

Evaluation of compliance with the public expenditure ceiling for 2023

The Council for Budget Responsibility (CBR, Council) publishes the evaluation of compliance with the public expenditure ceiling for 2023. This goes in line with the current wording of §30aa (17) and (18) of Act No. 523/2004 Coll. on General Government Budgetary Rules (further referred to as the “Act”), which requires the Council to prepare and publish the evaluation of compliance with the ceiling each year before 15 June, based on the methodology agreed with the Ministry of Finance of the Slovak Republic (MF SR) on 22 December 2022¹.

As the **general escape clause was effective in 2023** pursuant to §30aa (22), the **government was not required to align the general government budget with the public expenditure ceiling, provided that it does not endanger fiscal sustainability**. The evaluation thus serves particularly as an information on the impact of the expenditure subject to the ceiling on long-term sustainability of public finances.

Pursuant to the current wording of §30aa (19) of the Act, if the Council finds that the public expenditure ceiling for 2023 has not been complied with, the government is required to send the parliament a written justification of its non-compliance with the expenditure ceiling for the previous fiscal year² within 30 days of the publication of the evaluation.

Council's procedure in evaluating compliance with the public expenditure ceiling

Evaluation of compliance with the public expenditure ceiling is based on the 2023 data from the spring deficit and debt notification published by the Statistical Office of the Slovak Republic on 22 April 2024. Using this data, the Council has quantified the actual expenditure which falls under the ceiling. From the total general government expenditure, the following items were subtracted: local government expenditure; expenditure financed from the EU budget resources (EU funds, Recovery and Resilience Plan); co-financing expenditure from the state budget; transfers to the European Union budget; debt interest payments; one-off expenditures; as well as a part of expenditure on unemployment benefits affected by the economic cycle. These items have common characteristics in that the government has no direct control over them or they have been triggered by exceptional one-off circumstances.

In the second step, the Council determined the difference compared to the ceiling applicable for 2023 and, subsequently, considered the items listed by the legislation. These include the impacts of approved legislative changes on the revenue of the general government budget or the long-term sustainability, the effects of changes in the reclassification of certain entities into/from the general government sector, the effects of the so-called balance-neutral expenditures³ and the impacts of using unspent funds from past years. Another category includes specifically defined revenues (e.g. revenue from grants or sales revenue) which are used for the financing of additional expenditure and

¹ [Methodology for calculation, updates to, and evaluation of compliance with public expenditure ceilings](#), December 2022

² The second sentence of paragraph 19 concerning the government's obligation to request a vote of confidence does not apply, because in 2023, the government's manifesto was approved after the general election. At the same time, since the first public expenditure ceiling was calculated for 2023, the condition where the ceiling could not be exceeded in two consecutive years (by at least 1% of GDP) does not apply.

³ Increase in balance-neutral expenditures is accompanied by a rise in revenues of the same size (for example, premiums paid by the state for health insurance) and, therefore, these do not influence the long-term sustainability of public finances.

their spending that exceeds the public expenditure ceiling is not legally considered as an overrun of the ceiling.

The evaluation concludes that the ceiling has been exceeded by nearly 1.0 bn euros (0.8% of GDP) primarily due to a permanent increase in expenditure associated with the 13th pension payments and the healthcare sector. Considering that the calculated ceiling for 2023 was expected to improve long-term sustainability by 0.2% of GDP, its actual result in 2023 contributed to the **deterioration of long-term sustainability by approximately 0.6% of GDP.**

Approved public expenditure ceiling for 2023

The CBR calculated the public expenditure ceiling for the period from 2023 to 2025 in December 2022 and subsequently submitted it to the parliament. The parliament approved the ceiling by Resolution No. 1964 of the National Council of the Slovak Republic of 1 February 2023⁴. **The ceiling for 2023 amounted to 41,321,154,940 euros, and the approved budget complied with the ceiling.**

Subsequently, within the legal deadline of 30 June 2023, the CBR prepared a regular update of the ceiling which reflected the impacts of legislative measures adopted between 1 January and 21 June 2023⁵. These involved legislative measures affecting the general government revenue or the long-term sustainability of public finances.

