

March 26, 2026
EXCESSIVE DEFICIT PROCEDURE
1st Notification 2026

EXCESSIVE DEFICIT PROCEDURE (1ST NOTIFICATION 2026)

According to EU regulations, Statistics Portugal presents the first notification for 2026 associated with the Excessive Deficit Procedure (EDP) to be sent to Eurostat before the end of the month¹. According to these provisional results, the General Government (GG) had a positive balance, in 2025, amounting to EUR 2 058.6 million, corresponding to 0.7% of GDP (0.6 % in 2024). Gross debt of GG decreased to 89.7 % of GDP in 2025 (93.5 % of GDP in 2024).

GG Total revenue amounted to EUR 133.0 billion, increasing by 6.7% vis-à-vis 2024 (+ EUR 8.3 billion), mainly as a consequence of the growth of 5.8% in current revenue (EUR 7.1 billion more than in 2024).

In the same period, GG total expenditure increased by 6.6% (in EUR 8.1 billion), to EUR 130.9 billion, with current expenditure increasing by EUR 6.3 billion (5.6%), as a result of rises in compensation of employees (with a rate of change of 7.6%) and in social benefits other than social transfers in kind, which grew 6.2%. Capital expenditure increased 18.1% (EUR 1.8 billion), mainly due to the increase of investment expenditure.

In 2025, total tax revenue increased by 6.7% in nominal terms, attaining EUR 108.7 billion. The tax burden indicator, that corresponds to the ratio between tax revenue and GDP, increased to 35.4% in 2025 (35.2% in the previous year).

RESPONSIBILITIES IN THE NOTIFICATION

The present notification was prepared under an Institutional Agreement in the field of GG Statistics, signed on the 27th of March 2017, where Statistics Portugal, Banco de Portugal and the Budgetary Entity (Ministry of Finance) are responsible for the reporting according to the following terms:

- **For 2025 and precedent years**, the compilation of the Net lending / net borrowing is prepared by Statistics Portugal and the Gross debt is compiled by the Banco de Portugal.
- **For the current year (2026)**, estimates of the Net lending/ net borrowing, gross debt and nominal GDP are the responsibility of the Ministry of Finance based on macroeconomic and budgetary scenario of the 2026 State Budget.

Under Council Regulation (EC) No. 479/2009 the notifications initiate a joint work between national statistical authorities and Eurostat which, within a three-week deadline, should examine the notifications and publish the results for all Member States.

¹ Excel files containing additional data are made available in attachment to this press release. It should also be noted that the list of entities classified in the institutional sector of General Government (GG) from the perspective of National Accounts, is also available on INE's website.

The GG accounts presented in this press release are compiled in accordance with the concepts and definitions of the European System of Accounts 2010 (ESA 2010) and with the specific orientations of the Manual on Government Deficit and Debt (MGDD). The data is sent to the Eurostat under the ESA 2010 transmission programme.

Table 1 of the notification, summarized below, presents the main results for the period 2022-2026².

Table 1

REPORTING OF GOVERNMENT DEFICIT/SURPLUS AND DEBT LEVELS AND PROVISION OF ASSOCIATED DATA

Member State: Portugal Date: 26/03/2026	ESA 2010 Codes	2022	2023	2024	2025	2026
		Final	Final	Half- finalized	Half- finalized	Planned
Net borrowing (-) / net lending (+)	B.9					
General government	S.13	- 757.3	3 029.7	1 862.5	2 058.6	263.0
- Central government	S.1311	-4 966.1	-2 447.4	-4 423.9	-5 635.8	-6 992.0
- Local government	S.1313	- 90.5	- 243.0	255.9	629.7	678.0
- Social security funds	S.1314	4 299.4	5 720.2	6 030.6	7 064.7	6 576.0
General government consolidated gross debt		271 357.6	261 889.1	270 901.9	275 062.8	281 531.0
Gross domestic product at current market prices	B.1*g	243 957.1	270 352.6	289 784.3	306 765.5	321 600.0
<i>Memorandum items:</i>						
<i>Net lending (+) / Net borrowing (-) on GDP</i>		-0.3%	1.1%	0.6%	0.7%	0.1%
<i>General government consolidated gross debt on GDP</i>		111.2%	96.9%	93.5%	89.7%	87.5%

Unit: 10⁶ EUR

REVISIONS COMPARED TO THE OCTOBER 2025 NOTIFICATION

Vis-à-vis the first EDP notification of 2025, the figures for 2023 and 2024 were revised due to the change of the recording of the first reprogramming of the European Recovery and Resilience Facility (RRF).

