



March 26, 2025  
Excessive Deficit Procedure  
1<sup>st</sup> Notification 2025

## EXCESSIVE DEFICIT PROCEDURE (1<sup>ST</sup> NOTIFICATION 2025)

Following EU regulations, Statistics Portugal presents the first notification for 2025 of the Excessive Deficit Procedure (EDP) to be sent to Eurostat before the end of the month<sup>1</sup>. According to these provisional results, the General Government (GG) had a positive balance, in 2024, amounting to EUR 1 994.2 million, corresponding to 0.7% of GDP (1.2% in 2023). Gross debt of GG attained 94.9% of GDP (97.7% of GDP in 2023).

GG Total revenue amounted to EUR 124 billion, increasing by 6.3% vis-à-vis 2023 (+ EUR 7.4 billion), mainly as a consequence of the growth of current revenue (a 7.0% growth, EUR 7.9 billion more than in 2023).

In the same period, GG total expenditure increased by 7.6% (in EUR 8.6 billion), to EUR 122 billion, with current expenditure increasing 9.1%, by EUR 9.3 billion, as a result of rises in compensation of employees (with a rate of change of 8.5%) and in interest payments, which grew 6.3%. Capital expenditure decreased 7.1%, corresponding to EUR 742 million more than in the previous year.

In 2024, total tax revenue increased by 6.7% in nominal terms, attaining EUR 101.8 billion. The tax burden indicator, that corresponds to the ratio between fiscal revenue and GDP, was 35.7% in 2024 (35.6% in the previous year).

### Responsibilities in the notification

The present notification was prepared under an Institutional Agreement in the field of GG Statistics, signed on the 27th of March 2017, where Statistics Portugal, Banco de Portugal and the Budget Directorate-General (Ministry of Finance) are responsible for the reporting according to the following terms:

- **For 2024 and precedent years**, the compilation of the Net lending / net borrowing is prepared by Statistics Portugal and the Gross debt is compiled by the Banco de Portugal.
- **For the current year (2025)**, estimates of the Net lending/ net borrowing, gross debt and nominal GDP are responsibility of the Ministry of Finance based on the macroeconomic and budgetary scenario of the 2025 State Budget.

**Under Council Regulation (EC) No. 479/2009 the notifications initiate a joint work between national statistical authorities and Eurostat which, within a three-week deadline, should examine the notifications and publish the results for all Member States.**

<sup>1</sup> Excel files containing additional data are made available in attachment to this press release. It should also be noted that the list of entities classified in the institutional sector of General Government (GG) from the perspective of National Accounts, is also available on INE's website.



The GG accounts presented in this press release are compiled in accordance with the concepts and definitions of the European System of Accounts 2010 (ESA 2010) and with the specific orientations of the Manual on Government Deficit and Debt (MGDD). The data is sent to the Eurostat under the ESA 2010 transmission programme.

Table 1 of the notification, presented below, summarizes the main results for the period 2021-2025 (a detailed table is available in the end of this press release).

Table 1. Reporting of government deficit/surplus and debt levels  
and provision of associated data

Unit: 10<sup>6</sup>EUR

| Member State: Portugal<br>Date: 26/03/2025             | ESA 2010<br>Codes | 2021             | 2022             | 2023               | 2024               | 2025             |
|--|-------------------|------------------|------------------|--------------------|--------------------|------------------|
|  |                   | Final            | Final            | Half-<br>finalized | Half-<br>finalized | Planned          |
| <b>Net borrowing (-)/ net lending (+)</b>              | B.9               |                  |                  |                    |                    |                  |
| <b>General government</b>                              | S.13              | <b>-6 117.0</b>  | <b>- 757.3</b>   | <b>3 246.8</b>     | <b>1 994.2</b>     | <b>803.6</b>     |
| - Central government                                   | S.1311            | -7 984.7         | -4 966.1         | -2 073.2           | -4 251.9           | -5 565.7         |
| - Local government                                     | S.1313            | - 600.6          | - 90.5           | - 229.3            | 421.3              | 554.1            |
| - Social security funds                                | S.1314            | 2 468.3          | 4 299.4          | 5 549.3            | 5 824.8            | 5 815.2          |
| <b>General government consolidated gross debt</b>      |                   | <b>268 188.5</b> | <b>271 357.6</b> | <b>261 848.8</b>   | <b>270 722.6</b>   | <b>274 438.2</b> |
| <b>Gross domestic product at current market prices</b> | B.1*g             | 216 493.7        | 243 957.1        | 267 923.2          | 285 189.3          | 299 009.5        |
| <i>Memorandum items:</i>                               |                   |                  |                  |                    |                    |                  |
| Net lending (+)/Net borrowing (-) on GDP               |                   | -2.8%            | -0.3%            | 1.2%               | 0.7%               | 0.3%             |
| General government consolidated gross debt on GDP      |                   | 123.9%           | 111.2%           | 97.7%              | 94.9%              | 91.8%            |

