VALSTYBĖS KONTROLĖ
FISCAL MONITORING

OPINION ON THE DRAFT BUDGET OF LITHUANIA FOR 2027–2029

5 November 2026

No. BPE-7

THE DEVIATION FROM FISCAL DISCIPLINE RULES FORESEEN IN THE DRAFT BUDGET HIGHLIGHTS THE NEED TO TAKE MEASURES ON BOTH THE REVENUE AND EXPENDITURE SIDES

The National Audit Office, as the Independent Fiscal Institution (hereinafter – IFI), submits to the Seimas its Opinion on the Draft Law on Budget Approval of the Republic of Lithuania for the period 2027–2029 (DB2027).

The IFI has examined DB2027 and assessed whether the growth of net expenditure anticipated in the general government budgets for 2027–2029 complies with national and European Union (EU) fiscal discipline rules. Furthermore, in order to assess the risks to the sustainability of public finances, provided forecasts of fiscal indicators (general government revenue, expenditure, deficit and debt) for 2026–2029, as well as scenarios for the growth of the deficit and debt up to 2035.

Key messages of the opinion:

- ✓ **The net expenditure planned in the draft budget does not comply with either national or European Union fiscal discipline rules, thereby posing a risk of activating the excessive deficit procedure, which would require reducing expenditures and/or increasing government revenue.**
- ✓ **It is important to make decisions on sustainable defence funding by 2029, as the escape clause for defence expenditure will expire that year.**
- ✓ **When planning to exceed the net expenditure growth limits, the Law on Fiscal Governance requires either revising the draft budget or providing a reasoned explanation for non-compliance with the fiscal rules.**
- ✓ **In the IFI's view, if the option of providing an explanation for non-compliance was chosen, a plan of measures on how to reduce the deviation from the fiscal discipline rules should be presented.**
- ✓ **In the IFI's assessment, the expected additional revenue of 197 million EUR in 2027 resulting from administrative improvements should not be included in the revenue projections, as the impact of such measures is subject to considerable uncertainty regarding their implementation.**
- ✓ **General government expenditure in 2027 may be higher than expected, as some of the expected expenditure has not been included in the draft.**
- ✓ **Although Lithuania applies a three-year budget planning framework, the draft budget for 2028–2029 does not fully reflect all the state's commitments, therefore the outlook of public finances presented in the draft appears more favourable than it is likely to be.**
- ✓ **The draft budget does not reflect some of the expected revenue and expenditure items so the deficit may be significantly higher than planned and could approach 6% of GDP in 2029. This will require additional measures on the revenue and expenditure sides.**
- ✓ **As general government debt approaches 60% of GDP, fiscal space will narrow, whilst rising interest expenditure will constrain the financing of public services and investment.**
- ✓ **A longer-term assessment shows that public finances will not automatically return to a sustainable trajectory, and without additional fiscal measures there is no prospect of general government debt stabilization – by 2035, it could rise to 74% GDP.**

SUMMARY

The draft budget has been prepared in breach of the net expenditure growth rule established in the Constitutional Law on the Implementation of the Fiscal Treaty. According to the IFI's assessment, based on the draft budget, the average annual growth in net expenditure for 2026–2029 stands at 7.9%, whilst the average of the annual growth limits set out in the Fiscal Structural Plan for that period is 4.7%. Even taking into account the defence expenditure clause, the cumulative deviation of net expenditure growth exceeds the permissible limit in all projected years. In accordance with the "Comply or explain" principle enshrined in the Law on Fiscal Governance, the draft budget should be amended to comply with the fiscal discipline rule, or a reasoned explanation should be provided as to why it is not being complied with. In the IFI's view, if a decision is taken to submit a revised draft budget that does not comply with the fiscal discipline, the accompanying explanatory note should set out the reasons for the non-compliance, the measures planned to correct the deviation, and the timeline for their implementation.

Once the fiscal space provided by the national escape clause has been fully utilised in 2026, it will be necessary to adopt long-term defence funding solutions to avoid having to make urgent cuts to the deficit in 2029 once the clause expires. The draft budget anticipates that from 2026 onwards, the national escape clause for defence spending will be utilised in full – 1.5% GDP. Although this clause provides Lithuania with additional fiscal space for the period 2025–2028, it is a temporary measure. In the IFI's view, the period during which the clause is in force should be utilised to make decisions on long-term defence funding, namely by reallocating expenditure priorities or increasing revenue. Otherwise, once the clause expires, it may be necessary to reduce the deficit urgently in 2029.

As the general government budget deficit projected in the draft budget for 2026 exceeds 3% of GDP, the European Commission should conduct an assessment of Lithuania's state of public finances in accordance with Article 126(3) of the Treaty on the Functioning of the European Union. The results of this assessment are expected to be published as part of the 2027 European semester autumn package in November of this year and would be one of the factors in deciding whether to initiate a possible excessive deficit procedure, which would entail enhanced surveillance of public finances and a commitment to take corrective measures.

The draft budget does not include significant number of expenditures and there is a risk that some of the planned revenue will not be collected. The 2027 figures do not reflect some expenditures which, in the IFI's assessment, should be included when calculating the general government deficit. These include expenditure related to support for Ukraine, railway infrastructure and the statistical reclassification of certain public and private partnership projects into the general government. Furthermore, in the IFI's view, the additional 197 million EUR in revenue expected in the 2027 draft budget due to improved administration should not be included in the revenue projections. Based on the IFI's general government deficit projections, net expenditure will grow faster than anticipated in the draft budget.

The IFI estimates that the budget deficit will grow faster than anticipated in the draft budget and will approach 6% of GDP in 2029. Although three-year budget planning has been in place since 2025, the draft budget for 2028–2029 does not reflect

some of the expected expenditure. For example, it does not take into account further growth in public sector wages, additional pension indexation, or the increase in state contributions for persons insured at the state's expense, as provided in the Law on Health Insurance. For these reasons, the outlook of the general government deficit over the medium-term appears more favourable. The IFI projections aim to assess a scenario that would better reflect the pressures on public finances.

As the IFI forecasts a larger general government deficit than that set out in the draft budget, debt will grow more rapidly and will approach the 60% GDP Maastricht criterion threshold by 2029. Due to the rapid growth in debt, debt servicing expenditure will also rise: according to the IFI's assessment, interest expenditure could rise from 1 billion EUR in 2026 to 2.1 billion EUR in 2029. Rising debt will reduce fiscal space to respond to economic or geopolitical shocks, whilst also increasing vulnerability to changes in borrowing conditions and credit ratings. Rising interest expenditure will limit the scope for financing public services and investment.

According to the IFI's assessment, the draft budget lacks a clear plan for how the general government deficit will be reduced in the medium-term and how a return to compliance with fiscal discipline rules will be ensured. Even without adopting any additional discretionary measures, the general government deficit would remain above 3% GDP in the medium-term. Expenditures are increasing due to both new general government commitments and expenditure growth resulting from previously made decisions.

In order to return to compliance with the fiscal discipline rules, measures are needed on both the expenditure and revenue sides. Lithuania's ratio of tax and social security contribution revenue to GDP remains one of the lowest in the European Union, therefore, measures to increase general government revenue are unavoidable to ensure the sustainability of public finances. Given the growing funding needs for defence, social security and healthcare, it is important to consistently broaden the tax base, review tax exemptions, improve tax collection and ensure expenditure efficiency. Based on IFI projections, and to ensure that the general government (GG) deficit does not exceed the Maastricht criterion threshold in 2029, it would need to be more than 3 billion EUR lower.

A longer-term assessment shows that the state of public finances has deteriorated and that risks to their sustainability have increased significantly. Taking into account the updated projections for the general government deficit, the projected trends in macroeconomic indicators driving expenditure growth, and higher defence commitments, general government debt would grow faster than previously projected. According to the IFI's assessment, it could exceed the 60% GDP threshold as early as 2030, and reach just over 74% GDP by 2035.

1. FISCAL DISCIPLINE RULES

Net expenditure is the key indicator in both the Lithuanian and EU fiscal governance systems. In their fiscal structural plans (FSP), EU Member States set out plans for the growth of net expenditure, which they commit to implementing. This is a multi-annual trajectory for a Member State's nominal net expenditure, defined in terms of annual growth rates. Net expenditure [1] is general government expenditure calculated after deducting interest payments, discretionary revenue measures, expenditure on EU programmes, national contributions to the co-financing of EU programmes, cyclical unemployment benefits, one-off and other temporary measures.

The net expenditure growth limits set out in the FSP and endorsed for Lithuania by the European Council in July 2025[2] apply for the period 2025–2029. Lithuania also benefits from a national escape clause for defence spending[3]. The clause allows for a deviation from the net expenditure growth limits set by the FSP of no more than 1.5% GDP, provided that this deviation is attributable to an increase in defence expenditure[4] compared with the level of such expenditure in 2021. While the escape clause is being applied, when assessing compliance with EU fiscal discipline rules, only the cumulative deviation in net expenditure growth (taking into account the flexibility provided by the escape clause) is assessed for the period 2025–2028. It is considered to constitute significant non-compliance with EU fiscal rules[5] if it exceeds 0.6% of GDP[6]. When assessing compliance for 2029, once the escape clause has expired, both the cumulative and annual deviations will be assessed. The latter is considered to be significantly non-compliant with EU rules if it exceeds 0.3% of GDP.

Meanwhile, compliance with national fiscal discipline rules is assessed on the basis of the Constitutional Law on the Implementation of the Fiscal Treaty of the Republic of Lithuania (CL). As the Council of the European Union (Council) has issued a recommendation on the national escape clause, the general government fiscal discipline rule defined in the CL is assessed in accordance with Article 3(8)(3) of the CL, i.e. in each year during which the Council's recommendation on the national escape clause is in force, the growth in net expenditure must not exceed the expenditure growth limits set out in the recommendation. If, during the period 2026–2028, whilst the aforementioned recommendation is in force, the national fiscal discipline rule were to be breached, the procedures laid down in Article 4(2) of the CL would apply, and the Prime Minister would be required to verbally explain the

[1] In accordance with Regulation (EU) 2024/1263 of the European Parliament and of the Council. Available online: https://eurlex.europa.eu/legal-content/EN/TXT/HTML/?uri=OJ:L_202401263.

[2] Council Recommendation endorsing Lithuania's national medium-term fiscal structural plan. Available online: https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=OJ:C_202503959.

[3] Council Recommendation allowing Lithuania to deviate from the maximum rate of net expenditure growth set by the Council accordance with Regulation (EU) 2024/1263. Available online: https://eur-lex.europa.eu/legal-content/en/TXT/HTML/?uri=OJ:C_202503969.

[4] Based on COFOG.02.

[5] Based on the classification applied by the EC in its assessment of EU Member States' compliance with EU rules. Where the growth of net expenditure exceeds the recommended growth rate (i.e. a positive deviation occurs), the magnitude of the deviation is assessed against the thresholds of 0.3% GDP annually and 0.6% GDP cumulatively. If there are no positive deviations, the country is deemed to be in compliance with EU fiscal rules. If a positive deviation arises but does not exceed either of the established thresholds, the country is deemed to be non-compliant with EU fiscal rules. If the deviation exceeds at least one of these limits, the country is deemed to be in significant non-compliance with EU fiscal rules. In the case of Member States for which the national escape clause for defence expenditure has been activated, the flexibility afforded by this escape clause is taken into account when assessing compliance, and only the cumulated net expenditure deviation is considered during the period of validity of the escape clause. Available online: https://webgate.ec.europa.eu/circabc-ewpp/d/d/workspace/SpacesStore/1d05e6e0-fc49-4543-9ecf-7ffe89f41bcc/download.

