

# **National Treasury**

## **Fiscal Balance**

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\* at constant prices except for Table 1.1

# Central Government Primary Balance

## Central Government Primary Balance Analysis At Current Prices

R\$ Million - Current Prices

Table 1.1 - Central Government Primary Balance - Brazil - 2015/2016

	R\$ Million		Variation			R\$ Million		Variation		
	Jan-Dec 2015	Jan-Dec 2016	Difference	% Nominal	% Real (IPCA)	Dec 15	Dec 16	Difference	% Nominal	% Real (IPCA)
I. TOTAL REVENUE	1,247,789.3	1,314,952.9	67,163.5	5.4%	-3.1%	129,862.7	128,655.3	-1,207.4	-0.9%	-6.8%
II. TRANSFERS BY REVENUE SHARING	204,684.3	226,835.3	22,151.1	10.8%	1.6%	21,561.9	34,737.6	13,175.7	61.1%	51.6%
III. NET REVENUE (I-II)	1,043,105.1	1,088,117.6	45,012.5	4.3%	-4.1%	108,300.8	93,917.6	-14,383.2	-13.3%	-18.4%
IV. TOTAL EXPENDITURE	1,158,700.9	1,242,372.9	83,672.0	7.2%	-1.2%	169,789.0	154,041.6	-15,747.5	-9.3%	-14.6%
V. SOVEREIGN FUND OF BRAZIL - FSB	855.0	0.0	-855.0	-	-	855.0	0.0	-855.0	-	-
VI. CENTRAL GOVERNMENT PRIMARY BALANCE (III - IV + V)	-114,740.8	-154,255.4	-39,514.5	34.4%	26.7%	-60,633.2	-60,123.9	509.3	-0.8%	-6.7%
National Treasury and Central Bank	-28,922.7	-4,521.4	24,401.3	-84.4%	-88.2%	-63,675.1	-53,252.0	10,423.1	-16.4%	-21.3%
Social Security (RGPS)	-85,818.1	-149,734.0	-63,915.9	74.5%	60.6%	3,041.8	-6,872.0	-9,913.8	-	-312.6%
VII. PRIMARY BALANCE/GDP	-1.9%	-2.4%	-	-	-	-	-	-	-	-
<b>Memo:</b>										
National Treasury Primary Balance	-28,223.6	-3,549.4	24,674.2	-87.4%	-91.5%	-63,546.0	-53,175.5	10,370.5	-16.3%	-21.4%
Central Bank Primary Balance	-699.2	-972.0	-272.8	39.0%	26.9%	-129.0	-76.5	52.6	-40.8%	-
Social Security (RGPS) Primary Balance	-85,818.1	-149,734.0	-63,915.9	74.5%	60.6%	3,041.8	-6,872.0	-9,913.8	-	-312.6%

Source: National Treasury

Obs.: Data subject to change

In December 2016, Central Government primary balance in current prices was a deficit of R\$ 60.1 billion compared to a R\$ 60.6 billion deficit in December 2015. In real terms, there was a step down in Total Expenditure (14.6%) and in Net Revenue (18.4%). In December 2016, Transfers by Revenue Sharing increased 51,6% compared to December 2015, and were heavily influenced by the transfer associated with the fines collected in October from the repatriation of funds (Law 13,254).

Compared to 2015, in nominal terms, there was a step down of R\$ 39.5 billion in Central Government primary balance, varying from a R\$ 114.7 billion deficit in 2015 to a R\$ 154.3 billion deficit in 2016. This result is due to a R\$ 83.7 billion (7.2%) increase in Total Expenditure, partially offset by a step up of R\$ 45.0 billion (4.3%) in Net Revenue. In real terms, however, both Net Revenue (4.1%) and Total Expenditure (1.2%) decreased. The step down in Net Revenue is largely due to the behavior of the macroeconomic variables that influence the main taxes. The decrease in Total Expenditure is mainly due to the payments of liabilities in December 2015, as established by the Federal Court of Accounts' decisions 825/2015 and 3,297/2015.