Source: Statistics Portugal, Banco de Portugal, Budget Directorate-General

### Public to National Accounts adjustments

For the compilation of GG net lending / net borrowing in National Accounts several adjustments to Public Accounting data are necessary. Public Accounting data is on a cash-basis, meaning that expenditure is recorded in the accounting period in which it is paid. In National Accounts, expenditure is recorded on an accrual-basis, that is, in the accounting period to which it refers to, regardless of the period of its payment. Accordingly, payments referring to expenditure due on other periods are not considered.



Another important adjustment is related to sector delimitation of GG. As the classification of a public entity may differ under National Accounts and Public Accounting viewpoints, not all the entities included in the GG sector are coincident with those considered in the Public Accounting balance.

Finally, there are transactions that, according to the conceptual framework of the National Accounts, have a specific classification, notably in the cases where entities from the GG sector acquire shares from other entities, which are recorded as expenditure (capital transfer) and not as financial transactions.

The table below details the main amendments for 2023 and 2024 in the Public to National Accounts adjustment, presented in tables 2A, 2C and 2D of the EDP notification attached to this press release.

Table 2. Public to National Accounts adjustments

|   | Unit: EUR 10 <sup>6</sup> |                |
|---|---------------------------|----------------|
|   | 2023                      | 2024           |
| <b>Balance in Public Accounting</b>                             | <b>7 221.1</b>            | <b>100.9</b>   |
| Accrual adjustment and sector delimitation in National Accounts | -535.8                    | 3 233.8        |
| <i>Caixa Geral de Aposentações</i>                              | -2 953.3                  | 46.7           |
| <i>Autonomous Services and Funds</i>                            | 411.1                     | 422.4          |
| <i>Public Entities classified in GG</i>                         | 2 006.4                   | 2 764.7        |
| Difference between paid and due interest                        | 710.9                     | 471.6          |
| Other receivables:  | -13.8                     | 1 732.0        |
| <i>Temporal adjustment to taxes and social contributions</i>    | -386.8                    | 1 035.7        |
| <i>Others</i>   | 373.0                     | 696.2          |
| Other payables:   | -851.5                    | 152.6          |
| <i>Expenditure already incurred but not yet paid</i>            | -158.4                    | 65.0           |
| <i>Others</i>   | -693.1                    | 87.6           |
| Other adjustments:  | -3 284.1                  | -3 696.5       |
| <i>Capital injections and debt assumptions</i>                  | -3 256.6                  | -3 491.0       |
| <i>Others</i>   | -27.5                     | -205.6         |
| <b>Balance in National Accounts</b>                             | <b>3 246.8</b>            | <b>1 994.2</b> |

Source: Statistics Portugal

The balance of GG was positive in 2024, standing at EUR 1 994.2 million, which corresponded to 0.7% of GDP (1.2% of GDP in 2023). As it can be seen from the table above, the balance in public accounts was also positive, despite showing a significant reduction in 2024, as a result of a significantly higher increase in expenditure (9.2%) than that in revenue (2.5%).

It is important to mention that in 2023, the balance public accounts was influenced by the transfer of the liabilities held by the Pension Fund from *Caixa Geral de Depósitos* (CGD) and the corresponding assets to *Caixa Geral de Aposentações* (CGA), amounting to EUR 3 018.3 million. This operation was considered a financial transaction, with no impact on the GG net balance.



