

# 2023 DRAFT BUDGET:

## RESPONSE TO THE NATION'S CHALLENGES AND RECOMMENDATIONS



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## Main Challenges:

- The main challenge for the country is a bold rethinking of approaches to economic growth and, in general, economic policy. The 2023 draft budget can respond much better to the country's main infrastructural and education challenges, which, according to international experience, is the driver of double-digit economic growth in the medium term.
- At a time when the pandemic and the Russia-Ukraine war pushed other countries to reconsider their budget spending and economic policy much more boldly than Georgia, without such large-scale rethinking, Georgia will inevitably fall behind. Rethinking budget spending in these countries is dictated by the disruption of logistics and production chains, inflation, unprecedented labor shortages, sharp increases in interest rates, and the rise of the digital economy. Current expectations of a recession are likely to lead to further adjustments to this budget spending.

## Progress

- The deficit of the unified 2023 budget returns to the 3.0% limit established by law<sup>1</sup> (planned at 2.9% of GDP). By the end of 2023, the government's debt is planned to be at 38.8% of GDP, which is significantly lower than the maximum limit of 60% prescribed by law.
- GEL 594 million of the budget balance is directed to the deposit certificates of commercial banks to stimulate the economy with long-term resources.
- The draft amendments to the Budget Code that accompanies the budget envisages the inclusion of the financial operations of state enterprises belonging to the government sector in the unified budget of the state.
- Increased quality of analysis of fiscal risks arising from state enterprises.
- Attaching information about tax expenditures to the budget, which the Ministry of Finance did out of its own goodwill in 2021, is becoming mandatory.

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<sup>1</sup> On Economic Freedom

# I Main Conclusions: 2023 Draft Budget

## **Conclusion 1: The Administrative Size and Social Expenditures of the Government**

The main challenge of the 2023 draft budget is how to redistribute resources from non-productive sectors to productive sectors amid the growing administrative size of the government.

**1.1. Labor Remuneration**, which will reach a record number in 2023, is the only countable part of the government's administrative expenses. The total administrative cost cannot be calculated with reasonable reliability, as there is no way to separate administrative and program expenses.

In the public sector, employment and salaries are planned to increase by 10% (by 20% for the salaries of policemen and soldiers). A total of 352,000 people<sup>2</sup> are employed in the public sector, central<sup>3</sup> and regional government, including state LEPLs, NNLEs, and enterprises, the labor remuneration costs of which (unified budget) reaches GEL 3.3 billion<sup>4</sup>, which is GEL 477.0 million (17%) more than in 2022 and GEL 840.3 million (34%) more than 2021. This expense is about 7% of the expected real GDP and 18% of total expenses in 2023. In 2026, labor remuneration from the unified budget will reach GEL 4.4 billion, which is also a 34% increase over 2023. It turns out that 9.5% of the population of Georgia (28.9% of the employed population, according to Geostat 2021 data) is employed in public service. Thus, the total administrative expenditure will be much higher than the expected 7% of real GDP.

To derive the total administrative expenses, we need to add the following expenses to GEL 3.3 billion of this total labor remuneration:

- Other administrative expenses of the central government, that is, the direct administrative part of the growth of goods and services and non-financial assets, which, as mentioned, cannot be separated from the program budget.
- Other administrative costs of local self-government.

**1.2. Growth of Social Protection Costs:** The financing of social protection programs has increased by GEL 792.68 million, which also entails the increase of pensions by GEL 494.2 million.

Along with the increase in pensions, the number of people receiving pensions and social assistance increases as well. According to Geostat data, the number of recipients of pension, subsistence allowance, and social package increased by 21% in 2022 compared to 2015 and exceeded 1.6 million. The social package is a set of monthly monetary benefits and/or collection of benefits (monetary and non-monetary benefits) that are assigned due to disability status and on the basis of the death of a provider, while the subsistence allowance is a monetary payment, the purpose of which is to improve the socio-economic

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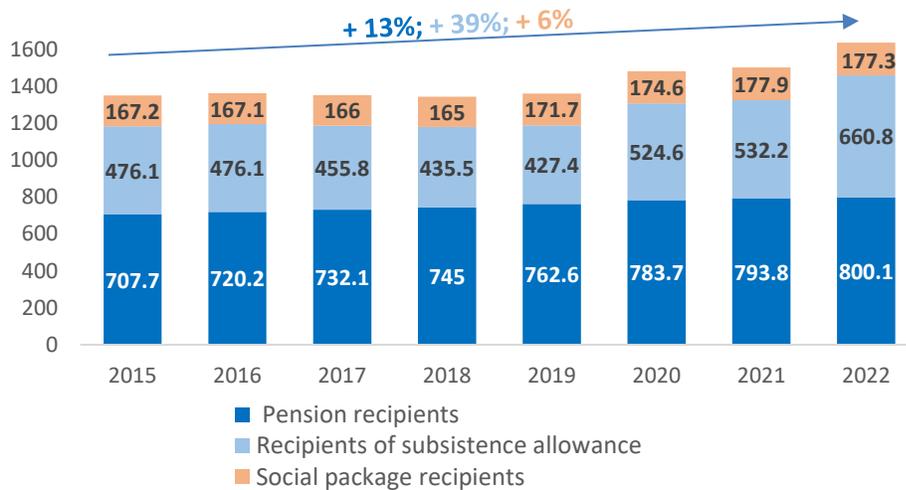
<sup>2</sup> <https://bm.ge/ka/article/sinamdvileshi-ramden-adamians-asagmebs-sajaro-seqtori-/92960>

<sup>3</sup> The central government alone has 112,852 employees with a payroll of GEL 2.2 billion.

<sup>4</sup> Labor remuneration in the central government alone will increase to GEL 2.2 billion.

condition of vulnerable families identified through the evaluation system, to reduce the level of poverty in the country, and to prevent poverty.

**Graph: Pension, subsistence allowance, and social package recipients (thousands)**



Source: Geostat, Social Service Agency, Institute for Development of Freedom of Information. The values for 2022 are given as of September of the year.

Where is the solution if reducing the administrative size of the government and social costs is in nobody's interests:

- not the statist majority of the population;
- nor the government;
- nor the 352,000 public servants (including employees of state enterprises);
- nor the recipients of social expenses?

Putting these categories together will most likely give us a majority of the Georgian population.

