Romanian Fiscal Council

Fiscal Council's Preliminary Opinion on the Second Budget Revision for 2025

Summary

- Romania's economy, despite significant progress in numerous areas, has followed an unsustainable trajectory, especially in recent years – illustrated by the dynamics of the budget deficit and public debt (which reached around 59% of GDP in July 2025, up from 35% of GDP in 2019).
- Romania's budgetary correction is taking place in an unfavourable and increasingly uncertain international environment, amid a tense domestic situation.
- A large-scale budgetary correction cannot take place without negatively affecting citizens' incomes and companies' revenues, which generates dissatisfaction.
- But, without a budgetary correction, Romania may end up facing a sovereign debt crisis, with severe economic and social consequences.
- The start of the budgetary correction in Romania and the reforms under the NRRP correspond to continued access to European funds.
- The Government of Romania has revised the cash and ESA deficit targets for this year to 8.4% of GDP, which is an ambitious but achievable level in the Fiscal Council's assessments. In 2026, the Fiscal Council expects a cash deficit of around 6.5% of GDP.
- Without the correction measures implemented this year, the budget deficit would have exceeded 9% of GDP.
- The budgetary correction can be the turning point in restoring confidence in Romania's public finances, but the process is arduous and will take several years.
- The claim that reducing the budget deficit leads to an economic crisis overlooks the fact that Romania cannot perpetuate deficits of around 9% of GDP, as this could result in a public debt crisis.
- Unfortunately, circumstances oblige us to be procyclical in correcting the imbalances (when the economy is slowing), because budgetary policy in recent

years was misguided (being procyclical when the economy was recovering after the pandemic and the energy crisis).

- In Romania, the level of tax revenues is very low (28.7% of GDP in Romania, compared with 35% in the Czech Republic, 35% in Hungary, 37.5% in Poland, and 40.1% the EU average in 2024), which also reflects the neglect of the need to ensure tax revenues that meet the needs of Romanian society.
- Better tax revenue collection is a matter of national security, given the needs of the public budget and the international context.
- The Fiscal Council has emphasized in its documents that reducing the budget deficit cannot be achieved solely on the expenditure side, and this judgement is reflected in the configuration of the measures initiated by the Government. The statement that significantly better and immediate tax collection could be achieved to avoid changes to the tax regime is illusory. Likewise, a massive reduction in budget expenditures to avoid changes to the tax regime was not feasible, given the urgency of the correction.
- Public investments (which also include those financed with European funds) would amount, according to the budget revision, to around 7.8% of GDP, which should also be viewed in relation to the fact that NRRP funding ends in 2026. These investments help mitigate the contractionary impact of the budgetary correction.
- The size of the twin deficits sets Romania apart within the EU. The budgetary correction is necessary also to maintain confidence in the national currency.
- There is an additional burden from the increase in military spending in the coming years. The EU's SAFE program can help both the budgetary correction and the strengthening of Romania's defence capacity.
- Reducing tax evasion is essential in the coming period and is a way to reduce the budget deficit even after 2026. The reform of the National Agency for Fiscal Administration (NAFA) – including digitalization – is crucial for this purpose.
- Support measures for certain economic activities can be implemented through European funds (the NRRP and other programs) and tax credits, but overall the budgetary correction rules out a positive fiscal impulse, and monetary policy cannot be relaxed, given the need to prevent pressure on the national currency.
- The assessment of the macroeconomic framework – which continues to rely on the National Commission for Strategy and Prognosis (NCSP) forecast from September 5, 2025 – highlights the relevance of the considerations presented in the first budget revision for 2025, issued at the end of September.
- A massive absorption of European funds can help keep the economy in positive territory in 2026.
- The current budget revision makes a marginal adjustment to the projections from the previous revision, keeping unchanged the budget deficit target of 8.4% of GDP

(159.8 billion lei); both total revenues and total expenditures of the general consolidated budget are reduced by around 1.8 billion lei.

- The analysis of the proposed revisions to the main categories of revenues and expenditures shows an adjustment of these items in line with the budget execution for the first 10 months of the year, creating the premises for meeting the newly proposed targets. The main uncertainty, both on the revenue and expenditure sides, remains the level of absorption of European funds.
- On the expenditure side, the execution over the first 10 months indicates a smaller increase (+9.9%) compared to that of revenues, as well as a moderation of the dynamics relative to the planned level (+14.4%). The budget revision forecasts the continuation of this trend.
- Based on the available data, the Fiscal Council assesses that the new parameters of the budget framework remain compatible with a cash budget deficit of around 8.4% of GDP in 2025.
- In 2026, the fiscal-budgetary measures adopted in the second half of 2025 could lead to a deficit of around 6.5% of GDP, which would represent a significant adjustment compared with the 2024 level and would be in line with Romania's commitments under the medium-term budgetary-structural plan.
- For Romania, European funds represent an opportunity for development, and access to them means the continuation of European-financed investments for the modernization of the country. As of 31 October 2025, according to MIEP data, the effective absorption rate of European funds under the 2021-2027 MFF (reimbursements from the European Commission) was 11.7% (3.6 billion euros). In the case of the NRRP, according to Ministry of Finance data, as of September 30, the effective absorption rate for the grants component (excluding pre-financing) was 31.6%.

Fiscal Council's Preliminary Opinion on the Second Budget Revision for 2025

On the evening of November 26, the Ministry of Finance (MF) sent to the Fiscal Council (FC), via address No. 538309/26.11.2025, the draft revision of the 2025 general consolidated budget, the explanatory note and the draft of the Government Emergency Ordinance on the revision of the 2025 state budget, as well as the explanatory note and the draft of the Government Emergency Ordinance for the revision of the social security budget for 2025, requesting, under art. 53, para. (2) of the Fiscal Responsibility Law (no. 69/2010, republished, hereafter referred to as FRL), the opinion of the Fiscal Council.

According to Article 53, paragraph (4) of the FRL, the Government and Parliament are obliged to take into account the opinions and recommendations of the Fiscal Council when drafting the fiscal strategy, the annual budget laws, as well as when formulating other measures required by the application of the FRL and, respectively, when adopting/approving them.

Given the Government's intention to approve the above-mentioned documents on November 28, 2025, the Fiscal Council decided to issue a preliminary opinion, considering the very short time available to analyse all the documents received. The preliminary opinion refers to the current context, the macroeconomic framework underlying the second budget revision of 2025, the updated baseline parameters of revenues and expenditures proposed in the revision draft, and compliance with fiscal rules.

The Fiscal Council reiterates its previous requests, made over time in its opinions, for a reasonable time frame for analysis, appropriate to the complexity and scale of the documents on which its opinion is requested.

1. Context

The budgetary correction in Romania is taking place in an unfavourable and increasingly uncertain international environment, amid a tense domestic situation. A large-scale budgetary correction cannot occur without negatively affecting citizens' incomes and companies' revenues, which generates dissatisfaction.

Romania's economy, despite significant progress in many areas, has followed an unsustainable path, especially in recent years – as illustrated by the dynamics of the budget deficit and public debt (which reached around 59% of GDP in July 2025, up from 35% of GDP in 2019).

Macroeconomic correction is necessary, given the size of the budget deficit, the cost of financing the budget deficit, and the cost of refinancing public debt. But without the budgetary correction, Romania may end up in a sovereign debt crisis, with severe economic and social consequences.

The start of the budgetary correction in Romania and the reforms under the NRRP are reflected in the continued access to European funds[1]. The European Commission's decision follows the decisions of the three major rating agencies to reconfirm Romania's sovereign risk. In the first part of the year, there was a high probability of a downgrade of this risk.

The Government of Romania has revised the cash and ESA deficit targets for this year to 8.4% of GDP, which is an ambitious level but achievable in the Fiscal Council's assessments. In 2026, the Fiscal Council projects a cash deficit of around 6.5% of GDP.

Without the correction measures taken this year, the budget deficit would have exceeded 9% of GDP.

The budgetary correction can be the turning point in restoring confidence in Romania's public finances, but the process is difficult and will take several years.