As the updated ceilings were only approved by the parliamentary committee for economic affairs and lacked the approval of the parliamentary committee for finance and budget, they did not enter into force. This means that the ceiling approved by Resolution No. 1964 of 1 February 2023 remains in force as the applicable ceiling. **Hence, it serves as the baseline for the evaluation of compliance with the public expenditure ceiling.** The impacts of legislative measures covered by the update were taken into account by the CBR in the evaluation of compliance with the ceiling⁶.

Compliance with the public expenditure ceiling in 2023

Taking into account the difference between the applicable ceiling and the actual expenditure falling under the ceiling, while also considering the legislative measures (Table 1), the Council concludes that the government has exceeded the applicable public expenditure ceiling in 2023. **The public expenditure ceiling has been exceeded by 994,389 thousand euros, i.e. by 0.8% of GDP.**

Because the calculated ceiling for 2023 was expected to improve long-term sustainability by 0.2% of GDP⁷, its actual result in 2023 contributed to the **deterioration of long-term sustainability by approximately 0.6% of GDP**⁸.

⁴ National Council of the Slovak Republic, [Public expenditure ceiling approved for 2023 to 2025](#)

⁵ CBR, [Update of the public expenditure ceiling for 2023 to 2025 and calculation of the public expenditure ceiling for 2026](#)

⁶ This is identical to the list of measures provided in the regular update, however, with updated impacts (see Table 4 in Annex 1 for a detailed list of measures).

⁷ The legal requirement to improve the long-term sustainability indicator during a period of high risks associated with long-term sustainability is 0.5% of GDP. However, due to the implementation of the pension system reform, it has been reduced to 0.2% of GDP in line with the provisions of the Act.

⁸ This means the sum of the deviation of expenditure from the applicable ceiling (0.8 % of GDP) and the requirement to improve sustainability included in the applicable ceiling (-0.2% of GDP).

Table 1: Evaluation of compliance with the public expenditure ceiling in 2023

| (thousand euro) | 2023 | Notes |
|--|-------------------|--|
| 1. GG expenditure (excluding local government subsector)* | 52,833,881 | <i>more details in Annex 1</i> |
| (-) Expenditure financed from the EU budget resources | 3,713,817 | |
| (-) State budget expenditures for co-financing | 702,916 | |
| (-) Transfers to the European Union | 945,834 | |
| (-) Expenditures on general government's debt service | 1,420,730 | |
| (-) One-off expenditures | 2,232,308 | <i>CBR's estimate, more details in Annex 1</i> |
| (-) Expenditures influenced by the economic cycle | 9,520 | <i>CBR's estimate**</i> |
| 2. Expenditure falling under the ceiling – actual result | 43,808,755 | |
| 3. Public expenditure ceiling approved by the parliament on 1 Feb 2023 | 41,321,155 | |
| 4. Difference (2-3) | 2,487,600 | |
| 5. Effects of approved legislative changes on revenue and long-term sustainability | 382,334 | <i>more details in Annex 1</i> |
| 6. Balance-neutral expenditures | 1,418,421 | <i>more details in Annex 1</i> |
| 7. Impacts of using unspent funds from past years | -258,026 | <i>more details in Annex 1</i> |
| 8. Specifically defined revenues | -49,517 | <i>more details in Annex 1</i> |
| 9. Compliance with ceiling, taking adjustments into account (4-5-6-7-8)*** | 994,389 | |

* including transfers from the central government entities and social security funds (subsectors S.1311 and S.1314) provided to local government (subsector S.1313)

** the amount of cyclical expenditures on unemployment benefits, which is affected by the near-zero estimated output gap and the total expenditures on benefits amounting to 268 mn euros in 2023.

*** a plus sign denotes an overrun of the public expenditure ceiling

Source: CBR, Statistical Office

The failure to comply with the public expenditure ceiling is primarily attributable to the introduction of permanent 13th pension payments (0.4% of GDP) and increased expenditure in the healthcare sector⁹ in connection with wages and operating costs in hospitals (0.3% of GDP). Other factors include the approved changes regarding minimum pensions (0.1% of GDP) and higher expenditure of the Social Insurance Agency beyond the special indexation of pensions (0.1% of GDP). A detailed table is presented in Annex 2 (Table 10).