As referred in previous press releases, the adjustment "*capital injections and debt assumptions*" includes capital injections granted to public corporations classified in the GG sector (EUR 3 471.9 million) with no impact on the national accounts balance, being also reflected in the item "*Accrual adjustment and sector delimitation in National Accounts – Public Entities classified in GG*".

In the adjustments considered under "*Other payables - others*", the following payments held in 2024 for expenditures related to 2023 stand out: *i*) conversion of deferred tax assets (DTA) of *Novo Banco* amounting to EUR 117 million; *ii*) the decision of the Supreme Administrative Court that determined the payment of EUR 227.6 million by the State to *EDP - Energias de Portugal*, as refund of the amount paid in 2009 for the rights of exploitation of the *Fridão* dam concession, whose construction did not occur and *iii*) the allocation of funds to the National Electric System (SEN) for tariff reduction (EUR 200 million)

These transactions correspond to commitments made in 2023 and paid in 2024, with a positive impact on the 2024 national accounts balance.

## Balances of General Government

Table 3 presents the main balances of GG for 2023 and 2024.

Table 3. General Government Balances

Unit: EUR 10<sup>6</sup>

| Transaction code | Transaction label   | 2023           | 2024           |
|------------------|---|----------------|----------------|
| <b>B.9</b>       | <b>Net lending (+) / Net borrowing (-)</b><br>(National Accounts Balance) | <b>3 246.8</b> | <b>1 994.2</b> |
|                  | Current balance   | 10 637.7       | 9 290.1        |
| B.9 - D.41       | Primary balance   | 8 772.9        | 7 869.0        |

Source: Statistics Portugal

The GG sector balance decreased by EUR 1.25 billion between 2023 and 2024, determining a net lending of EUR 1 994 million in 2024 (0.7% of GDP), that compares with a net lending of EUR 3 247 million in 2023 (1.2% of GDP). This result was due to a revenue increase (6.3%) that was offset by the increase in expenditure (7.6%).

The primary balance, *i.e.* the global balance net of interest payments, was positive, as in 2023, by EUR 7.9 billion. However, this balance was lower than in the previous year by EUR 904 million.



## Balances of Regional and Local Government and transfers from Central Government

The table below details the net borrowing/net lending and the gross debt of (Regional and) Local Government (S1313).

**Table 4. Net borrowing/net lending and gross debt of  
(Regional and) Local Government**

|   | 2021                      | 2022     | 2023     | 2024     |
|---|---------------------------|----------|----------|----------|
|   | Unit: 10 <sup>6</sup> EUR |          |          |          |
| <b>Net borrowing (-)/ net lending (+)</b> |                           |          |          |          |
| - Regional and Local Government           | - 600.6                   | - 90.5   | - 229.3  | 421.3    |
| <i>Regional Government of Madeira</i>     | - 213.6                   | - 145.6  | 24.6     | 200.2    |
| <i>Regional Government of Azores</i>      | - 384.4                   | - 403.4  | - 133.4  | - 184.8  |
| <i>Local Government</i>                   | - 2.7                     | 458.5    | - 120.5  | 406.0    |
| <b>Gross Debt</b>                         |                           |          |          |          |
| - Regional and Local Government           | 10 882.2                  | 11 216.3 | 11 313.5 | 11 276.4 |
| <i>Regional Government of Madeira</i>     | 5 089.9                   | 5 031.0  | 5 002.3  | 4 924.8  |
| <i>Regional Government of Azores</i>      | 2 708.9                   | 3 063.5  | 3 203.6  | 3 292.1  |
| <i>Local Government</i>                   | 3 083.5                   | 3 121.8  | 3 107.6  | 3 059.5  |

Source: Statistics Portugal, Banco de Portugal

As it can be seen in the previous table, there was an improvement in the balance of the subsectors of the Regional Government and the balance of the Local Government returned to present positive values in 2024.

The provisional nature of the results for Local Government should be underlined, given the delays in the reporting of several municipalities associated with difficulties in the implementation of the new accounting system for GG sector (*Sistema de Normalização Contabilística para as Administrações Públicas – SNC-AP*).

