The 2027 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 budget execution has recorded surpluses for the past 9 years since 2017, and the surpluses have exceeded NT$100 billion for 8 consecutive years. The effectiveness of fiscal management has been repeatedly recognized by international organizations. In June 2026, IMD released the “2026 IMD World Competitiveness Yearbook.” Taiwan ranked 4th globally, rising two places from the previous year and achieving its best-ever performance. Among economies with populations exceeding 20 million, Taiwan has ranked first in the world for 6 consecutive years. In particular, the ranking of the “Economic Performance” factor rose significantly from 10th to 5th, demonstrating the country’s overall competitiveness and economic resilience. It also suggests that the government has strong fiscal capacity to implement more policies that benefit the public and respond to public expectations.

The 2026 budget was prudently formulated in compliance with the Budget Act, the Public Debt Act, and the Fiscal Discipline Act, and in accordance with the spirit of zero-based budgeting. We aim to maintain sound public finances and uphold fiscal discipline, while balancing smart development, technological

advancement, infrastructure investment, economic development, and equitable distribution, with the goal of becoming a more civilized and progressive welfare state.

The overall budget includes all the key policies of the current administration, including:

1. Expand investment in technology and build Smart Nation 2.0. The total expenditure on New Ten Major AI Infrastructure Projects under the General Budget, the Strengthening Economic, Social, and National Security Resilience in Response to International Circumstances special budget, and operating and non-operating special funds amounts to NT$40.6 billion, NT$8.2 billion (or 25.3%) higher than that of 2026. (As the General Budget for 2026 was not passed by the Legislative Yuan until August 14, the 2026 budget proposal figures are therefore used as the basis for comparison hereinafter.) Additionally, the total expenditure on technology development programs and defense technology under the General Budget and on operating and non-operating special funds amounts to NT$229.2 billion, NT$25.9 billion (or 12.7%) higher than that of 2026.
2. Support small and micro enterprises and accelerate their digital and net-zero transformation. The overall expenditure amounts to NT$25 billion, NT$14 billion (or 126.3%) higher than that of 2026.
3. Strengthen national defense capabilities and safeguard national security. The overall defense expenditure amounts to NT$1,122.5 billion, or 3.93% of GDP, based on the NT$28.6 trillion GDP estimate for 2026 released in

August 2025.

4. Promote wage increases and ensure that everyone shares in the benefits of economic growth. Provide NT$235.7 billion for a universal cash handout and allocate NT$39.2 billion for salary increases for military personnel and public-sector employees.

5. Expand social welfare, strengthen care services, reduce the burden on families, and gradually build a welfare state. First, expenditure on "Taiwan's New Population Strategy: Family Support" amounts to NT$373 billion, NT$199.6 billion (or 115.1%) higher than that of 2026. Second, expenditure on Welfare Allowance for Elderly Farmers, the National Pension Insurance, and six major social welfare allowances amounts to NT$171 billion, NT$45.7 billion (or 36.4%) higher than that of 2026. Furthermore, an additional NT$130 billion will be injected into the Labor Insurance Fund.

6. Ensure sustainable National Health Insurance, implement long-term development initiatives, and move toward a healthier Taiwan. The overall expenditure amounts to NT$10 billion, NT$4 billion (or 66.7%) higher than that of 2026.

7. Expand investment in education, culture, and sports to enhance Taiwan's soft power. The educational expenditure amounts to NT$382.3 billion, NT$16.3 billion (or 4.5%) higher than that of 2026. Additionally, the cultural expenditure amounts to NT$66.2 billion, NT$3.8 billion (or 6%) higher than that of 2026.

8. Accelerate public infrastructure and flood control to achieve a more balanced Taiwan. The overall expenditure amounts to NT$728.8 billion, NT$58.5 billion (or 8.7%) higher than that of 2026.

9. The general grant to local governments amounts to NT$307.2 billion, NT$57.1 billion (or 22.8%) higher than that of 2026. Including the programs grant of NT$78.2 billion and the allocation of centrally-funded tax revenues of NT$972.5 billion, the overall contribution to local government fiscal resources amounts to NT$1,357.9 billion, NT$192.9 billion (or 16.6%) higher than that of 2026.

Now that the 2027 budget has been compiled, the total revenue is estimated to be NT$3,926.6 billion, representing an increase of NT$1,064.3 billion (or 37.2%) compared with that of 2026. The expenditure is set at NT$3,926.6 billion, which represents an increase of NT$891.6 billion (or 29.4%) compared with that of 2026. The increase of expenditure has been mainly used to expand infrastructure, advance technological development, strengthen national defense and security, create a family-friendly environment for child-bearing and child-rearing, and enhance support for disadvantaged groups. These key policies aim to improve people's well-being, promote social equity and justice, and ensure that the public can share more broadly in the fruits of economic growth. The aforementioned budget is balanced, with no shortfall between revenues and expenditures. In addition, NT$179 billion is allocated for debt repayment, which will be fully financed through debt raising, with borrowing accounting for 4.6% of total expenditures, a ratio that is 5.3

percentage points lower than that of 2026 and below the 15% ceiling stipulated by the Public Debt Act. As for the NT$160.3 billion shortfall in the special budget, NT$142.5 billion will be covered by surplus from the previous years, leaving NT$17.8 billion to be financed through debt raising. Therefore, total debt raising amounts to NT$196.8 billion. The outstanding debt is projected to be NT$6,883.1 billion (the budget execution process depends on the actual revenue and expenditure performance, and with a reduction in borrowing, the actual debt figures may be lower than the budgeted amounts), 23.4% of the average of nominal GDP for the previous three fiscal years at the end of 2027, a ratio that is 3.0 percentage points lower than that of 2026 and remains below the 40.6% debt ceiling stipulated by Article 5 of the Public Debt Act, while also reaching a new record low since the reorganization of Taiwan Provincial Government (the second half of 1999 and fiscal year 2000), demonstrating that the Executive Yuan has been able to translate the fruits of economic growth into the budget for higher wages, tax reductions, enhanced welfare, lower financial burdens, and greater infrastructure investment. At the same time, it continues to implement key policies while maintaining strict fiscal discipline.

