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National Treasury Fiscal Balance

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Minister of Finance
Eduardo Refinetti Guardia

Executive-Secretary
Ana Paula Vitali Janes Vescovi

National Treasury Secretary
Mansueto Facundo de Almeida Junior

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Felipe Palmeira Bardella

Deputy Head of Fiscal and Economic Studies Department
Alex Pereira Benício

Technical Staff
Fábio Felipe Dáquilla Prates
Fernando Cardoso Ferraz
Gabriel Gdalevici Junqueira
Karla de Lima Rocha
Vitor Henrique Barbosa Fabel

Assessoria de Comunicação Social
(ASCOM/Tesouro Nacional)
Phone: (61) 3412-1843
E-mail: ascom@tesouro.gov.br
Available: www.tesouro.gov.br

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Central Government Primary Balance Overview

Table 1.1 - Central Government Primary - Brazil - 2017/2018

current prices

	Jan-Sep					September				
	R\$ Million		Variation (2018/2017)			R\$ Million		Variation (2018/2017)		
	2017	2018	Difference	% Nominal	% Real	2017	2018	Difference	%	% Real
I. Total Revenue	986.395,3	1.083.402,0	97.006,7	9,8%	6,2%	103.934,4	111.616,8	7.682,4	7,4%	2,7%
II. Transfers by Revenue Sharing	168.312,4	186.717,2	18.404,8	10,9%	7,2%	14.217,6	14.956,6	739,0	5,2%	0,6%
III. Net Revenue (I-II)	818.082,9	896.684,8	78.601,9	9,6%	5,9%	89.716,7	96.660,2	6.943,4	7,7%	3,1%
IV. Total Expenditure	927.649,2	982.297,2	54.648,0	5,9%	2,3%	112.538,8	119.639,0	7.100,2	6,3%	1,7%
V. Sovereign Fund of Brazil - FSB	0,0	4.021,0	4.021,0	-	-	0,0	0,0	0,0	-	-
VI. Central Government Primary Balance (III - IV)	-109.566,3	-81.591,4	27.974,9	-25,5%	-28,6%	-22.822,1	-22.978,8	-156,8	0,7%	-3,7%
National Treasury and Central Bank	31.851,7	73.523,6	41.672,0	130,8%	123,3%	5.323,3	8.492,9	3.169,7	59,5%	6,9%
Social Security (RGPS)	-141.417,9	-155.115,0	-13.697,1	9,7%	5,9%	-28.145,3	-31.471,8	-3.326,4	11,8%	7,0%
VII. Primary Balance/GDP	-2,3%	-1,6%	-	-	-	-	-	-	-	-
Memo:										
National Treasury Primary Balance	32.505,8	74.027,9	41.522,1	127,7%	120,2%	5.425,3	8.548,2	3.122,8	57,6%	-72,0%
Central Bank Primary Balance	-654,1	-504,2	149,9	-22,9%	-33,3%	-102,1	-55,2	46,8	-45,9%	-48,0%
Social Security Primary Balance	-141.417,9	-155.115,0	-13.697,1	9,7%	5,9%	-28.145,3	-31.471,8	-3.326,4	11,8%	7,0%

In September 2018, the Central Government's primary result, at current prices, was a deficit of R\$ 23.0 billion against a deficit of R\$ 22.8 billion in September 2017. In real terms, net revenue increased 3.1% while total expenses increased by 1.7%. The increase in net revenue was mainly due to the receiving from the concession of the 4th round of pre-salt oil.

Compared to the accumulated until September 2017, at current prices, the result of the Central Government went from a deficit of R\$ 109.6 billion in 2017 to a deficit of 81.6 billion in 2018. In real terms, net revenue increased by 5.9% while spending grew 2.3%. The increase in revenue is due to changes in the PIS / Cofins legislation, the collection of the PRT/PERT and the improvement of the main macroeconomic indicators that influence the collection, especially the increase in Financial Compensation Quotas. There is also a positive effect of R\$ 4.0 billion referring to the redemption of FFIE quotas.

Yearly Balance

Overview

Table 1.2 - Central Government Primary Balance - Brazil - 2017/2018

R\$ million - at constant prices Sep/2018- IPCA

	Jan-Sep		Variation	
	2017	2018	Difference	% Real
I. Total Revenue	1.037.447,5	1.101.264,	63.817,3	6,2%
I.1 Revenues Collected by the Federal Revenue Office	643.650,2	685.335,9	41.685,7	6,5%
I.2 Fiscal Incentives	-20,6	-12,2	8,4	-
I.3 Net Social Security Revenues	278.439,0	278.049,4	-389,5	-0,1%
I.4 Revenues not Collected by the Federal Revenue Office	115.379,0	137.891,7	22.512,7	19,5%
II. Transfers by Revenue Sharing	177.029,8	189.818,4	12.788,6	7,2%
III. Net Revenue (I-II)	860.417,7	911.446,4	51.028,7	5,9%
IV. Total Expenditure	975.305,5	997.608,6	22.303,0	2,3%
IV.1 Social Security Benefits	427.023,3	435.373,2	8.349,8	2,0%
IV.2 Payroll	218.326,2	220.299,1	1.972,9	0,9%
IV.3 Other Compulsory Expenses	151.292,2	147.284,4	-4.007,8	-2,6%
IV.4 Discretionary Expenses - All Branches	178.663,8	194.651,9	15.988,1	8,9%
V. Sovereign Fund of Brazil - FSB			-	-
VI. Central Government Primary Balance (III - IV + V)	-114.887,8	-82.067,7	32.820,0	-
National Treasury and Central Bank	33.696,6	75.256,0	41.559,4	123,3
Social Security (RGPS)	-148.584,3	-157.323,7	-8.739,4	5,9%
Memo:				
National Treasury Primary Balance	34.380,5	75.711,8	41.331,4	120,2
Central Bank Primary Balance	-683,9	-455,9	228,0	-
Social Security Primary Balance	-148.584,3	-157.323,7	-8.739,4	5,9%

At September 2018 prices, compared to 2017, there was an improvement of R\$ 32.8 billion in the Central Government's accumulated primary result, which went from a deficit of R\$ 114.9 billion in 2017 to a deficit of R\$ 82.1 billion in 2018. This improvement was mainly due to the growth in net revenue (5.9%) in a rate higher than the increase in total expenses (2.3%).

