

Annex.

Addendum to the Progress Report 2026 of the Fiscal Structural Plan 2025-2028 of Latvia.

The Progress Report was approved at the meeting of the Cabinet of Ministers on 14 April 2026. Paragraph 6 of Section 30 of the Minutes of the Cabinet of Ministers meeting No. 20¹ 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 2026, *Eurostat*, the Statistical Office of the European Union (hereinafter – *Eurostat*), published the notification data² for 2025, indicating that according to the European System of Accounts methodology Latvia's general government deficit and debt in 2025 are 2.5% of GDP and 46.9% of GDP, respectively. The Ministry of Finance's estimate of the general government deficit and debt in 2025, which was included in the Progress Report, is 2.4% of GDP and 47.0% of GDP. Thus, the Ministry of Finance's projections for the general government budget deficit and debt differ from the actual data by 0.1 percentage points, which is not a significant deviation. However, according to the Ministry of Finance's assessment, general government budget revenue amounts to 43% of GDP and expenditure to 45.3% of GDP, which differs significantly from the figures reported by the *Eurostat* – 43.6% of GDP and 46.1% of GDP, respectively. Differences in the general government budget deficit are primarily related to updated accounts receivable and payable data. Meanwhile, the levels of revenue and expenditure differ due to the assessment of expenditure from European Union funds. In accordance with the European System of Accounts methodology, revenue from European Union funds is recorded at the expenditure level, which explains the difference in revenue levels. An increase in European Union fund expenditure does not affect the general government budget deficit. The Ministry of Finance will conduct an in-depth assessment of changes to the accounting methodology for European Union funds and, if necessary, refine its forecasting tools.

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 2026. This Annex includes the following tables with the most up-to-date information: *Table 1a - Fiscal commitments*, *Table 1b - Main variables*, *Table 4 - Budgetary projections*, and *Table G - Control account balance*. The impact of deviations in the fiscal indicators on the implementation of the

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/web/products-euro-indicators/w/2-22042026-ap>

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 2025 from the values projected by the Ministry of Finance do not change the fiscal projections for 2026-2030 and the indicative fiscal space calculation.

Table 1a. Fiscal commitments

		2024	2025	2026
NNFPE growth approved by the EU Council %	annual	9.1	5.9	3.6
	cumulative	9.1	15.5	19.7
Actual NNFPE growth, %	annual	5.2	4,6	5.7
	cumulative	5.2	10.0	16.4

Table 1b. Main variables

		2023	2024	2025	2026
		% of GDP	% of GDP	% of GDP	% of GDP
1	Net lending/borrowing	-2,3	-1,8	-2,5	-3,0
2	Structural balance	-2,2	-1,0	-1,9	-2,6
3	Structural primary balance	-1,5	0,1	-0,8	-1,3
4	Gross debt	44,4	46,2	46,9	47,9
5	Change in gross debt	0,0	1,8	0,6	1,1

Table 4. Budgetary projections

		ESA code	2023	2023	2024	2025	2026
Revenue			GG EUR billion	% of GDP	% of GDP	% of GDP	% of GDP
1	Taxes on production and imports	D.2	5.6	14.1	14.4	14.2	14.2
2	Current taxes on income, wealth, etc.	D.5	3.1	7.9	9.2	8.5	8.4
3	Social contributions	D.61	4.3	10.8	11.5	11.9	11.8
4	Other current revenue	(P.11+P.12+ P.13)	2.9	7.4	7.6	7.0	6.1

		ESA code	2023	2023	2024	2025	2026
5	Capital taxes	D.91	0.0	0.0	0.0	0.0	0.0
6	Other capital revenue	D.92+D.99	0.3	0.9	0.9	1.9	1.5
7	Total revenue (=1+2+3+4+5+6)	TR	16.3	41.1	43.5	43.6	42.1
8	Of which: transfers from the EU (accrued revenue, not cash)	D.7EU+D.9 EU	0.7	1.9	1.9	2.9	2.0
9	Total revenue other than transfers from the EU (= 7-8)		15.5	39.2	41.6	40.6	40.1
10	p.m. Revenue measures (increments, excluding EU funded measures)		-0.1	-0.2	0.6	0.1	-0.2
10 b	p.m. Revenue reductions funded by transfers from the EU (levels)		0.0	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	0.0
	Expenditure		GG EUR billion	% of GDP	% of GDP	% of GDP	% of GDP
12	Compensation for employees	D.1	4.8	12.1	13.1	13.1	12.8
13	Intermediate consumption	P.2	2.5	6.3	6.1	7.3	6.2
14	Interest expenditure	D.41	0.3	0.7	1.1	1.1	1.3
15	Social benefits other than social transfers in kind	D.62	4.7	11.9	12.5	12.6	13.2
16	Social transfers in kind via market producers	D632	0.8	2.1	2.1	2.2	2.2
17	Subsidies	D.3	0.6	1.6	0.9	0.7	0.8
18	Other current expenditure	D.29+(D.4-D.41)+D.5+D.7+D.8	1.1	2.7	2.4	2.7	1.6
19	Gross fixed capital formation	P.51	2.2	5.6	6.3	6.3	6.5
20	Of which: Nationally financed public investment		1.9	4.8	5.5	5.1	5.3
21	Capital transfers	D.9	0.1	0.2	0.3	0.1	0.2
22	Other capital expenditure	P.52+P.53+NP	0.1	0.1	0.4	0.0	0.3