As for expenditure by functions, Social Welfare expenditure of NT$1,188.9 billion takes up the largest share of 30.3%; Economic Development Affairs expenditure of NT$759.1 billion ranks second by 19.3%; Defense expenditure of NT$683.6 billion ranks third by 17.4%; Education, Science and Culture expenditure of NT$613.4 billion ranks fourth by 15.6%.

The increase in expenditure is NT$891.6 billion, and it is mainly

attributable to:

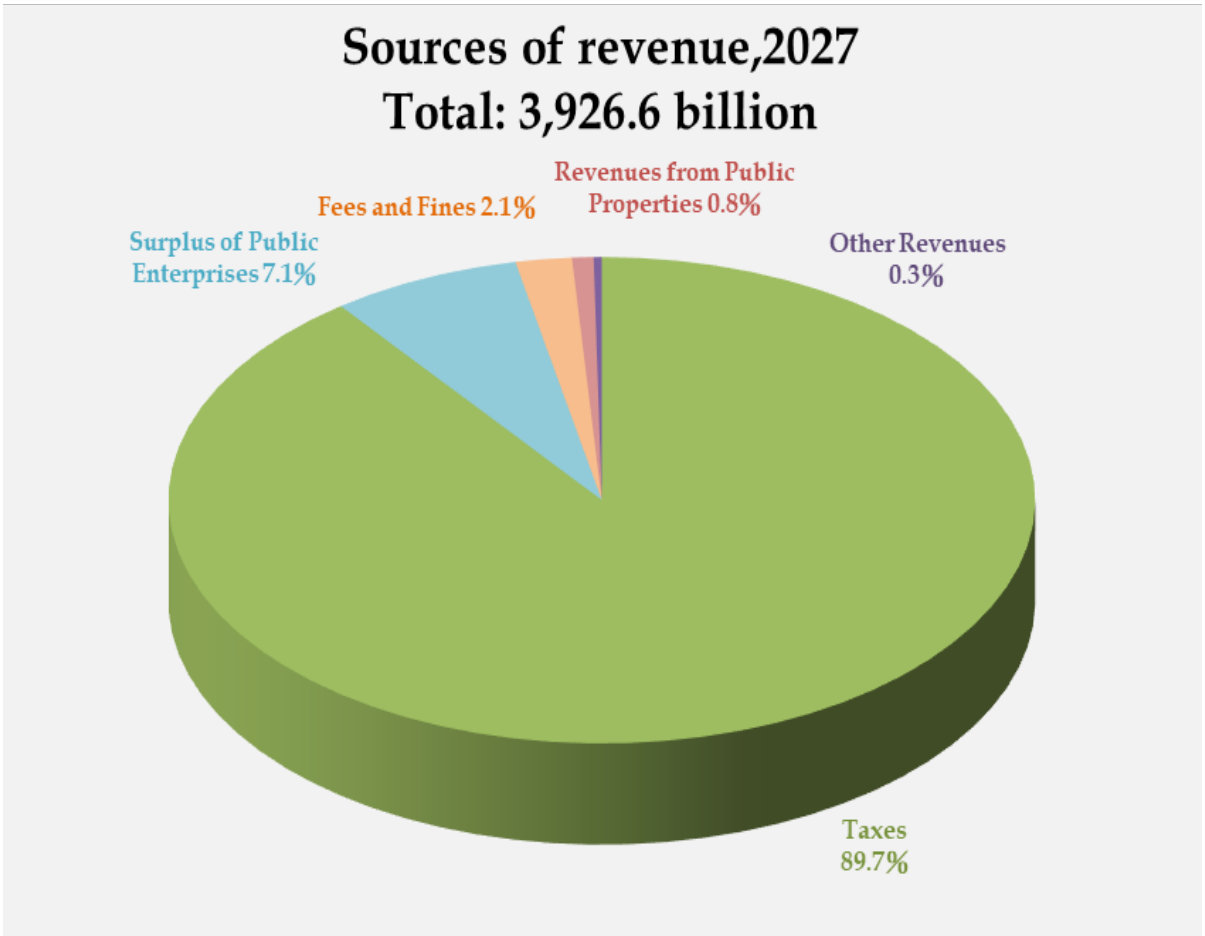
1. An increase of NT$346.1 billion in Social Welfare expenditure, mainly due to the statutory minimum for health insurance premiums borne by the government, Welfare Allowance for Elderly Farmers, the National Pension Insurance, six major social welfare allowances, funding for the Labor Insurance Fund, the newly introduced Child and Youth Growth Allowance, and funding for the National Health Insurance Fund.
2. An increase of NT$326.9 billion in Economic Development Affairs expenditure, mainly due to funding for the Small and Medium Enterprise Development Fund, the Comprehensive Improvement Project for County Authority's River and Drainage Systems in Response to Climate Change, and the newly introduced universal cash handout.
3. An increase of NT$134.8 billion in Defense expenditure, mainly due to military investment projects.
4. An increase of NT$43.4 billion in Education, Science and Culture expenditure, mainly due to Defense Technology Research Project, Non-basic Scientific Research Project, and Basic Scientific Research Project. An increase of NT$89.7 billion in Defense expenditure, mainly due to procurement of equipment spare parts and operational maintenance of main combat equipment.

