Summary of the Assessment of the accuracy of forecast of budgetary data – July 2025

In accordance with the provisions of the 12 July 2014 law on the coordination and governance of public finances, the National Council of Public Finance (CNFP) has updated its 'Assessment of the accuracy of budget forecasts'. This latest assessment provides a more detailed analysis of the sub-categories of central government revenue and expenditure. Using graphical analyses of forecast errors and statistical testing, the CNFP examined whether the forecasts show significant biases (i.e. systematic under- or overestimations).

The assessment shows that, between 2007 and 2023, the central government's nominal balance was underestimated by approximately €500 million per year. When the draft budget for year 't' was submitted in autumn of year 't-1', the average annual underestimation of €523 million was entirely driven by a significant underestimation of revenue, amounting to €582 million, while expenditure was underestimated by €59 million. Forecasts made twelve months later, in autumn of year 't' for the same year, still show an underestimation of the nominal balance, this time by €457 million. In this case, the error was more evenly split: €239 million stemmed from underestimating revenue, while €218 million resulted from overestimating expenditure, both statistically significant.

Four revenue sub-categories account for 89% of the statistically significant underestimation of central government revenues. These are: *Current taxes on income, wealth, etc.* (60%), *Taxes on production and imports* (5%), *Payments for non-market production* (18%) and *Social contributions* (6%). The primary source of the underestimation is *Current taxes on income and wealth*, with an average annual underestimation of €352 million in autumn of year 't-1'. This gap mainly stems from three sub-categories: *Corporate income tax* (38%), *Withholding tax return on income from capital* (25%), and *Taxes on wealth* (21%). The underestimations in each of these sub-categories are also statistically significant.

In autumn of year 't-1', central government expenditure was underestimated by an annual average of €59 million, despite an overestimation of *Direct and indirect investment* amounting to €198 million. This underestimation was mainly driven by three categories: *Compensation of employees* (underestimated by €73 million), *Social Benefits* (€138 million), and *Other current transfers* (€59 million), which effectively offset the investment overestimate. In the forecasts made in autumn of year 't', the overestimation of *Direct and indirect investment* (€205 million) and *Intermediate consumption* (€45 million) explain the statistically significant overestimation of central government expenditure, which averaged €239 million annually. Meanwhile, underestimations in *Compensation of employees* (€19 million) and *Social benefits* (€27 million) were present but less important.