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Vol. 24, N.3 March/2018

# National Treasury Fiscal Balance

Brasília, April 2018

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# Central Government Primary Balance Overview

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

current prices

	Jan-Mar					March				
	R\$ Million		Variation (2018/2017)			R\$ Million		Variation (2018/2017)		
	2017	2018	Difference	% Nominal	% Real	2017	2018	Difference	%	% Real
I. Total Revenue	334.174,9	369.482,9	35.307,9	10,6%	7,6%	102.839,3	107.048,1	4.208,7	4,1%	1,4%
II. Transfers by Revenue Sharing	58.880,3	65.529,6	6.649,3	11,3%	8,3%	15.336,8	17.771,6	2.434,7	15,9%	12,8%
III. Net Revenue (I-II)	275.294,7	303.953,3	28.658,6	10,4%	7,4%	87.502,5	89.276,5	1.774,0	2,0%	-0,6%
IV. Total Expenditure	294.857,8	316.933,5	22.075,8	7,5%	4,6%	98.733,9	114.104,5	15.370,6	15,6%	12,6%
V. Sovereign Fund of Brazil - FSB	0,0	0,0	0,0	-	-	0,0	0,0	0,0	-	-
VI. Central Government Primary Balance (III -	-19.563,1	-12.980,2	6.582,9	-33,6%	-35,8%	-11.231,4	-24.828,0	-13.596,6	121,1%	115,3%
National Treasury and Central Bank	20.446,3	36.072,3	15.625,9	76,4%	71,4%	1.857,8	-4.701,3	-6.559,1	-	47,5%
Social Security (RGPS)	-40.009,4	-49.052,5	-9.043,1	22,6%	19,2%	-13.089,2	-20.126,7	-7.037,4	53,8%	49,8%
VII. Primary Balance/GDP	-1,2%	-0,8%	-	-	-	-	-	-	-	-
Memo:										
National Treasury Primary Balance	20.474,8	36.206,8	15.732,0	76,8%	71,8%	1.823,0	-4.743,9	-6.566,8	-	-
Central Bank Primary Balance	-28,5	-134,5	-106,1	372,6%	352,9%	34,9	42,6	7,7	22,1%	18,9%
Social Security Primary Balance	-40.009,4	-49.052,5	-9.043,1	22,6%	19,2%	-13.089,2	-20.126,7	-7.037,4	53,8%	49,8%

In March 2018, the Central Government's primary result, at current prices, was a deficit of R\$ 24.8 billion compared to a deficit of 11.2 billion in March 2017. This evolution is explained by the increase of R\$ 15.4 billion (15.6%) in total expenses partially offset by an increase of R\$ 1.8 billion (2.0%) in net revenue. In real terms, total expenses increased by 12.6%, mainly due to the anticipation in the annual calendar of payment of judicial remedies related to social security benefits and payroll, which this year occurred in March, totaling R\$ 9.5 billion, while in 2017 this event occurred in May.

Compared to the accumulated up to March 2017, at current prices, the Central Government's result went from a deficit of R\$ 19.6 billion in 2017 to a deficit of R\$ 13.0 billion in 2018. In real terms, net revenue increased 7.4% while spending grew 4.6%. The increase in revenue is derived from specific measures related to PIS / Cofins, from the withdrawal of the PRT / PERT and from the improvement of the main macroeconomic indicators that influence the collection. The increase in expenses is mainly due to the anticipation in the annual calendar of payment of judicial remedies (R\$ 9.5 billion) from May to March.

# Yearly Balance

## Overview

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

*R\$ million - at constant prices Mar/2018- IPCA*

	Jan-Mar		Variation	
	2017	2018	Difference	% Real
I. Total Revenue	344.950,9	371.034,2	26.083,3	7,6%
I.1 Revenues Collected by the Federal Revenue Office	223.179,5	246.037,8	22.858,3	10,2%
I.2 Fiscal Incentives	0,0	0,0	0,0	-
I.3 Net Social Security Revenues	86.989,6	88.639,7	1.650,1	1,9%
I.4 Revenues not Collected by the Federal Revenue Office	34.781,8	36.356,6	1.574,9	4,5%
II. Transfers by Revenue Sharing	60.767,0	65.780,8	5.013,9	8,3%
III. Net Revenue (I-II)	284.183,9	305.253,4	21.069,4	7,4%
IV. Total Expenditure	304.275,8	318.151,7	13.875,9	4,6%
IV.1 Social Security Benefits	128.276,7	137.872,6	9.595,9	7,5%
IV.2 Payroll	69.574,8	74.388,1	4.813,3	6,9%
IV.3 Other Compulsory Expenses	54.067,7	49.907,4	-4.160,3	-7,7%
IV.4 Discretionary Expenses - All Branches	52.356,6	55.983,7	3.627,1	6,9%
V. Sovereign Fund of Brazil - FSB	-	-	-	-
VI. Central Government Primary Balance (III - IV + V)	-20.091,9	-12.898,4	7.193,5	-
National Treasury and Central Bank	21.195,2	36.334,5	15.139,2	71,4%
Social Security (RGPS)	-41.287,1	-49.232,9	-7.945,7	19,2%
Memo:				
National Treasury Primary Balance	21.225,1	36.469,7	15.244,6	71,8%
Central Bank Primary Balance	-29,9	-135,3	-105,4	352,9
Social Security Primary Balance	-41.287,1	-49.232,9	-7.945,7	19,2%

At March 2018 prices, compared to 2017, there was an improvement of R\$ 7.2 billion in the cumulative primary result of the Central Government, which varied from a deficit of R\$ 20.0 billion in 2017 to a deficit of R\$ 12.9 billion this year. This improvement resulted from net revenue growth (7.4%) in a rate higher than the increase in total expenses (4.6%).

Regarding the increase in revenue, it is worth highlighting the increase in PIS / Cofins tax revenues, largely due to the increase in fuel tax rates (Decree 9,101/17), as well as the collection performance associated with the Active Debt, PERT and PRT. It should also be emphasized that another source of revenue growth has been the recovery of economic activity and macroeconomic indicators that influence the collection.