According to the above expenditure budget, the government predicts that the GDP in 2027 will reach NT$37.3 trillion, equivalent to US$1,153.6 billion; the GDP per capita will be US$49,874 and the GDP growth rate will be 6.04%. Meanwhile, domestic prices remain stable, with a slight CPI increase of 1.90%.

All these indicators demonstrate that the preparation of the 2027 budget has managed to strike a balance between economic development and fiscal discipline.

Analysis of Revenue and Expenditure

1. Revenue



Composition and Changes of Revenue by Sources

NT$ Billion

Item	2027		2026		Change	
	Amount	%	Amount	%	Amount	%
Total	3,926.6	100.0	2,862.3	100.0	1,064.3	37.2
1.Taxes	3,522.0	89.7	2,480.7	86.7	1,041.3	42.0
Income Taxes	2,491.1	63.4	1,875.4	65.5	615.7	32.8
Business Taxes	30.3	0.8	29.6	1.0	0.7	2.6
Securities Transaction Tax	641.5	16.3	250.1	8.8	391.4	156.5

	Customs Duties	167.7	4.3	146.9	5.1	20.8	14.2
	Commodity Taxes	107.0	2.7	108.4	3.8	-1.4	-1.4
2. Profit and income of Public Enterprises		277.1	7.1	258	9.0	19.1	7.4
3. Fees and Fines		85.3	2.1	83.8	2.9	1.5	1.8
4. Revenues from Public Properties		29.5	0.8	28	1.0	1.5	5.3
5. Other Revenues		12.7	0.3	11.8	0.4	0.9	7.3

Total revenue for 2027 is projected to be NT$3,926.6 billion, NT$1,064.3 billion (or 37.2%) higher than that of 2026, and comprises five major sources:

(1) Taxes. 89.7% of revenue comes from taxes, increasing from NT$2,480.7 billion in 2026 to NT$3,522 billion in 2027, an increase of NT$1,041.3 billion (or 42%). The increase is mainly due to additional revenues of NT$615.7 billion in income tax, NT$391.4 billion in securities transaction tax and NT$20.8 billion in customs duties.

(2) Profit and income of Public Enterprises. 7.1% of revenue comes from profit and income of public enterprises, increasing from NT$258 billion in 2026 to NT$277.1 billion in 2027, an increase of NT$19.1 billion (or 7.4%). The increase is mainly due to an NT$20 billion higher contribution from the Central Bank.

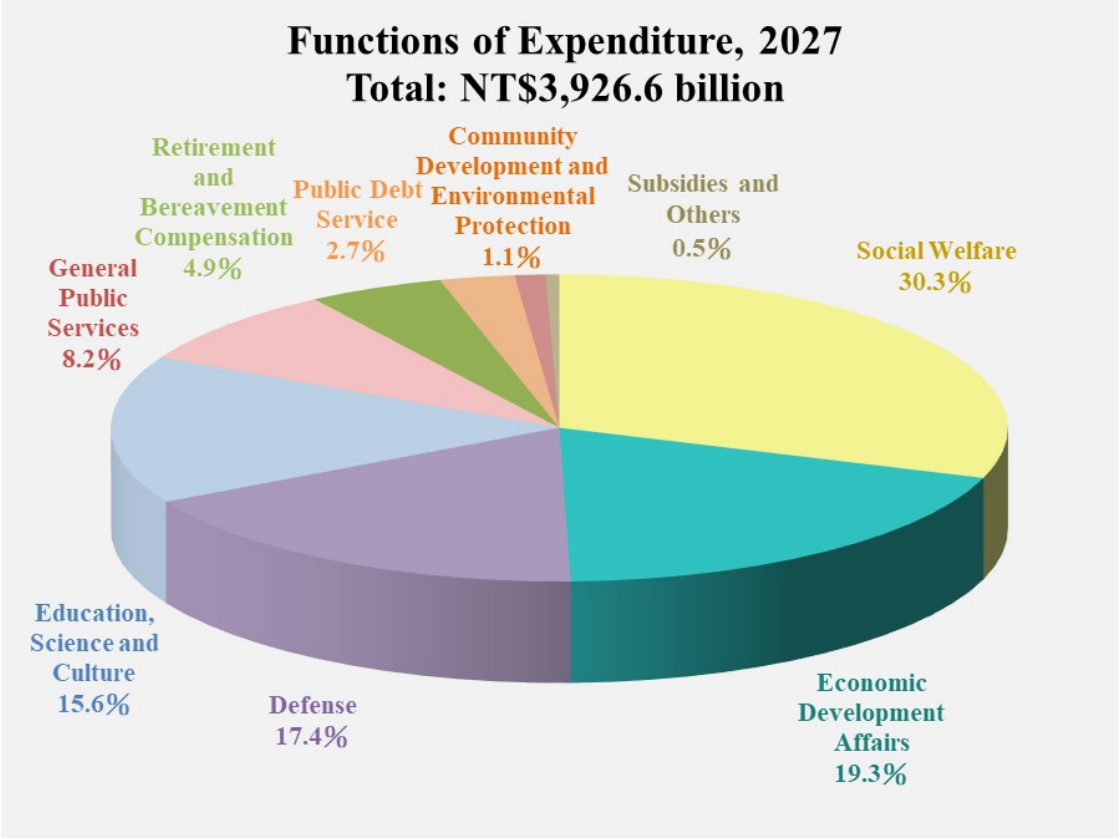
(3) Fees and Fines. 2.1% of revenue is derived from fees and fines, increasing from NT$83.8 billion in 2026 to NT$85.3 billion in 2027, an increase of NT$1.5 billion (or 1.8%). The increase is mainly due to additional revenues