As mentioned in the opinion on the first budget revision of this year, the magnitude of the required adjustment is unprecedented for an EU member state that is not facing a deep financial crisis or a severe shock such as the pandemic.

The 2024 budget deficit (8.67% cash and 9.3% ESA, both as a share of GDP) widened mainly due to increases in permanent expenditures.

The claim that reducing the budget deficit leads to an economic crisis overlooks the fact that Romania cannot perpetuate deficits of around 9% of GDP, as this could lead to a public debt crisis. Unfortunately, circumstances oblige us to be procyclical in correcting these imbalances (when the economy is slowing), because budgetary policy in recent years was misguided (being procyclical when the economy was recovering after the pandemic and the energy crisis).

In Romania, the level of tax revenues is very low (28.7% of GDP in Romania, compared with 35% in the Czech Republic, 35% in Hungary, 37.5% in Poland, and the EU average of 40.1% in 2024), which also reflects the neglect of the need to secure tax revenues capable of meeting the needs of Romanian society – not least the need to maintain a sustainable level of public debt.

Better tax revenue collection is a matter of national security, given the needs of the public budget and the international context.

[1] https://ec.europa.eu/commission/presscorner/detail/en/qanda_25_2761

The freezing of public sector wages and the non-indexation of pensions, measures adopted in December 2024, did not stop their average nominal growth in 2025; for pensions, the annualized impact of the recalculation was felt, and for wages, the increases implemented in 2024. As a result, total spending on pensions and wages continued to rise in 2025, even though inflation is eroding their share in GDP.

The Fiscal Council has emphasized in its documents that reducing the budget deficit cannot be achieved solely on the expenditure side, and this assessment is confirmed by the configuration of the measures initiated by the Government. The statement that a much better and immediate tax collection could be obtained to avoid changes in the tax system is illusory. Likewise, a massive reduction in budget expenditures that would avoid changes to the tax system was not feasible, given the urgency of the correction.

A budget revision that shifts the 2025 budget deficit target from 7.04% (as set in the approved budget) to 8.4% of GDP cannot be considered "positive", since in assessing the budgetary correction we must consider the level of the budget deficit that would have occurred in a scenario where no adjustment measures were adopted. The benchmark indicating the nature of the September 2025 budget revision is a deficit level of over 9% of GDP in the absence of correction measures.

The impact of the measures for 2025 would be around 0.6% of GDP, if optimizations in the implementation of public investments are not considered.

Public investments (including those financed with European funds) are estimated in the budget revision at around 7.8% of GDP, which should also be viewed in connection to the fact that NRRP funding ends in 2026. These investments help mitigate the contractionary impact of the budgetary correction.

Romania's budget deficit is an example of fiscal dominance, which not only weakens access to financing and refinancing, but also places significant pressure on the conduct of monetary policy. Along with Hungary, Romania has the highest monetary policy rate (6.5%). It is important to note here the twin-deficit syndrome, with a current account deficit that exceeded 8% of GDP in 2024 and was financed predominantly through borrowing.

The size of the twin deficits sets Romania apart within the EU. The budgetary correction is necessary also to maintain confidence in the national currency.

The evolution of the international environment (trade war, slowing economic activity in Europe, economic fragmentation and regionalization of trade flows, the need to increase defence spending, geopolitical tensions, uncertainties that increase risk aversion etc.) complicates Romania's budgetary correction.

There is an additional burden from the rise in military spending in the coming years. The EU's SAFE program can help both the budgetary correction and the strengthening of Romania's defence capacity.

Reducing tax evasion is imperative in the coming period and is a way to reduce the budget deficit even after 2026. The reform of NAFA (which includes digitalization) is essential for this purpose.

The correction is painful because it involves a reduction in domestic absorption of goods and services. Moreover, the correction, as envisaged for 2025-2026, has a regressive nature, which raises an issue of equity. This aspect has also been highlighted in analyses by the OECD, IMF, World Bank, and the European Commission.

Support measures for certain economic activities can be implemented through European funds (the NRRP and other programs) and through tax credits, but overall, the budgetary correction rules out a positive fiscal impulse, and monetary policy cannot be relaxed given the need to prevent pressure on the national currency.

It is not surprising that every social or interest group seeks to contribute as little as possible to the adjustment effort. What is important is to avoid gridlock and social or political disorder.

2. The macroeconomic framework underlying the second budget revision for 2025

The assessment of the macroeconomic framework – which continues to rely on the September 5, 2025 forecast of the NCSP – shows the relevance of the considerations presented in the first budget revision for 2025, at the end of September, which stated: "Correlating recent economic information and data with the projected dynamics of relevant macroeconomic variables (as of September this year) by the NCSP (real GDP, GDP deflator, inflation, labour market indicators) leads to a conclusion about a possible trajectory for these aggregates for 2025 and 2026, with safety margins present for most indicators". Subsequent statistical data outline developments in two directions: on the one hand, (i) signal-data regarding GDP evolution in the third quarter of 2025[2] indicate a higher real GDP growth rate for 2025, but with effects – also due to the base effect – that moderate the growth expected for 2026; and, on the other hand, (ii) higher-frequency data show an ongoing slowdown across various economic sectors, as well as in the economy as a whole.

A massive absorption of European funds can help keep the economy in positive territory in 2026.

The risks assessed in the first budget revision of this year, similar to the analysis of the macroeconomic framework, remain valid for this second revision as well: (i) the conditions

[2] https://insse.ro/cms/sites/default/files/com_presa/com_pdf/pib_tr3e2025.pdf

in the loanable funds markets (prices/yields, volumes, maturities) – including the perceptions of investors, financial institutions, and rating agencies regarding the progress and plans of fiscal adjustment; (ii) the evolution of the international economy, especially the European economy; and (iii) the absorption of European funds (the multiannual framework and the NRRP) all represent risk factors – each of which can act either positively or negatively.

3. Updated coordinates of budget revenues and expenditures

The analysis of the draft of the second budget revision for 2025 takes into account the parameters of the first revision (Government Emergency Ordinance No. 50 of 1 October 2025) and the dynamics of the 10-month budget execution. Essentially, the current revision proposes a marginal adjustment of the projections, keeping unchanged the budget deficit target of 8.4% of GDP (159.8 billion lei). Both total revenues and expenditures of the general consolidated budget are marginally reduced by around 1.8 billion lei[3] compared with the first revision, with the main adjustments made to the revenue and expenditure categories related to EU-funded projects and to capital expenditures. It is also worth noting that a reduction in the ceiling for interest expenditures is envisaged, so the primary deficit target is revised to 5.6% of GDP[4], from 5.5% of GDP in the first revision, with implications for the trajectory of net expenditures.

On the revenue side, compared with the first budget revision, there is a marginal upward revision of tax revenues (+0.1 billion lei, mainly due to an increase in projected corporate income tax receipts, alongside a decrease in other taxes on income, profit, and capital gains) and non-tax revenues (+0.4 billion lei), while social security contribution revenues remain unchanged. However, these increases are offset by downward revisions in European funds, both for amounts related to the multiannual financial framework (-0.4 billion lei) and for the grant component of the NRRP (-1.9 billion lei).

On the expenditure side, compared with the first budget revision, there are increases in the ceilings mainly for goods and services (+0.6 billion lei), social assistance (+1 billion lei), capital expenditures (+2.1 billion lei), and projects financed from non-reimbursable funds under the 2014-2020 MFF (+3.1 billion lei). These increases are, however, offset by reductions in other categories, especially: interest (-1.1 billion lei), projects financed from non-reimbursable funds (-3.3 billion lei), projects funded from the NRRP grant component (-2.1 billion lei), and from the NRRP loan component (-0.6 billion lei).

The changes introduced by the new budget revision draft are generally in line with the 10-month budget execution. Preliminary data indicate a cash deficit of 5.7% of GDP, down by 0.5 pp compared with the same period in 2024. Given the particularities of budget

[3] The high inflation recorded this year would justify an analysis of the changes expressed as a percentage of GDP; however, their magnitude is marginal. The presentation of budgetary aggregates as a percentage of GDP is included in Annex 1.