		ESA code	2023	2023	2024	2025	2026
23	Total expenditure (=12+13+14+15+16+17+18+19+21+22)	TE	17.2	43.4	45.3	46.1	45.1
24	Of which: Expenditure funded by transfers from the EU (=8)	D.7EU+D.9 EU	0.7	1.9	1.9	2.9	2.0
25	Nationally financed expenditure (23-24)		16.4	41.6	43.4	43.2	43.1
26	p.m. National co-financing of programmes funded by the Union		0.2	0.4	0.3	0.5	0.5
27	p.m. Cyclical component of unemployment benefits		-0.01	-0.02	0.02	0.03	0.02
28	p.m. One-off expenditure included in projections (levels, excluding EU funded measures)		0.0	0.0	0.0	0.0	0.0
29	Net nationally financed primary expenditure (before revenue measures) (= 25-26-27-28-14)		16.0	40.5	42.0	41.6	41.3
	Net nationally financed primary expenditure				% of GDP	% of GDP	% of GDP
30	Net nationally financed primary expenditure growth	Table 1a			5.2	4.6	5.7
	Balances		GG EUR billion	% of GDP	% of GDP	% of GDP	% of GDP
31	Net lending / borrowing (= 7-23)	B.9	-0.9	-2.3	-1.8	-2.5	-3.0
32	Primary balance (= 31-14)	B.9-D.41p	-0.6	-1.6	-0.7	-1.4	-1.7
	Cyclical adjustment			% of GDP	% of GDP	% of GDP	% of GDP
33	Structural balance			-2.2	-1.0	-1.9	-2.6
34	Structural primary balance			-1.5	0.1	-0.8	-1.3
	Debt		GG EUR billion	% of GDP	% of GDP	% of GDP	% of GDP
35	Gross debt		17.6	44.4	46.2	46.9	47.9
36	Change in gross debt		1.5	-0.01	1.8	0.6	1.1
37	Contribution to changes in gross debt						
38	Primary balance (= minus 32)			1.6	0.7	1.4	1.7
39	'Snowball effect'			-3.2	-0.1	-1.4	-1.4

		ESA code	2023	2023	2024	2025	2026
40	Interest expenditure (= 14)			0.7	1.1	1.1	1.3
41	Growth			0.4	0.0	-0.9	-1.2
42	Inflation			-4.3	-1.2	-1.6	-1.5
43	Stock-flow adjustment (=36-38+39)			1.5	1.2	0.6	0.7
				%	%	%	%
44	p.m.: Implicit interest rate on debt (=14/DEBT(t-1))			1.8	2.5	2.5	3.0
	Defence expenditure		GG EUR billion	% of GDP	% of GDP	% of GDP	% of GDP
45	Total defence expenditure – nationally financed	COFOG 2	1,0	2,6	2,7	3,2	4,1
46	Defence investment – nationally financed	COFOG 2, P.51g	0,3	0,7	0,9	1,1	1,8

Table G. Control account balance

	2024	2025	2026
NNFPE growth approved by the EU Council, %	9.1	5.9	3.6
Actual NNFPE growth, %	5.2	4.6	5.7
Difference, EUR million	-624.0	-220.6	375.4
Cumulative difference, EUR million	-624.0	-844.6	-469.2
Annual control account balance, % of GDP		-0.5	0.8
Cumulative control account balance, % of GDP		-2.0	-1.0
Growth in defence expenditure (COFOG), compared to 2021, pp		0.7	1.6
Augmented control account balance, % of GDP		-2.6	-2.5