

## 5. English Summary

In light of the international financial crisis Danish economy has through the last year shifted from a situation characterised by historically low unemployment rates and labour market pressure to decreasing demand and increasing unemployment – although the unemployment is still relatively low, cf. *Economic Survey*, August 2009. At the same time the large surpluses on the general government budget balance in the period 2004-2008 are expected to turn to large deficits in 2009 and 2010.

To alleviate the effects of the weak cyclical conditions and support the employment a number of political initiatives have been initiated. With the agreements on infrastructure investments and increases in municipal investments total public investments are expected to increase substantially in the coming years. Furthermore, tax cuts are planned with the agreement on the tax reform in the *Spring package 2.0*. The release of savings in the special pension scheme (SP) will also stimulate private consumption. In total the discretionary measures in 2009 and 2010 are estimated to increase the level of GDP by approx. 2 per cent in 2010.

The real growth rate in public investment is expected to reach approx. 15 per cent per year in 2009 and 2010. Thus, for the first time since the 1960's two-digit growth rates are expected for two consecutive years. At the same time, public investment is expected to reach approx. 2½ per cent of GDP in 2010, which is the highest level since 1981.

The central government budget proposal for 2010 includes major initiatives amounting to approx. DKK 16¾bn in 2010. These initiatives include the allocation of approx. DKK 6bn from the Quality fund for public investments to investments in modern hospitals, public schools, day-care facilities and the elderly-care sector. Furthermore, the proposal reflects focus on research and education including technological investments in university laboratories for approx. DKK 2¼bn from the Globalization fund. In addition, protection of nature, environment and climate is prominent in the budget proposal by means of approx. DKK ¾bn in 2010. Also approx. DKK ¾bn is set aside to the Danish defence. Vulnerable groups, and healthy meals to children in day-care institutions are also among the major focus areas.

### 5.1 General government finances

The estimates for the general government finances in 2009 and 2010 are based on short term projections for the Danish economy, cf. *Economic Survey*, August 2009.

Furthermore, the estimates for 2009 are based on the central government budget for 2009, an updated status for the central government spending in 2009 and the local

government budgets for 2009. For 2010 the estimates are based on the central government budget proposal for 2010 and the agreements with the local governments on the economy in 2010. For both 2009 and 2010 the estimates are also based on the political agreements on infrastructure investments and the *Spring package 2.0*.

According to revised data from Statistics Denmark the general government surplus amounted to DKK 59½bn in 2008, *cf. table 5.1*, which is a downward revision by DKK 3¾bn compared to the May projection. This primarily reflects lower revenues from value added tax (VAT) and higher public consumption expenditure, *cf. Annex 1*.

	2003	2004	2005	2006	2007	2008	2009	2010
<b>DKK bn, current prices</b>								
May 2009	-1.4	27.3	77.1	81.5	75.1	63.2	-22.5	-60.1
<b>August 2009</b>	<b>-1.4</b>	<b>27.3</b>	<b>77.1</b>	<b>81.5</b>	<b>75.1</b>	<b>59.5</b>	<b>-33.5</b>	<b>-86.3</b>
- Central government	-1.7	27.6	81.8	88.6	78.6	66.4	-	-
- Local governments	0.1	-0.4	-5.1	-7.4	-3.4	-6.6	-	-
- Social funds	0.2	0.2	0.4	0.3	0.0	-0.3	-	-
<b>August 2009</b> <b>(per cent of GDP)</b>	<b>-0.1</b>	<b>1.9</b>	<b>5.0</b>	<b>5.0</b>	<b>4.5</b>	<b>3.4</b>	<b>-2.0</b>	<b>-4.9</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.

In 2009 and 2010 deficits on the general government budget balance are estimated amounting to DKK 33½bn in 2009 and 86¼bn in 2010 or 2 per cent of GDP in 2009 and approx. 5 per cent of GDP in 2010.

