



Ukraine's State Budget for 2025



Brief Summary

Budget Process 2025

- **On June 28, 2024**, the Cabinet of Ministers of Ukraine (CMU) approved the budget declaration for 2025–2027 (*forecast macro indicators of economic and social development, revenue forecast, deficit, limits on expenditures and loans*)
- **On September 13-14, 2024**, the CMU approved and submitted the draft of the 2025 state budget to the Verkhovna Rada of Ukraine (VRU) (*Draft Law #12000*)
- **On October 29, 2024**, the VRU Budget Committee reviewed 2098 proposals and comments on the draft law and developed consolidated proposals and recommendations (*Draft Budget Conclusions*)
- **On October 31, 2024**, the VRU approved the budget in the first reading and submitted the budget conclusions to the CMU (*Budget Conclusions – VRU’s Resolution #12000/P*)
- **On November 8-9, 2024**, the CMU approved and submitted to the VRU the draft of the 2025 state budget, prepared for the second reading
- **On November 18, 2024**, the VRU Budget Committee reviewed the draft law and proposed several clarifications (*Budget Committee conclusions for the second reading*)
- **On November 19, 2024**, the VRU approved Draft Law #12000 “*On Ukraine's State Budget for 2025*” in the second reading and in full, with 257 votes in favor. The approved law includes proposals by the VRU Budget Committee
- **On November 28, 2024**, the President of Ukraine signed Draft Law #12000 (Law #4059-IX)

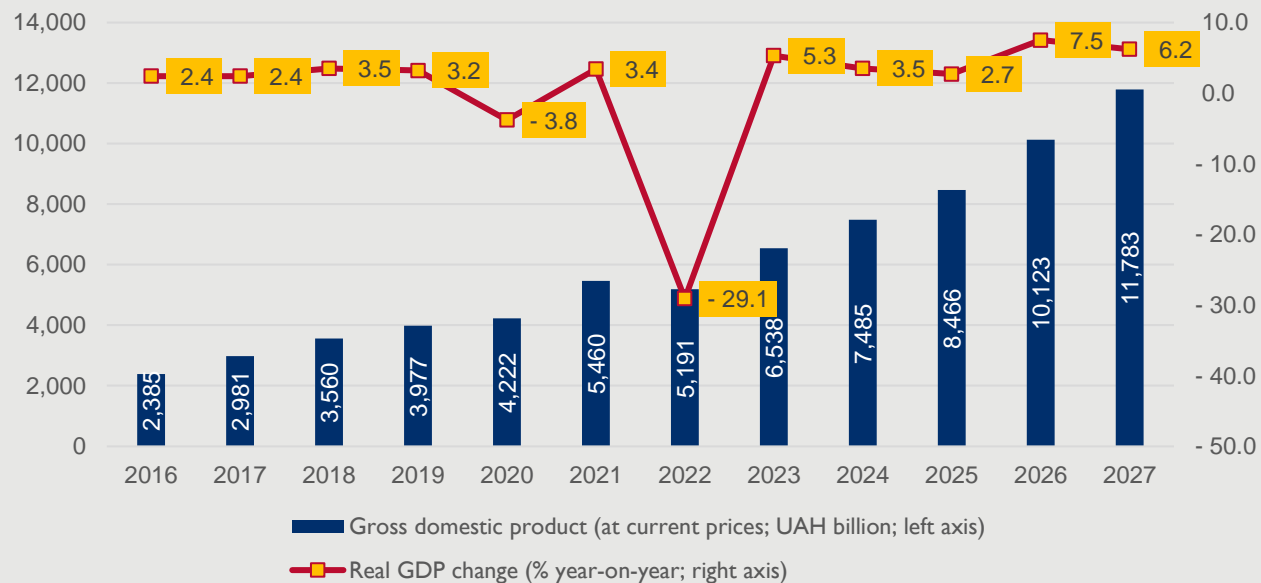
Macroeconomic Indicators

- The calculations for the 2025 State Budget were based on a macroeconomic forecast that includes **cautious estimates** for both the current year's outcomes and the economic recovery pace in the following year, considering the current level of **security risks**

