

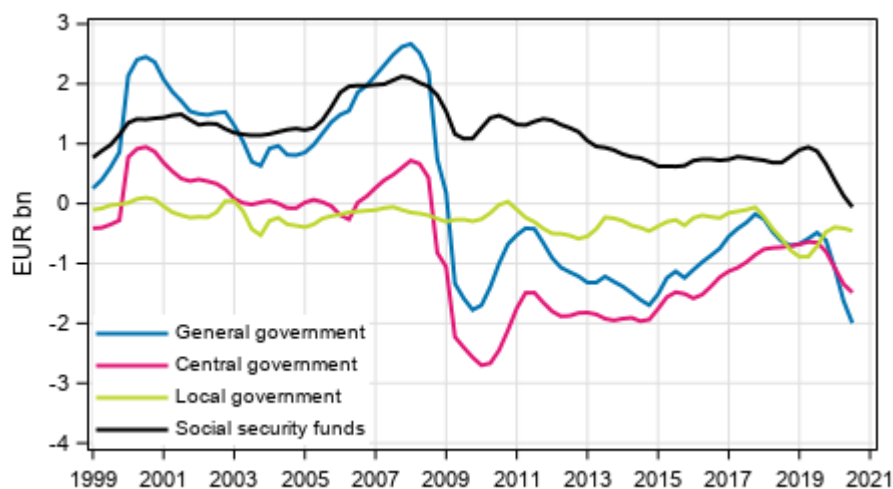
# General government revenue and expenditure by quarter

2020, 3rd quarter

## Financial position of general government weakened by EUR 2.9 billion

In the third quarter of 2020, general government's consolidated total revenue decreased by EUR 0.6 billion compared with the corresponding quarter of the previous year. Consolidated total expenditure increased by EUR 2.3 billion from the previous year's corresponding quarter. The difference between revenue and expenditure, that is, the net borrowing of general government grew by EUR 2.9 billion from the respective quarter of the year before. Compared to the second quarter of 2020, seasonally adjusted income decreased less than seasonally adjusted expenditure, that is, the financial position of general government no longer worsened in the third quarter of 2020 from the previous quarter. In the third quarter of 2020, general government deficit (net borrowing) stood at EUR 5.1 billion. These data derive from Statistics Finland's statistics on general government revenue and expenditure by quarter. General government is comprised of central government, local government and social security funds.

### General government's net lending (+) / net borrowing (-), trend



### Changes from the respective quarter of the year before

Examinations of year-on-year changes are made with figures unadjusted for seasonal variation. The corona crisis increased expenditure and decreased income significantly in the third quarter of 2020 compared with the corresponding quarter of the year before. In the third quarter, central government's total revenue amounted to EUR 12.7 billion and total expenditure was EUR 16.7 billion. Central government's total revenue went down by 5.0 per cent from the respective quarter of the year before. Income tax paid by corporations was the single biggest contributor to the fall in tax revenue. This was both due to a decrease in advance taxes paid by non-financial corporations and to a transfer of 10 percentage points of the distribution share of corporation tax from central government to municipalities. Of taxes on production and imports, profits from gambling activities and motor vehicle and motorcycle tax declined most. Total expenditure increased by 15.6 per cent from the respective quarter of the year before. The expenditure items that grew most were subsidies paid and current transfers paid to general government. The difference between revenue and expenditure, that is, the central government deficit was EUR 4.0 billion in the third quarter.

Local government's total revenue was EUR 12.0 billion in the third quarter. Compared to the corresponding quarter of the previous year it grew 11.7 per cent. Of income, most increase was recorded in income transfers from central government. Sales of non-market products decreased most. In local government's tax revenue, the development of income taxes compared with the previous year was the opposite to central government. Persons' income tax revenue was bigger than one year ago, in addition, municipalities benefited from the change in the distribution share of corporation tax. In the third quarter, local government's total expenditure was EUR 13.2 billion. It went up by 2.2 per cent. In expenditure, most growth was seen in gross capital formation. The difference between revenue and expenditure, that is, the deficit (net borrowing) of local government was EUR 1.2 billion, while in the corresponding quarter of 2019, local government showed a deficit of EUR 2.1 billion.