of NT$0.7 billion from judicial fees.

(4) Revenue from Public Properties. 0.8% of revenue stems from public properties, increasing from NT$28 billion in 2026 to NT$29.5 billion in 2027, an increase of NT$1.5 billion (or 5.3%). The increase is mainly due to an additional NT$1.4 billion in revenue from the transfer of state-owned land and real estate to the Taiwan Tobacco & Liquor Corporation and Chunghwa Post Co., Ltd., with the assets valued as capital contributions.

(5) Other Revenue. 0.3% of revenue comes from other sources, increasing from NT$11.8 billion in 2026 to NT$12.7 billion in 2027, an increase of NT$0.9 billion (or 7.3%). The increase is mainly from the increase in refunds of the Revolving Fund of Rebuilding Old Quarters for Military Dependents of NT$1 billion.

2. Expenditure



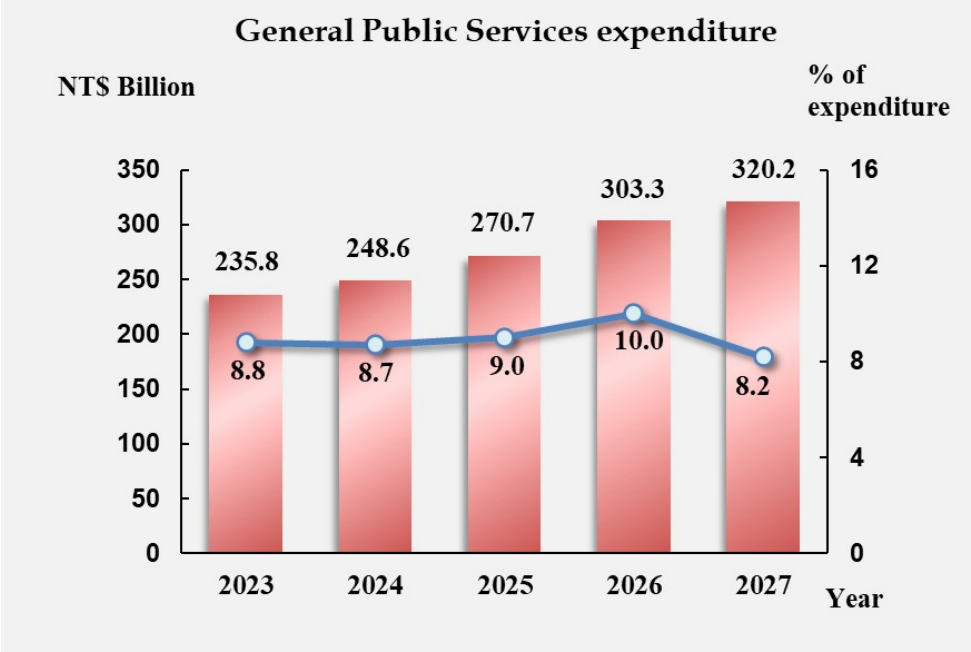
Composition and Changes of Expenditure by Functions

