





Government Budget Deficit/  
Surplus

If spending > Tax revenue

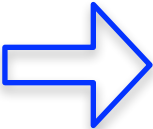
The Government  
has a Budget  
Deficit



If Tax Revenue > Spending

The Government  
has a Budget  
Surplus







Carefull!

Government Spending to  
calculate the Budget Deficit  
does include transfer  
payments!!

$$\text{Deficit/Surplus} = \text{Government Spending} + \text{Transfers} - \text{Tax Revenue}$$

# Government Budget Deficit/ Surplus

If **Spending** > Tax revenue

Carefull!

Government Spending to  
calculate the Budget Deficit  
does include transfer  
payments!!



The Government  
has a Budget  
**Deficit**

If **Tax Revenue** > Spending



The Government  
has a Budget  
**Surplus**

Deficit/Surplus= **Government Spending + Transfers**  
- **Tax Revenue**