Social security funds include employment pension schemes and other social security funds. In the third quarter, total revenue of employment pension schemes amounted to EUR 7.1 billion and total expenditure was EUR 7.2 billion. Total revenue fell by EUR 0.6 billion or by 7.9 per cent from the corresponding quarter in the year before and total expenditure increased by EUR 0.4 billion or by 5.5 per cent. The effects of the coronavirus can be seen, for example, in received social security contributions, which went down by EUR 0.6 billion in the third quarter, or by 10.0 per cent from one year ago. The revenue items that grew most were other investment income received, and in expenditure, paid pensions. The difference between revenue and expenditure, that is, the deficit (net borrowing) of employment pension schemes was EUR 0.1 billion and fell by around EUR 1.0 billion from the year before.

Other social security funds' total revenue was EUR 5.0 billion in the third quarter. Total revenue increased by 11.8 per cent from the corresponding quarter of one year ago. Current transfers received by the sector had most effect on the change in revenue, which grew by EUR 398 million or by 13.7 per cent from the year before. The expenditure of other social security funds amounted to EUR 4.9 billion and it increased by 10.9 per cent from the quarter last year. Expenditure increased most due to paid social benefits other than social transfers in kind. They grew by EUR 469 million or 13.8 per cent year-on-year, mainly due to strong growth in expenditure on unemployment allowance. The difference between revenue and expenditure, that is, the surplus (net lending) of other social security funds was EUR 120 million in the third quarter.

## Changes from the previous quarter

Examinations of changes compared with the previous quarter are made with seasonally adjusted figures. In the third quarter of 2020, central government's total revenue grew by 2.9 per cent from the previous quarter. Central government's total expenditure decreased by 3.3 per cent from the previous quarter.

Local government's total revenue went down by 2.2 per cent from the previous quarter. Total expenditure increased by 1.3 per cent.

Employment pension schemes' total revenue went down by 1.7 per cent and total expenditure fell by 0.1 per cent from the previous quarter. Other social security funds' total revenue decreased by 3.4 per cent and total expenditure went down by 4.8 per cent from the previous quarter.

The data for the two latest years are preliminary and will become revised as annual national accounts data are revised. Seasonally adjusted and trend time series have been calculated with the Tramo/Seats method. Seasonally adjusted and trend time series always become revised against new observations irrespective of whether the original time series becomes revised or not. Further information on the seasonal adjustment method: [http://www.tilastokeskus.fi/til/tramo\\_seats\\_en.html](http://www.tilastokeskus.fi/til/tramo_seats_en.html) As the time series of annual national accounts become revised, the time series of this set of statistics will also be revised. These data are based on the data sources available by 11 December 2020. The data will be next revised on 15 March 2021.

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# Appendix tables

**Appendix table 1. Change in general government revenue and expenditure 2020/3**

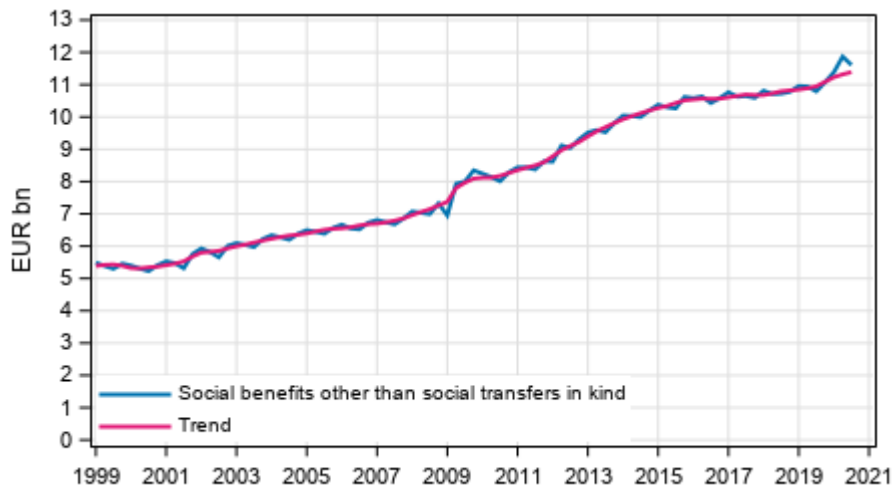
	2020/3–2019/3 Change, EUR million	2020/3–2019/3 %	2020/3–2020/2 % <sup>1)</sup>
<b>Total revenue of General government</b>	-620	-2,2	-0,5
Central government	-666	-5,0	2,9
Local government	1253	11,7	-2,2
Employment Pension Schemes	-609	-7,9	-1,7
Other social security funds	529	11,8	-3,4
Consolidation <sup>2)</sup>	-1127	..	..
<b>Total expenditure of General government</b>	2267	7,3	-1,8
Central government	2247	15,6	-3,3
Local government	284	2,2	1,3
Employment Pension Schemes	379	5,5	-0,1
Other social security funds	484	10,9	-4,8
Consolidation <sup>2)</sup>	-1127	..	..

