

## 5. English Summary

In recent years the Danish economy has been characterised by high growth, increasing employment and a sharp decline in unemployment. The strong cyclical position of the economy has strengthened the public finances, and the large surpluses in these years have contributed to a substantial reduction of the debt.

The Danish economy continues to be around the peak of the strong business cycle, and there is a widespread scarcity of labour and a strong pressure on capacity utilization in large parts of the economy, *cf. Economic Survey*, February 2008.

Since 2003 the unemployment has fallen almost continuously to 75.000 persons in December 2007 corresponding to 2¾ per cent of the workforce. This is the lowest level in more than 30 years.

At the same time the actual unemployment is under the estimated structural level of unemployment, that indicates the level of unemployment associated with a stable growth wage and price increases. Hence, wage increases have been rising since the beginning of 2006.

The unemployment is approx. 15.000 lower than estimated in August, and the labour market pressure is stronger than expected. Although that development in the housing market has abated, and that the forecasts abroad are more dampened, the actual pressure in the Danish economy call for a reduced growth in the demand and an increase in the labour supply.

This is the out set for the central government budget proposal for 2008.

The central government budget proposal for 2008 includes a number of concrete measures, which will contribute to a slightly dampened demand in 2008. With the new budget proposal the fiscal effect is estimated to be reduced to 0.2 per cent of GDP in 2008. This reflects a reduction of 0.1 percent of GDP compared to the budget proposal for 2008 presented in August 2007.

The budget proposal for 2008 also reflects a number of initiatives as a part of the government's job plan to ensure increased labour supply. The labour supply is estimated to increase by 4,000 persons the first year and later with 8,-9,000 persons due to the initiatives in the job plan. Also the initiatives in the Welfare agreement from June 2006 is estimated to have a positive impact on labour supply.

With a slightly more dampened fiscal policy in 2008 and an increase in the labour supply the fiscal and structural policy seen as a whole may be neutral or even dampen the pressure on the labour market.

The budget proposal for 2008 also includes a number of new initiatives in line with the budget proposal for 2008 from August 2007. Furthermore, the proposal also includes a number of specific budget improvements in order to finance of the final budget bill for 2008. In addition, proposals regarding the local governments are also presented in order to ensure budget discipline in 2008 and agreement observance in future.

### 5.1 General government finances

The estimates for the general government finances in 2007 and 2008 are based on short term projections for the Danish economy, *cf. Economic Survey*, February 2008.

Furthermore, the estimates are based on the central and local government's budgets for 2007, the central government budget proposal for 2008 and the agreements with local governments on the economy in 2008. The estimates for 2008 includes the agreement between the central government and regional and local governments regarding changed wage conditions in 2008 together with the agreement between the central government and the regional governments regarding an increase in the borrowing limits for the regional governments in relation to investments in cancer treatment facilities.

The general government surplus is estimated at approx. DKK 75.7bn in 2007 and DKK 66.7bn in 2008, *cf. table 5.1*. The surpluses correspond to 4.5 per cent of GDP in 2007 and 3.8 per cent of GDP in 2008. The general government surplus is estimated at approx. DKK 51.5bn or 2.8 pct. of GDP in 2009.

	2002	2003	2004	2005	2006	2007	2008	2009
<b>DKK bn, current prices</b>								
August 2007	3.2	-1.4	27.9	71.8	76.5	66.2	55.2	-
February 2008	<b>3.2</b>	<b>-1.4</b>	<b>27.3</b>	<b>77.4</b>	<b>79.9</b>	<b>75.7</b>	<b>66.7</b>	<b>51.5</b>
Central government, hereof	3.4	-1.7	27.6	82.1	87.1	-	-	-
Local governments, hereof	-0.1	0.1	-0.4	-5.2	-7.4	-	-	-
Social funds, hereof	-0.1	0.2	0.2	0.4	0.3	-	-	-
February 2008 (per cent of GDP)	<b>0.2</b>	<b>-0.1</b>	<b>1.9</b>	<b>5.0</b>	<b>4.9</b>	<b>4.5</b>	<b>3.8</b>	<b>2.8</b>
Note: The specification of the central and local government budget balances do not fully reflect that the central government through transfers to local governments bears the risk of fluctuations in expenditures and revenues due to the business cycles.								