On the other hand, the increase in primary expenditure was due to social security benefits, personnel expenses and discretionary expenses, and was partially offset by the reduction observed in other compulsory expenses, especially subsidies. It is important to highlight that the anticipation in the payment calendar of judicial remedies, from the

months of May and June in 2017 to March and April in 2018, is an important element in the explanation of the accumulated expense until March 2018.

## Central Government Revenue

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

*R\$ million - at constant prices Mar/2018- IPCA*

	Jan-Mar		Variation	
	2017	2018	Difference	% Real
I. Total Revenue	344.950,9	371.034,2	26.083,3	7,6%
I.1 Revenues Collected by the Federal Revenue Office	223.179,5	246.037,8	22.858,3	10,2%
Import Tax	7.580,0	9.287,5	1.707,5	22,5%
Industrialized Products Tax (IPI)	10.617,3	13.730,3	3.113,0	29,3%
Income tax (IR)	99.156,0	102.938,4	3.782,4	3,8%
Tax on Credit Operations, Exchange and Insurance (IOF)	8.352,7	8.697,7	345,0	4,1%
Contribution to Social Security Financing (COFINS)	52.116,2	60.575,6	8.459,4	16,2%
(PIS/Pasep)	14.470,1	16.575,6	2.105,5	14,6%
Social Contribution on Net Corporate Profits (CSLL)	25.279,0	26.198,3	919,3	3,6%
Provisional Contribution on Financial Operations (CPMF)	0,0	0,0	0,0	-
CIDE - Fuels	1.410,7	1.290,4	-120,3	-8,5%
Other	4.197,6	6.744,0	2.546,4	60,7%
I.2 Fiscal Incentives	0,0	0,0	0,0	-
I.3 Net Social Security Revenues	86.989,6	88.639,7	1.650,1	1,9%
Urban	85.168,6	86.446,3	1.277,7	1,5%
Rural	1.821,0	2.193,4	372,4	20,5%
I.4 Revenues Not Collected by the Federal Revenue Office	34.781,8	36.356,6	1.574,9	4,5%
Concessions and Permissions	578,8	702,8	124,0	21,4%
Dividends	1.824,0	483,9	-1.340,1	-73,5%
Contribution to Civil Service Social Security (CPSS)	3.154,9	3.144,4	-10,4	-0,3%
Financial Compensation Quotas	9.464,0	11.585,4	2.121,4	22,4%
Own Revenues (source codes 50, 81 and 82)	3.313,6	3.308,3	-5,3	-0,2%
Education-Salary (social contribution for education)	6.050,1	6.090,6	40,4	0,7%
FGTS Complement (LC nº 110/01)	1.343,3	1.256,4	-87,0	-6,5%
Assets Operations	270,3	278,6	8,2	3,0%
Other Revenues	8.782,8	9.506,4	723,6	8,2%

Total revenue from the Central Government increased by R\$ 26.0 billion (7.6%) compared to March 2017. This was due to the increase of R\$ 22.8 billion (10.2%) in revenues managed by RFB together with the increase of R\$ 1.6 billion (1.9%) in net revenue to RGPS and the increase of R\$ 1.6 billion (4.6%) in revenue not managed by RFB. The main factors of variation of revenue managed by RFB were:

- an increase of R\$ 8.4 billion (16.2%) in Cofins and R\$ 2.1 billion (14.6%) in PIS / Pasep due to the combined effect of the PIS / Cofins aliquot on fuels (Decree 9.101 / 17) and increase in the volume of sales of goods;
- an increase of R\$ 3.8 billion (3.8%) in income tax, which was determined by the increase in IRPJ (R\$ 1.7 billion) and IRRF (R\$ 2.8 billion); and
- an increase of R\$ 3.1 billion (29.3%) in IPI mainly influenced by the 4.34% increase in industrial production from December 2017 to March 2018 compared to the production from December 2016 to March 2017.

**Table 1.4 - Dividends - Brazil - 2017/2018***R\$ million - at constant prices Mar/2018- IPCA*

	Jan-Mar	
	2017	2018
Banco do Brasil	146,6	476,9
BNB	0,0	0,0
BNDES	1.609,6	0,0
Caixa	0,0	0,0
Correios	0,0	0,0
Eletrobrás	0,0	0,0
IRB	3,7	0,0
Petrobras	0,0	0,0
Others	64,0	7,0
<b>Total</b>	<b>1.824,0</b>	<b>483,9</b>

It should also be noted that, for the period, there was an increase of R\$ 9.3 billion related to the Tax Regularization Program (PERT), instituted through Law 13496/17, 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 managed by the RFB increased by R\$ 1.6 billion (4.5%) when compared to the same period in 2017. This increase is mainly explained by the increase of R\$ 2.1 billion in Financial Compensation mainly due to the increase in production and the international price of oil, together with an increase of R\$ 722.0 million in other revenues not managed by RFB.

## Transfers by Revenue Sharing

**Table 1.5 - Transfers by Revenue Sharing - Brazil - 2017/2018***R\$ million - at constant prices Mar/2018- IPCA*

	Jan-Mar		Variation	
	2017	2018	Difference	%
II. Transfers by Revenue Sharing	60.767,0	65.780,8	5.013,9	8,3%
II.1 FPM / FPE / IPI-EE	48.524,0	51.971,3	3.447,3	7,1%
II.2 Constitutional Funds	2.087,0	2.036,9	-50,1	-2,4%
Total Transfer	3.234,2	3.447,2	212,9	6,6%
Funds Surplus	-1.147,2	-1.410,2	-263,0	22,9%
II.3 Education-Salary (social contribution for education)	3.624,3	3.667,8	43,5	1,2%
II.4 Financial Compensations	5.850,7	7.448,3	1.597,6	27,3%
II.5 CIDE - Fuels	448,7	427,4	-21,3	-4,7%
II.6 Other	232,2	229,1	-3,1	-1,3%

Obs.: Data subject to change.

