

Annex.

Addendum to the Progress Report 2025 of the Fiscal Structural Plan 2025-2028 of Latvia.

The Progress Report was approved at the meeting of the Cabinet of Ministers on 15 April 2025. Paragraph 6 of Section 36 of the Minutes of the Cabinet of Ministers meeting No. 15¹ foresees that the Ministry of Finance shall supplement the Progress Report with an annex containing updated information on fiscal indicators if, after the publication of the notification of the general government deficit and debt by *Eurostat*, the Statistical Office of the European Union, significant deviations from the values forecasted by the Ministry of Finance are identified.

On 22 April 2025, *Eurostat*, the Statistical Office of the European Union, published the notification data² for 2024, indicating that according to the European System of Accounts methodology Latvia's general government deficit and debt in 2024 are 1.8% of GDP and 46.8% of GDP, respectively. The Ministry of Finance's estimate of the general government deficit and debt in 2024, which was included in the Progress Report, is 2.1% of GDP and 47.1% of GDP. Thus, the Ministry of Finance's projections for the general government budget deficit and debt differ from the actual data by 0.3 percentage points. The differences in the general government deficit are mainly due to updated data on receivables and payables, the economic performance of reclassified enterprises and the time lag adjustment for taxes.

In order to ensure that the Progress Report provides the most up-to-date data to assess the consistency of the actual fiscal trajectory with that endorsed by the EU Council, this Annex is prepared and will be submitted together with the Progress Report to the European Commission by 30 April 2025. This Annex includes the following tables with the most up-to-date information: *Table 1a - Fiscal commitments fulfilment*, *Table 4 - Budgetary projections*, and *Table G - Control account balance*. The impact of deviations in the fiscal indicators on the implementation of the fiscal trajectory is limited (see Table 1a), given that general government expenditure has increased mainly due to higher spending on European Union funds, which is excluded from the calculation of the fiscal trajectory and does not affect the general government budget balance, as general government revenue is higher at the same time.

It should be noted that deviations of the actual fiscal data for 2024 from the values projected by the Ministry of Finance do not change the fiscal projections for 2025-2029 and the fiscal space calculation. In line with the schedule for the preparation of the Draft Law "On the State Budget for 2026 and the Budgetary Framework for 2026, 2027 and 2028", in August 2025, the Ministry of Finance will update the projections of the general government budget fiscal indicators and fiscal space based on actual execution data and the projections of macroeconomic indicators updated in June 2025, by preparing the Informative Report "On the projections of macroeconomic indicators, revenue and general government budget balance in 2026, 2027, 2028 and 2029".

¹ The Minutes of the Cabinet of Ministers meeting of April 15, 2025, are available: https://tapportals.mk.gov.lv/legal_acts/43d9ef5b-a51b-4f41-8387-e7e17e8e7a97

² The press release published by *Eurostat* is available: <https://ec.europa.eu/eurostat/en/web/products-euro-indicators/w/2-22042025-ap>

Table 1a. Fiscal commitments fulfilment

			2024	2025
	NNFPE growth approved by the EU Council, %	annual	9.1	5.9
		cumulative	9.1	15.5
	Actual NNFPE growth, %	annual	3.9	5.7
		cumulative	3.9	9.8

