

General State Budget (GSB) 2023: with the course lost

In data

FORECAST REAL GDP GROWTH GOVERNMENT 2023*

+2.1%

y-o-y
0.7 pp higher than that of the Bank of Spain

* Forecasts

STRUCTURAL DEFICIT 2023*

-4.3%

GDP from -3.5% in 2022*

TAX REVENUE 2023*

+7.7%

Regarding tax settlement advance 2022

NON-FINANCIAL EXPENDITURE CEILING STATE 2023

198,221

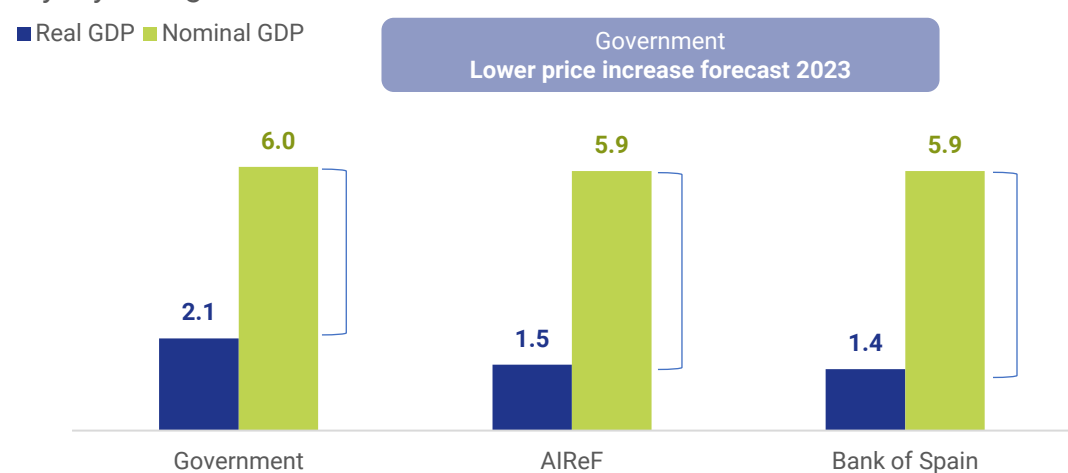
million €, +1.1% y-o-y

Forecasts not credible and not able to build confidence

UNREALISTIC PERCEPTION OF LATENT RISKS IN A CONTEXT OF HIGH NATIONAL AND INTERNATIONAL UNCERTAINTY

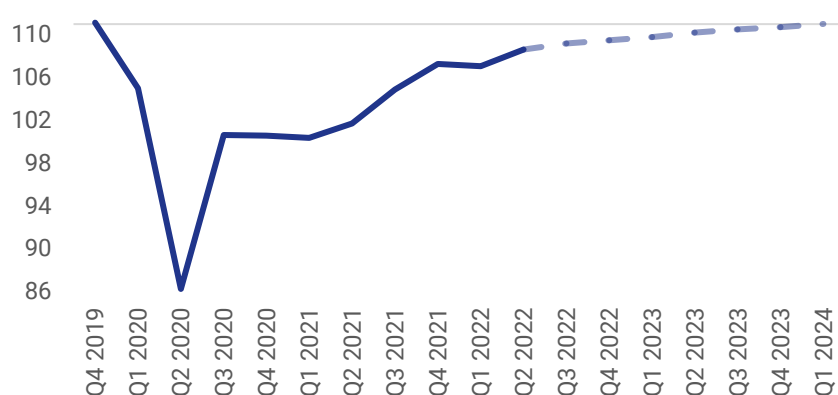
Government forecast of nominal GDP growth in line with the Bank of Spain and AIReF, but with a different composition

% y-o-y change



Spain will not regain pre-pandemic GDP level until Q1 2024

Index 2015 = 100



Structural deficit consolidation

FINANCING OF NEW STRUCTURAL EXPENDITURE WITH THE CYCLICAL INCREASE IN REVENUE RESULTING FROM THE IMPACT OF INFLATION ON THE NOMINAL TAX BASES OF THE MAIN TAXES

The structural deficit will increase by 8 tenths of a percentage point to -4.3% in 2023 compared to 2022

% PIB



* Forecasts

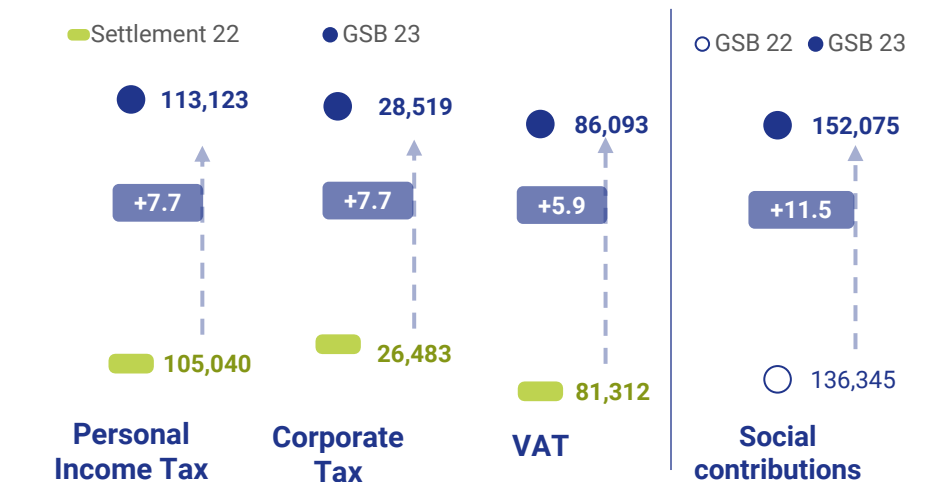
** AMECO: European Commission database

The estimate of government revenue in 2023 is based on an underestimated collection in 2022