Transfers by revenue sharing increased by R\$ 5.0 billion (8.3%) in relation to the accumulated until March 2017, from R\$ 60.6 billion in 2017 to R\$ 65, 6 billion in 2018. The main variations in the period were:

increase of R\$ 3.4 billion (7.1%) in FPM / FPE / IPI-EE Transfers; and

R\$ 1.6 billion (27.3%) increase in Financial Compensation, due to the factors previously explained on the performance of Quota Party and Financial Compensation revenues.

## Central Government Expenditure

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

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

	Jan-Mar		Variation	
	2017	2018	Difference	% Real
IV. Total Expenditure	304.275,8	318.151,7	13.875,9	4,6%
IV.1 Social Security Benefit	128.276,7	137.872,6	9.595,9	7,5%
IV.1.1 Social Security Benefit - Urban	100.313,4	108.560,5	8.247,1	8,2%
IV.1.2 Social Security Benefit - Rural	27.963,3	29.312,1	1.348,8	4,8%
IV.2 Payroll	69.574,8	74.388,1	4.813,3	6,9%
IV.3 Other Compulsory Expenses	54.067,7	49.907,4	-4.160,3	-
Salary Allowance and Unemployment Benefit	18.669,4	17.111,0	-1.558,4	-
Assistance Benefits (LOAS/RMV)	13.532,8	13.953,8	421,0	3,1%
FGTS Complement (LC nº 110/01)	1.343,3	1.256,4	-87,0	-
Extraordinary credits (excluding PAC)	242,9	92,2	-150,7	-
(MP) 540/11, 563/12, 582/12 Exoneration	3.249,9	2.654,6	-595,3	-
FUNDEB (Federal Complementation)	4.600,4	4.867,3	266,9	5,8%
Federal District (DF) Contitucional Fund	386,8	321,8	-65,0	-
Judicial Remedies	337,9	1.610,6	1.272,7	376,
Subsídios, Subvenções e Proagro	9.380,0	6.639,1	-2.740,9	-
FIES primary impact (Student Funding)	1.205,4	345,0	-860,4	-
Others	1.118,9	1.055,6	-63,4	-
IV.4 Discretionary Expenses - All Branches	52.356,6	55.983,7	3.627,1	6,9%
Executive Branch Discretionary Expenses	3.587,6	3.713,8	126,2	3,5%
PAC (Growth Acceleration Program)	3.587,6	3.652,6	65,0	1,8%
o/w "Minha Casa Minha Vida - MCMV"	3.587,6	3.652,6	65,0	1,8%
Issuance of Agricultural Debt Securities (TDA)	0,0	57,5	57,5	-
Other Executive Branch Discretionary Expenses	0,0	3,7	3,7	-
Legislative and Judiciary Branches and Prosecutor's	46.375,7	49.444,8	3.069,0	6,6%
Memo:				
Other Current and Capital Expenditures	0,0	0,0	3.965,8	-
Other Current Expenditures	64.787,8	68.081,9	3.294,1	5,1%
Other Capital Expenditures	58.857,0	59.523,7	671,7	1,1%

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

Total Central Government expenses accumulated up to March 2018 reached R\$ 317.5 billion, 4.6% higher than in the same period of 2017, when expenses totaled R\$ 303.6 billion.

This variation is due to the combined effect of R\$ 9.6 billion (7.5%) increase in Social Security Benefits, R\$ 4.8 billion (6.9%) in Payroll and R\$ 3.6 billion (6.9%) in Discretionary Expenses, partially offset by a reduction of R\$ 4.2 billion (7.7%) in other mandatory expenses.

The increase in expenses with social security benefits and with payroll was conditioned to a large extent by the anticipation of the calendar of payments of judicial remedies from May and June 2017 to March and April in 2018. In March 2018 were paid, according to schedule (CJF), in judicial remedies judgments of R\$ 4.9 billion related to social security benefits, R\$ 3.5 billion related to payroll and R\$ 1.0 billion related to other and capital (OCC).

Discretionary expenditures - all branches increased by R\$ 3.6 billion (6.9%), explained almost entirely by the increase in other discretionary expenses (R\$ 3.2 billion), which accounted for the cost and investment of the ministries .

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

	Jan-Mar		Variation	
	2017	2018	Difference	% Real
Total	46.375,7	49.444,8	3.069,0	6,6%
Ministry of Health	23.046,1	24.983,9	1.937,8	8,4%
Ministry of Education	6.463,4	5.551,4	-911,9	-14,1%
Ministry of Social Development	8.360,1	8.203,8	-156,3	-1,9%
Ministry of Defense	2.453,4	2.926,4	473,0	19,3%
Ministry of Science and Technology	801,3	715,8	-85,6	-10,7%
Other	5.251,4	7.063,5	1.812,1	34,5%

same period of the previous year

The decrease of R\$ 4.2 billion (7.7%) in other compulsory expenses was particularly affected by the reduction in expenses related to Subsidies, Subsidies and Proagro (R\$ 2.7 billion), which is a result of the rationalization process in expenses with subsidies and a decrease of R\$ 1.6 billion (8.3%) in credit and unemployment insurance explained by the effect of the new rules of granting of Abono given by Law 13.134 / 2015.

