

4. English summary

The Danish economy is recovering after the international economic recession, and the unemployment rate has been declining since the summer of 2010.

Fiscal policy was eased substantially in 2009 and 2010, which has lowered the negative impact of the economic recession. However, it has also contributed to a weakening of the public finances by DKK 108bn from 2008 to 2010, and the largest public budget deficit since the early 1990s. This also reflects the bad cyclical conditions with higher unemployment and lower tax revenues. On this background fiscal challenges have grown bigger.

Primarily in light of the *Fiscal Consolidation Agreement* the structural budget balance is strengthened by approx. ½ percentage point from 2010 to 2012, while the actual budget deficit increases in the same period from 2.9 percent of GDP in 2010 to 4.3 percent of GDP in 2012. This is due to a decrease in the pension yield taxation of 28½ bn. from 2010 to 2012 and the release of the early retirement contributions in 2012.

In Reform Agenda 2020 the challenge of achieving fiscal balance in year 2020 is projected to DKK 47bn. The *Fiscal Consolidation Agreement*, May 2010, meets DKK 24bn of the challenge, and with the *Agreement on Later Retirement* and *Making Ends Meet* agreed upon in May 2011 the remaining challenge of DKK 23bn is met. The measures in these agreements include later retirement age and changes in the early retirement scheme as well as cuts in the defence budget and EU contributions.

The consolidation of the public finances dampens growth in the coming years. However, fiscal policy in 2009-2011 and low interest rates contribute to growth by approx. 1¼ per cent of GDP in 2011. In 2012 the total effect of fiscal policy and the release of early retirement contributions have an almost neutral effect on activity.

4.1 General government finances

The estimates for the general government finances in 2011 and 2012 are based on the short term projections for the Danish economy, cf. *Economic Survey*, May 2011.

The estimates for 2011 reflect the central government budget for 2011, an updated status for the central government spending in 2011 and local government budgets for 2011. With respect to 2012 the estimates are primarily based on the *Fiscal Consolidation Agreement*, May 2010, and the *Agreement on Later Retirement*, May 2011.

According to preliminary data for general government finances from Statistics Denmark, the general government balance deficit amounted to DKK 50¼bn in 2010 or 2.9 per cent of GDP, cf. *table 4.1* and *annex 1*.

Table 4.1
General government budget balance, 2005-12

	2005	2006	2007	2008	2009	2010	2011	2012
DKK bn, current prices								
December 2010	77.6	82.3	81.4	56.9	-46.5	-62.6	-83.9	-62.5
May 2011	77.6	82.3	81.4	56.9	-46.5	-50.8	-74.3	-80.0
- Central government	82.7	89.7	85.8	64.6	-32.5	-42.1	-	-
- Local governments	-5.5	-7.8	-4.5	-7.4	-12.6	-8.6	-	-
- Social funds	0.4	0.3	0.0	-0.3	-1.5	-0.1	-	-
May 2011 (per cent of GDP)	5.0	5.0	4.8	3.3	-2.8	-2.9	-4.1	-4.3

Note: The specification of the central and local government budget balances does not fully reflect that the central government, through transfers to the local governments, bears the risk of fluctuations in expenditure and revenues due to the business cycle.

In 2011 the general government budget deficit is estimated at approx. DKK 74¼bn corresponding to 4.1 per cent of GDP, while the deficit in 2012 is estimated at DKK 80bn or 4.3 per cent of GDP.

Compared to the short term projection in December 2010 the deficit on the general government budget balance in 2010 is reduced according to the preliminary data from Statistics Denmark, cf. *table 4.2*. The revisions reflect higher revenues from personal taxes and interest dividends as well as lower expenditures on public consumption and income transfers.

In 2011 the expected budget deficit is reduced by DKK 9¼bn compared to the December estimates. This primarily reflects higher expected revenues of DKK 15bn from the North Sea activities, personal income taxes and VAT. The expenditures are DKK 5¼bn higher than expected primarily due to central government losses on capital infusions and guarantees related to Amagerbanken A/S.

The revisions lead to an increased projected general government account deficit in 2012 of DKK 17½bn primarily reflecting a release of early retirement contributions due to the *Agreement on Later Retirement*, which in isolation increases the deficit by approx. DKK 20bn. In addition higher projected expenditures on income transfers of DKK 7¼bn increase the deficit, which is counteracted by higher revenues from the North Sea, vehicle registration tax and lower net interest expenditures and dividends.