From 2008 to 2010 the general government balance is estimated to decline by DKK 145¾bn corresponding to 8¼ percentage points of GDP. The considerable shift reflects that the public finances in Denmark are highly sensitive towards cyclical conditions through higher transfer expenditures as the unemployment rises and lower revenues from taxes and duties as employment and demand decrease. The automatic stabilizers accounts for about two thirds of the reduction in the general government balance, whereas one third of the reduction is due to discretionary fiscal policy measures including tax cuts and increased public investment in 2010 in the *Spring package 2.0*.

Compared to the May projection the general government budget balance has been adjusted downwards by approx. DKK 11bn in 2009 and by approx. DKK 26bn in 2010, *cf. table 5.2*.

The downward adjustments in 2009 and 2010 are mainly due to lower revenues from taxes and duties in light of the weak cyclical conditions. Furthermore, public con-

sumption and investment expenditures are adjusted upward among other things due to the agreements with the local governments on the economy for 2010.

	2008	2009	2010
<b>DKK bn, current prices</b>			
North Sea oil and gas exploration activities	1.0	2.5	1.1
Corporate taxes excluding North Sea oil and gas exploration activities	0.1	-1.6	-2.1
Pension yield taxation	0.0	-0.1	-4.5
Labour market contributions	-0.2	-0.4	-0.5
Personal taxes etc.	0.0	5.2	-2.3
Value Added Tax	-5.1	-9.7	-9.1
Vehicle registration tax	0.1	-2.5	-3.0
Other taxes and duties	-0.7	-1.7	-1.7
Public consumption expenditures	-1.9	-1.7	-1.7
Public investment expenditures	0.2	0.0	-4.9
Income transfers	0.1	-0.8	0.3
Subsidies	0.9	-1.6	-2.1
Net interest expenditures and dividends	0.1	0.0	-0.7
Other expenditures and revenues	1.7	1.3	4.9
<b>Total revision of general government budget balance</b>	<b>-3.7</b>	<b>-11.0</b>	<b>-26.1</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 2½bn in 2009 and by approx. DKK 1bn in 2010. The adjustment is mainly due to an upward adjustment of the oil prices (measured in DKK) of 10 per cent in 2009 and approx. 5 per cent in 2010.

The corporate tax revenues excluding the North Sea activities are adjusted downwards by approx. DKK 1½bn in 2009 and approx. DKK 2bn in 2010 primarily due to the weak cyclical conditions.

The revenues from the pension yield taxation are more or less unchanged in 2009, but have been downward adjusted by DKK 4½bn in 2010 mainly due to a downward adjustment of the expected yield from interest rate swaps.

The revenues from personal taxes etc. and labour market contributions are upward adjusted by approx. DKK 5bn in 2009 and downward adjusted by DKK 2¾bn in 2010. The income tax base, including the tax base for the self-employed, has been downward adjusted in both years. In 2009 however, an upward adjustment of revenues from duty on withdrawals of funds from the special pension scheme (SP) exceeds the cyclical related downward adjustment of the income tax base.

The downward adjustments of the *revenues from the VAT* by DKK 9<sup>3</sup>/<sub>4</sub>bn in 2009 and approx. DKK 9bn in 2010 are due to downward adjustments of expected private consumption, including car purchases. In addition, revenues from *the vehicle registration tax* are downward adjusted by DKK 2<sup>1</sup>/<sub>2</sub>bn in 2009 and DKK 3bn in 2010.

Compared to the May projection the revenues from *other taxes and duties* are adjusted downward by DKK 1<sup>3</sup>/<sub>4</sub>bn in both 2009 and 2010. In 2009 the adjustments include lower estimates of the revenues from duties on stimulants and stamp duties on property sales.

*Public consumption* expenditures are upward adjusted by DKK 1<sup>3</sup>/<sub>4</sub>bn in 2009 and 2010 compared to the May projection. In 2009 the adjustment is among other things due to higher expenditures for social protection, the police, and the alert on vaccination against influenza A(H1N1). The estimate for 2010 reflects the agreements with the local governments on the economy for 2010 and the central government budget proposal for 2010.

The estimate for *public investment* is unchanged in 2009 compared to the May projection, but is upward adjusted in 2010 by approx. DKK 5bn due to the agreement with the municipalities on the economy for 2010.

