

Embargo:

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1ST SUPPLEMENTARY BUDGET OF 2022

SUPPLEMENTARY BUDGET OF 16.9 TRILLION WON PASSED

The first supplementary budget of 2022 worth KRW 16.9 trillion was passed at the National Assembly on February 21. Adjustments of 3.3 trillion won addition was made to the government proposal of 14.0 trillion won, which include 2.0 trillion won to support small business owners, blind spots and 1.3 trillion won to support disease control measures. The reduction in reserve funds have been made to 0.6 trillion won.

1. Key features of the budget passed

Adjustments were made at the National Assembly to increase support for small business owners and vulnerable groups, enhance disease control measures, increasing the supplementary budget to 16.9 trillion won from the original government proposal of 14.0 trillion won.

For small business owners, 1.3 trillion won was added to the budget. The correction factors for compensation of the loss was raised to cover 90 percent of the loss and account for restaurants and cafes which installed protective partitions, and expand relief payment recipients to include simplified taxpayers and hospitality and restaurant businesses with annual sales revenue between 1 to 3 billion won.

To support the vulnerable groups and other blind spots, a total of 0.7 trillion won was added. 1 million won will be paid to dependent employed workers, freelancers, corporation-owned taxi and bus drivers, and artists and performers. Support for care workers, activity assistants for the disabled, and child care services will be strengthened as well.

With the transition of the disease control and quarantine response to an at-home treatment, 1.3 trillion won was added to provide Covid-19 self-testing kits to the vulnerable population of 6 million people including low-income families, infants and children. Also expand financial support for patients with at-home treatment such as living expenses and paid leave reimbursement amid the spread of the Omicron variant.

To minimize the burden on the people and considering the impact to the government bond market and sovereign credit rating, the reserve funds was cut to 0.6 trillion won, and without additional issuance of government bonds. The 2.9 trillion won special account surplus and surplus from public funds will be used after government confirmed its revenues and expenditure on February 10.

(trillion won)

Supplementary budget (16.9)	
1. Support for small business owners, vulnerable groups and blind spots (12.8)	
Compensate loss for small businesses	<ul style="list-style-type: none">- Compensate loss for small businesses, which will be proportional to the level of business damage caused by strict quarantine measures (2.8)- Expand damage coverage up to 90% (0.5)- Expand support to restaurants and cafe businesses those adopted restrictions such as capacity limits (0.45)

2 nd Relief Payment	- Provide 2nd relief payment (10) - Expand support to simplified taxpayers (0.3) - Expand support to businesses with annual sales revenue between 1-3 billion won(0.06)
1-1. Provide support to vulnerable groups and blind spots (0.7)	
Support for vulnerable groups and blind spots	- Emergency employment support for dependent self-employed and freelancers (0.41) - Income stabilization support to corporate taxi and bus drivers (0.16) - Customized support for artists and performers (0.09) and for care supporters (0.09)
2. Support Disease Control Measures (2.8)	
	- Expand the number of hospital beds (0.4) - Purchase additional oral therapeutic treatments (0.6) - Increase financial support, paid-leave expenses for patients with at-home treatments (1.5) - Provide Covid-19 self-testing kit to the vulnerable groups (0.2) - Support healthcare workers (0.1)
3. Reserve funds (0.6)	

2. Total expenditures and consolidated fiscal account

- **(Total Expenditure)** The total government expenditure will be 624.3 trillion won, an increase of 11.9 percent compared with 2021 original budget.
- **(Fiscal Balance)** Deficits in the consolidated fiscal balance will increase to 3.3 percent to GDP compared with government's supplementary budget proposal.

	2021 Budget		2022 Budget		(trillion won, %) Change	
	Original(A)	Extra	Original(B)	Extra(C)	(C-A)	(C-B)
Total Revenue (y-o-y, %)	482.6 (0.2)	514.6 (6.8)	553.6 (7.6) ¹	553.6 (7.6)¹	-	-
Total Expenditure (y-o-y, %)	558.0 (8.9)	604.9 (18.1)	607.7 (8.9)	624.3 (11.9)	16.6 -	2.6 -
Consolidated Fiscal Balance (% to GDP)	-75.4 (-3.7)	-90.3 (-4.4)	-54.1 (-2.5)	-70.8 (-3.3)	-16.6 (-0.7%p)	-2.6 (0.1%p)
Government Debt (% to GDP)	956.0 (47.3)	965.3 (47.3)	1,064.4 (50.0)	1,075.7 (50.1)	11.3 (0.1%p)	- -

1. Compared to the 2nd supplementary budget of 2021

3. Adjustments made at the National Assembly (up 3.3 trillion won)

- Compensate loss for small business owners (up 1.3 trillion won)
- Financial support for the vulnerable groups and other blind spots (up 0.7 billion won)
- Support the transition of quarantine to an at-home treatment (up 1.3 trillion won)

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