



September 22, 2023  
GOVERNMENT ACCOUNTS  
2022

## MAIN AGGREGATES OF GENERAL GOVERNMENT

In 2022, the General Government (GG) sector presented a net borrowing of 779 million euro in 2022, corresponding to -0.3% of GDP (-2.9% in 2021 and -5.8% in 2020).

General government total revenue increased by 10.1% in 2022 (+9.8 billion euro) and the current revenue increased by 11.6% (approximately, +10.9 billion euro). The three main current revenue components increased at different paces, with the most significant rise belonging to current taxes on income and wealth (+23.7%).

Total expenditure increased by 4.2% between 2021 and 2022 (+4.3 billion euro), with capital expenditure increasing by 10.8%, clearly above the increase in current expenditure (3.7%). The increase in current expenditure was mainly due to the 7.2% growth in social benefits, other than social transfers in kind and, to a lower extent, to the 3.1% growth in the compensation of employees. In the opposite direction, there was a reduction of nearly 37% in the subsidies paid and of 10.1% in interest payments. Capital expenditure grew in 2022 due to increases in capital transfers paid (26.3%) and, to a lesser extent, in gross capital formation (3.1%).

The GG sector accounts presented in this press release are compiled in accordance with the concepts and definitions of the European System of National and Regional Accounts 2010 (ESA 2010) and with the specific guidelines of the Manual on Government Deficit and Debt<sup>1</sup>. These results are sent to Eurostat in accordance with the ESA 2010 data transmission programme and are fully consistent with the second 2023 notification for the Excessive Deficit Procedure (EDP), also published today.

The following table presents the half-finalized data for the main aggregates of GG, arranged by subsector, for 2022<sup>2</sup>.

**Table 1. Main aggregates of General Government  
half-finalized data**

TIME: 2022		Unit: 10 <sup>6</sup> EUR			
Transaction code	Transaction label	General Government	Central Government	Local and Regional Government	Social security funds
		S13	S1311	S1313	S1314
OTE	<b>Total general government expenditure</b>	106 874	77 608	15 662	30 428
OTR	<b>Total general government revenue</b>	106 094	72 661	15 571	34 686
B.9	<b>Net lending (+)/Net borrowing (-)</b> (National Accounts balance)	-779	-4 947	-91	4 258

Note: For total expenditure (OTE) and total revenue (OTR), the sum of sub-sectors is not equal to the sector value, due to consolidation effects in some transactions.

<sup>1</sup> Regulation (EU) No. 549/2013 of the European Parliament and of the Council of 21 May 2013 on the European system of national and regional accounts. This document is available at <https://ec.europa.eu/eurostat/en/web/products-manuals-and-guidelines/w/ks-gq-23-002>.

<sup>2</sup> Excel files containing additional data are made available in attachment to this press release.



The GG sector revealed a net borrowing of 779 million euro, which corresponds to 0.3% of GDP (2.9% in 2021). This negative balance was mainly driven by the Central Government subsector, but also by the Local and Regional Government, given that the Social Security Funds balance was positive.

GG revenue totalled 106 094 million euro, corresponding to 43.8% of GDP, while GG expenditure reached 106 874 million euros (44.1% of GDP).

The Central Government balance improved by 3.1 billion euro between 2021 and 2022, reaching -4.9 billion euro in 2022. The Local and Regional Government deficit decreased to 91 million euro in 2022. The Social Security Funds balance remained positive, increasing by almost 1.8 billion euro in comparison with 2021.

Table 2 presents the main components of GG revenue based on 2021 final data and 2022 half-finalized data.

