



Federal Ministry  
of Finance

# Extracts from the monthly report

September 2019



# Contents

<b>Federal budget trends up to and including August 2019</b>	<b>1</b>
Trends in federal expenditure by function	3
Trends in federal expenditure by economic category	4
Trends in federal revenue	5
<b>Tax revenue in August 2019</b>	<b>6</b>
2019 trends in tax revenue	6
<b>Borrowing and guarantees</b>	<b>10</b>
Debt trends for the Federation and its special funds	10
Guarantees	11
<b>Calendar</b>	<b>11</b>
Publication schedule of the monthly reports	11
Key dates on the fiscal and economic policy agenda	11

# Federal budget trends up to and including August 2019

	Actual 2018	2019 target	Actual <sup>1</sup> August 2019
<b>Expenditure (€bn)<sup>2</sup></b>	<b>336.7</b>	<b>356.4</b>	<b>231.0</b>
Year-on-year change in % (year to date)			+4.0
<b>Revenue (€bn)<sup>3</sup></b>	<b>347.6</b>	<b>350.6</b>	<b>222.3</b>
Year-on-year change in % (year to date)			+0.4
<b>Tax revenue (€bn)</b>	<b>322.4</b>	<b>325.5</b>	<b>202.7</b>
Year-on-year change in % (year to date)			-0.6
<b>Balance of pass-through funds (€bn)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Fiscal balance (€bn)</b>	<b>10.9</b>	<b>-5.8</b>	<b>-8.7</b>
<b>Financing/use of surplus:</b>	<b>-10.9</b>	<b>5.8</b>	<b>8.7</b>
Cash resources (€bn)	-	-	64.6
Seigniorage (€bn)	0.3	0.3	0.2
Movements in reserves <sup>4</sup> (€bn)	-11.2	5.5	0.0
<b>Net borrowing<sup>5</sup> (€bn)</b>	<b>0.0</b>	<b>0.0</b>	<b>-56.1</b>

Any discrepancies in totals are due to rounding.

<sup>1</sup> As per accounts

<sup>2</sup> With the exception of expenditure on the repayment of debt incurred on the credit market, allocations to reserves and expenditure made to cover a cash deficit. Excluding expenditure from internal offsetting.

<sup>3</sup> With the exception of revenue from loans on the credit market, withdrawals from reserves, revenue from cash surpluses and seigniorage. Excluding revenue from internal offsetting.

<sup>4</sup> Negative values denote accumulation of reserves.

<sup>5</sup> (-) debt repayment; (+) borrowing

Source: Federal Ministry of Finance

## Revenue

Federal revenue for the eight-month period from January to August 2019 totalled approximately €222.3bn, up by 0.4% (about €0.9bn) on the year. Tax revenue (including transfers of EU own resources to the EU) declined by 0.6% (about €1.3bn), mainly due to the fact that the Federation transferred approximately €4.9bn more in GNI-based resources to the EU than it did in the same period last year.

Other revenue was up by 12.6% (about €2.2bn) on the year in the January–August period. This increase is attributable mainly to higher revenue from the distance-based commercial vehicle toll (up by about €1.7bn) and an increase in allocations from the Bundesbank's profits (up by about €0.5bn).

## Expenditure

Federal expenditure in the first eight months of 2019 totalled €231.0bn, up by 4.0% (about €8.8bn) over the same period last year. Federal spending is separated into consumption and investment spending.

Consumption spending was up by 3.4% (about €6.9bn) on the year during the January–August period. This figure includes a 4.2% (€5.5bn) year-on-year increase in ongoing grants to “other areas”, which was driven primarily by higher ongoing subsidies to companies (up by 8.0% or €1.4bn) and by higher subsidies to social security funds (up by 3.6% or €3.1bn). In contrast, ongoing grants for pensions and benefits were down slightly on the year by 1.1%, mainly due to a 2.6% decline in spending on

basic income support for jobseekers. The rise in consumption spending was also tempered by a decline in interest expenditure, which was 14.1% lower on the year.