[6] In accordance with Regulation 2024/1264. Available online: https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=OJ:L_202401264.

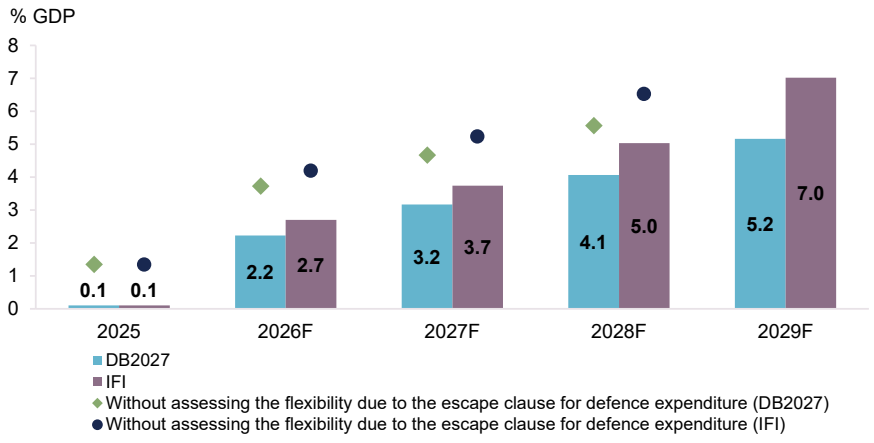
reasons for the breach to the Seimas. Once the recommendation ceases to apply in 2029, compliance with the fiscal discipline rule will be assessed in accordance with the net expenditure growth limits set out in the 2025–2029 FSP. Should the national rule be breached in 2029, the procedures laid down in Article 4(1) of the CL would apply, and there would be an additional obligation to offset the deviation in 2031, with the government providing information on the measures planned to offset the breach of the net expenditure growth limits. In both cases, the national fiscal discipline rule would be breached if the cumulative[7] net expenditure growth deviation exceeded 0.1% of GDP.

Compliance with fiscal discipline rules ensures the sustainability of public finances. Fiscal discipline is a mechanism that helps to ensure that the state can finance its commitments and service its debt over the long-term without encountering serious financial difficulties, and that future generations do not have to pay for today's decisions through higher taxes or reduced public services.

1.1. Compliance of the draft budget with the national fiscal discipline rule

The draft budget has been drawn up in breach of the rule laid down in the Constitutional Law on the Implementation of the Fiscal Treaty. According to IFI's assessment and DB2027, the planned growth in net expenditure over the medium-term does not comply with the general government fiscal discipline rule laid down in the CL. This is indicated by a cumulative deviation in net expenditure growth exceeding the 0.1% of GDP threshold for all projected years, taking into account the national escape clause for defence spending (Figure 1.). The compliance of the expenditure anticipated in the draft budget with the net expenditure growth limits is set out in Annex 2. The IFI's assessment uses the DB2027 net expenditure growth indicators, adjusted in line with statistical data published up to 26 October. Furthermore, some of the revenue measures set out in DB2027[8] were not used in the assessment, as they should not be regarded as discretionary. **According to these figures, the average annual growth in net expenditure for 2026–2029 stands at 7.9%, whilst the average of the annual growth limits set by the FSP for that period is 4.7%.**

Figure 1. According to IFI projections, the deviation from the net expenditure growth limits set by the FSP is greater than anticipated in the DB2027



The deviations from DB2027 shown in the figure differ from those presented in the draft budget.

F – forecast

Source: State Data Agency, DB2027, Ministry of Finance, calculations by the Independent Fiscal Institution

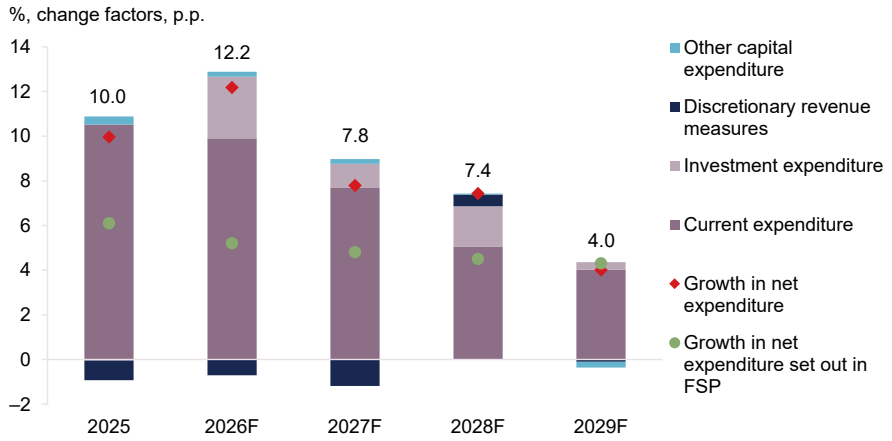
[7] Although Article 4(2) of the CL provides that compliance with the rule is assessed on the basis of the annual deviation, in accordance with the assessment principle set out in the Council's recommendations, the procedure laid down in this paragraph is based on the cumulative deviation.

[8] Measures numbered 31–33 in Table 9 of the DB2027 overview relate to changes to road usage and traffic restriction charges, which came into force on 1 January 2026. These changes should not be regarded as a loss of revenue for the general government, as they merely represent a redistribution of revenue amongst general government entities.

In 2025, 1.2% of GDP was utilised under national escape clause for defence spending, whilst the draft budget provides that, from 2026, this clause will be utilised to the maximum extent – 1.5% of GDP. The European Commission (EC) emphasises[9] that the national escape clause for defence expenditure applicable for 2025–2028 is a temporary measure, giving Lithuania time to take decisions on reallocating general government spending priorities or increasing revenue. Failure to make these decisions may result in the need to urgently reduce the deficit once the clause expires. The European Fiscal board also draws attention[10] to the need for sustainable financing of defence expenditure. Higher defence expenditure represents a structural change – an adjustment to a new reality. Countries should therefore seek to offset the increased defence expenditure by adopting long-term measures to raise revenue and/or reduce other budget expenditures.

Current expenditure (on social benefits, wages and intermediate consumption) has the greatest impact on the net expenditure growth rate projected in DB2027 (Figure 2.). It should be noted that the level of investment financed by national resources is maintained in the medium-term. This is in line with the EC's recommendation to Lithuania of 21 October 2024[11]. On the other hand, in 2028, the combined impact of discretionary revenue measures is projected to reduce fiscal space and contribute to faster growth in net expenditure.

Figure 2. Current expenditure accounts for the largest share of net expenditure growth.



The net expenditure growth estimates from DB2027 shown in the figure differ from those presented in the draft budget.

F – forecast

Source: State Data Agency, DB2027, Ministry of Finance, calculations by the Independent Fiscal Institution

1.2. Application of the 'comply or explain' principle

Under the fiscal governance framework, the government, having received a negative opinion from the IFI, should apply the 'comply-or-explain' principle. This means that the

[9] European Commission recommendation for Lithuania. Available online: https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX:52026DC0215.

[10] Available online: https://commission.europa.eu/publications/european-fiscal-board-assesses-appropriate-fiscal-stance-euro-area-2026_en.

[11] The Council recommended that Lithuania maintain public investment financed from national resources and ensure the effective implementation of European Union funds, in particular with a view to promoting the green and digital transitions. Available online: https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ%3AC_202406822.

government should either amend the draft budget so that it complies with the fiscal discipline rule or provide a reasoned explanation as to why it is not complied with. If the government, as established in Article 11(2)(2) of the Law on Fiscal Governance, disagrees with the IFI's opinion, it shall submit an explanation together with an amended draft budget approval law. According to the Statute of the Seimas[12] , when the draft state budget is considered at a meeting of the Committee on Budget and Finance, an explanation from a government representative must also be heard.

In the IFI's view, in line with good practice in public accountability and fiscal transparency, it would be advisable to provide more than just an explanation of why the fiscal discipline rules are not being complied with. If a decision was made to submit a revised draft budget that does not comply with the fiscal discipline rules, the government's explanation should clearly justify the reasons for the deviation, assess its impact on the sustainability of public finances, and identify the main risks. In accordance with the minimum standards of the EU Network of Independent Fiscal Institutions[13], a plan should be submitted setting out the projected trajectory of fiscal indicators, measures to reduce the deviation, and the timeline for implementing these measures.

If detailed data were provided alongside the revised budget, the IFI would issue an assessment of compliance with the fiscal discipline rule.

1.3. Compliance of the draft budget with EU fiscal discipline rules

The draft budget has been prepared in breach of the EU's fiscal discipline rules. According to DB2027, the projected growth in net expenditure for 2026–2029 significantly exceeds[14] the limits of net expenditure growth set out in the FSP. That is to say, taking into account the national escape clause for defence spending, the cumulative deviation of net expenditure growth from 2026 onwards exceeds the 0.6% GDP limit. Since the 3.3% GDP budget deficit planned in the draft budget for 2026 exceeds the 3% GDP Maastricht criterion threshold, the EC should prepare a report[15] . It should be published as part of the 2027 European autumn semester package in November of this year. This Report, taking into account other assessed factors relevant to the sustainability of public finances, may form the basis for a decision on the initiation of the excessive deficit procedure (EDP).

The Council does not prescribe specific budgetary measures to a country, subject to the excessive deficit procedure, but sets out the targets and the path towards their achievement, which aims to ensure the sustainability of public finances. During the period in which the EDP applies, the country must submit regular reports to the EC, which monitors progress towards the set targets. If a country fails to fulfil its commitments, stricter monitoring and enforcement measures may be applied. Should the Council of the EU determine that the country has not taken effective measures, the recommendations issued to it as part of the EDP may be made public. Among other things, this also increases pressure on the country from international financial markets. If the commitments made as part of the EDP are repeatedly breached, the Council of the EU may issue a formal

[12] According to Article 175. Available online:
https://e-seimas.lrs.lt/portal/legalAct/lt/TAD/TAIS.5734/sACzolnQkE?csrt=10161403523508589612.

[13] The EU Network of Independent Fiscal Institutions in February 2016 'Defining and Enforcing Minimum Standards for Independent Fiscal Institutions'.

[14] According to the classification used by the European Commission.

[15] In accordance with Article 126(3) of the Treaty on the Functioning of the European Union. Available online: https://eurlex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:12008E126.

warning or require specific measures to be taken within a set timeframe. Further failure to meet these commitments may result in sanctions, including fines. Sanctions are also applied progressively. They may include requesting the European Investment Bank to review its lending to the country, a requirement to pay a non-interest-bearing contribution equivalent to 0.2% of GDP, which would be held until the completion of the EDP, and a fine of up to 0.05% GDP every six months until it is established that the country has taken effective measures. The Council may decide to suspend all or part of the commitments or payments under the EU Structural Funds to a Member State that fails to comply with the requirements of the EDP and does not take the recommended action.

1.4. Compliance with fiscal discipline rules according to IFI projections

According to IFI projections, the deviation from the net expenditure growth limits set out in the Fiscal Structural Plan is greater than expected in DB2027. The IFI estimates that the average annual growth rate of net expenditure for 2026–2029 is 9.1% (Annex 3Annex 3). This is 1.2 p.p. higher than expected in DB2027. Based on IFI projections, taking into account the national escape clause for defence spending, the cumulative deviation of net expenditure growth is greater than that in DB2027 (Figure 1Figure 1 and Annex 2). According to DB2027, the cumulative deviation of net expenditure growth amounts to 5.2% of GDP in 2029, whilst according to IFI projections it stands at 7.0% GDP.