Regarding the increase in revenue, we highlight:

- increase in the PIS/Cofins tax collection due to a large increase in the tax rate on fuels (Decree 9.101/17);
- performance of the collection associated with the special installments, PERT and PRT programs; and
- the improvement in economic activity and in the macroeconomic indicators that influence the collection.

Primary expenditure, on the other hand, is still under pressure due to increases in social security benefits and personnel expenses. There was also an increase in discretionary expenses.

Central Government Revenue

Tabela 1.3 - Central Government Primary Revenues - Brazil - 2017/2018

R\$ million - at constant prices Sep/2018- IPCA

	Jan-Sep		Variation	
	2017	2018	Difference	% Real
I. Total Revenue	1.037.447,5	1.101.264,8	63.817,3	6,2%
I.1 Revenues Collected by the Federal Revenue Office	643.650,2	685.335,9	41.685,7	6,5%
Import Tax	24.784,9	30.976,3	6.191,4	25,0%
Industrialized Products Tax (IPI)	34.820,0	41.587,2	6.767,2	19,4%
Income tax (IR)	267.761,8	272.912,3	5.150,5	1,9%
Tax on Credit Operations, Exchange and Insurance (IOF)	27.059,0	27.609,4	550,4	2,0%
Contribution to Social Security Financing (COFINS)	163.429,5	187.314,1	23.884,6	14,6%
PIS/Pasep	43.867,5	49.690,9	5.823,5	13,3%
Social Contribution on Net Corporate Profits (CSLL)	57.014,7	61.747,4	4.732,7	8,3%
Provisional Contribution on Financial Operations (CPMF)	0,0	0,0	0,0	-
CIDE - Fuels	4.587,1	3.274,5	-1.312,6	-28,6%
Other	20.325,8	10.223,8	-10.102,0	-49,7%
I.2 Fiscal Incentives	-20,6	-12,2	8,4	-40,7%
I.3 Net Social Security Revenues	278.439,0	278.049,4	-389,5	-0,1%
Urban	271.401,4	270.840,9	-560,5	-0,2%
Rural	7.037,6	7.208,5	170,9	2,4%
I.4 Revenues Not Collected by the Federal Revenue Office	115.379,0	137.891,7	22.512,7	19,5%
Concessions and Permissions	5.211,5	13.224,8	8.013,3	153,8%
Dividends	4.995,8	6.507,4	1.511,7	30,3%
Contribution to Civil Service Social Security (CPSS)	9.932,1	9.717,5	-214,6	-2,2%
Financial Compensation Quotas	27.799,7	42.647,7	14.848,0	53,4%
Own Revenues (source codes 50, 81 and 82)	10.478,2	11.073,4	595,3	5,7%
Education-Salary (social contribution for education)	16.089,8	16.751,5	661,7	4,1%
FGTS Complement (LC nº 110/01)	4.150,7	3.913,8	-236,9	-5,7%
Assets Operations	818,7	836,6	17,9	2,2%
Other Revenues	35.902,5	33.218,9	-2.683,6	-7,5%

The total revenue of the Central Government increased by R\$ 63.8 billion (6.2%) compared to accumulated until September 2017. This performance was due to the increase of R\$ 41.7 billion (6.5%) in revenues collected by RFB along with an increase of R\$ 17.3 billion (16.3%) in revenues not collected by RFB. Net social security revenues decreased by R\$ 389.5 billion (0.1%).

It should be noted that in revenues administered by RFB there was reclassification of the stock of special installments not reclassified in November 2017 (see reports for November/2017 and Dec/2017). This reclassification, although does not impact the total revenue it influences its composition, mainly, increasing income tax, Cofins, PIS/PASEP and CSLL and reducing other revenues.

In addition to this effect, the main factors of variation of revenue managed by the RFB were:

- increase of R\$ 23.9 billion (14.6%) in Cofins and R\$ 5.8 billion (13.3%) in PIS/Pasep, resulting from the combined effect on the of PIS/Cofins tax rates on the fuels (Decree 9.101/17) and the increase of volume of sales;
- increase of R\$ 6.8 billion (19.4%) in IPI influenced mainly by growth of 2.73% in industrial production from December 2017 to August 2018 compared to production from December 2016 to August 2017;

- increase of R\$ 6.2 billion (25.0%) in the Import Tax, mainly due to the 13.6% increase in the average exchange rate and an increase of 22.2% in the dollar value of imports;
- increase of R\$ 5.2 billion (1.2%) in the Income Tax: step up of R\$ 2.1 billion in IRPJ collection; and
- growth of R\$ 4.7 billion (8.3%) in CSLL, due to the growth in revenues related to the monthly estimate of non-financial corporations;

Table 1.4 - Dividends - Brazil - 2017/2018

R\$ million - at constant prices Sep/2018- IPCA

	Jan-Sep	
	2017	2018
Banco do Brasil	975,9	1.436,6
BNB	106,0	79,8
BNDES	3.591,6	1.529,9
Caixa	0,0	2.860,1
Correios	0,0	0,0
Eletrobrás	0,0	0,0
IRB	55,4	61,3
Petrobras	0,0	378,7
Others	266,9	161,0
Total	4.995,8	6.507,4

It should also be noted that, for the period, there was an increase of R\$ 5.1 billion related to the Tax Regularization Program (PERT), instituted through Law 13,496/17, whose effect is distributed in different items of income (Income Tax, IPI, COFINS and CSLL), PRT and other installments of the Active Debt.

Revenues not collected by RFB increased by R\$ 22.5 billion (19.5%) when compared to the same period of 2017. This increase is mainly explained by:

- the increase of R\$ 14.8 billion (53.4%) in financial quotas compensation due to the increase in the exchange rate and international oil prices; and
- the step up of R\$ 8.0 billion in Concessions and Permissions due to the payment in August 2018 of R\$ 7.0 billion referring to the 15th round of oil and gas concession and R\$ 2.9 billion regarding the the concession of the 4th round of pre-salt oil.