[4] Interest expenditures are revised to 2.8% of GDP, down by 0.1 pp of GDP compared with the projection in the first budget revision.

execution in the final months of the year and under conditions of prudent management of budget expenditures, the remaining gap of 2.7 pp to the annual target of 8.4% of GDP may be sufficient to meet the assumed deficit target.

The new budget revision draft introduces marginal adjustments at the aggregate level, maintaining the target for total revenue growth at +17%, a level similar to that in the first revision of the general consolidated budget (+17.3%). Although the 10-month growth of total revenues is below these targets (+12.3%), the category-by-category analysis reflects a more nuanced and generally positive picture for tax revenues, non-tax revenues, and social contributions. Thus, in the first 10 months, collections from tax revenues (+11.4%), social security contributions (+10.5%), and non-tax revenues (+9%) recorded growth rates exceeding those initially planned. In contrast, the main cause of the gap in total revenues is the under-execution of European funds (both those from the multiannual financial framework and the NRRP grants). Consequently, the new budget revision draft revises downward the targets for European funds. Nevertheless, even these new targets appear optimistic relative to the current absorption pace.

The execution of the main categories of tax revenues over the first 10 months confirms the positive impact of the consolidation measures adopted at the beginning and throughout the year. The higher-than-expected increase in corporate income tax receipts (+15.8%) is largely explained by the modification of the micro-enterprise tax regime. By contrast, receipts from other taxes on income, profit, and capital gains declined (-10.2%), due to the lowering of the eligibility threshold for micro-enterprises. The budget revision has taken these developments into account, revising upward the projected corporate income tax revenues and downward the revenues from other taxes on income, profit, and capital gains. The strong growth in wage and income tax (+19.5%) and in social security contributions (+10.5%) exceeds the estimated increase in nominal GDP (+8%), reflecting the net effect of eliminating certain tax facilities. VAT revenues (+9.2%) and excise revenues (+10.2%) have also accelerated in recent months, growing at a pace above the revised nominal GDP (+8%) estimate from September 2025. By comparison, in the first eight months of the year, VAT revenues increased by +6.9%, a value below nominal GDP growth (+7.6%). Additionally, in the first eight months, the average monthly growth of VAT receipts amounted to around 0.55 pp of GDP (equal to the value recorded in the same period of the previous year), whereas in the last two months, the average monthly dynamic rose to 0.7 pp of GDP (compared with 0.6 pp of GDP in the same period in 2024). Nevertheless, a rigorous assessment of the effects of the first adjustment package can only be made after a longer observation period.

Considering the budget execution for the first 10 months of the year, most revenue aggregates appear to be in line with the targets set in the budget revision, with the main uncertainties relating to the level of absorption of European funds.

On the expenditure side, the 10-month execution shows a lower increase (+9.9%) compared with revenues, as well as a moderation of the growth rate relative to the programmed level (+14.4%). The budget revision forecasts the continuation of this trend. The growth rate of personnel expenditures (+5%) has steadily decelerated in recent months, as the base effects of the 2024 wage increases fade and as allowance-reduction measures adopted in the second part of the year take effect. Expenditures on goods and services (+5.5%) are slightly below the trajectory set in the second budget revision draft (+5.9%). At the same time, compared with the ceilings set in the first revision, interest expenditures grew more moderately, while social assistance expenditures increased slightly above expectations. These trends are reflected in the second revision draft, which lowers the ceiling for interest expenditures (-1.1 billion lei) and raises the ceiling for social assistance expenditures (+1 billion lei). The 10-month execution shows a decline in capital expenditures (-6.4%), consistent with the level set in the first revision. However, the current revision raises the capital expenditure ceiling by around 2.1 billion lei. As with revenues, the slow execution of expenditures financed from European funds remains significantly below the revised targets.

The analysis of the proposed revisions for the main expenditure categories shows an adjustment aligned with the current budget execution (particularly for interest expenditures and social assistance), creating the conditions for meeting the newly proposed targets. The main uncertainty, both on the revenue and expenditure sides, remains the level of absorption of European funds. Based on the available data, the Fiscal Council considers that the new parameters of the budget framework remain compatible with a cash deficit of around 8.4% of GDP in 2025.

In 2026, the measures adopted in the second half of 2025 will have a stronger positive effect on the budget deficit, due to the annualized impact of the increase in VAT rates, the introduction of health insurance contributions for pension incomes above 3,000 lei, the additional taxation of credit institutions and gambling, and the further increase in excise duties, combined with the continuation of the freeze on public sector wages and pensions. The expenditure-reduction measures will have a similar contribution. Additionally, the increases in property and vehicle taxes – adopted by Parliament but currently under review by the Constitutional Court – may support the downward trajectory of the budget deficit.

The estimated impact of these measures could lead to a deficit of around 6.5% of GDP in 2026, which would represent a remarkable adjustment compared with the 2024 level and would be consistent with the commitments Romania has undertaken in the medium-term budgetary-structural plan.

4. Absorption of European funds

According to the 2026 European Semester Autumn Package, the excessive deficit procedure remains open for Romania, with the obligation to continue reducing the budget deficit. However, the European Commission considers that the measures undertaken by Romania represent important steps toward fiscal consolidation, confirming that there is no risk of suspension of European funds for the country. Expenditure growth has been limited through the measures adopted by the Government, with prospects for a gradual reduction of the budget deficit. For Romania, European funds represent an opportunity for development, and access to them ensures the continuation of European-financed investments for the modernization of the country. As of 31 October 2025, according to MIEP data, the effective absorption rate of European funds under the 2021-2027 Multiannual Financial Framework (reimbursements from the European Commission) was 11.7% (3.6 billion euros)[5]. In the case of the NRRP, according to Ministry of Finance data, as of 30 September, the effective absorption rate for the grant component (excluding pre-financing) was 31.6%[6]. It is worth noting that in November 2025, the European Commission approved Romania's revised NRRP[7], and MIEP launched the Dashboard, an interactive platform used to monitor projects implemented through the NRRP[8].

5. Compliance with fiscal rules

The draft of the second budget revision for 2025 provides for changes in the nominal ceilings for some of the indicators specified in the 2025 fiscal-budgetary framework (initially established by Law No. 8/2025 and subsequently amended during the first budget revision through Government Ordinance No. 50/2025), as follows:

- the nominal ceiling for total expenditures of the general consolidated budget, excluding financial assistance from the European Union and other donors, is increased by 0.5 billion lei, reaching 745 billion lei;
- the nominal ceiling for the primary deficit of the general consolidated budget has been increased by 1.1 billion lei compared with the limit set by Government Ordinance No. 50/2025, while interest expenditures have been reduced by 1.1 billion lei relative to the first budget revision draft.

Regarding the nominal deficit of the general consolidated budget, it has been maintained within the limit established by Government Ordinance No. 50/2025, as revenues and expenditures were revised by the same amount in the second budget revision compared with the first (-1.8 billion lei on both the revenue and expenditure sides).

The public debt ceiling, according to the European Union methodology, was increased during the second budget revision to 60% of GDP, compared with 59.6% of GDP in the first revision. According to the Fiscal Responsibility Law, reaching this threshold has implications for fiscal-budgetary policy.

The draft Government ordinance on the second budget revision for 2025 stipulates the necessary derogations from the fiscal rules established by the FRL and redefines the ceilings of the budgetary aggregates in line with the levels set out in the proposed revision.

[5] https://mfe.gov.ro/stadiul-absorbtiei-fondurilor-ue/
[6] https://mfinante.gov.ro/static/10/Mfp/buget/sitebuget/BFN2025_09_30.pdf
[7] https://data.consilium.europa.eu/doc/document/ST-14452-2025-INIT/en/pdf
[8] https://mfe.gov.ro/pnrr-dashboard/

This preliminary opinion of the Fiscal Council was approved by the Chairman of the Fiscal Council, in accordance with the provisions of Article 56, paragraph (2), letter d) of Law No. 69/2010 (republished), following its endorsement by the Council members, through vote, in the meeting held on November 28, 2025.