**Conclusion 1:**

- The untargeted growth of social expenses detracts from the resources that should be used for the development of the country, namely:
  - o Sectors responsible for economic growth, such as infrastructure and education, which will be discussed in Conclusion 2 below.
  - o The people who need this help the most, which can be achieved through correct, complex and bold reform of targeted social assistance (TSA), which requires a much better accounting of the population's income in the first place than we have today. The complexity of targeted social assistance (TSA) reform is due to the need for better accounting of incomes. According to international experience, reforming targeted social assistance that are not linked to income accounting will not be effective.
- Labor remuneration growth is normal when the number of public servants is not increasing from year to year.

- The untargeted growth of social expenses is one of the main anti-incentives for the activation of the workforce: we do not know a developing country that managed to fundamentally reform the social security system against the background of spending growth, especially those countries where poverty was a socio-cultural condition alongside objective factors, as is the case in Georgia.
- If 33% of 2023 state budget outlays (outlays mean total spending) will be allocated to salaries, pensions, and social benefits, as in the current (first) version, the budget cannot be focused on economic growth.

## **Conclusion 2: Budget Funding of Productive Sectors**

### **2.1. Infrastructure**

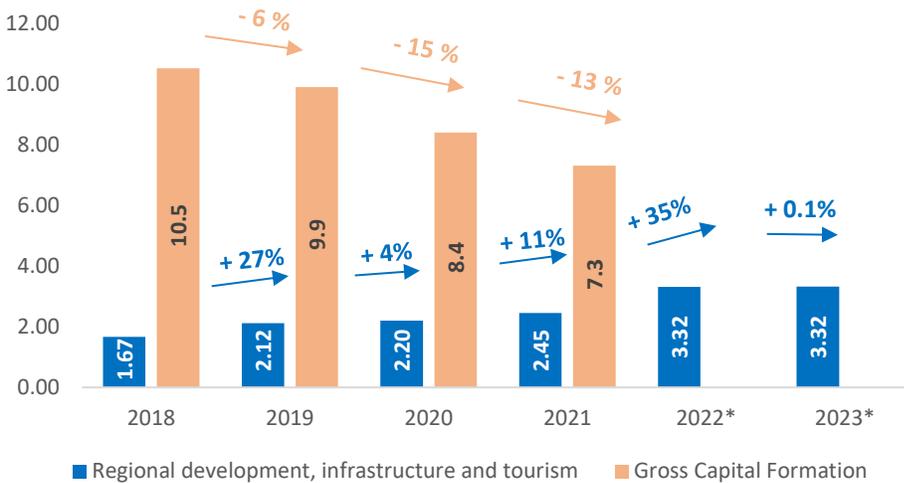
Infrastructural challenges hinder economic growth, such as by attracting both foreign and domestic direct investment. Insufficient financing of regional development and infrastructure has a negative impact on long-term economic growth. In the post-pandemic period, an unprecedented wave of infrastructural improvements has begun in several countries, including the United States and the United Kingdom.

Georgia's main infrastructural challenge is the deep-water port of Anaklia, which the state calls a failed project and has been largely forgotten. The 2.85 million allocated for Anaklia means that we will not see a breakthrough, especially considering the ongoing litigation, where shareholders are demanding compensation from the state. This GEL 2.85 million will be spent on the promotion of the port development project and the monitoring of new investment agreements.

One of Georgia's main problems related to infrastructure development is finding suitable contractors. In order to search for them, we should actively use the opportunity to participate in public procurement of different countries. A number of countries actively use their membership in the World Trade Organization for this purpose. If we were to look for a contractor for large-scale infrastructural projects in Georgia, especially for specific projects, we obviously would not be able to find one.

The best international practice shows that when the planning of investment projects is the responsibility of a private contractor and not of any state agency, these projects are implemented much more efficiently, and there are no problems in utilizing funds. The very specific engineering and risk assessment/minimization expertise these specialized companies have would be much more expensive for the Ministry of Regional Development to have in-house. The services of these companies cost much less than the damages/losses incurred by failures and delays of investment projects.

**Graph: Financing and investments in regional development, infrastructure, and tourism (billions of GEL)**

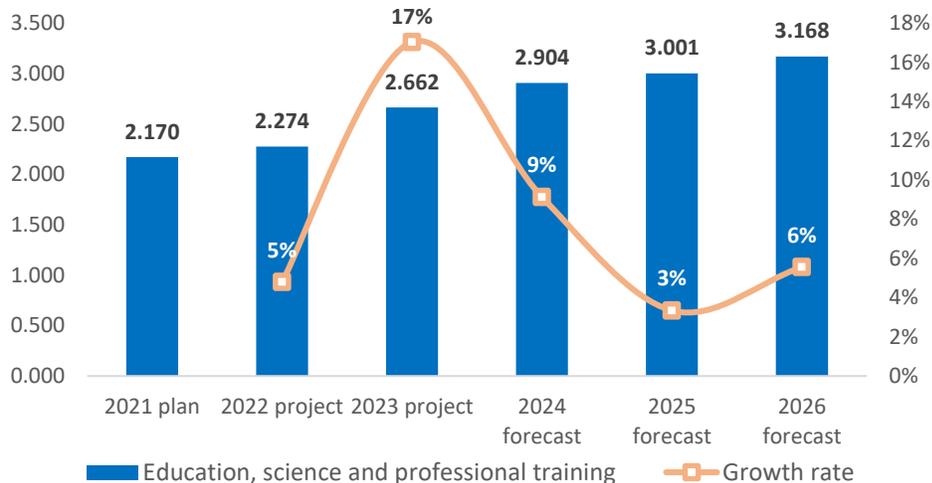


Source: Ministry of Finance of Georgia, Geostat, Institute for Development of Freedom of Information\* forecast indicator

## **2.2. Budget Financing of Productive Sectors: Education**

Although the funds allocated to education, science, and professional development are increasing every year, this is not reflected in the results, which raises questions about whether the allocated resources are being used efficiently.