1) The change in total revenue and expenditure from the previous quarter is calculated from seasonally adjusted time series.

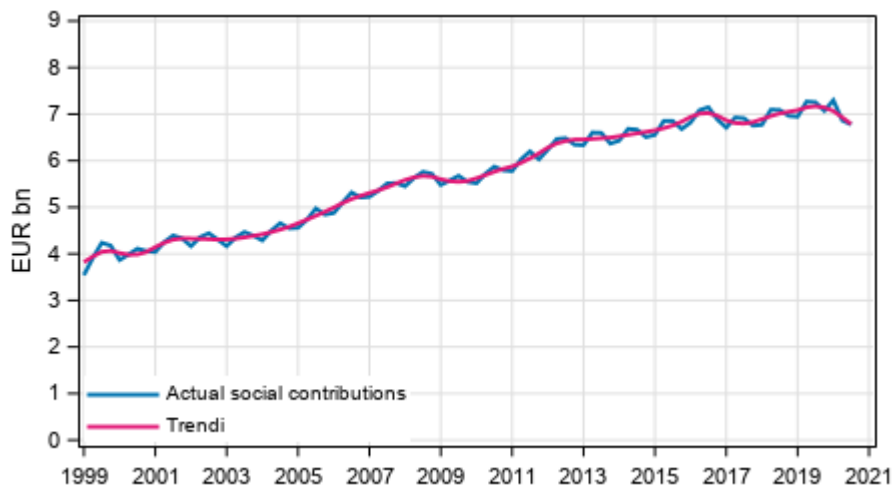
2) Transactions interest, other current transfers, investment grants and other capital transfers are consolidated within the general government sector. The other transactions are not consolidated

# Appendix figures

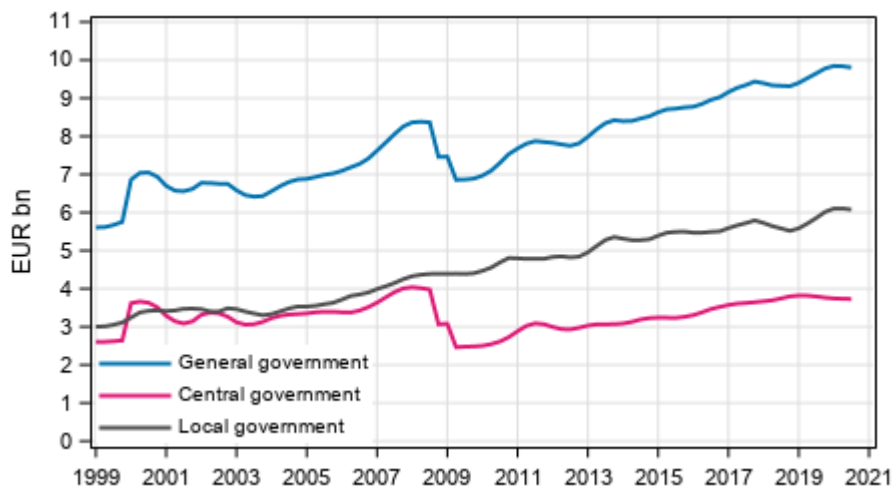
**Appendix figure 1. Social benefits other than social transfers in kind**



