

**Box 1: Monitoring requirements specified in Article 6 of Regulation (EU) No 473/2013**

1. Member States shall submit annually to the Commission and to the Eurogroup a draft budgetary plan for the forthcoming year by 15 October.<sup>3</sup> That draft budgetary plan shall be consistent with the recommendations issued in the context of the SGP and, where applicable, with recommendations issued in the context of the annual cycle of surveillance, including the macroeconomic imbalances procedure as established by Regulation (EU) No 1176/2011, and with opinions on the economic partnership programmes referred to in Article 9.
2. As soon as the draft budgetary plans referred to in paragraph 1 have been submitted to the Commission, they shall be made public.
3. The draft budgetary plan shall contain the following information for the forthcoming year:
  - (a) the targeted budget balance for the general government as a percentage of Gross Domestic Product (GDP), broken down by subsector of general government;
  - (b) the projections at unchanged policies for expenditure and revenue as a percentage of GDP for the general government and their main components, including gross fixed capital formation;
  - (c) the targeted expenditure and revenue as a percentage of GDP for the general government and their main components, taking into account the conditions and criteria to establish the growth path of government expenditure net of discretionary revenue measures under Article 5(1) of Regulation (EC) No 1466/97;
  - (d) relevant information on the general government expenditure by function, including on education, healthcare and employment, and, where possible, indications on the expected distributional impact of the main expenditure and revenue measures;
  - (e) a description and quantification of the expenditure and revenue measures to be included in the draft budget for the year to come at the level of each subsector in order to bridge the gap between the targets referred to in point (c) and the projections at unchanged policies provided in accordance with point (b);
  - (f) the main assumptions of the independent macroeconomic forecasts and important economic developments which are relevant to the achievement of the budgetary targets;

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<sup>3</sup> Since in 2016 this date fell on a Saturday, countries were allowed to submit at a later date.

- (g) an annex containing the methodology, economic models and assumptions, and any other relevant parameters underpinning the budgetary forecasts and the estimated impact of aggregated budgetary measures on economic growth;
- (h) indications on how reforms and measures in the draft budgetary plan, including in particular public investment, address the current recommendations to the Member State concerned in accordance with Articles 121 and 148 TFEU and are instrumental to the achievement of the targets set by the Union's strategy for growth and jobs.

The description referred to in point (e) of the first subparagraph may be less detailed for measures with a budgetary impact estimated to be lower than 0.1 % of GDP. Particular and explicit attention shall be paid to major fiscal policy reform plans with potential spill-over effects for other Member States whose currency is the euro.

4. Where the budgetary targets reported in the draft budgetary plan in accordance with paragraph 3 or the projections at unchanged policies differ from those in the most recent stability programme, the differences shall be duly explained.
5. The specification of the content of the draft budgetary plan shall be set out in a harmonised framework established by the Commission in cooperation with the Member States.

## 2. Overview of the actual and planned conduct of fiscal policy

According to the latest DBP, the fiscal deficit-to GDP ratio is expected to decline from 1.4% in 2015, to 0.7% in 2016, and 0.5% in 2017 (see Table 1). In absolute terms, total revenue is expected to increase both in 2016 and 2017, but at a slower pace than nominal GDP. As a result, the revenue-to-GDP ratio is expected to decline from 42.0% in 2015 to 40.3% in 2016 and 39.8% in 2017. At the same time, the total expenditure-to-GDP ratio is expected to decline from 43.4% in 2015 to 41.0% in 2016, on account of lower expenditure in absolute terms. The expenditure-to-GDP ratio is expected to decline further in 2017, to 40.3%, on the basis of plans to restrain expenditure growth below that in nominal GDP.

**Table 1: Key fiscal aggregates (per cent of GDP)**

	2015	2016	2017
<b>Fiscal balance</b>	-1.4	-0.7	-0.5
<b>Total revenue</b>	42.0	40.3	39.8
<b>Total expenditure</b>	43.4	41.0	40.3

*Source: MFIN*