



Federal Ministry  
of Finance

# Abstract of the Federal Ministry of Finance's monthly report *September 2018*



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# Federal budget trends up to and including August 2018

	Actual 2017	2018 target	Actual <sup>1</sup> as of January–August 2018
<b>Expenditure (€bn)<sup>2</sup></b>	<b>325.4</b>	<b>343.6</b>	<b>222.2</b>
Year-on-year change in % (year to date)			+1.3
<b>Revenue (€bn)<sup>2</sup></b>	<b>330.4</b>	<b>341.7</b>	<b>221.4</b>
Year-on-year change in % (year to date)			+7.1
<b>Tax revenue (€bn)</b>	<b>309.4</b>	<b>321.3</b>	<b>204.0</b>
Year-on-year change in % (year to date)			+6.0
<b>Fiscal balance (€bn)</b>	<b>5.0</b>	<b>-1.9</b>	<b>-0.8</b>
<b>Financing/use of surplus:</b>	<b>-5.0</b>	<b>1.9</b>	<b>0.8</b>
Cash resources (€bn)	-	-	42.2
Seigniorage (€bn)	0.3	0.3	0.2
Movements in reserves <sup>3</sup> (€bn)	-5.3	1.6	0.0
<b>Net borrowing<sup>4</sup> (€bn)</b>	<b>0.0</b>	<b>0.0</b>	<b>-41.6</b>

Any discrepancies in totals are due to rounding.  
<sup>1</sup> As per accounts  
<sup>2</sup> Excluding revenue and expenditure from internal offsetting  
<sup>3</sup> Negative values denote accumulation of reserves.  
<sup>4</sup> (-) debt repayment; (+) borrowing  
Source: Federal Ministry of Finance

## Revenue

Federal revenue for the January–August 2018 period totalled €221.4bn, a rise of 7.1% (€14.6bn) over the same period last year. Tax revenue (including EU own resources) increased by 6.0% (€11.6bn). This can partly be attributed to a baseline effect: In the same period of 2017, nuclear fuel duty totalling €7.3bn, including interest, was repaid to energy supply companies, following the Federal Constitutional Court's ruling of 13 April 2017. In addition, receipts from income tax and corporation tax were €5.5bn higher than in the same period of 2017.

Other revenue posted a year-on-year gain of 21.3% (€3.1bn) in the January–August 2018 period. This was mainly due to an increase in allocations from the Bundesbank's profits, with allocations totalling €1.9bn, up by €1.5bn over the same period last year. Additionally, allocations from the Institute for Federal Real Estate were up by €0.5bn on the year.

## Expenditure

Cumulative federal expenditure for the period from January to August 2018 totalled €222.2bn, an increase of 1.3% (€2.9bn) on the year. Federal spending is separated into consumption and investment expenditure. In the January–August 2018 period, consumption spending was 1.8% higher than in the same period of 2017. This was primarily a result of increases in military procurement spending (up by 8.9%) and ongoing grants to public administrations (up by 21.9%). In the latter category, the Federation's allocation of €2.1bn to the Energy and Climate Fund in August had the biggest impact on results. In addition, this category also includes federal grants to reimburse the *Länder* for social spending on basic income support for older people and for people with reduced earning capacity. This totalled roughly €900m in the fourth quarter of 2017, but the reimbursements were not paid until 2018. There was no such spending in the first quarter of 2017. Grants

for other areas saw a below-average year-on-year rise in the January–August 2018 period, tempering the increase in consumption expenditure. More specifically, there was a significant rise of 3.0% in social security spending during this period, accompanied by declines in grants for pensions and benefits (such as basic income support for jobseekers, which was down by 3.6%) and grants to companies. Interest expenditure fell by 6.5% on the year, also slowing the increase in consumption spending. Investment spending totalled €17.8bn, which represents 45% of the target level for 2018. This figure is slightly skewed by the fact that the budgeted amount includes a €2.4bn allocation to a special digital infrastructure fund. However, the fund is currently still going through the parliamentary procedure, meaning that there have not yet been any actual outflows. Investment spending was down by 4.2% on the year in the January–August 2018 period. This is mainly due to the allocations to increase the equity of Deutsche Bahn AG by €1bn that occurred in August 2017. Fixed asset investment was up significantly, by 3.2% on the year, boosting investment spending.