Transfers by Revenue Sharing

Table 1.5 - Transfers by Revenue Sharing - Brazil - 2017/2018

R\$ million - at constant prices Sep/2018- IPCA

	Jan-Sep		Variation	
	2017	2018	Difference	%
II. Transfers by Revenue Sharing	177.029,8	189.818,4	12.788,6	7,2%
II.1 FPM / FPE / IPI-EE	142.013,6	146.789,8	4.776,2	3,4%
II.2 Constitutional Funds	6.249,8	6.196,9	-52,9	-0,8%
Total Transfer	8.999,9	9.378,0	378,1	4,2%
Funds Surplus	-2.750,1	-3.181,1	-431,0	15,7%
II.3 Education-Salary (social contribution for education)	9.620,6	9.568,2	-52,4	-0,5%
II.4 Financial Compensations	17.361,7	25.628,7	8.267,0	47,6%
II.5 CIDE - Fuels	1.321,9	1.192,5	-129,4	-9,8%
II.6 Other	462,2	442,4	-19,8	-4,3%

Obs.: Data subject to change.

Transfers by revenue sharing have increased of R\$ 12.8 billion (7.2%), compared to the accumulated until September 2017, from R\$ 177.0 billion in 2017 to R\$ 189.8 billion in 2018. The main variations in the period were:

- R\$ 8.3 billion (47.6%) increase in Financial Compensation, due to the factors previously explained on the performance of Financial Compensation revenues; and
- increase of R\$ 4.8 billion (3.4%) in of FPM/FPE/IPI-EE, reflecting the increase in taxes shared (IR and IPI).

Central Government Expenditure

Table 1.6 - Central Government Primary Expenditure - Brazil - Brasil - 2017/2018

R\$ million - at constant prices Sep/2018- IPCA

	Jan-Sep		Variation	
	2017	2018	Difference	% Real
IV. Total Expenditure	975.305,5	997.608,6	22.303,0	2,3%
IV.1 Social Security Benefit	427.023,3	435.373,2	8.349,8	2,0%
IV.1.1 Social Security Benefit - Urban	334.798,8	343.326,5	8.527,7	2,5%
IV.1.2 Social Security Benefit - Rural	92.224,5	92.046,7	-177,8	-0,2%
IV.2 Payroll	218.326,2	220.299,1	1.972,9	0,9%
IV.3 Other Compulsory Expenses	151.292,2	147.284,4	-4.007,8	-2,6%
Salary Allowance and Unemployment Benefit	43.704,2	41.602,2	-2.102,0	-4,8%
Assistance Benefits (LOAS/RMV)	42.343,9	42.650,9	307,0	0,7%
FGTS Complement (LC nº 110/01)	4.150,7	3.908,3	-242,4	-5,8%
Extraordinary credits (excluding PAC)	604,0	2.034,1	1.430,1	236,8
(MP) 540/11, 563/12, 582/12 Exoneration	11.978,0	10.855,8	-1.122,2	-9,4%
FUNDEB (Federal Complementation)	10.969,0	11.127,9	158,8	1,4%
Federal District (DF) Constitutional Fund	0,0	1.723,5	1.723,5	-
Judicial Remedies	10.740,3	13.681,6	2.941,3	27,4
Subsidies and Grants	18.473,6	12.979,2	-5.494,5	-
FIES primary impact (Student Funding)	3.220,4	2.080,0	-1.140,4	-
Others	5.108,0	4.641,1	-466,9	-9,1%
IV.4 Discretionary Expenses - All Branches	178.663,8	194.651,9	15.988,1	8,9%
Executive Branch Discretionary Expenses	170.248,0	185.524,4	15.276,4	9,0%
PAC (Growth Acceleration Program)	16.564,7	16.277,5	-287,2	-1,7%
o/w "Minha Casa Minha Vida - MCMV" Program	2.067,9	2.452,6	384,7	18,6
Issuance of Agricultural Debt Securities (TDA)	31,2	38,3	7,1	22,8
Donations and Agreements	0,0	160,3	160,3	-
Other Executive Branch Discretionary Expenses	153.652,1	169.048,2	15.396,2	10,0
Legislative and Judiciary Branches and Prosecutor's Office	8.415,8	9.127,5	711,7	8,5%
Memo:				
Other Current and Capital Expenditures	224.726,7	244.099,9	19.373,1	8,6%
Other Current Expenditures	197.990,2	211.900,6	13.910,3	7,0%
Other Capital Expenditures	26.736,5	32.199,3	5.462,8	20,4

The total expenditure of the Central Government until September 2018 reached R\$ 997.6 billion, 2.3% more than in the same period of 2017, when expenditure totaled R\$ 975.3 billion.

This variation is due to the combined increase of:

- Increase of R\$ 8.3 billion (2.0%) in Benefits Social Security;
- Growth of R\$ 2.0 billion (0.9%) in Payroll;
- Increase R\$ 16.0 billion (8.9%) in Discretionary Expenses; and
- Reduction of R\$ 4.0 billion Other Compulsory Expenses (2.6%).

The behavior of expenses in Other Mandatory Expenses was mainly due to:

- a reduction of R\$ 5.5 billion in Subsidies and Grants, a result of the rationalization of subsidies expenditures; and
- Reduction of R\$ 2.1 billion in Salary Allowance and Unemployment Benefit, due to the decrease in the number of layoffs compared to the same period of the previous year.

Table 1.7 - Other Executive Branch Discretionary Expenses - Brazil - 2017/2018

R\$ million - at constant prices Sep/2018- IPCA

	Jan-Set		Variation	
	2017	2018	Difference	% Real
Total	153.652,1	169.048,2	15.396,2	10,0%
Ministry of Health	75.393,7	81.325,6	5.931,9	7,9%
Ministry of Education	22.584,9	22.165,7	-419,1	-1,9%
Ministry of Social Development	25.500,8	26.355,3	854,4	3,4%
Ministry of Defense	9.206,3	11.875,4	2.669,1	29,0%
Ministry of Science and Technology	2.763,9	2.715,1	-48,8	-1,8%
Other	18.202,4	24.611,2	6.408,8	35,2%

Discretionary expenditures - all branches increased by R\$ 16.0 billion (8.9%), explained almost entirely by the increase in other discretionary expense, which accounted for the current expenses and investment of the ministries and for mandatory parliamentary amendments.

The amount of unpaid commitments paid (excluding financial PR) up to September 2018 was R\$ 72.1 billion, compared to R\$ 64.0 billion in the same period of the previous year.