The recording of RRF operations has been under discussion within Eurostat's working groups. The conclusions from these discussions, together with the joint work carried out by national statistical authorities and Eurostat, determined the need to change the timing of the recording of the first RRF reprogramming. The first RRF reprogramming involved a change in the financing source for certain projects, from European grants, previously recorded as General Government (GG) revenue, to loans provided either under the RRF or by the State. In national accounts, this reprogramming resulted in an additional recording of expenditure with the European Union as the counterpart. This expenditure was initially recorded in the year of the commitment (2024), but it is now corrected

² The complete version can be consulted in the Excel files attached to this press release.

to the year of approval by the European Council (2023). This amendment led to a reduction of EUR 369 million in the Central Government balance in 2023 and a corresponding increase in 2024.

Additionally, the calculation of the investment income attributable to collective investment fund shareholders was revised, affecting all GG subsectors. In 2023 this revision did not alter the GG net balance, but in 2024, it determined in an increase of EUR 42 million.

The following table summarizes the revisions of general government balances by subsector.

Table 2

REVISIONS OF GENERAL GOVERNMENT BALANCES BY SUBSECTOR

Unit: 10⁶ EUR

	ESA 2010 Codes	2023	2024
		Final	Half- finalized
Net borrowing (-)/ net lending (+)	B.9		
General Government	S.13	- 369.0	411.1
Central government	S.1311	- 462.6	289.1
Local government	S.1313	- 2.2	- 2.6
Social security funds	S.1314	95.7	124.6

PUBLIC TO NATIONAL ACCOUNTS ADJUSTMENTS

In the compilation of GG net lending / net borrowing in National Accounts several adjustments to Public Accounting data are necessary. Public Accounting data is on a cash-basis, meaning that expenditure is recorded in the accounting period in which it is paid. In National Accounts, expenditure is recorded on an accrual-basis, that is, in the accounting period to which it refers to, regardless of the period of its payment. Accordingly, payments referring to expenditure due on other periods are not considered.

Another important adjustment is related to sector delimitation of GG. As the classification of a public entity may differ in National Accounts compared to Public Accounting, not all the entities included in the GG sector are coincident with those considered in the Public Accounting balance.

Finally, there are transactions that, according to the conceptual framework of the National Accounts, have a specific classification, notably in the cases where entities from the GG sector acquire shares from other entities, which are recorded as expenditure (capital transfer) and not as financial transactions.

The table below details the main amendments for 2024 in the Public to National Accounts adjustment, presented in tables 2A, 2C and 2D of the EDP notification attached to this press release.

Table 3

PUBLIC TO NATIONAL ACCOUNTS ADJUSTMENTS

	Unit: 10 ⁶ EUR	
	2024	2025
Balance in Public Accounting	-188.8	663.8
Accrual adjustment and sector delimitation in National Accounts	3 274.7	2 311.1
<i>Caixa Geral de Aposentações</i>	46.7	83.7
<i>Autonomous Services and Funds</i>	575.0	836.7
<i>Public Entities classified in GG</i>	2 653.0	1 390.8
Difference between paid and due interest	461.2	242.0
Other receivables:	1 484.4	569.9
<i>Temporal adjustment to taxes and social contributions</i>	1 028.2	478.5
<i>Others</i>	456.2	91.4
Other payables:	322.6	207.3
<i>Expenditure already incurred but not yet paid</i>	59.4	-62.3
<i>Others</i>	263.2	269.7
Other adjustments:	-3 491.6	-1 935.5
<i>Capital injections and debt assumptions</i>	-3 538.0	-2 811.8
<i>Others</i>	46.4	876.3
Balance in National Accounts	1 862.5	2 058.6

The GG balance increased between 2024 and 2025, both in public accounting and in national accounts, being more relevant in public accounting (increase of EUR 852 million comparing to EUR 196 million, in national accounts).

