EUROPEAN
COMMISSION

Brussels, 27.6.2013
COM(2013) 490 final

COMMUNICATION FROM THE COMMISSION

Harmonized framework for draft budgetary plans and debt issuance reports within the euro area

EN EN

1. INTRODUCTION

Regulation (EU) No 473/2013 of the European Parliament and of the Council on common provisions for monitoring and assessing draft budgetary plans and ensuring the correction of excessive deficit of the Member States in the euro area (OJ L140, 27.05.2013) entered into force on 30 May 2013. It builds on and complements within the euro area (EA) the Stability and Growth Pact (SGP), the European framework for fiscal surveillance. This Regulation takes a concrete and decisive step towards strengthening the surveillance mechanisms applicable to all EA Member States.

The new fiscal surveillance features for EA Member States stemming from Regulation No 473/2013 mean increased transparency on their budgetary decisions and stronger budgetary coordination between them starting with the 2014 budgetary cycle.

In particular, the new common budgetary provisions include a new coordinated surveillance exercise that will take place annually in the autumn. By 15 October every autumn, all EA Member States will submit their draft budgetary plans (DBPs) for the forthcoming year. For each EA Member State, the Commission will then issue an opinion on the DBP before the adoption of the corresponding national budget. Where, in exceptional cases, the Commission identifies particularly serious non-compliance of a plan with the budgetary policy obligations laid down in the SGP, a revised draft plan will be requested after consulting the Member State concerned. This new common budgetary timeline will facilitate policy coordination among euro area Member States and ensure that Council and Commission recommendations are appropriately integrated in the budgetary procedure of the Member States

As established in Article 6(5) of Regulation No 473/2013, "The specification of the content of the draft budgetary plan shall be set out in a harmonized framework established by the Commission in cooperation with the Member States." This Communication puts forward a harmonized framework for EA Member States to submit their DBP. A set of templates are to be found in the Annex, covering the key budgetary and macroeconomic data for the forthcoming year as required by Regulation No 473/2013.

Furthermore, Regulation No 473/2013 also fosters a better coordination of national debt issuance plans, establishing a reporting obligation for all EA Member States. In particular, all EA Member States are required to ex-ante and timely report on their national debt issuance plans. This information will further enable an adequate monitoring of debt developments in the euro area and will increase coordination of debt issuance decisions. According to Article 8 of this Regulation, the harmonized form and content of these reports "shall be laid down by the Commission, in cooperation with the Member States". Thus, this Communication also puts forward a harmonized form and content for EA Member States to report on their national debt issuance plans.

2. SPECIFICATIONS ON THE FORM AND CONTENT OF DRAFT BUDGETARY PLANS.

The guidelines set out below should be considered as a code of good practice and checklist to be used by Member States in preparing DBP. Member States are expected to follow the guidelines, and to justify any departure from them.

The DBP essentially should present an update of some of the standardized set of tables from the Stability Programmes, complemented by detailed information on the measures presented in the DBP.

In line with existing guidelines provided for Stability and Convergence Programmes, the concepts used should be consistent with the standards established at European level, notably in the context of the European system of accounts (ESA).

The DBP should allow the identification of sources of possible discrepancies from the budgetary strategy in the most recent Stability Programme. For this reason, besides the required data for the forthcoming year, i.e. the year for which the budget is being drafted (year *t+1* in the standardized tables in the Annex), the corresponding estimates for the current year (*t* in the standardized tables in the Annex) should also be included, together with the outcomes of the previous year (*t-1* in the standardized tables in the Annex), consistent with data reported under the excessive deficit procedure.

A. Independent macroeconomic forecasts and assumptions. Estimated impact of aggregated budgetary measures on economic growth.

DBPs should be based on independent macroeconomic forecasts, as set out in Article 6(3) of Regulation No 473/2013. Accordingly, Tables 1a, 1b, 1c, 1d of the DBP, included in the Annex, present the main expected economic developments and important economic variables used in the preparation of the DBP.