Table 1.8 - Subsidies and Grants - Brazil - 2017/2018

R\$ million - at constant prices Sep/2018- IPCA

	Jan-Sep		Variation	
	2017	2018	Difference	% Real
Agricultural price policy	9.333,5	6.990,8	-2.342,6	-25,1%
Equalisation of agricultural extension	2.117,3	1.125,3	-991,9	-46,8%
Equalisation of rural and agroindustrial investments	2.292,6	1.598,4	-694,3	-30,3%
Agricultural price policy	24,2	406,7	382,5	-
Pronaf - National programme for the strengthening of family farming	4.234,0	2.900,2	-1.333,9	-31,5%
PESA - Programme of financial assets rehabilitation	128,1	496,6	368,6	287,8%
Alcohol	48,6	28,6	-20,0	-41,2%
Cocoa	0,0	0,0	0,0	-
Agricultural debt securitisation (Law 9,138/1995)	0,0	0,0	0,0	-
INCRA - Land fund/national institute of colonization and agrarian reform	11,0	259,7	248,7	-
Coffee economy defense fund	71,0	64,0	-7,0	-9,8%
Revitaliza - Production development programme / capital goods	17,2	9,4	-7,8	-45,5%
Proagro - Agricultural Activity Support Program	389,5	102,0	-287,5	-73,8%
Others	9.140,2	5.988,3	-3.151,9	-34,5%
Proex - Export financing programme	415,0	207,2	-207,8	-50,1%
PSH - Subsidy programme for social interest housing	0,0	0,0	0,0	-
PSI - Investment Maintenance Program	8.337,0	5.100,6	-3.236,4	-38,8%
EQMPO - Credit Operations to Small Productive Businesses	0,0	0,0	0,0	-
EQPCD - Credit Operations to persons with disabilities	6,6	6,7	0,1	1,6%
FND - National Development Fund	0,0	0,0	0,0	-
FSA - Audiovisual Sectorial Fund	464,5	557,4	92,9	20,0%
Capitalization of Emgea	0,0	0,0	0,0	-
Itaipu	0,0	0,0	0,0	-
Economic Subventions	0,0	0,0	0,0	-
Equalisation of FDA/FDNE/FDCO	49,8	45,4	-4,4	-8,9%
Sudene	0,0	171,8	171,8	-
Subsidy Recovery Revenues	-6,1	-43,3	-37,2	615,2%
PNAFE - Program for States' Fiscal and Administrative Modernization	-126,7	-57,5	69,3	-54,7%
PRODECER	0,0	0,0	0,0	-
Total	18.473,6	12.979,2	-5.494,5	-29,7%

Social Security

Table 1.9 - Social Security (RGPS) Primary Balance - Brazil - 2017/2018

R\$ million - at constant prices Sep/2018- IPCA

Discriminação	Jan-Sep		Variation	
	2017	2018	Difference	% Real
Net Social Security Revenues	278.439,0	278.049,4	-389,5	-0,1%
Total Revenue	311.041,1	310.742,6	-298,5	-0,1%
Contributions deposited in banks	267.802,0	267.809,3	7,3	0,0%
Contributions from SIMPLES	29.577,7	30.642,7	1.065,0	3,6%
Debt Rescheduling REFIS	148,7	94,5	-54,3	-36,5%
Judicial Payments	1.534,7	1.340,2	-194,5	-12,7%
Social Security Compensation1	11.978,0	10.855,8	-1.122,2	-9,4%
(-) Restituição/Devolução	-896,0	-696,1	199,9	-22,3%
(-) Transferências a Terceiros	-31.706,1	-31.997,0	-290,9	0,9%
Social Security Benefit	427.023,3	435.373,2	8.349,8	2,0%
Primary Balance	-148.584,3	-157.323,7	-8.739,4	5,9%

Comparing the accumulated up to September 2018 with the same period of 2017, the social security deficit increased from R\$ 148.6 billion to R\$ 157.3 billion (5.9%) at September 2018 prices. This variation results of the combined effect of the following factors:

- R\$ 8.3 billion (2.0%) increase in payments of social security benefits, due to the increase of 577.9 thousand (2.0%) in the number of benefits issued, partially offset by the reduction of the average real value of the benefits paid by the Pension Plan by R\$ 15.48 (1.1%); and
- a real decrease of R\$ 389.5 billion (0.1%) in net social security benefits, associated with the reduction of 0.3% of the salary mass in real terms, in the comparison between December/17-August/18 and December/16-August/17.

Table 1.10 - Social Security (RGPS) Primary Balance - Brazil - 2017/2018

R\$ million - at constant prices Sep/2018- IPCA

Discriminação	Jan-Sep		Variation	
	2017	2018	Difference	% Real
Net Revenue	278.439,0	278.049,4	-389,5	-0,1%
Urban	271.401,4	270.840,9	-560,5	-0,2%
Rural	7.037,6	7.208,5	170,9	2,4%
Benefits	427.023,3	435.373,2	8.349,8	2,0%
Urban	334.798,8	343.326,5	8.527,7	2,5%
Rural	92.224,5	92.046,7	-177,8	-0,2%
Primary Balance	-148.584,3	-157.323,7	-8.739,4	5,9%
Urban	-63.397,4	-72.485,5	-9.088,1	14,3%
Rural	-85.186,9	-84.838,2	348,8	-0,4%

