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## PRESS RELEASE

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### The budget deficit improved in 2022, but remains high

- **The government deficit came in at 3.9% of GDP.**
- **Despite the deficit, the debt ratio fell to 105.1% of GDP as a result of the rise in nominal GDP.**

On 20 April 2023, the National Accounts Institute (NAI) released tables compiled for the purpose of reporting to the European Commission on Belgium's government deficit and public debt in the context of the [excessive deficit procedure](#) (EDP). Reporting takes place twice a year, in April and October.

The EDP tables are consistent with the public finance statistics published at the same time on [NBB.Stat](#). Compiled in accordance with the European System of Accounts (ESA 2010), these statistics provide a provisional estimate of revenue, expenditure, the budget balance, consolidated gross debt and the financial accounts of general government and its sub-sectors for 2022.

The **quality** of public finance statistics is an important point for attention. The preliminary estimates are based on revenue and expenditure information provided by government itself. In addition, it should be noted that it is common for preliminary estimates to require limited assumptions on some categories of revenue or expenditure. These assumptions had a more substantial impact in 2022 than in previous years. This was due primarily to the fact that, as a result of the energy crisis, the federal government granted a general moratorium and extended by two months the deadline for the payment of assessment notices for both personal income tax and corporate tax, as well as for the remittance of payroll taxes. Under ESA accounting rules, a number of payments that could only take place in March-April 2023 had to be imputed to 2022. The level of these payments was not known, but FPS Finance estimated them at €3.5 billion. Moreover, estimates had to be used to take into account, in 2022, the recently introduced excess profits tax and the oil industry's contribution, as these will be levied for the first time in 2023. The use of assumptions increases the risk of revision in later publications.

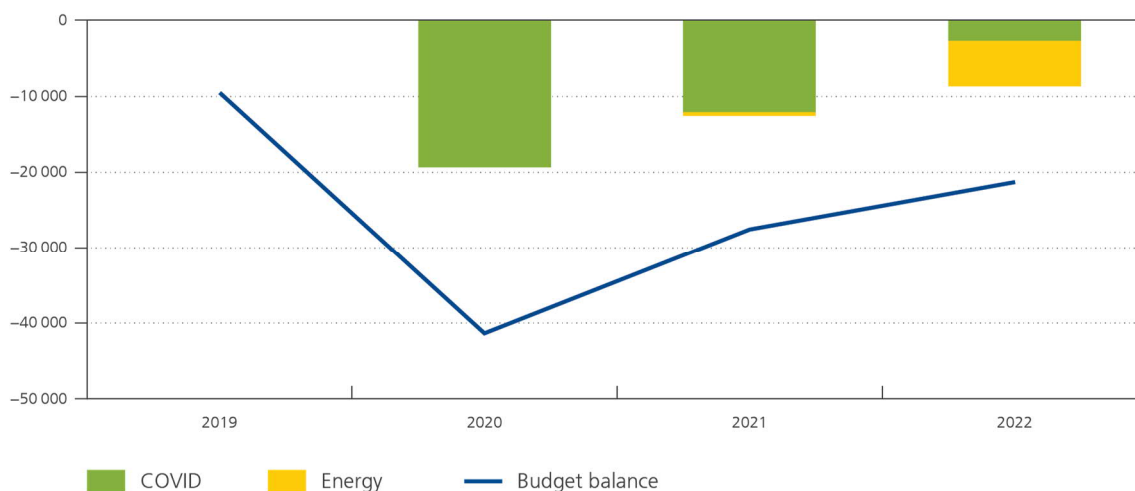
#### General government

For 2022, the general government budget balance was -3.9 % of GDP, compared with -5.5 % the previous year.

The improvement in the budget balance was attributable to the strong economic recovery in the wake of the pandemic, which drove growth in 2022 and led to a net scaling-back of government assistance. Pandemic-related expenditure indeed dropped sharply after 2020. While government assistance in the first year of the pandemic cost around €19.4 billion, this figure had fallen to €12.1 billion in 2021 and fell further, to €2.7 billion, in 2022. However, the decline seen in 2022 was partially offset by the introduction of new government support measures, in the region of €5.9 billion, especially towards households to help counter rising energy prices. Overall, the unfavourable impact of temporary measures on the budget deficit shrank from €12.6 billion (2.5% of GDP) in 2021 to €8.7 billion (1.6% of GDP) in 2022. From a fiscal point of view, the measures that weighed most heavily on the budget balance in 2022 were the social tariff and its extension, the basic electricity and gas package, and the reduction in VAT and excise duties.

## BUDGET BALANCE AND GOVERNMENT ASSISTANCE

(in millions of euros)



Revenue increased by €22.0 billion thanks to rising inflation and GDP growth. Primary expenditure, on the other hand, rose by €15.9 billion.