1.5. Review of compliance with the fiscal discipline rules of the Compulsory Health Insurance Fund in 2025

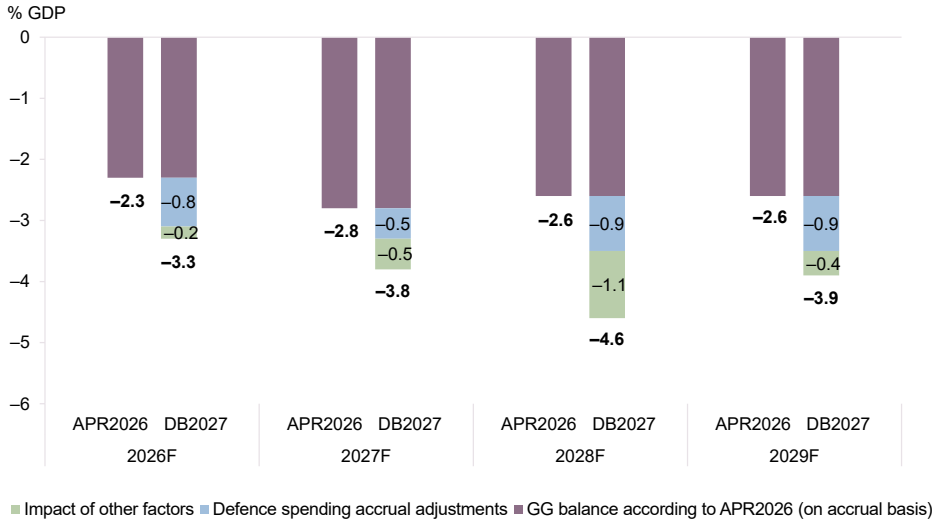
According to updated data, the Compulsory Health Insurance Fund's budget for 2025 complied with the fiscal discipline rule. The IFI published its assessment of *ex-post* compliance with the fiscal discipline rules for 2025 on 15 May 2026, together with its Opinion on the 2026 Annual Progress Report (APR2026). The budget of the Compulsory Health Insurance Fund (CHIF) was required to comply with the rule set out in the version of the CL in force until the end of 2025, which stipulated that its structural balance must be balanced or in surplus. Based on data available in the spring, it was estimated that the CHIF budget structural balance was negative (–0.1% GDP) and that the rule had not been complied with. However, following a technical review of the data carried out by the State Data Agency on 20 October, the CHIF deficit fell from 95.7 to 4.8 million EUR. Based on the latest data, the CHIF structural balance in 2025 was balanced (0% GDP) and the fiscal discipline rule was complied with.

2. GENERAL GOVERNMENT BALANCE PROJECTIONS

2.1. Revision of the general government deficit for 2026–2029

The general government deficit, which is higher than previously planned, is largely attributable to changes in the statistical accrual adjustment for expenditure on the procurement of military equipment, although other factors also play a part. Expenditure on the procurement of military equipment, weapons and supplies is recorded on an accrual basis in general government (GG) financial statistics, therefore it is reflected in the deficit when economic ownership is acquired, usually upon delivery (Box A). Comparing the DB2027 with the APR2026, the statistical accrual adjustment (the Ministry of National Defence (MND) expenditure adjustment) for 2026–2029 is, on average, 0.8% GDP higher per annum[16] (Figure 3.). Thus, even without additional discretionary decisions, the GG deficit would exceed 3% of GDP in the medium-term. Other factors contributing to a higher GG deficit include measures under the family support package (increased funding for childcare and the employment support scheme, increased support for home purchases, higher pension guarantees for those raising children, and allowances for primary school pupils to purchase school supplies), decisions to increase wages for public sector employees, lower projected revenue, and the indexation of social insurance pensions.

Figure 3. The increase in the projected GG deficit is largely influenced by changes in the statistical accrual adjustment for expenditure on the procurement of military equipment



F – forecast

Source: APR2026, DB2027, calculations by the Independent Fiscal Institution

Box A. Why is the timing of defence expenditure accounting important for the deficit and debt?

The general government deficit and debt are assessed according to different principles, which is why the same defence expenditure is reflected in them at different times. The deficit is calculated on an accrual basis, meaning that transactions are recorded when economic value is created, changes or ceases to exist. Expenditure on weapon systems and military

[16] When comparing DB2027 with DB2026, the statistical accumulation adjustment for 2026–2028 is, on average, 0.7% GDP higher per year.

equipment is included in the deficit at full value when economic ownership passes to the General government sector, at the time of delivery of the equipment. The adjustment to the Ministry of National Defence's expenditure is calculated by subtracting the value of equipment actually delivered from the cash-flow expenditure on military equipment (including down payments). The adjustment increases either as actual deliveries rise or as cash-flow expenditure falls.

Debt, by contrast, increases in line with cash flows: if expenditure is financed through borrowing, it rises when payments are made, including down payments. Down payments are not classified as expenditure – according to statistical principles, they are recorded as a financial transaction and do not increase the deficit until the equipment has been delivered. Consequently, a large proportion of down payments increases the debt immediately, whilst the impact on the deficit is felt later. According to the IFI's assessment, the value of military equipment yet to be delivered by 2026 amounts to approximately 2.5 billion EUR. This means that in the coming years, these expenditure items would increase the general government deficit even if no further purchases of military equipment were made.

2.2. Assessment of general government balance projections for 2026–2029

The general government revenue estimates presented in the draft budget of Lithuania for 2027–2029 are based on the latest projections of the Economic Development Scenario, which were endorsed [17] by the IFI in September 2026. The IFI also relies on this macroeconomic scenario when preparing its forecasts for fiscal indicators.

The IFI's fiscal projections use the statistical adjustments to expenditure data in this area provided by the Ministry of National Defence in October. These are identical to the adjustments set out in the draft budget.

The overall level of expenditure and revenue is affected by EU support, however, in accordance with the principle of neutrality of EU support flows, this does not affect the budget balance indicator. According to the IFI's assumptions regarding the implementation of EU support plans, the highest level of EU support will be reached in 2026, amounting to around 1.5% GDP, and then will gradually decline, reaching around 1.1% of GDP in 2029. Since the IFI applies a more conservative assumption regarding the implementation of EU support plans, the EU revenue and expenditure projected by the IFI are lower than those anticipated in the draft budget.

It should be noted that when the government submitted the draft budget to the Seimas, the IFI did not have the final detailed information required for its assessment, which highlights shortcomings in the budget planning and implementation process. The government submitted the draft budget to the Seimas on 19 October this year, however, as of 27 October 2026, the appropriations data in the State Budget Accounting and Payment System (Lithuanian *VBAMS*) did not correspond to all the appropriations provided for in the draft budget. The appropriations data by economic classification required for the IFI's assessment and forecasts is available only in this system and is not publicly available. This highlights shortcomings in the budget planning and reporting processes, as, by the time the draft budget was submitted to the Seimas, the data required for the assessment had not been fully reconciled in the *VBAMS*, which hampered the timely and comprehensive assessment of the draft budget.

[17] On 18 September 2026 the IFI published its Opinion on the endorsement of the Economic Development Scenario. Available online: https://www.valstybeskontrole.lt/LT/Product/24420/Opinion-on-the-endorsement-of-the-Economic-Development-Scenario.

The overview of the draft budget is significantly more detailed. Following the entry into force of the changes to the fiscal governance system, information on discretionary revenue and expenditure measures, including their classification as one-off or non-one-off measures, is provided in the DB2027 overview, rather than solely in the Draft Budget Plan subsequently submitted to the European Commission. Furthermore, the DB2027 overview clearly sets out revenue elasticities and an assessment of fiscal risks, whilst general government financial indicators are presented not only as a percentage of GDP but also in monetary terms. This more detailed information improves the IFI's ability to carry out its assessment.

2.3. General government revenue projections for 2026–2029

The level of general government revenue projected in the draft budget for 2026–2027 may be lower due to additional discretionary decisions and the failure to meet administrative efficiency targets. In the IFI's assessment, the expected additional revenue in the draft budget for 2027 as a result of administrative improvements (197 million EUR) should not be included in the revenue projections, as the impact of such measures is subject to significant uncertainty regarding their implementation. Such measure could be classified as a positive risk to revenue. Measures to improve tax administration are essential and necessary, however, the impact of these measures on budget revenue should only be recognised once the additional revenue has actually been collected. In accordance with the principle of prudence and taking into account the best practice of other independent fiscal institutions, the IFI has not included this revenue in its projections.

The draft budget has been drawn up in accordance with the legislation currently in force. It provides for additional revenue from an increase in the CO_2 levy on diesel fuel. However, in the Ministry of Finance's (MoF) Fiscal Risk Assessment (FRA)[18], the likelihood of a political decision to halt or slow down this increase is assessed as very high (10 out of 10), given the rise in fuel prices and the widening gap between them and prices in Poland. Taking this risk into account, the IFI forecasts, in its projections for 2027–2029, anticipates excise duty revenue to be 100 million EUR lower each year than in the DB2027.

The draft budget estimates a 15% increase in corporate income taxes in 2029, driven mainly by the expiry of a tax exemption in 2028, allowing a reduction in taxable profit on account of investments. However, as the exemption has been extended every five years since 2009, the IFI projections assume that it will be extended again this time. Consequently, the approximately 200 million EUR in additional revenue expected in 2029 due to the expiry of the exemption is not included in the IFI projections.

For these reasons, the IFI's estimated tax revenue for 2027 is 0.3% GDP lower than that projected in DB2027. Revenue for 2028–2029 is similar to that anticipated in the draft budget due to the positive impact on revenue assessed by the IFI, assuming higher expenditure on wages. The IFI's projections for general government revenue and expenditure are presented in Table 1 of Annex 1.

[18] 7 October 2026 Ministry of Finance Fiscal Risk Assessment. Available online: https://finmin.lrv.lt/lt/veiklos-sritys/fiskaline-valdysena/viesuju-finansu-analizes/fiskaliniu-riziku-apzvalgos/.

2.4. General government expenditure projections for 2026–2029

The 2027 budget does not reflect a significant portion of expenditure which, in the IFI's assessment, should be included when calculating the general government deficit. The draft budget overview[19] sets out risks, some of which are identified as being of a high severity and with a high probability of occurrence. In the IFI's view, risks of this nature should be taken into account when preparing the draft budget and therefore they are included in the IFI's projections for the GG balance. These additional expenditure items include expenditure related to support for Ukraine, railway infrastructure, and the statistical reclassification of public-private partnership projects into the general government. The IFI projections indicate that, should these risks materialise, GG expenditure would increase by 0.5% GDP in 2027.

According to the 2010 European System of National and Regional Accounts, if the public-private partnership project is classified as an off-balance-sheet, the expenditure involved in its implementation is not recorded in the general government deficit during the construction phase, as it is regarded as a private investment, whilst the impact on the deficit occurs later, through service payments made during the operational period. According to Eurostat's guidance for Lithuania[20] , with regard to the accounting of the Rūdninkai and Kairiai military projects, which are being developed through public-private partnership schemes, they should not be treated as private investment in the general government balance sheet, as the entire project is controlled by the State of Lithuania. Keeping this in mind, construction-related expenditure of this nature should be reflected in the general government deficit estimate as early as 2026. It is projected that, over the period 2026–2028, this expenditure will total approximately 0.7% of GDP (see Table 1 for more details). It should be noted that there is currently no final decision on the accounting details of this nature, and the annual breakdown of the planned amounts is subject to change, therefore, the assumptions applied by the IFI and the statistical reality may differ.