The general government surplus has increased from -0.1 per cent of GDP in 2003 to 4.9 per cent of GDP in 2006. The increased surplus from 2003 to 2006 primarily reflects lower income transfers, from decreasing unemployment and increased employment. Lower net interest payments due to reduced public debt also contribute to

the higher surplus together with higher revenue from the corporate tax, including the oil and gas exploration activities in the North Sea.

In the coming years continued large surpluses are expected, which to a great extent are to be seen in connection with the strong cyclical position of the economy together with extraordinary high income from the North Sea activities due to the high oil price.

Compared to the August projection, the general government surplus has been revised up by DKK 9½bn in 2007 and approx. DKK 11½bn in 2008, *cf. table 5.2*.

	<b>2007</b>	<b>2008</b>
<b>DKK bn, current prices</b>		
North Sea oil and gas exploration activities	-0.1	7.0
Corporate taxes excluding North Sea oil and gas exploration activities	5.0	3.2
Pension yield taxation	-1.5	-2.2
Personal taxes etc. and labour market contributions	-1.8	-1.2
Value Added Tax	0.4	1.9
Vehicle registration tax	2.3	0.2
Other taxes and duties	0.2	3.0
Public consumption expenditure	-0.3	-0.8
Public investment expenditure	-0.5	-0.3
Income transfers	0.6	4.2
Net interest revenue and dividends	1.2	0.0
Subsidies	1.9	0.3
Compensation due to revised taxation of pensions	1.2	-5.1
Other expenditures and revenues	0.9	1.2
<b>Total revision of general government budget balance</b>	<b>9.5</b>	<b>11.4</b>
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.		

The revenues from the North Sea activities have been upward adjusted by DKK 7bn in 2008 mainly due to an increase in the oil price. Measured in DKK the price on crude oil has been upward adjusted by DKK 80 in 2008. Income from the oil and gas activities in the North Sea is very sensitive with respect to changes in the oil price. A change in the oil price of 1 US dollar per barrel is estimated to change the revenue by an amount in the order of DKK ½bn in 2008. The high degree of sensitivity implies that the estimate of the revenue from the North Sea is associated with huge uncertainty.

The revenue from the corporate tax excluding the North Sea activities is adjusted upwards by DKK 5bn in 2007 and approx. DKK 3¼bn in 2008. The adjustment in

both years is to be seen in the light of the actual payments that are higher than expected and indicate a larger tax base due to the strong cyclical position of the economy.

The revenues from the pension yield tax have been adjusted downwards by approx. DKK 1½bn in 2007 and DKK 2¼bn in 2008. The downward adjustment in 2007 reflects large downward adjustments of the yield of shares, but at the same time also large upward adjustments on the yield of bonds and derivatives. In 2008 the downward adjustment is mainly based on an expected loss on shares, which is modified by a little lower interest rate than expected in August.

Revenues from personal taxes etc. and labour market contributions are adjusted downwards by approx. DKK 1¾bn in 2007 and DKK 1¼bn in 2008. The adjustments reflect new information about the actual revenues in 2006, which indicates a lower tax base than expected in August.

The revenue from the value added tax has been adjusted upwards by approx. DKK ½bn in 2007 and DKK 2bn in 2008 due to higher projected private consumption growth in both years.

The revenue from the vehicle registration tax has also been adjusted upwards by approx. DKK 2¼bn in 2007 and DKK ¼bn in 2008 due to higher expected vehicle purchase than estimated in August. Other tax revenues have been upward adjusted by approx. DKK ¼bn in 2007 and DKK 3bn in 2008.

Public consumption expenditures have been adjusted upwards by approx. DKK ¼bn in 2007 and DKK ¾bn. The adjustment in 2008 reflects the agreement between the central government and regional and local governments regarding changed wage conditions in 2008.

Public investment expenditures have been adjusted upwards by DKK ½bn in 2007 and approx. DKK ¼bn in 2008.

The expenditure on income transfers has been adjusted downwards by DKK ½bn in 2007 and approx. DKK 4¼bn in 2008 compared to the August projection. This should among other things be seen in connection with a lower estimate of unemployment.

The subsidies has been adjusted downwards by approx. DKK 2bn in 2007 and DKK ¼bn in 2008, which, among other things, reflects an expected reduction in the number of activated persons in the business practice scheme.

