

<b>General Government Revenue</b>	Slovenian Economic Mirror	IMAD
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General government revenue	Jan-June 2004 in SIT mln	Growth index, nominal			Structure, Jan-June	
		June 2004/ May 2004	June 2004/ Ø 2003	Jan-June 2004/ Jan-June 2003	2003	2004
Corporate income tax	79,015.0	67.4	111.5	116.5	5.6	6.1
Personal income tax	189,894.4	83.0	94.2	105.4	15.9	15.7
Value-added tax, excise duties <sup>1</sup>	382,608.9	53.3	58.7	107.4	31.5	31.6
Customs duties, other import taxes	15,382.8	34.8	34.3	93.0	1.5	1.3
Social security contributions	428,576.1	100.3	104.9	106.8	35.5	35.3
Other revenue <sup>2</sup>	122,032.0	100.7	109.1	107.6	10.0	10.1
Total revenue	1,212,509.1	79.9	87.9	107.2	100.0	100.0

Source of data: Public Payments Administration, B-2 Report (gross deposits). Notes: <sup>1</sup>working-day adjusted data; <sup>2</sup>fees and taxes (court fees, waste and environmental taxes, administrative fees), payroll tax, fines and other taxes imposed on individuals.

After falling substantially in May, **general government revenue** fell by another 20% in real terms in **June**. Revenue dropped by 15.8% in real terms over June last year and by 15.6% compared to last year's monthly average. In the first six months, general government revenue rose by 3.4% in real terms over the same period last year.

Revenues from **value-added tax** totalled close to a third of May's amount. This drop was due to changes in the method of assessing and collecting value-added tax since Slovenia has entered the EU. This factor was further accentuated by businesses that took advantage of the Slovenian tax system before accession to the EU. According to figures on the movements and structure of exports and imports in tolar terms broken down by the main trading partners, the share of imports and exports increased the most with non-EU countries in the first four months compared to the same period last year. The new system of collecting value-added tax is more favourable for importers from the EU in terms of liquidity so they put off imports from the EU until Slovenia became its member, which is reflected in the inflow of value-added tax revenues from imports. Exporters, on the other hand, took advantage of Slovenia's trading regime with non-EU countries before acceding to the EU because it was more advantageous than the regime now applied. They accelerated exports of goods to these countries so value-added tax refunds surged as a result. In the first six months total revenues from value-added tax dropped by 0.2% in real terms from the same period last year owing to June's low inflow.

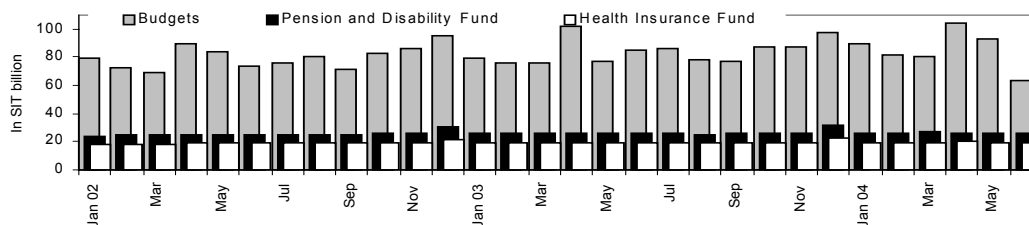
Revenues from **excise duties** fell by 0.6% in real terms in June over May. Specific and proportionate excise duties on tobacco and tobacco products were again raised in January because of harmonisation with the EU's regulation. After entering the EU, excise duties were also imposed on new products (electricity, coal and coke). The amounts of excise duty on mineral oils were changed several times from January to June. In the first six months, revenues from excise duties rose by 10.5% in real terms over the same period last year. A breakdown by type of excise duty shows that excise duties on mineral oils represented 68.9%, excise duties on tobacco and tobacco products 24.7%, and those on alcohol and alcoholic beverages 6.4%.

June's real revenues from **social security contributions** remained at May's level. They climbed by 3% in real terms from June last year. In the first six months, they increased by 3% in real terms over the same period last year. Revenues from **personal income tax** dropped by 17.2% in real terms in June over May. Revenues from **taxes on wages** were up by 5.2% in real terms, much more than revenues from social security contributions chiefly due to holiday allowances paid in June. Revenues from other categories of personal income tax increased by 12.2% in real terms, with tax on income from capital gains, property and copyrights rising the most. The first major final annual tax assessment for 2003 was made in June, resulting in refunds totalling close to SIT 7.5 billion. In the first six months, total revenues from personal income tax climbed by 1.6% in real terms over the same period last year; revenues from taxes on wages were up 3.4%, revenues from other types of personal income tax were up 1.2%, while refunds from the final annual tax assessment rose substantially. June's revenues from **payroll tax** dropped by 0.3% in real terms over May, they rose by 3.3% from June last year and climbed by 7% in the first six months compared to the same period last year.

The advance payment of **tax on total assets of banks and savings banks** was paid in June in a total amount of SIT 2.2 billion.

June's revenues from **corporate income tax** were a third lower than May's; they drew close to this year's monthly level of advance tax payment as revenues from the final annual tax assessment of profits reported for 2003 and tax levied on the basis of the amended Corporate Income Tax Act, which has reduced tax relief and changed the method of calculating the tax base, are gradually drying up. In the first six months revenues from corporate income tax increased by 12.3% in real terms over the same period last year. After Slovenia's accession to the EU, revenues from **customs duties** and **import taxes** only cover imports from countries outside the EU. As a result, they totalled just a third of May's amount in June, while they dropped by 10.3% in real terms first six months from the same period last year.

Graph: Revenues of public budgets, SIT billion (1999 constant prices)



Sources of data: AP, Office of the RS for Public Payments (OPP), B-2 Report (gross deposits), methodology and calculations by the IMAD.