

The 2024 Budget of the Central Government : A Compendium

Foreword

Fiscal soundness is the foundation of a country's long-term stability. Thanks to the steady economic development that leads to stable increases of tax revenues and tight control over ineffective government spending, the financial status of our country has continued to enhance in the past few years. Although a special budget in response to the COVID-19 epidemic resulted in deficits, the outstanding economic performance and higher-than-expected tax collection in 2022 has turned the balance of central government into surplus. The surplus of central government general budget in 2022 has reached nearly NT\$ 500 billion, which is the sixth consecutive year with a surplus, suggesting that our government has a sound fiscal status.

The 2024 budget was planned not only abiding the Public Debt Act and the Fiscal Discipline Act, but also taking the spirit of zero-based budgeting into account. It is expected that we can maintain sound public finance, strike a balance between strengthening economic resilience and pursuing environmental sustainability, strengthen the social caring and safety system, enrich national defense capabilities and participate proactively in international affairs.

The overall budget arrangement has contained all the key policies of the current administration, which include:

- (1) Expanding public investment to strengthen key infrastructure. The overall infrastructure expenditure amounts to NT\$277.2 billion, NT\$31 billion (or 12.6%) higher than that of 2023.
- (2) Catalyzing cross-field collaboration to lead progress in science and technology development. The overall expenditure amounts to NT\$153.9 billion, NT\$21.2 billion (or 16%) higher than that of 2023.
- (3) Strengthening resilience in economic growth and consolidating industrial competitiveness. The overall expenditure amounts to NT\$32.5 billion, NT\$2.1 billion (or 7%) higher than that of 2023.
- (4) Promoting net zero transformation to achieve environmental sustainability. The overall expenditure amounts to NT\$96.4 billion, NT\$30.2 billion (or 45.7%) higher than that of 2023.
- (5) Providing diverse and appropriate education to cultivate high-level talents. The overall expenditure amounts to NT\$397.6 billion, NT\$50.8 billion (or 14.7%) higher than that of 2023.
- (6) Strengthening law enforcement to build a safe community and society. The overall expenditure amounts to NT\$134.2 billion, NT\$6.6 billion (or 5.2%) higher than that of 2023.
- (7) Strengthening Taiwanese cultural content and safeguarding the concept of cultural diversity. The overall expenditure amounts to NT\$53 billion, NT\$8.5 billion (or 19%) higher than 2023.

- (8) Easing burden of raising children to create a friendly nurturing environment. The overall expenditure in response to the declining birth rate amounts to NT\$120.1 billion, NT\$12.8 billion (or 12%) higher than that of 2023.
- (9) Balancing the distribution of long-term care resources to build healthy and sustainable lifestyles for the aging population. The overall expenditure amounts to NT\$87.6 billion, NT\$22.9 billion (or 35.3%) higher than that of 2023.
- (10) Strengthening defense capabilities to uphold national sovereignty. The overall defense expenditure amounts to NT\$606.8 billion, NT\$26.5 billion (or 4.6%) higher than that of 2023.
- (11) Enlarging fiscal aid to local governments and balancing the rural-urban development. The general allowance to local governments amounts to NT\$230.3 billion, NT\$15.6 billion (or 7.3%) higher than 2023. Together with the NT\$41.6 billion in centrally funded tax revenues, the overall financial assistance from central government increases by NT\$57.2 billion (or 9.9%)

The revenue of the 2024 budget is estimated to be NT\$2,709.2 billion, which increases by NT\$129.6 billion (or 5%) compared with that of 2023. The expenditure is set at NT\$2,881.8 billion, which increases by NT\$192.7 billion (or 7.2%) compared with that of 2023. The increase of expenditure has been put in priorities such as expanding public investment on infrastructure, industrial innovation and promoting transition towards net-zero carbon

emissions, improving social safety system, building a friendly nurturing environment, providing sound development in education, establishing cultural strength, and strengthening national defense. The deficit of NT\$172.6 billion and the debt repayment of NT\$ 115 billion will be financed through debt raising of NT\$ 172.1 billion and the surplus from the previous fiscal year of NT\$ 115.5 billion. After taking into account the special budget, the overall deficit amounts to NT\$436.4 billion, which decreases by NT\$182.1 billion (or 29.5%) compared with that of 2023. The debt raising needed is NT\$371.9 billion after adding the deficit and the debt repayment and subtracting the surplus from the previous fiscal year. The total net financing need is equivalent to 11.8% of the expenditure, lower than the 15% borrowing cap and is 0.3 pp lower than that of 2023. The outstanding debt is projected to be NT\$6,828.6 billion, 30.2% of the 3-year-average nominal GDP at the end of 2024, which is 0.5 pp lower than that of 2023 and below the 40.6% debt ceiling stipulated by Article 5 of the Public Debt Act. It shows the government upholds fiscal discipline and controls the deficit meticulously while promoting the nation's development.