New pension tax rules abolishes the tax exemption on index-linked bonds and properties, hence holders of indexed-linked bonds and properties are compensated by the central government. Compared to the August projection the estimated capital ex-

penditures are revised downwards with approx. DKK 1¼bn in 2007 and upwards with DKK 5bn in 2008.

Detailed information about the general government finances including adjustments since the August projection can be found in *Annex 1*.

The expenditure burden, i.e. the ratio of general government expenditures to GDP, is expected to decrease by 4 percentage points from 2002 to 2009, *cf. table 5.3*. The reduction is primarily due to a decrease in the interest expenditures ratio of 2.2 per cent of GDP in light of lower interest rates and reduced public debt. Lower income transfers also contribute to the expected reduction of the expenditure ratio.

**Table 5.3**  
**Expenditure, tax and revenue burden, 2001-2008**

	2002	2003	2004	2005	2006	2007	2008	2009	Diff. 2002- 2009
<b>Per cent of GDP</b>									
Expenditure burden <sup>1)</sup>	53.8	54.2	53.7	51.7	50.2	49.5	50.0	49.8	-4.0
Tax burden	48.0	48.1	49.2	50.9	49.3	48.5	48.4	47.4	-0.6
Revenue burden <sup>1)</sup>	54.0	54.1	55.6	56.7	55.1	54.0	53.8	52.7	-1.3

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.

The decrease in the tax burden, i.e. the ratio of aggregate tax revenues to GDP, by 0.6 percentage points over the period 2002-2009 reflects among other things a reduction of the personal income tax ratio to GDP due to the tax cuts in 2004, 2008-2009 and the tax freeze.

The revenue burden, i.e. the ratio of general government revenues to GDP, is expected to decrease by 1.3 percentage points from 2002 to 2009 due to the estimated reduction in the tax burden and a reduction in other revenues in proportion of GDP.

Detailed information about the expenditure, tax and revenue burdens can be found in *Annex 2*.

## 5.2 Fiscal stance

The *fiscal effect* is an indicator of the fiscal policy stance. The fiscal effect measures the impact of fiscal policy changes on economic activity – measured by the estimated impact on GDP.

Based on the central government budget proposal and the budgets for the regional and local governments in 2008 the fiscal effect is estimated at 0.2 per cent of GDP in 2008, cf. table 5.4.

	2001	2002	2003	2004	2005	2006	2007	2008
<b>Per cent of GDP</b>								
Expenditures	0.5	0.3	-0.3	0.4	0.1	0.3	-0.1	0.2
Revenues	-0.2	0.1	0.1	0.4	0.1	0.1	0.0	0.0
<b>Fiscal effect</b>	<b>0.3</b>	<b>0.3</b>	<b>-0.3</b>	<b>0.8</b>	<b>0.1</b>	<b>0.4</b>	<b>-0.1</b>	<b>0.2</b>
Temporary suspension of SP <sup>1)</sup>	-	-	-	0.1	-	-	-	-
1) Special pension scheme.								

The fiscal effect in 2008 is in particular to be seen in connection with the projected growth in real public consumption expenditures by 1.5 per cent in 2008. Compared to the projection in August the estimated fiscal effect in 2008 has been adjusted downwards by 0.1 percent of GDP, which is mainly due to a downward adjustment of the public consumption expenditure growth of 0.2 percentage points.