Table 4.2
Revision of the general government budget balance from December to May

	2010	2011	2012
DKK bn, current prices			
North Sea oil and gas exploration activities	0.1	5.5	3.5
Corporate taxes excluding North Sea oil and gas exploration activities	0.1	0.2	0.4
Pension yield taxation	0.0	1.6	-2.4
Labour market contribution	0.5	-0.9	-0.6
Personal taxes etc.	5.2	1.5	-0.1
Value Added Tax	0.7	1.5	2.7
Vehicle registration tax	0.5	0.5	1.7
Other taxes and duties	-1.6	0.0	-1.6
Public consumption expenditures	1.2	1.1	-1.4
Public investment expenditures	-0.4	0.5	0.0
Income transfers	1.9	0.4	-7.2
Net interest expenditures and dividends	2.3	0.3	4.0
Subsidies	-0.4	1.3	0.8
Other expenditures and revenues	1.8	-3.7	-17.3
Total revision of general government budget balance	11.8	9.7	-17.5

Note: Negative numbers imply reductions of the surplus due to reduced revenues or increased expenditures, and positive numbers imply increases in the surplus due to increased revenues or decreased expenditures.

Revenues from *the North Sea activities* are adjusted upwards by DKK 5½bn in 2011 and by DKK 3½bn in 2012 compared to the December projection reflecting an upward adjustment of the oil price in both years.

The revenues from *the pension yield taxation* are adjusted upwards by DKK 1½bn in 2011 while adjusted downwards by DKK 2½bn in 2012. This primarily reflects revisions in the interest rate forecast.

The revenues from *labour market contribution* are adjusted downwards by DKK 1bn in 2011 and by DKK ½bn in 2012. The revisions reflect changes in the technical handling of a tax discount to senior citizens.

Revenues from *personal taxes etc.* are adjusted upwards by DKK 1½bn in 2011, while largely unchanged in 2012 compared to the December projections. In isolation, the previously mentioned technical handling of the senior citizen discount results in an upwards adjustment in both years. In 2012 also the increase in income transfers contribute to an upwards adjustment of the *personal taxes etc.*, while this is counteracted by larger deductible retirement payments due to the release of the early retirement contributions.

The revenues from the *Value Added Tax (VAT)* are adjusted upwards by DKK 1½bn in 2011 and by DKK 2¾bn in 2012 following a higher expected level of private consumption. In 2012 this should be seen in connection with the release of the early retirement contributions.

Revenues from the *vehicle registration tax* are adjusted upwards by DKK ½bn in 2011 and by DKK 1¾bn in 2012. This should be seen in light of a higher level of private vehicle purchases as well as revenues from the registration of leased cars in 2012.

Nominal *public consumption* expenditures are downward adjusted by DKK 1bn in 2011 and adjusted upwards by DKK 1½bn in 2012 compared to the December estimates. The downward adjustment in 2011 is primarily due to the net service expenditures of the municipalities being approx. DKK 1bn lower than the level agreed upon in June 2010. The upwards adjustment in 2012 follows from the recent public sector wage agreements.

Expenditures on *income transfers* are adjusted downwards by DKK ½bn in 2011, but adjusted upwards by DKK 7¼bn in 2012. In both years cyclical related expenditures such as unemployment benefits have been reduced due to a lower projected level of unemployment. This is counteracted by an increase in the number of recipients of disability pension, study grants and maternity benefits. Additionally, in 2012 the annual adjustment rate of income transfers has been upward adjusted.

Net interest expenditures and dividend are adjusted downwards by DKK ¼bn in 2011 and by DKK 4bn in 2012. Due to the financial statements of government owned enterprises, dividends are downwards adjusted by DKK 2bn in 2011 and 2012. Additionally a downwards adjustment of net interest expenditures in 2012 reflects a reduced need of government bonds issues.

Expenditures on *subsidies* are downward adjusted by DKK 1¼bn and DKK ¾bn in 2011 and 2012, respectively. The adjustments reflect revisions by Statistics Denmark in 2011 which are projected to have effect in 2012 as well.