In particular, Table 1a contains data on real GDP rate of change observed in year *t-1*, and real GDP rate of change forecasted for years *t* and *t+1*. The estimated impact on economic growth of the aggregated budgetary measures envisaged in the DBP should be included in these forecasted growth rates for years *t* and *t+1*. Therefore, following Article 6(3)(g) of Regulation No 473/2013, this estimated impact on economic growth is recommended to be specified in Table 1a or otherwise detailed in the methodological annex.

The basic assumptions upon which macroeconomic forecasts are based should be presented in table 0.i) of the Annex. Further main assumptions typically relevant for the production of macroeconomic forecasts are presented in table 0.ii). Member States may find useful to check the latter when trying to summarise the assumptions upon which the independent macroeconomic forecasts are based.

Member States should also make explicit whether the independent macroeconomic and budgetary forecasts have been produced or endorsed by the independent body.

B. Budgetary targets

The budgetary targets for the general government balance, broken-down by sub-sector of the general government (central government, state or regional government for Member States with federal or largely decentralized institutional arrangements, local government and social security) should be presented in the corresponding tables also included in the Annex. As stated in Article 7(2) of Regulation No 473/2013, the Commission should assess whether the DBP complies with the budgetary policy obligations laid down in the SGP. In order to make this assessment possible, structural budgetary targets and one-off and other temporary measures are also among the required information in this section. Compliance with the debt benchmark is assessed against debt developments data, which should be consistent with the previously detailed budgetary targets and macroeconomic forecasts. This information, which is required in the tables 2.a, 2.b and 2.c of the Annex, could be complemented with data on contingent liabilities that could affect the medium-term government debt position.

To allow for a comprehensive understanding of the government balance and of the budgetary strategy in general, information should be provided on expenditure and revenue targets and on their main components. This information is contained in table 4a of the Annex. Bearing in mind the conditions and criteria to establish the expenditure growth to be assessed in accordance with Article 5(1) of Regulation No 1466/97, which defines an expenditure benchmark, the DBP also presents the planned growth of government expenditure which receives a special treatment in the computation of the expenditure benchmark.

A breakdown of the general government expenditure by function is contained in the corresponding tables in the Annex. Where possible, Member States are encouraged to provide this information broken down into the categories detailed in the Classification of the Functions of Government (COFOG). In any case, according to Article 6(3)(d)) of Regulation No 473/2013, relevant information on the general government expenditure on education, healthcare and employment should be provided, either in the proposed table or otherwise detailed in the DBP.

C. Public expenditure and revenue under the no-policy-change scenario and discretionary budgetary measures.

Each Member State should appropriately define a scenario for expenditure and revenue at unchanged policies for the forthcoming year (i.e. pre-budget, excluding the new measures that have been proposed in the context of the budgetary process) and make public the underlying assumptions, methodologies and relevant parameters. The 'no-policy change' assumption involves the extrapolation of revenue and expenditure trends before adding the impact of discretionary budgetary measures decided in the context of the budgetary process for the forthcoming year. The results of projections for the expenditure and the revenue sides on the basis of the unchanged policy assumption are presented in table 3 of the Annex, while the set of tables 5.a, 5.b and 5.c describe and summarize the discretionary measures in the process of being adopted by the different sub-sectors to reach the budgetary targets.

These three tables should contain an exhaustive technical description of the measures being taken by the different sub-sectors, together with information concerning the motivation, the design and the implementation of the measure. The target of the budgetary measure should also be detailed, in ESA terms, specifying whether it is a discretionary expenditure or revenue measure. Furthermore, the precise component of the expenditure or revenue side targeted by the discretionary measure should also be specified. This will make the comparison between the targets and the no-policy-change outcomes feasible. In other words:

- On the revenue side, it should be stated whether it is a measure targeting:
  - Taxes on production and imports (ESA code: D.2)
  - Current taxes on income, wealth, etc. (ESA code: D.5)
  - Capital taxes (ESA code: D.91)
  - Social contributions (ESA code: D.61)
  - Property income (ESA code; D.4)
  - Other (ESA code: P.11+P.12+P.131+D.39+D.7+D.9 {other than D.91})
- On the expenditure side, it should be stated whether it is a measure targeting:
  - Compensation of employees (ESA code: D.1)
  - Intermediate consumption (ESA code: P.2)
  - Social payments (social benefits and social transfers in kind supplied to households via market producers ESA code: D.62, D.6311, D.63121,

D.63131), of which, where applicable, unemployment benefits including cash benefits (D.621 and D.624) and in kind benefits (D.6311, D.63121, D.63131) related to unemployment benefits should be also specified.