**Graph: Resources allocated to education, science, and professional development (billions of GEL)**

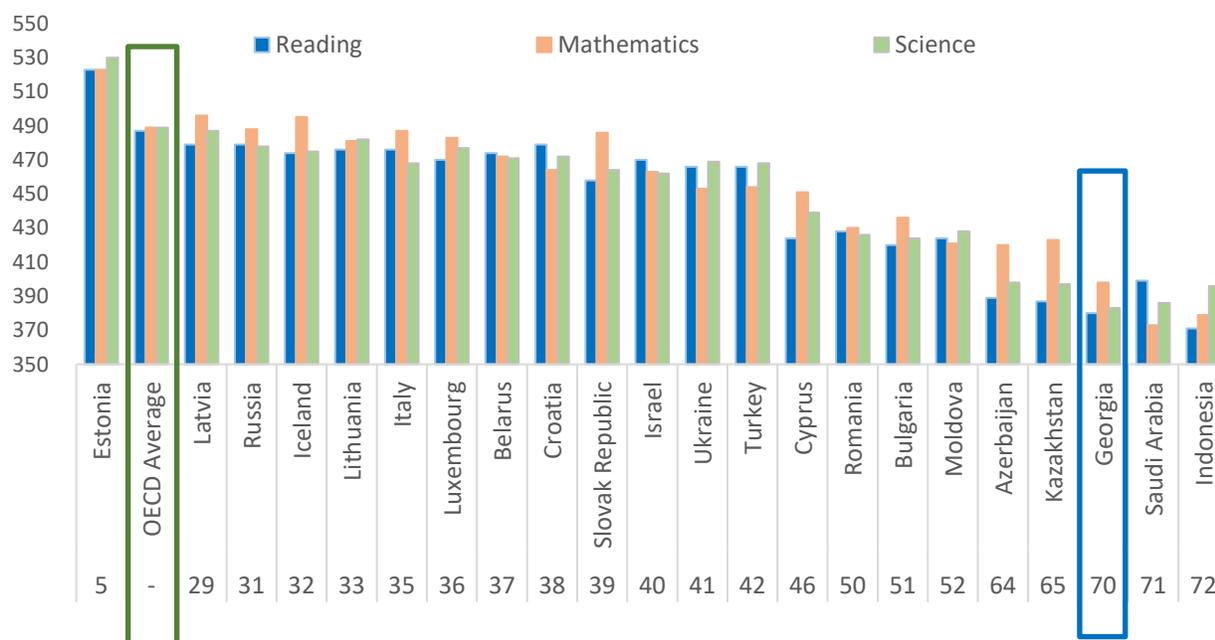


Source: Ministry of Finance of Georgia, Institute for Development of Freedom of Information

The results of the international assessment from PISA<sup>5</sup> shows that the Georgian education system requires significant changes in order to step up to the bottom of the rankings.

Based on the 2018 PISA assessment report, Georgia ranks 70th out of 78 countries for the combined score of reading comprehension, mathematics, and science, which is a very low result and indicates the severity of the challenges in our education sector. In Georgia, 65% of every 15-year-old student is functionally illiterate (which means that they may have problems in understanding and analyzing text), while in the European Union this share stands at 20%. General challenges in the sector include the increased average age of teachers in public schools and low salaries, low quality of technical equipment, and low qualifications of relevant staff. In addition, the sector's main challenge is that a large part of the population lives below the absolute poverty line and cannot give their children access to appropriate literature or learning materials.

**Graph: PISA 2018 Results**



Source: World Development Indicators, Institute for Development of Freedom of Information

**Preschool education:** according to the World Bank's Human Capital Report 2022, despite substantial progress, child development outcomes in Georgia are significantly below the EU average. Over the past two decades, Georgia has initiated significant reforms in the human development sector, leading to substantial improvements in child development outcomes. Despite this progress, challenges remain. So-called “stunting”, a developmental delay caused by poor nutrition, infections, and inadequate psycho-emotional stimulation, occurs in approximately 6% of children. Almost 40% of children aged 2-7 years have high lead concentrations in their blood, which affects their mental and social-emotional

<sup>5</sup> The OECD's Programme for International Student Assessment (PISA) measures the knowledge and skills of 15-year-olds in reading comprehension, mathematics, and science

development. Nearly half of Georgian children under the age of five have less than three children's books at home; Almost every fourth child does not go to kindergarten, while practically all children in EU countries do.

**Conclusion 2:**

- Shifting resources from productive sectors to non-productive sectors reduces real GDP growth rate (nominal GDP growth cannot serve as a guide here).
- On the contrary, shifting resources from non-productive to productive sectors is a clear signal to businesses and investors that the government will be more pro-business.

**Conclusion 3: Results-Oriented Budgeting**

The budget's focus on outcomes is most clearly seen in the program appendix, which outlines which program should achieve what results. The program appendix is not part of the budget law. The Parliament does not approve it. Accordingly, the budget spenders are not responsible for the results given here, which they would have been if the program appendix was part of the budget law.

Results-oriented budgeting requires specific, measurable, achievable, relevant, and time-constrained indicators. The main problem with the indicators determined by the program budget is their measurability. Assessing the intermediate or final outcomes of programs and sub-programs is often impossible with the indicators listed with them.

Many programs, such as the infrastructure and environment sub-programs, do not have intermediate outcome indicators, making it impossible to assess these programs' intermediate (12 months) results.

A number of countries have tried a gradual transition from incremental budgeting to zero-based budgeting<sup>6</sup> to increase the focus on outcomes. Incremental budgeting means increasing budgeting from year to year. The essence of zero-based budgeting is to redefine the allocations every year based on the outcomes from the previous year. Similar to a business, in this case, the budget (that is, how much you will receive and give) and operational plans are set from scratch every year. As a rule, there are no or minimal pre-authorized items<sup>7</sup> because the previous year's utilization or expenditure trends are not assumed to continue. However, it should be noted that this cannot be done for all budget programs. In reducing its funding for the next year due to unsatisfactory results achieved by a spending institution in the previous year, the beneficiaries of its budgetary programs, not the spending institution itself, may be negatively affected.

