

COMMENTARY

3 April 2023

Methodological note on government finance statistics – 2022**Measures on the energy market and expenditure related to the war in Ukraine****Influence of extraordinary events on the revenue, expenditure, and debt of the general government sector and capture thereof in the methodology**

There were two extraordinary circumstances in the year 2022 that significantly influenced the general government sector balance. The first one was a steep price increase of energies that entailed introduction of government measures, which impacted on the general government sector revenue and expenditure. The second one was the war conflict in Ukraine, which also resulted in government measures some of which influenced the general government balance.

Measures on the energy market

Due to extreme price increases of energies (especially of gas and electricity) the Government of the Czech Republic introduced, as of the 3rd quarter of 2022, several programmes in order to mitigate their impact. The measures affected the following expenditure, revenue, and balance items of the general government sector:

Expenditure side

- **Subsidies on products (D.31)**
 - Compensation for enterprises that recorded a considerable increase of costs for gas and electricity according to their individual consumption (terminated in December 2022).
 - Compensation for a relief of a fee for supported energy sources paid by households and enterprises (it is in force until the end of 2023).
- **Other current transfers (D.75)** – a lump sum contribution for households, the so-called “Saving tariff,” that was a subsidy for all households at each electricity offtake point (a fixed lump sum contribution for households in their electricity invoices).

Revenue side

- **Taxes on products (D.21)** – a levy on excessive (surplus) revenue of electricity producers, a measure based on implementation of requirements of a regulation of the Council of the EU to solve high energy prices, which provides for ceilings (cap) for disproportionately high market revenues from sale of electricity. The subject of the levy is the market revenue from the sale of electricity in the period from 1 December 2022 to 31 December 2023.

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Balance sheet – assets side

- **Loans (AF.4)** – a specific measure of the Government was a loan to selected energy companies in order to provide a guarantee for the market risk by means of a principal (sum) due to high prices in relation to trading with electricity on the energy exchange.

Measures related to the Russian aggression in Ukraine

Measures of the general government in relation to the Russian attack against Ukraine resulted largely from the refugee crisis as a consequence of which Czechia received in 2022 the highest number of refugees from Ukraine per capita from all countries of the EU. In the accounts of the general government sector, especially the following expenditure items were captured:

- **Social benefits other than social transfers in kind (D.62)** – Humanitarian benefit – a social benefit to refugees, which was paid out as a new instrument as of 21 March 2022 (previously as “extraordinary immediate assistance” to refugees).
- **Current transfers within general government (D.73)** – an offsetting contribution from the state budget to Regions and municipalities for emergency accommodation to persons from Ukraine.
- **Miscellaneous current transfers (D.75)** – Contribution to the solidarity household – an offsetting contribution paid to Czech households who house refugees.
- **Other capital transfers (D.99)** – a gratuitous transfer of military equipment and materials from the reserves of the Ministry of Defence of the Czech Republic to Ukraine.

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