- Interest expenditure (ESA code: D.41)
- Subsidies (ESA code: D.3)
- Gross fixed capital formation (ESA code: P.51)
- Capital transfers (ESA code: D.9)
- Other (ESA code: D.29+D.4 {other than D.41} +D.5+D.7+P.52+P.53+K.2+D.8)

The time profile of the measures should be specified in order to distinguish measures with a transitory budgetary effect that does not lead to a sustained change in the intertemporal budgetary position (i.e. in the permanent level of revenues or expenditure) from those having a permanent budgetary effect that leads to a sustained change in the intertemporal budgetary position (i.e. in the permanent level of revenues or expenditure). According to Regulation No 473/2013 measures with an estimated budgetary impact above 0.1% of GDP should be described in detail, whereas those with a budgetary impact below this threshold need to be identified and their aggregated budgetary impact indicated. To the extent possible, smaller measures affecting the same revenue / expenditure category could be meaningfully grouped together. However, in the context of the Economic and Financial Committee Member States have agreed to further improve the quality of discretionary tax measures (DTM) reporting, committing themselves to describe in detail all DTM with a minimum budgetary impact of 0.05% of GDP. Thus, in the context of the DBPs and to improve consistency across reporting requirements, Member States are also encouraged to provide detailed information on all discretionary budgetary measures with an estimated budgetary impact above 0.05% of GDP.

DBPs should also contain information on the estimated budgetary impact of discretionary measures at the level of each sub-sector, included in tables 5.a, 5.b and 5.c of the Annex. The budgetary impact of all measures is to be recorded in terms of the incremental impact –as opposed to recording the budgetary impact in terms of levels- compared to the previous year baseline projection. This implies that simple permanent measures should be recorded as having an effect of +/- X in the year(s) they are introduced and zero otherwise, i.e. the overall impact on the level of revenues or expenditures must not cancel out. If the impact of a measure varies over time, only the incremental impact should be recorded in the table[1]. By their nature, one-off measures should be always recorded as having an effect of +/-X in the year of the first budgetary impact and -/+ X in the following year, i.e. the overall impact on the level of revenues or expenditures in two consecutive years must be zero.[2]

Depending on each specific measure, Member States should adapt the dimension of these three tables accordingly, so they contain as many columns as needed to reflect the complete budgetary impact over time. Underlying assumptions used to estimate the budgetary impact of

1 For instance: a measure which takes effect in July of year t may have a total impact of 100 in the first year and 200 in the years after. In the reporting tables, this should be recorded as +100 in year t and again +100 (the increment) in year t+1. The total impact of a measure in a given year can be derived as the cumulative impact of the increments since its introduction.

2 One-off measures covering more than one year (e.g. a tax amnesty generating income in two consecutive years) should be recorded as two separate measures, one as a measure having its first impact in t and one having its first impact in t+1.

each measure (e.g. elasticities or evolution of the tax base) should also be described in the DBP. Finally, DBPs should also specify the accounting principle on which the data are being reported: by default, they should be reported on accrual basis, but, if impossible, it should be indicated explicitly that the value reported is based on cash reporting.

D. Union's Strategy for growth and jobs targets and Country Specific Recommendations.

Details on how the measures adopted address the CSRs or the national targets in accordance with the Union's strategy for growth and jobs are included in tables 6.a and 6.b of the Annex.

E. Indications on the expected distributional impact of the main expenditure and revenue measures.

Information on the expected distributional impact of the main expenditure and revenue measures should also be specified in DBPs, according to Article 6(3)(d) of Regulation No 473/2013.

Whereas the majority of Member States already include in their budgets qualitative considerations on the distributional impact of fiscal measures, quantitative estimations are much less common. Certainly, quantifying the distributional impact of budgetary measures is a challenging task. For this reason no standardized table on this aspect of DBPs is included in the Annex; on the contrary, Member States should provide, to the extent possible, qualitative information and quantitative estimations on the distributional effects of budgetary measures, presented as best fits each Member State's specific measures and available analytical frameworks.