The amount of remnants to be paid (PR) paid (excluding financial PR) up to March 2018 was R\$ 53.0 billion, against R\$ 48.8 billion in the



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

*R\$ million - at constant prices Mar/2018- IPCA*

	Jan-Mar		Variation	
	2017	2018	Difference	% Real
<b>Agricultural price policy</b>	<b>4.629,9</b>	<b>3.404,8</b>	<b>-1.225,1</b>	<b>-26,5%</b>
Equalisation of agricultural extension	1.158,2	621,7	-536,5	-46,3%
Equalisation of rural and agroindustrial investments	1.213,9	852,3	-361,6	-29,8%
Agricultural price policy	-239,5	125,4	364,8	-
Pronaf - National programme for the strengthening of family farming	2.182,4	1.546,8	-635,6	-29,1%
PESA - Programme of financial assets rehabilitation	45,0	191,1	146,1	324,4%
Alcohol	26,5	16,4	-10,1	-38,1%
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	-19,0	10,7	29,7	-
Coffee economy defense fund	24,0	35,0	11,0	45,8%
Revitaliza - Production development programme / capital goods	9,6	5,5	-4,1	-42,8%
Proagro - Agricultural Activity Support Program	228,8	0,0	-228,8	-
<b>Others</b>	<b>4.750,0</b>	<b>3.234,3</b>	<b>-1.515,7</b>	<b>-31,9%</b>
Proex - Export financing programme	290,7	238,0	-52,7	-18,1%
PSH - Subsidy programme for social interest housing	0,0	0,0	0,0	-
PSI - Investment Maintenance Program	4.523,7	2.846,9	-1.676,8	-37,1%
EQMPO - Credit Operations to Small Productive Businesses	0,0	0,0	0,0	-
EQPCD - Credit Operations to persons with disabilities	3,3	3,4	0,1	4,1%
FND - National Development Fund	0,0	0,0	0,0	-
FSA - Audiovisual Sectorial Fund	71,1	135,3	64,2	90,3%
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	24,8	22,3	-2,4	-9,8%
Sudene	0,0	0,0	0,0	-
Subsidy Recovery Revenues	0,0	-10,1	-10,1	-
PNAFE - Program for States' Fiscal and Administrative Modernization	-163,6	-1,6	161,9	-99,0%
PRODECER	0,0	0,0	0,0	-
<b>Total</b>	<b>9.380,0</b>	<b>6.639,1</b>	<b>-2.740,9</b>	<b>-29,2%</b>

## Social Security

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

*R\$ million - at constant prices Mar/2018- IPCA*

Discriminação	Jan-Mar		Variation	
	2017	2018	Difference	% Real
Net Social Security Revenues	86.989,6	88.639,7	1.650,1	1,9%
Total Revenue	98.758,2	100.496,0	1.737,8	1,8%
Contributions deposited in banks	85.687,6	87.363,2	1.675,6	2,0%
Contributions from SIMPLES	9.368,8	10.090,3	721,5	7,7%
Debt Rescheduling REFIS	63,1	1,1	-61,9	-98,2%
Judicial Payments	395,9	392,5	-3,4	-0,9%
Social Security Compensation <sup>1</sup>	3.242,8	2.648,8	-594,0	-18,3%
(-) Restituição/Devolução	-135,9	-165,7	-29,8	21,9%
(-) Transferências a Terceiros	-11.823,6	-11.885,1	-61,5	0,5%
Social Security Benefit	127.995,2	137.570,0	9.574,8	7,5%
Primary Balance	-41.005,6	-48.930,3	-7.924,7	19,3%

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

*R\$ million - at constant prices Mar/2018- IPCA*

Discriminação	Jan-Mar		Variation	
	2017	2018	Difference	% Real
Net Revenue	86.989,6	88.639,7	1.650,1	1,9%
Urbano	85.168,6	86.446,3	1.277,7	1,5%
Rural	1.821,0	2.193,4	372,4	20,5%
Benefits	128.276,7	137.872,6	9.595,9	7,5%
Urban	100.313,4	108.560,5	8.247,1	8,2%
Rural	27.963,3	29.312,1	1.348,8	4,8%
Primary Balance	-41.287,1	-49.232,9	-7.945,7	19,2%
Urban	-15.144,8	-22.114,2	-6.969,4	46,0%
Rural	-26.142,3	-27.118,7	-976,4	3,7%

Comparing the accumulated values of March 2018 with the same period of 2017, the Social Security deficit increased from R\$ 41.27 billion to R\$ 49.1 billion (19.2%) at March 2018 prices. result of the combined effect of the following factors:

- an increase of R\$ 9.6 billion (7.5%) in social security benefit payments, due to the aforementioned anticipation of the payment schedule for judicial remedies in May and June 2017 for March and April in 2018 with an impact of R\$ 4, 9 billion in March 2018, the increase of 604.8 thousand (2.1%) 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\$ 7.06 (0.6%); and
- an increase of R\$ 1.6 billion (1.9%) in net revenue, explained by the increase in social security contributions (R\$ 1.7 billion, 2.0%) and the increase in SIMPLES 721.5 billion, 7.7%), partially offset by the reduction of R\$ 594.0 billion (18.3%) in the compensation of the RGPS. The real contribution growth of 0.93% of the usual salary mass of December 2017 to February 2018 contributed to the increase of the social security contribution, in relation to the same period of the previous year.

## 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 Mar/2018- IPCA

	March		Variation	
	2017	2018	Difference	% Real
I. Total Revenue	105.828	107.283	1.455,0	1,4%
I.1 Revenues Collected by the Federal Revenue Office	64.264,	68.017,	3.752,7	5,8%
I.2 Fiscal Incentives	0,0	0,0	0,0	-
I.3 Net Social Security Revenues	29.849,	29.519,	-329,8	-1,1%
I.4 Revenues not Collected by the Federal Revenue Office	11.715,	9.747,3	-1.967,8	-
II. Transfers by Revenue Sharing	15.782,	17.810,	2.028,0	12,8
III. Net Revenue (I-II)	90.045,	89.472,	-573,0	-0,6%
IV. Total Expenditure	101.603	114.355	12.751,7	12,6
IV.1 Social Security Benefits	43.318,	49.690,	6.371,4	14,7
IV.2 Payroll	21.933,	25.963,	4.030,5	18,4
IV.3 Other Compulsory Expenses	15.547,	15.055,	-492,2	-3,2%
IV.4 Discretionary Expenses - All Branches	20.804,	23.646,	2.842,1	13,7
V. Sovereign Fund of Brazil - FSB	0,0	0,0	0,0	-
VI. Central Government Primary Balance (III - IV + V)	-	-	-13.324,7	115,3
National Treasury and Central Bank	1.911,8	-4.711,6	-6.623,5	-
Social Security (RGPS)	-	-	-6.701,2	49,8
Memo:				
National Treasury Primary Balance	1.876,0	-4.754,2	-6.630,2	-
Central Bank Primary Balance	35,8	42,6	6,8	18,9
Social Security (RGPS) Primary Balance	-13.469,7	-20.171,0	-6.701,2	49,8

At 2018 prices, the Central Government's primary result went from a deficit of R\$ 11.5 billion in 2017 to a deficit of R\$ 24.8 billion in the same month of 2018, which represented an increase of R\$ 13.3 billion (115.3%). This variation was due to a reduction in net revenue of R\$ 571.8 million (0.6%), together with an increase of R\$ 12.7 billion (12.6%) in total expenses.

