



Lietuvos Respublikos
FINANSŲ MINISTERIJA

General Government Financial Projection for 2026–2029

May 2026

General Government Financial Projection for 2026–2029

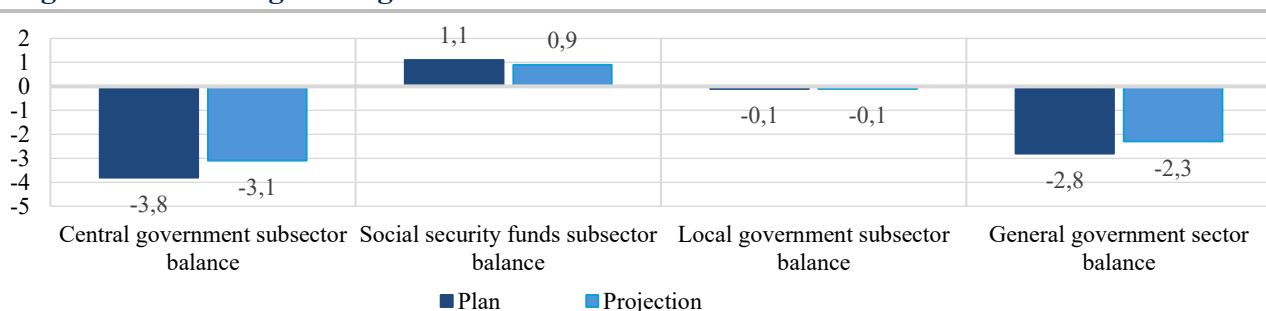
May 2026

General Government Financial Projection for 2026–2029 (hereinafter – the Projection) is based on operational data on execution of budgets attributed to general government received by 15 April 2026, the Economic Development Scenario¹ (hereinafter – EDS) prepared by the Ministry of Finance and published in March 2026, on actual data on general government finance (hereinafter – actual data). The Projection data presented in this report were used for drawing up the Annual Progress Report for 2026², which has been approved by Resolution No 289 of the Government of the Republic of Lithuania of 29 April 2026.

In the medium term, the general government balance is projected not to exceed -3 % of GDP and the general government debt not to exceed 60 % of GDP of the Maastricht criterion, however there is an increasing risk of deviation from the limits of net expenditure growth. In the medium term, the general government balance position will be improved by the increase in general government revenue due to the tax policy changes that came into force, which mainly increase revenue from personal income tax and corporate income tax. These tax changes are linked to the necessary changes in expenditure policy, i.e. the need to strengthen the national defence by allocating at least 5% of GDP³. Increased population consumption resulting from the reform of the Pillar II pension system may have a second positive, albeit temporary, impact on the general government revenue. However, public finance will be affected by an increasingly prominent phenomenon of an aging society. Elevated geopolitical uncertainty due to the war in Iran and increased energy prices may trigger the need for additional fiscal policy measures to help the most vulnerable ones. These factors will remain relevant when drafting the law on approval of the budget for 2027–2029.

In 2026, the general government deficit is projected to be lower than planned at the time of approving the law on approval of the budget for 2026–2028 by the Parliament and will make up 2.3 % of GDP (**Fig. 1.**). The lower deficit projection is based on the assumption that part of the State budget appropriations will not be used, balances of local government and social insurance subsectors will not further deteriorate and the economic development will not be worse than foreseen in the EDS. With rising expenditure and a significant deficit, the general government debt will make up 44.9 % of GDP, but will be close to the general government debt of 45.1 % of GDP projected at the time of approval of the budget for 2026–2028.

Fig. 1. Balances of general government and subsectors in 2026



Source: Ministry of Finance.

¹ Economic Development Scenario of March 2026,

<https://finmin.lrv.lt/public/canonical/1774345470/26952/ERS%20apra%C5%A1ymas%202026%20kovas.pdf>.