F. Comparison between DBP and the most recent Stability Programme.

Table 7 of the Annex compares the budgetary targets and projections at unchanged policies in the DBP with those of the latest SP. Possible differences in past and planned data with respect to those in the SP should be duly explained.

G. Methodological Annex.

Finally, table 8 in the Annex contains the methodological aspects that should be included in the DBP. These should include details on the different estimation techniques applied along the budgetary process, together with its relevant features and the assumptions used. In case the estimated impact of aggregated budgetary measures on economic growth has not been reported in Table 1.a, it should be specified in this Annex.

3. GUIDELINES ON THE FORM AND CONTENT OF DEBT ISSUANCE REPORTS.

Following Article 8(2) of Regulation No 473/2013, this section provides a harmonised form and content for EA Member States to report on their national debt issuance plans.

In order to place the national debt issuance plans in a fiscal surveillance framework they should be accompanied by general information on the overall financing needs of the central budget. Therefore, two reports are to be submitted: an annual and a quarterly report.

Given the need for flexibility in changing market conditions, the forward-looking information in these reports is understood to be indicative and subject to market conditions. The reports should in principle not be disseminated to the public, given the potential sensitivity of this information.

1. The annual report should contain:

   – general information on the overall financing needs of the central budget, such as (i) redemptions of securities with an original maturity of one year or more; (ii) stock of securities with an original maturity of less than one year; (iii) net cash financing; (iv) cash deficit and (v) net acquisition of financial assets, excluding net cash financing,

   – the issuance plans for the next year including the break-down into short-term and medium- to long-term securities following the template provided below.

Table III – Template to be contained in annual debt issuance reports[3].

Total funding requirement (EUR million)								**Financing plan (EUR million)**			
Redemptions of securities with an original maturity of one year or more (1)	**Stock of T-bills and Commercial Papers at the end of the previous year (2)**	**Net cash financing (3)**	**Total refinancing needs (4 = 1+2 +3)**	**Cash deficit/ surplus (5)**	**Net acquisition of financial assets, excl. net cash financing (6)**	**Other (7)**	**Total (8 = 4+5 +6+7)**	**Change in the stock of short-term (T-bills + CPs) (9)**	**Medium to long-term (10)**	**Other (11)**	**Total (12 = 2+9+ 10+11)**

The report should be submitted to the Commission at least one week before the end of the calendar year.

3 Provision of data on variables in bold characters is a requirement.

Provision of data on other variables is optional but highly desirable.

2. The quarterly report should present the issuance plans, per quarter (non-cumulative) including the breakdown into short-term and medium- to long-term securities. Issuance plans for the quarter(s) to come should be accompanied by a report on actual issuance in the preceding quarter as well as the estimate of issuance for the current quarter following the template provided below. While, in principle and under more normal market conditions, foreseen issuance plans should be reported for several quarters ahead, under the current market conditions such issuance forecasts might be difficult to make or be of limited informational value. Therefore, it is suggested that only the immediate quarter ahead would be subject to such reporting.

Table IV – Template to be contained in quarterly debt issuance reports[4,5].

Financing plan (EUR million)				
	Short-term (T-bills + CPs)* (1)	**Medium to long-term (2)**	**Other (3)**	**Total (4=1+2+3)**
q-1 (preceding quarter, actual data)	*actual data*	*actual data*	*actual data*	*actual data*
q (current quarter, estimate)	*estimate*	*estimate*	*estimate*	*estimate*
q+1 (next quarter, plan)	*plan*	*plan*	*plan*	*plan*

** Please report here the actual issuance, i.e. including multiple counting of 1-month bill rollover*

The report should be submitted to the Commission at least one week before the beginning of the next quarter.

The quarterly periodicity of issuance plans reporting is considered to strike the right balance between, on the one hand, increasing the transparency and predictability of funding plans, and, on the other hand, leaving enough flexibility for issuance policies and procedures.

All the amounts should be expressed in million Euros.

Where data are available, Member States are encouraged to provide comparable templates with similar information concerning national agencies and regional or local governments.

4 Provision of data on variables in bold characters is a requirement.

Provision of data on other variables is optional but highly desirable.