Although the three-year budget planning framework has been in place since 2025, the draft budget still does not provide sufficient detail on the three-year plans, as some of the data is only provided for 2027. Estimates for the Reserve (stabilisation) Fund, National Defence and State Road Funds are provided only for 2027. Furthermore, the draft budget does not anticipate for sufficient growth in public sector wages and social benefits for 2028–2029, even though such commitments have been made or are highly likely to be made. Furthermore, the 2028–2029 budget of the State Social Insurance Fund (SSIF) does not provide for additional pension indexation, whilst the CHIF budget does not account for rising state contributions for persons insured at the state's expense. Without including these expenditures in the budget, the general government deficit appears more favourable. The IFI and DB2027 projections for 2029 differ by 2% GDP.

According to the Law on the Budget Structure, indicators affecting the state budget should be planned for a period of no less than three years. Although some of the indicators in the draft budget are presented for a three-year period, in the IFI's view, the plans should also cover other regularly adjusted figures that depend on discretionary decisions. More detailed three-year plans would enhance fiscal transparency, allow for a more accurate

[19] Annex 1, Table 7 of the Explanatory Memorandum to the Draft Law on Budget Approval of the Republic of Lithuania for 2027–2029.

[20] 28 July 2026 Eurostat letter 'Lithuania – Statistical treatment of PPP contracts'. Available online: https://ec.europa.eu/eurostat/web/government-finance-statistics/methodology/advice-eu-countries.

assessment of the outlook for public finances and facilitate better identification of fiscal risks. It should be noted that the forecasts for 2028–2029 presented in the draft budget are based on the assumption of unchanged policies and existing legislation. However, it is standard practice for independent fiscal institutions to take into account not only the current legal framework but also the most likely policy developments when preparing medium-term projections. Therefore, the IFI's projections include expenditure which, although not formally approved, is based on established practice and standard government decisions.

One of the areas in which an additional increase in expenditure is likely, is public sector wages. DB2027 forecasts that in 2029, compared with 2028, the GG deficit will fall by 0.7% GDP, whilst GG expenditure on wages will decrease by 0.3% GDP annually in period 2028–2029. In the IFI's assessment, it is unlikely, as the annual growth in general government expenditure is driven both by new discretionary decisions to increase wages – for example, for teachers and healthcare workers – and by long-term commitments made previously.

A retrospective analysis of Lithuania's draft budgets submitted to the European Commission shows that the projected general government expenditure on compensation of employees for 2024–2025 was on average around 0.5 and 0.7% GDP lower than the actual expenditure subsequently recorded[21]. Taking this into account, along with the likely continued growth in the country's average wage, the IFI forecasts higher expenditure on compensation of employees for 2028–2029 in its projections. The difference between the expenditure on compensation of employees estimated in DB2027 and that projected by the IFI for 2029 amounts to almost 1% GDP.

The draft budget for 2028–2029 does not include additional pension indexation. The draft budget of the SSIF includes additional indexation of the individual component for 2027, but no such provision is made for 2028–2029. Taking into account the established practice of annual pension indexation, the IFI in its projections has included an additional 2.04% indexation of the individual pension component for 2028–2029, calculated on the basis of the latest known plan for 2027. According to the IFI's assessment, this would result in pension expenditure being 66 million EUR higher in 2028 and 147 million EUR higher in 2029. Faster pension indexation would not only lead to higher expenditure in specific years but would also increase future liabilities.

The State budget contributions for persons insured at the state's expense do not correspond to the increase provided for in the Law on Health Insurance. The 2027 draft estimates a significant 11.7% increase in the CHIF budget revenue, driven mainly by rising state budget contributions for persons insured at the state's expense. The new version of the Law on Health Insurance, which comes into force in January 2027, stipulates that the contribution per insured person in 2027 must amount to half the average annual compulsory health insurance (CHI) contribution per employee for the year before last, i.e. 1,009.9 EUR. Thereafter, this amount should be increased by 5 p.p. per annum, however, the draft budget for 2028–2029 does not provide sufficient appropriations for this. According to data from the National Health Insurance Fund and the IFI's assessment, an additional 137 million EUR should be allocated in 2028, and 413 million EUR in 2029. Consequently, the contribution rate will amount to around 51% in 2028, falling to 47% of the average annual compulsory health insurance contribution for the year before last in

[21] Analysis of the Draft Budget Plans submitted for 2023–2025.

2029. In its projections, the IFI increases appropriations for the CHIF by the amount required by law, thereby seeking to highlight the pressure of existing liabilities on public finances. CHIF expenditure is increased by the same amount, whilst a larger deficit is recorded in the central government sub-sector.

2.5. General government deficit projections for 2026–2029

The IFI projects a higher general government deficit for 2026–2029 than the draft budget expects, as it does not include all deficit-increasing expenditure, whilst some of the planned revenue may not be collected. The IFI's projections differ from those in the DB2027 due to the different assumptions applied (Table 1Table 1). It should be noted that the purpose of the IFI projections is to illustrate a scenario in which highly probable additional expenditure, which could have a significant impact on public finances, materialises and planned revenue collection targets are not met. The aim is to assess the potential pressure on the general government deficit, debt and the sustainability of public finances.

Table 1. The IFI includes additional assumptions that differ from the DB2027 indicators for 2026–2029, as % GDP

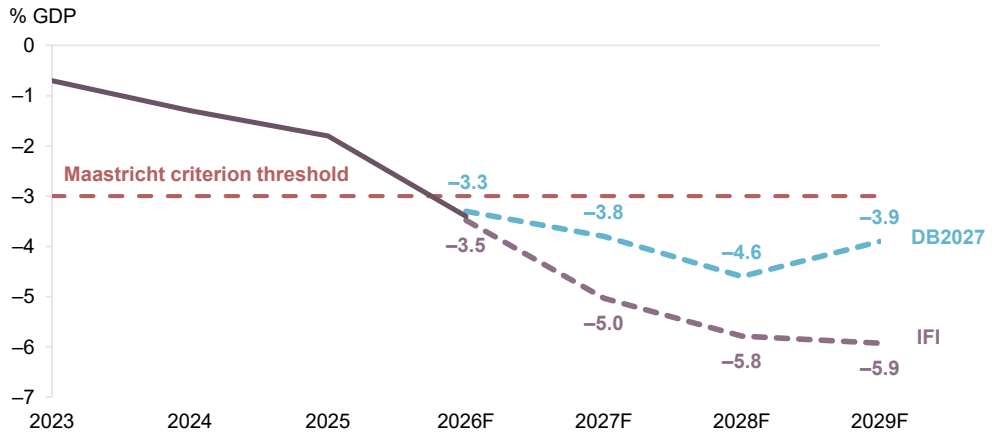
	2026	2027	2028	2029
Revenue assumptions:				
Extension of corporate income tax investment exemptions				–0.2
Additional measures to mitigate the impact of rising fuel prices, resulting in lower excise duty revenue		–0.1	–0.1	–0.1
Uncollected revenue from planned administrative improvements		–0.2		
Positive impact on GG revenue due to an increase in wage expenditure			0.1	0.2
Expenditure assumptions:				
Higher appropriations due to the indexation of the state budget contributions for insured persons covered by state funding			0.1	0.4
Faster wage increases for public sector employees			0.5	0.9
Additional pension indexation			0.1	0.1
Statistical reclassification of public-private partnership projects into the general government	0.3	0.4	0.03	
Other unforeseen expenditure		0.1	0.1	0.1
Total impact on the deficit	**0.3**	**0.8**	**0.9**	**1.7**

In the revenue assumptions, estimates with a minus sign indicate that the loss of revenue has a negative impact on the deficit, causing it to increase.

Source: calculations by the Independent Fiscal Institution

The IFI projects a higher general government deficit for 2026–2029 than expected in the draft budget, which indicates growing pressure on public finances. Taking into account the assumptions applied, the IFI estimates that the GG deficit in 2026–2027 could amount to 3.5% and 5% of GDP respectively, and in 2028–2029 to 5.8% and 5.9% of GDP (Figure 4). The balances of the local and central government sub-sectors are projected to be in deficit throughout the medium-term, whilst those of the social security funds are projected to be in surplus (Table 2Table 2). The gap between the IFI and DB2027 GG projections indicates that pressure on public finances will remain greater in the medium-term than suggested in the draft budget figures and will require higher revenue and/or a reduction in the scope of public services.

Figure 4. The IFI projects a higher general government deficit for 2026–2029 than anticipated in the draft budget



F – forecast

Source: DB2027, calculations by the Independent Fiscal Institution

2.6. Risks to the 2026–2029 general government deficit and debt estimates

It should be noted that there are both upside and downside risks which the IFI has not included in its projections, but which could affect the deficit estimate. Expenditure could increase if Lithuania were to apply, and the Council were to approve, a request to extend the scope of the national escape clause to the area of energy security. For example, in both 2027 and 2028, the general government deficit could rise by up to 0.3% of GDP if a decision was made to implement additional energy security measures aimed at strengthening the resilience of the European energy system and accelerating the transition away from fossil fuels.

If economic developments were to be weaker than anticipated in the Economic Development Scenario for September 2026, this could increase pressure for additional expenditure and reduce general government revenue.

A statistical adjustment to the Ministry of National Defence's expenditure could have a significant impact on the general government deficit, by either increasing or decreasing it. This issue is discussed in more detail in Box.

The GG deficit would also be worsened if over-budget expenditure were financed from the CHIF reserve or, in the case of municipalities, from accumulated surpluses or by borrowing more.

Box. Scenario for the GG deficit and debt up to 2035.

How will the scenario of fiscal indicators change by 2035, taking into account the updated medium-term public finance projections and increased defence commitments? In February 2025, the IFI published an assessment of the sustainability of GG finances for 2025–2050[22] (sustainability assessment), which was based on the assumption that at least 3% of GDP would be allocated to defence funding each year until 2050. In June of the same year, NATO members committed to ensuring that 5% of GDP would be allocated to defence expenditure

[22] Available online: https://www.valstybeskontrole.lt/LT/Product/24297/valdzios-sektoriaus-finansu-tvarumo-20252050-m-vertinimas.

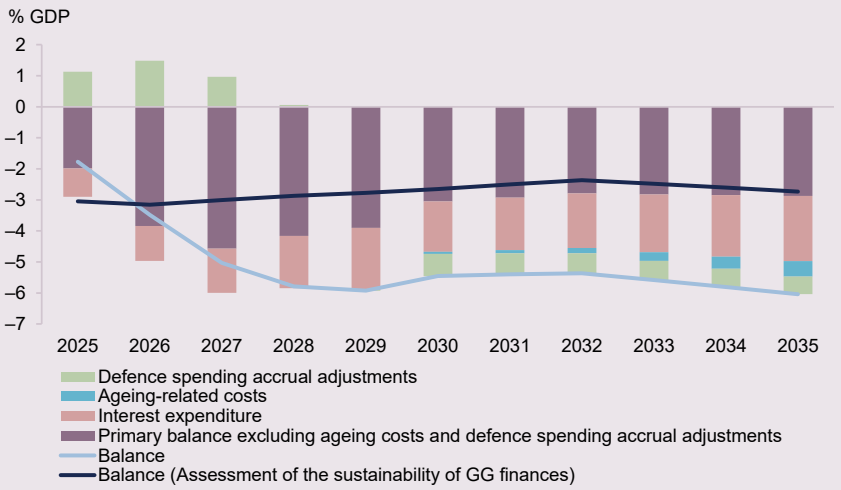
annually by 2035. The aim of this box is to assess how the GG deficit and debt scenario will change up to 2035, taking into account defence commitments that are higher than those anticipated in the sustainability assessment, and the updated medium-term deficit and debt trajectories.