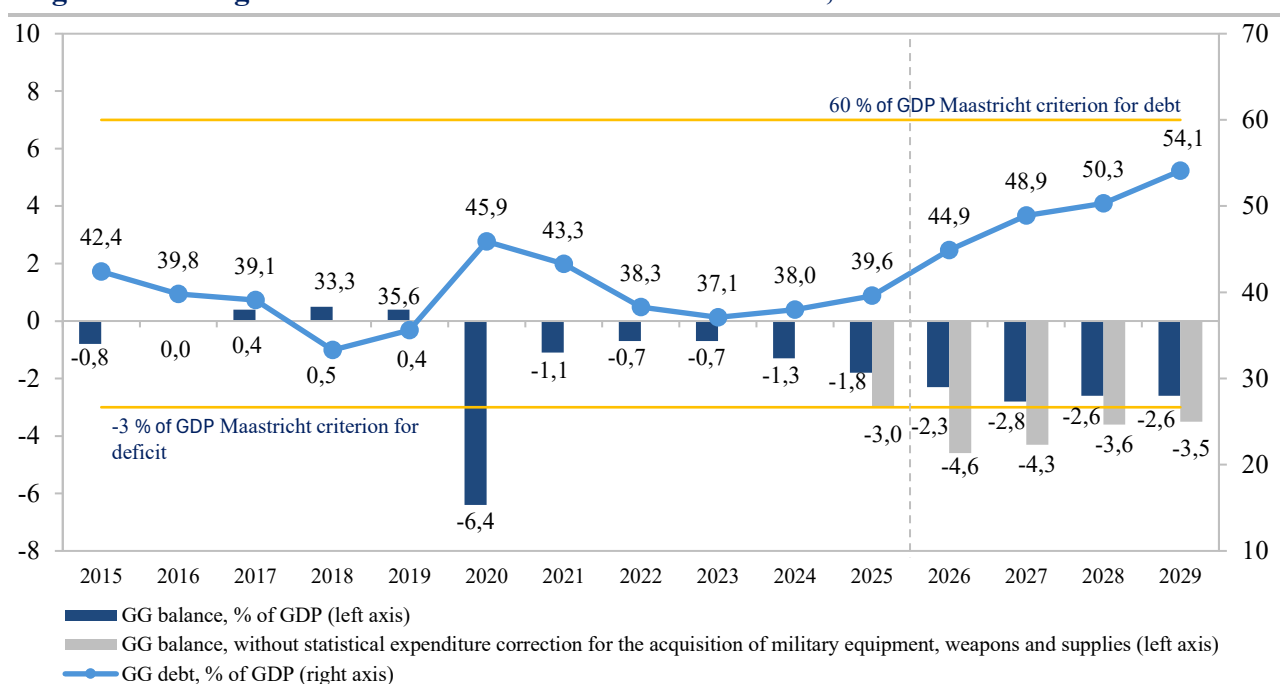
² Annual Progress Report for 2026, https://finmin.lrv.lt/public/canonical/177460393/27220/APR2026_LT.pdf.

³ On cash basis used by NATO.

With almost the entire general government deficit occurring in the central government subsector in 2026, its 3.1% of GDP will be partly offset by a surplus of 0.9% of GDP of the social security funds subsector. Following the entry into force of a more liberal rule of fiscal discipline for municipalities since 2026, the local government subsector balance will have a negligible (0.1% of GDP) but negative impact on the general government balance.

The projection of the entire medium term is drawn up on no-policy change basis, i.e. without considering the potential impact of future fiscal policy measures on general government finance, compared to the policy foreseen in the adopted budget for 2026–2028. In 2027–2029, the general government deficit is projected to remain close to 3% of GDP. However, the projected slower growth of the general government expenditure than in 2025–2026 (excluding EU funds, the average growth would be approximately 6.5% in 2027–2029) and the general government revenue growth close to expenditure growth (excluding EU funds, on average 6.4%) would result in the general government deficit not exceeding the 3% of GDP threshold over the entire medium term. The general government debt will grow over the entire medium term and will exceed the 50% of GDP threshold, but will remain at least 5 percentage points of GDP below the 60% of GDP threshold of the Maastricht criterion (Fig. 2).