5The reporting horizon will be revisited in dependence of a stabilisation of conditions on European sovereign debt markets

ANNEX. MODEL STRUCTURE AND TABLES TO BE CONTAINED IN DRAFT BUDGETARY PLANS.[6]

A. MODEL STRUCTURE FOR DRAFT BUDGETARY PLANS.

1. Macroeconomic Forecasts.

2. Budgetary targets.

3. Expenditure and revenue projections under the no-policy change scenario.

4. Expenditure and revenue targets. General government expenditure by function.

5. Discretionary measures included in the draft budget.

6. Possible links between the draft budgetary plan and the targets set by the Union's Strategy for growth and jobs and CSRs.

7. Comparison with latest Stability Programme.

8. Distributional impact of the main expenditure and revenue measures.

Annex: Methodological aspects, including the estimated impact of aggregated budgetary measures on economic growth.

6 Provision of data on variables in bold characters is a requirement
Provision of data on other variables is optional but highly desirable

B. TABLES TO BE CONTAINED IN DRAFT BUDGETARY PLANS.

1. Macroeconomic forecasts

Table 0.i) Basic assumptions

	Year t-1	Year t	Year t+1
Short-term interest rate[1] (annual average)			
Long-term interest rate (annual average)			
USD/€ exchange rate (annual average)			
Nominal effective exchange rate			
World excluding EU, GDP growth			
EU GDP growth			
Growth of relevant foreign markets			
World import volumes, excluding EU			
Oil prices (Brent, USD/barrel)			

[1]If necessary, purely technical assumptions.

Table 0.ii). Main assumptions. Non-exhaustive check list. (Similar information can be provided in different formats)

	Year t-1	Year t	Year t+1
1. *External environment*			
a. Prices of commodities b. Spreads over the German bond			
2. *Fiscal policy*			
a. General government net lending / net borrowing b. General government gross debt			
3. *Monetary policy / Financial sector / interest rates assumptions*			
a. Interest rates: i. Euribor ii. Deposit rates iii. Interest rates for loans iv. Yields to maturity of 10 year government bonds b. Evolution of deposits c. Evolution of loans d. NPL trends			
4. *Demographic trends*			
a. Evolution of working-age population b. Dependency ratios			
5. *Structural policies*			

Table 1.a. Macroeconomic prospects

	ESA Code	**Year t-1**	**Year t-1**	**Year t**	**Year t+1**
		Level	rate of change	rate of change	rate of change
1. Real GDP	B1*g				
Of which					
1.1. Attributable to the estimated impact of aggregated budgetary measures on economic growth[1]		---	---		
2. Potential GDP					
contributions:					
- labour					
- capital					
- total factor productivity					
3. Nominal GDP	B1*g				
Components of real GDP					
4. Private final consumption expenditure	P.3				
5. Government final consumption expenditure	P.3				
6. Gross fixed capital formation	P.51				
7. Changes in inventories and net acquisition of valuables (% of GDP)	P.52 + P.53				
8. Exports of goods and services	P.6				
9. Imports of goods and services	P.7				
Contributions to real GDP growth					
10. Final domestic demand			-		
11. Changes in inventories and net acquisition of valuables	P.52 + P.53		-		
12. External balance of goods and services	B.11		-		

1/ Please report here the estimated impact on real GDP growth of the aggregated budgetary measures contained in the DBP.

Table 1.b. Price developments

	ESA Code	**Year t-1**	**Year t-1**	**Year t**	**Year t+1**
		Level	rate of change	rate of change	rate of change
1. GDP deflator					
2. Private consumption deflator					
3. HICP					
4. Public consumption deflator					
5. Investment deflator					
6. Export price deflator (goods and services)					
7. Import price deflator (goods and services)					

Table 1.c. Labour market developments

	ESA Code	**Year t-1**	**Year t-1**	**Year t**	**Year t+1**
		Level	rate of change	rate of change	rate of change
1. Employment, persons[1]					
2. Employment, hours worked[2]					
3. Unemployment rate (%)[3]					
4. Labour productivity, persons[4]					
5. Labour productivity, hours worked					
6. Compensation of employees	D.1				
7. Compensation per employee					
			-		
			-		

1/ Occupied population, domestic concept national accounts definition.
2/ National accounts definition.
3/ Harmonised definition, Eurostat; levels.
4/ Real GDP per person employed.
5/ Real GDP per hour worked.