⁹ This is a comparison of the actual expenditure against budgetary projections, because the general government budget approved for 2023 was in line with the ceiling calculated for 2023.

Annex 1 – Quantification of items considered in the evaluation of compliance with the public expenditure ceiling

The evaluation of compliance with the public expenditure ceiling is based on the procedure set out in the applicable methodology agreed with the Ministry of Finance on 22 December 2022¹⁰. This annex contains a description of the identification or calculation of the individual items taken into account within the evaluation. The tables below are also published along with this material as a data file.

Expenditure falling under the public expenditure ceiling

Evaluation of compliance with the public expenditure ceiling is based on the 2023 data from the spring deficit and debt notification published by the Statistical Office of the Slovak Republic on 22 April 2024. The CBR used the underlying data from the Statistical Office in the form of a database, with data broken down into the classifications used (classification by organisation, economic classification, classification by source, COFOG, ESA subsectors, ESA items) and the identified counterparties in the case of transfers between general government entities¹¹.

In the first step it was necessary to exclude the relevant local government expenditures from the total general government expenditure, because they do not fall under the public expenditure ceiling (Table 2). The public expenditure ceiling includes only expenditures of the central government and health insurance companies which are provided to local governments to finance their activities (e.g. powers devolved from the central government, financing of the healthcare provision in facilities operated by local government). Consequently, other items not falling under the ceiling were also excluded from expenditure (Table 3).

Table 2: Quantification of expenditure excluding local government in 2023

| (thousand euro) | 2023 | Notes |
|---|-------------------|---|
| 1. General government expenditure | 58,852,642 | |
| 2. Expenditures of local government | 10,515,319 | |
| a.) expenditure associated with EU funds, co-financing and debt interest payments | 1,233,724 | excluded as a whole for GG under separate items |
| b.) transfers to central government | 52,646 | not included in consolidated GG expenditure |
| c.) other expenditure | 9,228,949 | |
| 3. Transfers to local government | 8,271,551 | from subsectors S.1311 and S.1314 |
| a.) participatory taxes | 3,858,456 | not included in the ceiling |
| b.) EU funds and co-financing | 1,202,906 | not included in the ceiling |
| c.) other transfers | 3,210,189 | |
| 4. Expenditure excl. local government subsector (1-2c+3c) | 52,833,881 | |

Source: CBR, Statistical Office

¹⁰ [Methodology for calculation, updates to, and evaluation of compliance with public expenditure ceilings](#), December 2022

¹¹ Identification of counterparties is important in terms of evaluating the compliance with the public expenditure ceiling because the public expenditure ceiling also includes transfers from the central government and social security funds provided to local government entities.

Table 3: Other items outside the public expenditure ceiling in 2023

| (thousand euro) | 2023 | Notes |
|--|-----------|---|
| GG expenditure financed from the EU budget resources* | 3,713,817 | based on 'classification by source' codes provided by MoF |
| GG expenditure for co-financing from the state budget* | 702,916 | based on 'classification by source' codes provided by MoF |
| Transfers to the European Union budget | 945,834 | ECBC item 649005 in the state budget |
| Expenditures on general government's debt service | 1,420,730 | ESA item D.41PAY |
| One-off expenditures | 2,232,308 | CBR's estimate, a detailed list Table 9 |
| Expenditures influenced by the economic cycle | 9,520 | CBR's estimate |

* including the funds under the Recovery and Resilience Facility and VAT paid on such funds

Source: CBR, Statistical Office

The total amount of general government revenue from European funds, as reported and published by Eurostat for 2023, represents 3.971 bn euros¹². This was also the amount used by the Council in its calculation for the evaluation of compliance with the public expenditure ceiling.

In the final state budgetary account for 2023, the cash expenditures of the state budget financed from the EU budget¹³ are amounting to 4.907 bn euros. The amount of these expenditures, after applying the adjustments made by the Statistical Office of the Slovak Republic in accordance with the ESA 2010 methodology (e.g. exclusion of funds, the final beneficiary of which is not a general government entity, taking into account the refunds of some one-off expenditures and over-contracting of the EU funds) and after including the funds from the Recovery and Resilience Facility, represents 3.714 bn euros. The difference from the amount published by Eurostat, representing approximately 257 mn euro, is therefore made up of revenues of other general government entities and from other funding from the European institutions (e.g. funds for the decommissioning of the V1 unit at the Jaslovské Bohunice nuclear power plant, funds for the financing of infrastructure projects – the Connecting Europe Facility).