# Central Government Primary Balance

## Yearly Balance

### At Constant Prices - December/2016 (IPCA)

	January-December		Variation	
	2015	2016	Difference	% Real (IPCA)
<b>I. TOTAL REVENUE</b>	1,383,612.3	1,340,273.3	-43,339.0	-3.1%
I.1 Revenues Collected by the Federal Revenue Office	849,498.1	835,586.9	-13,911.2	-1.6%
I.2 Fiscal Incentives	-11.7	-163.6	-151.8	-
I.3 Net Social Security Revenues	387,414.8	364,649.6	-22,765.2	-5.9%
I.4 Revenues not Collected by the Federal Revenue Office	146,711.2	140,200.4	-6,510.7	-4.4%
<b>II. TRANSFERS BY REVENUE SHARING</b>	227,147.4	230,835.6	3,688.2	1.6%
<b>III. NET REVENUE (I-II)</b>	1,156,464.9	1,109,437.7	-47,027.2	-4.1%
<b>IV. TOTAL EXPENDITURE</b>	1,280,135.6	1,264,953.6	-15,182.0	-1.2%
IV.1 Social Security Benefits	482,220.2	516,860.1	34,639.9	7.2%
IV.2 Payroll	263,928.7	262,523.7	-1,405.0	-0.5%
IV.3 Other Compulsory Expenses	253,334.2	196,940.7	-56,393.5	-22.3%
IV.4 Discretionary Expenses - All Branches	280,652.6	288,629.1	7,976.5	2.8%
<b>V. SOVEREIGN FUND OF BRAZIL - FSB</b>	908.8	0.0	-908.8	-
<b>VI. CENTRAL GOVERNMENT PRIMARY BALANCE (III - IV + V)</b>	-122,761.9	-155,515.9	-32,753.9	26.7%
National Treasury and Central Bank	-27,956.6	-3,305.3	24,651.2	-88.2%
Social Security (RGPS)	-94,805.4	-152,210.5	-57,405.2	60.6%
<b>Memo:</b>				
National Treasury Primary Balance	-27,177.7	-2,317.2	24,860.5	-91.5%
Central Bank Primary Balance	-778.9	-988.1	-209.2	26.9%
Social Security (RGPS) Primary Balance	-94,805.4	-152,210.5	-57,405.2	60.6%

Source: National Treasury  
Obs.: Data subject to change

At December 2016 constant prices, there was a R\$ 32.8 billion reduction in Central Government primary balance in 2016 compared to 2015, varying from a R\$ 122.8 billion deficit in 2015 to a R\$ 155.5 billion deficit in 2016. A decrease of 4.1% in Net Revenue explains this result, partially offset by a step down of 1.2% in Total Expenditure.

The step down in Net Revenue is due to reductions in Revenues Collected by the Federal Revenue Office (R\$ 13.9 billion, 1.6%) and in Net Social Security Revenues (R\$ 22.8 billion, 5.9%). This decrease is largely due to the behavior of the macroeconomic variables that influence the main taxes, despite the revenue of R\$ 46.8 billion in 2016 associated with the repatriation of funds (Law 13,254).

The reduction in total Expenditure is mainly due to the payment of R\$ 55.5 billion in liabilities in December 2015, as established by the Federal Court of Accounts' decisions 825/2015 and 3,297/2015. Nevertheless, it is worth noting the increases in Social Security Benefits (R\$ 34.6 billion, 7.2%) and in Discretionary Expenses – All branches (R\$ 8.0 billion, 2.8%).

# Central Government Primary Balance

## Monthly Balance Compared to the Same Month of the Previous Year

### At Constant Prices - December/2016 (IPCA)

	December		Variation	
	2015	2016	Difference	% Real (IPCA)
<b>I. TOTAL REVENUE</b>	138,028.4	128,655.3	-9,373.2	-6.8%
I.1 Revenues Collected by the Federal Revenue Office	69,706.4	70,553.9	847.6	1.2%
I.2 Fiscal Incentives	0.0	-152.7	-152.7	-
I.3 Net Social Security Revenues	51,757.4	46,809.5	-4,947.9	-9.6%
I.4 Revenues not Collected by the Federal Revenue Office	16,564.7	11,444.6	-5,120.1	-30.9%
<b>II. TRANSFERS BY REVENUE SHARING</b>	22,917.7	34,737.6	11,819.9	51.6%
<b>III. NET REVENUE (I-II)</b>	115,110.7	93,917.6	-21,193.1	-18.4%
<b>IV. TOTAL EXPENDITURE</b>	180,465.4	154,041.6	-26,423.8	-14.6%
IV.1 Social Security Benefits	48,524.3	53,681.4	5,157.2	10.6%
IV.2 Payroll	26,909.5	28,488.3	1,578.7	5.9%
IV.3 Other Compulsory Expenses	76,950.6	23,895.4	-53,055.1	-68.9%
IV.4 Discretionary Expenses - All Branches	28,080.9	47,976.4	19,895.5	70.9%
<b>V. SOVEREIGN FUND OF BRAZIL - FSB</b>	908.8	0.0	-908.76	-100.0%
<b>VI. CENTRAL GOVERNMENT PRIMARY BALANCE (III - IV + V)</b>	-64,445.9	-60,123.9	4,321.9	-6.7%
National Treasury and Central Bank	-67,678.9	-53,252.0	14,427.0	-21.3%
Social Security (RGPS)	3,233.1	-6,872.0	-10,105.0	-
<b>Memo:</b>				
National Treasury Primary Balance	-67,541.8	-53,175.5	14,366.2	-21.3%
Central Bank Primary Balance	-137.2	-76.5	60.7	-44.3%
Social Security (RGPS) Primary Balance	3,233.1	-6,872.0	-10,105.0	-