Indicator	2021	2022	2023	2024	2025	2026	2027
Gross Domestic Product (GDP) (current prices; UAH billion)	5460	5191	6538	7485	8466	10123	11783
Gross Domestic Product (current prices; USD billion)	200,1	160,5	178,8	188,4	188,1	217,7	253,9
Change in real GDP (% compared to the previous year)	3,4	-29,1	5,3	3,5	2,7	7,5	6,2
State budget revenues (as a % of GDP)	23,8	34,4	40,9	25,5	27,6	27,2	26,6
State budget expenditures (as a % of GDP)	27,3	52,1	61,4	49,9	46,5	37,4	33,2
State budget deficit (as a % of GDP)	4,5	28,8	30,8	24,7	19,4	10,3	6,7
Public debt (as a % of GDP)	43,3	71,6	79,4	103,3	97,0	-	-
Consumer price index (average compared to the previous year, %)	109,4	120,2	112,9	105,4	109,7	109,9	108,0
Consumer price index (compared to December of the previous year, %)	110	126,6	105,1	107,9	109,5	110,4	105,9
Official exchange rate of the Ukrainian Hryvnia to the U.S. Dollar (average for the period, UAH)	27,3	32,3	36,6	39,9	45,0	46,5	46,4
Trade balance (USD billion)	-2,7	-18,7	-37,7	-41,0	-40,7	-27,3	-21,1

Nominal and Real GDP

- GDP is expected to continue its **recovery trend** in 2024, with an annual growth of 3.5%. This figure is slightly lower than the forecast used in the budget calculations, which projected a 4.6% annual increase
- By the end of 2025, the economy is expected to **continue its gradual recovery**, with real GDP growth of 2.7%

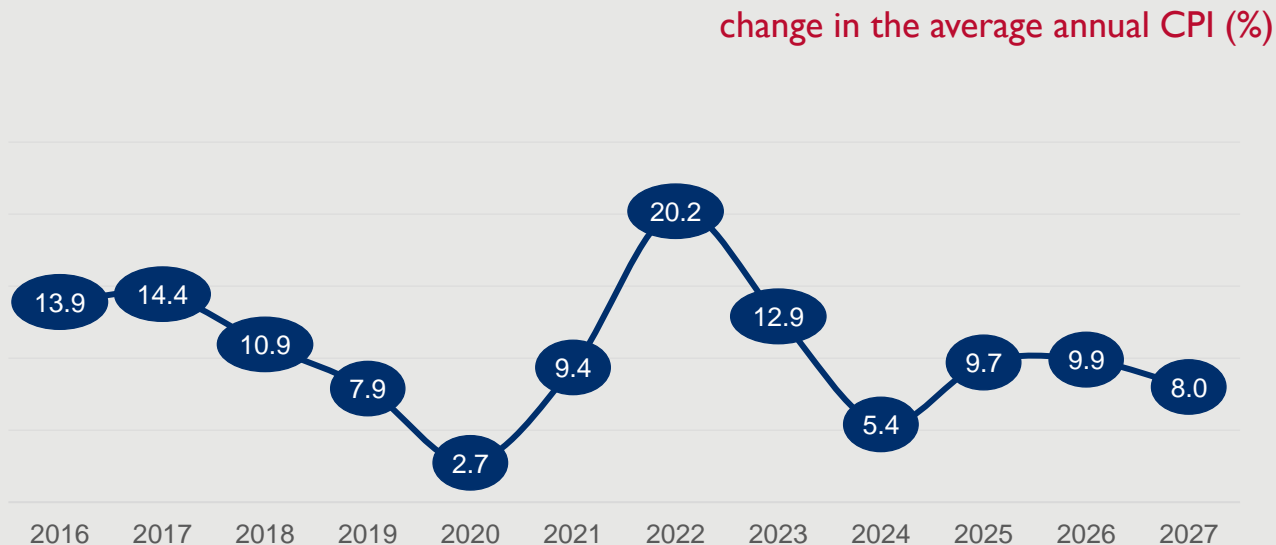


Source: State Statistics Service of Ukraine and Ministry of Economy of Ukraine

Note: Forecast data starts from 2024

Inflation

- The forecast indicators for 2024–2027 are real-time estimates with a **significant degree of uncertainty**
- By the end of 2025, **consumer inflation is expected to rise** to 9.7% on average compared to the previous year. In 2026-2027, the Consumer Price Index (CPI) is forecast to reach 9.9% and 8.0%, respectively