The *income transfers* expenditures have been upward adjusted by DKK <sup>3</sup>/<sub>4</sub>bn in 2009 and downward adjusted by DKK <sup>1</sup>/<sub>4</sub>bn in 2010 compared to the May projection. The downward adjustment in 2010 is primarily due to lower indexation of income transfers than estimated in May, while an estimated increase in the expenditure on unemployment benefits due to a higher unemployment pulls in the opposite direction.

The *subsidies* have been upward adjusted by DKK 1<sup>1</sup>/<sub>2</sub>bn in 2009 and by approx. DKK 2bn in 2010 primarily due to a technically neutral correction of the estimated investments in railways.

The estimated *net interest expenditures and dividends* are unchanged in 2009, but upward adjusted by DKK <sup>3</sup>/<sub>4</sub>bn in 2010 compared to the May projection. The upward adjustment in 2010 is mainly related to a substantial increase in the debt.

The expenditure burden, i.e. the ratio of government expenditure to GDP, is estimated at 56<sup>1</sup>/<sub>2</sub> per cent of GDP in 2010, which reflects an increase of approx. 5<sup>1</sup>/<sub>2</sub> percentage points from 2008, cf. *table 5.3*. The increase is due to higher public consumption, income transfers and public investment measured in per cent of GDP, cf. *Annex 2*. Moreover, GDP decreased at the end of 2008 and is also expected to decrease in 2009.

**Table 5.3**  
**Expenditure, tax and revenue burden, 2003-2010**

	2003	2004	2005	2006	2007	2008	2009	2010	Diff. 2003- 2010
<b>Per cent of GDP</b>									
Expenditure burden <sup>1)</sup>	54.2	53.7	51.9	50.7	50.0	50.9	55.1	56.5	2.3
Tax burden	48.1	49.2	51.0	49.8	48.8	48.4	47.4	45.9	-2.2
Revenue burden <sup>1)</sup>	54.1	55.6	56.9	55.7	54.5	54.3	53.2	51.6	-2.5

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 tax burden, i.e. the ratio of aggregate tax revenues to GDP, is estimated to decrease by 2½ percentage points from 2008 to 2010. The decreasing tax burden reflects among other things the reduction of personal income taxes according to the tax agreement in 2007 and the tax reform in the *Spring package 2.0*.

The revenue burden, i.e. the ratio of general government revenues to GDP, is expected to decrease from approx. 54¼ per cent of GDP in 2008 to approx. 51½ per cent of GDP in 2010. This is primarily due to the reduced tax burden and lower non-tax revenues.

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

## 5.2 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 – measured by the estimated impact on GDP.

Based on the central government budget for 2009, the central government budget proposal for 2010, the agreements with the local governments on the economy for 2010, the agreements on infrastructure investments and the *Spring Package 2.0* the fiscal effect is estimated to 0.9 per cent of GDP in 2009 and 0.7 per cent of GDP in 2010, cf. *table 5.4*.

	2004	2005	2006	2007	2008	2009	2010
<b>Per cent of GDP</b>							
Expenditures	0.4	0.2	0.3	-0.1	-0.2	0.6	0.4
Revenues	0.4	0.1	0.1	0.0	0.0	0.2	0.3
<b>Fiscal effect</b>	<b>0.8</b>	<b>0.3</b>	<b>0.4</b>	<b>-0.1</b>	<b>-0.2</b>	<b>0.9</b>	<b>0.7</b>
Special Pension scheme (SP)	-	-	-	-	-	0.3	-0.0

Compared to the May projection the fiscal effect is unchanged in 2009, but has been upward adjusted by 0.2 percentage points in 2010 primarily due to the agreed increase in public investments in the municipalities in 2010.

Furthermore, the release of special pension (SP) funds is estimated to stimulate activity corresponding to 0.3 per cent of GDP in 2009. Based on surveys on the use of the SP funds, the withdrawal of funds is estimated to imply an increase in the private consumption of approx. DKK 12½bn in 2009.