Table 4. Budgetary projections

		ESA code	2023	2023	2024	2025
	Revenue		GG EUR billion	% of GDP	% of GDP	% of GDP
1	Taxes on production and imports	D.2	5.6	14.2	14.5	14.8
2	Current taxes on income, wealth, etc.	D.5	3.1	8.0	9.3	8.7
3	Social contributions	D.61	4.3	10.8	11.6	12.1
4	Other current revenue	(P.11+P.12+ P.13)	2.9	7.4	7.6	6.7
5	Capital taxes	D.91	0.0	0.0	0.0	0.0
6	Other capital revenue	D.92+D.99	0.3	0.9	0.9	1.6
7	Total revenue (=1+2+3+4+5+6)	TR	16.3	41.3	43.9	43.9
8	Of which: transfers from the EU (accrued revenue, not cash)	D.7EU+D.9 EU	0.7	1.9	2.0	2.4
9	Total revenue other than transfers from the EU (= 7-8)		15.5	39.4	42.0	41.5
10	p.m. Revenue measures (increments, excluding EU-funded measures)		-0.1	-0.3	0.9	0.0
10 b	p.m. EU-funded revenue measures		0.0	0.0	0.0	0.0
11	p.m. One-off revenue included in projections (level excluding EU-funded measures)		0.0	0.0	0.0	0.0
	Expenditure		GG EUR billion	% of GDP	% of GDP	% of GDP
12	Compensation for employees	D.1	4.8	12.2	13.2	13.2
13	Intermediate consumption	P.2	2.4	6.2	6.4	6.8
14	Interest expenditure	D.41	0.3	0.7	1.1	1.3
15	Social benefits other than social transfers in kind	D.62	4.7	12.0	13.3	13.4
16	Social transfers in kind via market producers	D.632	0.6	1.5	1.7	1.2
17	Subsidies	D.3	0.8	2.1	0.7	0.9

		ESA code	2023	2023	2024	2025
18	Other current expenditure	D.29+(D.4-D.41)+D.5+D.7+D.8	1.0	2.4	2.6	3.8
19	Gross fixed capital formation	P.51	2.2	5.6	5.7	6.0
20	Of which: Nationally financed public investment		1.8	4.7	4.9	4.7
21	Capital transfers	D.9	0.2	0.4	0.3	0.3
22	Other capital expenditure	P.52+P.53+NP	0.2	0.5	0.6	0.2
23	Total expenditure (=12+13+14+15+16+17+18+19+21+22)	TE	17.2	43.7	45.7	47.1
24	Of which: Expenditure funded by transfers from the EU (=8)	D.7EU+D.9EU	0.7	1.9	2.0	2.4
25	Nationally financed expenditure (23-24)		16.5	41.8	43.7	44.7
26	p.m. National co-financing of programmes funded by the Union		0.2	0.4	0.3	0.5
27	p.m. Cyclical component of unemployment benefits		0.0	0.0	0.1	0.1
28	p.m. One-off expenditure included in projections (levels, excluding EU-funded measures)		0.0	0.0	0.0	0.0
29	Net nationally financed primary expenditure (before revenue measures) (= 25-26-27-28-14)		16.0	40.6	42.2	42.8
	Net nationally financed primary expenditure				% of GDP	% of GDP
30	Net nationally financed primary expenditure growth	Table 1a			3.9	5.7
	Balances		GG EUR billion	% of GDP	% of GDP	% of GDP
31	Net lending / borrowing (= 7-23)	B.9	-0.9	-2.4	-1.8	-3.1
32	Primary balance (= 31-14)	B.9-D.41p	-0.6	-1.6	-0.7	-1.8
	Cyclical adjustment			% of GDP	% of GDP	% of GDP
33	Structural balance			-2.7	-1.3	-2.6
34	Structural primary balance			-2.0	-0.2	-1.2
	Debt		GG EUR billion	% of GDP	% of GDP	% of GDP
35	Gross debt		17.6	44.6	46.8	49.0
36	Change in gross debt		1.5	0.2	2.1	2.3
37	Contribution to changes in gross debt					

		ESA code	2023	2023	2024	2025
38	Primary balance (= minus 32)			-1.6	-0.7	-1.8
39	'Snowball effect'			-3.0	0.2	-0.6
40	Interest expenditure (= 14)			0.7	1.1	1.3
41	Growth			-1.2	0.2	-0.5
42	Inflation			-2.5	-1.1	-1.4
43	Stock-flow adjustment (=36-38+39)			1.5	1.3	1.1
				%	%	%
44	p.m.: Implicit interest rate on debt (=14/DEBT(t-1))			1.8	2.5	3.0

Table G. Control account balance

	2024	2025
NNFPE growth approved by the EU Council, %	9.1	5.9
Actual NNFPE growth, %	3.9	5.7
Difference, EUR million	-835.8	-32.5
Cumulative difference, EUR million	-835.8	-868.2
Annual control account balance, % of GDP		-0.1
Cumulative control account balance, % of GDP		-2.1