Monthly Balance Compared to the Same Month of the Previous Year

Table 2.1 - Central Government Primary Balance - Brazil - 2017/2018

R\$ million - at constant prices Sep/2018- IPCA

	September		Variation	
	2017	2018	Difference	% Real
I. Total Revenue	108.638,4	111.616,8	2.978,3	2,7%
I.1 Revenues Collected by the Federal Revenue Office	67.970,5	67.411,4	-559,1	-0,8%
I.2 Fiscal Incentives	-2,3	0,0	2,3	-100,0%
I.3 Net Social Security Revenues	31.484,2	30.019,2	-1.465,0	-4,7%
I.4 Revenues not Collected by the Federal Revenue Office	9.186,0	14.186,1	5.000,1	54,4%
II. Transfers by Revenue Sharing	14.861,1	14.956,6	95,5	0,6%
III. Net Revenue (I-II)	93.777,3	96.660,2	2.882,9	3,1%
IV. Total Expenditure	117.632,3	119.639,	2.006,7	1,7%
IV.1 Social Security Benefits	60.903,4	61.491,0	587,6	1,0%
IV.2 Payroll	22.683,4	22.497,7	-185,7	-0,8%
IV.3 Other Compulsory Expenses	13.263,2	13.854,7	591,5	4,5%
IV.4 Discretionary Expenses - All Branches	20.782,3	21.795,6	1.013,3	4,9%
V. Sovereign Fund of Brazil - FSB	0,0	0,0	0,0	-
VI. Central Government Primary Balance (III - IV + V)	-23.855,0	-22.978,8	876,1	-3,7%
National Treasury and Central Bank	5.564,2	8.492,9	2.928,7	52,6%
Social Security (RGPS)	-29.419,2	-31.471,8	-2.052,6	7,0%
Memo:				
National Treasury Primary Balance	5.670,4	8.548,2	2.877,8	50,8%
Central Bank Primary Balance	-106,2	-55,2	50,9	-48,0%
Social Security (RGPS) Primary Balance	-29.419,2	-31.471,8	-2.052,6	7,0%

commercialization of diesel oil (MP 838/2018).

At September 2018 prices, the primary result of the Central Government went from a deficit of R\$ 23.9 billion in September 2017 to a deficit of R\$ 23.0 billion in the same month of 2018. This variation was due to the increase of R\$ 2.9 billion (3.1%) in net revenue, partially offset by a step up in total expenditure of R\$ 2.0 billion (1.7%).

Regarding the increase in net revenue, we highlight the receiving from the concession of the 4th round of pre-salt oil and the growth in the collection of Financial Compensation Quotas resulting from the increase in the exchange rate and the international price of oil.

Regarding the increase in expenses, we highlight the expense with extraordinary credits, largely related to the economic subsidy to the

Central Government Revenue

Tabela 2.2 - Central Government Primary Revenues - Brazil - 2017/2018

R\$ million - at constant prices Sep/2018- IPCA

	September		Variation	
	2017	2018	Difference	% Real
I. Total Revenue	108.638,4	111.616,8	2.978,3	2,7%
I.1 Revenues Collected by the Federal Revenue Office	67.970,5	67.411,4	-559,1	-0,8%
Import Tax	3.050,9	3.529,9	478,9	15,7%
Industrialized Products Tax (IPI)	4.530,4	4.646,8	116,4	2,6%
Income tax (IR)	21.352,0	23.398,4	2.046,3	9,6%
Tax on Credit Operations, Exchange and Insurance (IOF)	3.013,9	3.196,5	182,6	6,1%
Contribution to Social Security Financing (COFINS)	20.291,4	19.988,6	-302,8	-1,5%
PIS/PASEP	5.239,6	5.361,1	121,4	2,3%
Social Contribution on Net Corporate Profits (CSLL)	4.642,8	5.052,9	410,1	8,8%
Provisional Contribution on Financial Operations (CPMF)	0,0	0,0	0,0	-
CIDE - Fuels	546,5	224,7	-321,8	-58,9%
Other	5.302,9	2.012,6	-3.290,3	-62,0%
I.2 Fiscal Incentives	-2,3	0,0	2,3	-100,0%
I.3 Net Social Security Revenues	31.484,2	30.019,2	-1.465,0	-4,7%
Urban	30.586,8	29.633,5	-953,3	-3,1%
Rural	897,4	385,7	-511,7	-57,0%
I.4 Revenues Not Collected by the Federal Revenue Office	9.186,0	14.186,1	5.000,1	54,4%
Concessions and Permissions	187,5	2.907,7	2.720,3	-
Dividends	115,9	124,5	8,6	7,4%
Contribution to Civil Service Social Security (CPSS)	1.095,0	1.046,6	-48,4	-4,4%
Financial Compensation Quotas	1.623,6	2.676,8	1.053,2	64,9%
Own Revenues (source codes 50, 81 and 82)	940,7	983,9	43,1	4,6%
Education-Salary (social contribution for education)	1.675,2	2.437,0	761,8	45,5%
FGTS Complement (LC nº 110/01)	913,1	441,8	-471,3	-51,6%
Assets Operations	83,6	84,4	0,8	1,0%
Other Revenues	2.551,4	3.483,4	932,0	36,5%

Total revenue from the Central Government increased R\$ 3.0 billion (2.7%), from R\$ 108.6 billion in September 2017 to R\$ 111.6 billion in September 2018. This result was due to an increase of R\$ 5.0 billion (54.4%) in the revenue not collected by the Federal Revenue Office, partially offset by a decrease of R\$ 1.5 billion (4.7%) in net social security revenues and a reduction of R\$ 559.1 million (0.8%) in revenues collected by the RFB. The main variations in revenue collected by the Federal Revenue Office were:

- a decrease of R\$ 3.3 billion (62.0%) in other revenues collected by the Federal Revenue Office, explained by the collection in September 2017 of funds related to the PRT / PERT installment programs; and
- Increase of R \$ 2.0 billion (9.6%) in Income Tax, influenced by the step up in IRPJ tax collection.

The increase of R\$ 5.0 billion (54.4%) in Revenues not collected by the Federal Revenue Office is explained by:

- the increase in Concessions and Permissions (R\$ 2.7 billion), due to the receiving associated with the 4th round of pre-salt oil; and
- the growth of R\$ 1.1 billion in Financial Compensation, explained by the increase in the exchange rate and the international oil price.

Transfers by Revenue Sharing

Tabela 2.3 - Transfers by Revenue Sharing - Brazil - 2017/2018

R\$ million - at constant prices Sep/2018- IPCA

	September		Variation	
	2017	2018	Difference	% Real
II. Transfers by Revenue Sharing	14.861,1	14.956,6	95,5	0,6%
II.1 FPM / FPE / IPI-EE	11.998,7	11.283,9	-714,8	-6,0%
II.2 Constitutional Funds	613,2	696,5	83,3	13,6
Total Transfer	656,9	671,7	14,8	2,2%
Funds Surplus	43,7	-24,8	-68,5	-
II.3 Education-Salary (social contribution for education)	993,0	960,9	-32,1	-3,2%
II.4 Financial Compensations	1.169,9	1.910,5	740,6	63,3
II.5 CIDE - Fuels	0,0	0,0	0,0	-
II.6 Other	86,3	104,8	18,5	21,4

In September 2018, transfers by revenue sharing increased R\$ 95.5 million (0.6%) compared to September 2017. Notwithstanding the small increase in total transfers, there was a step up of R\$ 740.6 million (63.3%) in Financial Compensations, partially offset by the reduction of R\$ 714.8 million (6.0%) in transfers related to FPM / FPE / IPI-EE.