November 28, 2025

Chairman of the Fiscal Council
Professor Daniel DĂIANU

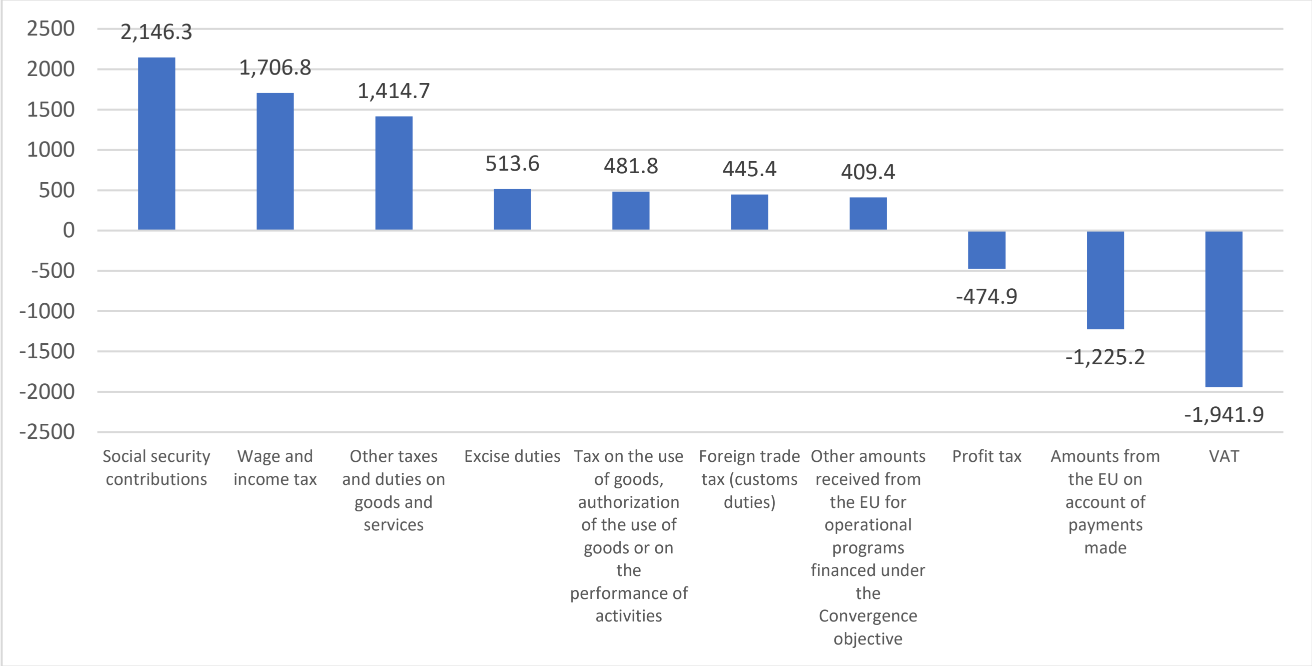
Annex I	Execution 2024	Initial Programme 2025	R1 2025	R2 2025	Initial Programme 2025	R1 2025	R2 2025	R2 2025 - Initial Programme 2025	R2 2025 - R1 2025	R2 2025 / Initial Programme 2025	R2 2025/R1 2025
	Mil. lei				% GDP					%	
	1	2	3	4	5	6	7	8=7-5	9=7-6	10=4/2	11=4/3
TOTAL REVENUES	**574,598.8**	**667,523.1**	**674,181.3**	**672,393.7**	**34.9%**	**35.4%**	**35.4%**	**0.5%**	**-0.1%**	**0.7%**	**-0.3%**
Current revenues	530,281.4	578,311.2	582,923.9	583,456.3	30.2%	30.6%	30.7%	0.4%	0.0%	0.9%	0.1%
Fiscal revenues	291,708.1	319,654.4	322,260.3	322,362.3	16.7%	16.9%	16.9%	0.2%	0.0%	0.8%	0.0%
Income, wages, profit and capital gains tax	90,776.7	102,659.1	104,195.4	104,178.3	5.4%	5.5%	5.5%	0.1%	0.0%	1.5%	0.0%
Profit tax	35,979.1	41,274.6	39,860.0	40,799.7	2.2%	2.1%	2.1%	0.0%	0.0%	-1.2%	2.4%
Wages and income tax	49,044.8	56,552.3	58,235.2	58,259.1	3.0%	3.1%	3.1%	0.1%	0.0%	3.0%	0.0%
Other taxes on income, profit and capital gains	5,752.8	4,832.2	6,100.2	5,119.5	0.3%	0.3%	0.3%	0.0%	-0.1%	5.9%	-16.1%
Property taxes	8,286.6	10,015.4	10,160.3	10,255.5	0.5%	0.5%	0.5%	0.0%	0.0%	2.4%	0.9%
Taxes on goods and services	189,060.3	203,102.4	203,581.6	203,570.7	10.6%	10.7%	10.7%	0.1%	0.0%	0.2%	0.0%
VAT	120,946.1	136,089.2	134,147.4	134,147.4	7.1%	7.1%	7.1%	-0.1%	0.0%	-1.4%	0.0%
Excises	46,328.1	48,589.3	49,102.9	49,102.9	2.5%	2.6%	2.6%	0.0%	0.0%	1.1%	0.0%
Other taxes on goods and services	13,413.7	8,852.3	10,139.6	10,267.0	0.5%	0.5%	0.5%	0.1%	0.0%	16.0%	1.3%
Tax on the use of goods, authorisation of the use of goods, or carrying out activities	8,372.4	9,571.6	10,191.7	10,053.4	0.5%	0.5%	0.5%	0.0%	0.0%	5.0%	-1.4%
Foreign trade tax (customs duties)	1,926.8	2,088.5	2,533.9	2,533.9	0.1%	0.1%	0.1%	0.0%	0.0%	21.3%	0.0%
Other fiscal taxes	1,657.7	1,789.0	1,789.0	1,823.8	0.1%	0.1%	0.1%	0.0%	0.0%	1.9%	1.9%
Social security contributions	189,510.1	205,918.5	208,065.8	208,064.8	10.8%	10.9%	10.9%	0.2%	0.0%	1.0%	0.0%
Non-fiscal revenues	49,063.3	52,738.3	52,597.8	53,029.2	2.8%	2.8%	2.8%	0.0%	0.0%	0.6%	0.8%
Subsidies					0.0%	0.0%	0.0%	0.0%	0.0%		
Additional revenues collected from digitalisation	0.0				0.0%	0.0%	0.0%	0.0%	0.0%		
Capital revenues	1,401.8	1,499.1	1,764.6	1,747.9	0.1%	0.1%	0.1%	0.0%	0.0%	16.6%	-0.9%
Donations	12.7	4.6	12.2	12.2	0.0%	0.0%	0.0%	0.0%	0.0%	162.8%	0.0%
EU funds received for payments made	23,216.5	51,800.9	51,010.6	50,575.7	2.7%	2.7%	2.7%	0.0%	0.0%	-2.4%	-0.9%
Financial operations					0.0%	0.0%	0.0%	0.0%	0.0%		
Amounts pending distribution	294.0	0.0			0.0%	0.0%	0.0%	0.0%	0.0%		
Amounts received into the single account at the state budget					0.0%	0.0%	0.0%	0.0%	0.0%		
Other funds received from the EU for operational programmes under the convergence objective	686.8	0.0	409.4	409.4	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%