In preparing the scenario up to 2035, the IFI based its analysis on the following assumptions:

- The macroeconomic assumptions for 2026–2029 are in line with the projections in the Economic Development Scenario September 2026. For 2030–2035, they are in line with the assumptions used in the sustainability assessment.
- The projections for fiscal indicators for 2026–2029 are consistent with the projections presented by the IFI in this Opinion, whilst for 2030–2035, age-related expenditure has been estimated on the basis of the growth rates for such expenditure calculated in the sustainability assessment.
- The defence expenditure indicator is based on the assumption that, for the period 2030–2035, defence and related expenditure on a cash basis will increase linearly from the 4.4% GDP level projected in the DB2027 for 2029up to 5% GDP in 2035. The impact of accrual adjustments on the balance is reflected solely in the amount of Ministry of National Defence expenditure accrual adjustments accumulated over the period 2019–2029, which totals nearly 5 billion EUR. This amount is distributed in equal instalments over the period 2030–2035.

The updated longer-term assessment of general government finances shows that the fiscal position has deteriorated, and there are no inherent grounds for it to improve significantly. Compared with the assessment published in 2025, the increase in the general government deficit after 2029 is largely driven by a significant deterioration in the medium-term development of public finances. Although it improves slightly after 2029 due to the easing of the negative economic cycle and lower interest expenditure[23], the deficit remains above 5% of GDP throughout the period (Figure 1). It is prevented from falling further by the accumulated adjustment in MND expenditure, which averages 0.6% of GDP over the period 2030–2035, and by gradually rising ageing costs, amounting to 0.5% of GDP by the end of the period.

Figure 1. The increase in the general government deficit is largely driven by a significant deterioration in the medium-term outlook for public finances. The accumulated adjustment to MND expenditure contributes to the further increase in the deficit



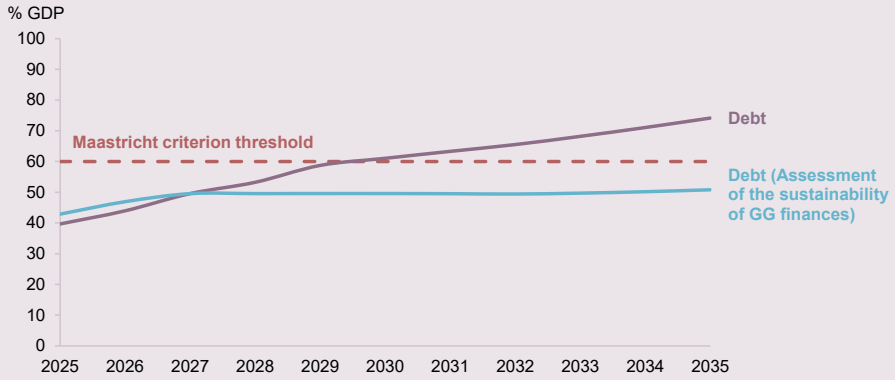
Source: State Data Agency, DB2027, calculations by the Independent Fiscal Institution

[23] According to the EC's 2024 Ageing Report, this trend is driven by an assumption of a lower effective interest rate.

An assessment of the longer-term scenario indicates that, without additional fiscal measures, the public finance situation will not improve on its own and the need to present a clear plan for stabilising the deficit and debt becomes even more pressing.

Compared with the assessment published by the IFI in February 2025, the risks to the sustainability of the country's public finances have increased significantly. In the sustainability assessment it was projected that, under the baseline scenario, GG debt will reach 50.8% of GDP in 2035 (Figure 2.). Without increasing revenue and implementing structural reforms, the costs associated with an ageing population will subsequently exert increasing pressure on debt levels, which would exceed the Maastricht criterion threshold in the long-term. Taking into account the updated projections for the GG primary deficit, which anticipates higher defence expenditure, debt would grow considerably faster than expected in the sustainability assessment. It is anticipated that, in such a scenario, it would exceed 60% GDP as early as 2030 and reach just over 74% of GDP in 2035. This means that the risks to the sustainability of the country's public finances have increased significantly. Taking into account the macroeconomic assumptions, the IFI estimates that, in order to stabilise the debt-to-GDP ratio after 2029, the GG primary deficit (i.e. excluding interest payments) should amount to 0.7% GDP. Taking into account other likely flows affecting debt, the primary deficit required to stabilise debt should be even lower. However, the IFI projects that the GG primary deficit will reach 3.9% of GDP in 2029, i.e. it will be more than 3 p.p. of GDP higher than the level required to stabilise debt.

Figure 2. Taking into account the updated projections for the GG primary deficit, debt would grow faster than projected in the sustainability assessment – the risks to the sustainability of the country's public finances have increased significantly

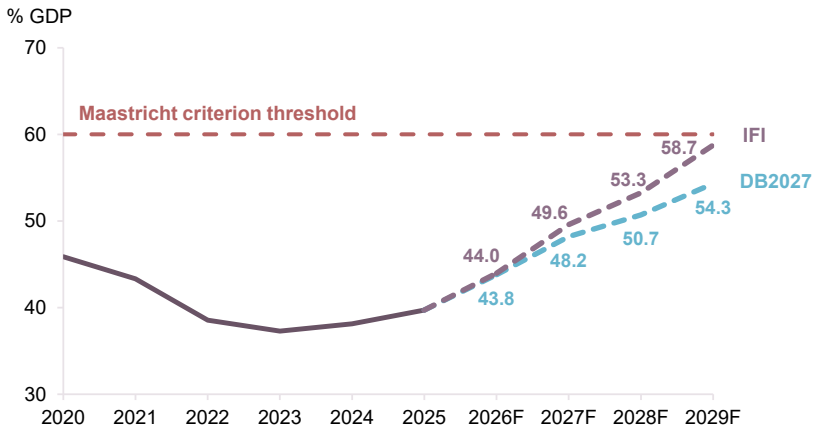


Source: State Data Agency, Independent Fiscal Institution

3. GENERAL GOVERNMENT DEBT PROJECTIONS FOR 2026–2029

With general government debt rapidly approaching the Maastricht criterion threshold in the medium-term, there is a growing risk that this threshold will be exceeded. The IFI, based on the International Monetary Fund (IMF) methodology[24], projects that this year the indicator will reach 44% of GDP and will be close to the figure in the draft budget (Figure 5.). In the medium-term, with the IFI forecasting a larger GG deficit than in the DB2027, debt will grow faster than expected in the DB2027 and will reach almost 59% of GDP in 2029. That is 19 p.p. higher than in 2025, when it stood at 39.7% GDP. It should be noted that, as debt rapidly approaches the Maastricht criterion threshold, the scope for responding to future challenges without breaching this criterion will become increasingly limited. Compared with the assessment of the sustainability of public finances published by the IFI in February 2025, the risks to the sustainability of the country's public finances have increased significantly (Box). The risks of not only reaching but also exceeding the 60% GDP threshold in the medium-term are also discussed in the MoF's 2026 Fiscal Risk Assessment. It states that even if the risk with the greatest numerical impact were excluded from the calculation of stochastic debt scenarios, there would still be a 28% probability of exceeding this debt threshold by the end of the medium-term.

Figure 5. In the medium-term, general government debt will rapidly approach the Maastricht criterion threshold, therefore, the scope for responding to future challenges without breaching this criterion will become increasingly limited



F – forecast

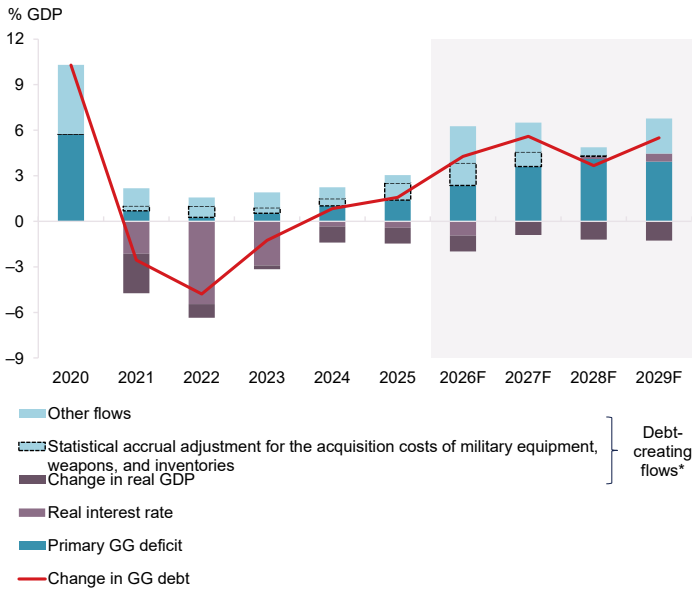
Source: State Data Agency, DB2027, Independent Fiscal Institution

According to the IFI's assessment, the growth in debt will be driven primarily by the general government primary deficit and other debt-affecting flows, including down payments for the procurement of military equipment. The primary deficit is projected to average around 3.5% of GDP annually in 2026–2029 (Figure 6.). Other debt-affecting flows will also contribute significantly to debt growth (in line with the debt change adjustment anticipated in DB2027). In 2026–2027, a significant portion of them will consist of the statistical accrual adjustment for expenditure on the procurement of military equipment, weapons and supplies. This year, it will amount to 1.5% of GDP, and in 2027 – 1% of GDP. It should be noted that advance payments for the procurement of military equipment

[24] International Monetary Fund explanatory notes 'Staff Guidance Note for Public Debt Sustainability Analysis in Market-Access Countries', 9 May 2013. Available online: https://www.imf.org/external/np/pp/eng/2013/050913.pdf.

increase debt in the year in which they are made, however, under the accrual basis of accounting for the GG deficit, this expenditure will only be recorded once the equipment has actually been delivered. Consequently, once these expenditure items are accounted for in the future, they will no longer contribute to an increase in debt. In the medium-term, projected real GDP growth is expected to moderate the growth of debt, reducing it by an average of 1.1% GDP annually. With the average nominal interest rate on debt rising, the impact of real interest rates on debt will remain favourable this year. However, it is projected that in 2028–2029 they will contribute to an increase in debt (Table 3).

Figure 6. In the medium-term, the growth in general government debt will be driven primarily by the primary GG deficit and other debt-creating flows, including down payments for the procurement of military equipment



* Calculated as a stock balance until 2025 and including the stock-flow adjustment projected in DB2027 for 2026–2029. This includes adjustments between the GG and central government deficits, the impact of the EU balance, changes in treasury liquid assets, and others.