## ■ Fiscal balance

The federal budget recorded a deficit of €0.8bn for the period from January to August 2018.

Revenue and expenditure are subject to strong fluctuations over the course of the fiscal year and thus have an uneven effect on cash funds in individual months. Net borrowing also tends to fluctuate considerably over the course of the year. This means that the fiscal balance at this point in the year and the corresponding net borrowing figures are not reliable indicators of the end-of-year figures for the fiscal balance and net borrowing.

Trends in federal expenditure by function							
	Actual 2017		2018 target		Actual		Year-on-year change (year to date)
					January to August 2017	January to August 2018	
	€m	share in %	in €m	share in %	in €m	in %	
<b>General public services</b>	<b>77,006</b>	<b>23.7</b>	<b>81,712</b>	<b>23.8</b>	<b>48,006</b>	<b>47,907</b>	<b>-0.2</b>
Economic cooperation and development	8,330	2.6	9,389	2.7	4,207	4,071	-3.2
Defence	36,419	11.2	38,002	11.1	22,810	23,424	+2.7
Government, central administration	15,858	4.9	17,388	5.1	10,824	11,303	+4.4
Revenue administration	4,554	1.4	4,891	1.4	2,983	2,977	-0.2
<b>Education, science, research, cultural affairs</b>	<b>22,984</b>	<b>7.1</b>	<b>24,207</b>	<b>7.0</b>	<b>12,561</b>	<b>12,515</b>	<b>-0.4</b>
Support for school and university students and training programme participants	3,603	1.1	3,993	1.2	2,282	2,223	-2.6
Science, research and development outside of higher education institutions	12,268	3.8	13,290	3.9	5,902	6,227	+5.5
<b>Social security, family youth affairs, labour market policy</b>	<b>168,801</b>	<b>51.9</b>	<b>173,006</b>	<b>50.4</b>	<b>118,378</b>	<b>121,734</b>	<b>+2.8</b>
Social insurance including unemployment insurance	111,703	34.3	115,063	33.5	80,987	83,445	+3.0
Labour market policy	37,590	11.6	36,728	10.7	24,964	24,206	-3.0
including:							
Basic income support for jobseekers under Book II of the Social Code	21,423	6.6	20,400	5.9	14,687	14,153	-3.6
Government housing and heating allowances under Book II of the Social Code	6,753	2.1	6,900	2.0	4,500	4,524	+0.5
Family assistance, welfare services, etc.	8,296	2.5	8,946	2.6	5,578	6,104	+9.4
Social benefits for the consequences of war and political events	1,930	0.6	2,082	0.6	1,367	1,263	-7.6
<b>Health, environment, sport, recreation</b>	<b>2,303</b>	<b>0.7</b>	<b>2,856</b>	<b>0.8</b>	<b>1,251</b>	<b>1,245</b>	<b>-0.5</b>
<b>Housing, regional planning and local community services</b>	<b>2,923</b>	<b>0.9</b>	<b>3,549</b>	<b>1.0</b>	<b>1,870</b>	<b>1,773</b>	<b>-5.2</b>
Housing, home ownership savings premium	2,267	0.7	2,580	0.8	1,688	1,566	-7.3
<b>Food, agriculture and forestry</b>	<b>1,068</b>	<b>0.3</b>	<b>1,233</b>	<b>0.4</b>	<b>401</b>	<b>330</b>	<b>-17.7</b>
<b>Energy and water supply, trade and services</b>	<b>4,195</b>	<b>1.3</b>	<b>5,481</b>	<b>1.6</b>	<b>2,964</b>	<b>2,398</b>	<b>-19.1</b>
Regional support measures	726	0.2	910	0.3	398	277	-30.4
Mining, manufacturing and construction	1,532	0.5	1,491	0.4	1,337	1,182	-11.6
<b>Transport and communication</b>	<b>21,228</b>	<b>6.5</b>	<b>21,140</b>	<b>6.2</b>	<b>12,581</b>	<b>12,048</b>	<b>-4.2</b>
Roads	9,484	2.9	10,081	2.9	5,129	5,720	+11.5
Railways and public transport	7,047	2.2	6,162	1.8	4,389	3,458	-21.2
<b>Financial management</b>	<b>30,532</b>	<b>9.4</b>	<b>30,416</b>	<b>8.9</b>	<b>21,507</b>	<b>22,466</b>	<b>+4.5</b>
Interest expenditure and borrowing-related expenditure	17,500	5.4	18,107	5.3	16,272	15,215	-6.5
<b>Total expenditure<sup>1</sup></b>	<b>325,380</b>	<b>100.0</b>	<b>343,600</b>	<b>100.0</b>	<b>219,305</b>	<b>222,185</b>	<b>+1.3</b>