In total discretionary fiscal policy and the release of the SP funds in 2009 and 2010 is estimated to increase the level of GDP by approx. 2 per cent in 2010.

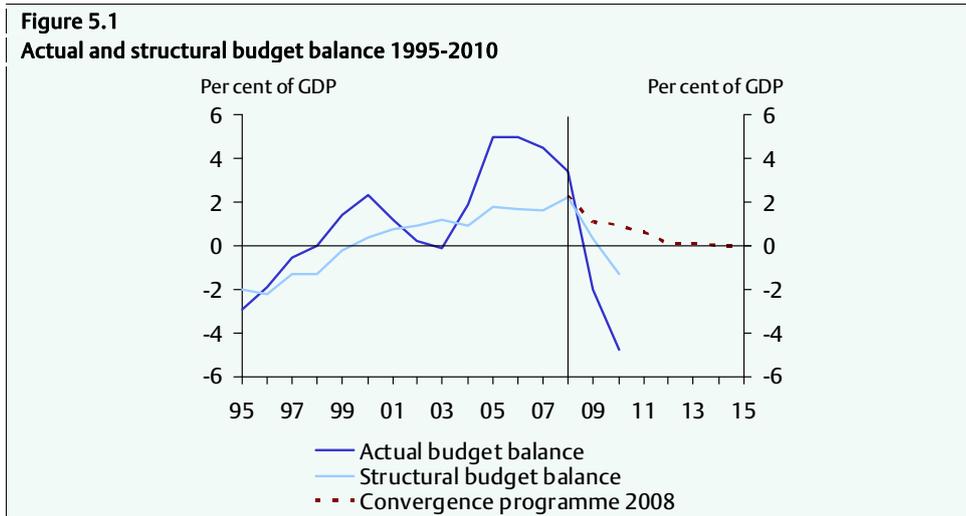
### 5.3 Structural budget balance

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 some other special factors. Thus, the structural balance is determined mainly by fiscal policy and structural changes in the economy, including changes in the structural rate of unemployment and the underlying growth of the labour force.

The structural budget balance amounted to 2¼ per cent of GDP in 2008 and is estimated at approx. ¼ per cent of GDP in 2009, while a structural deficit of 1¼ per cent of GDP is estimated in 2010, *cf. figure 5.1*.

The reductions of the structural budget balance in 2009 and 2010 are primarily due to the discretionary fiscal policy. The estimates of the structural budget balance are more uncertain than usual due to the major reductions in GDP, rising unemployment, changes in oil prices etc.

The estimated structural budget deficit in 2010 implies a need for consolidation of the public finances. According to *Denmark's Convergence programme 2008* the target for the structural budget balance is surpluses between ¾ and 1¾ per cent of GDP towards 2010. Hence, the estimated deficit in 2010 is lower than targeted.



In 2004-2008 the actual general budget surpluses have been larger than the estimated structural budget balance surpluses. This primarily reflects extraordinarily large revenues from the pension yield taxation in 2004 and 2005, the strong cyclical position of the economy in 2006-2008 and high revenues from North Sea oil and gas activities in 2005-2008.

In 2009 and 2010 the structural budget balance is estimated to exceed the estimated actual general budget balance, which in part owes to declining cyclical conditions and estimated pension yield taxation revenues below the estimated normal level. The discretionary fiscal policy reduces both the general and the structural budget balance in 2009 and 2010.

The structural budget balance is estimated to decline by 3 percentage points from 2008 to 2010 primarily due to the discretionary fiscal policy, *cf. table 5.5*.