Investment spending totalled approximately €19.7bn in the first eight months of the year, an increase of 10.7% over the same period last year. This was driven by a surge in fixed asset investment, which grew by 17.0% on the year, as well as by an increase in construction spending (up by €0.3bn) and acquisitions of movable and immovable assets (up by €0.6bn). Expenditure on financial assistance programmes funded by the government was also up markedly on the year, due in particular to higher spending on programmes to promote digital technology and on a new home ownership-related child benefit. It should be noted, however, that payments of this new child benefit started on 1 January 2019.

## ■ Fiscal balance

The federal budget recorded a deficit of €8.7bn for the period from January to August 2019.

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 2018		2019 target		Actual		Year-on-year change (year to date)
					January to August 2018	January to August 2019	
	€m	share in %	in €m	share in %	in €m	in %	
<b>General public services</b>	<b>80,341</b>	<b>23.9</b>	<b>89,945</b>	<b>25.2</b>	<b>47,907</b>	<b>53,639</b>	<b>12.0</b>
Economic cooperation and development	9,245	2.7	10,163	2.9	4,071	4,380	7.6
Defence	38,303	11.4	42,649	12.0	23,424	26,264	12.1
Government, central administration	16,897	5.0	19,039	5.3	11,303	12,367	9.4
Revenue administration	4,755	1.4	5,329	1.5	2,977	3,308	11.1
<b>Education, science, research, cultural affairs</b>	<b>23,071</b>	<b>6.9</b>	<b>25,696</b>	<b>7.2</b>	<b>12,515</b>	<b>13,334</b>	<b>6.5</b>
Support for school and university students and training programme participants	3,498	1.0	4,062	1.1	2,223	2,036	-8.4
Science, research and development outside of higher education institutions	12,861	3.8	14,444	4.1	6,227	7,035	13.0
<b>Social security, family youth affairs, labour market policy</b>	<b>172,190</b>	<b>51.1</b>	<b>179,537</b>	<b>50.4</b>	<b>121,734</b>	<b>125,518</b>	<b>3.1</b>
Social insurance including unemployment insurance including:	114,730	34.1	119,249	33.5	83,445	86,327	3.5
General pension insurance	85,190	25.3	89,173	25.0	62,925	65,599	4.2
Labour market policy including:	36,810	10.9	37,631	10.6	24,206	24,125	-0.3
Basic income support for jobseekers under Book II of the Social Code	20,543	6.1	20,600	5.8	14,153	13,792	-2.6
Government housing and heating allowances under Book II of the Social Code	7,023	2.1	6,700	1.9	4,524	4,383	-3.1
Family assistance, welfare services, etc.	8,970	2.7	9,191	2.6	6,104	6,256	2.5
Social benefits for the consequences of war and political events	1,830	0.5	2,098	0.6	1,263	1,350	6.9
<b>Health, environment, sport, recreation</b>	<b>2,477</b>	<b>0.7</b>	<b>3,720</b>	<b>1.0</b>	<b>1,244</b>	<b>1,520</b>	<b>22.1</b>
<b>Housing, urban development, regional planning and local community services</b>	<b>2,947</b>	<b>0.9</b>	<b>3,783</b>	<b>1.1</b>	<b>1,773</b>	<b>1,901</b>	<b>7.2</b>
Housing, home ownership savings premium	2,202	0.7	2,785	0.8	1,566	1,665	6.3
<b>Food, agriculture and forestry</b>	<b>1,087</b>	<b>0.3</b>	<b>1,423</b>	<b>0.4</b>	<b>330</b>	<b>486</b>	<b>47.4</b>
<b>Energy and water management, trade and services</b>	<b>4,316</b>	<b>1.3</b>	<b>5,100</b>	<b>1.4</b>	<b>2,398</b>	<b>2,682</b>	<b>11.9</b>
Regional support measures	694	0.2	1,304	0.4	277	375	35.3
Mining, manufacturing and construction	1,411	0.4	1,403	0.4	1,182	1,129	-4.5
<b>Transport and communication</b>	<b>21,943</b>	<b>6.5</b>	<b>22,134</b>	<b>6.2</b>	<b>12,048</b>	<b>12,842</b>	<b>6.6</b>
Roads	10,620	3.2	10,790	3.0	5,720	6,322	10.5
Railways and public transport	6,903	2.1	6,267	1.8	3,458	3,644	5.4
<b>Financial management</b>	<b>28,339</b>	<b>8.4</b>	<b>25,062</b>	<b>7.0</b>	<b>22,236</b>	<b>19,054</b>	<b>-14.3</b>
Interest expenditure and borrowing-related expenditure	16,451	4.9	17,533	4.9	15,215	13,077	-14.1
<b>Total expenditure<sup>1</sup></b>	<b>336,710</b>	<b>100.0</b>	<b>356,400</b>	<b>100.0</b>	<b>222,185</b>	<b>230,977</b>	<b>4.0</b>