As noted in previous press releases, the adjustment "capital injections and debt assumptions" refers entirely to capital injections and debt assumptions granted to public corporations classified in the GG sector in both years. This adjustment has no impact on the national accounts balance, as it is also reflected in the item "Accrual adjustment and sector delimitation in National Accounts – Public Entities classified in GG".

The temporal adjustment to taxes and social contributions, of EUR 1 028.2 million in 2024 and EUR 478.5 million in 2025, was decomposed in EUR 824.4 million of tax adjustment and EUR 203.8 million in social contributions, in 2024, whereas in 2025 the partition was of EUR 271.8 million for tax adjustment and EUR 206.6 million for social contributions.

Under the item "Other adjustments – other", the recording of the RRF should be highlighted. On the one hand, the second RRF reprogramming, approved by the European Council in May 2025, had an impact of EUR -134.1 million on the GG balance. In December 2025, the European Council approved a third RRF reprogramming, with no effect on the GG net balance, as it did not alter the funding of the expenditure already recorded. On the other hand, the impact arising from recording revenue financed by the RRF only at the time the expenditure is incurred changed the

GG balance in EUR +233 million (EUR -94.4 million in 2024). It should be noted that the neutrality of the European Funds is ensured in national accounts: the revenue is recorded at the time the expenditure takes place, guaranteeing that the GG balance is not affected by the recording of the European Funds.

This adjustment also includes the impact of the different recording of the military expenditure in public accounting and national accounts. In 2024 the differences in the recording implied an impact of EUR -159.4 million, whereas in 2025, the adjustment was of EUR 347.7 million. In national accounts, the time of recording is the time of the transfer of the economic ownership of the asset, regardless of the timing of the equivalent payment, while any values referring to prepayments/advances or payments made after the delivery of the equipment are cancelled out.

BALANCES OF GENERAL GOVERNMENT

Table 4 presents the main balances of GG for 2024 and 2025.

Table 4

GENERAL GOVERNMENT BALANCES

Unidade: 10⁶ EUR

	ESA 2010 Codes	2024	2025
		Final	Half-finalized
Net lending (+) / Net borrowing (-)	B.9	1 862.5	2 058.6
Current balance		9 300.9	10 080.9
Primary balance	B.9 - D.41	7 797.3	8 023.2

The GG sector balance increased by EUR 196.1 million between 2024 and 2025, determining a net lending of EUR 2 058.6 million in 2025 (0.7% of GDP), that compares with a net lending of EUR 1 862.5 million in 2024 (0.6% of GDP). This result was due to similar increases in revenue (6.7%) and expenditure (6.6%).

The primary balance, i.e. the global balance net of interest payments, was positive, as in 2024, in EUR 8.0 billion, increasing EUR 225.9 million vis-à-vis 2024.

BALANCES OF REGIONAL AND LOCAL GOVERNMENT AND TRANSFERS FROM CENTRAL GOVERNMENT

The transfers received by Central Government are considered in the compilation of Regional and Local Government net lending / net borrowing. These transfers are recorded as expenditure in Central Government, so that they consolidate in the General Government Account.

The following table presents these transfers, from 2022 to 2025, included in the Central Government Account.

Table 5

TRANSFERS TO THE REGIONAL AND LOCAL GOVERNMENT

Unidade: 10⁶ EUR

	2022	2023	2024	2025
Tranfers from General Government:				
Regional Government of Madeira	173.8	181.2	196.7	199.8
Regional Government of Azores	281.2	288.9	315.1	319.3
Local Government	2 444.7	2 607.5	3 163.0	3 055.2

The following table details the net borrowing/net lending and the gross debt of (Regional and) Local Government (S1313).