**Table 5.5**  
**Structural budget balance (per cent of GDP), 2002-2010**

Structural Balance (corrected for SP)		Change due to							
Level	Yearly change	Fiscal policy <sup>1)</sup>	Pension yield taxation	Net interest	North Sea oil and gas	Special items <sup>2)</sup>	De-mand <sup>3)</sup>	Other	
2002	0.9								
2003	1.2	0.3	0.1	0.0	0.3	0.2	0.0	0.1	-0.4
2004	0.9	-0.3	-1.3	0.0	0.3	0.2	0.0	0.4	0.4
2005	1.8	0.9	-0.3	0.1	0.3	0.1	0.0	0.2	0.6
2006	1.8	0.0	-0.5	0.1	0.2	0.1	-0.1	0.2	-0.1
2007	1.7	-0.1	0.3	0.0	0.2	0.1	-0.1	0.2	-0.7
2008	2.2	0.5	0.1	0.0	0.1	0.0	-0.1	0.3	0.0
2009	0.3	-1.9	-1.8	0.0	0.1	-0.1	-0.1	-0.1	0.1
2010	-1.3	-1.6	-1.3	0.0	0.0	-0.2	0.0	0.4	-0.6
<b>Total</b>	<b>-2.2</b>	<b>-4.7</b>	<b>0.2</b>	<b>1.5</b>	<b>0.4</b>	<b>-0.4</b>	<b>1.7</b>	<b>-0.7</b>	

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.  
3) Changes in the demand influence the structural budget balance due to changes in revenue from the indirect taxes among other things.

#### 5.4 Central government finances

The central government budget proposal for 2010 implies a deficit on the current, investment and lending account, i.e. the CIL-account<sup>1</sup>, of approx. DKK 91bn or approx. 5¼ per cent of GDP in 2010, *cf. table 5.6*.

The deficit on the CIL-account for 2009 is estimated at DKK 26½bn, which corresponds to approx. 1½ per cent of GDP. The estimate in 2009 is revised downwards by DKK 5bn since the May projection.

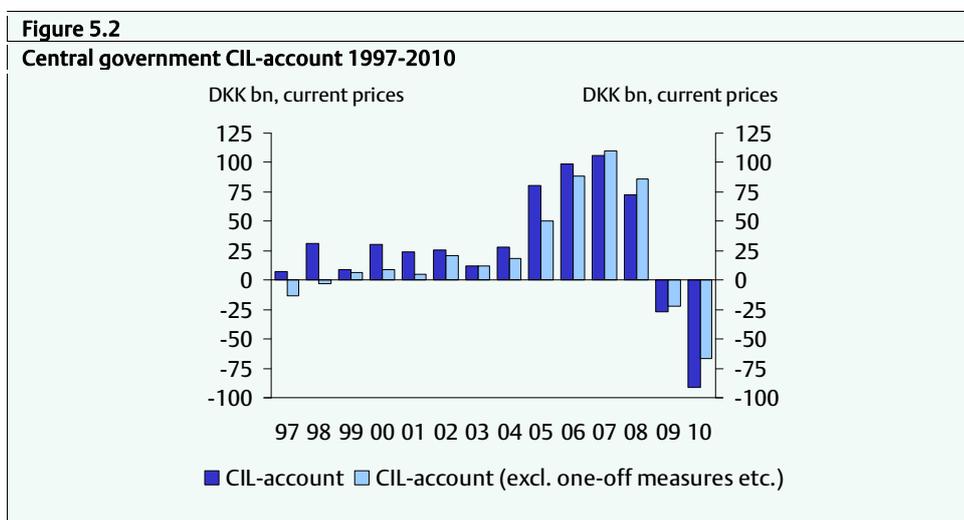
The CIL-deficits in 2009 and 2010 are mainly to be seen in the light of the weak cyclical conditions implying lower revenues from taxes and duties and higher expenditures on unemployment benefits. The decrease in revenues and increase in central government spending is also related to the discretionary fiscal policy including tax cuts in 2009 and 2010 and increases in investments in 2009 and 2010.

<sup>1</sup> The CIL-account differs from the national account based 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.

	2009			2010 August (Budget proposal)
	May	August	Diff.	
<b>DKK bn, current prices</b>				
Total revenues	606.4	605.1	-1.3	576.5
Total expenditures	627.9	631.6	3.7	667.6
<b>CIL-account</b>	<b>-21.5</b>	<b>-26.5</b>	<b>-5.0</b>	<b>-91.1</b>
CIL-account (per cent of GDP)	<b>-1.2</b>	<b>-1.6</b>	<b>-0.3</b>	<b>-5.2</b>

The CIL-account is sensitive to cyclical conditions including changes in private consumption, unemployment and fluctuations in financial markets. After a period of high CIL-account surpluses significant deficits are estimated for 2009 and 2010.