Central Government Expenditure

Table 2.4 - Central Government Primary Expenditure - Brazil - 2017/2018

R\$ million - at constant prices Sep/2018- IPCA

	September		Variation	
	2017	2018	Difference	% Real
IV. Total Expenditure	117.632,3	119.639,0	2.006,7	1,7%
IV.1 Social Security Benefit	60.903,4	61.491,0	587,6	1,0%
IV.1.1 Social Security Benefit - Urban	49.194,2	49.960,2	766,0	1,6%
IV.1.2 Social Security Benefit - Rural	11.709,1	11.530,7	-178,4	-1,5%
IV.2 Payroll	22.683,4	22.497,7	-185,7	-0,8%
IV.3 Other Compulsory Expenses	13.263,2	13.854,7	591,5	4,5%
Salary Allowance and Unemployment Benefit	4.496,5	3.891,3	-605,2	-13,5%
Assistance Benefits (LOAS/RMV)	4.752,6	4.646,8	-105,8	-2,2%
FGTS Complement (LC nº 110/01)	913,1	441,8	-471,3	-51,6%
Extraordinary credits (excluding PAC)	46,4	1.765,2	1.718,8	-
Provisional Measures (MP) 540/11, 563/12 and 582/12 Exoneration	1.132,3	985,8	-146,5	-12,9%
FUNDEB (Federal Complementation)	912,5	963,9	51,4	5,6%
Federal District (DF) Constitutional Fund	0,0	0,0	0,0	-
Judicial Remedies	155,5	154,5	-1,0	-0,6%
Subsidies and Grants	156,3	478,6	322,3	206,2%
FIES primary impact (Student Funding)	79,5	12,3	-67,2	-84,5%
Others	618,4	514,4	-104,0	-16,8%
IV.4 Discretionary Expenses - All Branches	20.782,	21.795,	1.013,3	4,9%
Executive Branch Discretionary Expenses	19.818,6	20.781,2	962,6	4,9%
PAC (Growth Acceleration Program)	1.694,3	2.300,4	606,1	35,8%
o/w "Minha Casa Minha Vida - MCMV" Program	99,7	650,3	550,5	551,9%
Issuance of Agricultural Debt Securities (TDA)	0,0	12,7	12,6	-
Other Executive Branch Discretionary Expenses	18.124,3	18.468,1	343,8	1,9%
Legislative and Judiciary Branches and Prosecutor's Office (LEJU/MPU)	963,7	1.014,4	50,7	5,3%
Memo:				
Other Current and Capital Expenditures	24.524,5	26.564,3	2.039,7	8,3%
Other Current Expenditures	21.730,2	23.223,7	1.493,5	6,9%
Other Capital Expenditures	2.794,3	3.340,6	546,3	19,5%

In September 2018, there was an increase of R\$ 2.0 billion (1.7%) in total central government expenditure compared to the same month of the previous year, going from R\$ 117.6 billion to R\$ 119.6 billion. This variation is due, mainly, to the increase of R\$ 1.0 billion (4.9%) in discretionary expenses – all branches.

Other compulsory expenditure increased by R\$ 591.5 billion (4.5%) mainly due to extraordinary credits expenses, which totaled R\$ 1.8 billion in September 2018, mainly due to the economic subsidy on the sale of diesel oil (Provisional Measure 838/ of 2018).

Table 2.5 - Other Executive Branch Discretionary Expenses - Brazil - 2017/2018*R\$ million - at constant prices Sep/2018- IPCA*

	September		Variation	
	2017	2018	Difference	% Real
Total	18.124,3	18.455,3	331,1	1,8%
Ministry of Health	8.677,4	8.272,6	-404,8	-4,7%
Ministry of Education	3.052,8	2.858,0	-194,8	-6,4%
Ministry of Social Development	2.796,9	3.046,7	249,8	8,9%
Ministry of Defense	1.156,8	1.253,3	96,5	8,3%
Ministry of Science and Technology	280,1	395,5	115,4	41,2%
Other	2.160,3	2.629,3	469,0	21,7%

Social Security

Tabela 2.6 - Social Security (RGPS) Primary Balance - Brazil - 2017/2018*R\$ million - at constant prices Sep/2018- IPCA*

	September		Variation	
	2017	2018	Difference	% Real
Net Social Security Revenues	31.484,2	30.019,2	-1.465,0	-4,7%
Total Revenue	34.886,5	33.399,5	-1.487,0	-4,3%
Contributions deposited in banks	29.982,7	28.683,9	-1.298,8	-4,3%
Contributions from SIMPLES	3.508,6	3.531,5	22,9	0,7%
Debt Rescheduling REFIS	35,8	188,0	152,1	424,8%
Judicial Payments	227,0	10,2	-216,8	-95,5%
Social Security Compensation	1.132,3	985,8	-146,5	-12,9%
(-) Restituição/Devolução	-97,2	-66,4	30,8	-31,7%
(-) Transferências a Terceiros	-3.305,1	-3.313,8	-8,7	0,3%
Social Security Benefit	60.903,4	61.491,0	587,6	1,0%
Primary Balance	-29.419,2	-31.471,8	-2.052,6	7,0%

The Social Security primary result went from a deficit of R\$ 29.4 billion in September 2017 to a deficit of R\$ 31.5 billion in September 2018, a difference of R\$ 2.1 billion in the primary result. This variation is due to the combined effect of the reduction in net social security revenues (R\$ 1.5 billion) and higher expenses related to benefits (R\$ 587.6 million), influenced by the step up of 527.4 thousand in the number of benefits issued, and by the reduction of the average real value of benefits paid by social security in R\$ 26.69.