NT$ Billion

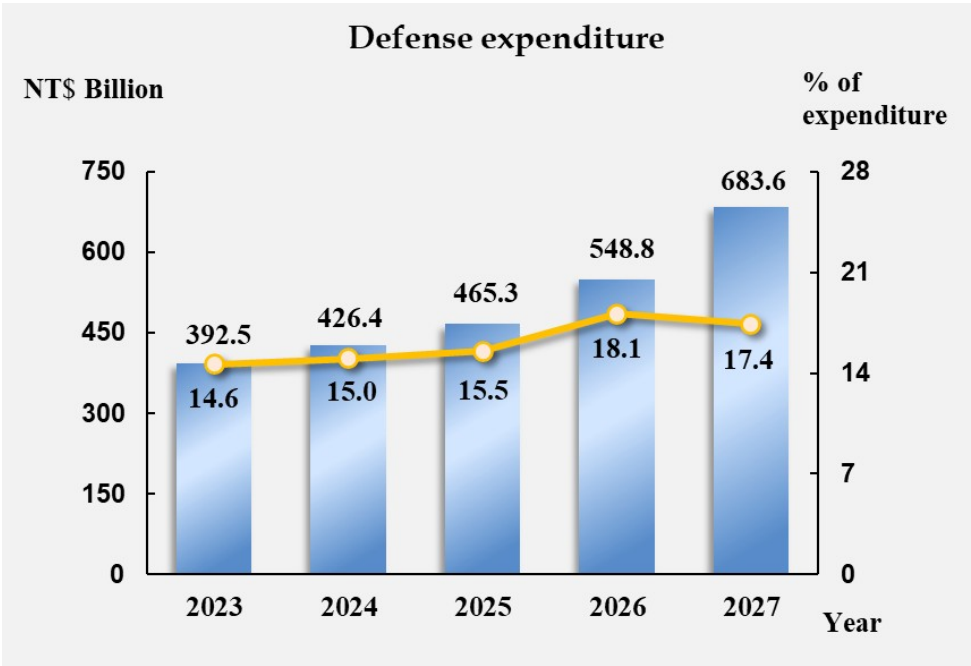
Item	2027		2026		Change	
	Amount	%	Amount	%	Amount	%
Total	3,926.6	100.0	3,035.0	100.0	891.6	29.4
1.General Public Services	320.2	8.2	303.3	10.0	16.9	5.6
2.Defense	683.6	17.4	548.8	18.1	134.8	24.6
3.Education, Science and Culture	613.4	15.6	570.0	18.8	43.4	7.6
4.Economic Development Affairs	759.1	19.3	432.2	14.2	326.9	75.6
5.Social Welfare	1,188.9	30.3	842.8	27.8	346.1	41.1
6.Community Development and Environmental Protection	42.1	1.1	28.8	0.9	13.3	46.3
7.Retirement and Bereavement Compensation	192.2	4.9	184.4	6.1	7.8	4.2
8.Public Debt Service	106.3	2.7	106.3	3.5	-	-
9.Subsidies and Others	20.8	0.5	18.4	0.6	2.4	13.2

The expenditure for 2027 is expected to be NT$3,926.6 billion, NT$891.6 billion (or 29.4%) higher than that of 2026. The composition and changes of expenditures by functions are briefly presented as follows.

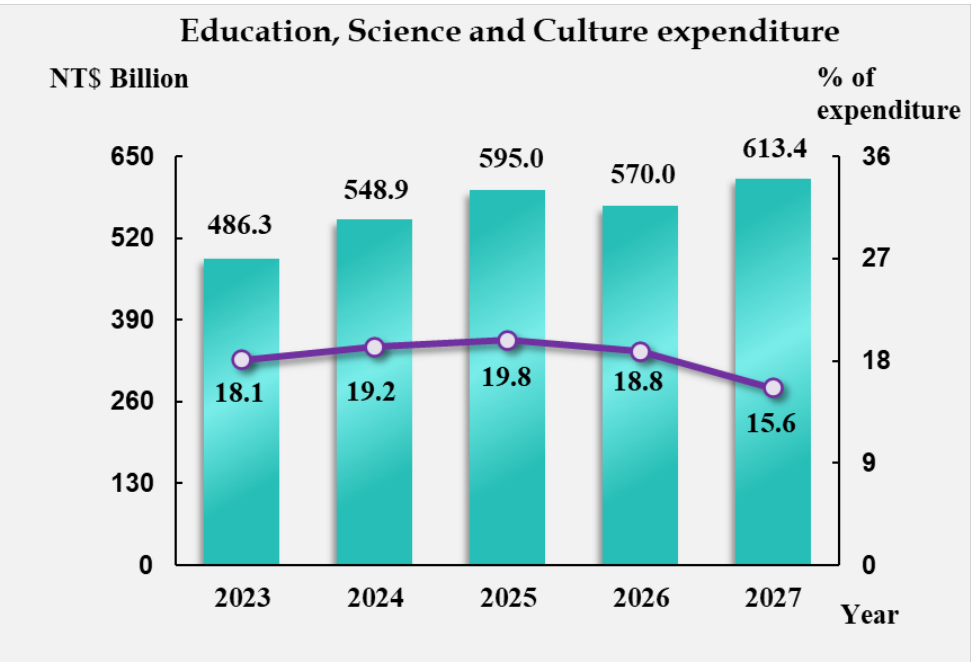
(1) General Public Services expenditure is expected to be NT$320.2 billion (or 8.2% of total), NT$16.9 billion (5.6%) higher than that of 2026.



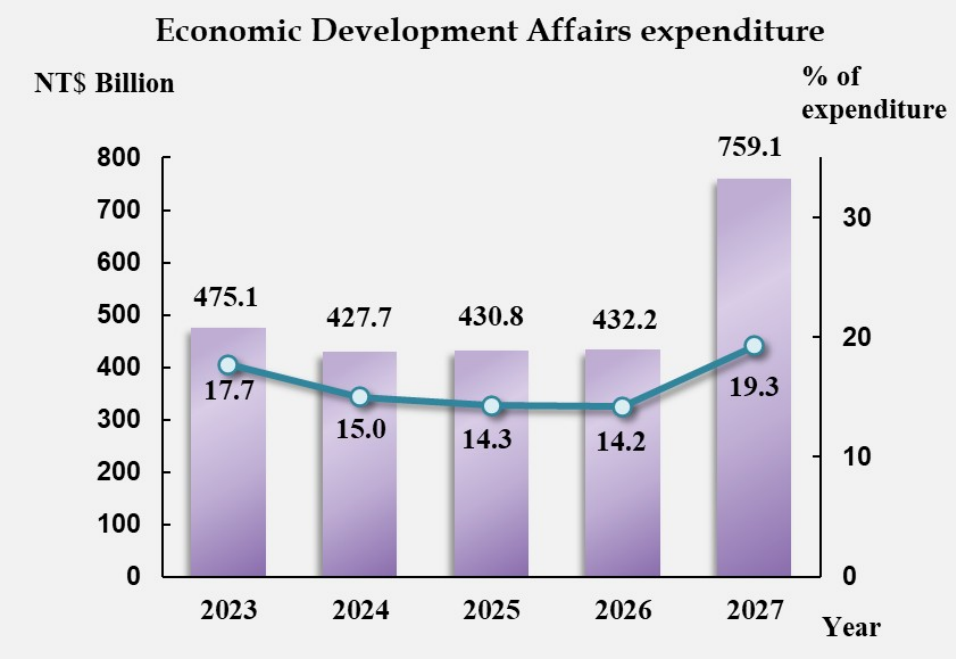
(2) Defense expenditure is expected to be NT$683.6 billion (or 17.4% of total), NT$134.8 billion (24.6%) higher than that of 2026.