It is worth noting that the transfers received by Central Government are considered in the compilation of Regional and Local Government net lending / net borrowing. These transfers are recorded as expenditure in Central Government, so that they consolidate in the General Government Account.

The following table presents these transfers, from 2021 to 2024, included in the Central Government Account.

**Table 5. Transfers to the Regional and Local Government**

|   | 2021                      | 2022    | 2023    | 2024    |
|---|---------------------------|---------|---------|---------|
|   | Unit: 10 <sup>6</sup> EUR |         |         |         |
| <b>Tranfers from General Government to:</b> |                           |         |         |         |
| Regional Government of Madeira              | 185.8                     | 173.8   | 181.2   | 196.7   |
| Regional Government of Azores               | 301.8                     | 281.2   | 288.9   | 315.1   |
| Local Government                            | 2 553.7                   | 2 444.7 | 2 607.5 | 3 163.0 |

Source: Statistics Portugal



As far as gross debt is concerned, and accordingly with European legislation, the following clarifications are relevant: *i)* Trade credits are excluded; *ii)* Debt of public corporations not classified inside General Government is not considered; *iii)* Debt of municipalities and parishes located in the territory of the Autonomous Regions is included in Local Government.

## Revenue and Expenditure of General Government

Table 6. General Government revenue

| Transaction code | Transaction label                       | 2023                | 2024             | Change rate  |
|------------------|---|---------------------|------------------|--------------|
|                  |   | EUR 10 <sup>6</sup> |                  | %            |
| OTR              | <b>Total revenue</b>                    | <b>116 608.5</b>    | <b>123 961.5</b> | <b>6.3</b>   |
|                  | <b>Current revenue</b>                  | <b>113 508.9</b>    | <b>121 508.3</b> | <b>7.0</b>   |
|                  | of which                                |                     |                  |              |
| D.2              | Taxes on production and imports         | 38 712.2            | 41 506.8         | 7.2          |
| D.61             | Social contributions                    | 32 819.3            | 35 885.8         | 9.3          |
| D.5              | Current taxes on income, wealth, etc... | 28 454.1            | 29 456.3         | 3.5          |
| <b>D.9</b>       | <b>Capital revenue</b>                  | <b>3 099.6</b>      | <b>2 453.2</b>   | <b>-20.9</b> |

Source: Statistics Portugal

Total revenue increased by 6.3% (EUR 7.35 billion) between 2023 and 2024, reflecting the growth of 7.0% in current revenue (corresponding to EUR 8 billion).

The three main current revenue components increased, with the most significant rises belonging to taxes on production and imports (change rate of 7.2%, by more than EUR 2.8 billion) and social contributions, that increased EUR 3 billion, by 9.3%. Current taxes on income and wealth grew 3.5%, with EUR 1 billion more than in 2023. These performances are a result of the growth in economic activity and labour market, and of the price increases, for taxes in production and imports.

Capital revenue decreased 20.9% in comparison with 2023, by EUR 1.5 billion, associated with a reduction of the European Funds received, except for the European Recovery and Resilience Facility (RRF) revenue, that increased 26%. It is worth mentioning that this revenue, in National Accounts, is recorded in the same period when the expenditure takes place, to ensure the neutrality of the European funds in the net balance of GG.

Box 1 presents a more detailed analysis of the fiscal revenue<sup>2</sup> and tax burden indicator.

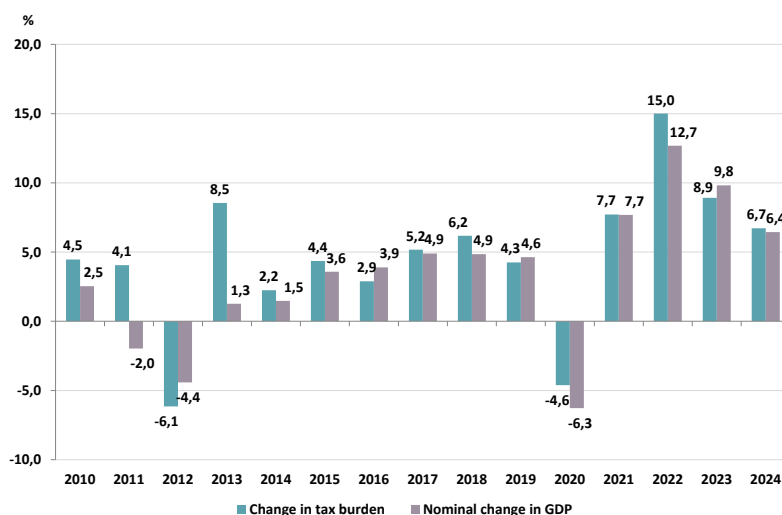
<sup>2</sup> Data regarding the different types of taxes can be consulted in the Statistics Portugal website under: [B.4.3 Tax Revenues and Social Contributions](#)