As for expenditure by functions, Social Welfare expenditure of NT\$791.7 billion takes up the largest share of 27.5% ; Education, Science and Culture expenditure of NT\$561.2 billion ranks second by 19.5%; Economic Development expenditure of NT\$434.2 billion ranks third by 15.1%; Defense expenditure of NT\$431.2 billion ranks fourth by 15%.

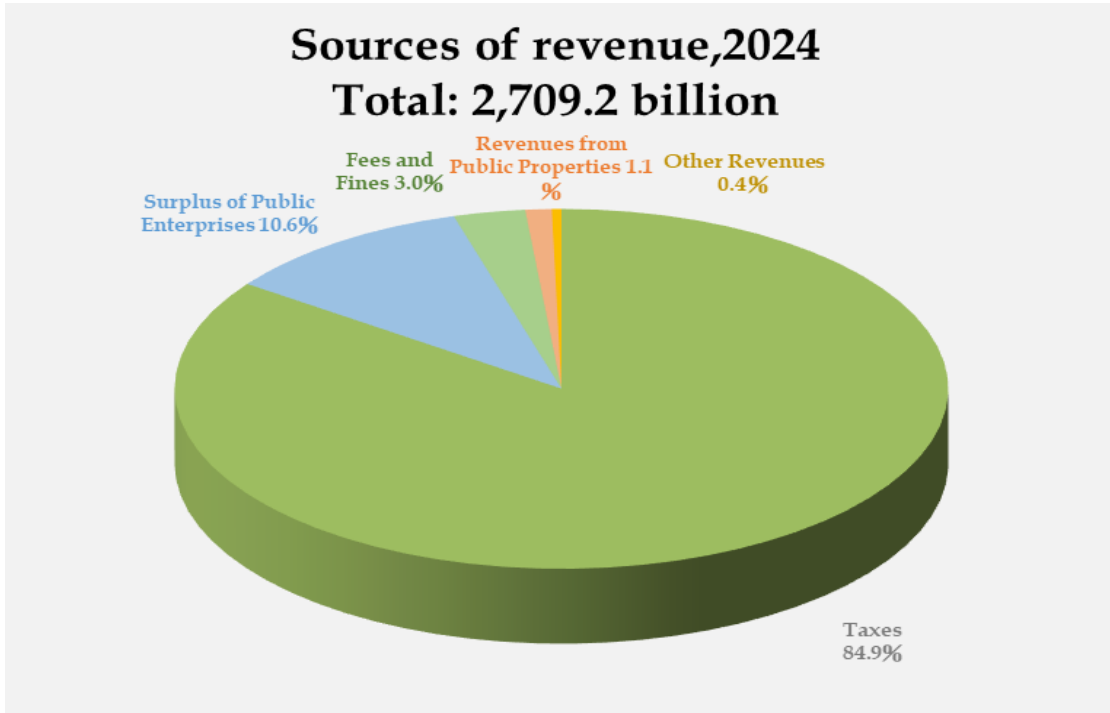
The increase in expenditure is NT\$192.7 billion, and it mainly attributes to:

- (1) An increase of NT\$78.8 billion in ~~is~~ Social Welfare expenditure, mainly due to government injection to the Labor Insurance Fund.
- (2) An increase of NT\$74.9 billion in Education, Science and Culture expenditure, mainly due to the policy of narrowing the tuition gap between public and private universities, new science research projects, the policy of countering declining birth rates, and grants for school facilities.
- (3) An increase of NT\$38.7 billion in Defense expenditure, mainly due to further procurement of weaponry and combat equipment.
- (4) An increase of NT\$25.3 billion in Retirement and Bereavement expenditure, mainly due to government injection to the Public Service Pension Fund.

The government predicts that the GDP in 2024 will reach NT\$24.6 trillion, equivalent to US\$773.2 billion; the GDP per capita will be US\$32,897 and the GDP growth rate will be 3.3%. Meanwhile, domestic prices remain stable, with a slight CPI increase of 1.6%. All these indicators demonstrate that we have managed to pursue a balance between economic development and fiscal soundness regarding our budget.