Table 6

NET BORROWING/NET LENDING AND GROSS DEBT OF (REGIONAL AND) LOCAL GOVERNMENT

Unit: 10⁶ EUR

	2022	2023	2024	2025
Net borrowing (-)/ net lending (+)				
- Regional and Local Government	- 90.5	- 243.0	255.9	629.7
Regional Government of Madeira	- 145.6	19.9	169.5	162.4
Regional Government of Azores	- 403.4	- 132.4	- 247.4	- 299.9
Local Government	458.5	- 130.4	333.8	767.2
Gross Debt				
- Regional and Local Government	11 216.3	11 328.8	11 412.2	11 834.4
Regional Government of Madeira	5 031.0	5 002.3	4 924.8	4 832.1
Regional Government of Azores	3 063.5	3 203.6	3 394.4	3 797.8
Local Government	3 121.8	3 122.9	3 093.0	3 204.6

As it can be seen in the previous table, there was an improvement in the balance of the subsector of the Regional and Local Government, mainly due to the increase of the balance of Local Government, as the Regional Government of Madeira net lending was very similar to the one obtained in 2024 and the Regional Government of Azores net balance decreased from EUR -247.4 million to EUR -299.9 million.

As far as gross debt is concerned, and accordingly with European legislation, the following clarifications are relevant: *i)* Trade credits are excluded; *ii)* Debt of public corporations not classified inside General Government is not considered; *iii)* Debt of municipalities and parishes located in the territory of the Autonomous Regions is included in Local Government.

REVENUE AND EXPENDITURE OF GENERAL GOVERNMENT

The following table shows the final revenue of GG for 2024 and 2025.

Table 7

GENERAL GOVERNMENT REVENUE

	ESA 2010 Codes	2024	2025	Change rate
		10 ⁶ EUR		%
Total revenue	OTR	124 667.8	133 000.0	6.7
Current revenue		122 069.4	129 165.9	5.8
of which				
Taxes on production and imports	D.2	41 566.6	44 513.7	7.1
Social contributions	D.61	35 882.5	38 770.8	8.0
Current taxes on income, wealth, etc...	D.5	29 486.2	30 754.5	4.3
Capital revenue	D.9	2 598.4	3 834.1	47.6

Total revenue increased by 6.7% (EUR 8.3 billion) between 2024 and 2025, reflecting the growth of 5.8% in current revenue (corresponding to EUR 7.1 billion).

The three main current revenue components increased, with the most significant rises coming from taxes on production and imports (change rate of 7.1%, by more than EUR 2.9 billion) and social contributions, that increased EUR 2.9 billion, by 8.0%. Current taxes on income and wealth grew 4.3%, with EUR 1.3 billion more than in 2024. These performances are a result of the growth in economic activity and labour market, and of the price increases, for taxes on production and imports.

Capital revenue increased 47.6% in comparison with 2024, by EUR 1.2 billion, associated with the European Recovery and Resilience Facility (RRF) revenue, that increased 60.0%, in EUR 951 million. It is worth mentioning that this revenue, in National Accounts, is recorded in the same period when the expenditure takes place, to ensure the neutrality of the European funds in the net balance of GG.

Box 1 presents a more detailed analysis of the tax revenue³ and tax burden indicator.

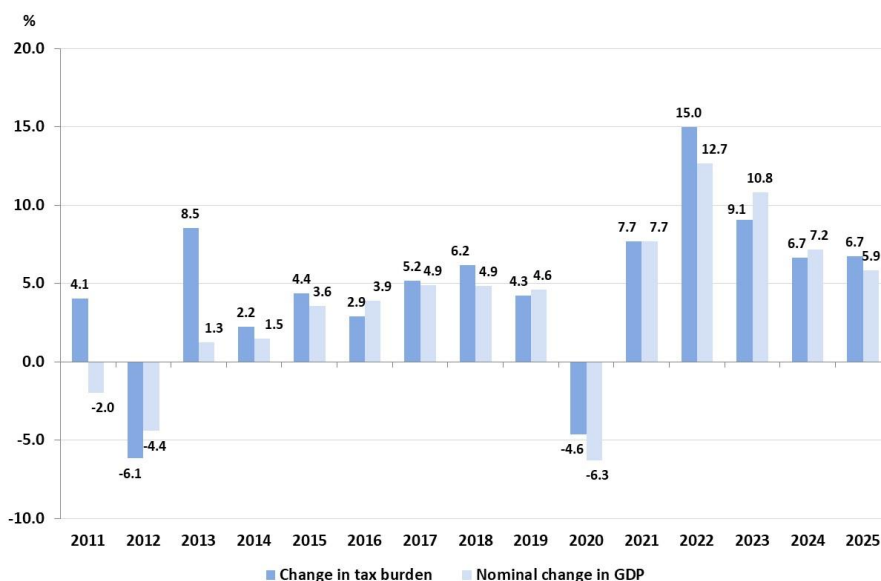
³ Data for the tax revenue statistics can be consulted in the following address: [B.4.3 Tax Revenues and Social Contributions](#)

BOX 1 – TAX BURDEN

In 2025, tax revenue reached the value of EUR 108.7 billion. The increase in revenue reached about EUR 6.9 billion, comparing with 2024, benefiting from the GDP growth rate of 5.9%, in nominal terms (1.9% in real terms).