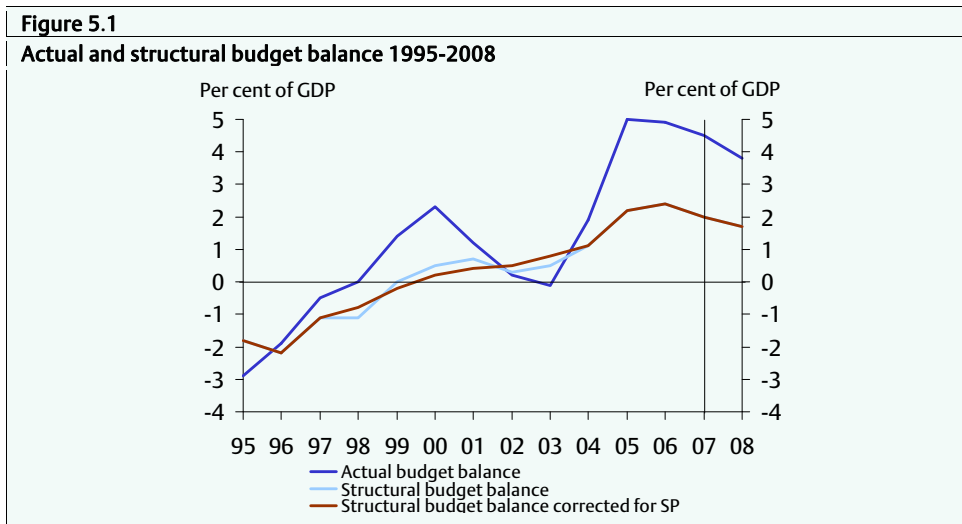
The fiscal effect is estimated at 0.4 pct. of GDP in 2006 and -0.1 of GDP in 2007. Thereby is the estimated fiscal effect in 2006 adjusted up by 0.1 percent of GDP and downwards by 0.1 percent of GDP in 2007. These adjustments should be seen in connection with the higher growth in public consumption expenditure in 2006 and corresponding lower growth in 2007 following an upwards revision of the public consumption expenditure in 2006 by Statistics Denmark.

The fiscal effect of -0.1 percent of GDP in 2007 is primarily to be seen in light of the estimated decrease in the public investment expenditure by 12 percent, which mainly follows from the local government budgets in 2007.

### 5.3 Structural budget balance

The structural budget balance is the general government budget balance mainly adjusted for the estimated impact on the budget from the cyclical position of the economy. Thus, the structural budget balance is determined mainly by the fiscal policy stance, differences between the actual and structural rate of unemployment and the underlying growth of the labour force.

The structural budget balance corrected for the special pension scheme (SP) is estimated at 2 per cent of GDP in 2007 and 1.7 per cent of GDP in 2008, cf. figure 5.1. This is in line with the 2015-plan which presupposes structural surpluses between  $\frac{3}{4}$  and  $1\frac{3}{4}$  per cent of GDP in the 2007-2010 period.



In the years 2004-2008, the estimated structural budget balance surplus is lower than the actual general government budget surplus. This reflects exceptionally large revenues from pension yield taxation in 2004 and 2005 together with the strong cyclical position of the economy. The high revenues from North Sea oil and gas activities and the general corporate tax in the period 2005-2008 are also expected to have a positive impact on the actual general government budget balance compared to the structural level.

The structural budget balance is expected to increase by 1.2 per cent of GDP from 2002 to 2008 primarily due to the North Sea oil and gas activities and lower net interest payments, *cf. table 5.5*.

Changes in the composition of aggregate demand since 2003 have also contributed to the improved structural budget balance mainly due to strong growth in private consumption. The share of excise duties in private consumption is relatively high compared to other components of GDP, and strong growth in private consumption therefore tends to improve the structural budget balance.

Structural Balance (corrected for SP)		Change due to							
Level	Yearly change	Fiscal policy <sup>1)</sup>	Structural rate of empl.	North Sea oil and gas	Net interest	Special items <sup>2)</sup>	Demand	Other	
2002	0.5								
2003	0.8	0.3	0.2	-0.3	0.2	0.3	0.1	0.1	-0.3
2004	1.1	0.3	-1.2	-0.1	0.2	0.3	0.0	0.4	0.7
2005	2.2	1.1	-0.1	0.1	0.2	0.3	-0.1	0.5	0.4
2006	2.4	0.2	-0.4	0.4	0.1	0.3	-0.1	0.0	-0.1
2007	2.0	-0.4	0.2	0.0	0.1	0.3	0.0	0.1	-1.0
2008	1.7	-0.3	-0.2	0.1	0.0	0.2	-0.1	0.2	-0.6
<b>Total</b>	<b>-</b>	<b>1.2</b>	<b>-1.5</b>	<b>0.2</b>	<b>0.8</b>	<b>1.7</b>	<b>-0.2</b>	<b>1.3</b>	<b>-0.9</b>

Note: The structural budget balance is not adjusted for the impact of the temporary suspension of Special Pension contributions.

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.

#### 5.4 Central government finances

The central government budget proposal for 2008 implies a surplus on the current, investment and lending account, i.e. the CIL-account<sup>1</sup>, of approx. DKK 76¼bn or 4.3 per cent of GDP in 2008, *cf. table 5.6*.