Analysis of Revenue and Expenditure

1. Revenue



Composition and Changes of Revenue by Sources

NT\$ Billion

Item	2024		2023		Change	
	Amount	%	Amount	%	Amount	%
Total	2,709.2	100.0	2,579.6	100.0	129.6	5.0
1. Taxes	2,299.0	84.9	2,194.9	85.1	104.1	4.7
Income Taxes	1,405.1	51.9	1,436.0	55.7	-30.9	-2.1
Business Taxes	327.5	12.1	269.8	10.5	57.7	21.4
Securities Transaction Tax	208.7	7.7	155.1	6.0	53.6	34.5
Commodity Taxes	150.1	5.5	140.2	5.4	9.9	7.1
Customs Duties	148.8	5.5	136.2	5.3	12.6	9.3
2. Profit and	286.6	10.6	264.7	10.2	21.9	8.3

income of Public Enterprises						
3. Fees and Fines	79.9	3.0	79.3	3.1	0.6	0.7
4. Revenues from Public Properties	31.3	1.1	25.3	1.0	6.0	23.8
5. Other Revenues	12.4	0.4	15.4	0.6	-3.0	-19.7

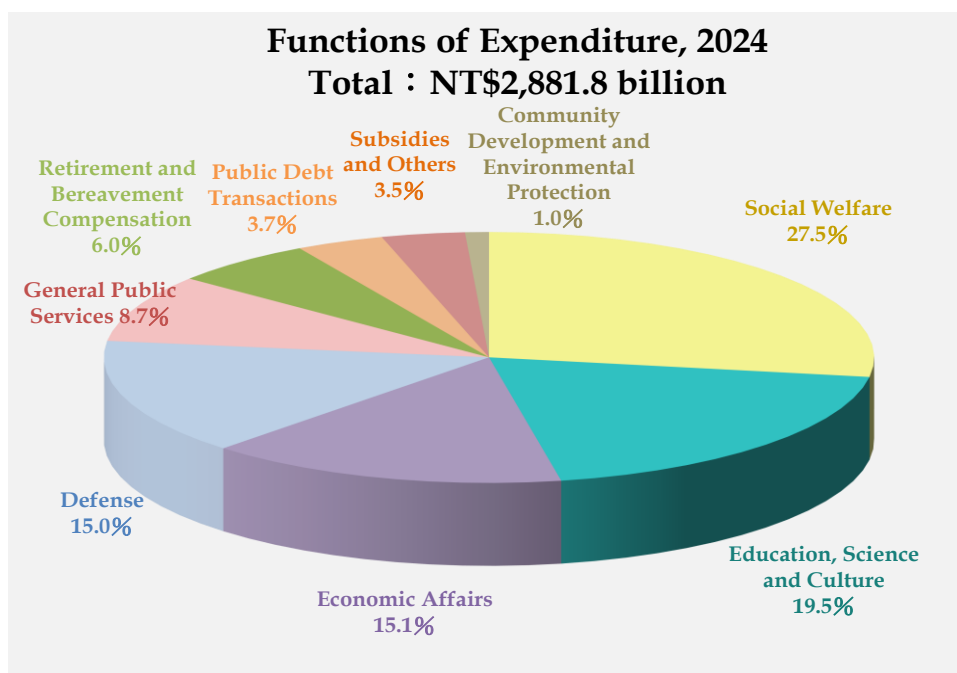
Total revenue for 2024 is projected to be NT\$2,709.2 billion, NT\$129.6 billion (or 5%) higher than that of 2023, and is comprised of five major sources:

- (1) **Taxes.** 84.9% of revenue comes from taxes, which goes up from NT\$2,194.9 billion in 2023 to NT\$2,299 billion in 2024, an increase of NT\$104.1 billion (or 4.7%). The increase is mainly from the increase of Business Taxes of NT\$57.7 billion and Securities Transaction Tax of 53.6 billion.
- (2) **Profit and income of Public Enterprises.** 10.6% of revenue is contributed from profit and income of public enterprises, which goes up from NT\$264.7 billion in 2023 to NT\$286.6 billion in 2024, an increase of NT\$21.9 billion (or 8.3%). The increase is mainly due to the contribution from Central Bank of NT\$19.3 billion.
- (3) **Fees and Fines.** 3% of revenue derives from fees and fines, which goes up from NT\$ 79.3 billion in 2023 to NT\$79.9 billion in 2024, an increase of NT\$0.6 billion (or 0.7%). The increase is mainly due to revenues of issuing passport and visa of NT\$0.4 billion and revenues of issuing driving license and letting citizens decide their license plates number of NT\$0.2 billion.

(4) Revenues from Public Properties. 1.1% of revenue stems from public properties, which goes up from NT\$ 25.3 billion in 2023 to NT\$31.3 billion in 2024, an increase of NT\$6 billion (or 23.8%). The increase is mainly from the addition of interest of military equipment procurement account of NT\$ 4 billion and selling national non-public use lands for NT\$ 2.5 billion.

(5) Other Revenues. 0.4% of revenue comes from others, which goes down from NT\$15.4 billion in 2023 to NT\$12.4 billion in 2024, a decrease of NT\$3 billion (or 19.7%). The decrease is mainly from the decrease in refunds of the Fund of Rebuilding Old Quarters for Military Dependents of NT\$4 billion.

