3 October 2022

Balance of government units was in a slight surplus in 2Q 2022

Government deficit and debt – the second quarter of 2022

**In the Q2 2022, the general government sector balance ended up in a slight surplus corresponding to 0.03% of GDP. The government debt ratio decreased by 1.4 percentage point (p. p.), year-on-year (y-o-y), to 44.0% of GDP.**

In the Q2 2022, the government surplus reached CZK 0.5 billion (bn), which was by CZK 40.8 bn better result, year-on-year. The balance of central government continued to remain in a deficit of CZK 69.8 bn, but improved by CZK 19.5 bn, year-on-year. The local government sector balance ended up with a surplus of CZK 62.9 bn, which corresponds to improvement by CZK 23.1 bn, year-on-year, and social security funds ended up with a surplus of CZK 7.3 bn.

*“In Q2 2022, the balance of government institutions ended in a slight surplus of CZK 0.5 billion. The debt ratio of the government institutions sector rose by 1.4 percentage points, year-on-year, and reached 44.0% of GDP. The economic result was mainly influenced by the increase in tax revenues,”* Helena Houžvičková, Director of the Government and Financial Accounts Department of the Czech Statistical Office (CZSO), stated.

The general government sector balance, Q2 2020 – Q2 2022

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| Period | Q1 2020 | Q2 2020 | Q3 2020 | Q4 2020 | Q1 2021 | Q2 2021 | Q3 2021 | Q4 2021 | Q1 2022 |
| CZK bn | -98.4 | -43.0 | -137.5 | -131.3 | -40.4 | -42.9 | -97.0 | -71.9 | 0.5 |
| % of GDP | -7.3 | -2.9 | -9.0 | -9.5 | -2.6 | -2.7 | -6.0 | -4.7 | 0.0 |

*Note: Data in the table are not seasonally adjusted and cannot be compared quarter-on-quarter.*

The total government revenues increased by 11.6%, y-o-y, and reached 44.2% of GDP. The y-o-y increase in revenues was mainly contributed to by an increase in revenues from taxes on production and imports, from social contributions, and taxes on income. The total government expenditure increased by 5.2% and reached 44.1% of GDP. Expenditure on social benefits and other current transfers, receivable increased the most. A decrease was recorded mainly as for subsidies.

The nominal debt of the general government increased by CZK 310.2 billion to CZK 2 827.7 billion. The government debt ratio increased from 42.6% to 44.0% of GDP, year-on-year, the change of the debt was +1.4 p. p., whereas the increasing nominal GDP contributed to a decrease in the indebtedness by –3.4 p. p. The debt increased by CZK 143.6 billion, quarter-on-quarter. In the quarter-on-quarter comparison, the debt ratio increased by 1.2 p. p. The increase in the nominal GDP contributed to a decrease by –1.1 p. p.

In Q2 2022, an increase of the debt (CZK 143.6 bn) was markedly higher than the deficit (CZK 0.5 bn). The general government borrowed by CZK 143.1 bn more than their need for financing was, which resulted in an increase of the value of assets held, especially of deposits.

Regarding the debt structure, especially the following increased, y-o-y: issued debt securities (CZK +205.3 bn), which continue to be the main component of the debt.

**Debt of the general government sector. Q2 2020 – Q2 2022**

The general government sector balance after seasonal adjustment as well as adjustment for calendar effects ended up with a deficit of CZK 39.3 bn, which corresponded to 2.3% of GDP. The general government sector balance improved by CZK 13.3 bn, q-o-q. The development of the general government sector balance adjusted by seasonal and calendar effects is shown in the chart below.

**Seasonally adjusted general government sector balance. Q2 2020 – Q2 2022**

Notes:

*Quantification of fiscal indicators of government deficit and debt mentioned above is based on the ESA2010 methodology. Data published in this news release are methodologically consistent with the data used for the statistics of the excessive deficit procedure (EDP) purposes and for the assessment of how Maastricht convergence criteria are met.*

*The government surplus/deficit is represented by the item B.9 “net borrowing (−) or net lending (+)” in the system of national accounts. It refers to the ability of the general government sector to finance other sectors of the economy (+) or the need of the general government sector to be financed (−) by other sectors of the economy in the given period.*

*The general government debt is the amount of consolidated liabilities of the general government sector comprising the following items: received deposits. issued debt securities. and received loans. In case of foreign exchange debt instruments hedged against the currency risk. the value in CZK is obtained by means of the contractual exchange rate.*

*The general government sector balance is compared with the amount of the GDP in the given quarter at current prices. The amount of the consolidated general government debt is compared with the sum of quarterly GDP for the last four quarters at current prices. Fiscal indicators of quarterly government deficit and debt are published within the Transmission programme (Table 25 and Table 28) on the website* [*General government sector*](https://apl.czso.cz/pll/rocenka/rocenka.indexnu_gov?mylang=EN) *in the “GDP. National Accounts” section). Unless otherwise stated. data are not seasonally adjusted as well as they are not adjusted for calendar effects.* *Time series of seasonally adjusted sector accounts for government sector (item Net Lending / Net Borrowing)* [*Time series of seasonally adjusted sector accounts for S.13*](https://apl.czso.cz/pll/rocenka/rocenkavyber.kvart_qsa?mylang=EN&oblast=@RU)

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*This press release was not edited for language.*