Other expenditures and revenues are expected to affect the general government budget balance negatively by DKK 3¾bn in 2011 and 17¾bn in 2012 compared to the December projections. In 2011, this should be seen in light of the losses from capital infusions and government guarantees in the banking sector. In 2012 the large adjustment primarily reflects the release of early retirement contributions.

The expenditure burden, i.e. the ratio of government expenditure to GDP, is estimated at 56.2 per cent of GDP in 2012, which reflects an increase of 4¼ percentage points since 2005, *cf. table 4.3*. The increase primarily reflects expected growth in public consumption relative to GDP of 2¼bn percentage points from 2005 to 2012, *cf. annex 2*. In the same period the revenue burden is expected to decrease by 5 percentage points, primarily due to a lower tax burden.

Table 4.3
Expenditure, tax and revenue burden, 2005-12

	2005	2006	2007	2008	2009	2010	2011	2012	Diff. 2005- 2012
Per cent of GDP									
Expenditure burden ¹⁾	51.9	50.6	50.0	51.0	57.2	57.0	56.5	56.2	4.3
Tax burden	51.0	49.8	49.1	48.2	48.2	48.2	46.5	46.5	-4.5
Revenue burden ¹⁾	56.9	55.7	54.8	54.2	54.3	54.1	52.3	51.9	-4.9

- 1) The specification of total public expenditures and revenues deviates from the specification from Statistics Denmark. Total public expenditures reflect public consumption, which includes revenues from sales and calculated depreciation expenditure, and total revenues include calculated depreciation. The specification of public expenditure from Statistics Denmark does not include public sales, which are included in total revenues, and calculated depreciation is not included in public expenditures and revenues in the specification from Statistics Denmark. Thus, the expenditure and revenue burdens differ from the ascertained burdens based on the specifications according to Statistics Denmark.

From 2008 to 2010 the expenditure burden is expected to increase from 51.0 per cent of GDP in 2008 to 57.0 per cent in 2010. The increase partly reflects higher cyclical related expenditures such as unemployment and cash benefits as well as considerable growth in public consumption.

From 2010 to 2012 the expenditure burden is expected to decrease by $\frac{3}{4}$ of a percentage point to 56.2 per cent of GDP in 2012 primarily due to fiscal consolidation including a reduction in public consumption as share of GDP, cf. annex 2. This is partly counteracted by an increase in income transfers and other expenditures.

The tax burden is largely unchanged from 2008 to 2010, but is expected to decrease by $1\frac{1}{4}$ of a percentage point from 2010 to 2012. Due to the *Spring Package 2.0* personal taxes are reduced by $1\frac{1}{4}$ per cent of GDP from 2008 to 2010, but are again increased by $\frac{1}{2}$ per cent from 2010 to 2012 due to tax increases in the *Fiscal Consolidation Agreement*.

Detailed information about the expenditure, tax and revenue burden can be found in annex 2.

4.2 Fiscal stance

The *fiscal effect* is an indicator of fiscal policy stance. The fiscal effect measures the impact of fiscal policy changes on economic activity.

Based on the central and local government budgets for 2011, the *Fiscal Consolidation Agreement* and the recent public sector wage agreements the fiscal effect is estimated at -0.4 per cent of GDP in 2011, and -0.3 per cent of GDP in 2012 cf. table 4.4.

The dampened effects reflect higher taxes according to the *Fiscal Consolidation Agreement* and *Spring Package 2.0* combined with reduced growth in public consumption in 2011 and a downward adjustment in public investments in 2012. On the contrary the release of early retirement contributions is estimated to increase activity by 0.3 per cent of GDP in 2012.

The fiscal effect is estimated at 1.2 per cent of GDP in 2009 primarily due to substantial growth in public consumption. In 2010 the fiscal effect is estimated at 0.6 per cent of GDP, which among other things reflects growth in public investments and the tax cuts included in the *Spring Package 2.0*.

Table 4.4
Fiscal effect, 2006-12

	2006	2007	2008	2009	2010	2011	2012
Per cent of GDP							
Expenditures	0.4	0.1	-0.2	0.9	0.3	-0.2	-0.2
Revenues	0.1	0.0	0.0	0.2	0.3	-0.2	-0.1
Fiscal effect	0.5	0.1	-0.2	1.2	0.6	-0.4	-0.3
Special Pension scheme (SP)				0.4	0.0	-0.3	0.0
Early retirement contributions							0.3

The fiscal effect does not include the release of the savings in the Special Pension scheme (SP) as these were private savings schemes. The release of savings is estimated to increase economic activity by an additional 0.4 per cent of GDP in 2009. In addition, decreasing interest rates since 2009 has supported activity especially in 2010 and 2011.