2. Expenditure



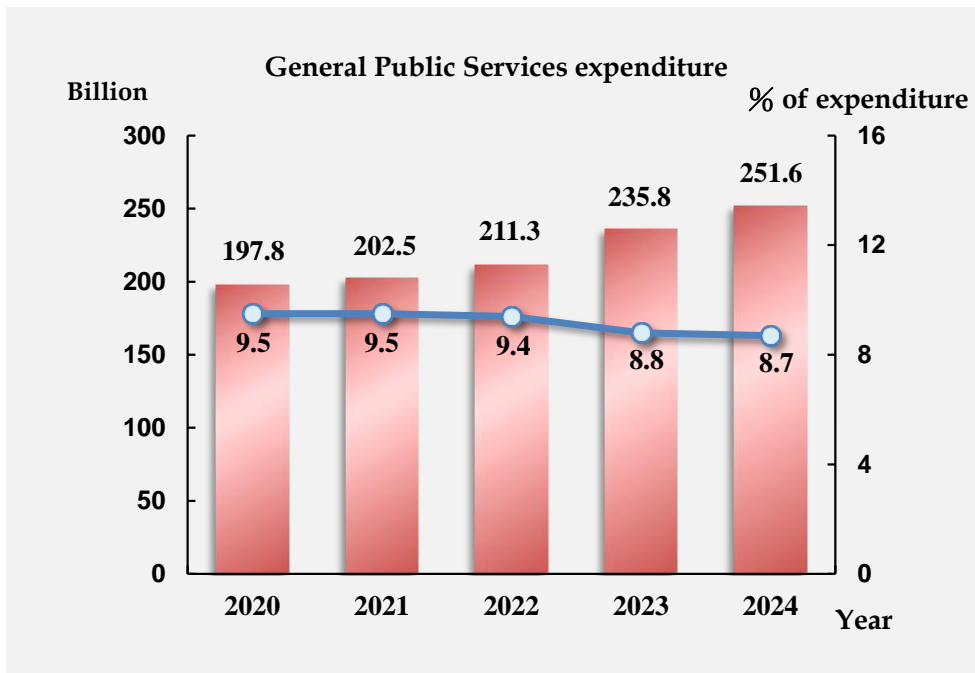
Composition and Changes of Expenditure by Functions

NT\$ Billion

Item	2024		2023		Change	
	Amount	%	Amount	%	Amount	%
Total	2,881.8	100.0	2,689.1	100.0	192.7	7.2
1.General Public Services	251.6	8.7	235.8	8.8	15.8	6.7
2.Defense	431.2	15.0	392.5	14.6	38.7	9.9
3.Education, Science and Culture	561.2	19.5	486.3	18.1	74.9	15.4
4. Economic Development Affairs	434.2	15.1	475.1	17.7	-40.9	-8.6
5.Social Welfare	791.7	27.5	712.9	26.5	78.8	11.0
6.Community Development and Environmental Protection	29.7	1.0	28.5	1.0	1.2	4.0
7.Retirement and Bereavement Compensation	173.5	6.0	148.2	5.5	25.3	17.1
8.Public Debt Transactions	107.6	3.7	107.6	4.0	-	-
9.Subsidies and Others	101.1	3.5	102.2	3.8	-1.1	-1.0

The expenditure of 2024 is expected to be NT\$2,881.8 billion, NT\$192.7 billion (or 7.2%) higher than that of 2023. The composition and changes of expenditures by functions are briefly presented as follows.

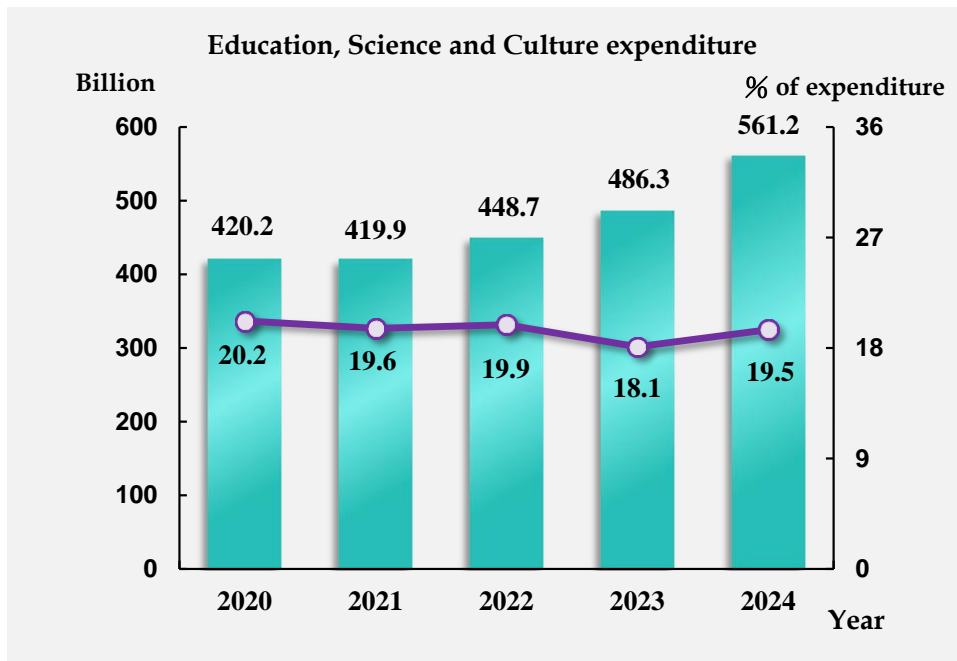
- (1) General Public Services expenditure is expected to be NT\$251.6 billion (or 8.7% of total), NT\$15.8 billion (6.7%) higher than that of 2023.