In the Council's evaluation, the total reported amount of revenue from European funding is considered in two steps:

- Firstly, the amount of those EU funds, which were considered in the calculation of the ceiling on the basis of the budgeted data and the methodology agreed with the Ministry of Finance¹⁴ (the amount shown in Table 3, i.e., 3.714 bn euros corresponding to EU funds, constituting the revenue and expenditure of the state budget), is assessed.
- As part of the evaluation of compliance with the public expenditure ceiling, the specifically defined revenues are also considered. This includes, for instance, revenue from grants used for the financing of additional expenditures which technically include other revenue from European funds as referred to above. The difference between their spending and the

¹² Specifically, it is the sum of the current and capital transfers received from the European Union institutions and bodies (D7REC_S212 and D9REC_S212).

¹³ This amount includes resources from the agricultural funds, the structural funds, the Cohesion Fund, the European Maritime and Fisheries Fund, the European Maritime, Fisheries and Aquaculture Fund, the European territorial cooperation programmes and the Operational Programme for Social Security to the Most Deprived.

¹⁴ [Methodology for calculation, updates to, and evaluation of compliance with public expenditure ceilings](#), December 2022, Table 7, page 49.

assumptions used in the calculation of the ceiling is also mandatorily taken into account in the evaluation of compliance with the ceiling (Table 6).

Impact of approved legislative changes on revenue and long-term sustainability

Legislative changes having an impact on general government revenue or the long-term sustainability of public finances, which were approved in the course of 2023, are also covered in the evaluation of compliance with the public expenditure ceiling (Table 4)¹⁵.

The legislative measures include changes in the registration fee for passenger cars and the abolition of television/radio licence fee, thus reducing general government revenue. The remaining measures involve legislation where medium-term impacts differ from the long-term impacts:

- Extraordinary indexation of social transfers increases the general government expenditure in a single year only, which means that the impact on the long-term sustainability indicator is negligible; in terms of ceilings, higher expenditure will not last beyond the medium-term horizon and, as a result, the update will include an increase in the ceiling in 2023 by an amount covering the impacts of these measures.
- Changes in minimum pensions will lead to a higher increase in expenditure (relative to GDP) in the long run compared to the medium term. In this case, the public expenditure ceiling will require offsetting their estimated long-term impacts, which will result in the reduction of the ceiling.

Table 4: Impact of approved legislative changes on revenue and long-term sustainability

| (thousand euro) | Impact on GG balance | Impact on PEC* | Impact on LSI (% of GDP) | Revenue / Expenditure | Notes |
|--|----------------------|-----------------|--------------------------|-----------------------|----------------------|
| 1. Change in passenger car registration fee | -13,000 | -13,000 | - | R | PS 2025-2027 |
| 2. Abolition of television/radio licence fees | -34,836 | -34,836 | - | R | PS 2025-2027 |
| 3. Extraordinary indexation of pensions | -523,566 | 523,566 | 0.0 | E | PS 2025-2027 |
| 4. Extraordinary indexation of parental allowance | -31,321 | 31,321 | 0.0 | E | CBR's quantification |
| 5. Extraordinary indexation of the material need benefit | -4,067 | 4,067 | 0.0 | E | CBR's quantification |
| 6. Changes in minimum pensions | -10,915 | -128,784 | 0.1 | E | CBR's quantification |
| Total impacts | -617,704 | 382,334 | | | |
| Nominal GDP | 122,812,795 | | | | Statistical Office |

* A plus or a minus sign denotes an increase or, respectively, reduction in the public expenditure ceiling (PEC)

Note: The impact under points 3 to 6 is calculated as the difference between the estimated impact of the measure concerned on the long-term sustainability indicator (LSI) and the estimated impact in a given year

Source: MF SR, CBR, Statistical Office

¹⁵ The list of measures is identical to the one published by the CBR in the regular update of the ceiling in June 2023 which, was ultimately not approved. However, the estimated impacts of some of the measures have been revised slightly. Beyond these measures, no legislation affecting the ceiling in 2023 was adopted by the parliament by the end of 2023.