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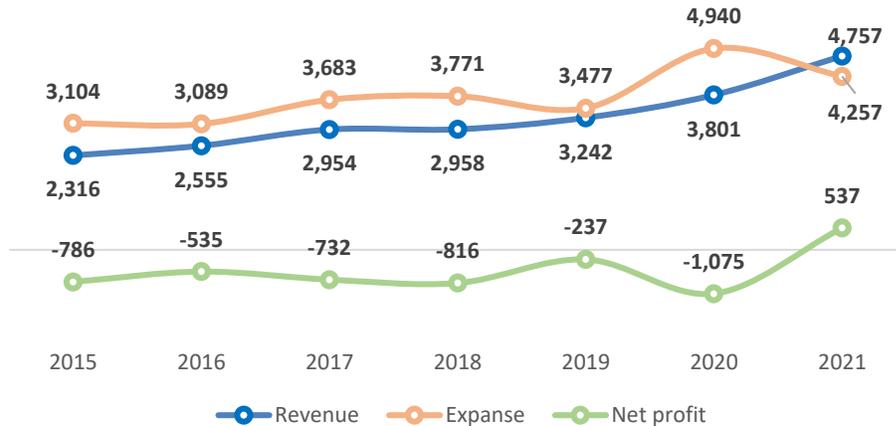
<sup>6</sup> Zero-based budgeting

<sup>7</sup> Pre-authorized funds

**Conclusion 4: State Enterprises:**

The Ministry of Finance does not have the freedom to resolve the problems of state enterprises that it has noted in the fiscal risks document, first by ending and then banning quasi-fiscal activities, e.g. maintaining tariffs. The Ministry of Finance also cannot decide to dispose of state enterprises' assets.

**Graph: Combined profit and loss statement (including Marabda-Kartsakhi railway, millions of GEL)**

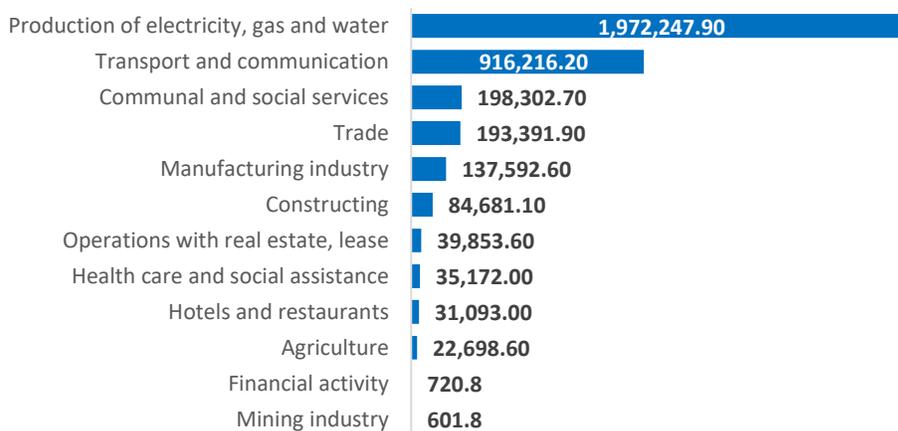


Source: Ministry of Finance of Georgia, Institute for Development of Freedom of Information

The analysis of fiscal risks by the Ministry of Finance, which has been improving every year, describes the main problems of state enterprises well. As part of the analysis of the fiscal risks of the 2023 budget, the Ministry examined 316 state-owned enterprises, of which 154 are owned by the central government and 162 are owned by local governments.

It should be noted that the state enterprises working on producing and distributing electricity, gas, and water stand out with the highest revenues.

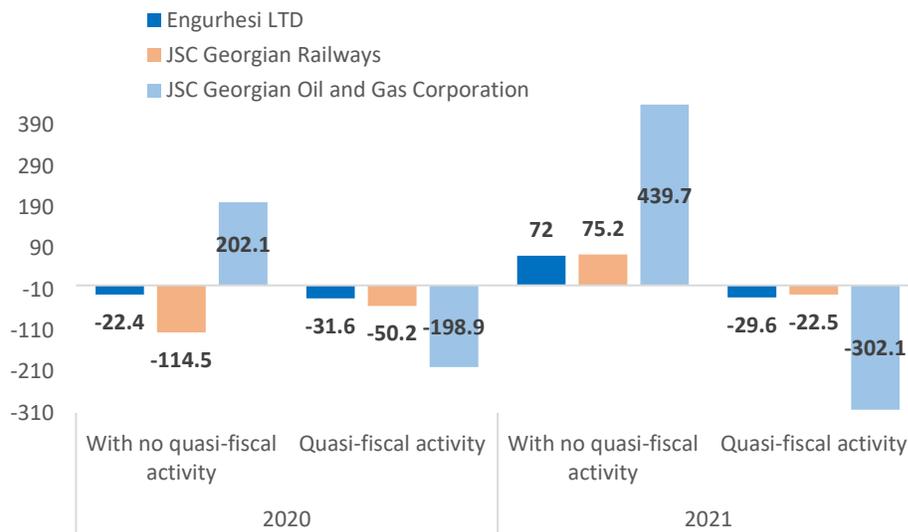
**Graph: Total revenue of state-owned enterprises by sectors (thousands of GEL), 2021**



Source: Ministry of Finance of Georgia, Institute for Development of Freedom of Information

The quasi-fiscal activity of state enterprises is the most significant source of fiscal risks. Quasi-fiscal activities are any activities undertaken by state-owned banks and enterprises, and some- times by private sector companies at the direction of the government, where the prices charged are less than usual or less than the market rate. As the Ministry itself notes in the fiscal risks appendix of the budget, due to such activities, the net profit of state-owned enterprises decreases. In many cases, the state itself subsidizes quasi-fiscal activities. To effectively manage fiscal risks arising from quasi-fiscal activities, the state needs to develop policies that will alleviate or reduce the burden associated with uncompensated quasi-fiscal activities for enterprises to zero.

**Graph: Impact of quasi-fiscal activities on the net revenue of state enterprises (millions of GEL)**



Source: Ministry of Finance of Georgia, Institute for Development of Freedom of Information

**Conclusion:** The government managed to dispose of state enterprises' assets quite late, e.g.:

- Financial activities (8 enterprises, e.g., the partnership fund itself and its established enterprises: LLC Startup Georgia, Sectoral and Regional Development Company and others, JSC Agroinvest)
- Healthcare and social assistance (78 enterprises)
- Real estate operations, leasing, and customer service (49 enterprises)
- Provision of communal, social, and personal services (69 enterprises)
- Construction (16 enterprises)
- Transportation and communications (23 enterprises)
- Production and distribution of electricity, gas, and water (21 enterprises).