Source: State Statistics Service of Ukraine and Ministry of Economy of Ukraine

Note: Forecast data starts from 2024

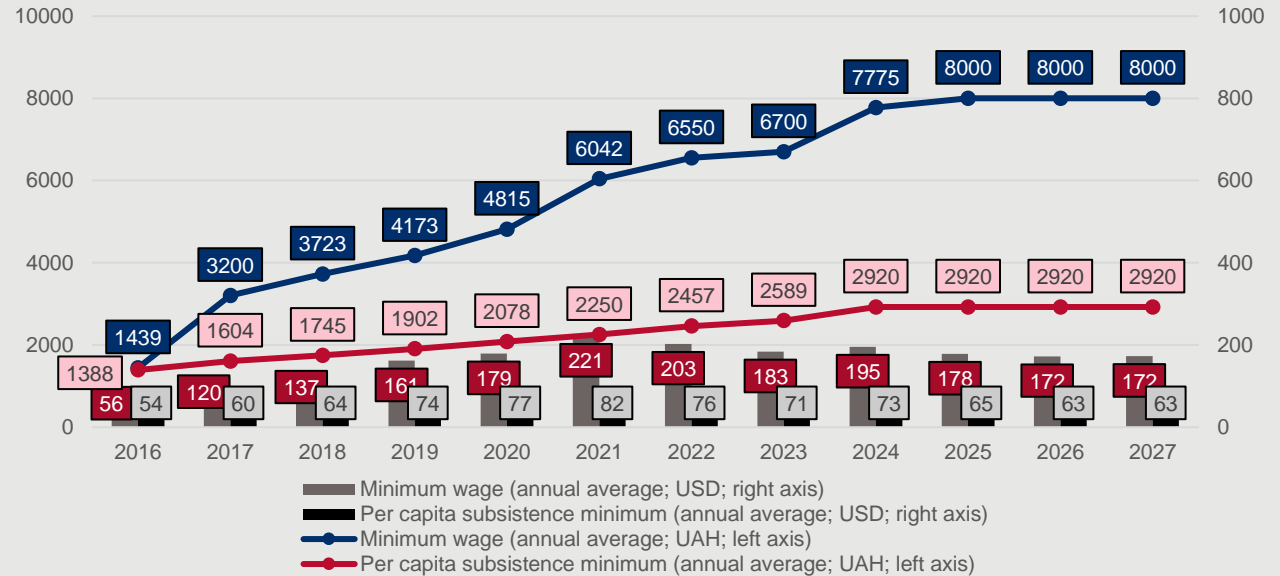
Social standards

- The projected minimum wage, subsistence minimum, and the level of ensuring the subsistence minimum for 2025-2027 are **set the same as in 2024**
- All social payments calculated based on minimum social standards will remain unchanged. **This will significantly worsen the material well-being of vulnerable populations**

Indicator	2023	2024	2025	2026	2027
Subsistence minimum per person, UAH	2589	2920	2920	2920	2920
Subsistence minimum for children under 6 years, UAH	2272	2563	2563	2563	2563
Subsistence minimum for children aged 6 to 18 years, UAH	2833	3196	3196	3196	3196
Subsistence minimum for able-bodied persons, UAH	2684	3028	3028	3028	3028
Subsistence minimum for persons who have lost their ability to work, UAH	2093	2361	2361	2361	2361
Minimum wage, UAH	per month: 6700	per month: from January 1 – 7100 from April 1 – 8000	per month: 8000	per month: 8000	per month: 8000
	per hour: 40,46	per hour: from January 1 – 42,60 from April 1 – 48,00	per hour: 48,00	per hour: 48,00	per hour: 48,00

Dynamics of the Minimum Wage and Subsistence Minimum

- The 2025 budget allocates expenditures to set the minimum wage at UAH 8000, which is equivalent to **USD 178**. It also provides for the monthly subsistence minimum per person at UAH 2920 (**USD 65**)



