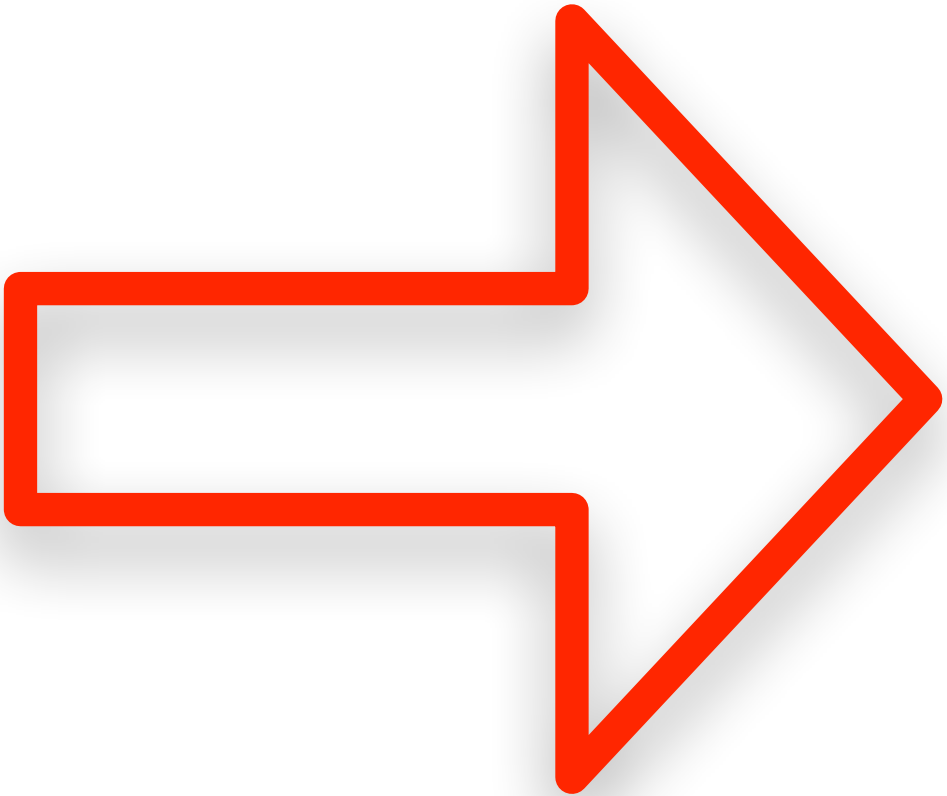
Government Budget Deficit/Surplus

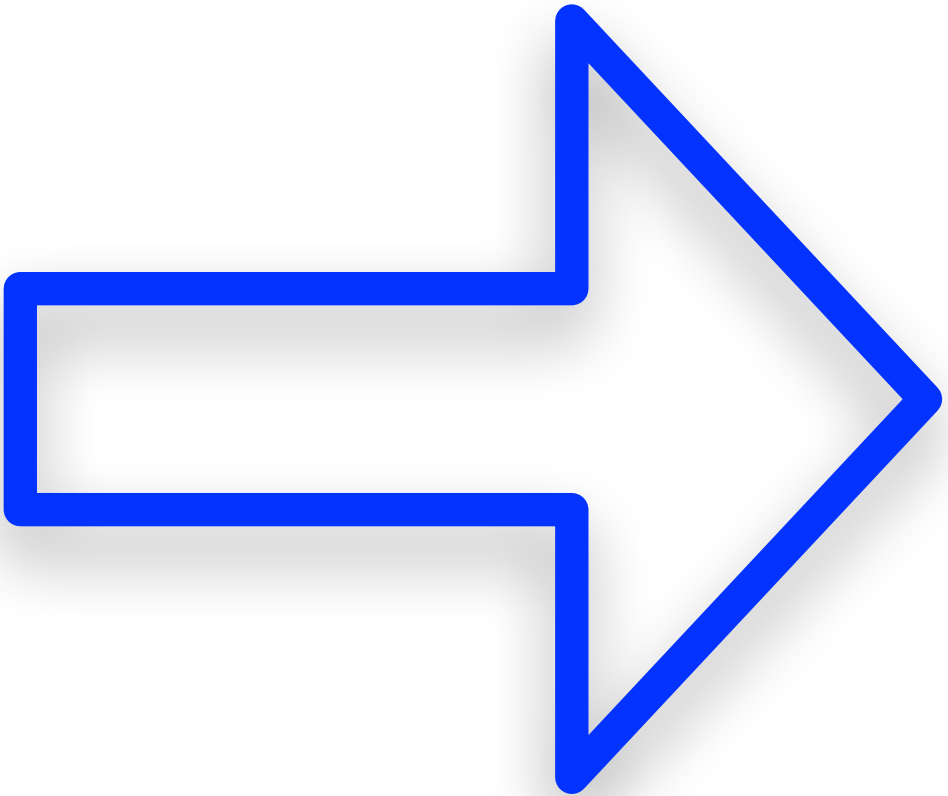
If Spending > Tax revenue

The Government has a Budget Deficit



If Tax Revenue > Spending

The Government has a Budget Surplus



Careful!
To calculate the Budget Deficit Government Spending **does** include transfer payments!!

Deficit/Surplus= Government Spending + Transfers - Tax Revenue

Government Budget Deficit/Surplus

If Spending > Tax revenue ⇨ The Government has a Budget Deficit

Careful!
To calculate the Budget Deficit Government Spending **does** include transfer payments!!

If Tax Revenue > Spending ⇨ The Government has a Budget Surplus

Deficit/Surplus= Government Spending + Transfers - Tax Revenue