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

Trends in federal expenditure by economic category							
	Actual 2018		2019 target		Actual		Year-on-year change (year to date)
					January to August 2018	January to August 2019	
	in €m	share in %	in €m	share in %	in €m	in %	
<b>Consumption expenditure</b>	<b>298,613</b>	<b>88.7</b>	<b>318,614</b>	<b>89.4</b>	<b>204,342</b>	<b>211,228</b>	<b>+3.4</b>
<b>Human resources expenditure</b>	<b>32,718</b>	<b>9.7</b>	<b>34,646</b>	<b>9.7</b>	<b>21,965</b>	<b>23,391</b>	<b>+6.5</b>
Salary payments	23,921	7.1	25,596	7.2	15,823	16,930	+7.0
Pensions	8,797	2.6	9,049	2.5	6,142	6,461	+5.2
<b>Operating expenditure</b>	<b>30,058</b>	<b>8.9</b>	<b>35,570</b>	<b>10.0</b>	<b>16,585</b>	<b>18,689</b>	<b>+12.7</b>
Administrative expenditure (excl. human resources)	1,627	0.5	1,571	0.4	9,566	10,052	+5.1
Military procurement	11,813	3.5	15,568	4.4	5,803	7,417	+27.8
Other	16,618	4.9	18,432	5.2	1,216	1,220	+0.3
<b>Interest expenditure</b>	<b>16,447</b>	<b>4.9</b>	<b>17,524</b>	<b>4.9</b>	<b>15,212</b>	<b>13,069</b>	<b>-14.1</b>
<b>Ongoing grants and subsidies</b>	<b>218,604</b>	<b>64.9</b>	<b>229,909</b>	<b>64.5</b>	<b>150,020</b>	<b>155,375</b>	<b>+3.6</b>
to public administrations	28,278	8.4	29,151	8.2	19,188	19,059	-0.7
to other areas	190,326	56.5	200,759	56.3	130,832	136,317	+4.2
including:							
Companies	28,291	8.4	32,383	9.1	17,584	18,984	+8.0
Pensions, benefits, etc.	29,482	8.8	29,850	8.4	20,292	20,059	-1.1
Social security funds	120,764	35.9	124,882	35.0	86,978	90,070	+3.6
<b>Other asset transfers</b>	<b>786</b>	<b>0.2</b>	<b>965</b>	<b>0.3</b>	<b>560</b>	<b>704</b>	<b>+25.7</b>
<b>Investment expenditure</b>	<b>38,097</b>	<b>11.3</b>	<b>38,946</b>	<b>10.9</b>	<b>17,843</b>	<b>19,749</b>	<b>+10.7</b>
<b>Financial assistance</b>	<b>27,899</b>	<b>8.3</b>	<b>27,969</b>	<b>7.8</b>	<b>12,640</b>	<b>13,657</b>	<b>+8.0</b>
Grants and subsidies	26,030	7.7	26,297	7.4	11,973	12,947	+8.1
Loans, guarantees	1,480	0.4	1,170	0.3	554	475	-14.3
Acquisition of holdings; capital contributions	390	0.1	502	0.1	113	235	+108.0
<b>Fixed asset investment</b>	<b>10,198</b>	<b>3.0</b>	<b>10,977</b>	<b>3.1</b>	<b>5,204</b>	<b>6,091</b>	<b>+17.0</b>
Construction projects	7,903	2.3	8,086	2.3	4,146	4,459	+7.5
Acquisition of movable assets	1,567	0.5	2,119	0.6	772	1,188	+53.9
Acquisition of real property	727	0.2	771	0.2	285	444	+55.8
<b>General reduction/increase in expenditure</b>	<b>0</b>	<b>0.0</b>	<b>-1,160</b>	<b>-0.3</b>	<b>0</b>	<b>0</b>	<b>X</b>
<b>Total expenditure<sup>1</sup></b>	<b>336,710</b>	<b>100.0</b>	<b>356,400</b>	<b>100.0</b>	<b>222,185</b>	<b>230,977</b>	<b>+4.0</b>