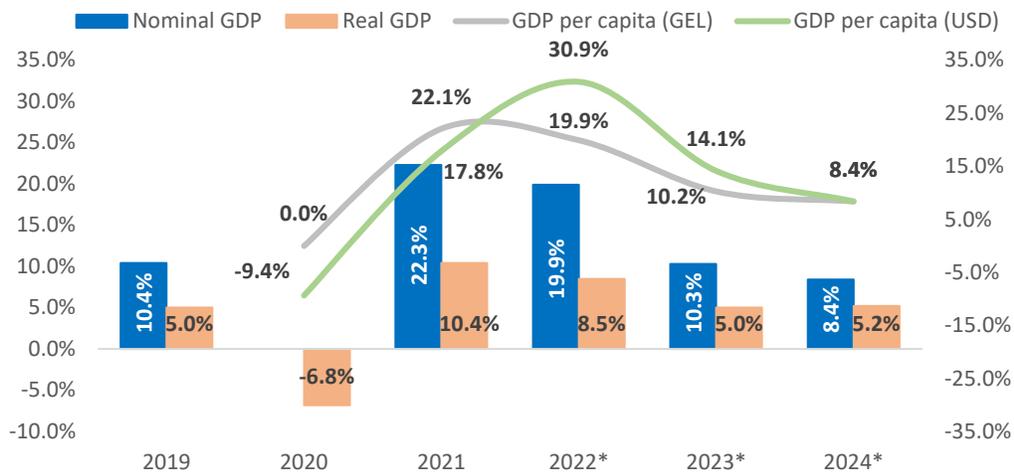
The breakdown of state enterprises by sector, however, shows that we have state enterprises in sectors where there is no justification for the state to be doing business. For example, the processing industry (20 enterprises), trade in automobiles, repair of household goods and personal consumption items (14 enterprises), hotels and restaurants (9 enterprises), the total combined revenue of which does not exceed 300 million GEL.

Even if these or other state enterprises are cheaper suppliers of goods/services to state institutions than non-state businesses, even nominal costs the state pays for their goods/services are often higher. However, when the real price is considered, we see that the costs are even higher. The real price includes the quality, the taxes that the business would pay (if state enterprises benefit from tax breaks), etc.

**Conclusion 5. Economic Growth:** The main challenge facing the country.

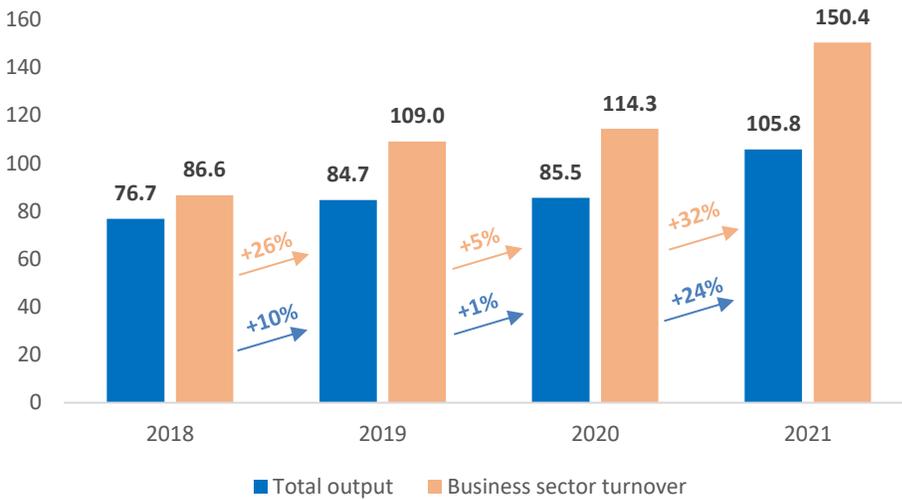
**5.1. Current situation:**

**Graph: Nominal, real, and per capita GDP growth rate**



Source: Ministry of Finance of Georgia, Institute for Development of Freedom of Information  
\*forecast indicator

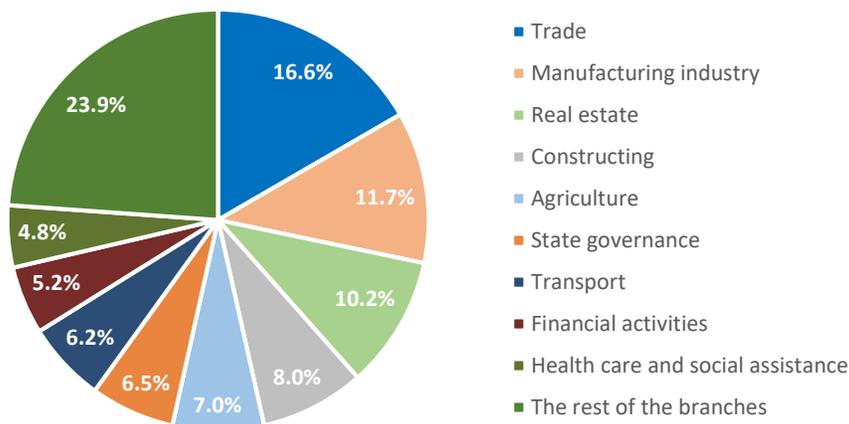
**Graph: Total output and business sector turnover (billions of GEL), 2018-2021**



Source: Geostat, Institute for Development of Freedom of Information

Alongside optimistic forecasts, the country expects a decrease in the economic growth rate. The economy is expected to grow by 8.5% in 2022<sup>8</sup>. Meanwhile, for 2023, the government predicts a 5% growth of the economy, which matches the indicator from 2019 before the COVID-19 pandemic. Meanwhile, the 2023 forecast of the International Monetary Fund is 4%. One of the reasons for this is the low degree of diversification of the economy. The low level of diversification is reflected in the structure of GDP components as well as international trade. The economy of Georgia consists mostly of service industries, with the share of industrial sectors being relatively small. According to international experience, the weight of industrial sectors in medium and long-term economic growth is significantly higher.