Regarding the reduction in net revenue, we highlight the increases in COFINS, IPI and IR offset by the increase in transfers by revenue sharing and the reduction in the revenues of Dividends. With regard to the increase in expenditure, highlighting the increase in expenses with social security benefits and with payroll was conditioned, to a great extent, by the anticipation of the calendar of payments of judicial remedies from May and June 2017 to March and April in 2018. In March 2018, there were payments of R\$ 4.9 billion related to social security benefits, R\$ 3.5 billion related to payroll and R\$ 1.0 billion related to other costs and capital expenses (OCC).

## Central Government Revenue

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

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

	March		Variation	
	2017	2018	Difference	%
I. Total Revenue	105.828,5	107.283,5	1.455,0	1,4%
I.1 Revenues Collected by the Federal Revenue Office	64.264,4	68.017,1	3.752,7	5,8%
Import Tax	2.771,5	3.182,0	410,5	14,8%
Industrialized Products Tax (IPI)	3.425,3	4.325,8	900,6	26,3%
Income tax (IR)	26.469,2	27.286,0	816,9	3,1%
Tax on Credit Operations, Exchange and Insurance (IOF)	2.465,2	2.791,6	326,4	13,2%
Contribution to Social Security Financing (COFINS)	16.521,0	17.953,1	1.432,1	8,7%
Contribution to the Social Integration Program and Civil Service Asset	4.536,1	4.963,4	427,3	9,4%
Social Contribution on Net Corporate Profits (CSLL)	5.649,3	5.472,1	-177,2	-3,1%
Provisional Contribution on Financial Operations (CPMF)	0,0	0,0	0,0	-
Contribution on Intervention in the Economic Domain (CIDE) - Fuels	452,5	413,9	-38,5	-8,5%
Other	1.974,5	1.629,1	-345,4	-
I.2 Fiscal Incentives	0,0	0,0	0,0	-
I.3 Net Social Security Revenues	29.849,0	29.519,2	-329,8	-1,1%
Urban	29.188,2	28.762,9	-425,3	-1,5%
Rural	660,8	756,3	95,4	14,4%
I.4 Revenues Not Collected by the Federal Revenue Office	11.715,1	9.747,3	-1.967,8	-
Concessions and Permissions	119,5	139,7	20,2	16,9%
Dividends	1.756,2	478,4	-1.277,8	-
Contribution to Civil Service Social Security (CPSS)	1.055,6	1.049,6	-6,0	-0,6%
Financial Compensation Quotas	1.848,4	1.666,6	-181,8	-9,8%
Own Revenues (source codes 50, 81 and 82)	1.399,4	1.158,8	-240,6	-
Education-Salary (social contribution for education)	1.603,3	1.611,8	8,5	0,5%
FGTS Complement (LC nº 110/01)	854,9	790,6	-64,4	-7,5%
Assets Operations	81,3	85,1	3,8	4,7%
Other Revenues	2.996,4	2.766,7	-229,7	-7,7%

Total revenues from the central government increased by R\$ 1.5 billion (1.4%), going from R\$ 105.6 billion in March 2017 to R\$ 107.0 billion in 2018. This behavior was due to the increase of R\$ 3.7 billion (5.8%) in revenue managed by RFB along with a decrease of R\$ 329.1 million (1.1%) in net revenue to RGPS and a reduction of R\$ 2.0 billion (16.8%) in revenues not managed by the RFB. The main factors of variation of revenue managed by RFB were:

- Increase of R\$ 1.4 billion (8.7%) in COFINS revenue, mainly due to the increase in PIS / Cofins tax rates on fuels, as of July 2017
- R\$ 898.6 million increase in IPI revenues (26.3%) as a result of (i) an increase of 4.72% in the effective average IPI-Biased rate and a 7.05% growth in dollar value (volume) of imports, and (ii) growth of 2.77% in industrial production in February 2018 compared to March 2017 (Monthly Industrial Survey - Physical Production / IBGE);
- Increase of R\$ 815.1 million in income tax, mainly due to the growth in withholding tax linked to PLR and pension payments related to general and public servant pensions, partially offset by reduction in IRPJ due to the decrease of 31.66% in the collection referring to the monthly estimate of financial companies and the 26.96% fall in the annual adjustment,

which still reflects the profitability obtained during the year 2017.

Revenues not managed by the RFB decreased by R\$ 2.0 billion (16.8%) when compared to March 2017. This reduction is mainly explained by reductions in Dividends (R\$ 1.3 billion, 72.8%) due to the receiving of BNDES dividends of R\$ 1.6 billion in March 2017 without a counterpart in the same month of 2018 and in Own Revenues (R\$ 240.1 million, 17.2%).

## Transfers by Revenue Sharing

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

*R\$ milhões - a preços de mar/2018- IPCA*

	March		Variation	
	2017	2018	Difference	%
II. Transfers by Revenue Sharing	15.782,6	17.810,6	2.028,0	12,
II.1 FPM / FPE / IPI-EE	12.630,5	14.357,6	1.727,2	13,
II.2 Constitutional Funds	625,2	681,5	56,3	9,0
Total Transfer	898,6	950,4	51,9	5,8
Funds Surplus	273,3	268,9	-4,4	-
II.3 Education-Salary (social contribution for education)	973,1	976,9	3,8	0,4
II.4 Financial Compensations	1.531,9	1.757,4	225,5	14,
II.5 CIDE - Fuels	0,0	0,0	0,0	-
II.6 Other	21,9	37,2	15,3	69,

Transfers by revenue sharing increased by R\$ 2.0 billion (12.8%), varying from R\$ 15.7 billion in 2018 to R\$ 17.8 billion in the same month of 2017, mainly due to the increase of R\$ 1.7 billion (12.8%) in the FPE / FPM / IPI-EE and the increase of R\$ 225.0 million (14.7%) in transfers resulting from Financial Compensation.