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

Trends in federal revenue							
	Actual 2018		2019 target		Actual		Year-on-year change (year to date)
					January to August 2018	January to August 2019	
	in €m	share in %	in €m	share in %	in €m	in %	
<b>Tax revenue</b>	<b>322,386</b>	<b>92.7</b>	<b>325,491</b>	<b>92.8</b>	<b>203,977</b>	<b>202,658</b>	<b>-0.6</b>
<b>Federal share of joint taxes:</b>	264,106	76.0	273,027	77.9	168,149	171,057	+1.7
Income tax and corporation tax (incl. final withholding tax on interest and capital gains)	145,535	41.9	150,063	42.8	89,317	91,763	+2.7
of which:							
Wages tax	88,520	25.5	92,301	26.3	55,255	58,643	+6.1
Assessed income tax	25,678	7.4	26,688	7.6	13,357	13,763	+3.0
Non-assessed tax on earnings	11,592	3.3	10,870	3.1	9,206	9,148	-0.6
Final withholding tax on interest and capital gains	3,033	0.9	3,339	1.0	2,369	1,555	-34.4
Corporation tax	16,713	4.8	16,865	4.8	9,131	8,655	-5.2
Value added taxes (VAT)	115,712	33.3	120,126	34.3	77,728	78,227	+0.6
Trade tax apportionment	2,058	0.6	2,038	0.6	1,103	1,067	-3.3
Energy duty	40,882	11.8	41,100	11.7	21,973	21,633	-1.5
Tobacco duty	14,339	4.1	14,220	4.1	8,715	8,827	+1.3
Solidarity surcharge	18,927	5.4	19,700	5.6	11,923	12,313	+3.3
Insurance tax	13,779	4.0	14,050	4.0	10,942	11,185	+2.2
Electricity duty	6,858	2.0	7,000	2.0	4,643	4,403	-5.2
Motor vehicle tax	9,047	2.6	9,080	2.6	6,437	6,648	+3.3
Alcohol duty including alcopops duty	2,135	0.6	2,122	0.6	1,418	1,406	-0.8
Coffee duty	1,037	0.3	1,045	0.3	665	691	+3.9
Aviation tax	1,187	0.3	1,215	0.3	707	728	+3.0
Sparkling wine duty and intermediate products duty	395	0.1	396	0.1	269	273	+1.5
Other taxes accruing to the Federation	2	0.0	2	0.0	2	2	+0.0
<b>Deductions</b>							
Consolidation assistance for the <i>Länder</i>	800	X	800	X	800	800	+0.0
Supplementary grants to <i>Länder</i>	8,486	X	7,783	X	4,245	3,628	-14.5
EU own resources (GNI-based)	21,147	X	28,640	X	12,831	17,691	+37.9
EU own resources (VAT-based)	2,385	X	2,600	X	1,581	1,878	+18.8
Grants to <i>Länder</i> for public transport	8,498	X	8,651	X	5,665	5,767	+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>25,200</b>	<b>7.3</b>	<b>25,123</b>	<b>7.2</b>	<b>17,409</b>	<b>19,604</b>	<b>+12.6</b>
Revenue from economic activity	5,682	1.6	5,640	1.6	4,952	5,495	+11.0
Interest revenue	340	0.1	280	0.1	221	195	-11.8
Loan repayments, holdings, privatisation proceeds	2,371	0.7	2,314	0.7	1,602	1,473	-8.1
<b>Total revenue<sup>1</sup></b>	<b>347,586</b>	<b>100.0</b>	<b>350,614</b>	<b>100.0</b>	<b>221,386</b>	<b>222,262</b>	<b>+0.4</b>