Balance-neutral expenditures and changes in sectoral classification

The applicable methodology contains a list of specific methodology adjustments, the so-called balance-neutral expenditures¹⁶, which are considered in the evaluation of compliance with the ceiling (Table 5). On top of that, no additional adjustments that would need to be taken into account have been identified in 2023. The reason for reflecting on them is that, albeit having an impact on the amount of general government expenditure, they do not affect long-term sustainability of public finances.

Table 5: Balance-neutral expenditure considered in the evaluation

| (thousand euro) | Actual result in 2023 | Assumptions at the time of calculation of PEC | Difference |
|--|-----------------------|---|------------------|
| 1. Imputed insurance premiums | 274,387 | 225,526 | 48,860 |
| 2. Imputation of research & development (R&D) | | | |
| - sales revenue (P.12)* | 471,475 | 422,851 | 48,624 |
| - intermediate consumption (P.2) | -82,318 | -31,036 | -51,282 |
| - gross fixed capital formation (P.5111) | 553,793 | 453,887 | 99,906 |
| 3. FISIM | | | |
| - interest received (D.41REC)* | 81,505 | 20,599 | 60,906 |
| - interest paid (D.41PAY)* | -16,740 | -38,901 | 22,161 |
| - intermediate consumption (P.2) | 98,245 | 59,500 | 38,745 |
| 4. Software | 1,543 | 904 | 639 |
| 5. Originals | 31,665 | 28,095 | 3,570 |
| 6. Salaries in kind | 212,522 | 84,317 | 128,205 |
| 7. Estimate of the P.12 transaction | 22,127 | 0 | 22,127 |
| 8. Nuclear decommissioning | 112,175 | 110,013 | 2,162 |
| 9. Premiums paid by the state for health insurance, recorded under health insurers' revenues | 2,092,939 | 1,102,969 | 989,970 |
| 10. Transfer to cover the deficit of the pension system of armed forces | 0 | 69,094 | -69,094 |
| 11. Premiums paid by the state for social insurance, recorded under the Social Insurance Agency's revenue | 397,075 | 402,398 | -5,323 |
| 12. Premiums paid to the Social Insurance Agency for social insurance, recorded under the agency's revenue | 4,049 | 4,893 | -845 |
| 13. Green energy subsidies | 180,552 | -30,228 | 210,780 |
| - revenue | 420,800 | 258,492 | 162,308 |
| - expenditure | 240,248 | 288,720 | -48,472 |
| 14. Impact on the public expenditure ceiling (sum of 1 through 13) | 3,898,753 | 2,480,332 | 1,418,421 |
| <i>Interest revenues related to the issue of state bonds**</i> | <i>335,872</i> | <i>0</i> | <i>335,872</i> |
| - <i>interest on deposits in commercial banks</i> | <i>239,677</i> | | |
| - <i>premium on issue of bonds</i> | <i>96,195</i> | | |

Note: General government revenue and expenditure excl. local government subsector. FISIM - financial intermediation services indirectly measured

* items outside the public expenditure ceiling (not included in the total impact)

** considered in the public expenditure ceiling update when comparing the actual non-tax revenue with the assumptions used in the calculation of the ceiling

Source: Statistical Office

¹⁶ [Methodology for calculation, updates to, and evaluation of compliance with public expenditure ceilings](#), December 2022, page 43, Table 6

Balance-neutral expenditures contributed to an increase of 1.4 bn euros in expenditure falling under the public expenditure ceiling. The largest share of the increase (around 1 bn euros) is due to higher health insurance premiums paid by the state, thus representing a transfer from the state budget to health insurers to cover their financial needs. As this transfer is not consolidated under the ESA2010 methodology, it contributes equally to an increase in government revenue and expenditure with no impact on the balance. Healthcare financing from health insurers indeed has an impact on compliance with the public expenditure ceiling.

Regarding the changes in the sectoral classification, the CBR has not identified any adjustments that would need to be taken into account in the evaluation of compliance with the public expenditure ceiling¹⁷.