**Graph: Nominal GDP structure, 2021\***

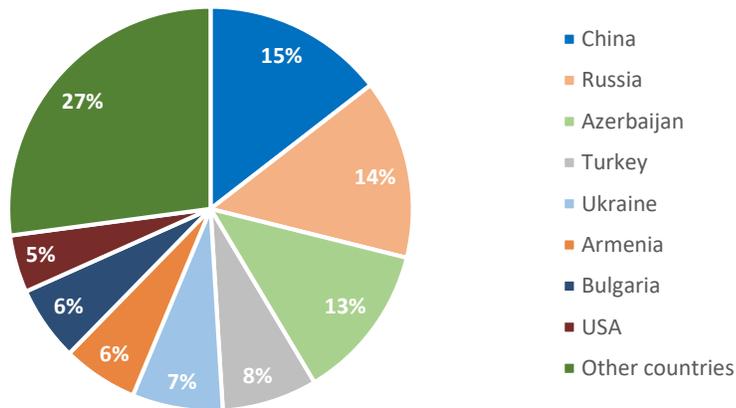


<sup>8</sup> The average rate of economic growth in January-August 2022 was 10.3% (Geostat), which means that the government expects the rate of growth to slow down in the next four months.

Source: Geostat, Institute for Development of Freedom of Information

The rate of diversification in exports is also low. Year by year, the export rate is increasing, but 56% of the total exports are still distributed among the five main trade partners<sup>9</sup>, which increases the dependence on the partner countries and may dampen economic growth.

**Graph: Structure of exports by country, 2021**

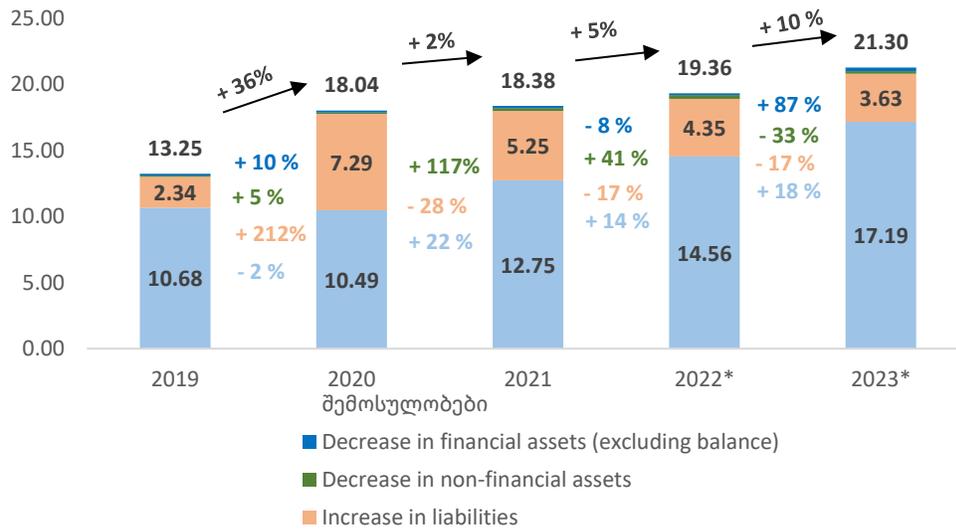


Source: Geostat, Institute for Development of Freedom of Information

It should be noted that the average inflation forecasts for the period published by international financial institutions and rating agencies for 2023 are higher than those determined by the draft law. In particular, the forecast of the International Monetary Fund (IMF) stands at 6.0%, the World Bank (WB) - 7.0%, the Asian Development Bank (ADB) - 5.0%, and the forecasts of Fitch and S&P are 6.2% and 6.0%, respectively.

<sup>9</sup> According to the data of 2021

**Graph: Budget receipts (billions of GEL)**



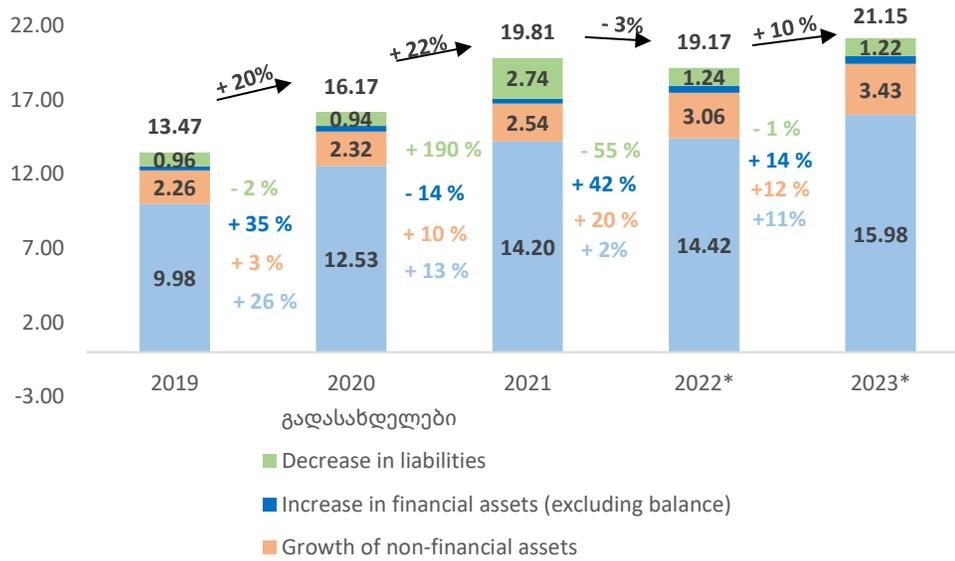
Source: Ministry of Finance of Georgia, Institute for Development of Freedom of Information, \*forecast indicator

According to the 2023 draft budget, state budget outlays<sup>10</sup> will reach GEL 21.2 billion, which is 10% (by approx. GEL 2 billion) higher than the previous year.

In 2023, the government plans to extract GEL 16 billion from the economy in the form of taxes, which is 2.5 billion more than the figure for 2022. VAT accounts for the largest share of tax revenue (40%), followed by income tax (32%), excise duty (13%), and profits tax (12%).