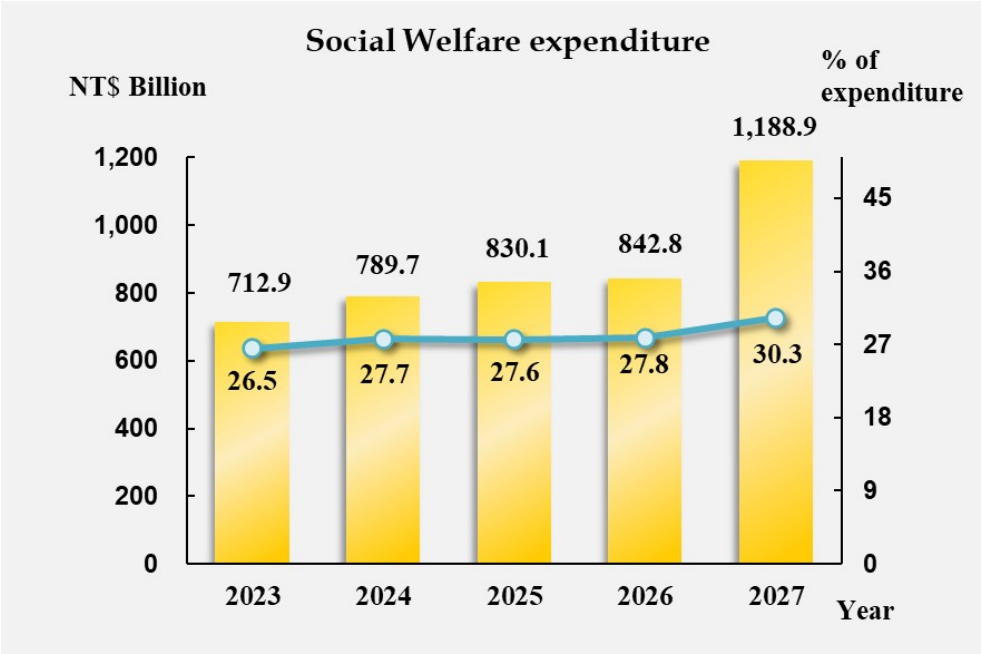
(3) Education, Science and Culture expenditure is expected to be NT$613.4 billion (or 15.6% of total), NT$43.4 billion (7.6%) higher than that of 2026.



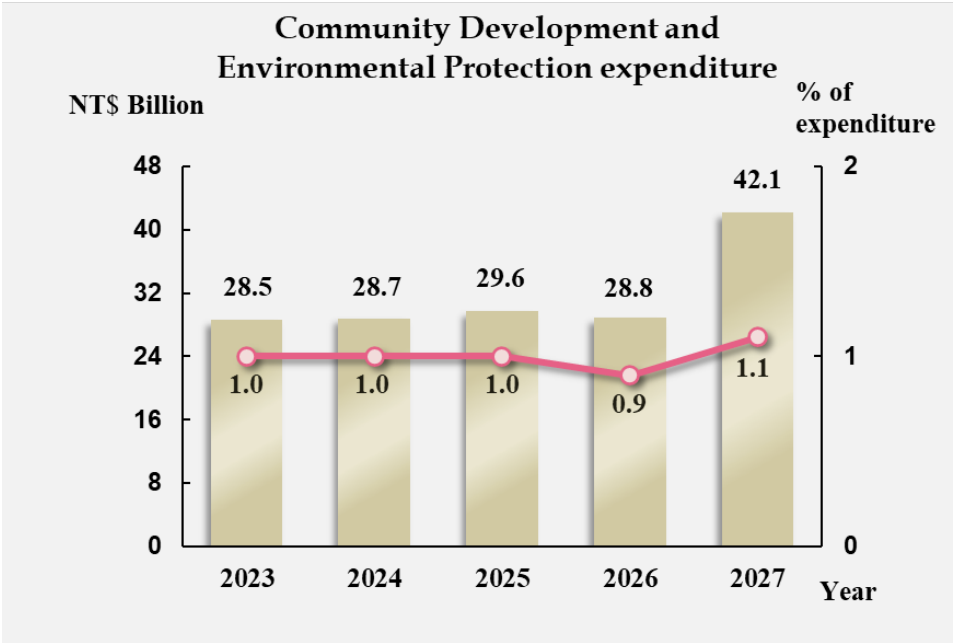
(4) Economic Development Affairs expenditure is expected to be NT$759.1 billion (or 19.3% of total), NT$326.9 billion (75.6%) higher than that of 2026.