Table 1.d. Sectoral balances

	ESA Code	**Year t-1**	**Year t**	**Year t+1**
1. Net lending/net borrowing vis-à-vis the rest of the world	B.9	% GDP	% GDP	% GDP
of which:				
- Balance on goods and services				
- Balance of primary incomes and transfers				
- Capital account				
2. Net lending/net borrowing of the private sector	B.9			
3. Net lending/net borrowing of general government	B.9			
4. Statistical discrepancy				

2. Budgetary Targets

Table 2.a. General government budgetary targets broken down by subsector

	ESA Code	**Year t**	**Year t+1**
		% GDP	% GDP
Net lending (+) / net borrowing (-) (B.9) by sub-sector			
1. General government	S.13		
2. Central government	S.1311		
3. State government	S.1312		
4. Local government	S.1313		
5. Social security funds	S.1314		
6. Interest expenditure	D.41		
7. Primary balance[2]			
8. One-off and other temporary measures[3]			
9. Real GDP growth (%) (=1. in Table 1a)			
10. Potential GDP growth (%) (=2 in Table 1.a)			
contributions:			
- labour			
- capital			
- total factor productivity			
11. Output gap (% of potential GDP)			
12. Cyclical budgetary component (% of potential GDP)			
13. Cyclically-adjusted balance (1 - 12) (% of potential GDP)			
14. Cyclically-adjusted primary balance (13 + 6) (% of potential GDP)			
15. Structural balance (13 - 8) (% of potential GDP)			

1/ TR-TE= B.9.
2/ The primary balance is calculated as (B.9, item 8) plus (D.41, item 9).
3/ A plus sign means deficit-reducing one-off measures.

Table 2.b. General government debt developments

	ESA Code	**Year t**	**Year t+1**
		% GDP	% GDP
1. Gross debt[1]			
2. Change in gross debt ratio			
Contributions to changes in gross debt			
3. Primary balance (= item 10 in Table 2.a.i)			
4. Interest expenditure (= item 9 in Table 2.a.i)	D.41		
5. Stock-flow adjustment			
of which:			
- Differences between cash and accruals[2]			
- Net accumulation of financial assets[3]			
of which:			
- privatisation proceeds			
- Valuation effects and other[4]			
p.m.: Implicit interest rate on debt[5]			
Other relevant variables			
6. Liquid financial assets[6]			
7. Net financial debt (7=1-6)			
8. Debt amortization (existing bonds) since the end of the previous year			
9. Percentage of debt denominated in foreign currency			
10. Average maturity			

1/ As defined in Regulation 479/2009.
2/ The differences concerning interest expenditure, other expenditure and revenue could be distinguished when relevant or in case the debt-to-GDP ratio is above the reference value.
3/ Liquid assets (currency), government securities, assets on third countries, government controlled enterprises and the difference between quoted and non-quoted assets could be distinguished when relevant or in case the debt-to-GDP ratio is above the reference value.
4/ Changes due to exchange rate movements, and operation in secondary market could be distinguished when relevant or in case the debt-to-GDP ratio is above the reference value.
5/ Proxied by interest expenditure divided by the debt level of the previous year.
6/ Liquid assets are here defined as AF.1, AF.2, AF.3 (consolidated for general government, i.e. netting out financial positions between government entities), AF.511, AF.52 (only if quoted in stock exchange).

Table 2.c Contingent liabilities

	Year t	Year t+1
	% GDP	% GDP
Public guarantees		
Of which: linked to the financial sector		

3. Expenditure and Revenue Projections under the no-policy change scenario[7].

Table 3. General government expenditure and revenue projections at unchanged policies broken down by main components.