Discretionary fiscal policy, release of private savings and decreasing interest rates since 2009 are estimated to increase economic activity by 2½ per cent in 2010, *cf. table 4.5*.

Fiscal policy etc. and declining interest rates from 2009 to 2011 is expected to stimulate activity by 1¼ per cent of GDP in 2011 including the first year fiscal effect in 2011 of -0.4 per cent. Especially interest rate changes contribute to the effect on activity.

In 2012 economic policy including interest changes are expected to dampen economic activity by approx. ½ percentage points due to the fiscal consolidation as well as the expected increases in interest rate.

Table 4.5
Effects of economic policy, 2009-12

	2009	2010	2011	2012
Per cent of GDP				
First year effects				
Fiscal effect	1.2	0.6	-0.4	-0.3
Special Pension scheme (SP) and early retirement contributions	0.4	0.0	-0.3	0.3
Fiscal policy etc.	1.5	0.6	-0.7	0.0
Multi year effects				
Fiscal effect	-	0.3	0.4	-0.1
Special Pension scheme (SP) and early retirement contributions	-	0.2	0.1	-0.2
Fiscal policy etc.	-	0.5	0.5	-0.3
Total effect of fiscal policy etc.	1.5	1.1	-0.2	-0.3
Interest rate changes since 2009	0.5	1.5	1.4	-0.2
Total effect of economic policy	2.0	2.6	1.3	-0.5

Note: Multi year effects are measured by the impact on economic activity of fiscal policy etc. from 2009.
 Multi year effects of interest rate changes are measured by the impact of interest changes since 2008.
 Deviations between the total sum and the sum of each activity contribution might be caused by rounding off.

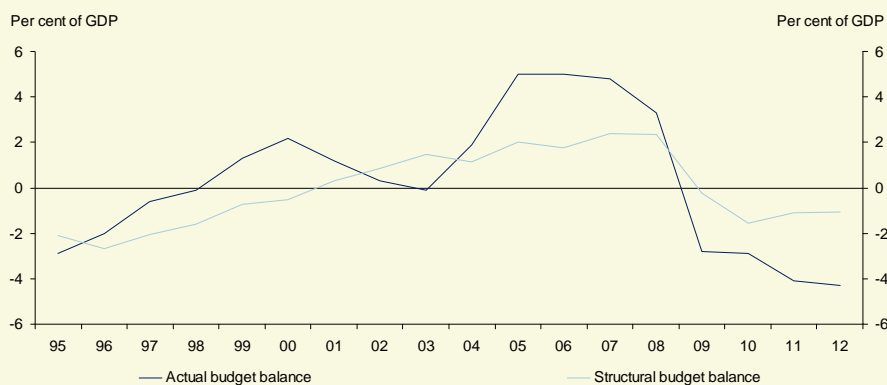
4.3 Structural budget balance

The structural budget balance is the actual general government balance adjusted for the estimated impact on the budget from the cyclical position of the economy and other temporary factors.

Primarily due to expansionary fiscal policy in both 2009 and 2010 the structural budget deficit is estimated at respectively $\frac{1}{4}$ per cent of GDP in 2009 and at 1.6 per cent of GDP in 2010.

The structural budget deficit is estimated to be 1.2 per cent of GDP in 2011 and 1.1 per cent of GDP in 2012. Primarily in light of the *Fiscal Consolidation Agreement* the structural budget balance is thus strengthened by approx. $\frac{1}{2}$ percentage point from 2010 to 2012.

Figure 4.1
Actual and structural balance 1995-2012



In the period 2004-2008 both cyclical conditions and the development in financial markets contributed to higher actual budget surpluses compared to the calculated structural surpluses, *cf. figure 4.1*. Extraordinarily large surpluses from the pension yield taxation in 2004 and 2005 as well as favourable cyclical conditions in 2006-2008 contributed to higher actual surpluses. In the light of that both employment and production is estimated to be lower than their structural levels in 2009-12, the estimated actual deficit is higher than the structural budget deficit in the period 2009-12.