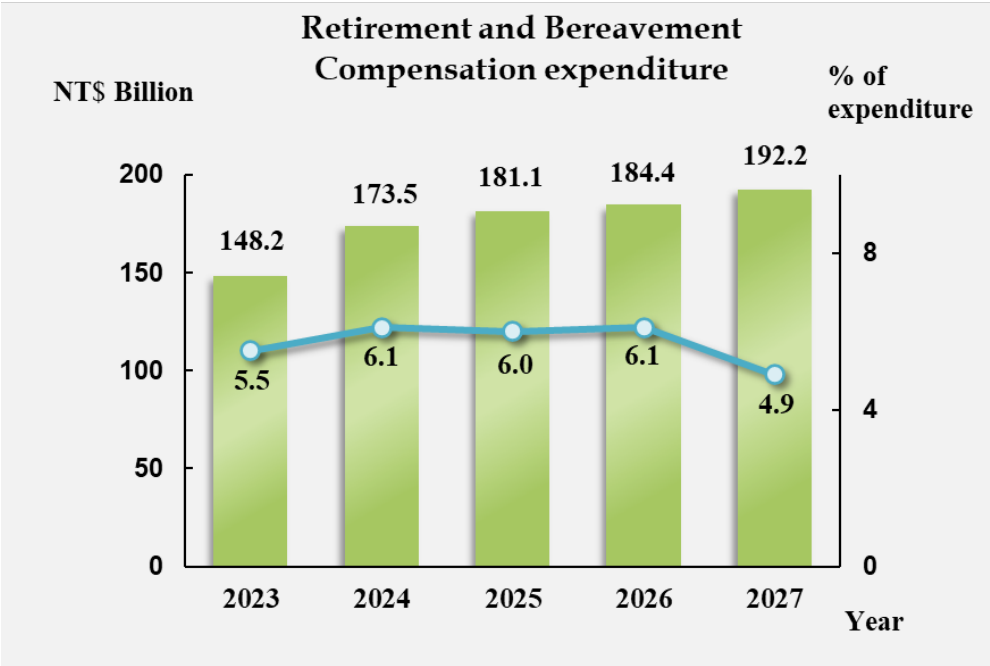
(5) Social Welfare expenditure is expected to be NT$1,188.9 billion (or 30.3% of total), NT$346.1 billion (41.1%) higher than that of 2026.



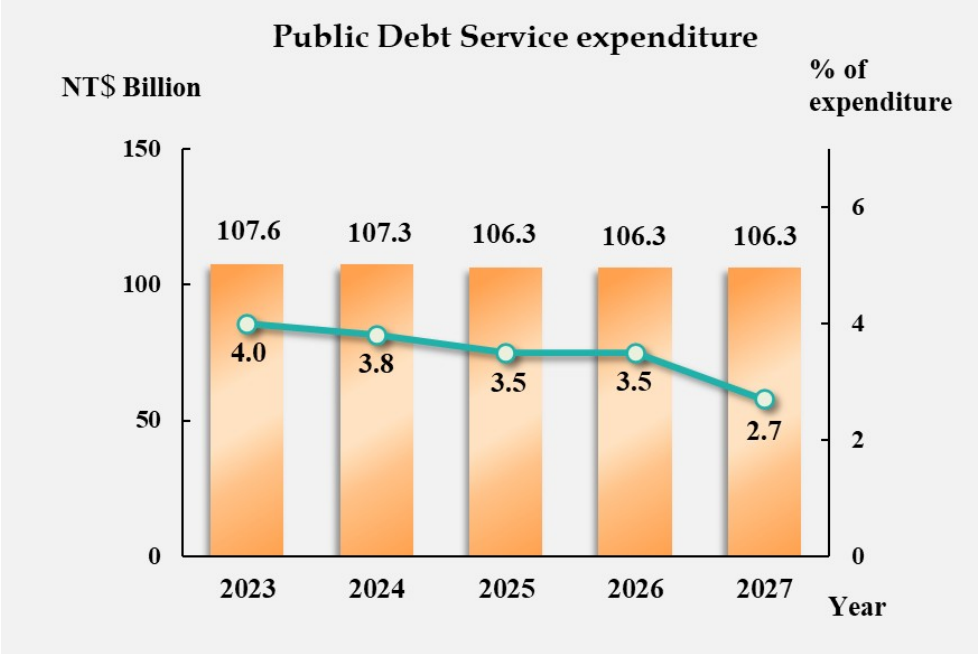
(6) Community Development and Environmental Protection expenditure is expected to be NT$42.1 billion (or 1.1% of total), NT$13.3 billion (46.3%) higher than that of 2026.