Table 2. General Government revenue

Transaction code	Transaction label	2021	2022	Change rate
		10 <sup>6</sup> EUR		%
<b>OTR</b>	<b>Total revenue</b>	<b>96 319</b>	<b>106 094</b>	<b>10,1</b>
	<b>Current revenue</b>	<b>93 719</b>	<b>104 615</b>	<b>11,6</b>
	of which			
D.2	Taxes on production and imports	32 402	36 330	12,1
D.61	Social contributions	27 334	29 641	8,4
D.5	Current taxes on income, wealth, etc...	20 771	25 690	23,7
<b>D.9</b>	<b>Capital revenue</b>	<b>2 600</b>	<b>1 480</b>	<b>-43,1</b>

Compared with 2021, GG total revenue increased by 10.1% in 2021 (+9.8 billion euro), with the current revenue growing by 11.6% (approximately, +10.9 billion euro). The three main current revenue components increased, with the most significant rise belonging to current taxes on income and wealth (+23.7%). Taxes on production and imports increased by 12.1%, with social contributions growing by 8.4%. This performance in 2022 reflects the recovery of economic activity and the labour market as compared to the previous year 2021, still affected by the pandemic situation.

Capital revenue decreased by 43.1% in comparison with 2021 in which the repayment of the margin paid in advance for loans granted under the Financial Assistance Programme to Portugal by the European Stability Mechanism was recorded.

The composition of public revenue changed when compared with 2021, being observed an increased importance of current taxes on income and wealth (+2.6 p.p.) and of taxes on production and imports (+0.6 p.p.), which continued to be the main source of public revenue. In opposition, the share of social contributions on total revenue decreased (-0.4 p.p.). Overall, the weight of current revenue increased (+1.3 p.p.).



Table 3 presents the main components of GG expenditure for 2021 final data and 2022 half-finalized data.

**Table 3. General Government expenditure**

Transaction code	Transaction label	2021	2022	Change rate
		10 <sup>6</sup> EUR		%
OTE	<b>Total expenditure</b>	<b>102 534</b>	<b>106 874</b>	<b>4,2</b>
	<b>Current expenditure</b>	<b>94 217</b>	<b>97 656</b>	<b>3,7</b>
	of which			
D.1	Compensation of employees	25 039	25 825	3,1
D.62	Social benefits other than social transfers in kind	37 402	40 100	7,2
D.41	Interest	5 191	4 664	-10,1
D.9+P.5+NP	<b>Capital expenditure</b>	<b>8 317</b>	<b>9 217</b>	<b>10,8</b>

Total expenditure increased by 4.2% between 2021 and 2022, reflecting a stronger growth in capital expenditure (10.8%) and a more moderate one in current expenditure (3.7%). The increase in current expenditure was mainly due to the 7.2% growth in social benefits, other than social transfers in kind, which includes the payment of the exceptional supplement to pensioners (around 990 million euro), the support for the most deprived families (around 370 million euro) and the extraordinary support to income and social benefit holders (around 640 million euro). The compensation of employees grew by 3.1% in line with the overall current expenditure, reflecting wage and career revisions. Within the remaining current expenditure items, the reduction of almost 37% of the subsidies paid stands out, reflecting the decrease in spending on public employment protection measures implemented during the pandemic such as the simplified layoff, which more than offset the recording, as subsidies paid in 2022, of the additional allocation of funds to the National Electric System (SEN) for electricity tariff reduction, in the amount of 650 million euro.

In the opposite direction, there was a reduction of 10.1% in interest payments, essentially reflecting a lower interest expenditure on loans obtained under the Economic and Financial Assistance Programme, which relates to the effect of the extension of the loan from the European Financial Stabilisation Fund (EFSF) in July 2021, which resulted in a reduction in the corresponding interest rate. The interest payments reduction is in line with the decreasing trend which started in 2015: interest costs were of 8.4 billion euro in 2014, and the amount fell to 4.7 billion euro in 2022.

The 2022 growth in capital expenditure was due to the significant increase in capital transfers paid (+26.3%), with gross capital formation growing modestly (3.1%). The capital transfers that most stand out in 2022 are the support granted by the Portuguese State to TAP Group (with an impact of 990 million euro) and to EFACEC (159 million euro), the support granted by the Regional Government of the Azores to SATA Air Açores (197 million euros). These transactions were recorded in national accounts as a capital transfer given the economic and financial situation of the companies in recent years. The conversion of deferred tax assets (DTA) in tax credits was also recorded as capital expenditure (245 million euro), whereas in public accounting is recorded as CIT revenue reduction.