<sup>1</sup>With the exception of revenue from loans on the credit market, withdrawals from reserves, revenue from cash surpluses and seigniorage. Excluding revenue from internal offsetting.  
Source: Federal Ministry of Finance

## Tax revenue in August 2019

2019 trends in tax revenue (excluding local authority taxes) <sup>1</sup>						
2019	August	Year-on-year change	January to August	Year-on-year change	2019 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>	18,140	+10.3	142,568	+6.3	219,350	+5.3
Assessed income tax	-488	X	32,393	+3.1	60,200	-0.4
Non-assessed taxes on earnings	1,388	+28.6	18,343	-0.4	24,120	+4.1
Final withholding tax on interest and capital gains (including the former withholding tax on interest income)	504	+15.1	3,534	-34.4	4,731	-31.4
Corporation tax	71	+49.1	17,312	-5.2	32,730	-2.1
Value added taxes (VAT)	21,126	+2.2	159,645	+3.0	242,900	+3.4
Trade tax apportionment	236	+1.5	2,598	-2.4	4,815	-3.1
Increased trade tax apportionment	56	-7.9	1,855	-14.0	3,427	-16.6
<b>Total joint taxes</b>	<b>41,034</b>	<b>+6.5</b>	<b>378,248</b>	<b>+2.9</b>	<b>592,273</b>	<b>+2.8</b>
<b>Taxes accruing to the Federation</b>						
Energy duty	3,325	-3.5	21,633	-1.5	40,250	-1.5
Tobacco duty	1,294	+3.7	8,827	+1.3	14,260	-0.6
Alcohol duty (formerly spirits duty)	160	-12.6	1,406	-0.8	2,130	-0.1
Insurance tax	1,382	+3.4	11,185	+2.2	14,130	+2.5
Electricity duty	556	-4.4	4,403	-5.2	6,650	-3.0
Motor vehicle tax	752	-1.7	6,648	+3.3	9,150	+1.1
Aviation tax	118	-3.5	728	+3.0	1,230	+3.6
Nuclear fuel duty	0	X	0	X	-1	X
Solidarity surcharge	1,142	+10.0	12,313	+3.3	19,400	+2.5
Other taxes accruing to the Federation	113	+1.2	967	+3.2	1,442	+0.4
<b>Total taxes accruing to the Federation</b>	<b>8,843</b>	<b>+0.1</b>	<b>68,109</b>	<b>+0.6</b>	<b>108,642</b>	<b>+0.1</b>
<b>Taxes accruing to the Länder</b>						
Inheritance tax	723	+43.1	4,643	+1.2	6,633	-2.6
Real property transfer tax	1,349	+7.2	10,268	+10.4	15,440	+9.6
Betting and lottery tax	154	-2.8	1,329	+4.1	1,938	+2.3
Beer duty	64	+2.2	418	-5.9	650	-0.8
Other taxes accruing to the Länder	26	+0.9	355	+2.7	475	+1.7
<b>Total taxes accruing to the Länder</b>	<b>2,315</b>	<b>+15.2</b>	<b>17,012</b>	<b>+6.6</b>	<b>25,136</b>	<b>+5.1</b>