Monthly Balance Compared to the Previous Month

Overview

Table 3.1 - Central Government Primary Balance - Brazil - 2018

R\$ million - at constant prices Sep/2018- IPCA

	2018		Variation	
	August	September	Difference	% Real
I. Total Revenue	115.500,0	111.616,8	-3.883,9	-3,4%
I.1 Revenues Collected by the Federal Revenue Office	66.101,1	67.411,4	1.310,4	2,0%
I.2 Fiscal Incentives	-10,6	0,0	10,6	-100,0%
I.3 Net Social Security Revenues	31.478,9	30.019,2	-1.459,7	-4,6%
I.4 Revenues not Collected by the Federal Revenue Office	17.931,2	14.186,1	-3.745,1	-20,9%
II. Transfers by Revenue Sharing	22.500,5	14.956,6	-7.543,9	-33,5%
III. Net Revenue (I-II)	93.000,1	96.660,2	3.660,0	3,9%
IV. Total Expenditure	112.731,0	119.639,0	6.907,9	6,1%
IV.1 Social Security Benefits	49.585,1	61.491,0	11.905,9	24,0%
IV.2 Payroll	23.602,2	22.497,7	-1.104,5	-4,7%
IV.3 Other Compulsory Expenses	15.070,1	13.854,7	-1.215,4	-8,1%
IV.4 Discretionary Expenses - All Branches	24.473,7	21.795,6	-2.678,1	-10,9%
V. Sovereign Fund of Brazil - FSB	0,0	0,0	0,0	-
VI. Central Government Primary Balance (III - IV + V)	-19.731,0	-22.978,8	-3.247,9	16,5%
National Treasury and Central Bank	-1.624,8	8.492,9	10.117,7	-
Social Security (RGPS)	-18.106,2	-31.471,8	-13.365,6	73,8%
Memo:				
National Treasury Primary Balance	-1.658,1	8.548,2	10.206,3	-
Central Bank Primary Balance	33,3	-55,2	-88,5	-
Social Security (RGPS) Primary Balance	-18.106,2	-31.471,8	-13.365,6	73,8%

In September 2018, the primary result of the Central Government was a deficit of R\$ 23.0 billion, compared to a deficit of R\$ 19.8 billion in August 2018 at September constant prices. There was an increase of R\$ 3.7 billion (13.1%) in net revenue, mainly due to the transfer in August of seasonally concentrated revenues in July. There was an increase in total expenditure (R\$ 6.9 billion, 6.1%), because of the payment in September of the first installment of the 13th salary for the second half of social security beneficiaries receiving up to a minimum wage and for those who receive benefits greater than this value.

Central Government Revenue

Table 3.2 -Central Government Primary Revenues - Brazil - 2017/2018

R\$ million - at constant prices Sep/2018- IPCA

	2018		Variation	
	August	September	Difference	% Real
I. Total Revenue	115.500,6	111.616,8	-3.883,9	-3,4%
I.1 Revenues Collected by the Federal Revenue Office	66.101,1	67.411,4	1.310,4	2,0%
Import Tax	3.952,1	3.529,9	-422,2	-10,7%
Industrialized Products Tax (IPI)	4.494,8	4.646,8	152,0	3,4%
Income tax (IR)	20.175,7	23.398,4	3.222,7	16,0%
Tax on Credit Operations, Exchange and Insurance (IOF)	3.042,3	3.196,5	154,2	5,1%
Contribution to Social Security Financing (COFINS)	22.847,7	19.988,6	-2.859,1	-12,5%
PIS/PASEP	5.761,7	5.361,1	-400,6	-7,0%
Social Contribution on Net Corporate Profits (CSLL)	5.076,0	5.052,9	-23,1	-0,5%
Provisional Contribution on Financial Operations (CPMF)	0,0	0,0	0,0	-
CIDE - Fuels	207,6	224,7	17,1	8,2%
Other	543,2	2.012,6	1.469,4	270,5%
I.2 Fiscal Incentives	-10,6	0,0	10,6	-
I.3 Net Social Security Revenues	31.478,9	30.019,2	-1.459,7	-4,6%
Urban	30.605,9	29.633,5	-972,4	-3,2%
Rural	873,0	385,7	-487,3	-55,8%
I.4 Revenues Not Collected by the Federal Revenue Office	17.931,2	14.186,1	-3.745,1	-20,9%
Concessions and Permissions	7.214,6	2.907,7	-4.306,9	-59,7%
Dividends	615,4	124,5	-490,9	-79,8%
Contribution to Civil Service Social Security (CPSS)	1.049,1	1.046,6	-2,5	-0,2%
Financial Compensation Quotas	2.808,3	2.676,8	-131,5	-4,7%
Own Revenues (source codes 50, 81 and 82)	1.232,3	983,9	-248,5	-20,2%
Education-Salary (social contribution for education)	1.608,8	2.437,0	828,2	51,5%
FGTS Complement (LC nº 110/01)	426,7	441,8	15,1	3,5%
Assets Operations	84,8	84,4	-0,4	-0,4%
Other Revenues	2.891,1	3.483,4	592,3	20,5%

In September 2018, total revenues from the Central Government decreased R\$ 3.9 billion (3.4%) compared to the previous month, from R\$ 115.5 billion in August 2018 to R\$ 111.6 billion in September 2018. This variation results from the combined effect of the following factors:

- Decrease of R\$ 3.7 billion (20.9%) in revenues not collected by Federal Revenue Office, mainly due to the reduction of R\$ 4.3 billion in Concessions and Permissions, explained by the anticipation of payments in August associated with the 15th round of oil concession and gas; and
- Increase of R\$ 1.3 billion (2.0%) in revenues collected by the Federal Revenue Office mainly due to the step up of R\$ 3.2 billion (16.0%) in income tax and the collection of Rural Territorial Tax (R\$ 947.0 million) explained by the payment in September of the 1st quota or single quota for the calendar year of 2017. These factors were partially offset by the decrease of R \$ 2.9 billion in Cofins.

Transfers by Revenue Sharing

Table 3.3 - Transfers by Revenue Sharing - Brazil - 2018

R\$ million - at constant prices Sep/2018- IPCA

Discriminação	2018		Variation	
	August	September	Difference	% Real
II. Transfers by Revenue Sharing	22.500,5	14.956,6	-7.543,9	-33,5%
II.1 FPM / FPE / IPI-EE	14.884,8	11.283,9	-3.600,9	-24,2%
II.2 Constitutional Funds	655,7	696,5	40,8	6,2%
Total Transfer	983,8	671,7	-312,1	-31,7%
Funds Surplus	-328,1	24,8	352,9	-
II.3 Education-Salary (social contribution for education)	960,7	960,9	0,2	0,0%
II.4 Financial Compensations	5.982,0	1.910,5	-4.071,5	-68,1%
II.5 CIDE - Fuels	0,0	0,0	0,0	-
II.6 Other	17,3	104,8	87,5	506,0%

In September 2018, transfers by revenue sharing decreased by R\$ 7.5 billion (33.3%), totaling R\$ 15.0 billion, compared to R\$ 22.5 billion in the previous month. This behavior was mainly due the transfer in August of revenues seasonally concentrated in July, notably income tax and Financial Compensations.