<sup>1</sup>Excluding expenditure from internal offsetting  
Source: Federal Ministry of Finance

Trends in federal expenditure by economic category							
	Actual 2017		2018 target		Actual		Year-on-year change (year to date)
					January to August 2017	January to August 2018	
	in €m	share in %	in €m	share in %	in €m	in %	
<b>Consumption expenditure</b>	<b>291,367</b>	<b>89.5</b>	<b>304,483</b>	<b>88.6</b>	<b>200,689</b>	<b>204,342</b>	<b>+1.8</b>
<b>Human resources expenditure</b>	<b>31,824</b>	<b>9.8</b>	<b>33,397</b>	<b>9.7</b>	<b>21,801</b>	<b>21,965</b>	<b>+0.8</b>
Salary payments	23,182	7.1	24,796	7.2	15,675	15,823	+0.9
Pensions	8,643	2.7	8,602	2.5	6,126	6,142	+0.3
<b>Operating expenditure</b>	<b>28,693</b>	<b>8.8</b>	<b>30,587</b>	<b>8.9</b>	<b>16,173</b>	<b>16,585</b>	<b>+2.5</b>
Administrative expenditure (excl. human resources)	1,571	0.5	1,588	0.5	933	1,017	+9.0
Military procurement	10,625	3.3	12,316	3.6	5,331	5,803	+8.9
Other	16,498	5.1	16,682	4.9	9,909	9,765	-1.5
<b>Interest expenditure</b>	<b>17,497</b>	<b>5.4</b>	<b>18,098</b>	<b>5.3</b>	<b>16,270</b>	<b>15,212</b>	<b>-6.5</b>
<b>Ongoing grants and subsidies</b>	<b>212,582</b>	<b>65.3</b>	<b>221,491</b>	<b>64.5</b>	<b>145,873</b>	<b>150,020</b>	<b>+2.8</b>
to public administrations	24,814	7.6	28,691	8.4	15,747	19,188	+21.9
to other areas	187,768	57.7	192,800	56.1	130,126	130,832	+0.5
including:							
Companies	28,527	8.8	30,362	8.8	18,057	17,584	-2.6
Pensions, assistance, etc.	30,127	9.3	29,391	8.6	20,672	20,292	-1.8
Social security funds	117,495	36.1	120,190	35.0	84,431	86,978	+3.0
<b>Other asset transfers</b>	<b>770</b>	<b>0.2</b>	<b>910</b>	<b>0.3</b>	<b>572</b>	<b>560</b>	<b>-2.1</b>
<b>Investment expenditure</b>	<b>34,013</b>	<b>10.5</b>	<b>39,803</b>	<b>11.6</b>	<b>18,617</b>	<b>17,843</b>	<b>-4.2</b>
<b>Financial assistance</b>	<b>24,170</b>	<b>7.4</b>	<b>29,312</b>	<b>8.5</b>	<b>13,574</b>	<b>12,640</b>	<b>-6.9</b>
Grants and subsidies	21,421	6.6	27,131	7.9	11,541	11,973	+3.7
Loans, guarantees	1,221	0.4	1,618	0.5	765	554	-27.6
Acquisition of holdings; capital contributions	1,528	0.5	564	0.2	1,267	113	-91.1
<b>Fixed asset investment</b>	<b>9,843</b>	<b>3.0</b>	<b>10,490</b>	<b>3.1</b>	<b>5,043</b>	<b>5,204</b>	<b>+3.2</b>
Construction projects	7,631	2.3	7,742	2.3	3,897	4,146	+6.4
Acquisition of movable assets	1,713	0.5	1,954	0.6	853	772	-9.5
Acquisition of real property	499	0.2	794	0.2	293	285	-2.7
<b>General reduction/increase in expenditure</b>	<b>0</b>	<b>0.0</b>	<b>-686</b>	<b>-0.2</b>	<b>0</b>	<b>0</b>	<b>X</b>
<b>Total expenditure<sup>1</sup></b>	<b>325,380</b>	<b>100.0</b>	<b>343,600</b>	<b>100.0</b>	<b>219,305</b>	<b>222,185</b>	<b>+1.3</b>

