

Expenses for goods and services accounted for 13 billion RON, increasing by 6.7 pct compared to the same period of the previous year.

In the mentioned period, social assistance costs totaled 38.18 billion RON, rising by 16.5 pct year-over-year.

At the same time, there were continued expenses in regards to the exceptional measures taken, in the social and economic realm, to diminish the negative effects generated by the COVID-19 pandemic.

The budget deficit target for this year is 7.16 pct of the GDP, in cash.