% change

	Personal Income Tax	Corporate Tax	VAT
Settlement advance 22/ Collection 21	11.1	-0.5	12.2
Collection Jan.-Aug.22/ Jan.-Aug.21	16.7	52.7	20.1

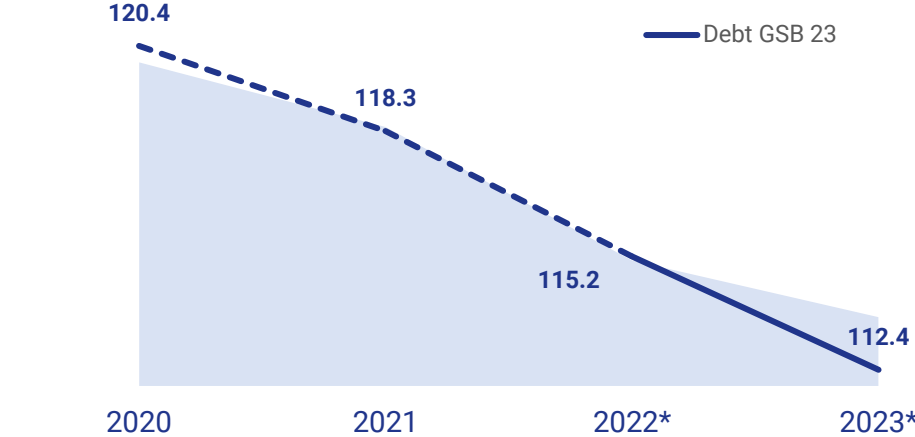
Million € and % change



+ Impact of government revenue measures 2023 = €3,231M (AIReF)

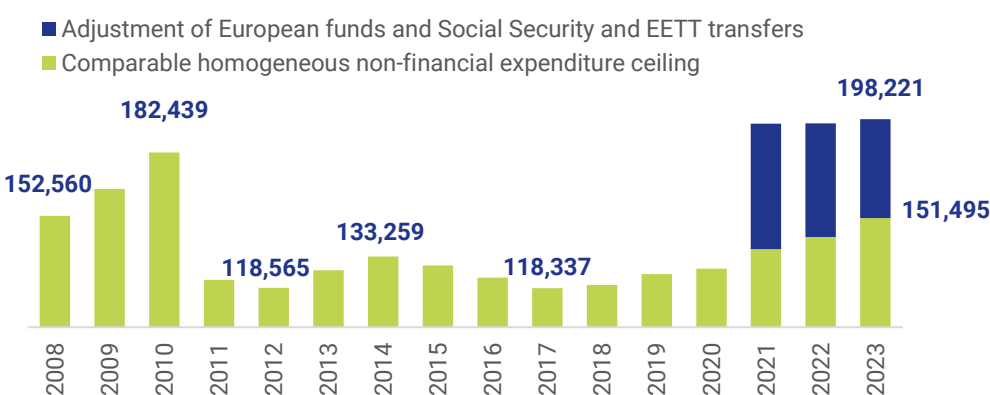
The high level of public debt limits the room for fiscal policy margin

% GDP



Concerns about the upward dynamic of public spending

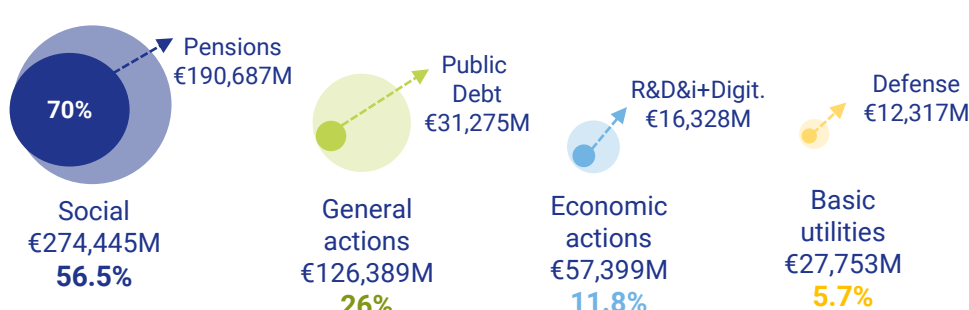
State non-financial expenditure ceiling; million €



Only 11.8% of consolidated expenditure is allocated to economic actions in 2023

Consolidated expenditure = €485,985 M (€30,008 M are European funds)

% of total and million €



Assessment by the Círculo de Empresarios

IT IS URGENT ...

- Fiscal policy** → prudent and rigorous, without short-termism and discretionality for electioneering motives
- Exceptional measures** → selective, temporary and targeted at vulnerable groups
- Effective and efficient fiscal policy** → public expenditure assessment
- Credible path of government deficit and debt** ▼ in the medium term
- Transparency and legal certainty**, especially for businesses
- Certainty in the implementation of **Next Generation EU funds**
- Improving the **efficiency of the tax system** + ▲ tax bases