## Central Government Expenditure

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

*R\$ million - at constant prices Mar/2018- IPCA*

	March		Variation	
	2017	2018	Difference	% Real
IV. Total Expenditure	101.603,8	114.355,5	12.751,7	12,6
IV.1 Social Security Benefit	43.318,7	49.690,1	6.371,4	14,7
IV.1.1 Social Security Benefit - Urban	33.928,8	39.204,8	5.276,0	15,6
IV.1.2 Social Security Benefit - Rural	9.389,9	10.485,3	1.095,4	11,7
IV.2 Payroll	21.933,3	25.963,8	4.030,5	18,4
IV.3 Other Compulsory Expenses	15.547,2	15.055,0	-492,2	-
Salary Allowance and Unemployment Benefit	7.067,2	5.731,7	-1.335,4	-
Assistance Benefits (LOAS/RMV)	4.550,1	4.793,4	243,2	5,3%
FGTS Complement (LC nº 110/01)	854,9	790,6	-64,4	-
Extraordinary credits (excluding PAC)	67,4	40,8	-26,6	-
Provisional Measures (MP) 540/11, 563/12 and 582/12 Exoneration	1.101,2	868,5	-232,7	-
FUNDEB (Federal Complementation)	945,7	966,0	20,4	2,2%
Federal District (DF) Contitucional Fund	139,1	109,6	-29,5	-
Judicial Remedies	135,4	1.104,8	969,4	716,
Subsidies and Grants	84,0	369,3	285,3	339,
FIES primary impact (Student Funding)	201,3	-2,2	-203,5	-
Others	400,9	282,5	-118,4	-
IV.4 Discretionary Expenses - All Branches	20.804,	23.646,	2.842,1	13,7
Executive Branch Discretionary Expenses	19.758,7	22.375,9	2.617,2	13,2
PAC (Growth Acceleration Program)	1.589,5	1.707,0	117,5	7,4%
o/w "Minha Casa Minha Vida - MCMV" Program	77,5	57,8	-19,7	-
Issuance of Agricultural Debt Securities (TDA)	0,0	3,7	3,7	-
Other Executive Branch Discretionary Expenses	18.169,2	20.665,2	2.496,0	13,7
Legislative and Judiciary Branches and Prosecutor's Office (LEJU/MPU)	1.045,8	1.242,9	197,1	18,8
Memo:				
Other Current and Capital Expenditures	24.631,7	27.770,1	3.138,4	12,7%
Other Current Expenditures	3.070,7	22.327,9	19.257,2	627,1%
Other Capital Expenditures	21.561,0	5.442,2	-16.118,8	-74,8%

In March 2018, there was an increase of R\$ 12.7 billion (12.6%) in total central government spending related to the same month of the previous year, from R\$ 101.4 billion to R\$ 114.1 billion. This variation is due, in particular, to the anticipation of the calendar of payments of judicial remedies from May and June 2017 to March and April in 2018. In March 2018, according to the schedule agreed with the Federal Justice Council (CJF), there were payments of R\$ 9.5 billion in judicial remedies (R\$ 4.9 billion in social security benefits, R\$ 3.5 billion in payroll and in R\$ 1.0 billion in other current and capital expenses).

Other compulsory expenses decreased by R\$ 491.1 million (3.2%) mainly due to expenses with Unemployment Insurance (R\$ 1.3 billion, 18.9%) partially offset by the increase in Judicial Remedies - OCC (R\$ 967.2 million, 716%), due to the anticipation of the payment of judicial remedies, while discretionary expenses - all branches increased by R\$ 2.8 billion (13.7%), mainly concentrated in other discretionary expenses of the Executive Branch (R\$ 2.5 billion, 13.9%).

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

	March		Variation	
	2017	2018	Difference	% Real
Total	18.169,2	20.665,2	2.496,0	13,7%
Ministry of Health	8.882,8	9.978,0	1.095,2	12,3%
Ministry of Education	2.607,2	2.568,1	-39,2	-1,5%
Ministry of Social Development	2.852,1	3.024,8	172,7	6,1%
Ministry of Defense	1.110,9	1.041,7	-69,2	-6,2%
Ministry of Science and Technology	328,3	334,0	5,6	1,7%
Other	2.387,8	3.718,6	1.330,8	55,7%

## Social Security

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

	March		Variation	
	2017	2018	Difference	% Real
Net Social Security Revenues	29.78	29.45	-329,1	-1,1%
Total Revenue	32.99	32.70	-286,7	-0,9%
Contributions deposited in banks	28.80	28.72	-81,0	-0,3%
Contributions from SIMPLES	2.921,	2.984,	63,1	2,2%
Debt Rescheduling REFIS	10,0	143,3	133,3	-
Judicial Payments	151,6	-18,3	-169,9	-
Social Security Compensation	1.098,	866,6	-232,2	-21,1%
(-) Restituição/Devolução	-74,2	-90,2	-16,0	21,6%
(-) Transferências a Terceiros	-	-	-26,4	0,8%
Social Security Benefit	43.22	49.58	6.357,4	14,7%
Primary Balance	-	-	-	49,8%

The primary result of Social Security went from a deficit of R\$ 13.4 billion in March 2017 to a deficit of R\$ 20.1 billion in March 2018, representing a difference of R\$ 6.7 billion, mainly due to the anticipation of the payment of judicial remedies of social security benefits in R\$ 4.9 billion and the increase of 657.0 thousand (2.2%) in the number of benefits issued.

The RGPS net income decreased by R\$ 329.1 million (1.1%), mainly due to the reduction of R\$ 232.2 million (21.1%) in RGPS Compensation.