From 2002 to 2012 the estimated structural budget balance is reduced by approx. 2 per cent of GDP, *cf. table 4.6*. From 2002 to 2008 the structural budget balance is strengthened by 1½ per cent of GDP primarily reflecting lower net interest rate expenses due to reductions in central government debt and a decline in the structural unemployment. Expansionary fiscal policy in 2009 and 2010 on the other hand reduce the structural budget balance considerably.

Table 4.6
Structural budget balance (per cent of GDP), 2002-12

	Structural Balance		Change due to					
	Level	Yearly change	Fiscal policy ¹⁾	Pension yield taxation	Net Interest	North Sea oil and gas	Special items ²⁾	Other
2002	0.9							
2003	1.5	0.6	0.1	0.0	0.3	0.2	0.1	-0.2
2004	1.1	-0.4	-1.3	0.0	0.3	0.1	0.1	0.4
2005	2.0	0.9	-0.3	0.0	0.3	0.2	0.0	0.6
2006	1.8	-0.2	-0.5	0.0	0.2	0.1	-0.1	0.0
2007	2.4	0.6	0.1	0.0	0.2	0.1	-0.1	0.2
2008	2.4	0.0	-0.1	0.0	0.1	0.1	-0.2	0.0
2009	-0.2	-2.6	-2.1	0.1	0.1	-0.1	-0.1	-0.5
2010	-1.6	-1.4	-1.2	0.0	0.0	-0.1	-0.1	0.0
2011	-1.1	0.5	1.1	0.0	0.0	-0.1	0.0	-0.4
2012	-1.0	0.1	0.6	0.0	-0.1	-0.1	0.0	-0.2
I alt		-1.9	-3.6	0.1	1.4	0.4	-0.4	0.1

- 1) Due to different methods of calculation the fiscal policy effects differ from the effects used in the calculation of the fiscal effect.
- 2) Special items include among other things various net current and capital transfers.

4.4 Central government finances

The final account for the central government budget shows a deficit of DKK 88¼bn in 2010 on the current, investment and lending account – the so-called CIL-account¹ – corresponding to 5.1 per cent of GDP, cf. table 4.7. The final deficit was thus 6½bn lower than estimated in December. Contrary to this the CIL account deficit in 2011 is estimated to be almost DKK 13bn larger than budgeted in the central government budget for 2011.

¹ The CIL-account differs from the national account based on the central government balance with respect to the accruals concept (e.g. taxes), the treatment of financial transactions etc. In addition, some institutions that are part of the central government accounts are not considered part of the central government sector in the national accounts, and some institutions that are not part of the central government accounts are considered part of the central government sector.

Table 4.7
CIL-account, 2010-11

DKK bn, Current prices	2010			2011		
	December	Final	Diff.	December (Budget)	May	Diff.
Total revenues	571.3	574.6	3.2	649.4	645.2	-4.2
Total expenditures	666.6	663.3	-3.4	683.0	691.6	8.6
CIL-account	-95.3	-88.7	6.6	-33.6	-46.3	-12.8
CIL-account (per cent of GDP)	-5.5	-5.1	0.4	-1.9	-2.7	-0.7

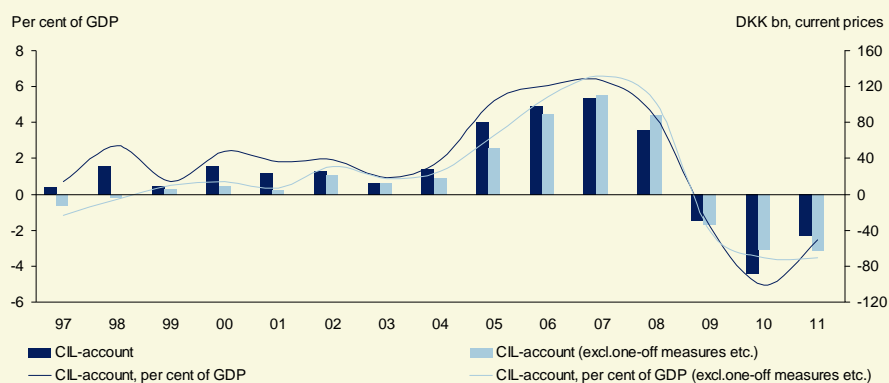
The lower CIL-account deficit in 2010 compared to the December estimate reflects higher revenues of DKK 3¼bn and lower expenses of DKK 3½bn. The former is primarily due to higher revenues from income taxes, social contributions etc., while the lower net expenses in 2010 include lower costs in several central government service areas as well as larger revenues from individual guarantees to the financial sector.