F – forecast

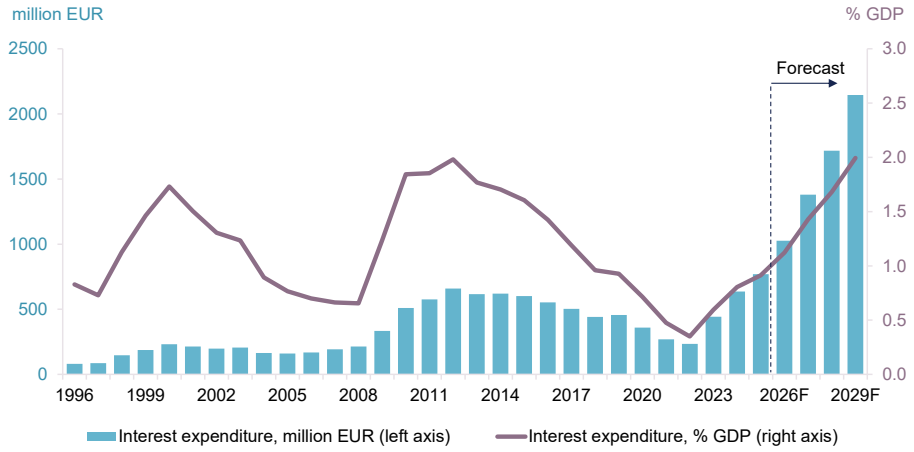
Source: State Data Agency, DB2027, calculations by the Independent Fiscal Institution

Expenditure on interest payments on GG debt is expected to continue to rise, which will reduce the scope for funding public services. The IFI projects that expenditure on interest payments on GG debt will reach 1.0 billion EUR and 1.4 billion EUR in 2026–2027 (1.1 and 1.4% of GDP) (Figure 7Figure 7 and Table 3). It is likely that by 2029 these costs could reach 2.1 billion EUR (2% of GDP). This increase in expenditure is driven not only by the rising average interest rate on debt[25], but also by the growth in the debt itself. The shrinking fiscal space limits the government's ability to respond to economic shocks and ensure debt sustainability and may therefore have a negative impact on its credit rating and increase the cost of future borrowing. It should be noted that interest expenditure amounting to 2% of GDP is exceptionally high even from a historical perspective: since 1995, debt servicing reached this level only in 2012, i.e. following the global financial crisis.

[25] In preparing its projections for GG debt, the IFI relied on the draft budget overview, which assumes that the interest rate on debt will rise from 3.1% in 2026 to 3.9% in 2029.

As debt servicing expenditure rises, the state's ability to fund public services and investment is diminishing.

Figure 7. It is projected that expenditure on interest payments on GG debt will continue to rise



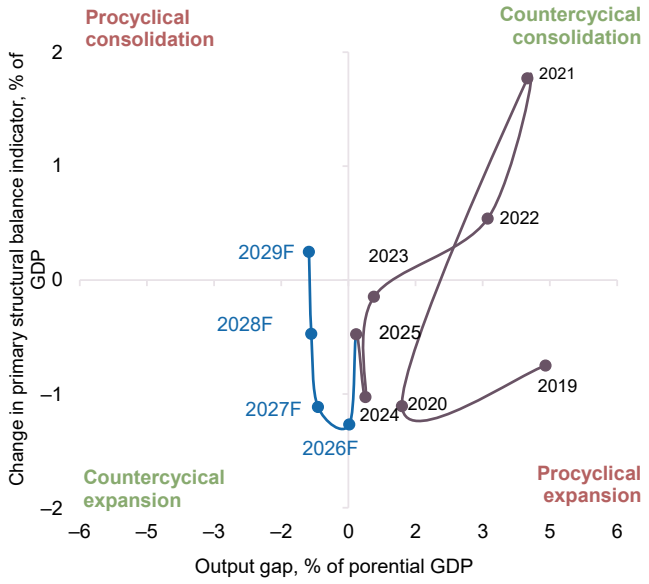
F – forecast

Source: State Data Agency, calculations by the Independent Fiscal Institution

4. FISCAL STANCE IN 2026–2029

According to IFI projections, fiscal stimulus is expected in 2027, driven not only by rising defence expenditure. IFI projects an annual rate of change of –1.1% of GDP in the general government's structural primary balance in 2027 (Figure 8, Annex 5Annex 1Annex 5). The growing structural deficit indicates that fiscal policy will stimulate the economy. The structural deficit is rising not only due to increased defence spending, but also because of other measures set out in the draft budget: spending on social security, healthcare and so on. According to the IFI's assessment, fiscal policy will move towards a neutral stance in the medium-term[26]. This means that in 2029 it will neither stimulate nor constrain economic growth. Although the IFI expects a negative output gap, the phase of the economic cycle meets the definition of 'normal times'[27] . However, uncertainty regarding economic developments complicates the assessment of the phase of the economic cycle.

Figure 8. With the structural primary general government deficit rising, the fiscal policy stance for 2026–2028 is assessed as expansionary



Based on IFI forecasts for the general government balance and the output gap.

The figure shows the impact of temporary measures that have been eliminated: COVID-19 related measures, measures to mitigate the impact of rising energy prices, aid for Ukrainians fleeing Russian military aggression and other support to Ukraine, the installation of a physical barrier and security systems at the Lithuania–Belarus border, and support for Lithuania's railway infrastructure.

F – forecast

Source: State Data Agency, Ministry of Finance, calculations by the Independent Fiscal Institution

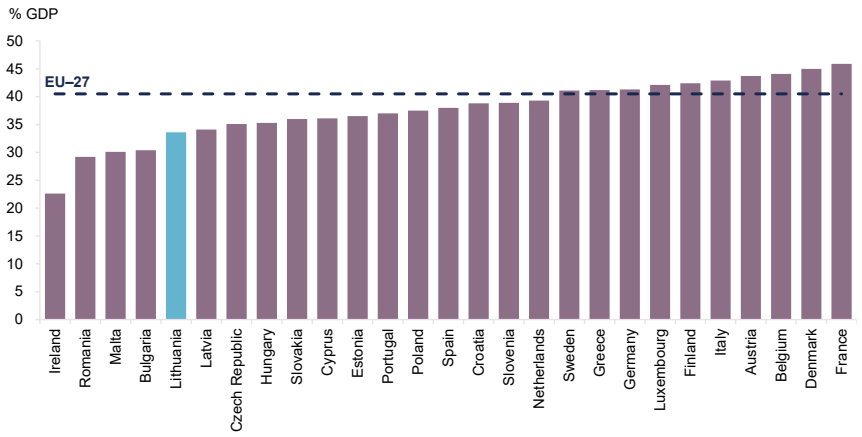
[26] In accordance with the '*broadly* neutral' fiscal policy band set by the EC (change in the structural balance of ±0.2% GDP). Available online: https://economy-finance.ec.europa.eu/publications/2016-stability-and-convergence-programmes-overview-and-implications-euro-area-fiscal-stance_en.

[27] Normal times, as defined by the EC thresholds, are when the output gap satisfies the condition: –1.5% GDP ≤ output gap < 1.5% GDP. Available online: https://economy-finance.ec.europa.eu/publications/vade-mecum-stability-and-growth-pact-2019-edition_en.

5. OPPORTUNITIES FOR DEFICIT REDUCTION

Lithuania's ratio of tax and social security contribution revenue to GDP is one of the lowest in the European Union, therefore, to reduce the deficit, it is advisable to rely on revenue-raising measures. Lithuania's ratio of tax and social security contributions to GDP stood at 33.6% of GDP in 2025 and remained one of the lowest in the European Union (Figure 9). It lagged behind the EU average by around 7 p.p. GDP (the EU average was 40.5% of GDP). According to this indicator, Lithuania ranked 23rd out of the 27 EU Member States.

Figure 9. According to 2025 data, revenue from taxes and social contributions in Lithuania is among the lowest in the EU



Source: Eurostat

Reducing tax exemptions could contribute to higher revenue collection for the state budget. According to the Ministry of Finance's assessment, due to the exemptions currently applied to personal income tax (PIT), corporate income taxes, value-added tax (VAT) and excise duties, revenue for the state and municipal budgets in 2027 will be 4% of GDP lower (excluding the tax-exempt amount of income – 2.6% of GDP). The National Audit Office of Lithuania[28] has recommended monitoring tax exemptions in order to take into account their objectives, their impact on society and business, their duration and their effect on budget revenue. If the duration of tax exemptions are not specified, they may, in the long run, become market-distorting measures, as they were adopted under different economic conditions. In 2025, Lithuania already abolished the inappropriate VAT exemptions for heating, which will generate an additional 65 million EUR in revenue in 2026. Nevertheless, the appropriateness of the remaining specific exemption measures should also be reviewed. The Council notes[29] that in Lithuania, 'despite progress in gradually phasing out subsidies for fossil fuels, several misdirected support measures remain in place, including an excise duty exemption for natural gas used for heating and exemption tax treatment for certain areas of fossil fuel use. In particular, subsidies for fossil fuels – which neither effectively address the problem of energy poverty nor genuinely resolve energy security issues, hinder electrification and are not essential for industrial competitiveness – could be considered priority areas for abolition." According

[28] 7 June 2013 State Audit Report No. VA-P-60-3-7. Available online: https://www.valstybeskontrole.lt/LT/Product/23096/mokesciu-lengvatos.

[29] Available online: https://www.consilium.europa.eu/en/press/press-releases/2026/07/10/european-semester-2026-council-adopts-country-specific-recommendations/.

to DB2027, the lower excise duty rate on diesel used in agricultural activities results in a loss of 139 million EUR to the budget.

Lithuania's personal income tax system could better align with the fundamental principles of taxation by implementing the recommendations of international organisations. Among the key principles of taxation are fairness[30] and neutrality[31]. Taking these principles into account, international organisations have issued recommendations regarding Lithuania's tax system. The changes to the personal income tax adopted in 2025 were a significant step towards a fairer system, but opportunities for tax arbitrage remain. The European Commission in its 2026 country report [32] notes that by increasing the progressivity of PIT and establishing uniform progressive rates for many sources of revenue, Lithuania has made substantial progress in improving the structure of its tax system. However, it is also emphasised that 'despite these measures, the income tax system continues to offer tax arbitrage opportunities, for example between employment, self-employment and certain forms of business'. One such example would be the business certificate scheme, which has not been abolished. In 2022, the Organisation for Economic Co-operation and Development (OECD) wrote about this[33], stating that this scheme may distort competition. Business certificates apply only to taxpayers carrying out specific activities. Individuals engaged in these activities may have different levels of revenue and expenses yet will pay the same amount of tax. Similarly, taxpayers who do not meet the requirements for a business certificate may have similar levels of revenue and expenses yet will face a different tax burden. Furthermore, although the standard rate of PIT on revenue from self-employment under a certificate has been increased from 15 to 20%, it is still taxed under a separate regime. Consequently, depending on the source of revenue, individuals earning the same amount of revenue may pay different amounts of PIT. For example: if a person receives 40 thousand EUR in salary revenue per year in 2026, they will pay 8 thousand EUR in PIT, however, if this amount were divided equally between salary and self-employment under a certificate, PIT would amount to only 5 thousand EUR.

The current corporate income taxes distort corporate behaviour. This problem could be addressed by abolishing the exemption for small businesses under corporate income taxes. In 2022, the World Bank[34] found that companies cluster around the threshold for the exemption, which is 300 thousand EUR of revenue per tax period. This clustering is described as a result of tax optimisation that is detrimental to economic development and does not encourage the growth of these enterprises. One of the reasons for this clustering is the sharp jump in the tax rate once the tax exemption threshold is exceeded, therefore it was recommended that a single rate of corporate income taxes be applied to all companies. The European Commission also addresses this issue in the country report, emphasising that this regime encourages the establishment of companies solely for tax

[30] Tax fairness is understood as the proportional taxation of received revenue (horizontal fairness) or as the implementation of the 'ability to pay' principle (vertical fairness).