# Monthly Balance Compared to the Previous Month

## Overview

**Table 3.1 - Central Government Primary Balance - Brazil - 2018**

*R\$ million - at constant prices Mar/2018- IPCA*

	2018		Variation	
	February	March	Difference	%
I. Total Revenue	106.39	107.28	891,3	0,8
I.1 Revenues Collected by the Federal Revenue Office	67.478,	68.017,	538,7	0,8
I.2 Fiscal Incentives	0,0	0,0	0,0	-
I.3 Net Social Security Revenues	30.025,	29.519,	-506,6	-
I.4 Revenues not Collected by the Federal Revenue Office	8.888,0	9.747,3	859,3	9,7
II. Transfers by Revenue Sharing	27.888,	17.810,	-	-
III. Net Revenue (I-II)	78.504,	89.472,	10.968,	14,
IV. Total Expenditure	97.774,	114.35	16.581,	17,
IV.1 Social Security Benefits	44.542,	49.690,	5.147,6	11,
IV.2 Payroll	22.647,	25.963,	3.316,0	14,
IV.3 Other Compulsory Expenses	13.575,	15.055,	1.480,0	10,
IV.4 Discretionary Expenses - All Branches	17.009,	23.646,	6.637,6	39,
V. Sovereign Fund of Brazil - FSB	0,0	0,0	0,0	-
VI. Central Government Primary Balance (III - IV + V)	-	-	-	29,
National Treasury and Central Bank	-	-	41,9	-
Social Security (RGPS)	-	-	-	38,
Memo:				
National Treasury Primary Balance	-4.749,6	-4.754,2	-4,6	0,1
Central Bank Primary Balance	-3,9	42,6	46,5	-
Social Security (RGPS) Primary Balance	-14.516,8	-20.171,0	-5.654,2	38,

In March 2018, the primary result of the Central Government was a deficit of R\$ 24.8 billion, against a deficit of R\$ 19.2 billion in February 2018 at constant March prices. This evolution is mainly explained by seasonal factors associated with the anticipation of the payment of judicial remedies in March with no counterpart in February. Net revenue increased by R\$ 10.9 billion (14.0%), mainly as a result of the reduction in Transfers by Revenue and an increase in total expenses of R\$ 16.5 billion (17.0%), mainly due to of seasonal factors.



## Central Government Revenue

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

*R\$ million - at constant prices Mar/2018- IPCA*

	2018		Variation	
	February	March	Difference	%
I. Total Revenue	106.392,2	107.283,5	891,3	0,8%
I.1 Revenues Collected by the Federal Revenue Office	67.478,4	68.017,1	538,7	0,8%
Import Tax	2.842,4	3.182,0	339,6	11,9%
Industrialized Products Tax (IPI)	4.101,9	4.325,8	224,0	5,5%
Income tax (IR)	25.318,4	27.286,0	1.967,7	7,8%
Tax on Credit Operations, Exchange and Insurance (IOF)	2.918,5	2.791,6	-126,9	-4,3%
Contribution to Social Security Financing (COFINS)	19.016,7	17.953,1	-1.063,6	-5,6%
PIS/PASEP	5.131,2	4.963,4	-167,8	-3,3%
Social Contribution on Net Corporate Profits (CSLL)	5.460,3	5.472,1	11,8	0,2%
Provisional Contribution on Financial Operations (CPMF)	0,0	0,0	0,0	-
CIDE - Fuels	415,2	413,9	-1,3	-0,3%
Other	2.273,8	1.629,1	-644,8	-
I.2 Fiscal Incentives	0,0	0,0	0,0	-
I.3 Net Social Security Revenues	30.025,8	29.519,2	-506,6	-1,7%
Urban	29.337,3	28.762,9	-574,4	-2,0%
Rural	688,5	756,3	67,8	9,8%
I.4 Revenues Not Collected by the Federal Revenue Office	8.888,0	9.747,3	859,3	9,7%
Concessions and Permissions	136,8	139,7	2,8	2,1%
Dividends	1,8	478,4	476,7	-
Contribution to Civil Service Social Security (CPSS)	1.062,7	1.049,6	-13,1	-1,2%
Financial Compensation Quotas	2.220,2	1.666,6	-553,7	-
Own Revenues (source codes 50, 81 and 82)	1.063,8	1.158,8	95,1	8,9%
Education-Salary (social contribution for education)	1.631,1	1.611,8	-19,2	-1,2%
FGTS Complement (LC nº 110/01)	0,0	790,6	790,6	-
Assets Operations	88,9	85,1	-3,8	-4,3%
Other Revenues	2.682,7	2.766,7	84,0	3,1%

As of March 2018, total revenues from the Central Government increased by R\$ 889.4 million (0.8%) in relation to the previous month, from R\$ 106.2 billion in February 2018 to R\$ 107 billion in March 2018. This variation results from the combined effect of the following factors:

- Increase of R\$ 2.0 billion (7.8%) in income tax referring mainly to the closing in March of the legal term for payment of the IRPJ and CSLL balance, related to the Statement of Adjustment for the year 2017.
- Reduction of R\$ 1.1 billion (3.3%) in COFINS and R\$ 643.4 (28.4%) million in other revenues.
- Increase of R\$ 857.4 million (9.7%) in revenues not managed by RFB: Increase of R\$ 788.8 million in FGTS complement and R\$ 475.6 million in Dividends and Participations mainly related to the Bank of Brazil partially offset by a reduction of R\$ 552.5 million (24.9%) in Financial Compensation Quotas.