In 2011 an estimated CIL-account deficit of DKK 46¼bn is expected, which is DKK 12¾bn. million larger than the estimates in the budget for 2011. The upward revision of the CIL-account deficit in 2011 can primarily be attributed to central government losses due to the stabilization initiatives in the financial sector and a loan to a Municipality in economic difficulties. In addition, revenues from corporate- and pension yield taxation are estimated to be lower than in the budget for 2011.

The CIL-account is to a varying degree affected by one-off measures from year to year. *cf. figure 4.2.* Corrected for one-off measures etc., the CIL-account deficit is estimated at DKK 62bn in 2010 and DKK 63½bn in 2011 corresponding to approx. -3.5 per cent of GDP in both years.

The lower deficits in the CIL-account in 2011 than in 2010 is primarily due to the change in the timing of tax payments from the pension yield taxation, for which revenues in 2010 are not paid until 2011. Additionally, the previously mentioned stabilization initiatives in the wake of the financial turmoil as well as the extraordinary Municipal loan are corrected for as one-off measures.

Figure 4.2
Central government CIL-account 1997-2011



4.5 Central government financing requirement and debt

Central government debt measured as a percentage of GDP is estimated to increase from 18¼ per cent of GDP in 2009 to 24 per cent of GDP in 2011 corresponding to an increase of 5¾ percentage points, *cf. table 4.8*. Measured in nominal terms central government debt is estimated to increase from DKK 301½bn in 2009 to DKK 433¼bn in 2011 corresponding to an increase of DKK 131½bn over these years.

The increase in debt from 2009 to 2011 primarily reflects a higher deficit on the CIL-account.

Table 4.8
Central government debt, 2009-11

	2009	2010	2011	Diff. 2009-11
End of year. nominal value (current prices)				
Domestic debt	487.9	576.4	578.0	90.1
Foreign debt	139.6	114.7	113.6	-26.0
The central government's account in Danmarks Nationalbank ¹⁾	193.2	177.1	137.1	56.1
Fund holding of bonds ²⁾	132.7	127.8	121.4	11.4
Central government debt DKK bn	301.5	386.3	433.2	131.6
Central government debt per cent of GDP	18.2	22.1	24.0	5.8

- 1) The central government's account in Danmarks Nationalbank is measured according to the central government accounts for 2009 and 2010, while the account for 2011 is measured according to the monthly balance of Danmarks Nationalbank.
- 2) The holding of bonds by the funds, as well as their deposits in Danmarks Nationalbank, are included.

The annual change in central government debt (net of capital gains and borrowing) corresponds to the net balance. The difference between the net balance and the CIL-account reflects, among other things, cash flows and central government relending.

The net financing requirement in 2010 amounted to DKK 93¼bn, *cf. table 4.9*. Compared to the estimate in December, this is a downward adjustment in the financing requirement of approx. DKK 9bn, primarily reflecting a lower deficit on the CIL-account.

In 2011 the net financing requirement is estimated at DKK 45bn reflecting an expected deficit on the CIL-account of DKK 46¼bn and larger expected relending of DKK 3bn.

Tabel 4.9
CIL-account and net financing requirement. 2009-11

	2010		2011	
	December	Final	December (budget)	May
DKK bn				
CIL-account	-95.3	-88.7	-33.6	-46.3
Total relending	-2.3	1.1	-11.5	3.0
Differences between posted revenues and expenditures and cash flow	-4.9	-6.1	-4.1	-1.7
Net financing requirement (-net balance)	102.4	93.7	49.2	45.0

Financing requirement was introduced as a new concept in *Budget Outlook 3* and *Economic Survey*, December 2010, replacing the previous 'borrowing requirement'. The financing requirement is not affected by cash flows on the central government account in Danmarks Nationalbank while the borrowing requirement is affected by changes in the account.