[31] The principle of neutrality means that different forms of business activity or types of revenue should be taxed equally, so that resources are allocated efficiently and the tax system does not create incentives to seek more favourable tax treatment.

[32] Available online: https://economy-finance.ec.europa.eu/economic-surveillance-eu-member-states/country-pages-including-country-reports/country-report-lithuania_en.

[33] Available online: https://www.oecd-ilibrary.org/sites/53952224-en/1/3/2/index.html?itemId=/content/publication/53952224-en&_csp_=72dafb47de9557cdbb7ac64eb53a37e0&itemIGO=oecd&itemContentType=book.

[34] World Bank. A microsimulation analysis of the scale and impact of tax optimisation and corporate 'clusters'. Report and recommendations. December 2022.

reasons and potentially leads to the under-reporting of revenue. Abolishing the exemption for small enterprises with regard to corporate income taxes would resolve the clustering problem of companies. According to DB2027 data, the application of this exemption will result in a loss of 121.9 million EUR to the 2027 budget.

One way of increasing revenue without changing VAT rates is to reduce the VAT gap. The VAT gap indicates the difference in VAT revenue compared with the theoretical estimate. It comprises the compliance gap (due to tax evasion, fraud or errors) and the regulatory gap (due to preferential rates and exemptions). According to the 2025 European Commission's assessment[35], the compliance gap in Lithuania stood at 15.1% in 2023 (the EU average was 11.1%), although it had fallen by 5.8 p.p. since 2019. The Commission also notes that digitalisation and pre-filled returns have helped to reduce the gap, but VAT compliance issues persist and the shadow economy exceeds the EU average. International institutions emphasise administrative measures to improve compliance. A 2025 study by the International Monetary Fund (IMF) indicates that strengthening digitalisation and simplifying compliance would increase VAT revenue. The VAT registration threshold (45 thousand EUR) may also account for part of the gap. The 2024 budget revenue review prepared by the Ministry of Finance shows that, in the case of VAT too, taxpayers are beginning to cluster below this threshold, which may indicate potential avoidance of VAT registration.

International organisations recommend expanding property and environmental taxes. In its 2026 country report, the European Commission notes that revenue from recurrent property and environmental taxes, i.e. sources that are least harmful to economic growth, in Lithuania remains among the lowest in the EU. According to 2024 data[36], Lithuania derived 0.4% GDP from property taxes (the EU average is 1.8% GDP), and 1.8% GDP from environmental taxes (the EU average is 2.1% GDP). The property tax reform, which came into force in 2026, contributes to the achievement of these objectives: cadastral values are updated more frequently, a progressive rate structure is applied to second and subsequent homes, and an additional 0.2% surcharge is applied to commercial property, with the revenue allocated to defence. However, the Commission emphasises that the high tax-exempt income for the main residence (450 thousand EUR per owner, 900 thousand EUR for two owners) and the low level of tax rate progressivity limit the reform's revenue potential. The IMF's 2025 study on Lithuania[37], also notes that property taxes are low, compared with EU countries, which collect four times as much, suggesting that there is scope to increase them. The study indicates that broadening the tax base and reducing tax exemptions could generate an additional 0.5–1.5% of GDP in revenue. As mentioned, in the area of environmental protection, the Council urges that priority be given to phasing out non-targeted fossil fuel subsidies. It also encourages improving tax compliance and broadening the tax base by shifting to sources whose taxation is less detrimental to growth.

Adjustments to the tax system are becoming inevitable in order to ensure the sustainability of public finances, given the constantly rising demand for expenditure. An analysis of general government expenditure in 2024 by function shows that the largest share (26% of GDP) is allocated to areas focused on public welfare, such as social security,

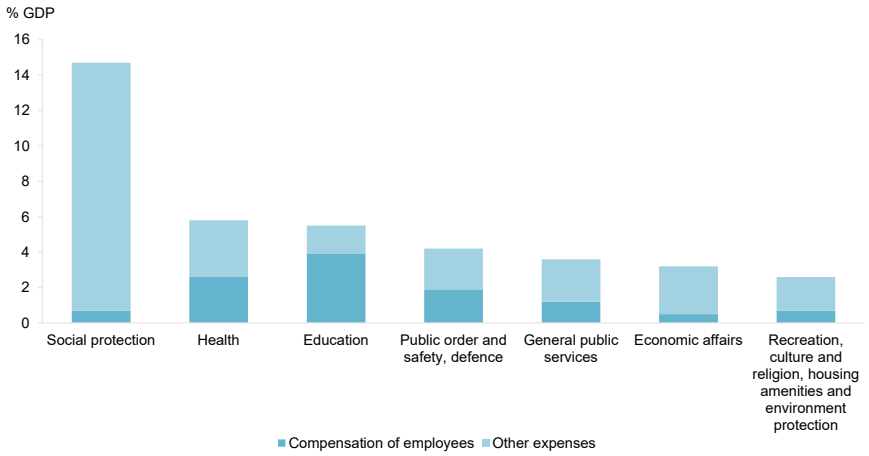
[35] Available online: https://taxation-customs.ec.europa.eu/taxation/vat/fight-against-vat-fraud/vat-gap_en.

[36] Available online: https://taxation-customs.ec.europa.eu/taxation/economic-analysis/data-taxation-trends_en.

[37] Available online: https://www.imf.org/-/media/files/publications/selected-issues-papers/2025/english/sipea2025137.pdf.

health and education (Figure 10). The largest share of expenditure in the healthcare and education sectors is allocated to wages (6.5% GDP). Expenditure on social security functions accounts for 14.7% of GDP (of which 0.7% GDP is for wages). The Council[38] recommends that Lithuania "provide sufficient funding for healthcare, social protection and general public services[39]."

Figure 10. In 2024, Lithuania's largest share of expenditure went on health, social protection and education (a total of 26% GDP), of which 7.2% GDP was spent on wages



Source: Eurostat

International institutions encourage not only an increase in revenue, but also a focus on expenditure efficiency. The IMF in the 2026 Article IV consultations staff report[40] note that, given the low level of tax revenue compared with other countries and the limited scope for cutting essential services, consolidation should rely primarily on permanent revenue measures. The IMF suggests complementing these measures with a reallocation of spending priorities and efficiency gains, including capping the growth of public sector wage expenditure, more effective targeting of social benefits, and improving the efficiency of health and education spending. The OECD's 2025 Economic Survey of Lithuania[41] recommends improving the efficiency of expenditure and broadening the tax base, whilst viewing demographic changes as an opportunity to undertake expenditure reviews that will help identify which public services are most important and how they should be organised. Improving cost-effectiveness remains a key measure for the sustainability of public finances, which can help meet the growing needs in defence, health, social protection and those arising from demographic changes, however, this alone will not be sufficient. A sustainable solution involves both approaches: continuous expenditure review and strengthening the revenue base. Based on IFI projections and with the aim of ensuring that the GG deficit does not exceed the Maastricht criterion threshold in 2029, it would need to be more than 3 billion EUR lower.

[38] 2025 Council Recommendation on Lithuania's economic, social, employment, structural and budgetary policies. Available online: https://eur-lex.europa.eu/legal-content/LT/TXT/HTML/?uri=OJ:C_202503989&qid=1778015240961.

[39] According to the COFOG classification, 'general government services' cover expenditure relating to the general functioning of public authorities, including central administration, legislative and executive bodies, fiscal and foreign policy, interest payments and general transfers between different levels of government.

[40] Available online: https://www.imf.org/en/publications/cr/issues/2026/08/07/republic-of-lithuania-2026-article-iv-consultation-press-release-and-staff-report-578611.

[41] Available online: https://www.oecd.org/en/publications/oecd-economic-surveys-lithuania-2025_4abf1ea5-en/full-report/executive-summary_7a3aa3ed.html.

6. MINISTRY OF FINANCE'S 2026 FISCAL RISK ASSESSMENT

The Independent Fiscal Institution views the 2026 Fiscal Risk Assessment by the Ministry of Finance favourably. This practice is in line with the recommendations of international institutions, which emphasise that the comprehensive identification, assessment and disclosure of fiscal risks are an important part of responsible public finance management. The analysis of fiscal risks helps to better assess the potential impact of uncertainty on general government finances, strengthens preparedness for adverse scenarios and contributes to the long-term sustainability of public finances.

Should these risks materialise, GG debt could exceed 60% GDP in the medium-term. The MoF's analysis, conducted in light of the changed economic, geopolitical and fiscal environment, reveals a significant scale of fiscal risks. If one were to make the theoretical assumption that all risks materialise simultaneously and to their full extent in a given year in the medium-term, the impact on GG finances would amount to more than 37 billion EUR or exceed 44% of GDP (in the 2020 risk assessment, the total value of assessed risks amounted to 5.6 billion EUR, or 11.5% GDP). GG debt could approach the 60% GDP threshold as early as the medium-term, whilst the materialisation of the risks with the greatest impact would result in this threshold being exceeded in any given year of the medium-term.

When drawing up budgets, it is important to maintain sufficient fiscal space to manage potential economic and fiscal shocks. The *ex-post* assessment of the 2020 fiscal risk assessment presented in the FRA shows that, over the period 2020–2023, more than half of the quantified risks materialised, with their combined impact on public finances amounting to nearly 8 billion EUR. For FRA risks with a probability of materialisation rated at 9–10 out of 10 (decisions taken without a sufficient source of funding, the inclusion of additional revenue without sufficient justification in the budget, funding for railway infrastructure, etc.), the total potential impact on public finances in the medium-term amounts to approximately 1.7 billion EUR. If we also include those risks for which it is impossible to quantify the probability of occurrence (increase in pension expenditure due to faster growth in the wage bill, an energy price shock, etc.), the impact on public finances, should these risks materialise simultaneously, would increase by a further approximately 2.7 billion EUR. This confirms the relevance of assessing fiscal risks and demonstrates that monitoring risks and evaluating their potential impact are important when planning fiscal policy. Proactive preparedness for fiscal risks reduces the need to implement urgent fiscal adjustment measures should they materialise.

