

Public Finances at mid-year 2020: government deficit at 9.4% of GDP, government debt at 82.6%

Vienna, 2020-09-30 – In the first half of 2020, public finances in Austria showed a **deficit** of €16.8 bn or 9.4% of GDP, according to Statistics Austria. At the same time, **government revenue** decreased by 6.4% or €6.0 bn, while **government expenditures** rose by 12.0% or €11.3 bn compared to the first half of 2019. **Government debt** increased in relative terms from 70.5% of GDP at the end of 2019 to 82.6% of GDP at the end of the second quarter 2020 and in absolute terms from €280.3 bn to €315.7 bn.

First half of 2020: government deficit 9,4%

In the first two quarters of 2020, a large government deficit of €16.8 bn was observed, which amounts to 9.4% of the quarterly Gross Domestic Product (GDP). As compared to the first half year of the previous year, this figure has declined by €17.3 bn (2019: government surplus of €0.5 bn resp. 0.2% of GDP). Whereas general government revenue decreased by 6.4% resp. €6.0 bn compared to the first half year of 2019 (January to June 2020: €88.0 bn, 2019: 94.0 bn), general government expenditure increased by 12.0% resp. €11.3 bn to €104.8 bn (January to June 2019: €93.6 bn).

General government revenue, first half year of 2020

87.7% of general government revenue in the first half year of 2020 result from taxes and social contributions, which added up to €77.1 bn. Compared to the first half year of 2019, this value decreased by 5.9% resp. €4.9 bn.

The largest declines by value for general government revenue in the first half year of 2020 were to be seen in taxes. In taxes on income, wealth, etc. (-9.9% resp. €-2.4 bn) this was mainly due to corporation tax (-33.4% resp. €-1.3 bn) and income tax (-49.1% resp. €-0.9 bn). In taxes on production and imports (-8.6% resp. €-2.4 bn), the decline is mainly driven by value added tax (-9.5% resp. €-1.4 bn) and mineral oil tax (-22.8% resp. €-0.5 bn).

General government expenditure, first half year of 2020

In the first half year of 2020, 43% of general government expenditure applied to social transfers (monetary benefits and transfers in kind), 20% applied to compensation of employees, 11% to subsidies and 11% to intermediate consumption.

The largest increases by value for general government expenditure in the first half year of 2020 were to be seen in subsidies (+356.8% resp. +€9.2 bn), this includes payments for furlough schemes and other subsidies like "Fixkostenzuschuss". The large increase in social benefits other than social transfers in kind (6.5% resp. €2.3 bn) was due to higher payments for unemployment benefits and social benefits in hardship cases ("Härtefallfonds"). Since final data are not available for the COVID-19 measures, estimations have been applied, which will be adjusted to the latest level of knowledge in every future publication.

Quarterly government debt at the end of June 2020: €315.7 bn

At the end of the second quarter 2020, government debt amounted to €315.7 bn or 82.6% of GDP. It thereby was €35.4 bn higher than at the end of the fourth quarter 2019, the debt ratio increased by 12.1 percentage points of GDP. Almost all of this high increase took place at the core unit "Bund", where new liabilities were recorded to finance COVID-19 measures.

Public Finances 2019: government surplus at 0.7% of GDP, government debt at 70.5%

In 2019, public finances in Austria showed a surplus for the second time in a row. The surplus amounted to €2.7 bn or 0.7% of GDP in 2019, compared to €676 million or 0.2% of GDP in 2018. According to Statistics Austria, government revenue increased by 3.6% or €6.8 bn, while government expenditure rose by 2.5% or €4.8 bn. Government debt decreased in relative terms from 74.0% of GDP in 2018 to 70.5% of GDP in 2019 and in absolute terms from €285.3 bn in 2018 to €280.3 bn in 2019.

Government revenue from taxes increased sharply

Total government revenue increased by 3.6% (€6.8 bn) in 2019 and stood at €195.2 bn. Social contributions and taxes, which accounted for 87.5% of government revenue, amounted to €170.8 bn (+3.8%). Revenue from taxes on production and imports (including value added tax) grew by 3.5% or €1.8 bn. Revenue from current taxes on income and wealth increased sharply by 4.2% or €2.2 bn in 2019. This was mainly due to the growth of the wage tax by €1.3 bn and of the income tax by €0.6 bn. Revenue from wage tax in 2019, amounting to €29.6 bn (+4.5%), reached a higher level than before the 2016 tax reform (2015: €28.4 bn).

Government expenditure slightly increased

Total government expenditure increased by 2.5% (€4.8 bn) in 2019 and stood at €192.5 bn. 45.2% of government expenditure was related to social expenditure in 2019 (+3.5%). Compensation of government employees, which constitutes around 22% of government expenditure, increased by 3.4% (€1.4 bn). Intermediate consumption (around 14% of government expenditure) rose by 3.8%. Support measures amounted to around 10% of government expenditure. Gross capital formation showed an increase to €12.1 bn in 2019. Interest expenditure declined sharply (-10.2% or €0.6 bn).