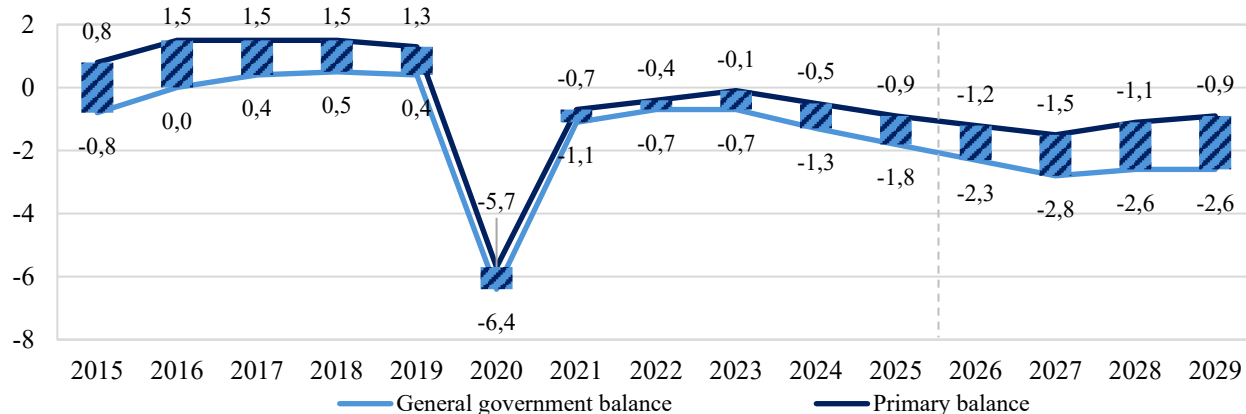
Fig. 2. General government balance and debt in 2015–2025, % of GDP



Sources: State Data Agency, Ministry of Finance.

Debt growth will be driven mainly by the need to finance the general government deficit, interest expenditure growth (**Fig. 3**) and growing need of public investment and defence funding.

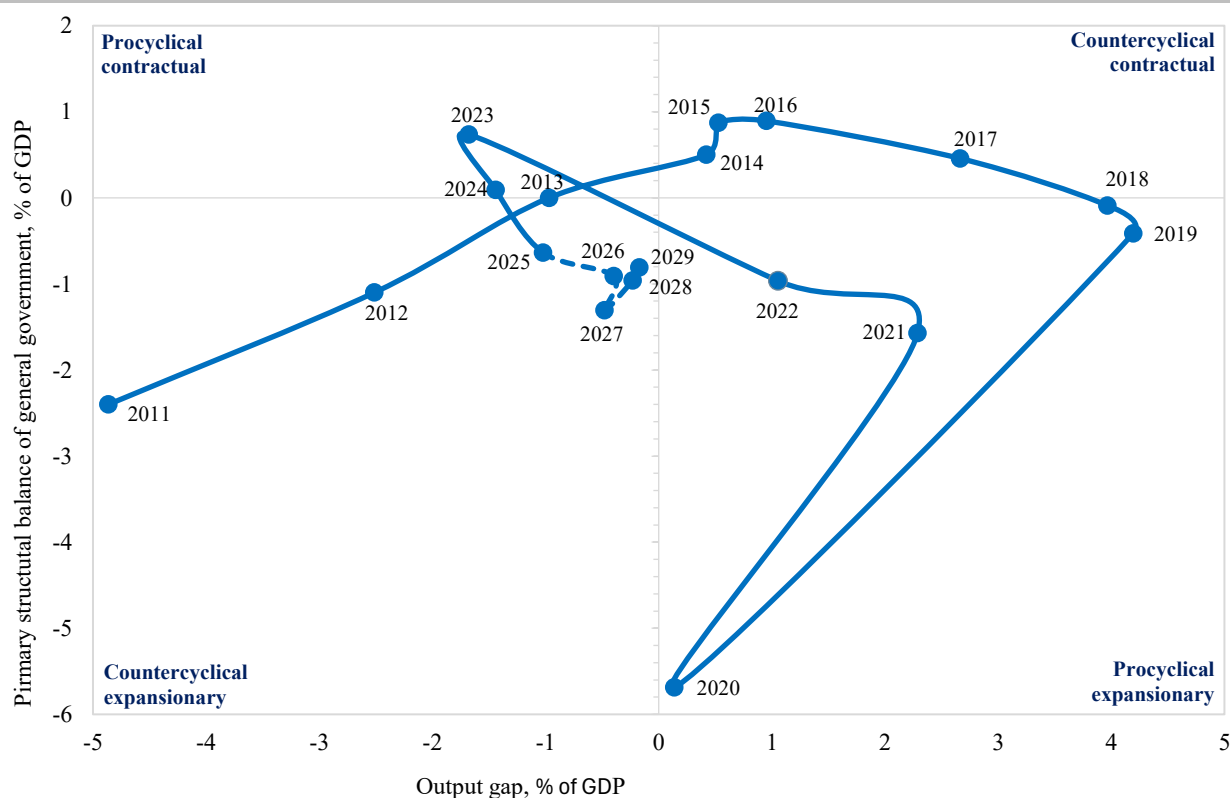
Fig. 3. The primary general government balance and interest expenditure, % of GDP