GG expenditure in 2022 reflects the effects of some public policy measures in the context of the COVID-19 pandemic, to a lesser degree than in the previous two years, and also new measures to mitigate the effects of the high prices of various goods and services, including energy goods, as a result of the so-called geopolitical shock. According to the currently available information included in the Budgetary Execution released by the Budget Directorate-General, public expenditure directly linked to the above-mentioned public policy measures amounted to -2.2% of GDP in 2022 (which compares with -2.7% of GDP in 2021). Among the most important expenditure items associated with these policy measures are social benefits to households (2.6% of the 2022 total expenditure), subsidies to firms (1.3%), intermediate consumption (0.3%), and compensation of employees in the health sector (0.2%).

Given the above-mentioned figures, current expenditure share on total expenditure decreased (-0.5 p.p.). Conversely, capital expenditure gained relative importance in total expenditure, from 8.1% in 2021 to 8.6% in 2022. Interest costs moved from 5.1% of total expenditure, in 2021, to 4.4% in 2022.

Table 4 shows 2021 and 2022 GG main balances. The 2022 half-finalized figure reveals that the GG sector balance increased by around 5.4 billion euro between 2021 and 2022, determining a net borrowing of 779 billion euro in 2022 (0.3% of GDP). This result was due to a revenue increase (+10.1%) that more than compensated for the expenditure increase (4.2%).

Table 4. General Government balances

		Unit: 10 <sup>6</sup> EUR	
Transaction code	Transaction label	2021	2022
<b>B.9</b>	<b>Net lending (+) / Net borrowing (-)</b> (National Accounts Balance)	<b>-6 215</b>	<b>-779</b>
	Current balance	-498	6 958
B.9 - D.41	Primary balance	-1 024	3 885

As opposed to 2021, the primary balance (the global balance net of interest payments) was positive in 3 885 million euro, improving by 4.9 billion euro comparing with the previous year.



## Revisions

This press release presents data revisions in both 2021 and 2022, comparing with the information released in March. Data for 2021 is now final and includes revisions due to the incorporation of final and exhaustive information, now available for all units classified in the GG sector.

Figures for 2022 are still half-finalized. Revisions mainly reflect the incorporation of the information underlying the General State Account, which determined an upward revision of tax revenue (VAT), data for the National Health Service (SNS) and for the Simplified Business Information (IES). In addition, data on an accrual basis, rather than on a cash basis, was further integrated for a vast group of entities, namely for Local Government.

As a result of these revisions vis-à-vis March's release, the 2021 GG net borrowing was essentially unchanged (revision of only 0.2 million euro), and the 2022 GG net borrowing decreased by 165 million euro. However, in terms of revenue and expenditure components, the changes were more relevant.

Table 5. Revisions vis-à-vis 2023 first notification

Transaction label	Unit: 10 <sup>6</sup> EUR	
	2021	2022
<b>Total revenue</b>	<b>-3</b>	<b>-45</b>
Current revenue	-22	312
Capital revenue	20	-357
<b>Total expenditure</b>	<b>-3</b>	<b>-210</b>
Current expenditure	-71	56
Capital expenditure	68	-266
<b>Net lending (+) / Net borrowing (-)</b>	<b>0</b>	<b>165</b>

On the revenue side, there was a downward revision in both years. However, a component analysis shows a negative revision in current revenue in 2021 – explained by the reduction in the current transfers received (+292 million euro) – and a positive revision in 2022 – mainly due to current taxes on production and imports (+152 million euro) and social contributions (+44 million euro). With regard to capital revenue, the revisions that most stand out are the increase in 2021 and decrease in 2022 of the capital transfers received by the Local Government.

As noted in current revenue, there is also a current expenditure negative revision in 2021 and a positive one in 2022. In addition to the revisions associated with in-kind social benefits in 2022 (+116 million euro) and social benefits other than social transfers in kind in 2021 (+228 million euro), the adjustment in intermediate consumption (-245 million euro in 2021 and +138 million euro in 2022) was decisive for the revision in current expenditure, mainly reflecting the latest information from the SNS (for 2022) and local authorities (for 2021 and 2022). Capital expenditure was revised upwards in 2021 and downwards in 2022 due to the update in gross capital formation figures, also especially for the SNS in 2022 and the Local Government both in 2021 and 2022.

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Date of the next press release – March 25, 2024

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