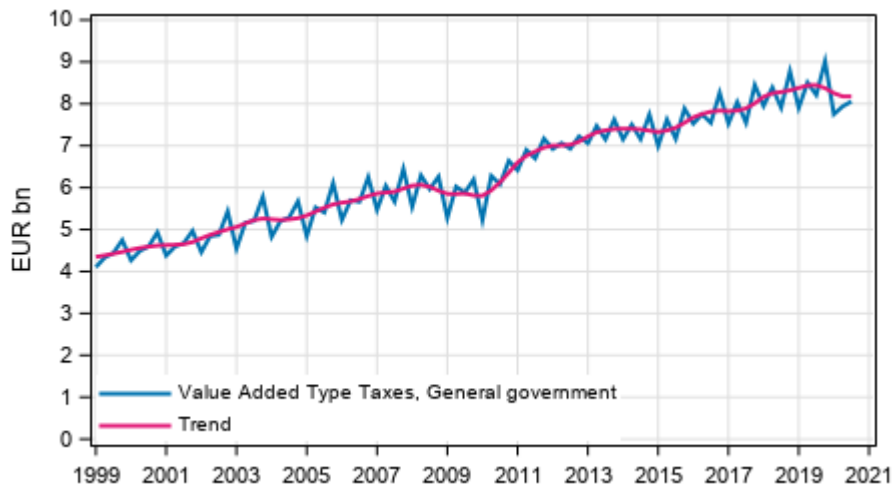
**Appendix figure 2. Actual social contributions**



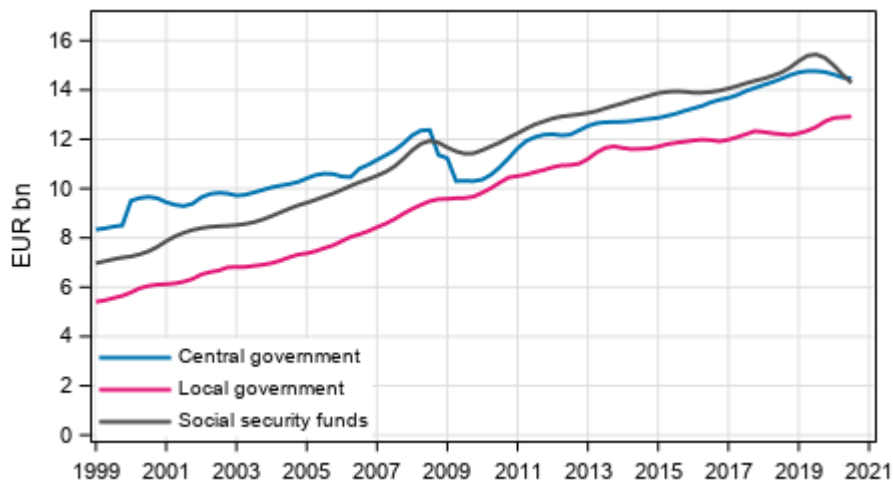
**Appendix figure 3. Current Taxes on Income, Wealth, etc., trend**



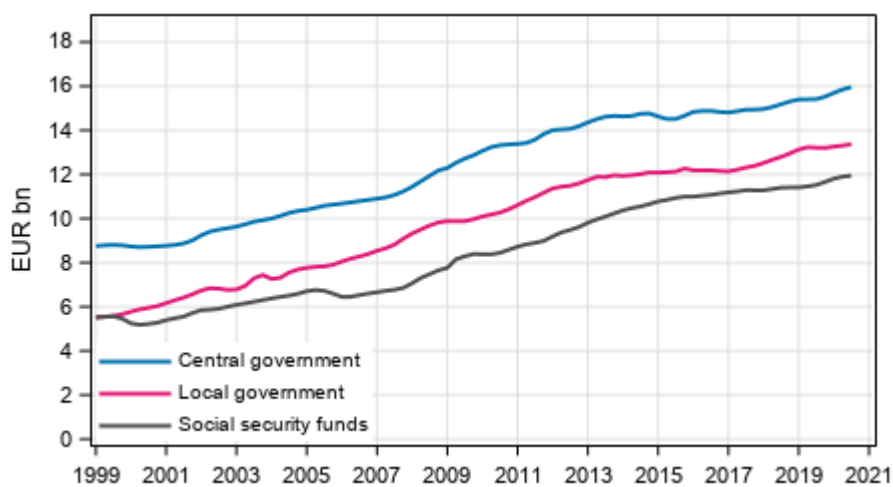
**Appendix figure 4. Taxes on Production and Imports**