## Transfers by Revenue Sharing

**Table 3.3 - Transfers by Revenue Sharing - Brazil - 2018**

*R\$ million - at constant prices Mar/2018- IPCA*

Discriminação	2018		Variation	
	February	March	Difference	% Real
II. Transfers by Revenue Sharing	27.888,1	17.810,6	-10.077,5	-36,1%
II.1 FPM / FPE / IPI-EE	21.220,9	14.357,6	-6.863,3	-32,3%
II.2 Constitutional Funds	693,0	681,5	-11,4	-1,6%
Total Transfer	1.412,7	950,4	-462,2	-32,7%
Funds Surplus	-719,7	-268,9	450,8	-62,6%
II.3 Education-Salary (social contribution for education)	1.703,3	976,9	-726,4	-42,6%
II.4 Financial Compensations	4.260,3	1.757,4	-2.502,9	-58,7%
II.5 CIDE - Fuels	0,0	0,0	0,0	-
II.6 Other	10,6	37,2	26,6	250,1%

In March 2018, transfers by revenue sharing decreased by R\$ 10.1 billion (36.1%), totaling R\$ 17.8 billion, compared to R\$ 27.8 billion in the previous month. This behavior was mainly due to the transfers of FPE / FPM / IPI-EE (reduction of R\$ 6.8 billion, 32.3%) and Financial Compensation (reduction of R\$ 2.5 billion, 58.7%) seasonally higher in February due to the fact that the corresponding revenues were concentrated in the month of January.

## Central Government Expenditure

Tabela 3.4 - Central Government Primary Expenditure - Brazil - 2018

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

	2018		Variation	
	February	March	Difference	% Real
IV. Total Expenditure	97.774,3	114.355,5	16.581,1	17,0
IV.1 Social Security Benefit	44.542,5	49.690,1	5.147,6	11,6
IV.1.1 Social Security Benefit - Urban	35.004,8	39.204,8	4.200,0	12,0
IV.1.2 Social Security Benefit - Rural	9.537,7	10.485,3	947,6	9,9%
IV.2 Payroll	22.647,8	25.963,8	3.316,0	14,6
IV.3 Other Compulsory Expenses	13.575,0	15.055,0	1.480,0	10,9
Salary Allowance and Unemployment Benefit	5.826,6	5.731,7	-94,9	-
Assistance Benefits (LOAS/RMV)	4.609,4	4.793,4	183,9	4,0%
FGTS Complement (LC nº 110/01)	0,0	790,6	790,6	-
Extraordinary credits (excluding PAC)	38,4	40,8	2,4	6,2%
Provisional Measures (MP) 540/11, 563/12 and 582/12 Exoneration	890,4	868,5	-21,9	-
FUNDEB (Federal Complementation)	966,9	966,0	-0,9	-
Federal District (DF) Contitucional Fund	106,2	109,6	3,4	3,2%
Judicial Remedies	420,5	1.104,8	684,2	162,
Subsídios, Subvenções e Proagro	186,6	369,3	182,7	97,9
FIES primary impact (Student Funding)	65,8	-2,2	-67,9	-
Others	464,1	282,5	-181,6	-
IV.4 Discretionary Expenses - All Branches	17.009,0	23.646,6	6.637,6	39,0
Executive Branch Discretionary Expenses	1.269,8	1.738,5	468,6	36,9
PAC (Growth Acceleration Program)	1.253,3	1.707,0	453,7	36,2
o/w "Minha Casa Minha Vida - MCMV" Program	98,0	57,8	-40,2	-
Issuance of Agricultural Debt Securities (TDA)	0,0	3,7	3,7	-
Other Executive Branch Discretionary Expenses	14.883,8	20.665,2	5.781,4	38,8
Legislative and Judiciary Branches and Prosecutor's Office (LEJU/MPU)	14.883,8	20.665,2	5.781,4	38,8
Memo:				
Other Current and Capital Expenditures	19.931,0	27.770,1	7.839,1	39,3%
Other Current Expenditures	18.330,5	22.327,9	3.997,3	21,8%
Other Capital Expenditures	1.600,4	5.442,2	3.841,8	240,0%

In March 2018, the total expenditure of the Central Government registered the amount of R\$ 114.1 billion, representing an increase of R\$ 16.5 billion (17.0%), compared to February 2018. This variation is explained mainly the increase of R\$ 5.1 billion in social security benefits, due to the payment of R\$ 4.9 billion in March of judicial remedies related to social security benefits, and by the increase of R\$ 3.3 billion in payroll, also related to the anticipation of the payment of judicial remedies in R\$ 3.5 billion in March with no counterpart in February.

Discretionary Expenses - All Branches increased by R\$ 6.6 billion, mainly concentrated in the Other Discretionary Expenses of the Executive Branch (5.8 billion, 38.9%).

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

*R\$ million - at constant prices Mar/2018- IPCA*

Discriminação	2018		Variation	
	February	March	Difference	% Real
Total	14.883,8	20.665,2	5.781,4	38,8%
Ministry of Health	7.697,1	9.978,0	2.280,9	29,6%
Ministry of Education	1.758,4	2.568,1	809,6	46,0%
Ministry of Social Development	2.631,1	54,1	-2.577,0	-
Ministry of Defense	1.163,7	46,8	-1.116,9	-
Ministry of Science and Technology	262,5	334,0	71,4	27,2%
Other	1.370,9	7.684,2	6.313,3	460,5

## Social Security

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

*R\$ million - at constant prices Mar/2018- IPCA*

Discriminação	2018		Variation	
	February	March	Difference	% Real
Net Social Security Revenues	29.95	29.45	-505,5	-
Total Revenue	33.21	32.70	-509,6	-
Contributions deposited in banks	29.08	28.72	-359,7	-
Contributions from SIMPLES	3.128,	2.984,	-144,0	-
Debt Rescheduling REFIS	98,4	143,3	44,9	45,6
Judicial Payments	10,5	-18,3	-28,8	-
Social Security Compensation	888,5	866,6	-21,9	-
(-) Restituição/Devolução	-40,5	-90,2	-49,7	122,
(-) Transferências a Terceiros	-	-	53,8	-
Social Security Benefit	44.44	49.58	5.136,3	11,6
Primary Balance	-	-	-	38,9

In March 2018, the General Social Security Regime (RGPS) registered a deficit of R\$ 20.1 billion, against a deficit of R\$ 14.5 billion in the previous month. The increase of the deficit of R\$ 5.6 billion (38.9%) is mainly due to the increase of R\$ 5.1 billion in social security benefits due to the early payment of benefits judicial remedies.