<sup>1</sup> Excluding expenditure from internal offsetting  
Source: Federal Ministry of Finance

Trends in federal revenue							
	Actual 2017		2018 target		Actual		Year-on-year change (year to date)
					January to August 2017	January to August 2018	
	in €m	share in %	in €m	share in %	in €m	in %	
<b>Tax revenue</b>	<b>309,376</b>	<b>93.6</b>	<b>321,307</b>	<b>94.0</b>	<b>192,392</b>	<b>203,977</b>	<b>+6.0</b>
<b>Federal share of joint taxes:</b>	252,630	76.5	263,900	77.2	159,749	167,349	+4.8
Income tax and corporation tax (incl. final withholding tax on interest and capital gains)	136,685	41.4	144,503	42.3	83,805	89,317	+6.6
of which:							
Wages tax	83,121	25.2	87,741	25.7	51,965	55,255	+6.3
Assessed income tax	25,256	7.6	26,173	7.7	13,198	13,357	+1.2
Non-assessed tax on earnings	10,451	3.2	10,950	3.2	8,120	9,206	+13.4
Final withholding tax on interest and capital gains	3,227	1.0	3,474	1.0	2,227	2,369	+6.4
Corporation tax	14,629	4.4	16,165	4.7	8,295	9,131	+10.1
Value added taxes (VAT)	114,005	34.5	117,426	34.4	74,872	76,928	+2.7
Trade tax apportionment	1,941	0.6	1,971	0.6	1,072	1,103	+2.9
Energy duty	41,022	12.4	41,300	12.1	21,973	21,973	+0.0
Tobacco duty	14,399	4.4	14,160	4.1	8,801	8,715	-1.0
Solidarity surcharge	17,953	5.4	18,750	5.5	11,237	11,923	+6.1
Insurance tax	13,269	4.0	13,670	4.0	10,496	10,942	+4.2
Electricity duty	6,944	2.1	6,930	2.0	4,591	4,643	+1.1
Motor vehicle tax	8,948	2.7	9,010	2.6	6,348	6,437	+1.4
Nuclear fuel duty	-7,262	-2.2	0	0.0	-7,261	0	X
Alcohol duty	2,096	0.6	2,102	0.6	1,396	1,418	+1.6
Coffee duty	1,057	0.3	1,055	0.3	672	665	-1.0
Aviation tax	1,121	0.3	1,175	0.3	675	707	+4.7
<b>Deductions</b>							
Supplementary grants to <i>Länder</i>	9,229	X	8,545	X	4,761	4,245	-10.8
EU own resources (GNI-based)	14,258	X	22,610	X	7,899	12,831	+62.4
EU own resources (VAT-based)	2,362	X	2,510	X	1,575	1,581	+0.4
Grants to <i>Länder</i> for public transport	8,348	X	8,498	X	5,565	5,665	+1.8
Grants to <i>Länder</i> for motor vehicle tax and HGV toll	8,992	X	8,992	X	6,744	6,744	+0.0
<b>Other revenue</b>	<b>21,025</b>	<b>6.4</b>	<b>20,360</b>	<b>6.0</b>	<b>14,352</b>	<b>17,409</b>	<b>+21.3</b>
Revenue from economic activity	3,868	1.2	5,172	1.5	2,838	4,952	+74.5
Interest revenue	344	0.1	309	0.1	212	221	+4.2
Loan repayments, holdings, privatisation proceeds	1,786	0.5	1,939	0.6	914	1,602	+75.3
<b>Total revenue<sup>1</sup></b>	<b>330,401</b>	<b>100.0</b>	<b>341,667</b>	<b>100.0</b>	<b>206,744</b>	<b>221,386</b>	<b>+7.1</b>