Amounts received from the EU/other donors for payments made and pre-financing related to the 2014-2020 financial framework	10,257.6	8,628.3	8,664.7	8,664.4	0.5%	0.5%	0.5%	0.0%	0.0%	0.4%	0.0%
Amounts relating to non-reimbursable financial assistance allocated for the NRRP	8,448.0	27,279.0	29,396.0	27,527.8	1.4%	1.5%	1.4%	0.0%	-0.1%	0.9%	-6.4%
TOTAL EXPENDITURE	**727,316.2**	**802,170.1**	**833,946.3**	**832,158.7**	**41.9%**	**43.8%**	**43.8%**	**1.8%**	**-0.1%**	**3.7%**	**-0.2%**
Current expenditure	665,123.3	738,104.9	771,686.7	769,285.8	38.6%	40.6%	40.4%	1.9%	-0.1%	4.2%	-0.3%
Personnel expenditure	164,595.4	169,535.7	170,343.3	170,222.2	8.9%	9.0%	8.9%	0.1%	0.0%	0.4%	-0.1%
Goods and services	93,658.8	94,679.7	98,566.5	99,174.0	5.0%	5.2%	5.2%	0.3%	0.0%	4.7%	0.6%
Interest	36,278.3	41,860.9	54,265.5	53,155.5	2.2%	2.9%	2.8%	0.6%	-0.1%	27.0%	-2.0%
Subsidies	17,096.0	13,930.7	14,291.2	14,345.9	0.7%	0.8%	0.8%	0.0%	0.0%	3.0%	0.4%
Transfers – total	352,111.2	415,907.6	432,353.9	430,502.9	21.7%	22.7%	22.6%	0.9%	-0.1%	3.5%	-0.4%
Transfers between public administration units	3,175.2	4,722.7	4,362.1	4,717.1	0.2%	0.2%	0.2%	0.0%	0.0%	-0.1%	8.1%
Other transfers	35,197.6	33,338.9	35,633.9	35,086.4	1.7%	1.9%	1.8%	0.1%	0.0%	5.2%	-1.5%
Projects with non-reimbursable external funding	29,281.4	60,508.6	56,319.2	53,013.7	3.2%	3.0%	2.8%	-0.4%	-0.2%	-12.4%	-5.9%
Social assistance	223,932.3	242,262.0	250,456.0	251,459.6	12.7%	13.2%	13.2%	0.6%	0.1%	3.8%	0.4%
Projects funded under the 2014-2020 financial framework	17,460.8	12,175.2	12,833.9	15,932.3	0.6%	0.7%	0.8%	0.2%	0.2%	30.9%	24.1%
Other expenditure	19,558.4	16,235.3	16,505.3	16,742.3	0.8%	0.9%	0.9%	0.0%	0.0%	3.1%	1.4%
Projects financed from non-reimbursable NRRP funds	10,690.7	32,199.5	34,775.7	32,674.7	1.7%	1.8%	1.7%	0.0%	-0.1%	1.5%	-6.0%
Projects financed from NRRP loan funds	12,814.8	14,465.3	21,467.7	20,876.7	0.8%	1.1%	1.1%	0.3%	0.0%	44.3%	-2.8%
Reserve fund		2,362.0	2,042.8	534.8	0.1%	0.1%	0.0%	-0.1%	-0.1%	-77.4%	-73.8%
Expenditure related to reimbursable financing programmes	1,383.6	2,190.2	1,866.3	1,885.2	0.1%	0.1%	0.1%	0.0%	0.0%	-13.9%	1.0%
Capital expenditure	65,194.0	61,703.3	60,216.7	62,338.1	3.2%	3.2%	3.3%	0.1%	0.1%	1.0%	3.5%
Financial operations					0.0%	0.0%	0.0%	0.0%	0.0%		
Payments made in previous years and recovered in the current year	-3,001.2				0.0%	0.0%	0.0%	0.0%	0.0%		
SURPLUS (+) / DEFICIT (-)	**-152,717.4**	**-134,647.0**	**-159,765.0**	**-159,765.0**	**-7.0%**	**-8.4%**	**-8.4%**	-1.4%	0.0%	**18.7%**	**0.0%**

Source: Ministry of Finance, Fiscal Council calculations

Annex II

Figure 1. Main changes in budget revenues compared to the initial programme (million lei)

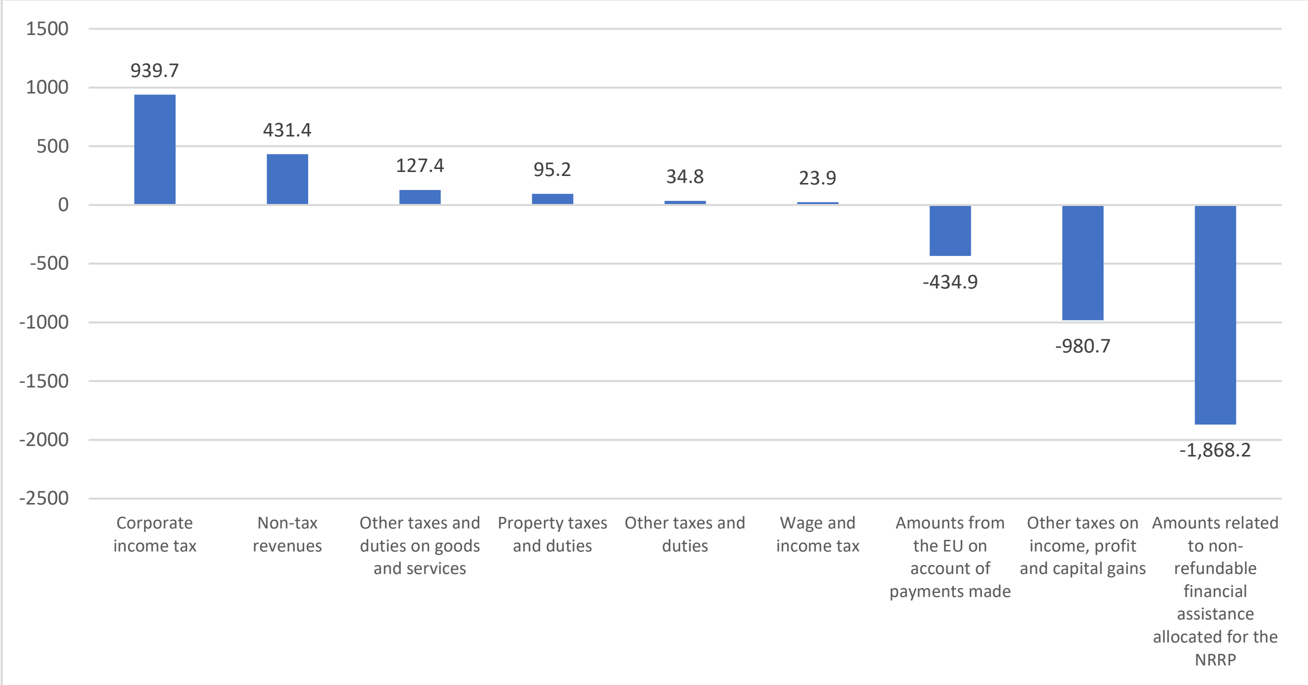


Source: Ministry of Finance, Fiscal Council calculations

Figure 2. Main changes in budget expenditures compared to the initial programme (million lei)