Primary expenditure, expressed as a percentage of GDP, fell by 1.4 percentage points compared to 2021, to 52.0%. Interest expenditure fell by 0.2 percentage point, to 1.5% of GDP. The revenue ratio decreased by 0.2 percentage point, to 49.7% of GDP.

As stated before, the decrease in primary expenditure resulted mainly from the scaling back of temporary government assistance to mitigate the effects of the health crisis but was partially offset by new measures introduced to deal with the energy crisis. In addition, capital transfers fell compared to 2021, a year strongly affected by the accounting treatment of aid provided to the Walloon Region (around €1 billion) to cope with the damage caused by the July 2021 floods.

The fall in revenue can be explained by the change in tax and social security revenue (-0.3% of GDP). Direct tax revenue rose by 0.6% of GDP, mainly due to direct taxes paid by households, for which a shift can be observed from 2021 to 2022. In contrast, indirect tax revenue declined by 0.8% GDP, reflecting the impact of the abovementioned measures.

At European level, the Recovery and Resilience Facility entered into effect in February 2021. This temporary instrument allows the European Commission to attract and deploy funds to mitigate the economic and social impact of the pandemic. The fund can be used to finance reforms and investments in Member States until 31 December 2026.

In 2021 and 2022, expenditure under the initial recovery plan in the amount of €337 million and €809 million, respectively, was made by the Belgian authorities. An amount equivalent to 76% of the expenditure incurred was taken into account on the revenue side due to downward revision of the amount allocated to Belgium.

Public debt (as per the Maastricht definition) amounted to 105.1% of GDP at the end of 2022. This represents a contraction of 4.0 percentage points of GDP compared to 2021. The favourable development of the debt ratio in 2022 was entirely attributable to strong nominal GDP growth.

**TABEL 1 GOVERNMENT EXPENDITURE, REVENUE, BUDGET BALANCE AND DEBT PURSUANT TO THE EXCESSIVE DEFICIT PROCEDURE**  
(in € million, unless otherwise stated)

	2018	2019	2020	2021	2022
Total expenditure	240 446	248 438	270 922	278 458	294 218
(% of GDP)	(52.3)	(51.9)	(58.9)	(55.4)	(53.5)
Primary expenditure	230 671	238 965	261 930	269 967	285 868
(% of GDP)	(50.1)	(49.9)	(57.0)	(53.7)	(52.0)
including:					
Wages	56 872	58 768	60 486	62 733	68 251
Social benefits	113 006	117 109	128 595	131 911	141 213
Gross fixed capital formation	12 085	12 490	12 363	13 680	14 642
Interest expenses	9 775	9 473	8 992	8 491	8 350
(% of GDP)	(2.1)	(2.0)	(2.0)	(1.7)	(1.5)
Total revenue	236 444	238 941	229 546	250 905	272 873
(% of GDP)	(51.4)	(49.9)	(49.9)	(49.9)	(49.7)
including:					
Tax and social security revenue	203 558	205 267	197 229	216 411	235 032
(% of GDP)	(44.2)	(42.9)	(42.9)	(43.1)	(42.8)
Budget balance	-4 002	-9 497	-41 376	-27 553,5	-21 345
(% of GDP)	(-0.9)	(-2.0)	(-9.0)	(-5.5)	(-3.9)
Primary balance	5 773	-24	-32 384	-19 062	-12 995
(% of GDP)	(1.3)	(0.0)	(-7.0)	(-3.8)	(-2.4)
Public debt (Maastricht definition)	459 388	467 231	515 181	548 447	577 640
(% of GDP)	(99.6)	(97.6)	(112.0)	(109.1)	(105.1)
<i>p.m. GDP</i>	460 051	478 676	459 827	502 521	549 456

Source: NAI.

## Government subsectors

All subsectors of government ran deficits in 2022, in particular the federal government, the Communities and the Regions

**TABLE 2 GOVERNMENT BUDGET SURPLUS (+)/DEFICIT (-) UNDER THE EXCESSIVE DEFICIT PROCEDURE**

	2018	2019	2020	2021	2022
	(in € million)				
Federal government (S.1311)	-1 041	-9 282	-32 683	-20 419	-14 787
Communities and Regions (S.1312)	-2 018	-1 116	-10 118	-8 745	-5 056
Local government (S.1313)	-690	-142	585	200	-49
Social security institutions (S.1314)	-254	1 044	840	1 411	-1 453
General government (S.13)	-4 002	-9 497	-41 376	-27 553	-21 345
	(% of GDP)				
Federal government (S.1311)	-0.2	-1.9	-7.1	-4.1	-2.7
Communities and Regions (S.1312)	-0.4	-0.2	-2.2	-1.7	-0.9
Local government (S.1313)	-0.1	0.0	0.1	0.0	0.0
Social security institutions (S.1314)	-0.1	0.2	0.2	0.3	-0.3
General government (S.13)	-0.9	-2.0	-9.0	-5.5	-3.9

Source: NAI.