Specifically defined revenues

In evaluating compliance with the public expenditure ceiling, the Council also considers the expenditure of general government entities from specifically defined revenue. Additional funds received (compared to the assumptions used at the time of calculation of the ceiling) from grants and from the sale of products, goods and services may be used for expenditure beyond the public expenditure ceiling. Conversely, lower revenue will also be reflected in a more stringent ceiling. For 2023, the actual revenue of general government entities (excluding local government) was lower than the assumption used in the calculation of the ceiling, which made the ceiling more stringent by additional 50 mn euros.

Table 6: Specifically defined revenues

| (thousand euro) | Actual result in 2023 | Assumptions at the time of calculation of PEC | Difference |
|--|-----------------------|---|----------------|
| 1. Grants and transfers received | 173,162 | 188,136 | -27,519 |
| 2. Revenue under §17(4) | 2,666 | 2,668 | -2 |
| 3. Revenues from the sale of products, goods and services | 1,167,324 | 1,201,865 | -34,541 |
| 4. Impact on the public expenditure ceiling (1+2+3) | 1,343,153 | 1,392,670 | -49,517 |

Source: Statistical Office

¹⁷ Based on a decision of the Statistical Office of the Slovak Republic, two entities are no longer classified under the general government sector, but their revenues and expenditures were not included in the data provided by the Ministry of Finance in the calculation of the ceiling. Therefore, no changes are necessary. Due to the large size of data, the complete list of entities and the changes in the sectoral classification, including an explanation of the impact of changes on the evaluation of compliance with the public expenditure ceiling, is published in a data file included with this material.

Impacts of using unspent funds from past years

To evaluate the impact of using unspent state budget funds under §8 of the Act, it is necessary to compare the assumptions concerning the use of unspent state budget funds from past years. However, this can only have an impact on the public expenditure ceiling in the first year of the ceiling; the reason is that the year preceding the first year of the ceiling falls under the previous government's ceiling and the carryovers of such funds may affect compliance with the ceiling for reasons beyond the government's control.

The resulting impact is ascertained in two steps. The first step involves comparing the assumed unused funds at the end of 2022 – consistently with the estimate of the balance in 2022 which served as the basis for the baseline scenario in calculating the ceiling – with the actual level of unused funds under §8 of the Act at the end of 2022. By applying this principle, the amount of the ceiling is reduced by 82 mn euros because, in 2022, the government used more funds than the amount assumed in the estimate which served as the basis for calculating the ceiling (Table 7).

Secondly, the impact of applying carryovers on the balance and on compliance with the public expenditure ceiling in 2023 is calculated by comparing the unused funds at the end of 2022 which were spent in 2023 (Table 8 – line 1a) with the current year's unspent funds at the end of 2023 transferred to next years (Table 8 – line 2a). The carryovers of current and capital expenditures outside the defence sector contributed to improving the balance by 176 mn euros in 2023 when compared to the budget. Taking this fact into account when evaluating compliance with the public expenditure ceiling for 2023 means that expenditure falling under the ceiling should be reduced by that amount¹⁸.

The calculation does not include capital expenditure spending in the defence sector, as the calculated ceilings assume annual defence spending of 2% of GDP regardless of the amount spent in 2022 (i.e. whether and to what extent the funds were carried over between years). At the same time, the carryovers under §8 are applicable to cash expenditure which, considering the specific nature of military expenditures (allowing a relatively long time interval between payment, i.e. cash expenditure, and delivery, i.e. expenditure under ESA2010) may not necessarily lead to an identical amount of expenditure under the ESA2010 methodology.

At the same time, when calculating the impacts of expenditure carryovers, the CBR did not take into account the expenditure related to the Russian invasion of Ukraine or energy subsidies, as the CBR treated them as one-off expenditure in 2023. In its calculation, the expenditure carryovers related to the uptake of EU funds and the Recovery and Resilience Plan funding were also not considered by the CBR, because they do not fall under the public expenditure ceiling.

¹⁸ On the other hand, this means that additional 176 mn euros would be available in 2024, which would be reflected in an increase of the 2024 ceiling in its update.