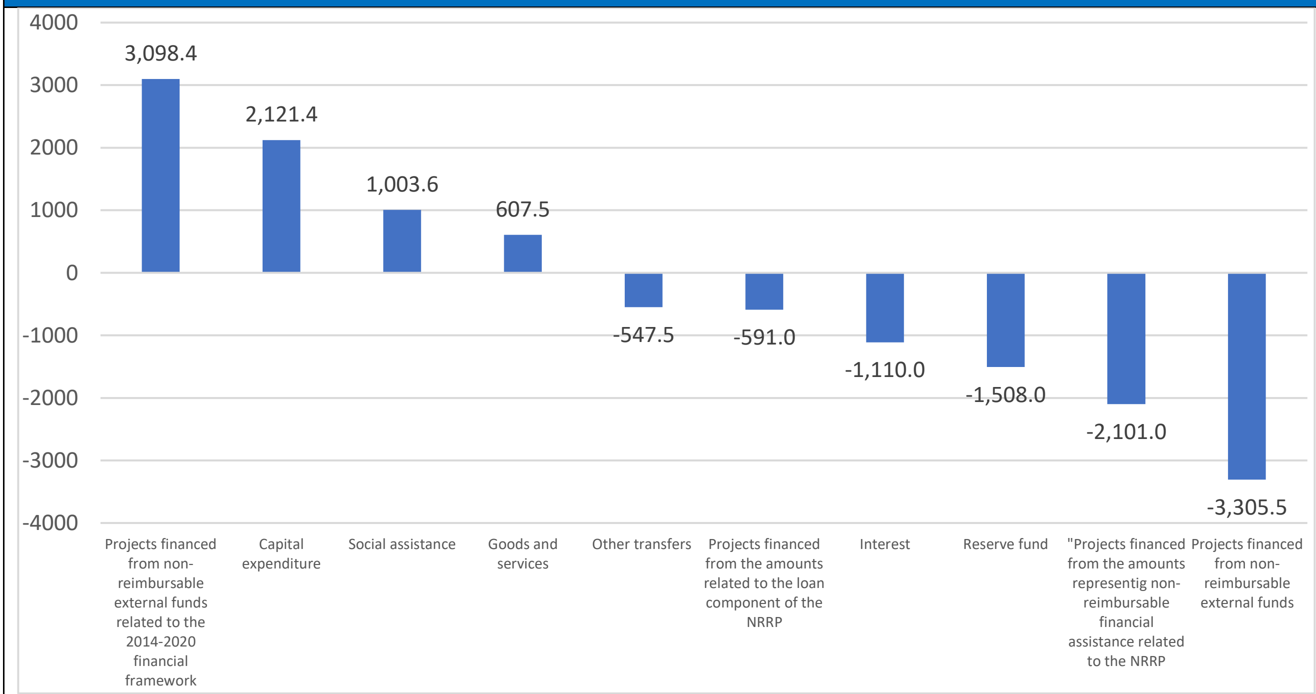
Source: Ministry of Finance, Fiscal Council calculations

Figure 3. Main changes in budget revenues compared to the first revision (million lei)



Source: Ministry of Finance, Fiscal Council calculations

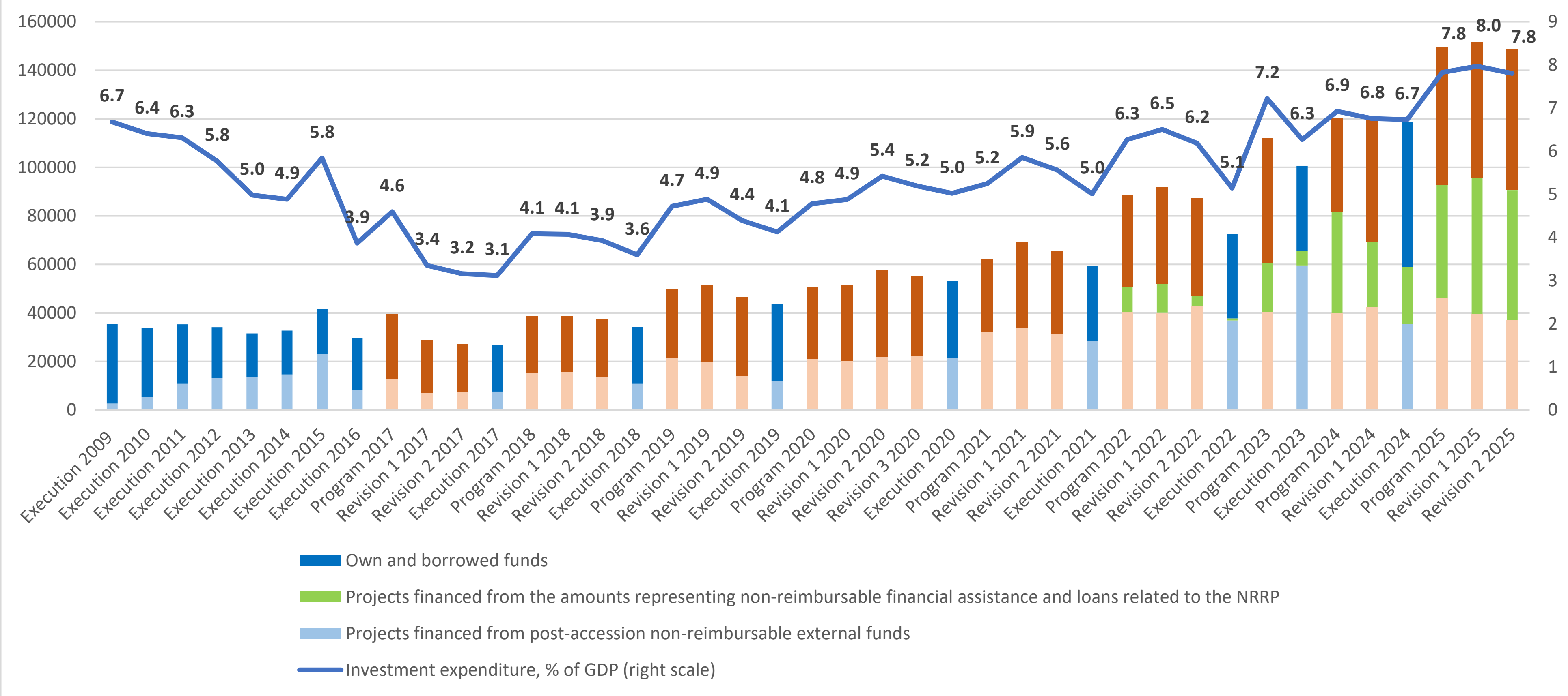
Figure 4. Main changes in budget expenditures compared to the first revision (million lei)



Source: Ministry of Finance, Fiscal Council calculations

Annex III

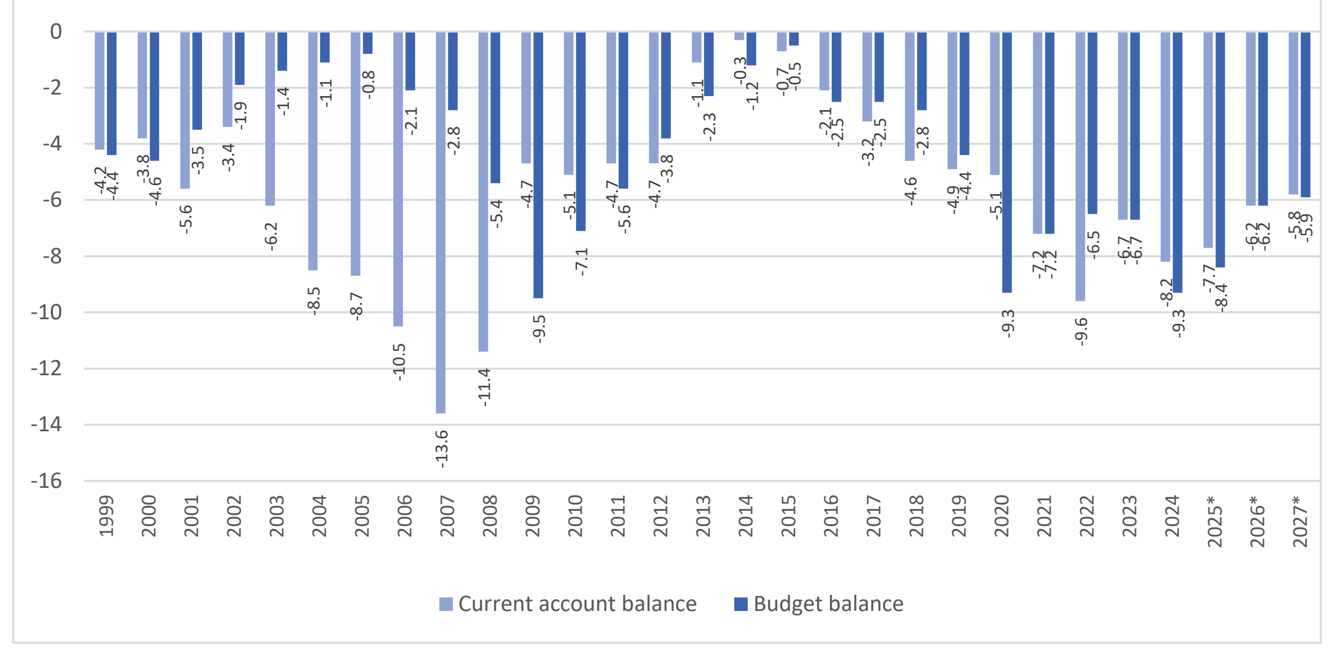
Figure 5. Evolution of public investment expenditures in the 2009-2025 period - planned level vs. achievements (million lei)