## Box 1. Tax burden

In 2024, tax revenue reached the value of EUR 101.8 billion. The increase in revenue reached about EUR 6.4 billion, comparing with 2023 (a nominal variation of 6.7%). This behaviour reflects the economic activity growth, as the nominal GDP rose 6.4% (1.9% in volume).

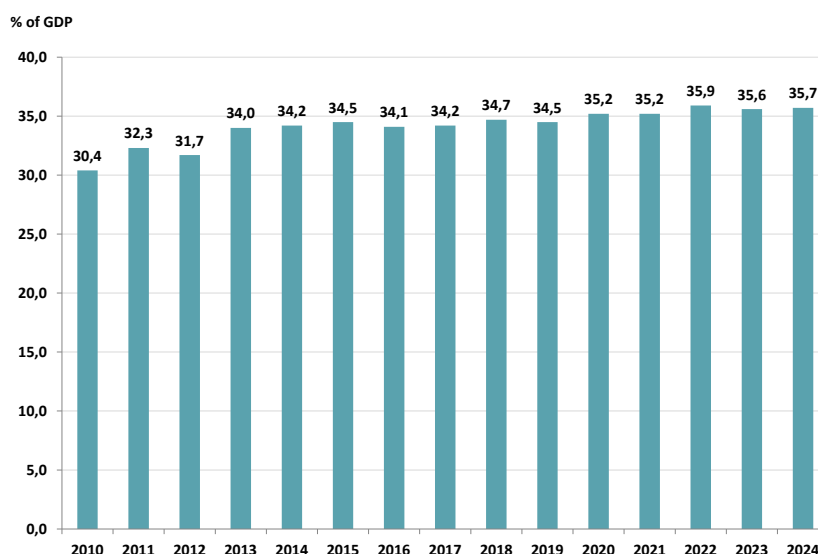
Figure 1. Evolution of the tax burden between 2010 and 2024 (%)



Source: Statistics Portugal

As the rate of change of total tax revenues (6.7%) was higher than the nominal rate of change of GDP (6.4%), tax burden increased slightly to 35.7% in 2024 (35.6%, in the previous year).

Figure 2. Changes in tax burden and GDP between 2010 and 2024 (% of GDP)



Source: Statistics Portugal



Table 7. General Government expenditure

| Transaction code  | Transaction label                                   | 2023                | 2024             | Change rate |
|-------------------|---|---------------------|------------------|-------------|
|                   |   | EUR 10 <sup>6</sup> |                  | %           |
| OTE               | <b>Total expenditure</b>                            | <b>113 361.7</b>    | <b>121 967.3</b> | <b>7.6</b>  |
|                   | <b>Current expenditure</b>                          | <b>102 871.2</b>    | <b>112 218.2</b> | <b>9.1</b>  |
|                   | of which  |                     |                  |             |
| D.1               | Compensation of employees                           | 27 919.0            | 30 287.6         | 8.5         |
| D.62              | Social benefits other than social transfers in kind | 42 218.3            | 46 559.2         | 10.3        |
| D.41              | Interest  | 5 526.1             | 5 874.8          | 6.3         |
| <b>D.9+P.5+NP</b> | <b>Capital expenditure</b>                          | <b>10 490.5</b>     | <b>9 749.0</b>   | <b>-7.1</b> |

Source: Statistics Portugal

Total expenditure increased by 7.6% between 2023 and 2024, reflecting the growth of 9.1% in current expenditure and the reduction of 7.1% in capital expenditure.