	ESA Code	**Year t**	**Year t+1**
General government (S13)		% GDP	% GDP
1. Total revenue at unchanged policies	TR		
Of which			
1.1. Taxes on production and imports	D.2		
1.2. Current taxes on income, wealth, etc	D.5		
1.3. Capital taxes	D.91		
1.4. Social contributions	D.61		
1.5. Property income	D.4		
1.6. Other[1]			
p.m.: Tax burden (D.2+D.5+D.61+D.91-D.995)[2]			
2. Total expenditure at unchanged policies	TE[3]		
Of which			
2.1. Compensation of employees	D.1		
2.2. Intermediate consumption	P.2		
2.3. Social payments	D.62[1] D.632		
of which Unemployment benefits[4]			
2.4. Interest expenditure	D.41		
2.5. Subsidies	D.3		
2.6. Gross fixed capital formation	P.51		
2.7. Capital transfers	D.9		
2.8. Other[5]			

1/ Under ESA95: D6311_D63121_D63131pay; in ESA2010 D632pay

4. Expenditure and Revenue targets.

Table 4.a General government expenditure and revenue targets, broken down by main components.

	ESA Code	**Year t**	**Year t+1**
General government (S13)		% GDP	% GDP
1. Total revenue target	TR		
Of which			
1.1. Taxes on production and imports	D.2		
1.2. Current taxes on income, wealth, etc.	D.5		
1.3. Capital taxes	D.91		
1.4. Social contributions	D.61		
1.5. Property income	D.4		
1.6. Other [1]			
p.m.: Tax burden (D.2+D.5+D.61+D.91-D.995)[2]			
2. Total expenditure target	TE[3]		
Of which			
2.1. Compensation of employees	D.1		
2.2. Intermediate consumption	P.2		
2.3. Social payments	D.62[6] D.632		
of which Unemployment benefits[4]			
2.4.= Table 2.a.9. Interest expenditure	D.41		
2.5. Subsidies	D.3		
2.6. Gross fixed capital formation	P.51		
2.7. Capital transfers	D.9		
2.8. Other[5]			

1/ .11+P.12+P.131+D.39rec+D.7rec+D.9rec (other than D.91rec)
2/ Including those collected by the EU and including an adjustment for uncollected taxes and social contributions D.995), if appropriate.

7 Please note that the no-policy change scenario involves the extrapolation of revenue and expenditure trends before adding the impact of the measures included in the forthcoming year's budget.

3/ TR-TE = B.9.
4/ Includes cash benefits (D.621 and D.624) and in kind benefits (D.631, under ESA2010 D.632) related to unemployment benefits.
5/ D.29pay + D.4pay (other than D.41pay) +D.5pay +D.7pay +P.52+P.53+K.2+D.8.
6/ Under ESA95: D6311_D63121_D63131pay; in ESA2010 D632pay

Table 4.b Amounts to be excluded from the expenditure benchmark

	ESA Code	**Year t-1**	**Year t-1**	**Year t**	**Year t+1**
		Level	% GDP	% GDP	% GDP
1. Expenditure on EU programmes fully matched by EU funds revenue					
2. Cyclical unemployment benefit expenditure [1]					
3. Effect of discretionary revenue measures [2]					
4. Revenue increases mandated by law					

1/ Please detail the methodology used to obtain the cyclical component of unemployment benefit expenditure. It should build on unemployment benefit expenditure as defined in COFOG under the code 10.5.
2/ Revenue increases mandated by law should not be included in the effect of discretionary revenue measures: data reported in rows 3 and 4 should be mutually exclusive.

Table 4.c General government expenditure by function.

4.c.i) General government expenditure on education, healthcare and employment

	Year t		Year t+1	
	% GDP	% general government expenditure	% GDP	% general government expenditure
Education[1]				
Healthcare[1]				
Employment[2]				

1/ These expenditure categories should correspond respectively to items 9 and7 in table 4.c.ii).
2/ This expenditure category should contain, inter alia, government spending related to active labour market policies (ALMPs) including public employment services. On the contrary, items such as compensation of public employees or vocational training programmes should not be included here.