Source: Ministry of Finance, Fiscal Council calculations

Annex IV

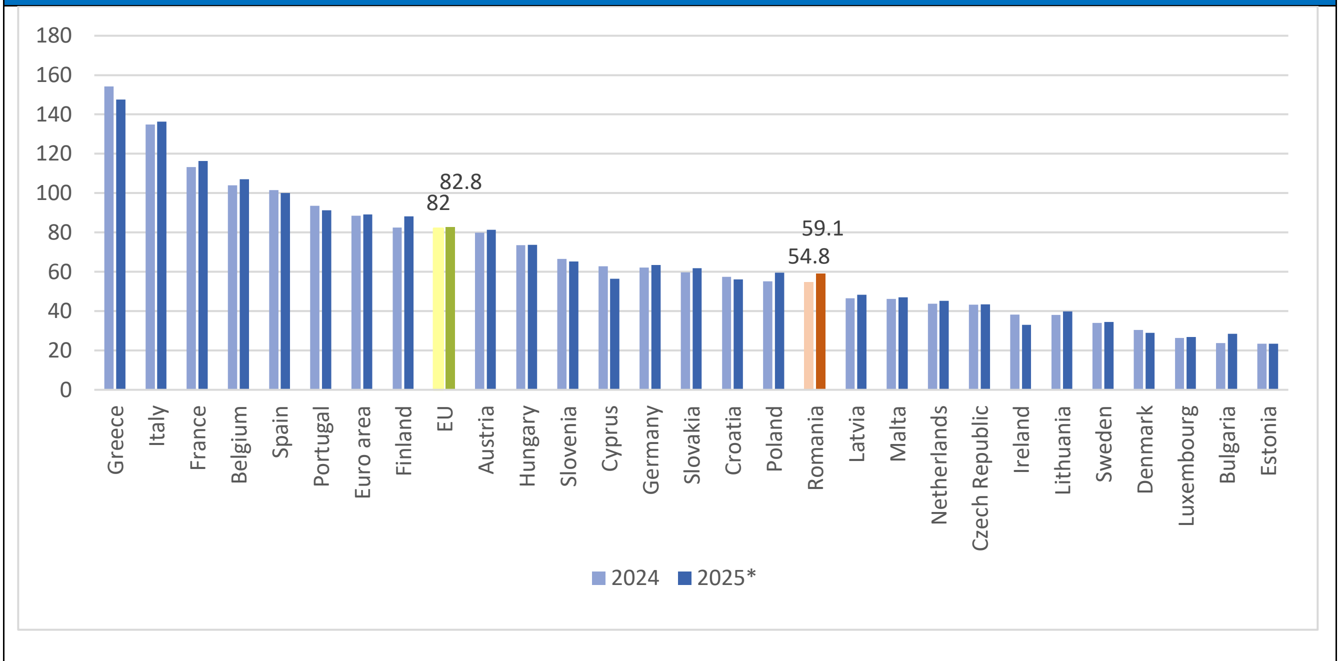
Figure 6. Evolution of the budget balance and current account balance in Romania during 1999-2026 (% of GDP, ESA 2010)



Source: AMECO

*Note: * represents AMECO forecast*

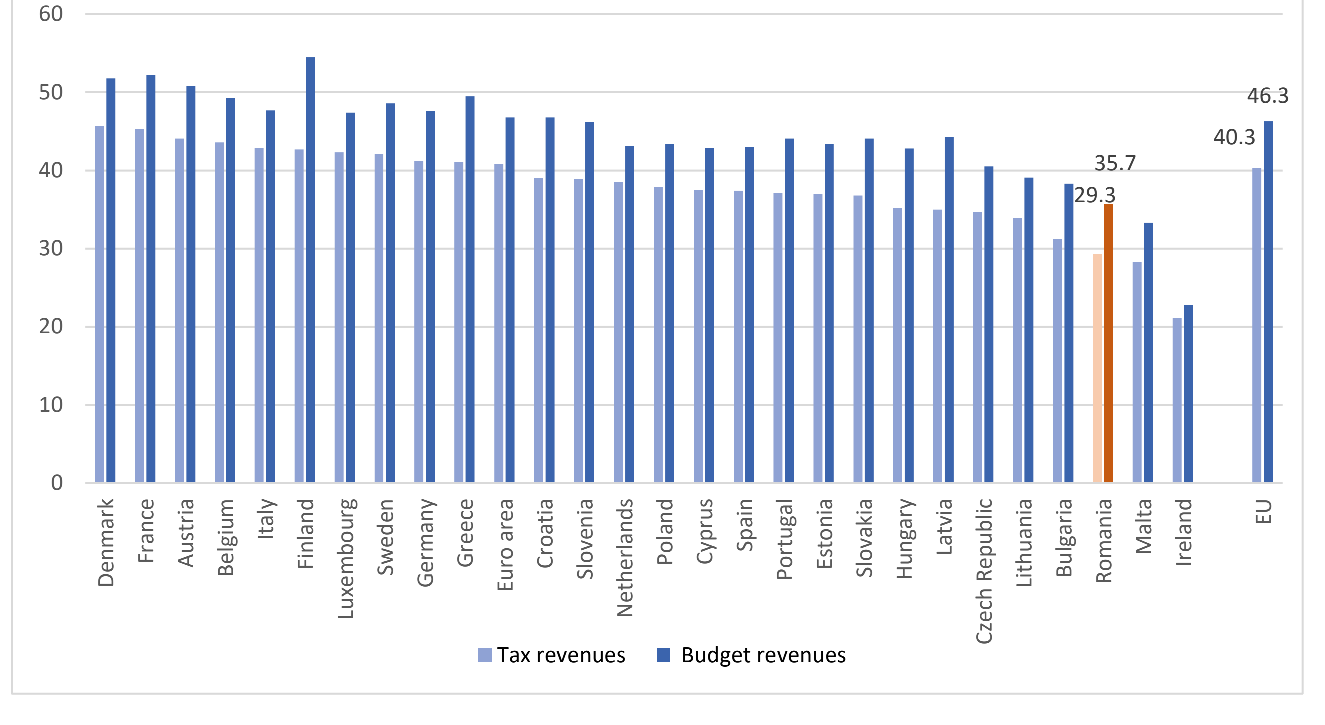
Figure 7. Evolution of public debt in EU countries in 2024 and forecast for 2025 (% of GDP)