Sources: State Data Agency, Ministry of Finance.

Predicting that over the entire period 2027–2029 economic activity will be lower than potentially possible, the projected structural deficit of the general government (**Table 1**) indicates that the fiscal position⁴ will remain expansionary, supporting the economy (**Fig. 4**).

Fig. 4. Fiscal position



Source – Ministry of Finance.

⁴ The fiscal position is an indicator of the impact of fiscal policy on the economy. It is measured by the structural primary budget balance (i.e. the structural budget balance without interest expenditure). In the case of a positive structural primary balance, the fiscal position is considered unstimulating for the economy and in the case of a negative balance – stimulating for the economy.

Risks that may affect the general government financial projection

In the context of elevated uncertainty about the impact of geopolitical situation on the economy, as well as other downside risks to the general government financial position with a high probability of materialisation, the projections for the general government balance, revenue and expenditure may change in 2026–2029. The following fiscal risks with a high probability of materialisation are currently anticipated: possible fiscal measures linked to high energy prices; new State commitments without new sources of revenue to meet them; higher expenditure and deficit of the local government subsector due to increased use of a more liberal fiscal discipline rule for municipal budgets since 2026; higher expenditure of other subsectors; the impact of the change in the statistical correction for the acquisition of weapons and military equipment on the level of expenditure (on accrual basis); changes in the amounts of expenditure required to meet long-term State commitments.