Figure 1

CHANGES IN TAX BURDEN AND GDP BETWEEN 2011 AND 2025 (%)



Since the variation of total tax revenues (6.7%) was higher than the nominal rate of change of GDP (5.9%), tax burden increased to 35.4% in 2025 (35.2%, in the previous year).

Figure 2

EVOLUTION OF THE TAX BURDEN BETWEEN 2011 AND 2025 (% OF GDP)

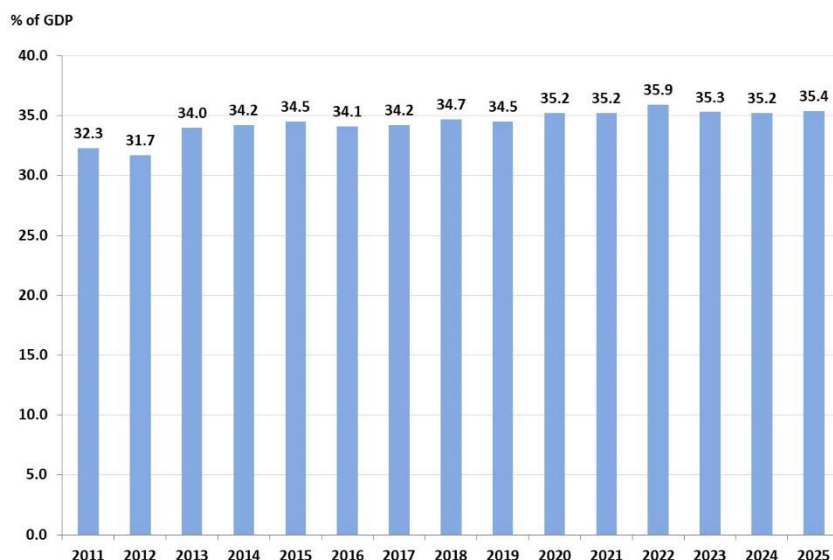


Table 9 shows the expenditure of GG by component, for 2024 and 2025:

Table 8
 GENERAL GOVERNMENT EXPENDITURE

	ESA 2010 Codes	2024	2025	Change rate
		10 ⁶ EUR		%
Total expenditure	OTE	122 805.3	130 941.4	6.6
Current expenditure		112 768.6	119 085.1	5.6
of which				
Compensation of employees	D.1	30 321.6	32 611.8	7.6
Social benefits other than social transfers in kind	D.62	46 385.7	49 279.5	6.2
Interest	D.41	5 934.8	5 964.5	0.5
Capital expenditure	D.9+P.5+NP	10 036.7	11 856.3	18.1

Total expenditure increased by 6.6% between 2024 and 2025, reflecting the growth of 5.6% in current expenditure and of 18.1% in capital expenditure⁴.

The increase in current expenditure was mainly determined by the increases in compensation of employees (growth of 7.6%, by EUR 2.3 billion) as a result of the wages increases and remuneration revaluations of the civil servants, and to a lower extent of the special regime for accelerating the GG careers (health, education and security forces).

As for social benefits other than social transfers in kind, the increase attained EUR 2.9 billion, that corresponds to a 6.2% growth, and reflects the burden associated with both the Social Security and CGA pension regimes updates, as well as the increase in the number of pensioners and the extraordinary complement given to pensioners in September 2025. The amounts paid by Social Security regarding family allowances and the solidarity supplement for the elderly.

Regarding capital expenditure, there was an increase of 13.2% in investment, by EUR 1 billion, boosted by the RRF European Funds. This increase led to a total capital expenditure increase of 18.1% vis-à-vis 2024.