Central Government Expenditure

Tabela 3.4 - Central Government Primary Expenditure - Brazil - 2018

R\$ million - at constant prices Sep/2018- IPCA

	2018		Variation	
	August	September	Difference	% Real
IV. Total Expenditure	112.731,1	119.639,0	6.907,9	6,1%
IV.1 Social Security Benefit	49.585,1	61.491,0	11.905,9	24,0%
IV.1.1 Social Security Benefit - Urban	37.604,0	49.960,2	12.356,2	32,9%
IV.1.2 Social Security Benefit - Rural	11.981,1	11.530,7	-450,3	-3,8%
IV.2 Payroll	23.602,2	22.497,7	-1.104,5	-4,7%
IV.3 Other Compulsory Expenses	15.070,1	13.854,7	-1.215,4	-8,1%
Salary Allowance and Unemployment Benefit	5.221,5	3.891,3	-1.330,2	-
Assistance Benefits (LOAS/RMV)	4.740,7	4.646,8	-93,9	-2,0%
FGTS Complement (LC nº 110/01)	426,7	441,8	15,1	3,5%
Extraordinary credits (excluding PAC)	60,9	1.765,2	1.704,3	-
Provisional Measures (MP) 540/11, 563/12 and 582/12 Exoneration	924,3	985,8	61,5	6,7%
FUNDEB (Federal Complementation)	968,6	963,9	-4,6	-0,5%
Federal District (DF) Constitutional Fund	133,2	125,0	-8,2	-6,2%
Judicial Remedies	133,0	154,5	21,5	16,2%
Subsídios, Subvenções e Proagro	372,4	478,6	106,2	28,5%
FIES primary impact (Student Funding)	-40,7	12,3	53,0	-
Others	2.129,5	389,4	-1.740,1	-
IV.4 Discretionary Expenses - All Branches	24.473,7	21.795,6	-2.678,1	-
Executive Branch Discretionary Expenses	23.423,7	20.781,2	-	-
PAC (Growth Acceleration Program)	2.701,4	2.300,4	-401,0	-
o/w "Minha Casa Minha Vida - MCMV" Program	428,2	650,3	222,1	51,9%
Issuance of Agricultural Debt Securities (TDA)	9,6	12,7	3,1	32,5%
Other Executive Branch Discretionary Expenses	20.712,7	18.468,1	-	-
Legislative and Judiciary Branches and Prosecutor's Office (LEJU/MPU)	1.050,0	1.014,4	-35,6	-3,4%
Memo:				
Other Current and Capital Expenditures	29.124,2	26.564,3	-2.560,0	-8,8%
Other Current Expenditures	25.375,1	23.223,7	-2.151,4	-8,5%
Other Capital Expenditures	3.749,1	3.340,6	-408,5	-10,9%

In September 2018, the total expenditure of the Central Government recorded the amount of R\$ 119.6 billion, an increase of R\$ 6.9 billion (6.1%), compared to August 2018. This variation is explained by the step up of R\$ 11.9 billion (24.0%) in Social Security Benefits, because of the payment in September of the first installment of the 13th salary for the second half of social security beneficiaries receiving up to a minimum wage and for those who receive benefits greater than this value.

Tabela 3.5 - Other Executive Branch Discretionary Expenses - Brazil - 2018

R\$ million - at constant prices Sep/2018- IPCA

Discriminação	2018		Variation	
	August	September	Difference	% Real
Total	20.698,4	18.455,3	-2.243,1	-10,8%
Ministry of Health	8.996,3	8.272,6	-723,7	-8,0%
Ministry of Education	2.985,7	2.858,0	-127,7	-4,3%
Ministry of Social Development	3.274,2	3.046,7	-227,4	-6,9%
Ministry of Defense	1.463,7	1.253,3	-210,4	-14,4%
Ministry of Science and Technology	361,5	395,5	34,0	9,4%
Other	3.617,1	2.629,3	-987,8	-27,3%

Social Security

Tabela 3.6 - Social Security (RGPS) Primary Balance - Brazil - 2018

R\$ million - at constant prices Sep/2018- IPCA

Discriminação	2018		Variation	
	August	September	Difference	% Real
Net Social Security Revenues	31.478,9	30.019,2	-1.459,7	-4,6%
Total Revenue	34.785,0	33.399,5	-1.385,6	-4,0%
Contributions deposited in banks	30.199,9	28.683,9	-1.516,0	-5,0%
Contributions from SIMPLES	3.423,2	3.531,5	108,4	3,2%
Debt Rescheduling REFIS	228,6	188,0	-40,7	-17,8%
Judicial Payments	9,1	10,2	1,2	12,9%
Social Security Compensation	924,3	985,8	61,5	6,7%
(-) Restituição/Devolução	-102,3	-66,4	35,9	-35,1%
(-) Transferências a Terceiros	-3.203,8	-3.313,8	-110,0	3,4%
Social Security Benefit	49.585,1	61.491,0	11.905,9	24,0%
Primary Balance	-18.106,2	-31.471,8	-13.365,6	73,8%

who receive benefits greater than this value.

In September 2018, the General Social Security System (RGPS) registered a deficit of R\$ 31.5 billion compared to a deficit of R\$ 18.1 billion in the previous month. The increase in Social Security primary deficit of R\$ 13.4 billion (73.8%) is due to the combined effect of an increase of R\$ 11.9 billion in benefits and a reduction of R\$ 1.5 billion (4.6%) in net social security revenues, which was influenced by changes in the operationalization of the collection of social security income that began to be reclassified automatically as of this month. The increase in Social Security Benefits is due to the payment in September of the first installment of the 13th salary for the second half of social security beneficiaries receiving up to a minimum wage and for those