continued: 2019 trends in tax revenue (excluding local authority taxes) <sup>1</sup>						
2019	August	Year-on-year change	January to August	Year-on-year change	2019 estimates <sup>4</sup>	Year-on-year change
	in €m	in %	in €m	in %	in €m	in %
<b>EU own resources</b>						
Customs duties	479	-6.2	3,348	+1.4	4,800	-5.1
VAT-based own resources	209	+3.8	1,878	+18.8	2,600	+9.0
GNI-based own resources	1,973	+10.2	17,691	+37.9	26,590	+25.7
<b>Total EU own resources</b>	<b>2,660</b>	<b>+6.4</b>	<b>22,917</b>	<b>+29.4</b>	<b>33,990</b>	<b>+18.9</b>
<b>Federation<sup>3</sup></b>	<b>23,396</b>	<b>+3.4</b>	<b>204,034</b>	<b>-0.4</b>	<b>324,270</b>	<b>+0.6</b>
<b>Länder<sup>3</sup></b>	<b>23,175</b>	<b>+7.1</b>	<b>207,575</b>	<b>+3.1</b>	<b>321,842</b>	<b>+2.5</b>
<b>EU</b>	<b>2,660</b>	<b>+6.4</b>	<b>22,917</b>	<b>+29.4</b>	<b>33,990</b>	<b>+18.9</b>
<b>Local authorities' share of income and value added tax</b>	<b>3,439</b>	<b>+10.3</b>	<b>32,191</b>	<b>+5.6</b>	<b>50,748</b>	<b>+4.5</b>
<b>Total tax revenue (excluding local authority taxes)</b>	<b>52,670</b>	<b>+5.6</b>	<b>466,717</b>	<b>+2.7</b>	<b>730,851</b>	<b>+2.4</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> Results of the Working Party on Tax Revenue Estimates of May 2019

Source: Federal Ministry of Finance

Total tax revenue (excluding local authority taxes) was up by 5.6% on the year in August 2019. This increase was driven by increases in receipts from joint taxes, especially wages tax. In addition, revenue from non-assessed taxes on earnings posted strong year-on-year growth, most likely due to fluctuations in dividend distribution dates. Year-on-year revenue gains were also recorded for final withholding tax on interest and capital gains and for value added taxes. Receipts from taxes that accrue solely to the Federation remained basically unchanged on the year in August. In contrast, receipts from taxes accruing to the *Länder* surged by 15.2%; however, this increase had only a minor impact on total tax revenue because the volume of *Länder* taxes is relatively small.

## EU own resources

Transfers of own resources to the EU, including customs duties, totalled approximately €2.7bn in August 2019, a year-on-year increase of 6.4%. Transfers to the EU are based on the planned financial framework for 2019. The overall volume of the 2019 EU budget is higher than that of the 2018 budget. In addition, monthly fluctuations occur over the course of the year based on the EU's financing needs at any given time.

## Overview of the January–August 2019 period

Total tax receipts were up by 2.7% on the year in the first eight months of 2019. Revenue from joint taxes grew by 2.9%. Taxes accruing to the Federation posted an increase of 0.6%, while taxes accruing to the *Länder* were up by 6.6%.

## Distribution among the Federation, Länder and local authorities

The Federation's tax receipts (after accounting for supplementary federal grants to the *Länder*) rose by 3.4% on the year in August 2019. This increase was driven by a 5.0% increase in revenue from the Federation's share of joint taxes, even though the actual percentage of joint tax revenue that is allocated to the Federation is lower in 2019 than it was in 2018.

The tax revenue taken in by the *Länder* in August grew by 7.1% on the year. This gain was due mainly to the yield from the share of joint taxes allocated to the *Länder*, which was up by 7.5% on the year, partly due to the higher percentage of VAT revenue that is going to the *Länder* in 2019. Revenue from taxes that accrue only to the *Länder* was also up on the year in August, by 15.2%. The share of joint taxes allocated to local authorities was up by 10.3% on the year in August.