<sup>1</sup> Excluding revenue from internal offsetting  
Source: Federal Ministry of Finance

## Tax revenue in August 2018

2018 trends in tax revenue (excluding local authority taxes) <sup>1</sup>						
2018	August	Year-on-year change	January to August	Year-on-year change	2018 estimates <sup>4</sup>	Year-on-year change
	in €m	in %	in €m	in %	in €m	in %
<b>Joint taxes</b>						
Wages tax <sup>2</sup>	16,451	+4.3	134,145	+6.3	206,450	+5.6
Assessed income tax	-457	X	31,428	+1.2	61,650	+3.7
Non-assessed taxes on earnings	1,079	-61.6	18,417	+13.4	21,900	+4.7
Final withholding tax on interest and capital gains (including the former withholding tax on interest income)	438	+6.1	5,383	+6.4	7,895	+7.7
Corporation tax	48	+140.4	18,262	+10.1	32,330	+10.5
Value added taxes (VAT)	20,665	+8.6	155,035	+3.6	235,000	+3.8
Trade tax apportionment	232	-14.1	2,661	+2.8	4,758	+1.6
Increased trade tax apportionment	61	-2.1	2,158	+2.0	3,899	+0.1
<b>Total joint taxes</b>	<b>38,518</b>	<b>+1.9</b>	<b>367,490</b>	<b>+5.1</b>	<b>573,882</b>	<b>+4.8</b>
<b>Taxes accruing to the Federation</b>						
Energy duty	3,447	-0.3	21,973	+0.0	41,300	+0.7
Tobacco duty	1,248	-5.7	8,715	-1.0	14,160	-1.7
Alcohol duty (formerly spirits duty)	184	+10.1	1,417	+1.6	2,100	+0.3
Insurance tax	1,337	+2.8	10,942	+4.3	13,670	+3.0
Electricity duty	581	+9.7	4,643	+1.1	6,930	-0.2
Motor vehicle tax	765	+6.3	6,437	+1.4	9,010	+0.7
Aviation tax	123	+17.8	707	+4.8	1,175	+4.9
Nuclear fuel duty	0	X	0	X	0	X
Solidarity surcharge	1,038	+7.0	11,923	+6.1	18,750	+4.4
Other taxes accruing to the Federation	112	+5.5	937	+0.4	1,467	+1.5
<b>Total taxes accruing to the Federation</b>	<b>8,834</b>	<b>+14.7</b>	<b>67,694</b>	<b>+14.4</b>	<b>108,562</b>	<b>+8.6</b>
<b>Taxes accruing to the Länder</b>						
Inheritance tax	505	-5.0	4,590	+10.6	6,020	-1.5
Real property transfer tax	1,259	+5.0	9,302	+6.0	13,900	+5.8
Betting and lottery tax	158	+9.6	1,276	+2.6	1,851	+0.8
Beer duty	62	+3.2	444	-0.4	665	+0.1
Other taxes accruing to the Länder	25	-0.6	345	+1.4	465	+3.1
<b>Total taxes accruing to the Länder</b>	<b>2,009</b>	<b>+2.5</b>	<b>15,957</b>	<b>+6.7</b>	<b>22,901</b>	<b>+3.1</b>



continued: 2018 trends in tax revenue (excluding local authority taxes)<sup>1</sup>