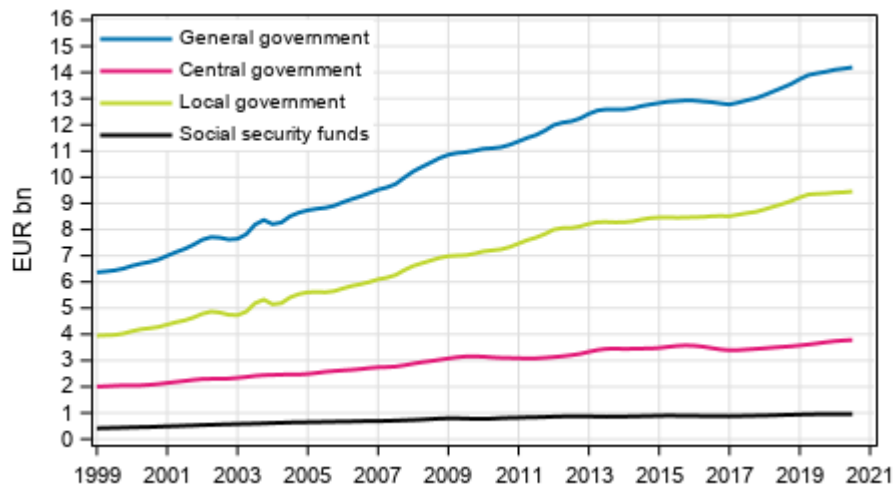
**Appendix figure 5. Total revenue, trend**



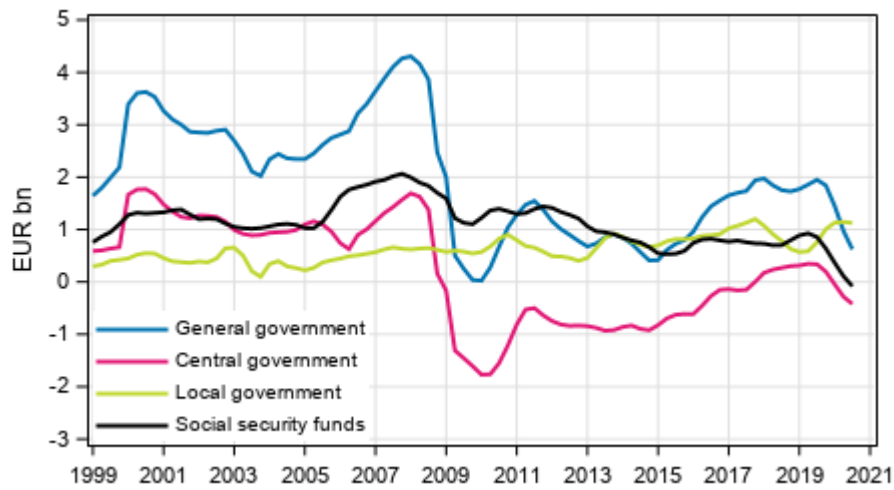
**Appendix figure 6. Total expenditure, trend**



**Appendix figure 7. Final Consumption expenditure, trend**



**Appendix figure 8. Gross savings, trend**





# Revisions in these statistics

## Seasonally adjusted quarter-on-quarter change, %

			1st release (%)	Latest release (%)	Revision, %-points
Sector	Transaction	Quarter			
General Government	Total Revenue	2019, 3rd Quarter	0,5	0,0	-0,5
		2019, 4th Quarter	0,8	0,6	-0,2
		2020, 1st Quarter	0,2	0,6	0,4
		2020, 2nd Quarter	-2,4	-3,2	-0,8
	Total Expenditure	2019, 3rd Quarter	-0,2	-0,8	-0,6
		2019, 4th Quarter	0,7	1,3	0,6
		2020, 1st Quarter	1,8	2,0	0,2
		2020, 2nd Quarter	5,2	6,2	1,0

**Year-on-year change, %**

			1st release (%)	Latest release (%)	Revision, %-points
Sector	Transaction	Quarter			
General Government	Total Revenue	2019, 3rd Quarter	-3,3	-2,1	1,2
		2019, 4th Quarter	6,8	7,3	0,5
		2020, 1st Quarter	1,4	1,1	-0,3
		2020, 2nd Quarter	-4,5	-3,3	1,2
	Total Expenditure	2019, 3rd Quarter	2,0	1,2	-0,8
		2019, 4th Quarter	1,6	1,3	-0,3
		2020, 1st Quarter	2,1	2,5	0,4
		2020, 2nd Quarter	8,6	8,8	0,2

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Source: General government revenue and expenditure, 3rd quarter 2020. Statistics Finland