Table 7: Spending of cash capital expenditure of the state budget in 2022

| (thousand euro) | Total | Defence | Excl. defence |
|--|------------------|----------------|----------------|
| 1. Expected actual result in 2022 for the baseline scenario for PEC | 1,379,169 | 646,019 | 733,151 |
| - a. Source code 111 (current year) | 837,665 | 420,499 | 417,166 |
| - b. Source code 131L (from past years) | 319,359 | 115,941 | 203,418 |
| - c. Other sources* | 222,146 | 109,580 | 112,566 |
| 2. Actual spending in 2022 | 1,651,276 | 775,956 | 875,320 |
| - a. Source code 111 (current year) | 936,418 | 360,735 | 575,683 |
| - b. Source code 131L (from past years) | 212,355 | 85,599 | 126,756 |
| - c. Other sources* | 502,503 | 329,621 | 172,881 |
| 3. Difference in spending under sources 111 and 131L (2a+2b-1a-1b) | | | 81,854 |
| 4. Impact on PEC through change in sources under §8 (-3) | | | -81,854 |

* i.e., sources 131J and 131K which are not carried over to 2023

Source: MF SR, CBR

Table 8: Impact under §8 on the balance in 2023

| (thousand euro, current and capital expenditure) | Total | Defence | Excl. defence |
|---|----------------|----------------|-----------------|
| 1. Spending of expenditure in 2023 (carried over from 2022 under §8) | 404,769 | 66,347 | 338,422 |
| - a. Source code 131 | 383,482 | 52,103 | 331,378 |
| - b. Source code 3UAM | 21,287 | 14,243 | 7,044 |
| 2. Unused expenditure under §8 in 2023 and carryovers to subsequent years | 732,260 | 125,897 | 606,363 |
| - a. Source code 111 | 626,892 | 119,341 | 507,551 |
| - b. Source code 131M | 82,140 | 0 | 82,140 |
| - c. Source code 11UA | 358 | 0 | 358 |
| - d. Source code 3UAM | 22,871 | 6,556 | 16,315 |
| 3. Impact of spending and carryovers under §8 on the balance in 2023 (2a-1a) | | | 176,172 |
| 4. Impact on compliance with PEC in 2023 through change in sources under §8 (-3) | | | -176,172 |

Note: codes 11UA and 3UAM relate to one-off expenditure connected with Russian invasion of Ukraine

Source: MF SR

List of one-off effects included in the evaluation of compliance with the public expenditure ceiling

One-off expenditures have been identified by the CBR (Table 9) by applying the principles set out in the methodology. All listed one-off expenditures are related to extraordinary events, such as the pandemic and the security and energy crisis. For the purpose of calculating the expenditures falling under the public expenditure ceiling, the CBR included only those one-off expenditures that were financed from national sources. Expenditures financed from European funds were not included to avoid duplication in the calculation (as they were excluded from expenditure in the previous step).

Table 9: One-off effects in 2023

| (thousand euro) | ESA2010 | Group | 2023 | Type | Source |
|--|---------|----------|-------------------|------|--------|
| Accrual recording of VAT | D.2R | other | 418,085 | R | SB |
| Revenues from solidarity contribution | D.2R | energy | 457,117 | R | SB |
| Revenues from solidarity contribution (impact on CIT) | D.5R | energy | -95,995 | R | SB |
| Social contributions relief for farmers | D.61 | energy | -24,477 | R | SB |
| Payment from the profit of Vodohospodárska výstavba | D.4R | energy | 150,000 | R | SB |
| Revenue of the Defence Ministry from the European Peace Facility | D.7R | UA | 43,644 | R | EU |
| Refund for energy compensation schemes | D.7R | energy | 936,997 | R | EU |
| State budget expenditure for the purchase of medical supplies | P.2 | pandemic | -88,479 | E | SB |
| Asylum centre for refugees from Ukraine (UA), other expenditure | P.2 | UA | -51,728 | E | SB |
| UA accommodation allowance – legal persons | D.3P | UA | -63,958 | E | SB |
| Energy compensations | D.3P | energy | -1,985,300 | E | SB |
| Energy compensations | D.3P | energy | -936,997 | E | EU |
| UA accommodation allowance – natural persons | D.62 | UA | -3,413 | E | SB |
| UA material need benefit, other expenditure | D.62 | UA | -16,963 | E | SB |
| State budget expenditure for the purchase of medical supplies | P.51G | pandemic | -2,736 | E | SB |
| UA asylum centre, other expenditure | P.51G | UA | -19,730 | E | SB |
| Donation of military equipment - equipment provided | D.9P | UA | -510,600 | E | SB |
| Donation of military equipment - equipment provided | P52D | UA | 510,600 | E | SB |
| Total (impact on the balance) | | | -1,283,933 | | |
| - of which: expenditure-side measures necessary for quantifying the expenditures falling under the public expenditure ceiling* | | | -2,232,308 | | |