2018	August	Year-on-year change	January to August	Year-on-year change	2018 estimates <sup>4</sup>	Year-on-year change
	in €m	in %	in €m	in %	in €m	in %
<b>EU own resources</b>						
Customs duties	510	+17.8	3,301	-1.8	5,200	+2.7
VAT-based own resources	201	+2.1	1,581	+0.4	2,510	+6.3
GNI-based own resources	1,790	+130.1	12,831	+62.4	22,610	+58.6
<b>Total EU own resources</b>	<b>2,501</b>	<b>+77.6</b>	<b>17,713</b>	<b>+38.0</b>	<b>30,320</b>	<b>+39.8</b>
<b>Federation<sup>3</sup></b>	<b>22,618</b>	<b>+1.4</b>	<b>204,923</b>	<b>+6.0</b>	<b>321,336</b>	<b>+3.9</b>
<b>Länder<sup>3</sup></b>	<b>21,634</b>	<b>+1.4</b>	<b>201,323</b>	<b>+4.5</b>	<b>310,276</b>	<b>+4.0</b>
<b>EU</b>	<b>2,501</b>	<b>+77.6</b>	<b>17,713</b>	<b>+38.0</b>	<b>30,320</b>	<b>+39.8</b>
<b>Local authorities' share of income and value added tax</b>	<b>3,118</b>	<b>+9.8</b>	<b>30,484</b>	<b>+8.0</b>	<b>48,613</b>	<b>+7.7</b>
<b>Total tax revenue (excluding local authority taxes)</b>	<b>49,872</b>	<b>+4.1</b>	<b>454,442</b>	<b>+6.4</b>	<b>710,545</b>	<b>+5.3</b>

<sup>1</sup> **Methodology:** Total cash income from the various taxes is recorded and allocated to the various government levels as stipulated by law. Tax amounts actually received in the current month by individual government levels may differ from the target amounts for technical reasons.

<sup>2</sup> After deduction of child benefit refunds by the Federal Central Tax Office

<sup>3</sup> After supplementary grants; any discrepancies with the table on trends in federal revenue are due to the methodology used (see footnote 1)

<sup>4</sup> Source: Results of the Working Party on Tax Estimates of May 2018

Total tax revenue (excluding local authority taxes) was up by 4.1% in August 2018 over the same month last year. Revenue from joint taxes climbed by 1.9%, with receipts from value added taxes and wages tax posting particularly high growth. Receipts from non-assessed taxes on earnings fell sharply on the year, partially offsetting the strong growth in revenue from this tax type in recent months. Revenue from taxes accruing solely to the Federation was up by 14.7% on the year. Here, the 2017 baseline figure was reduced by around €1.0bn due to nuclear fuel duty refunds. If the impact of nuclear fuel duty is factored out, the increase in federal tax revenue would only have totalled around 1.8%. Receipts from taxes accruing to the *Länder* were up by 2.5% on the year.

## EU own resources

Transfers of own resources to the EU, including customs duties, totalled around €2.5bn in August 2018, representing an increase of 77.6% over August 2017. Transfers to the EU are based on the planned financial framework for 2018, with fluctuations

over the course of the year depending on the EU's financing needs at any given time.

## Cumulative overview of the January–August 2018 period

Total tax receipts increased by 6.4% on the year in the first eight months of 2018. Broken down by category, revenue from joint taxes was up by 5.1% on the year, receipts from federal taxes increased by 14.4%, and the yield from *Länder* taxes rose by 6.7%.

## Distribution among the Federation, Länder and local authorities

The Federation's tax receipts (after accounting for supplementary federal grants to the *Länder*) were up by 1.4% on the year in August 2018. *Länder* tax receipts recorded a year-on-year gain of 1.4%. There was a marked increase in transfers of EU own resources from the federal budget. This was balanced out by an improvement in the trend in revenue

from nuclear fuel duty, however. Although no more income or repayments were recorded for this tax in August 2018, a refund of around €1bn was made in August 2017. The local authorities' take from joint taxes was up by 9.8% on the year.