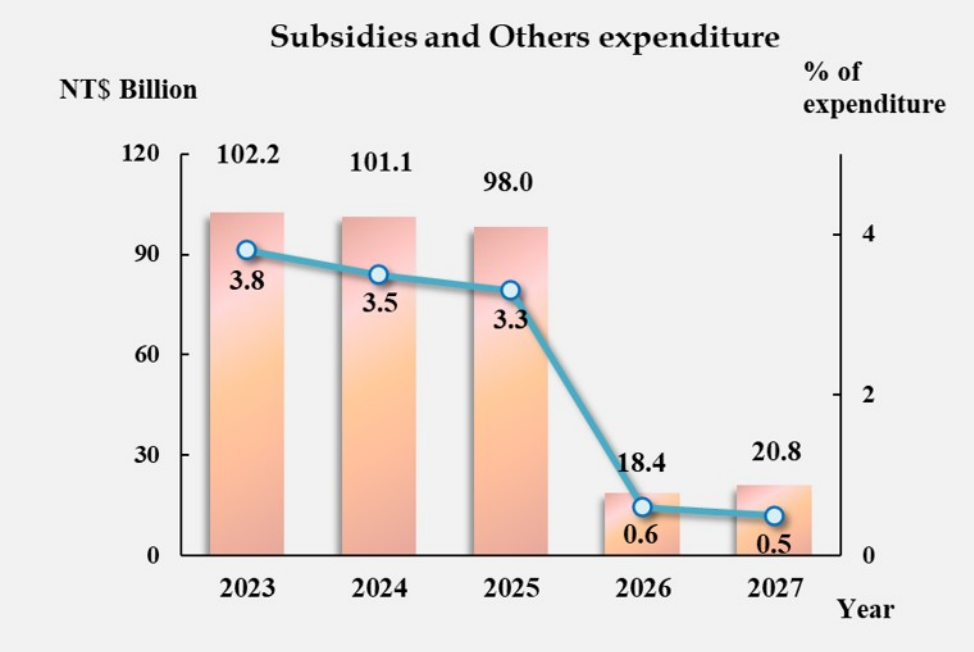
(7) Retirement and Bereavement Compensation expenditure is expected to be NT$192.2 billion (or 4.9% of total), NT$7.8 billion (4.2%) higher than that of 2026.



(8) Public Debt Service expenditure is expected to be NT$106.3 billion (or 2.7% of total), the same as that of 2026.



(9) Subsidies and Others expenditure is expected to be NT$20.8 billion (or 0.5% of total), NT$2.4 billion (13.2%) higher than that of 2026.



3. Financing Need

The 2027 Budget is expected to be a balanced budget. Debt repayment is set at NT$179 billion or 5.1% of tax revenue. This is in compliance with Article 12 of the Public Debt Act, which requires the central government to 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$179 billion (or 4.6% of the total expenditure), which will be financed through debt raising. After taking into account the NT$17.8 billion debt raising due to special budgets, the total financing need is expected to be NT$196.8 billion.

Composition and Changes of Financing Need

NT$ Billion

Item	2027	2026	Change
	Amount	Amount	Amount

1. Balance	0	-172.7	From deficit to balance
2. Debt Repayment	179.0	126.5	52.5
3. Financing Need	179.0	299.2	-120.2
(1)Debt Raising	179.0	299.2	-120.2
(2)Surplus from the Previous Years	0	0	0

At the end of 2025, the public debt of the central government was NT$6,071.1 billion (including NT$233.2 billion in special budget carryovers). Taking into account the estimates of debt raising and debt repayment in the 2026 and 2027 budgets, the central government outstanding debt is projected to be NT$6,883.1 billion at the end of 2027 (the budget execution process depends on the actual revenue and expenditure performance, and with a reduction in borrowing, the actual debt figures may be lower than the budgeted amounts), which is equivalent to 23.4% of the average GDP for the previous three fiscal years. It is below the 40.6% debt ceiling stipulated by Article 5 of the Public Debt Act. As for local governments, their outstanding debt was NT$696.6 billion at the end of 2025.

Composition of Public Debt
December 31, 2025

NT$ Billion

Government Level	General Fund			Non-profit Special Fund			Total of 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	27.6	6,750.7	107.3	704.0	17.0	318.6	6,767.7
Central Government	-	6,071.1	70.0	268.3	-	318.6	6,071.1
Local Government	27.6	679.6	37.3	435.7	17.0	-	696.6

Note: 1. The figures for central government general and non-profit special funds are from final audit accounts; figures for 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 Public Debt Act, the above-mentioned public debts are non-self-redeeming public debts with a maturity of 1 year or longer 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 growing concerns about future contingent obligations, the central government has disclosed these items in the financial statement from 2009 onwards. According to the latest estimates based on the 2025 Central Government Financial Statement, as of the end of June 2026, the actuarial present values of these future contingent obligations are estimated to be NT$17 trillion and 639.5 billion for the central government and NT$2,778.2 billion for local governments, bringing the total for all levels of government to NT$20 trillion and 417.7 billion.

Future Contingent Obligations
June 30, 2026

NT$ Billion

Item	Total	Central Government	Local Government
Total	20,417.7	17,639.5	2,778.2
1.Unfunded Pension For Public Service (before 1995)	3,034.2	2,101.4	932.8
2.Public Service Pension Fund (after 1995)	2,950.8	1,116.9	1,833.9
3.Labor Insurance	13,845.7	13,845.7	-
4.Civil Servant and Public School Faculty Insurance	65.3	65.3	-
5.National Pension Insurance	391.8	391.8	-
6.Military Personnel Insurance	19.0	19.0	-
7.Farmer Health Insurance	98.5	98.5	-
8.Preferential deposit interest for retirees of public service	12.4	0.9	11.5

The above-mentioned items disclosed are mainly the social insurance or employee pension provided by the government to secure pensions of various groups such as military personnel, civil servants and public school faculty, laborers, farmers, fishermen, and people with no occupational insurance. These future contingent obligations are either statutory expenditures in the future, which must be provided for in annual budgets, or potential payments for underfunded social insurance funds, which could be addressed through

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.