The financing strategy is announced in the biannual notification of government debt policies, which is published by Danmarks Nationalbank in June and December. Hence, a clearer separation between the financing requirement and financing strategy is obtained.

The financing requirement is equivalent to net financing requirement, which depends in particular on central government deficit, plus repayment of short and long term debt. The financing requirement can be met through borrowing or by drawing on the central government account.

The domestic financing requirement in 2011 is estimated at 112bn. The downward adjustment of DKK 3bn, compared to the December estimates, reflects a lower domestic net financing requirement due to a lesser extent of relending as well as a lower repayment on treasury bills. Larger repayments on long-term debt count in the opposite direction, *cf. table 4.10*.

Table 4.10
Domestic financing requirement 2011

DKK bn	December (Budget)	May
Net domestic financing requirement	50	46
Repayment of long term debt ¹⁾	35	40
Repayment of treasury bills ²⁾	30	25
Domestic financing requirement	115	112

- 1) Repayment of long term debt includes the net purchase of bonds by funds, net payments from currency swaps and acquisitions beyond the year.
- 2) Repayment of treasury bills corresponds to outstanding in the program at the beginning of the year.

The foreign financing requirement for 2011 is estimated at DKK 37bn, *cf. table 4.11*. The estimate is virtually unchanged compared to the December projection.

Tabel 4.11
Foreign financing requirement 2011

DKK bn	December (Budget)	May
Net foreign net financing requirement	-1	-1
Repayment of long term debt ¹⁾	33	33
Repayment of treasury bills ²⁾	5	5
Foreign financing requirement	37	37

- 1) Repayment of long term debt includes the net purchase of bonds by funds, net payments from currency swaps and acquisitions beyond the year.
- 2) Repayment of treasury bills corresponds to outstanding in the program at the beginning of the year.

Annex 1

Table 1**General government finances, 2009-11**

	2010			2011			2012		
	Dec.	May	Diff.	Dec.	May	Diff.	Dec.	May	Diff.
DKK bn.									
Current prices									
Public consumption	514.6	513.5	-1.2	518.6	517.5	-1.1	528.8	530.2	1.4
Income transfers	304.1	302.1	-1.9	314.3	313.8	-0.4	317.9	325.2	7.2
Investment	37.6	38.0	0.4	41.8	41.3	-0.5	39.0	39.0	0.0
Interest expenditure	37.6	38.6	1.0	38.1	40.0	2.0	40.4	38.8	-1.6
Subsidies	45.3	45.7	0.4	46.2	44.9	-1.3	46.9	46.0	-0.8
Other expenditures ¹⁾	117.9	117.5	-0.4	117.3	122.6	5.4	119.8	136.5	16.7
Total expenditure	995.8	994.7	-1.2	1014.5	1019.8	5.3	1030.2	1053.8	23.7
Personal income taxes ²⁾	351.9	357.1	5.2	368.8	370.2	1.4	380.9	376.9	-3.9
Labour market Contributions	80.8	81.3	0.5	82.2	81.3	-0.9	84.0	83.4	-0.6
Corporate taxes	47.7	47.8	0.1	50.6	54.4	3.8	55.2	58.1	2.9
Pension yield taxation	42.2	42.2	0.0	3.5	5.1	1.6	16.0	13.6	-2.4
VAT	171.8	172.5	0.7	178.1	179.7	1.5	183.0	185.7	2.7
Vehicle registration tax	13.8	14.2	0.5	15.5	16.0	0.5	16.0	17.6	1.7
Other duties	107.4	106.1	-1.3	110.6	111.0	0.3	112.3	112.9	0.5
Other taxes ³⁾	17.7	17.4	-0.2	18.2	18.1	0.0	18.4	16.3	-2.0
Interest revenues	26.1	29.4	3.3	28.6	30.8	2.3	27.9	30.3	2.4
Gross operating surplus	33.7	33.8	0.1	34.4	34.5	0.1	35.2	35.3	0.1
Other revenues ⁴⁾	40.2	42.1	1.9	40.1	44.5	4.4	38.9	43.7	4.8
Total revenue	933.2	943.9	10.6	930.5	945.5	15.0	967.7	973.8	6.2