The CIL-account is to a varying degree affected by one-off measures etc. from year to year, *cf. figure 5.2*.



Excluding one-off measures the CIL-account deficit is estimated at approx. DKK 22¼bn in 2009 and DKK 66½bn in 2010. The corrected CIL-account is higher than the actual CIL-account in both years. This is mainly due to lower revenues from pension yield taxation compared to revenues in years with normal yields. Revenues from duty on withdrawals from the special pension scheme (SP) pull in the opposite direction in 2009.

### 5.5 Central government financing requirement and debt

Central government debt measured as a percentage of GDP is estimated to increase by approx. 8 percentage points from 2008 to 2009 and by approx. 5½ percentage points from 2009 to 2010, cf. table 5.7. For the first time since 2002 the central government debt is estimated to increase significantly in two consecutive years. Corrected for relending in relation to the financial crisis the increase in the central government debt is estimated at 7¼ percentage points from 2008 to 2010.

Measured in nominal terms the central government debt is estimated to increase from DKK 196¼bn in 2008 to DKK 437½bn in 2010 corresponding to an increase of DKK 241¼bn. The increase in debt is among other things due to increased relending in relation to *the Credit package, Finansiell Stabilitet A/S*, Iceland, Latvia and export loans through *Eksport Kredit Fonden* together with a higher CIL-account deficit.

	2008	2009	2010	Diff. 2008-10
<b>End of year, nominal value</b>				
Central government debt, DKK bn	<b>196.2</b>	<b>327.4</b>	<b>437.5</b>	241.3
Relending to infrastructure entities etc. <sup>1)</sup>	28.4	30.5	32.6	4.2
Relending related to the financial crisis <sup>2)</sup>	4.4	100.7	113.6	109.2
<b>Central government debt, per cent of GDP</b>	<b>11.3</b>	<b>19.2</b>	<b>24.8</b>	<b>13.5</b>
Central government debt, adjusted for relending to infrastructure entities etc., per cent of GDP	9.7	17.4	23.0	13.3
Central government debt, adjusted for relending related to the financial crisis, per cent of GDP	11.1	13.3	18.4	7.3

1) Relending to Udviklingsselskabet By og Havn I/S, A/S Storebælt and A/S Øresund.  
2) Relending to Iceland, *the Credit Package*, Eksport Kredit Fonden and Finansiell Stabilitet A/S.

In 2009 and 2010 the net financing requirement is estimated at respectively DKK -132¼ and DKK -109½bn, cf. table 5.8. Compared to the May projection this is a downward adjustment of approx. DKK 46½bn in 2009. This is primarily due to expected higher relending in relation to the financial crisis and a lower CIL-account. The level of net financing requirement in 2010 is mainly due to the CIL-account deficit.

**Table 5.8**  
**CIL-account and net financing requirement, 2008-2010**

	2008	2009		2010
	Final	May	August	August (Budget proposal)
<b>DKK bn</b>				
<b>CIL-account</b>	72.3	-21.5	-26.5	-91.1
Total relending <sup>1)</sup>	-13.5	-66.8	-104.9	-18.2
Differences between posted revenues and expenditures and cash flow	-10.4	2.5	-0.9	-0.1
<b>Net financing requirement (-net balance)</b>	<b>-48.3</b>	<b>85.8</b>	<b>132.3</b>	<b>109.5</b>

1) Including relending to infrastructure entities.

Compared to the May projection the relending has increased by DKK 38bn to approx. DKK 105bn in 2009. The increase is mainly due to the financial crisis, including the injections through the *Credit package*, relending to *Finansiel stabilitet A/S*, etc. The increase in relending to *Finansiel stabilitet A/S* in 2009 compared to the May estimate reflects the taking over and phasing out of Roskilde Bank A/S. Furthermore, the *Credit package* facilitate loans – the so-called 1 tier hybrid capital – to banks and mortgage credit institutions to secure the lending policy. The Monetary Financial Institutions (MFI) are expected to make use of DKK 55bn in 2009.