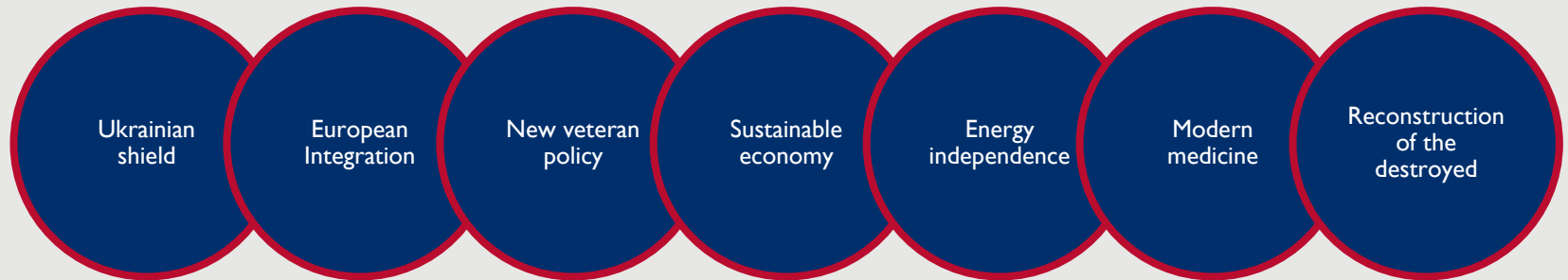
Source: Ministry of Finance, Ministry of Economy, and National Bank of Ukraine

Note: Forecast data starts from 2024

KEY BUDGET PARAMETERS FOR 2025



Budget Policy Priorities for 2025



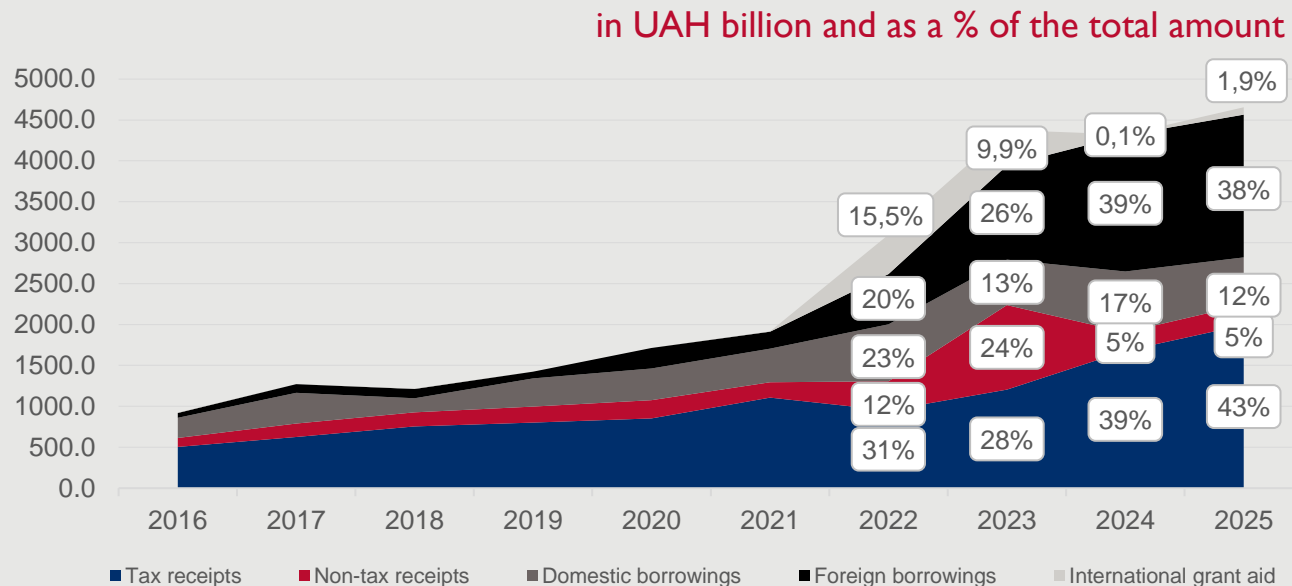
Budget Balance

- The budget **deficit** is projected at UAH 1640,6 billion, or 19.4% of GDP. This figure is **lower than the deficits recorded in 2023 and 2024**
- In 2025, **41.3% of expenditures are not covered by budget revenues** and will require additional funding (compared to 49.1% in 2024)