Box 2 summarizes the expenditure of General Government by function for 2023 and 2024.

⁴ To be noted that the evolution of expenditure also reflects the impact of the change in sector classification of CP – Comboios de Portugal, E.P.E., that became a market producer, classified in the Public Non-financial Corporations sector. An institutional unit is considered market producer when it meets the market/non-market test—i.e., when its sales, conducted at economically significant prices, account for at least 50% of production costs over a multi-year period. A detailed analysis of the financial statements of this company led to a change in its sector classification, starting in 2025.

BOX 2 – FUNCTIONAL CLASSIFICATION OF EXPENDITURE

In addition to the economic classification, government expenditure is also classified by functions (COFOG). This classification complements the economic classification by providing information on the purposes of government expenditure, thus broadening the analytical framework for assessing its quality. Currently, 2024 is the last year for which this information is available.

These data can be consulted in the following internet address: [B.4.4 Expenditure of General Government by Function \(COFOG\)](#).

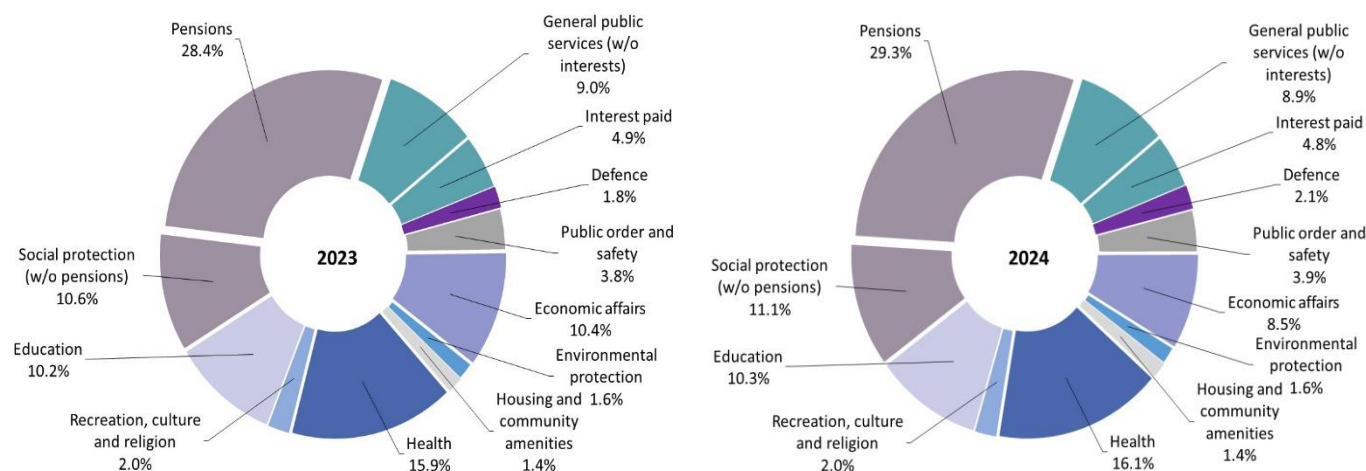
The main function of government expenditure has been social protection, significantly far from the other categories considered in this classification. In 2024, its weight in total expenditure was 40.4%. This was followed by health and then by general public services function (which includes interest paid) with a value of 16.1% and 13.7% of total expenditure, respectively. Finally, expenditure on education and on the function of economic affairs registered a value of 10.3% and 8.5%, respectively.

Comparing with 2023, expenditure with social benefits was the component that gained more share (+1.4 percentage points (p.p.)), with an 12.0% increase in nominal values, reflecting a nominal pension expenditure increase above of that of total expenditure (11.4% and 8.1%, respectively). Expenditure with health also rose its importance by 0.3 p.p., reaching the value of 16.1%, as mentioned above.

On the other hand, expenditure with economic affairs lost importance (-1.9 p.p.), reflecting some one-off operations that occurred in 2023, which resulted in a reduction of about EUR 1.4 billion in this kind of expenditure.

Figure 3

GOVERNMENT EXPENDITURE BY FUNCTION (% OF TOTAL), IN 2023 AND 2024



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PRESS RELEASE



Date of the next press release - September 23, 2026