The central government gross financing requirement is estimated at approx. DKK 226bn in 2009 while the borrowing requirement is estimated at approx. DKK 140bn, cf. table 5.9. Compared to the projection in May the borrowing requirement for 2009 has increased by DKK 21bn.

The borrowing requirement in 2010 is estimated at DKK 165bn. The increase in requirement from 2009 to 2010 is mainly due to the discretionary fiscal policy and the automatic stabilizers, which lead to the deterioration of the central government finances.

**Table 5.9**  
**Gross financing requirement and state borrowing, 2008-2010**

	2008	2009		2010
	Final	May	August	August (Budget proposal)
<b>DKK bn</b>				
<b>Net financing requirement (-net balance)</b>	<b>-48.3</b>	<b>85.8</b>	<b>132.3</b>	<b>109.5</b>
- Redemption of central government debt	62.7	93.9	93.5	76.7
<b>Gross financing requirement</b>	<b>14.4</b>	<b>179.7</b>	<b>225.9</b>	<b>186.2</b>
- Payments from/to the central government in currency swaps	5.6	11.1	11.1	1.2
- Drawing on the central government's account in Danmarks Nationalbank	-171.8	49.7	75.0	20.0
<b>Borrowing requirement</b>	<b>180.6</b>	<b>118.9</b>	<b>139.9</b>	<b>165.0</b>

## Annex 1

<b>Table 1</b>									
<b>General government finances, 2008-2010</b>									
	<b>2008</b>			<b>2009</b>			<b>2010</b>		
	<b>May</b>	<b>Aug.</b>	<b>Diff.</b>	<b>May</b>	<b>Aug.</b>	<b>Diff.</b>	<b>May</b>	<b>Aug.</b>	<b>Diff.</b>
<b>DKK bn, current prices</b>									
Public consumption	461.2	463.0	1.9	485.9	487.6	1.7	503.9	505.7	1.7
Income transfers	263.3	263.1	-0.2	281.8	282.6	0.8	305.2	304.9	-0.3
Investment	31.1	30.9	-0.2	36.2	36.2	0.0	37.7	42.6	4.9
Interest expenditure	31.5	31.2	-0.3	36.6	36.8	0.2	39.6	39.3	-0.4
Subsidies	39.1	38.2	-0.9	40.9	42.5	1.6	41.3	43.4	2.1
Other expenditures <sup>1)</sup>	57.7	55.9	-1.7	54.0	52.8	-1.2	63.7	59.1	-4.6
<b>Total expenditure</b>	<b>883.9</b>	<b>882.5</b>	<b>-1.4</b>	<b>935.5</b>	<b>938.5</b>	<b>3.1</b>	<b>991.5</b>	<b>994.9</b>	<b>3.4</b>
Personal income taxes <sup>2)</sup>	375.2	375.2	0.0	368.7	373.9	5.3	354.7	352.4	-2.3
Labour market Contributions	80.7	80.5	-0.2	81.6	81.3	-0.4	82.3	81.8	-0.5
Corporate taxes	58.3	59.4	1.1	40.7	40.9	0.1	47.3	46.0	-1.3
Pension yield taxation	6.2	6.2	0.0	6.6	6.5	-0.1	13.7	9.2	-4.5
VAT	180.4	175.3	-5.1	179.5	169.8	-9.7	186.2	177.2	-9.1
Vehicle registration tax	19.6	19.7	0.1	16.0	13.5	-2.5	18.1	15.1	-3.0
Other duties	102.7	102.4	-0.2	101.3	99.8	-1.5	107.6	106.1	-1.6
Other taxes <sup>3)</sup>	17.3	16.8	-0.4	17.9	17.9	0.0	18.0	17.9	0.0
Interest revenues	27.3	27.1	-0.2	25.1	25.3	0.2	28.4	27.4	-1.1
Gross operating surplus	31.9	31.9	0.0	32.2	32.5	0.3	32.9	33.5	0.6
Other revenues <sup>4)</sup>	47.4	47.3	-0.1	43.4	43.7	0.3	42.1	42.2	0.0
<b>Total revenue</b>	<b>947.1</b>	<b>942.0</b>	<b>-5.1</b>	<b>913.0</b>	<b>905.1</b>	<b>-8.0</b>	<b>931.3</b>	<b>908.7</b>	<b>-22.7</b>
<b>General government budget balance</b>	<b>63.2</b>	<b>59.5</b>	<b>-3.7</b>	<b>-22.5</b>	<b>-33.5</b>	<b>-11.0</b>	<b>-60.1</b>	<b>-86.3</b>	<b>-26.1</b>
Net interest Expenditure	4.2	4.1	-0.1	11.5	11.5	0.0	11.2	11.9	0.7
<b>General government primary balance<sup>5)</sup></b>	<b>67.4</b>	<b>63.6</b>	<b>-3.8</b>	<b>-11.0</b>	<b>-22.0</b>	<b>-11.0</b>	<b>-48.9</b>	<b>-74.4</b>	<b>-25.4</b>
<p>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.</p> <p>1) Other expenditures include capital transfers, transfers to the Faroe Islands and Greenland and Danish EU-contributions.</p> <p>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.</p> <p>3) Other taxes include social security contributions (labour market supplementary pension scheme contributions, unemployment insurance contributions and early retirement contributions).</p> <p>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.</p> <p>5) The general government primary balance states the balance of the general government finances before net interest expenditures.</p>									