The contribution to the debt of the federal government and of the Communities and Regions in absolute terms continued to rise sharply in 2022. This increase mainly reflected substantial financing needs to cover their deficits. Moreover, the contribution of local government to the debt also increased once again, while that of social security became less negative.

**TABLE 3 CONTRIBUTION TO CONSOLIDATED GROSS DEBT**

	2018	2019	2020	2021	2022
	(in € million)				
Federal government (S.1311)	388 317	395 519	429 183	456 241	474 330
Communities and Regions (S.1312)	58 340	61 030	75 995	84 711	93 468
Local government (S.1313)	23 604	23 258	23 169	22 943	24 159
Social security institutions (S.1314)	-10 872	-12 576	-13 167	-15 449	-14 316
General government (S.13)	459 388	467 231	515 181	548 447	577 640

Source: NAI.

With regard to the regional personal income tax in effect since tax year 2015, there was a difference between the ESA 2010 accounting treatment and the associated cash flows. In its press release, the NAI therefore publishes two draft balances for the federal government and the regions. These correspond, respectively, to the balances based on ESA 2010 and those including advance payments from the federal government of additional percentages of regional tax. For more information on the impact of the sixth state reform, see the ["Methodological improvements"](#) note.

All Communities and Regions reported a deficit in 2022. The "Interregional units and statistical adjustment" balance increased sharply due to the imputation of ETS revenue to this category. This revenue was imputed to this category pending validation by all subsections of government of the cooperation agreement on the allocation of these funds.

**TABLE 4 BREAKDOWN OF THE BUDGET BALANCE FOR THE COMMUNITIES AND REGIONS**  
(in € million)

	2018	2019	2020	2021	2022
<b>ESA 2010 balances</b>					
Flemish Community	-697	390	-5 422	-3 248	-2 476
French Community	-208	-351	-1 519	-868	-887
German-speaking Community	-3	-19	-52	-49	-81
Walloon Region	-695	-486	-1 838	-3 313	-1 035
Brussels-Capital Region	-394	-707	-1200	-1498	-1211
Joint Community Commission	-90	2	-9	114	-22
French Community Commission	6	-7	-6	-8	-27
Flemish Community Commission	-52	-18	-40	5	-23
Interregional units and statistical adjustment	115	80	-31	118	705
<b>Total for the Communities and Regions</b>	<b>-2 018</b>	<b>-1 117</b>	<b>-10 118</b>	<b>-8 745</b>	<b>-5 057</b>
<b>Balances including advance payments of additional percentages of regional tax</b>					
Flemish Community	-705	127	-6 018	-2 923	-2 726
Walloon Region	-757	-516	-2 171	-2 876	-1 352
Brussels-Capital Region	-441	-703	-1 297	-1 400	-1 294
<b>Total for the Communities and Regions</b>	<b>-2 135</b>	<b>-1 406</b>	<b>-11 144</b>	<b>-7 885</b>	<b>-5 707</b>
p.m. Federal government	-924	-8 993	-31 657	-21 279	-14 138

Source: NAI.

**TABLE 5 CONTRIBUTION OF THE GOVERNMENT SUBSECTIONS TO GROSS CONSOLIDATED PUBLIC DEBT**  
(in € million)

	2018	2019	2020	2021	2022
<b>ESA 2010 balances</b>					
Flemish Community	18 253	18 577	25 235	28 874	32 171
French Community	7 395	7 974	9 877	10 734	11 432
German-speaking Community	419	475	558	632	775
Walloon Region	21 634	23 135	27 755	31 426	34 197
Brussels-Capital Region	4 679	5 533	7 498	8 440	10 382
Joint Community Commission	-20	-1	10	-23	-38
French Community Commission	192	191	190	188	187
Flemish Community Commission	-53	-34	-2	42	59
Interregional units	5 841	5 181	4 874	4 397	4 303
<b>Total for the Communities and Regions</b>	<b>58 339</b>	<b>61 030</b>	<b>75 995</b>	<b>84 711</b>	<b>93 468</b>

Source: NAI.

In the last 5 years budget deficits led to a 60% increase in the debt of the Communities and the Regions. This increase concerns all individual entities with the exception of the Community Commissions.

**Technical Notes**

A. Publication of the EDP tables, in April and October, is consistent with the provisions of Council Regulation (EC) No 479/2009 of 25 May 2009 on the application of the Protocol on the excessive deficit procedure annexed to the Treaty establishing the European Community.

B. Three months after the end of each year, the NAI transmits an estimate of the main public finance statistics to the European Commission. In so doing, the NAI complies in full with 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 in the European Union, which requires the Member States to provide Eurostat with revenue and expenditure figures for general government. This estimate is obtained using the same concepts as those used to prepare the detailed general government accounts. The only difference is the provisional nature of some basic data. As the detailed general government accounts are based on more complete information, the provisional estimate may be subject to revision.