The CIL-account in 2007 is estimated at approx. DKK 95½bn which corresponds to 5.6 per cent of GDP.

<sup>1</sup> The CIL-account differs from the central government balance in the national accounts 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.



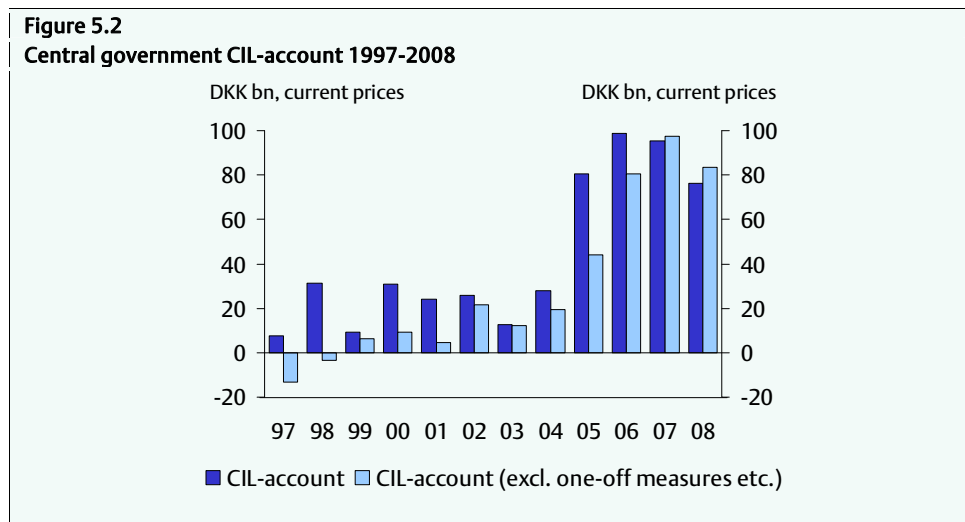
	2007			2008 Budget proposal	
	August	February	Diff.	August	February
<b>DKK bn, current prices</b>					
Total revenues	629.4	647.3	17.8	639.6	648.1
Total expenditures	554.6	551.8	-2.8	578.3	571.8
<b>CIL-account</b>	<b>74.8</b>	<b>95.5</b>	<b>20.7</b>	<b>61.3</b>	<b>76.3</b>
CIL-account (per cent of GDP)	4.4	5.6	1.2	3.5	4.3

The estimated surpluses in 2007 and 2008 are influenced by the cyclical position of the economy and extraordinary large revenues from the North Sea oil and gas activities. The CIL-account is sensitive to oil price changes and financial markets fluctuations. The pension yield tax is especially sensitive to interest rate and stock market fluctuations.

The estimate for the CIL-account in 2007 has been upward adjusted by approx. DKK 20<sup>3</sup>/<sub>4</sub>bn compared to the August projection. The upward adjustment is mainly due to an upward adjustment of revenues from company taxation excluding the North Sea activities by approx. DKK 9<sup>1</sup>/<sub>2</sub>bn and an upward adjustment of revenues from personal taxes by approx. DKK 3<sup>3</sup>/<sub>4</sub>bn and from the value added tax and excise duties by almost DKK 2<sup>1</sup>/<sub>2</sub>bn compared to the August projection.

The estimated CIL-surplus in 2008 has been upward adjusted by DKK 15bn, which is mainly caused by an increase in the estimated revenue from the North Sea activities, in light of the expected oil price.

Excluding one-off measures the CIL-account surplus is estimated at approx. DKK 97<sup>1</sup>/<sub>2</sub>bn in 2007 and approx. DKK 83<sup>1</sup>/<sub>2</sub>bn in 2008, *cf. figure 5.2*. The correction of the CIL-account in both years is mainly due to lower revenues from the pension yield tax.



### 5.5 Central government financing requirement and debt

Central government debt measured as a percentage of GDP is estimated to decrease by approx. 5½ percentage points from 2006 to 2007 and another 4¼ percentage points from 2007 to 2008, *cf. table 5.7*.

Measured in nominal terms a decrease in central government debt is expected by DKK 147bn from DKK 328.1bn in 2006 to DKK 181.1bn in 2008.

