



29 June 2015

GOVERNMENT ACCOUNTS 2014

The results of Government Accounts for 2014 have now been published and the accounts forwarded to the *Althingi*. The current balance for the year was positive by ISK 46.4 [billion](#), which is a better than expected result. By comparison, the 2013 outcome was a small deficit.

Revenues in 2014 were substantially in excess of the Budget, with the major factors here irregular items such as high dividend payments, for instance, from Landsbanki Íslands hf., in addition to the effects of higher economic activity in general. Expenditures exceeded Budget allocations somewhat, as additional allocations were approved in the Supplementary Budget, which provided among other things for part of the increased revenues to be used to accelerate write-downs of inflation-indexed housing mortgages, thereby lessening the subsequent expenditures. The primary balance was positive by the equivalent of 5.3% of GDP, compared to a positive primary balance of 3.0% in 2013.

The Treasury had a net funding surplus equivalent to 4% of GDP, compared to funding requirements of 1.6% the previous year. The outcome was more favourable than expected, as the Budget estimated funding requirements of around 0.9% of GDP, and the Supplementary Budget a funding surplus of around 2%.

Iceland's economic situation improves

"Iceland's economic situation, which has been improving recently, is characterised by stability with low inflation, low unemployment, increased purchasing power and fiscal balance. GDP growth has been fairly substantial in recent years, amounting to 1.9% in 2014. Despite high economic activity the country's current account balance has remained positive. Strong growth and increased demand in the economy have had a positive impact on Treasury performance," says Minister of Finance and Economic Affairs Bjarni Benediktsson on the outcome of government accounts. He points out that major emphasis has been placed on regaining fiscal balance and turning the deficits of previous years into a surplus. "The government has made fiscal consolidation its chief priority, together with reducing the tax burden on households and corporates, and encouraging additional investment in the economy. It is very important to further reinforce the Treasury's position in coming years and lower government debt relative to GDP," the Minister concluded.

Electronically endorsed accounts

For the second year in a row, the Minister of Finance and Economic Affairs, the Director General of the Financial Management Authority and the Auditor General all endorsed the Government Accounts with electronic signatures, using digital certificates. Iceland is among the first countries to endorse its Government Accounts in this manner.

The Government Accounts in their entirety, with the accompanying breakdown and notes, are accessible on the website of the Financial Management Agency, fjs.is.