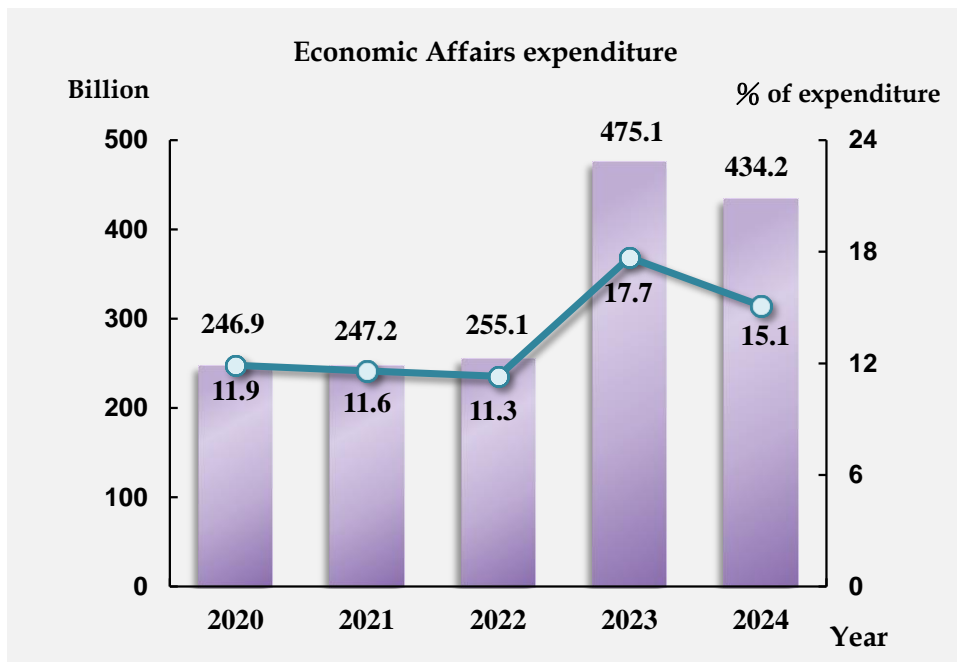
(2) Defense expenditure is expected to be NT\$431.2 billion (or 15% of total), NT\$38.7 billion (9.9%) higher than that of 2023.



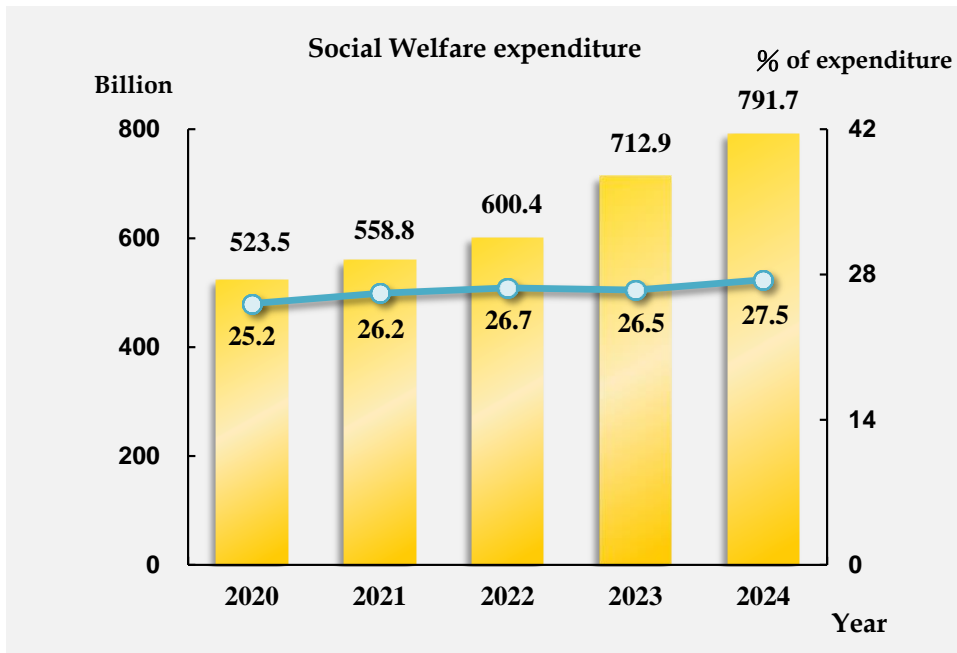
(3) Education, Science and Culture expenditure is expected to be NT\$561.2 billion (or 19.5% of total), NT\$74.9 billion (15.4%) higher than that of 2023.