	2006	2007	2008
<b>End of year, nominal value</b>			
Central government debt, DKK bn	328.1	246.4	181.1
Relending to infrastructure entities etc. <sup>1)</sup>	27.5	29.0	29.8
Central government debt, adjusted for relending	300.6	217.3	151.2
Central government debt, per cent of GDP	20.0	14.5	10.2
Central government debt, adjusted for relending, per cent of GDP	18.3	12.8	8.5

1) Primarily Ørestadsselskabet I/S, A/S Storebælt and Øresundsforbindelsen A/S.

In 2007 the increase in liquidity, measured as net balance, is estimated at approx. DKK 83.6bn, *cf. table 5.8*. The estimate is revised upwards compared to the August projection in which a net balance of DKK 60.9bn was estimated. The net balance is estimated to DKK 66.7bn in 2008.

	2007		2008
	August	February	Budget Proposal
<b>DKK bn</b>			
<b>CIL-account</b>	74.8	95.5	76.3
Total relending <sup>1)</sup>	-9.6	-5.7	-7.8
Differences between posted revenues and expenditures and cash flow	-4.4	-6.2	-1.7
<b>Net financing requirement (-net balance)</b>	<b>-60.9</b>	<b>-83.6</b>	<b>-66.7</b>

1) Including relending to infrastructure entities.

The central government gross financing requirement is expected to be DKK -4.4bn in 2007, cf. table 5.9. Payments to the central government in currency swaps is DKK 16.2bn, while the central government account in the Danish Central Bank will be increased by DKK 15.6bn. In 2008 the gross financing requirement is expected to be DKK 26.9bn of which DKK 10.0bn is expected to be covered by borrowing.

	2007		2008
	August	February	Budget proposal
<b>DKK bn</b>			
<b>Net financing requirement (-net balance)</b>	<b>-60.9</b>	<b>-83.6</b>	<b>-66.7</b>
Redemption of central government debt	86.7	79.2	93.6
<b>Gross financing requirement</b>	<b>25.9</b>	<b>-4.4</b>	<b>26.9</b>
- Payments from/to the central government in currency swaps	30.4	16.2	26.9
- Drawing on the central government's account in Danmarks Nationalbank	-4.6	-15.6	-10.0
<b>Borrowing requirement</b>	<b>0.0</b>	<b>-5.0</b>	<b>10.0</b>

## Annex 1

<b>Table 1</b>									
<b>General government finances, 2006-2008</b>									
	<b>2006</b>			<b>2007</b>			<b>2008</b>		
	<b>Aug.</b>	<b>Feb.</b>	<b>Diff.</b>	<b>Aug.</b>	<b>Feb.</b>	<b>Diff.</b>	<b>Aug.</b>	<b>Feb.</b>	<b>Diff.</b>
<b>DKK bn, current Prices</b>									
Public consumption	419.6	421.2	1.5	437.9	438.2	0.3	457.7	458.5	0.8
Income transfers	255.0	254.7	-0.3	259.2	258.6	-0.6	269.8	265.6	-4.2
Investment	31.8	32.2	0.3	28.4	28.9	0.5	30.5	30.8	0.3
Interest expenditure	36.2	36.2	0.0	32.1	32.1	0.0	29.9	31.0	1.1
Subsidies	35.8	36.3	0.4	39.9	38.0	-1.9	40.8	40.6	-0.3
Other expenditures <sup>1)</sup>	43.7	43.8	0.0	48.1	46.3	-1.8	55.2	59.3	4.1
<b>Total expenditure</b>	<b>822.3</b>	<b>824.3</b>	<b>2.0</b>	<b>845.6</b>	<b>842.0</b>	<b>-3.5</b>	<b>884.0</b>	<b>885.8</b>	<b>1.8</b>
Personal income taxes <sup>2)</sup>	344.3	341.8	-2.5	360.0	358.2	-1.9	374.7	368.1	-6.6
Labour market Contributions	69.6	71.4	1.8	76.2	76.3	0.1	74.2	79.5	5.3
Corporate taxes	64.1	70.6	6.6	56.0	60.9	4.9	57.9	65.8	8.0
Pension yield taxation	13.7	12.5	-1.3	8.3	6.8	-1.5	11.8	9.6	-2.2
VAT	167.9	168.3	0.4	175.4	175.8	0.4	181.9	183.9	1.9
Vehicle registration fee	24.5	24.4	0.0	22.7	25.0	2.3	23.3	23.4	0.2
Other duties	99.1	99.1	0.1	99.7	99.9	0.2	100.3	104.1	3.8
Other taxes <sup>3)</sup>	17.0	17.0	0.0	17.8	17.8	0.0	18.5	18.5	-0.1
Interest revenues	21.7	21.4	-0.3	22.6	23.8	1.2	23.3	24.4	1.1
Gross operating surplus	28.8	28.8	0.0	29.2	29.2	0.0	29.6	29.5	-0.2
Other revenues <sup>4)</sup>	48.1	48.9	0.7	43.7	44.1	0.3	43.7	45.8	2.0
<b>Total revenue</b>	<b>898.8</b>	<b>904.3</b>	<b>5.5</b>	<b>911.8</b>	<b>917.8</b>	<b>6.0</b>	<b>939.2</b>	<b>952.5</b>	<b>13.3</b>
<b>General government budget balance</b>	<b>76.5</b>	<b>79.9</b>	<b>3.4</b>	<b>66.2</b>	<b>75.7</b>	<b>9.5</b>	<b>55.2</b>	<b>66.7</b>	<b>11.4</b>
Net interest Expenditure	14.5	14.8	0.3	9.5	8.2	-1.2	6.6	6.6	0.0
<b>General government primary balance<sup>5)</sup></b>	<b>91.0</b>	<b>94.7</b>	<b>3.7</b>	<b>75.7</b>	<b>84.0</b>	<b>8.3</b>	<b>61.9</b>	<b>73.3</b>	<b>11.4</b>