Table 1. Key general government financial indicators

			2025		2026		2027		2028		2029	
	Revenue	ESA code	MEUR	% of GDP	MEUR	% of GDP	MEUR	% of GDP	MEUR	% of GDP	MEUR	% of GDP
1	Taxes on production and imports	D.2	10,011.3	11.9	10,733.3	12.0	11,297.5	12.0	11,965.3	12.1	12,385.3	11.9
2	Current taxes on income, wealth and other taxes	D.5	9,024.8	10.7	10,087.4	11.3	11,164.9	11.9	11,995.1	12.1	13,190.3	12.6
3	Social contributions	D.61	9,577.3	11.4	10,277.6	11.5	10,928.2	11.6	11,589.4	11.7	12,252.9	11.7
4	Other current revenue	(P.11 + P.12 + P.131) + D.39 + D.4 + D.7	3,944.4	4.7	4,389.3	4.9	3,994.7	4.2	4,013.1	4.0	4,066.6	3.9
5	Capital taxes	D.91	4.1	0.0	0.0	0.0	115.9	0.1	76.0	0.1	76.0	0.1
6	Other capital transfers, payable	D.92 + D.99	640.4	0.8	814.0	0.9	726.6	0.8	729.1	0.7	734.0	0.7
7	Total revenue (= 1 + 2 + 3 + 4 + 5 + 6)	TR	33,202.2	39.5	36,301.6	40.5	38,227.9	40.6	40,367.9	40.7	42,705.1	40.9
8	O/w: transfers from EU	D.7EU + D.9EU	1,104.4	1.3	1,881.9	2.1	1,252.0	1.3	1,262.5	1.3	1,262.5	1.2
9	Total revenue, excl. transfers from EU (= 7 – 8)		32,097.8	38.2	34,419.6	38.4	36,975.8	39.3	39,105.4	39.4	41,442.6	39.7
	Expenditure											
10	Compensation of employees	D.1	10,195.0	12.1	10,977.0	12.2	11,200.1	11.9	11,457.0	11.5	11,988.8	11.5
11	Intermediate consumption	P.2	3,743.2	4.5	4,201.6	4.7	4,436.1	4.7	4,744.6	4.8	5,044.0	4.8
12	Interest expenditure	D.41	752.2	0.9	1,048.1	1.2	1,227.7	1.3	1,471.9	1.5	1,778.8	1.7
13	Social benefits other than social transfers in kind	D.62	11,710.6	13.9	12,922.6	14.4	14,014.2	14.9	15,071.7	15.2	16,004.8	15.3
14	Social transfers in kind via market producers	D.632	2,096.4	2.5	2,184.3	2.4	2,292.3	2.4	2,422.2	2.4	2,545.1	2.4
15	Subsidies	D.3	268.8	0.3	221.4	0.2	226.5	0.2	231.1	0.2	235.3	0.2
16	Other current expenditure	D.29 + (D.4 – D.41) + D.5 + D.7 + D.8	1,855.9	2.2	2,077.4	2.3	2,258.0	2.4	2,180.1	2.2	2,210.8	2.1
17	Gross fixed capital formation	P.51	3,446.9	4.1	4,240.6	4.7	4,289.1	4.6	4,415.2	4.4	4,661.4	4.5
18	O/w: nationally financed public investment		2,772.7	3.3	2,898.2	3.2	3,505.3	3.7	3,738.8	3.8	3,985.0	3.8
19	Capital transfers	D.9	543.8	0.6	400.1	0.4	755.9	0.8	785.4	0.8	795.8	0.8
20	Other capital expenditure	P.52 + P.53 + NP	125.7	0.1	129.8	0.1	141.0	0.1	136.2	0.1	138.1	0.1
21	Total expenditure (= 10 + 11 + 12 + 13 + 14 + 15 + 16 + 17 + 19 + 20)	TE	34,738.5	41.3	38,402.9	42.8	40,840.8	43.4	42,915.4	43.2	45,403.0	43.4
22	O/w: expenditure financed from transfers from EU (= 8)	D.7EU + D.9EU	1,104.4	1.3	1,881.9	2.1	1,252.0	1.3	1,262.5	1.3	1,262.5	1.2
23	Nationally financed expenditure (= 21 – 22)		33,634.1	40.0	36,521.0	40.7	39,588.7	42.1	41,652.9	42.0	44,140.5	42.2
	Balance											
24	Net lending (+) / borrowing (–) (= 7 – 21)	B.9	–1,536.2	–1.8	–2,101.3	–2.3	–2,612.9	–2.8	–2,547.5	–2.6	–2,697.9	–2.6
25	Primary balance (= 24 + 12)	B.9-D.41p	–784.0	–0.9	–1,053.2	–1.2	–1,385.2	–1.5	–1,075.6	–1.1	–919.0	–0.9
	Cyclical adjustment											
26	Structural balance		–	–1.5	–	–2.1	–	–2.6	–	–2.4	–	–2.5
27	Structural primary balance		–	–0.6	–	–0.9	–	–1.3	–	–1.0	–	–0.8
	Debt											
28	General government debt		33,259.0	39.6	40,258.5	44.9	45,991.0	48.9	49,957.3	50.3	56,559.1	54.1
29	Change in general government debt		3,266.7	1.6	6,999.6	5.4	5,732.4	3.9	3,966.3	1.5	6,601.8	3.8
	GDP											
30	GDP		84,061.1	–	89,629.1	–	94,126.0	–	99,276.3	–	104,507.8	–

Source: Ministry of Finance.

Note. Due to rounding, total amounts may not match the detailed data.