## ■ Joint taxes

### ■ Wages tax

Wages tax receipts again recorded strong growth in August 2018, with gross revenue from this tax increasing by 3.9% on the year. This reflected continuing employment growth and rising incomes in Germany. Child benefit payments – which are financed from receipts from wages tax – fell by 0.7% on the year in August 2018. One Land has been experiencing problems with the statistical reporting of child benefit in recent months, which continues to distort this figure. However, this effect had no impact on cash receipts. On balance, cash receipts from wages tax increased by 4.3% in year-on-year terms in August 2018. In cumulative terms, cash receipts from wages tax were up by 6.3% on the year in the January–August 2018 period.

### ■ Corporation tax

Receipts from corporation tax amounted to around €47m in August, generally a low-revenue month for this tax. This represented an increase over August 2017, when revenue totalled approximately €25m. The cumulative result is more meaningful: Taken cumulatively, cash receipts from corporation tax were up by 10.1% on the year in the January–August period, to reach approximately €18.3bn.

### ■ Assessed income tax

Revenue from assessed income tax in August was also mainly generated from assessment activities, with gross receipts increasing to around €1.0bn (an increase of 34.9% in year-on-year terms). Employee refunds also posted a rise (of 9.9%). After subtracting these (along with investment allowance payments and owner-occupied homes premiums, which are negligible in terms of amount), net refunds of assessed income tax amounted to approximately €0.5bn in August 2018. In cumulative terms, cash receipts from assessed income tax totalled €31.4bn in the January–August 2018 period, an increase of 1.2% on the year.

### ■ Non-assessed taxes on earnings

August 2018 saw a 59.4% year-on-year drop in gross receipts from non-assessed taxes on earnings. Taking into account a decline in refunds paid out by the Federal Central Tax Office, which are financed from this revenue, cash receipts from non-assessed taxes on earnings fell by 61.6% in August 2018. This represents a downwards correction following several months of strong growth in revenue from these taxes as a result of changes in dividend dates. Cumulative cash receipts from non-assessed taxes on earnings were up by 13.4% on the year in the January–August period.

### ■ Final withholding tax on interest and capital gains

Revenue from final withholding tax on interest and capital gains rose by 6.1% on the year in August 2018. Taken cumulatively, cash receipts from final withholding tax on interest and capital gains were up by 6.4% in year-on-year terms in January–August 2018.

## ■ Value added taxes (VAT)

The yield from value added taxes posted a significant increase of 8.6% on the year in August 2018. This was the highest increase in any month of 2018 so far and represents a strong upwards correction following the weak revenue trend in 2017. Revenue from domestic VAT rose sharply, by 7.9% in year-on-year terms, while import VAT receipts climbed by 10.4% on the year. Cumulative cash receipts from value added taxes were up by 3.6% on the year in the first eight months of 2018.

## ■ Taxes accruing to the Federation

Receipts from taxes accruing solely to the Federation were up by 14.7% on the year in August 2018. However, revenue growth was considerably inflated due to the trend in receipts from nuclear fuel duty. In August 2018, no income or expenditure was posted with regard to nuclear fuel duty. However, in August 2017, refunds of around €1.0bn were paid out. Excluding this effect, the rise in revenue from federal taxes would have totalled around 1.8%. Solidarity surcharge, motor vehicle tax, electricity duty and insurance tax all posted year-on-year revenue gains in August 2018 (up by 7.0%, 6.3%, 9.7% and 2.8%, respectively). Receipts from tobacco duty and energy duty were down on the year in August (by 5.7% and 0.3%, respectively). Trends in revenue from other taxes had only a minor impact on the overall results for federal taxes.

## ■ Taxes accruing to the *Länder*

Revenue from taxes accruing solely to the *Länder* was up by 2.5% on the year in August 2018. This trend was driven by a significant increase in revenue from real property transfer tax (+5.0%) and higher receipts from betting and lottery tax (+9.6%). The yield from beer duty also increased by 3.2% in year-on-year terms. Revenue from fire protection tax remained roughly at last year's level (-0.4%). Receipts from inheritance tax dropped by 5.0% on the year.