Source: National Treasury  
Obs.: Data subject to change

At December 2016 constant prices, Central Government primary balance was a R\$ 60.1 billion deficit, compared to a R\$ 64.4 billion deficit in December 2015, a increase of R\$ 4.3 billion (6.7%) in the primary balance. This variation is due to the step down of R\$ 26.4 billion (14.6%) in Total Expenditure, partially offset to a step down of R\$ 21.2 billion (18.4%) in Net Revenue.

Among the factors that influenced the primary result, the transfer of R\$ 11.2 billion, in 2016, associated with the fines collected in October from the repatriation of funds (Law 13,254) stands out. Furthermore, it should be stressed that the limit of payment of government agencies was expanded in December 2016, mainly in order to reduce "Restos a Pagar" (RAP, unpaid commitments). Finally, it is worth noting the payment of R\$ 55.5 billion in liabilities in December 2015, as established by the Federal Court of Accounts' decisions 825/2015 and 3,297/2015.

# Central Government Primary Balance

## Monthly Balance Compared to the Previous Month

### At Constant Prices - December/2016 (IPCA)

	2016		Variation	
	November	December	Difference	% Real (IPCA)
<b>I. TOTAL REVENUE</b>	100,617.7	128,655.3	28,037.5	27.9%
I.1 Revenues Collected by the Federal Revenue Office	61,451.1	70,553.9	9,102.9	14.8%
I.2 Fiscal Incentives	0.0	-152.7	-152.7	-
I.3 Net Social Security Revenues	28,649.1	46,809.5	18,160.4	63.4%
I.4 Revenues not Collected by the Federal Revenue Office	10,517.6	11,444.6	927.0	8.8%
<b>II. TRANSFERS BY REVENUE SHARING</b>	25,855.8	34,737.6	8,881.9	34.4%
<b>III. NET REVENUE (I-II)</b>	74,762.0	93,917.6	19,155.7	25.6%
<b>IV. TOTAL EXPENDITURE</b>	113,230.7	154,041.6	40,810.8	36.0%
IV.1 Social Security Benefits	47,672.3	53,681.4	6,009.1	12.6%
IV.2 Payroll	28,017.9	28,488.3	470.4	1.7%
IV.3 Other Compulsory Expenses	12,891.8	23,895.4	11,003.7	85.4%
IV.4 Discretionary Expenses - All Branches	24,648.8	47,976.4	23,327.7	94.6%
<b>V. SOVEREIGN FUND OF BRAZIL - FSB</b>	0.0	0.0	-	-
<b>VI. CENTRAL GOVERNMENT PRIMARY BALANCE (III - IV + V)</b>	-38,468.8	-60,123.9	-21,655.2	56.3%
National Treasury and Central Bank	-19,445.6	-53,252.0	-33,806.4	173.9%
Social Security (RGPS)	-19,023.2	-6,872.0	12,151.3	-63.9%
<b>Memo:</b>				
National Treasury Primary Balance	-19,222.0	-53,175.5	-33,953.6	176.6%
Central Bank Primary Balance	-223.6	-76.5	147.1	-65.8%
Social Security (RGPS) Primary Balance	-19,023.2	-6,872.0	12,151.3	-63.9%

Source: National Treasury  
Obs.: Data subject to change

In December 2016, Central Government primary balance was a R\$ 60.1 billion deficit, compared to a R\$ 38.5 billion deficit in November 2016, at December 2016 constant prices. The expansion of the limit of payment of government agencies in December 2016, mainly in order to reduce "Restos a Pagar" (RAP, unpaid commitments), influenced this result. Moreover, it's worth noting the transfers associated with the revenues collected in October from the repatriation of funds (Law 13,254): in November, there was a transfer of R\$ 9.8 billion regarding the collection of Tax Revenue; in December there was a transfer of R\$ 11.5 billion associated with the revenue with fines and with the additional FPM (Constitucional Amendment nº 55/2007) related to the repatriation of funds.