## Annex 2

	2003	2004	2005	2006	2007	2008	2009	2010	Diff. 2003- 2010
<b>Per cent of GDP</b>									
Public consumption	26.5	26.5	26.0	25.9	26.0	26.7	28.6	28.7	2.2
Income transfers	17.4	17.1	16.5	15.6	15.3	15.2	16.6	17.3	-0.1
Investment	1.6	1.8	1.8	2.0	1.7	1.8	2.1	2.4	0.8
Interest expenditure	3.4	3.1	2.6	2.2	2.0	1.8	2.2	2.2	-1.2
Other expenditure	5.2	5.2	5.0	5.0	5.0	5.4	5.6	5.8	0.6
<b>Expenditure burden<sup>1)</sup></b>	<b>54.2</b>	<b>53.7</b>	<b>51.9</b>	<b>50.7</b>	<b>50.0</b>	<b>50.9</b>	<b>55.1</b>	<b>56.5</b>	<b>2.3</b>
Personal income taxes	21.8	21.2	21.2	21.1	21.4	21.6	22.0	20.0	-1.8
Labour market									
Contributions	4.4	4.4	4.4	4.4	4.5	4.6	4.8	4.6	0.2
Pension yield taxation	0.4	1.6	2.4	0.8	0.3	0.4	0.4	0.5	0.1
Corporate taxes	2.9	3.2	3.9	4.4	3.6	3.4	2.4	2.6	-0.3
Value added tax	9.6	9.8	10.1	10.3	10.4	10.1	10.0	10.1	0.4
Other duties	7.8	7.8	7.9	7.8	7.6	7.3	6.9	7.1	-0.7
Other taxes	1.2	1.2	1.1	1.0	1.0	1.0	1.1	1.0	-0.2
<b>Tax burden</b>	<b>48.1</b>	<b>49.2</b>	<b>51.0</b>	<b>49.8</b>	<b>48.8</b>	<b>48.4</b>	<b>47.4</b>	<b>45.9</b>	<b>-2.2</b>
Interest revenue	1.5	1.5	1.3	1.3	1.4	1.6	1.5	1.6	0.1
Other non-tax revenue	4.6	5.1	4.8	4.8	4.5	4.6	4.5	4.3	-0.3
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>54.1</b>	<b>55.6</b>	<b>56.9</b>	<b>55.7</b>	<b>54.5</b>	<b>54.3</b>	<b>53.2</b>	<b>51.6</b>	<b>-2.5</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.								