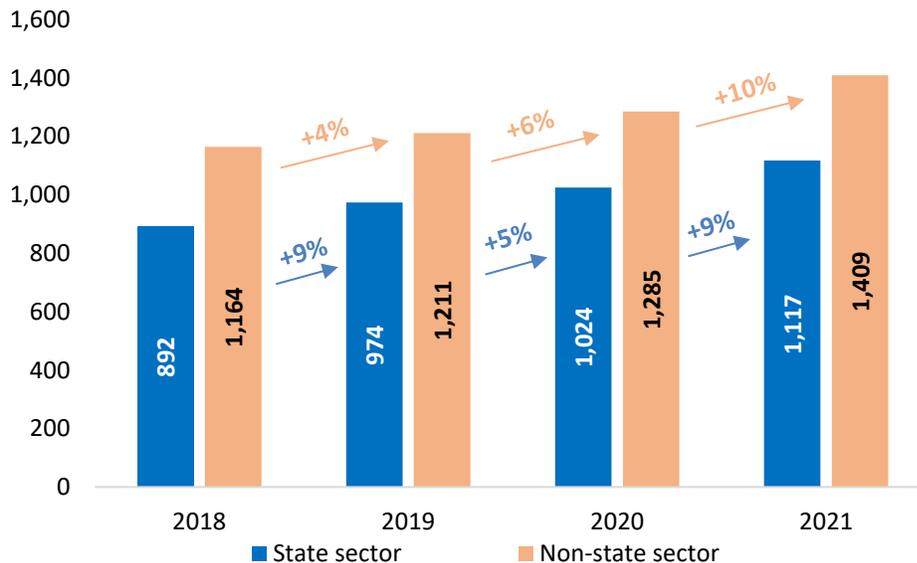
<sup>10</sup> Outlays are the total funds that the government can use during the year, namely: expenditures, increase in non-financial assets. Purchase of property worth 500 GEL and more, increase in financial assets (mainly lending by the government), and decrease in liabilities (repayment of principal of foreign and domestic debt by the government, without interest).

**Graph: Budget Outlays (billions of GEL)**



Source: Ministry of Finance of Georgia, Institute for Development of Freedom of Information, \*forecast indicator

**Graph: Average nominal monthly salary of employees in the state and non-state sectors (GEL), 2018-2021**



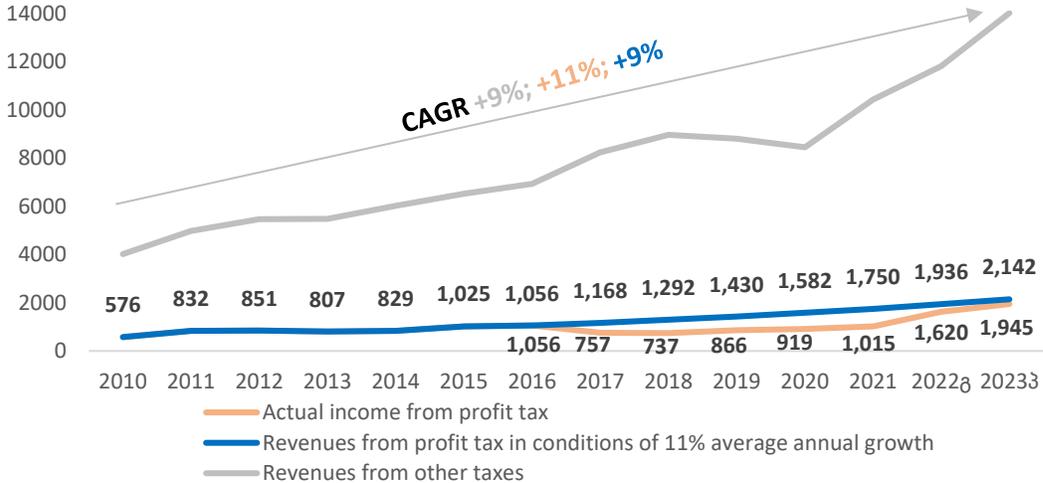
Source: Geostat, Institute for Development of Freedom of Information

**5.2. Gradual Reduction of Taxes:** The right incentivization of the economy is indispensable for economic growth. A bold and clear response to the disruption of international supply and production chains caused by the pandemic and war is needed, which may come in the form of gradual tax cuts.

A budget balance of GEL 1.2 billion in 2023 allows us to compensate for the shortfall in revenues caused by the initial phase of tax cuts. While out of this GEL 1.2 billion, GEL 594 million will go to long-term financing of the economy through commercial banks, which is a welcome development for the post-pandemic economy against the background of war, reduction in taxes will be a much better stimulus.

A bold move to properly stimulate the economy by cutting taxes was to cut the retained earnings tax rate. Despite the reduction in the corporate tax rate, the difference between the actual tax revenue and the expected revenue without the rate reduction is decreasing year on year. Before the reform, in 2010-2016, revenue grew by 11% on average. In 2010-2022, meanwhile, the revenue from taxes increased by 9% on average.

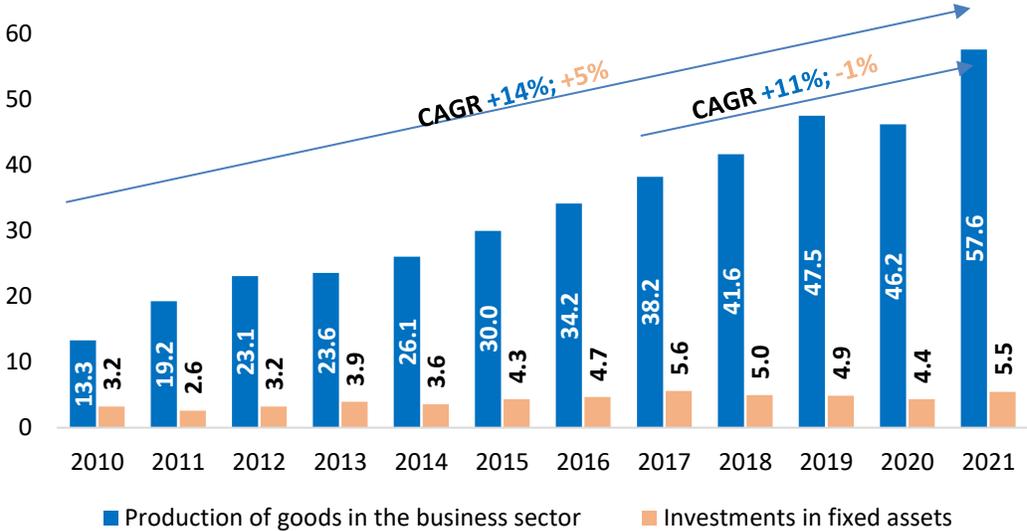
**Graph: Profit and other tax revenues (millions of GEL), 2010-2023**



Source: Ministry of Finance of Georgia, Institute for Development of Freedom of Information

According to the graph, in 2017, the year the reform began, investment in fixed assets increased sharply, but growth then slowed until 2021.