* includes one-off effects on the expenditure side financed under the source "SB - state budget"

Source: CBR, Statistical Office of the Slovak Republic

Annex 2 – Factors explaining the overrun of the public expenditure ceiling

In quantifying the factors which caused the overrun of the public expenditure ceiling for 2023, the CBR used the data from the approved budget. At the time of its assessment by the CBR, the approved general government budget for 2023 was in line with the calculated ceiling and, according to the CBR, the budget expenditure was below the ceiling by approximately 23 mn euros.

The individual revenue and expenditure items were broken down by the CBR into those falling under the ceiling and those having no impact on the ceiling. When compared to the budget, items outside the public expenditure ceiling contributed to the improvement of the balance by 2.9 bn euros (2.3% of GDP), mainly due to one-off effects, savings in co-financing expenditure, net debt interest payments and the impacts of unspent state budget expenditure carried over to the subsequent years.

In contrast, expenditure falling under the ceiling had a negative impact of 1.0 bn euros (0.8% of GDP), mainly due to increased healthcare expenditure, introduction of the permanent 13th pension payments, changes in minimum pensions and increased expenditures of the Social Insurance Agency.

Table 10: Comparison of the budget with the actual result¹⁹

| | mn euro | % of GDP |
|--|--------------|--------------|
| 1. General government balance – budget | -7,871 | -6.44 |
| 2. General government balance – actual result | -6,010 | -4.89 |
| 3. Difference (2-1) | 1,861 | 1.54 |
| Contributions (A+B+C+D): | | |
| A. Items outside the public expenditure ceiling (PEC) | 2,879 | 2.34 |
| - co-financing expenditure (including VAT on the Recovery and Resilience Plan) | 600 | 0.49 |
| - transfers to the EU budget | 82 | 0.07 |
| - debt interest payments net of interest received | 220 | 0.18 |
| - impact of expenditure carried over under §8 | 176 | 0.14 |
| - fiscal performance of local government | 96 | 0.08 |
| - one-off effects on the expenditure side | 1,530 | 1.25 |
| - one-off effects on the revenue side | 336 | 0.27 |
| - cyclical component of expenditure | 4 | 0.00 |
| - revenue falling under TRFC (excl. one-offs, local gov. and impacts of legislative changes) | -331 | -0.27 |
| - revenue of entities not included in the state budget* | 118 | 0.10 |
| - other (changes in non-tax revenues) | 48 | 0.04 |
| B. Expenditure falling under PEC | -994 | -0.81 |
| - healthcare expenditure | -328 | -0.27 |
| - 13th pension payments | -436 | -0.36 |
| - changes in minimum pensions | -129 | -0.10 |
| - expenditure of the Social Insurance Agency | -107 | -0.09 |
| - remission of COVID assistance for local governments | -152 | -0.12 |
| - RTVS expenditure (including the abolition of licence fees) | -111 | -0.09 |
| - expenditure of entities not included in the state budget* | -72 | -0.06 |
| - correction (including the reserve) | 81 | 0.07 |
| - other current expenditure of the state budget (including reserves) | 118 | 0.10 |
| - other | 141 | 0.11 |
| C. Budget in relation to the public expenditure ceiling | -23 | -0.02 |
| D. Impact of change in GDP | - | 0.03 |

Note.: (+) denotes improvement and (-) deterioration of the general government balance in comparison with the approved budget

* For instance, DataCentrum elektronizácie územnej samosprávy Slovenska, Slovak Business Agency, Deposit Protection Fund.

Source: CBR, MF SR, Statistical Office

¹⁹ A detailed calculation comparing the data in the budget with the actual result can be found in the underlying file for calculating the evaluation of the public expenditure ceiling.