## Joint taxes

### Wages tax

Wages tax receipts grew at a fast pace in August 2019, with gross revenue posting a 9.4% increase on the year. This outcome was buoyed by higher employment levels and higher incomes in general. In addition, collectively agreed bonuses were paid for the first time in July 2019 to workers in the metals and electrical industries. Wages tax levied on these bonuses was not reflected in cash receipts until a month later, which helps account for the particularly strong growth recorded in August. Child benefit payments, which are financed from wages tax receipts, rose by 8.2% on the year due to an increase in monthly child benefit of €10 per child from July onwards. On balance, cash receipts from wages tax rose by 10.3% on the year in August 2019. Cumulative cash receipts for the January–August 2019 period were up sharply by 6.3% on the year.

## Corporation tax

Revenue from corporation tax amounted to approximately €71m in August, generally a low-revenue month for this tax. This was an improvement over the previous August, when receipts totalled €48m. Investment allowance payments now have only a marginal impact on results. Cumulative cash receipts from corporation tax were down by 5.2% on the year for the eight months from January to August 2019.

## Assessed income tax

Revenue from assessed income tax in August was generated primarily from assessment activities. Gross receipts from this tax declined to approximately €1.0bn, a drop of 5.9% on the year. At the same time, employee refunds fell slightly by 2.0%. After subtracting investment allowance payments and owner-occupied homes premiums, which are insignificant in terms of amount, total refunds in August 2019 amounted to roughly €0.5bn, up slightly by €31m over the same period last year. In cumulative terms, cash receipts from assessed income tax were up by 3.1% on the year in the first eight months of 2019.

## Non-assessed taxes on earnings

Gross receipts from non-assessed taxes on earnings rose by 22.9% on the year in August 2019, following a decline of 39.8% in the previous month. After factoring in the 22.1% 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 were up by 28.6% in August. Overall, the trend in revenue from non-assessed taxes on earnings tends to be very volatile over the course of the year due to fluctuations in dividend distribution dates. The cumulative result provides a more solid basis for analysis: over the period from January to August 2019, cash receipts from non-assessed taxes on earnings were down by 0.4% on the year.

## Final withholding tax on interest and capital gains

Revenue from final withholding tax on interest and capital gains recorded a year-on-year increase of 15.1% in August. In cumulative terms, however, cash receipts were down by 34.4% on the year in the first eight months of 2019. There are no statistics breaking down this figure into its two components, but it can be assumed that capital gains have so far made a significantly smaller contribution to overall revenue from this tax than they did in 2018.

## Value added taxes (VAT)

Receipts from value added taxes were up by 2.2% on the year in August 2019. Domestic VAT revenue was unchanged in year-on-year terms, while receipts from import VAT grew by 8.9%. Cumulative cash receipts from value added taxes were up by 3.0% on the year in the eight-month period from January to July 2019.

## Taxes accruing to the Federation

In August 2019, revenue from taxes accruing solely to the Federation was up just slightly on the year by 0.1%. Receipts from solidarity surcharge were up by 10.0% on the year, thanks to growth in revenue from the taxes that make up its tax base (especially wages tax). Receipts from tobacco duty and insurance tax also posted substantial gains, up by 3.7% and 3.4%, respectively. These gains were offset by year-on-year declines in revenue from energy duty (down by 3.5%), electricity duty (down by 4.4%), motor vehicle tax (down by 1.7%) and alcohol duty (down by 12.6%). Trends in revenue from other taxes had only a minor impact on the overall results for taxes accruing to the Federation.

## Taxes accruing to the *Länder*

Receipts from taxes accruing solely to the *Länder* were up by 15.2% on the year in August 2019. This increase was mainly due to growth in revenue from real property transfer tax (up by 7.2%) and inheritance tax (up by 43.1%). The yield from fire protection tax was also higher than a year ago, by 0.9%. Receipts from beer duty had been on the decline since February 2019 due to ongoing refunds triggered by the European Court of Justice ruling of 17 May 2018 (C-30/17) on flavoured beer and mixed beverages containing beer. This trend was reversed in August, when beer duty posted a moderate year-on-year gain of 2.2%. Revenue from betting and lottery tax was down by 2.8% on the year in August.