Surplus in three subsectors of government

Three of four subsectors of government showed a surplus in 2019: The surplus of central government amounted to €1.8 bn (2018: deficit of €474 million). State government showed a surplus of €741 million (2018: surplus of €631 million). Local government showed a deficit of €34 million (2018: surplus of €46 million). A surplus of €186 million can be noticed in the social security sector in 2019 (2018: surplus of €472 million).

Government debt ratio fell to 70.5% of GDP

In 2019, government debt decreased by 3.5 percentage points to 70.5% of GDP in relative terms and decreased by €5.0 bn to €280.3 bn (2018: €285.3 bn) in absolute terms, of which €1.7 bn were currencies and deposits, €235.1 bn were recorded as debt securities and €43.5 bn as loans.

Per capita debt in 2019 was highest in Carinthia (€6 594), followed by Lower Austria (€6 377) and Styria (€5 458; see table 5). In order to be able to compare Vienna, which is both a municipality and a federal state, with the other federal states, the debts of local as well as state government are used to calculate per capita debt.

For more detailed results and further information please refer to our [website](#).

Information on methods, definitions: Basis for the **2019** results are the final annual public accounts for federal government, state and local government as well as the final finance statistics of the Austrian Federation of Social Insurances. Data on the numerous extra-budgetary units stem from individually available information. Basis for the **2020** results are the preliminary accounting results of central, regional and local governments and the Austrian Federation of Social Insurances. Other units of general government have been estimated on the basis of available information.

Statistics Austria compiles data for general government twice a year. These data are published end of March and end of September, in line with the obligations to notify these data as well as statistics on government deficit and government debt to the European Commission (EU regulations No. 549/2013 and No. 222/2014). Data according to the mentioned European regulations refer to general government and to the four subsectors. Government revenue and government expenditure are classified according to the European System of Accounts (ESA 2010). Government deficit/government surplus is equal to the difference between government revenue and government expenditure.

Table 1: Public finances 2019/2020 – data of general government in the first half year 2019/2020

	Half year	
	First half year 2019	First half year 2020
Government revenue (in billion €)	94.0	88.0
of which		
Tax revenue	51.9	47.1
Social contributions	30.1	30.0
Sales	8.3	7.9
Other	3.7	2.9
Government expenditure (in billion €)	93.6	104.8
of which		
Social expenditure	43.4	45.5
Compensation of employees	20.6	20.7
Intermediate consumption and taxes on production and imports and current taxes on income, wealth	12.5	12.4
Support measures	9.0	18.4
Gross capital formation and Acquisitions less disposals of non-produced non-financial assets	5.2	5.2
Property income	2.8	2.6
Government deficit/surplus		
Government deficit/surplus as % of GDP	+0.2	-9.4
GDP in billion €	194.9	180.2
S: STATISTICS AUSTRIA. – Rounding differences are not settled. – Compiled on 30 September 2020.		

Table 2: Quarterly government debt at the end of the first and second quarter 2020 by subsector

Sector	End of quarter			
	Q1/2020	Q2/2020	Q1/2020	Q2/2020
	in billion €		as % of GDP	
General government	289.0	315.7	73.1	82.6
Central government	251.8	277.5	63.7	72.6
State government	20.8	20.8	5.3	5.4
Local government	16.4	16.6	4.2	4.3
Social security funds	0.0	0.9	0.0	0.2
S: STATISTICS AUSTRIA. – Rounding differences are not settled. – Compiled on 30 September 2020.				

Table 3: Public finances 2018/2019 – data of general government

	Year	
	2018	2019
Government revenue (in billion €)	188.4	195.2
of which		
Tax revenue	105.8	109.7
Social contributions	58.7	61.1
Sales	16.4	17.1
Other	7.5	7.2
Government expenditure (in billion €)	187.7	192.5
of which		
Social expenditure	84.1	87.0
Compensation of employees	40.4	41.8
Intermediate consumption and taxes on production and imports and current taxes on income, wealth	25.6	26.6
Support measures	19.6	19.3
Gross capital formation and Acquisitions less disposals of non-produced non-financial assets	11.7	12.1
Property income	6.3	5.6
Government deficit/surplus and government debt according to Maastricht regulation		
Government deficit/surplus as % of GDP	+0.2	+0.7
Government debt as % of GDP	74.0	70.5
GDP in billion €	385.4	397.6
S: STATISTICS AUSTRIA. – Rounding differences are not settled. – Compiled on 30 September 2020.		

Table 4: Government debt 2018/2019 by subsector

Sector	End of year			
	2018	2019	2018	2019
	in billion €		as % of GDP	
General government	285.3	280.3	74.0	70.5
Central government	246.2	241.8	63.9	60.8
State government	21.7	21.0	5.6	5.3
Local government	16.1	16.4	4.2	4.1
Social security funds	1.3	1.0	0.3	0.3
S: STATISTICS AUSTRIA. – Rounding differences are not settled. – Compiled on 30 September 2020.				

Table 5: Per capita debt state and local government 2019

Federal state	Per capita debt in €
Burgenland	4 180
Carinthia	6 594
Lower Austria	6 377
Upper Austria	2 636
Salzburg	2 996
Styria	5 458
Tyrol	1 424
Vorarlberg	2 350
Vienna	3 910

S: STATISTICS AUSTRIA. – Population Statistics as of 6 July 2020.
– Rounding differences are not settled. – Compiled on
30 September 2020.

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