Table 1 fortsat
General government finances, 2009-11

	2010			2011			2012		
	Dec.	May	Diff.	Dec.	May	Diff.	Dec.	May	Diff.
DKK bn.									
Current prices									
General government budget balance	-62.6	-50.8	11.8	-83.9	-74.3	9.7	-62.5	-80.0	17.5
Net interest Expenditure	11.5	9.2	-2.3	9.5	9.2	-0.3	12.5	8.5	-4.0
General government primary balance ⁵⁾	-51.1	-41.6	9.5	-74.4	-65.0	9.4	-50.0	-71.5	-21.5

Note: The specification of total public expenditures and revenues deviates from the specification from Statistics Denmark. Total public expenditures reflect public consumption, which includes revenues from sales and calculated depreciation expenditure, and total revenues include calculated depreciation. The specification of public expenditure from Statistics Denmark does not include public sales, which are included in total revenues, and calculated depreciation is not included in public expenditures and revenues in the specification from Statistics Denmark.

- 1) Other expenditures include capital transfers, transfers to the Faroe Islands and Greenland and Danish EU-contributions.
- 2) Personal income taxes include withholding taxes, tax on imputed income from owner occupied dwellings, specific taxes from households, tax on estates of deceased persons and other personal taxes.
- 3) Other taxes include social security contributions (labour market supplementary pension scheme contributions, unemployment insurance contributions and early retirement contributions).
- 4) Other revenues include profits from public enterprises, current and capital transfers from other domestic sectors and EU, and imputed (calculated) revenues such as contributions to civil servants' earned pension.
- 5) The general government primary balance states the balance of the general government finances before net interest expenditures.

Annex 2

Table 2
Expenditure tax and revenue burden, 2005-2012

	2005	2006	2007	2008	2009	2010	2011	2012	Endr. 2005- 2012
Per cent of GDP									
Public consumption	26.0	25.9	26.0	26.7	30.0	29.4	28.6	28.3	2.2
Income transfers	16.5	15.6	15.2	15.1	17.1	17.3	17.4	17.4	0.8
Investment	1.8	2.0	1.9	1.9	2.1	2.2	2.3	2.1	0.3
Interest expenditure	2.6	2.2	2.0	1.8	2.3	2.2	2.2	2.1	-0.5
Other expenditure	5.0	4.9	4.9	5.4	5.7	5.9	5.9	6.4	1.5
Expenditure burden¹⁾	51.9	50.6	50.0	51.0	57.2	57.0	56.5	56.2	4.3
Tax burden									
Personal income taxes	21.2	21.2	21.5	21.4	22.4	20.5	20.5	20.3	-0.9
Labour market Contributions	4.4	4.4	4.5	4.6	4.8	4.7	4.5	4.5	0.1
Pension yield taxation	2.4	0.8	0.3	0.5	0.5	2.4	0.3	0.7	-1.7
Corporate taxes	3.9	4.4	3.8	3.3	2.5	2.7	3.0	3.1	-0.8
Value added tax	10.1	10.3	10.4	10.1	10.2	9.9	9.9	9.9	-0.2
Other duties	7.9	7.8	7.6	7.2	6.9	7.1	7.2	7.2	-0.7
Other taxes	1.1	1.0	1.0	1.0	1.0	1.0	1.0	0.9	-0.2
Tax burden	51.0	49.8	49.1	48.2	48.2	48.2	46.5	46.5	-4.5
Revenue burden¹⁾									
Interest revenue	1.5	1.5	1.6	1.7	1.9	1.7	1.7	1.6	0.1
Other non-tax revenue	4.6	4.6	4.4	4.5	4.4	4.3	4.4	4.0	-0.6
Tariffs etc. to the EU	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	0.0
Revenue burden¹⁾	56.9	55.7	54.8	54.2	54.3	54.1	52.3	51.9	-4.9

- 1) The specification of total public expenditures and revenues deviates from the specification from Statistics Denmark. Total public expenditures reflect public consumption which includes revenues from sales and calculated depreciation expenditure and total revenues include calculated depreciation. The specification of public expenditure from Statistics Denmark does not include public sales which are included in total revenues and calculated depreciation is not included in public expenditures and revenues in the specification from Statistics Denmark. Thus the expenditure and revenue burden differ from the ascertained burdens based on the specifications according to Statistics Denmark.