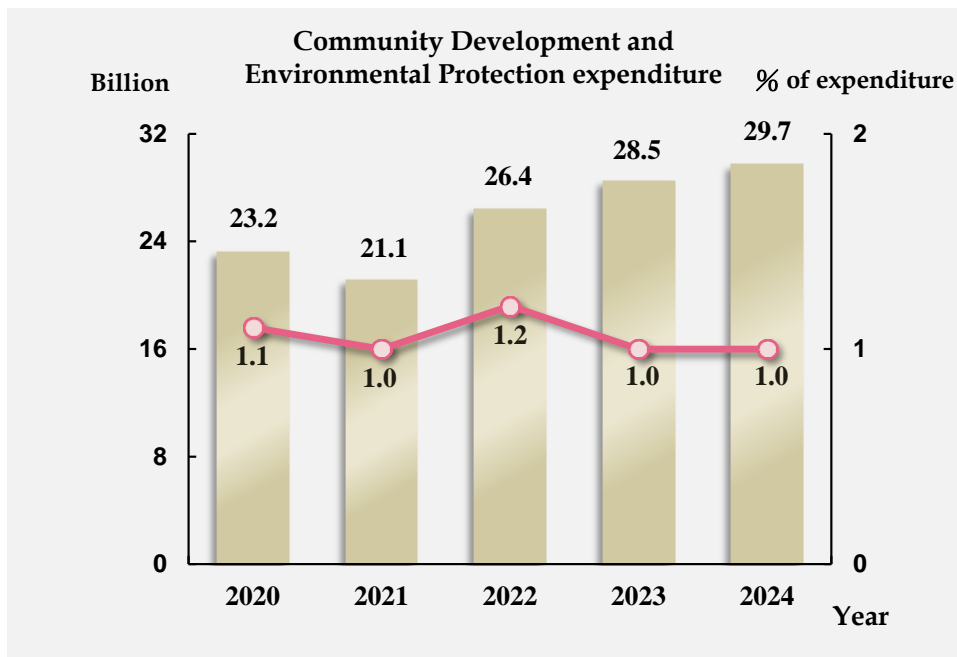
(4) Economic Affairs expenditure is expected to be NT\$434.2 billion (or 15.1% of total), NT\$40.9 billion (8.6%) lower than that of 2023.



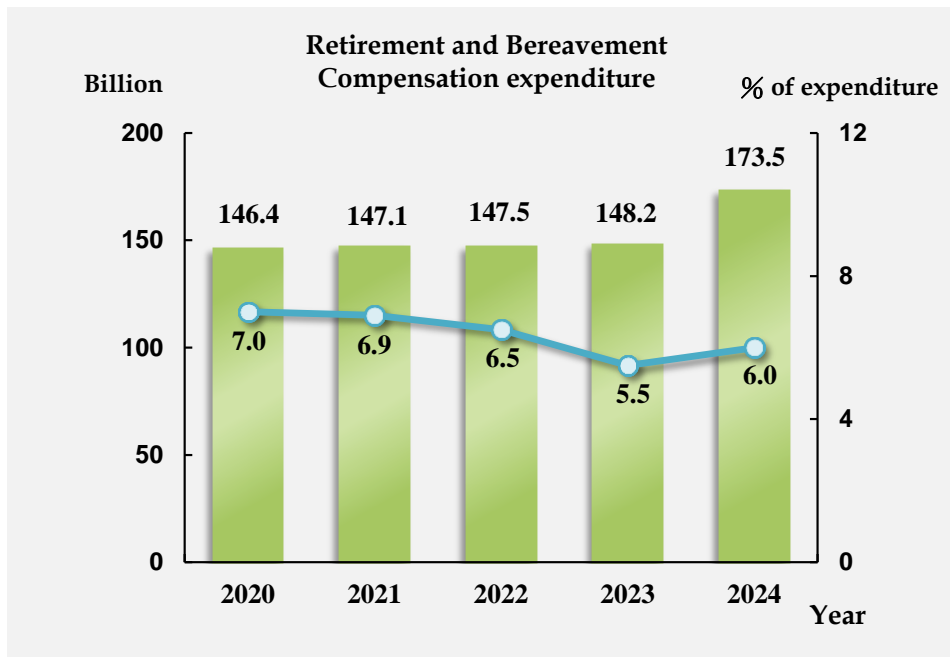
(5) Social Welfare expenditure is expected to be NT\$791.7 billion (or 27.5% of total), NT\$78.8 billion (11%) higher than that of 2023.