**Graph: Business sector output and investments in fixed assets (billions of GEL), 2010-2021**



Source: Geostat, Institute for Development of Freedom of Information

**5.3. Cancellation of Tax Benefits:** Along with the gradual reduction of taxes, it is important to phase out tax incentives based on an Ex-post Regulatory Impact Assessment (Post-RIA) (see our recommendations below).

Tax exemptions, especially regressive ones like VAT exemptions, contribute to an asymmetric income distribution, making the poor even poorer and the rich even richer. A regressive tax is a tax that takes more from low-income earners than from high-income earners. Tax exemptions prevent the efficient distribution of resources in the economy, which are responsible for an annual 2-3 percentage point reduction in GDP, as noted by the Ministry of Finance

The Ministry of Finance said they would do away with tax exemptions as early as February 2021. The drafts legislative amendments are attached to the budget draft, which are the most pressing issues on the country's public finance agenda, although the corresponding changes in the tax code were not initiated with the law of 2022 nor with the 2023 draft law.

## II Recommendations:

### 1. The GoG Administrative Size and Social Expenses

- 1.1. Reduce bureaucracy, which will reduce the total labor remuneration in the public sector: it is not the increase in the salaries of civil servants, which is a normal phenomenon, especially considering inflation, but the increase in their numbers that is a cause for alarm<sup>11</sup>.
- 1.2. Accelerate the targeted social assistance (TSA) reform, in particular<sup>12</sup>
  - Changes to the Proxy Means Test (PMT) and Needs Index that will allow us to more reliably identify the truly socially vulnerable based on their income fluctuations, verifiable expenses, and other criteria.
  - Anticipating overlap with the IDP database.
  - In parallel with the targeted social assistance (TSA) reform, initiate the regulatory reform for better accounting of incomes, including, first of all, the registration of beneficiaries and applicants of targeted social assistance to personal accounts. Best international experience shows that the reform of targeted social assistance not coupled with income accounting will not be effective.
  - It is important that the growth of social expenses be dictated by such a reform of targeted social assistance (TSA).
  - The resources made available by the redistribution of expenses should be directed to those sectors and programs that have a higher contribution to economic growth, such as, for instance, infrastructure, education, etc.
- 1.3. Until the targeted social assistance (TSA) reform, the growth of the pension without indexation and the growth of other social benefits should be temporarily suspended.

As best international practices have it, one of the main motivations and fiscal justification for introducing a cumulative pension system is to reduce dependence on the state pension. Establishing an awareness that you cannot depend on the state pension is essential to legitimizing putting a stop to growth in the state pension. When all recipients of the state pension are also beneficiaries of the cumulative pension system, the state pension should either not increase at all or not increase at the same rate as it would have without the reform. When the time comes indexation should no longer be an issue.

### 2. Budget Financing of Productive Sectors: Infrastructure and Education

- 2.1. Identify the challenges that prevent economic growth, including attracting foreign direct and domestic investments, and gradually increase in infrastructure financing accordingly.

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<sup>11</sup> In 2023, the number of civil servants not only will not decrease, but will actually increase slightly (247).

<sup>12</sup> The necessity of this reform is also mentioned in the World Bank's human capital 2022 report.

- 2.2. The government should ensure to the greatest extent possible the publicity of information about the current status and plans of the major infrastructure project, the Anaklia Port Project.
- 2.3. In order to search for suitable contractors, actively use the opportunity to participate in public procurement of various countries through membership in the World Trade Organization.
- 2.4. Good international practice should be taken into account, which shows that when the planning of investment projects is the responsibility of a private contractor rather than any state agency, these projects are implemented much more efficiently, and there is no problem underspending public funds.
- 2.5. Identify needs in preschool and secondary education, part of which is reflected in the World Bank's 2022 human capital report, and increase funding accordingly.
- 2.6. Initiate fundamental research-based reform to improve PISA results, including improving graduation criteria in a way that positively impacts student motivation, vocational and higher education choices, and thus the quality of learning. As of today, only 6% of high school graduates apply to vocational schools, and 81% go to higher education, despite the high probability that a person with higher education will not be able to find a job.
- 2.7. Professional education should be reorganized with the assumption that there will be a strong wave of direct foreign investment in the near future. International experience shows that countries that do so are better prepared to receive investment flows.

### **3. Results-Oriented Budgeting**

- 3.1. Set a deadline for the program appendix to the budget to be voted into the law with the rest of the budget. At the moment the program appendix is the only part of the budget that is not voted into law by parliament, which diminishes budget spenders' responsibility for budgeting for meaningful output and outcome indicators

### **4. State Enterprises**

- 4.1. The Ministry of Finance should be given freedom to solve problems of state-owned enterprises described in the fiscal risk document. First, to put a stop to and then ban quasi-fiscal activities, e.g., to have the freedom to discontinue subsidizing household tariffs for natural gas in the, which has put effective functioning of Oil and Gas Corporation, the most successful state-owned enterprise, at risk.
- 4.2. Fiscal risks from the energy sector are decreasing gradually, but for a long-term economic efficiency, it is necessary to encourage competition and make the process as transparent as possible.
- 4.3. The state should divest itself of the assets of state-owned enterprises.

### **5. Economic Growth**

- 5.1. **Reducing taxes.** It is important to respond to the disruption of international supply and production chains caused by the pandemic and war with the right stimulus to the economy. In 2023, the budget balance of GEL 1.2 billion allows us to compensate for the shortfall in

revenues caused by tax cuts. Despite the balance of GEL 1.2 billion, GEL 594 million will go to long-term financing of the economy through commercial banks, which is a positive development, but for the post-pandemic economy and against the background of the war, a reduction in taxes will be a much greater stimulus.

5.2. In the following years, revenues reduced by lowering taxes can be compensated by reducing expenditures, which we look at above.

### 5.3. **Tax Benefits**

- Conduct an ex-post regulatory impact assessment (Post-RIA) to assess the correspondence of the actual results with the intended goals for each benefit and scrap them accordingly.
- The stated goals of tax benefits can be more efficiently achieved through budget programs as these are submitted to the Parliament for approval every year, as the Ministry of Finance notes<sup>13</sup>.
- Amendments related to tax benefits in line with an ex-post regulatory impact assessment attached to the 2024 budget bill.

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<sup>13</sup> 2021 appendix to the analysis of tax expenditures of the state budget.