Source: AMECO

*Note: * represents AMECO forecast*

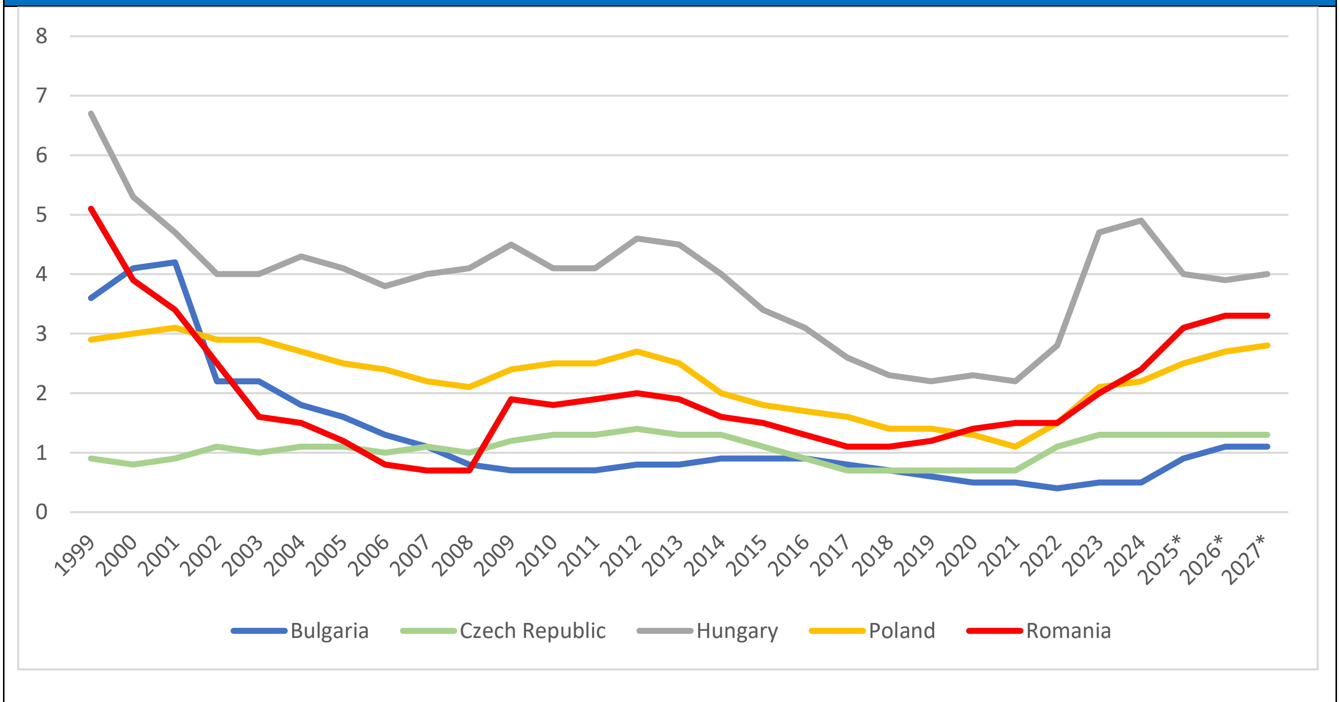
Figure 8. Budget revenues and tax revenues in 2025* (% of GDP, ESA 2010)



Source: AMECO

*Note: * represents AMECO forecast*

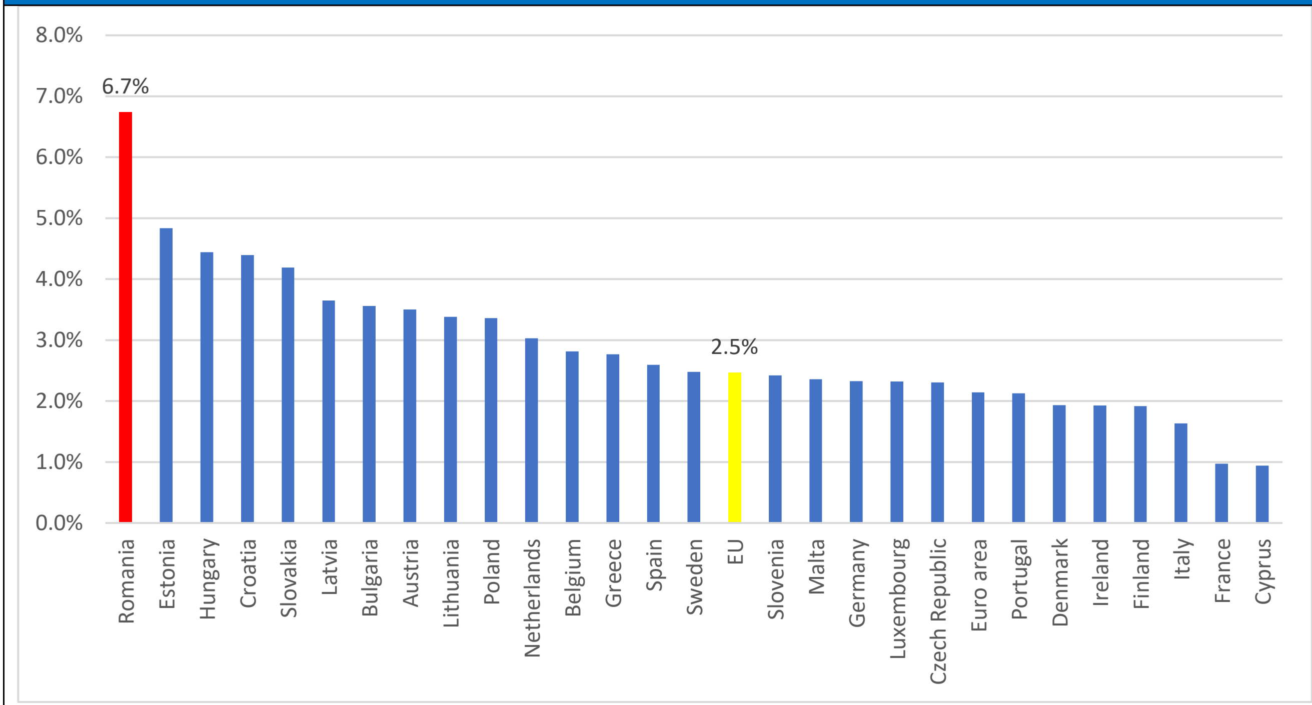
Figure 9. Evolution of interest expenses in Romania and the countries in the region (% of GDP)



Source: AMECO

*Note: * represents AMECO forecast*

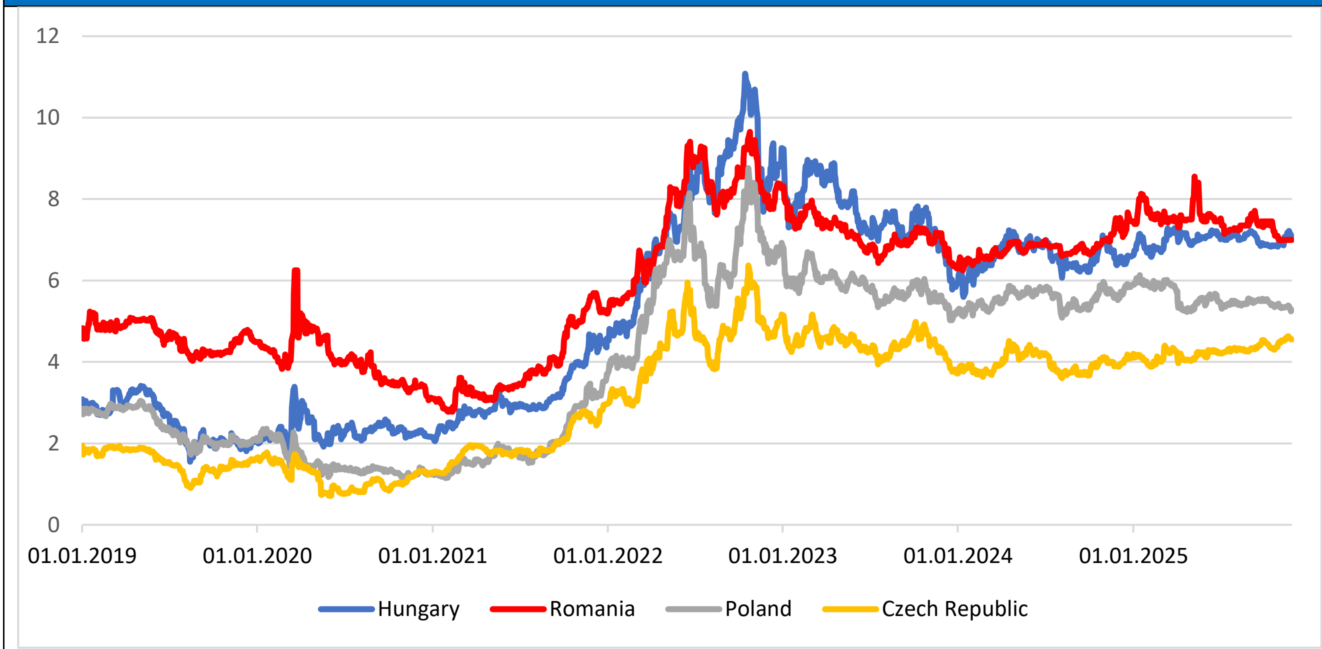
Figure 10. Harmonized index of consumer prices in EU countries in 2025* (%)



Source: AMECO

*Note: * represents AMECO forecast*

Figure 11. Evolution of yields on 10-year government bonds in Romania and peer countries (%)



Source: Refinitiv Datastream