Head of the Fiscal Monitoring Centre — Jurga Rukšėnaitė

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ANNEXES

Opinion on the draft budget of Lithuania for 2027–2029
Annex 1

IFI projections of fiscal indicators

Table 1. Projections of general government revenue and expenditure under ESA 2010 by the IFI

Indicator, % of GDP	ESA 2010 code	2025	2026F	2027F	2028F	2029F
Total revenue	**OTR**	**39.8**	**40.0**	**40.0**	**40.1**	**40.5**
Tax revenue		**22.6**	**22.8**	**22.9**	**23.0**	**23.4**
Revenue from indirect taxes	D2R	11.9	12.1	11.8	11.8	11.9
Revenue from direct taxes	D5R	10.7	10.8	11.1	11.2	11.6
Net social contributions	D61	**11.4**	**11.4**	**11.8**	**12.1**	**12.3**
Non-taxable revenue		**3.5**	**3.4**	**3.4**	**3.4**	**3.4**
Other current revenue	(P.10) + D.39 + D.4 + D.7	**4.8**	**5.0**	**4.5**	**4.4**	**4.3**
Capital taxes	D91R	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Other capital revenue	D.92 + D.99	**1.0**	**0.8**	**0.7**	**0.6**	**0.5**
Total expenditure	**OTE**	**41.5**	**43.5**	**45.0**	**45.9**	**46.4**
Current expenditure		**36.3**	**37.2**	**38.3**	**39.4**	**40.4**
Compensation of employees	D1	12.2	12.1	12.3	12.5	12.6
Intermediate consumption	P2	4.5	4.7	5.0	5.1	5.1
Interest payments	D41P	0.9	1.1	1.4	1.7	2.0
Social benefits	D6M	**16.3**	**16.5**	**17.2**	**17.7**	**18.1**
Social benefits, excluding social transfers in kind	D62	13.9	14.2	14.8	15.2	15.5
Social transfers in kind	D632	2.4	2.4	2.4	2.5	2.6
Grants	D3P	0.3	0.3	0.3	0.3	0.3
Other current expenditure	D.29+ (D.4 – D.41) + D.5 + D.7 + D.8	**2.2**	**2.4**	**2.1**	**2.1**	**2.4**
Capital expenditure		**5.2**	**6.3**	**6.7**	**6.5**	**6.0**
Gross fixed capital formation	P51	4.5	5.5	5.8	5.7	5.4
Capital transfers	D9P	0.6	0.7	0.8	0.7	0.5
Other capital expenditure	P5M + NP	0.1	0.1	0.1	0.1	0.1
Net lending (+) / net borrowing (–)	**B9**	**–1.8**	**–3.5**	**–5.0**	**–5.8**	**–5.9**

F – forecast

Due to rounding, the totals of the rows may not match the detailed data.

Source: State Data Agency, calculations by the Independent Fiscal Institution

Table 2. Projections for the general government sector and its subsectors by the IFI

Indicator, % of GDP	2025	2026F	2027F	2028F	2029F
Central government sub-sector balance	–3.5	–4.4	–5.9	–6.4	–6.4
Social security funds sub-sector balance	1.2	1.1	1.1	0.9	0.7
Local government sub-sector balance	–0.2	–0.2	–0.2	–0.2	–0.3
General government balance	**–1.8**	**–3.5**	**–5.0**	**–5.8**	**–5.9**

F – forecast

Due to rounding, the totals of the rows may not match the detailed data.

Source: State Data Agency, calculations by the Independent Fiscal Institution

Table 3. Projections for general government debt and its drivers by the IFI

No.	Indicator, % of GDP (unless otherwise specified)	2025	2026F	2027F	2028F	2029F
1.	GG debt	39.7	44.0	49.6	53.3	58.7
2.	Change in GG debt (3 + 4 + 7)	1.6	4.3	5.6	3.7	5.5
3.	Primary government deficit	1.4	2.4	3.6	4.1	3.9
4.	Automatic debt dynamics (5 + 6)	–1.5	–2.0	–0.9	–1.0	–0.7
5.	Real interest rate	–0.4	–0.9	0.0	0.2	0.5
6.	Change in real GDP	–1.0	–1.0	–0.9	–1.2	–1.3
7.	Other debt-creating flows*	1.6	3.9	2.9	0.6	2.3
8.	Statistical accumulation adjustment for the acquisition of military equipment, weapons and supplies	1.1	1.5	1.0	0.1	0.0
9.	GG debt, billion EUR	33.5	40.2	47.9	54.4	63.2
10.	Interest payments	0.9	1.1	1.4	1.7	2.0
11.	Interest payments, billion EUR	0.8	1.0	1.4	1.7	2.1

* Calculated as a balance until 2025, and including the stock-flow adjustment projected in DB2027 for 2026–2029.

F – forecast

Due to rounding, the totals of the rows may not match the detailed data.

Source: State Data Agency, DB2027, Independent Fiscal Institution

Opinion on the draft budget of Lithuania for 2027–2029
Annex 2

Compliance of the draft budget with net expenditure growth limits

			2025	2026F	2027F	2028F	2029F
	Net expenditure growth limit submitted in the FSP and endorsed by the European Council						
1.	Net expenditure[1]	change, %	6.1	5.2	4.8	4.5	4.3
2.	Net expenditure	accumulated[2] growth rate, %	6.1	11.6	17.0	22.3	27.5
	Projection based on draft budget						
3.	Net expenditure	change, %	10.0	12.2	7.8	7.4	4.0
4.	Net expenditure	accumulated[2] growth rate, %	10.0	23.4	33.0	42.8	48.6
	Deviations						
5.	Annual deviation of net expenditure from the FSP net expenditure growth limits	% of GDP	1.3	2.5	1.1	1.1	–0.1
6.	Cumulative net expenditure deviation compared to the FSP	% of GDP	1.3	3.7	4.7	5.6	5.2
7.	Escape clause for defence expenditure	% of GDP	1.2	1.5	1.5	1.5	0.0
8.	Cumulative net expenditure deviation compared to the FSP and taking into account the escape clause for defence expenditure	% of GDP	0.1	2.2	3.2	4.1	5.2
	Are the limits on the growth of net expenditure being adhered to?						
9.	Compliance with the national fiscal discipline rule		–	Not compliant	Not compliant	Not compliant	Not compliant
10.	Compliance with the EU fiscal discipline rule		Not compliant	Significantly non-compliant	Significantly non-compliant	Significantly non-compliant	Significantly non-compliant

[1] Complies with the net expenditure growth limits endorsed by the Council.
[2] The cumulative growth rate is the change in expenditure from 2024 (the base year of the FSP).

F – forecast

The net expenditure growth estimates for DB2027 presented in the table differ from those presented in the draft budget overview.

Source: State Data Agency, DB2027, Ministry of Finance, calculations by the Independent Fiscal Institution

Opinion on the draft budget of Lithuania for 2027–2029
Annex 3

Compliance of the net expenditure growth projected by the IFI with the net expenditure growth limits

			2025	2026F	2027F	2028F	2029F
	Net expenditure growth limits submitted in the FSP and endorsed by the European Council						
1.	Net expenditure[1]	change, %	6.1	5.2	4.8	4.5	4.3
2.	Net expenditure	accumulated[2] growth rate,%	6.1	11.6	17.0	22.3	27.5
	Projection according to the IFI						
3.	Net expenditure	change, %	10.0	13.5	8.1	8.5	6.3
4.	Net expenditure	accumulated[2] growth rate,%	10.0	24.8	34.9	46.3	55.6
	Deviations						
5.	Annual deviation of net expenditure from the FSP net expenditure growth limits	% of GDP	1.3	3.0	1.3	1.6	0.8
6.	Cumulative net expenditure deviation compared to the FSP	% of GDP	1.3	4.2	5.2	6.5	7.0
7.	Escape clause for defence expenditure	% of GDP	1.2	1.5	1.5	1.5	0.0
8.	Cumulative net expenditure deviation compared to the FSP, taking into account the escape clause for defence expenditure	% of GDP	0.1	2.7	3.7	5.0	7.0
	Are the limits on the growth of net expenditure being adhered to?						
9.	Compliance with the national fiscal discipline rule		–	Not compliant	Not compliant	Not compliant	Not compliant
10.	Compliance with the EU fiscal discipline rule		Not compliant	Significantly non-compliant	Significantly non-compliant	Significantly non-compliant	Significantly non-compliant

[1] Complies with the net expenditure growth limits endorsed by the Council.
[2] The cumulative growth rate is the change in expenditure from 2024 (the base year of the FSP).

F – forecast

Source: State Data Agency, DB2027, Ministry of Finance, calculations by the Independent Fiscal Institution

Opinion on the draft budget of Lithuania for 2027–2029
Annex 4

IFI estimates of general government net expenditure

No.	Indicator, % of GDP (unless otherwise specified)	2024	2025	2026F	2027F	2028F	2029F
1.	General government expenditure	39.7	41.5	43.5	45.0	45.9	46.4
2.	Interest payments	0.8	0.9	1.1	1.4	1.7	2.0
3.	Cyclical unemployment benefits	0.1	0.0	0.0	0.0	0.0	0.0
4.	Expenditure on EU programmes	1.4	1.7	1.4	1.2	1.1	0.9
5.	National expenditure on co-financing of EU programmes	0.2	0.2	0.3	0.3	0.2	0.1
6.	One-off expenditure measures (excluding EU-funded measures)	0.0	0.0	0.0	0.0	0.0	0.0
7.	Net primary GG expenditure (before discretionary revenue measures) (ne_t = 1 – 2 – 3 – 4 – 5 – 6)	37.2	38.7	40.7	42.1	43.0	43.4
8.	Discretionary revenue measures (excluding one-off revenue measures) (drm_t)	–	0.3	0.3	0.5	–0.2	0.0
9.	Net primary GG expenditure (after discretionary revenue measures) (ne_t– drm_t= 7 – 8)	–	38.3	40.4	41.6	43.2	43.3
10.	Change in nominal GDP (g_t), %	–	6.7	8.5	5.6	5.8	5.4
11.	Change in net primary GG expenditure, % $\Delta ne_t = \frac{ne_t - drm_t}{ne_{t-1}} * (1 + g_t) - 1$	–	10.0	13.5	8.1	8.5	6.3

F – forecast
t – year

Due to rounding, the totals of the rows may not match the detailed data.

Source: State Data Agency, Ministry of Finance, calculations by the Independent Fiscal Institution

The IFI's assessment of the cyclical position of the Lithuanian economy and the structural general government balance

No.	Indicator, % of GDP	2023	2024	2025	2026F	2027F	2028F	2029F
1.	GG net lending (+) / borrowing (–)	–0.8	–1.3	–1.8	–3.5	–5.0	–5.8	–5.9
2.	One-off and other temporary measures	–0.1	–0.0	0.1	–0.1	–0.0	0.0	–0.0
3.	Temporary measures*	–0.8	–0.2	–0.1	–0.1	0.0	0.0	0.0
4.	Output gap , % of potential GDP	0.6	0.4	0.2	0.0	–0.7	–0.8	–0.9
5.	Cyclical budget component (0.399 × 4 series)	0.2	0.2	0.1	0.0	–0.3	–0.3	–0.4
6.	Structural GG balance (1 – 2 – 5)	–0.8	–1.5	–2.0	–3.4	–4.8	–5.5	–5.5
7.	Structural GG balance excluding temporary measures (1 – 2 – 3 – 5)	–0.0	–1.3	–1.9	–3.3	–4.8	–5.5	–5.5
8.	Interest	0.6	0.8	0.9	1.1	1.4	1.7	2.0
9.	Structural GG primary balance (6 + 8)	–0.2	–0.6	–1.0	–2.3	–3.3	–3.8	–3.6
10.	Structural primary balance of the GG excluding temporary measures (7 + 8)	0.6	–0.5	–0.9	–2.2	–3.3	–3.8	–3.6
11.	Change in the primary balance of the structural GG	1.3	–0.4	–0.4	–1.2	–1.1	–0.5	0.2
12.	Change in the primary balance of the structural GG, excluding temporary measures	–0.1	–1.0	–0.5	–1.3	–1.1	–0.5	0.2

F – forecast

* Measures related to COVID-19 related measures, measures to mitigate the impact of rising energy prices, aid for Ukrainians fleeing Russian military aggression and other support to Ukraine, the installation of a physical barrier and security systems at the Lithuania–Belarus border, and support for Lithuania's railway infrastructure.

Due to rounding, the totals of the rows may not match the detailed data.

Source: State Data Agency, Ministry of Finance, calculations by the Independent Fiscal Institution