The increase in current expenditure was mainly forged by the increases in compensation of employees (growth of 8.5%, by EUR 2.4 billion) as a result of the wages increases and remuneration revaluations of the civil servants, and to a lower extent of the special regime for accelerating the GG careers (health and education).

As for social benefits other than social transfers in kind, the increase attained EUR 4.3 billion, that corresponds to a 10.3% growth, and reflects the burden associated with both the Social Security and CGA pension regimes updates, as well as the increase in the number of pensioners. The amounts paid by Social Security regarding family allowances and transfers to Non-Profit Institutions have also risen significantly.

Interest expenditure rose 6.3%, by EUR 349 million, mainly due to the expenditure on Treasury Savings Certificates, both regarding the rise in the interest rate and the payment of remuneration premium.

Regarding capital expenditure, there was an increase of 11.0% in investment, boosted by the RRF European Funds. Despite this increase, total capital expenditure decreased 7.1%, mostly due to the base effect of 2023 – the capital transfers in 2023 included extraordinary measures, totaling EUR 1 427 million (EFACEC reprivatization, the recording of additional losses on credits that will not be recovered, held by Parvalorem, S.A., the conversion of deferred tax assets (DTA) of Novo Banco in tax credits and the recording of the decision of the Supreme Administrative Court that determined the refund of the amount paid in 2009 for the rights of exploitation of the *Fridão* Dam concession, whose construction did not occur).

Box 2 summarizes the expenditure of General Government by function for 2022 and 2023.



## Box 2. Expenditure of General Government by function

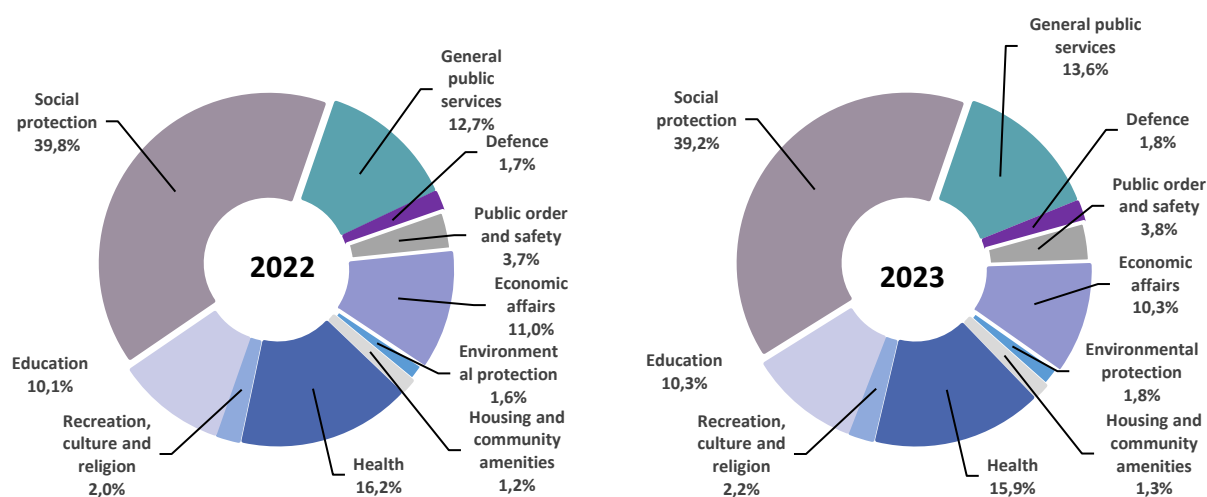
In addition to the economic classification, government expenditure is also classified by functions (COFOG). This classification complements the economic classification by providing information on the purposes of government expenditure, thus broadening the analytical framework for assessing its quality. Currently, 2023 is the last year for which this information is available.

These data can be consulted in the following internet address: [B.4.4 Expenditure of General Government by Function \(COFOG\)](#).

The main function of government expenditure has been social protection, significantly far from the other categories considered in this classification. In 2023, its weight in total expenditure was 39.2%. This was followed by health and by general public services function (which includes interest paid) with a share of 15.9% and 13.6% of total expenditure, respectively. Finally, both the expenditure on economic affairs and the education function displayed a share of 10.3%.