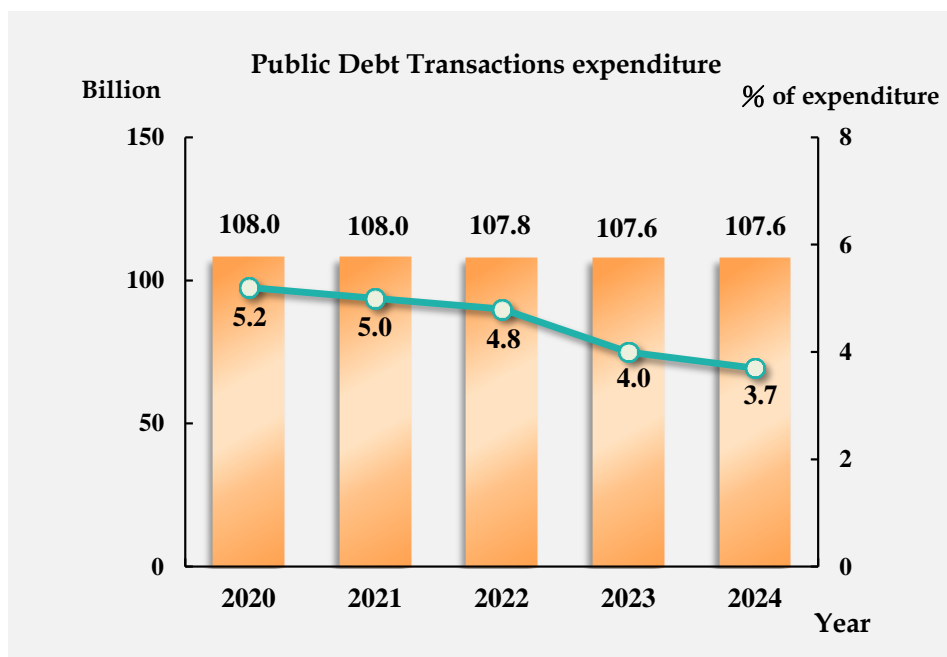
(6) Community Development and Environmental Protection expenditure is expected to be NT\$29.7 billion (or 1% of total), NT\$1.2 billion (4%) higher than 2023.



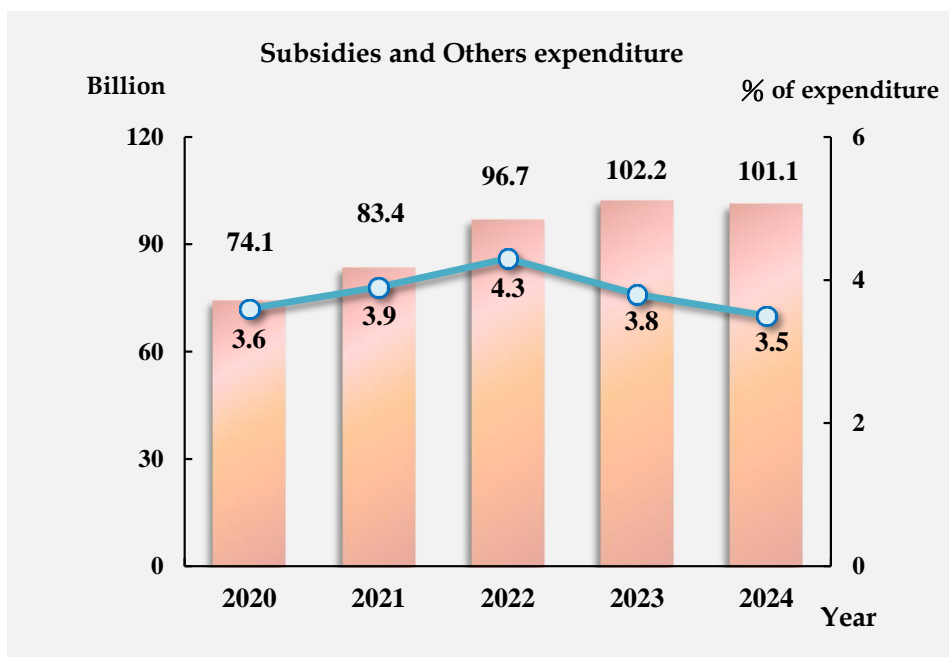
(7) Retirement and Bereavement Compensation expenditure is expected to be NT\$173.5 billion (or 6% of total), NT\$25.3 billion (17.1%) higher than that of 2023.