## 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 2019	August 2019	August 2019	31 August 2019	August 2019
<b>Budget borrowing</b>	<b>1,071,495</b>	<b>20,277</b>	<b>-7,027</b>	<b>1,084,745</b>	<b>13,250</b>
<b>broken down by purpose</b>					
Federal budget	1,026,667	12,532	-24,071	1,015,127	-11,539
Financial Market Stabilisation Fund	35,620	1,672	-	37,292	1,672
Investment and Redemption Fund	19,092	-15	-	19,076	-15
<b>broken down by debt type</b>					
Federal securities	1,059,430	20,277	-7,027	1,072,680	13,250
Federal bonds	701,421	5,862	-	707,283	5,862
30-year federal bonds	225,964	984	-	226,948	984
10-year federal bonds	475,457	4,878	-	480,335	4,878
Inflation-linked federal securities	68,673	42	-	68,715	42
30-year inflation-linked federal bonds	8,114	-13	-	8,101	-13
10-year inflation-linked federal bonds	60,559	55	-	60,614	55
Federal notes	177,136	3,198	-	180,334	3,198
Federal Treasury notes	92,180	7,876	-	100,056	7,876
Treasury discount papers issued by the Federation	18,765	3,299	-7,019	15,045	-3,720
Other federal securities	1,255	-	-8	1,247	-8
Securitised loans	7,590	-	-	7,590	-
Other loans and ordinary debts	4,475	-	-	4,475	-
<b>broken down by maturity</b>					
up to one year	158,735			155,194	-3,541
one to four years	328,045			353,598	25,553
over four years	584,715			575,953	-8,762
<b>Additional information<sup>1</sup></b>					
Liabilities from the indexing of inflation-linked federal securities	5,840			5,963	122
Reserves in accordance with the Final Payment Financing Act ( <i>Schlusszahlungsfinanzierungsgesetz</i> )	4,495			4,495	-

<sup>1</sup> Liabilities resulting from indexing include the amount by which the original issuance price has increased due to inflation between the start date and the specified reference date. In contrast, reserves include only the increases that are noted on coupon payment dates (15 April of every year) (section 4(1) of the Final Payment Financing Act) and on reopening dates 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 2019	Amount allocated as of 30 June 2018
in €bn			
Export credit guarantees	148.0	119.0	118.5
Loans to foreign debtors, foreign direct investment, EIB loans	58.0	44.5	43.0
Financial cooperation projects	28.5	23.5	20.7
Food stockpiling	0.7	0.0	0.0
Domestic guarantees	125.0	105.4	100.8
International financial institutions	80.0	60.1	60.1
<i>Treuhandanstalt</i> successor organisations	1.0	1.0	1.0
Interest compensation guarantees	15.0	15.0	15.0

## Calendar

Publication schedule <sup>1</sup> of the monthly reports		
Monthly report	Reporting period	Publication date
October 2019 issue	September 2019	21 October 2019
November 2019 issue	October 2019	21 November 2019
December 2019 issue	November 2019	20 December 2019

<sup>1</sup> 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	
9–10 October 2019	Eurogroup and ECOFIN Council meetings in Luxembourg
16 October 2019	Franco-German Council of Ministers in Paris
17–18 October 2019	Meeting of G20 finance ministers and central bank governors in Washington, D.C.
18–20 October 2019	Annual meetings of the IMF and World Bank in Washington, D.C.
7–8 November 2019	Eurogroup and ECOFIN Council meetings in Brussels
19 November 2019	G20 Compact with Africa conference in Berlin
4–5 December 2019	Eurogroup and ECOFIN Council meetings in Brussels

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