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

	2002	2003	2004	2005	2006	2007	2008	2009	Diff. 2002- 2009
<b>Per cent of GDP</b>									
Public consumption	26.2	26.5	26.5	25.9	25.7	25.8	25.9	26.0	-0.2
Income transfers	16.7	17.3	17.1	16.5	15.5	15.2	15.0	15.2	-1.5
Investment	1.8	1.6	1.8	1.8	2.0	1.7	1.7	1.8	0.0
Interest expenditure	3.8	3.4	3.1	2.6	2.2	1.9	1.8	1.6	-2.2
Other expenditure	5.3	5.2	5.2	5.0	4.9	5.0	5.6	5.2	-0.1
<b>Expenditure burden<sup>1)</sup></b>	<b>53.8</b>	<b>54.2</b>	<b>53.7</b>	<b>51.7</b>	<b>50.2</b>	<b>49.5</b>	<b>50.0</b>	<b>49.8</b>	<b>-4.0</b>
<b>Personal income taxes</b>									
Labour market Contributions	4.5	4.4	4.4	4.4	4.4	4.5	4.5	4.5	0.0
Pension yield taxation	0.1	0.4	1.6	2.4	0.8	0.4	0.5	0.9	0.8
Corporate taxes	2.9	2.9	3.2	3.9	4.3	3.6	3.7	3.5	0.6
Value added tax	9.6	9.6	9.8	10.0	10.3	10.3	10.4	10.4	0.8
Other duties	7.9	7.8	7.8	7.9	7.7	7.6	7.4	7.2	-0.7
Other taxes	1.2	1.2	1.2	1.1	1.0	1.0	1.0	1.0	-0.2
<b>Tax burden</b>	<b>48.0</b>	<b>48.1</b>	<b>49.2</b>	<b>50.9</b>	<b>49.3</b>	<b>48.5</b>	<b>48.4</b>	<b>47.4</b>	<b>-0.6</b>
<b>Interest revenue</b>									
Interest revenue	1.5	1.5	1.5	1.3	1.3	1.4	1.4	1.4	-0.1
<b>Other non-tax revenue</b>									
Other non-tax revenue	4.7	4.6	5.1	4.8	4.7	4.3	4.3	4.1	-0.6
<b>Tariffs etc. to the EU</b>									
Tariffs etc. to the EU	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	0.0
<b>Revenue burden<sup>1)</sup></b>	<b>54.0</b>	<b>54.1</b>	<b>55.6</b>	<b>56.7</b>	<b>55.1</b>	<b>54.0</b>	<b>53.8</b>	<b>52.7</b>	<b>-1.3</b>
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.									