Comparing with 2022, expenditure on general public services was the component that gained more share (+0.9 p.p.), with an 13.7% increase in nominal values, reflecting the increase in interest paid (more EUR 918.1 million). On the other hand, expenditure with economic affairs and social benefits lost importance (-0.7 p.p. and -0.6 p.p., respectively), reflecting the reduction in subsidies (less EUR 589.8 million) and a nominal pension expenditure increase lower than that of total expenditure.

Figure 3. Government expenditure by function (% of total), in 2022 and 2023



Source: Statistics Portugal



Table 1a. Reporting of government deficit/surplus and debt levels  
and provision of associated data

Unit: EUR 10<sup>6</sup>

| Member State: Portugal<br>Date: 26/03/2025  | ESA 2010<br>Codes | 2021             | 2022             | 2023             | 2024             | 2025             |
|---|-------------------|------------------|------------------|------------------|------------------|------------------|
|   |                   | Final            | Final            | Half-finalized   | Half-finalized   | Planned          |
| <b>Net borrowing (-)/ net lending (+)</b>   | B.9               |                  |                  |                  |                  |                  |
| <b>General government</b>   | <b>S.13</b>       | <b>-6 117.0</b>  | <b>- 757.3</b>   | <b>3 246.8</b>   | <b>1 994.2</b>   | <b>803.6</b>     |
| - Central government  | S.1311            | -7 984.7         | -4 966.1         | -2 073.2         | -4 251.9         | -5 565.7         |
| - Local government  | S.1313            | - 600.6          | - 90.5           | - 229.3          | 421.3            | 554.1            |
| - Social security funds   | S.1314            | 2 468.3          | 4 299.4          | 5 549.3          | 5 824.8          | 5 815.2          |
| <b>General government consolidated gross debt<br/>Level at nominal value outstanding at end of year</b> |                   | <b>268 188.5</b> | <b>271 357.6</b> | <b>261 848.8</b> | <b>270 722.6</b> | <b>274 438.2</b> |
| <i>By category:</i>   |                   |                  |                  |                  |                  |                  |
| Currency and deposits   | AF.2              | 33 386.4         | 38 396.6         | 47 156.1         | 47 022.4         |                  |
| Debt Securities   | AF.3              | 164 488.3        | 162 145.3        | 147 005.7        | 154 541.7        |                  |
| Short-term  | AF.31             | 5 965.5          | 6 286.2          | 2 134.5          | 8 029.5          |                  |
| Long-term   | AF.32             | 158 522.8        | 155 859.0        | 144 871.3        | 146 512.3        |                  |
| Loans   | AF.4              | 70 313.9         | 70 815.8         | 67 687.0         | 69 158.5         |                  |
| Short-term  | AF.41             | 1 202.4          | 1 487.7          | 545.3            | 579.9            |                  |
| Long-term   | AF.42             | 69 111.5         | 69 328.0         | 67 141.6         | 68 578.6         |                  |
| <b>General government expenditure on:</b>   |                   |                  |                  |                  |                  |                  |
| <b>Gross fixed capital formation</b>  | P.51              | 5 589.3          | 5 806.5          | 6 952.7          | 7 708.8          | 10 907.4         |
| <b>Interest (consolidated)</b>  | D.41 (Empregos)   | 5 117.8          | 4 608.0          | 5 526.1          | 5 874.8          | 6 437.1          |
| <b>Gross domestic product at current market prices</b>  | B.1*g             | 216 493.7        | 243 957.1        | 267 923.2        | 285 189.3        | 299 009.5        |
| <i>Memorandum items:</i>  |                   |                  |                  |                  |                  |                  |
| <i>Net lending (+)/Net borrowing (-) on GDP</i>   |                   | -2.8%            | -0.3%            | 1.2%             | 0.7%             | 0.3%             |
| <i>General government consolidated gross debt on GDP</i>  |                   | 123.9%           | 111.2%           | 97.7%            | 94.9%            | 91.8%            |

Source: Statistics Portugal, Banco de Portugal, Budget Directorate-General

Date of the next press release – September 23, 2025