4.c.ii) Classification of the functions of the Government

Functions of the Government	COFOG Code	Year t	Year t+1
		% GDP	% GDP
1. General public services	1		
2. Defense	2		
3. Public order and safety	3		
4. Economic affairs	4		
4. Environmental protection	5		
6. Housing and community amenities	6		
7. Health	7		
8. Recreation, culture and religion	8		
9. Education	9		
10. Social protection	10		
11. Total Expenditure (= item 2 in Table 2.c.i)	TE		

5. Description of discretionary measures included in the draft budget.

Table 5.a Discretionary measures taken by General Government

List of measures	Detailed description[1]	Target (Expenditure / Revenue component) ESA Code	Accounting principle	Adoption Status	Budgetary impact				
						Year t	Year t+1	Year t+2	Year t+…
						% GDP	% GDP	% GDP	% GDP
(1)									
(2)									
…									
					TOTAL				

1/ Please describe in further detail in case of major fiscal policy reform plans with potential spillover effects for other Member States in the Euro Area.

Table 5.b Discretionary measures taken by Central Government

List of measures	Detailed description[1]	Target (Expenditure / Revenue component) ESA Code	Accounting principle	Adoption Status	Budgetary impact				
						Year t	Year t+1	Year t+2	Year t+…
						% GDP	% GDP	% GDP	% GDP
(1)									
(2)									
…									
					TOTAL				

1/ Please describe in further detail in case of major fiscal policy reform plans with potential spillover effects for other Member States in the Euro Area.

Table 5.c Discretionary measures taken by sub-sectors of the General Government[1].

List of measures	Detailed description[2]	Target (Expenditure / Revenue component) ESA Code	Accounting principle	Adoption Status	Budgetary impact				
						Year t	Year t+1	Year t+2	Year t+…
						% GDP	% GDP	% GDP	% GDP
(1)									
(2)									
…									
					TOTAL				

1/ Please name whether State Government, Local Government and/or Social Security Funds.
2/ Please describe in further detail in case of major fiscal policy reform plans with potential spillover effects for other Member States in the Euro Area.

6. Indications on how the measures in the DBP address CSR and the targets set by the Union's Strategy for growth and jobs.

Table 6.a CSR recommendations

CSR number	List of measures	Description of direct relevance

Table 6.b Targets set by the Union's Strategy for growth and jobs.

National 2020 headline targets	List of measures	Description of direct relevance to address the target
National 2020 employment target […]		
National 2020 R&D target […]		
GHG emission reduction target […]		
Renewable energy target […]		
National energy efficiency target […]		
National early school leaving target […]		
National target for tertiary education […]		
National poverty target […]		

7. Divergence from latest SP.

Table 7. Divergence from latest SP.

	ESA Code	Year t-1	Year t	Year t+1
		% GDP	% GDP	% GDP
Target general government net lending/net borrowing	B.9			
Stability Programme				
Draft Budgetary Plan				
Difference				
General government net lending projection at unchanged policies	B.9			
Stability Programme				
Draft Budgetary Plan				
Difference[1]				

1/ This difference can refer to both deviations stemming from changes in the macroeconomic scenario and those stemming from the effect of policy measures taken between the submission of the SP and the submission of the DBP. Differences are expected due to the fact that the no-policy change scenario is defined differently for the purpose of this Code of Conduct with respect to the Stability Programme.

8. Distributional impact of the main expenditure and revenue measures.

In accordance with Article 6(3)(d) of Regulation 473/2013,Member States should provide, to the extent possible, qualitative information and quantitative estimations on the distributional effects of budgetary measures, presented as best fits each Member State's specific measures and available analytical frameworks.

Quantifying the distributional impact of budgetary measures is a challenging task. For this reason no standardized table on this aspect of DBPs is included in this Annex. Quantitative estimations of the distributional impact of budgetary measures could be assessed by computing the expected changes in the Gini index, the S80/S20 indicator or the poverty rates as a result of them. This methodology could represent one possible way forward among others.

Annex to the DBP: Methodology, economic models and assumptions underpinning the information contained in the DBP.

Table 8. Methodological aspects.

Estimation Technique	Step of the budgetary process for which it was used[1]	Relevant features of the model/ technique used	Assumptions
Tool n.1			
Tool n.2			
…			

1/ Modeling tools may have been used:
- when doing macro forecasts
- when estimating expenditure and revenue under the no policy change scenario
- when estimating the distributional impact of the main expenditure and revenue measures
- when quantifying the expenditure and revenue measures to be included in the draft budget
- when estimating how reforms included in the DBP address targets set by the Union's Strategy for growth and jobs and CSRs.