(8) Public Debt Transactions expenditure is expected to be NT\$107.6 billion (or 3.7% of total), same as that of 2023.



(9) Subsidies and Others expenditure is expected to be NT\$101.1 billion (or 3.5% of total), NT\$1.1 billion (1%) lower than that of 2023.



3. Financing Need

Composition and Changes of Financing Need

NT\$ Billion

Item	2024	2023	Change
	Amount	Amount	Amount
1. Deficit	172.6	109.5	63.1
2. Debt Repayment	115.0	111.0	4.0
3. Financing Need	287.6	220.5	67.1
(1) Debt Raising	172.1	173.2	-1.1
(2) Surplus from the Previous Years	115.5	47.3	68.2

The 2024 Budget is expected to result in a deficit of NT\$172.6 billion. Debt repayment is set at NT\$115 billion or 5% of tax revenue. This is in compliance with Article 12 of the Public Debt Act, which requires the central government allocate at least 5% to 6% of tax revenue for repayment of principal on debt. As a result, the financing need is expected to be

NT\$287.6 billion, which will be financed through debt raising of NT\$ 172.1 billion and the surplus from the previous fiscal years of NT\$ 115.5 billion. After taking into account the NT\$199.8 billion debt raising due to special budget, the total financing need is expected to be NT\$371.9 billion. The total net financing need is equivalent to 11.8% of the expenditure, lower than the 15% borrowing cap and is in compliance with the regulation stipulated by the Fiscal Discipline Act.

At the end of 2022, the public debt incurred by the central government was NT\$5,922 billion (including NT\$222.2 billion in special budget carryovers). Taking into account the estimates of debt raising and debt repayment in the 2024 and 2023 budgets, the central government outstanding debt is projected to be NT\$6,828.6 billion at the end of 2024, which is equivalent to 30.2% of the 3-year-average GDP. It is below the 40.6% debt ceiling stipulated by Article 5 of the Public Debt Act. As for the outstanding debt of local governments, it is NT\$807.8 billion at the end of 2022.

Composition of Public Debt December 31, 2022

NT\$ Billion

Government Level	General Fund			Non-profit Special Fund			Total Non Self-redeeming debt extending more than 1 year
	Extending more than 1 year		Maturing within 1 year	Extending more than 1 year		Maturing within 1 year	
	Self-redeeming	Non Self-redeeming		Self-redeeming	Non Self-redeeming		
Total	35.6	6,712.7	114.7	559.9	17.1	175.8	6,729.8
Central Government	-	5,922.0	30.0	237.8	-	171.8	5,922
Local Government	35.6	790.7	84.7	322.1	17.1	4.0	807.8

Note: 1.The figures of central government general and non-profit special funds are from final audit

accounts; figures of local government are from final accounts.

2.The figures for local government public debt are from statistics posted on the website of National Treasury Administration, Ministry of Finance.

According to the regulation of Public Debt Act, the above-mentioned public debts are non-self-redeeming public debts with maturity of 1 year or above incurred by government through the general budgets, special budgets, and special funds other than business special funds or trust funds.

Meanwhile, in response to the increasing concerns with future contingent obligations, the central government has started to disclose these items in the Financial Statement from 2009 onwards. According to the latest updated estimates based on the 2022 Central Government Financial Statement, as of the end of June 2023, the actuarial present values of these future contingent obligations are estimated to be NT\$15 trillion and 571.9 billion for the central government and NT\$2,726 billion for the local government, with a total of NT\$18 trillion and 297.9 billion for all levels of government.

Future Contingent Obligations

June 30, 2023

NT\$ Billion

Item	Total	Central Government	Local Government
Total	18,297.9	15,571.9	2,726
1. Unfunded Pension For Public Service (before 1995)	3,272.1	2,237.0	1,035.1
2.Public Service Pension Fund (after 1995)	2,782.4	1,105.8	1,676.6
3.Labor Insurance	11,373.4	11,373.4	-

4.Civil Servants and Public Schools Faculty Insurance	84.8	84.8	-
5.National Pension Insurance	667.2	667.2	-
6.Military Personnel Insurance	32.4	32.4	-
7.Farmers Health Insurance	71.3	71.3	-
8.Arrears incurred by local governments in the overdue health insurance premium and preferential deposit interest for retirees of public service	14.3	-	14.3

The above-mentioned matters being disclosed are mainly the social insurance or employee pension provided by the government to secure pension of various groups such as military personnel, civil servants and public schools faculty, laborers, farmers, fishermen, and people with no occupational insurances. These future contingent obligations are either statutory spendings in the future, which must be provided for by annual budgets, or possible payments for underfunded social insurance funds, which could otherwise be compensated by premium adjustments or other pension reforms. They are distinct from the public debts raised to finance deficits, which are governed by the Public Debt Act.