## Borrowing and guarantees

Debt trends for the Federation and its special funds (in €m)					
	Debt level	Borrowing (increase)	Debt repayment (decrease)	Debt level	Change in debt level (balance)
	31 July 2018	August 2018	August 2018	31 August 2018	August 2018
<b>Budget borrowing</b>	<b>1,074,920</b>	<b>15,057</b>	<b>-7,041</b>	<b>1,082,936</b>	<b>8,016</b>
<b>broken down by purpose</b>					
Federal budget	1,033,496	15,057	-7,041	1,041,512	8,016
Financial Market Stabilisation Fund	22,466	-	-	22,466	-
Investment and Redemption Fund	18,958	0	-	18,958	0
<b>broken down by debt type</b>					
Federal securities	1,062,300	15,057	-7,041	1,070,316	8,016
Federal bonds	694,160	5,928	-	700,088	5,928
30-year federal bonds	213,574	993	-	214,567	993
10-year federal bonds	480,586	4,936	-	485,521	4,936
Inflation-linked federal securities	63,554	2	-	63,556	2
30-year inflation-linked federal bonds	7,504	27	-	7,531	27
10-year inflation-linked federal bonds	56,051	-25	-	56,026	-25
Federal notes	188,626	2,875	-	191,501	2,875
Federal Treasury notes	95,753	3,839	-	99,592	3,839
Treasury discount papers issued by the Federation	18,755	2,413	-7,023	14,145	-4,610
Other federal securities	1,451	-	-19	1,432	-19
Securitised loans	8,145	-	-	8,145	-
Other loans and ordinary debts	4,475	-	-	4,475	-
<b>broken down by maturity</b>					
up to one year	159,439			154,972	-4,467
one to four years	323,566			327,183	3,617
over four years	591,915			600,781	8,866
<b>Additional information<sup>1</sup></b>					
Liabilities from the capital indexing of inflation-linked federal securities	4,648			4,735	87
Reserves in accordance with the Final Payment Financing Act ( <i>Schlusszahlungsfinanzierungsgesetz</i> )	3,484			3,484	-

<sup>1</sup> Liabilities resulting from the capital indexing of the nominal value are equal to the amount by which the underlying nominal value (issuance price) has increased, due to inflation, between the start date and the specified reference date. The reserves are the result of allocations made:

- on a regularly scheduled basis, namely on each coupon payment date for inflation-linked securities (15 April of every year) (section 4(1) of the Final Payment Financing Act) and
- on an exceptional basis, namely on each reopening date for inflation-linked securities (section 4(2) of the Final Payment Financing Act).

Any discrepancies in totals are due to rounding.  
Source: Federal Ministry of Finance

Guarantees			
	Authorised amount	Amount allocated as of 30 June 2018	Amount allocated as of 30 June 2017
in €bn			
Export credit guarantees	160.0	118.5	124.5
Loans to foreign debtors, foreign direct investment, EIB loans	65.0	43.0	44.0
Financial cooperation projects	28.5	20.7	17.9
Food stockpiling	0.7	0.0	0.0
Domestic guarantees	158.0	100.8	102.5
International financial institutions	66.0	60.1	60.0
<i>Treuhandanstalt</i> successor organisations	1.0	1.0	1.0
Interest compensation guarantees	8.0	15.0	15.0

## Calendar

Publication schedule of the monthly reports		
Monthly report	Reporting period	Publication date
October 2018 issue	September 2018	22 October 2018
November 2018 issue	October 2018	22 November 2018
December 2018 issue	November 2018	20 December 2018

In accordance with the IMF's Special Data Dissemination Standard Plus (SDDS Plus); see <http://dsbb.imf.org>  
Source: Federal Ministry of Finance

Key dates on the fiscal and economic policy agenda	
1–2 October 2018	Eurogroup and ECOFIN Council meetings in Luxembourg
11 October 2018	Meeting of G20 finance ministers and central bank governors in Bali
12–13 October 2018	Annual meetings of the IMF and World Bank in Bali
5–6 November 2018	Eurogroup and ECOFIN Council meetings in Brussels
30 November–1 December 2018	G20 summit in Buenos Aires, Argentina
3–4 December 2018	Eurogroup and ECOFIN Council meetings in Brussels