Indicator	2021	2022	2023	2024	2025	2026	2027
Revenues (plan), UAH billion	1 206,7	1 553,0	1 416,4	1 911,5	2 327,1	2 757,1	3 130,9
Expenditures (plan) UAH billion	1 444,3	3 037,0	3 393,0	3 736,6	3 929,1	3 788,1	3 912,5
Lending (plan) UAH billion	9,0	13,2	33,8	20,9	38,7	15,8	6,9
Deficit (plan), UAH billion	246,6	1 497,2	2 010,4	1 846,1	1 640,6	1 046,8	788,5

Sources of Financing

- State budget revenues for 2025 are projected to total UAH 4652,8 billion, **7.7% higher** than those in 2024
- In 2024, tax revenues are expected to reach only 39% of budget revenues, with a projected increase to 43% in 2025. Meanwhile, **external borrowing has risen significantly**

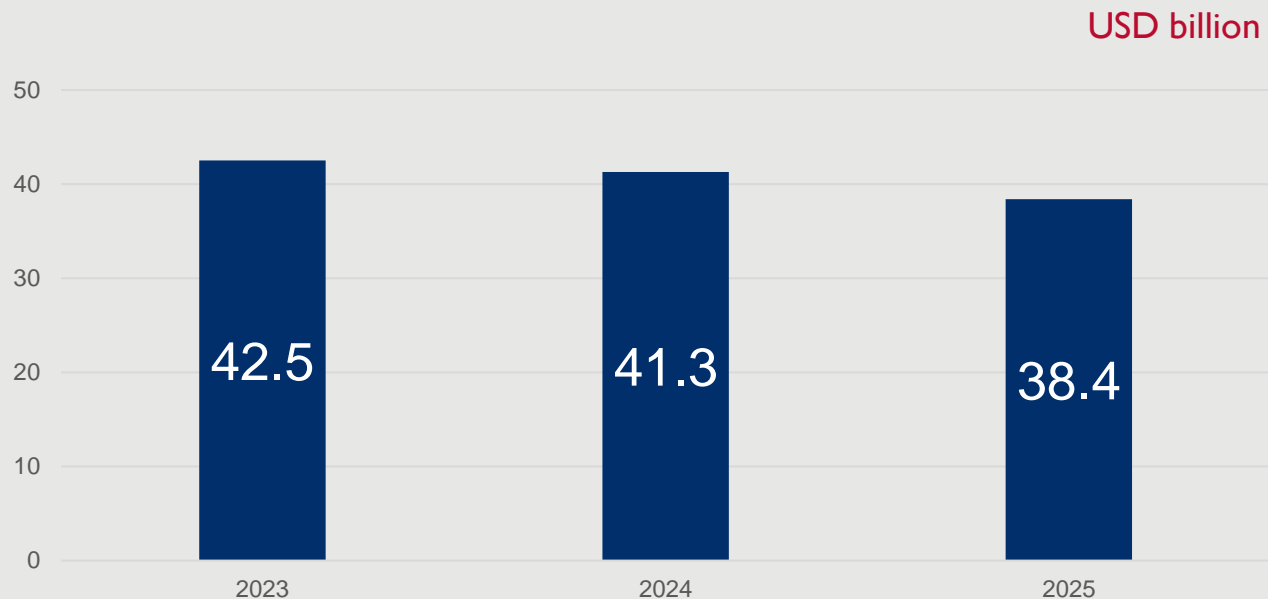


Source: the calculations are based on data from <https://openbudget.gov.ua/> and the Ministry of Finance

Note: Forecast data starts from 2024

Need for External Financing

- In 2025, Ukraine will require USD 38,4 billion in external funding to finance the budget, which is **7.0% less** than the amount planned for 2024
- Funds will be provided through the **Ukraine Facility Program**, the “Extraordinary Revenue Acceleration for Ukraine (ERA)” Program, **IMF** and contributions from the governments of **partner countries**

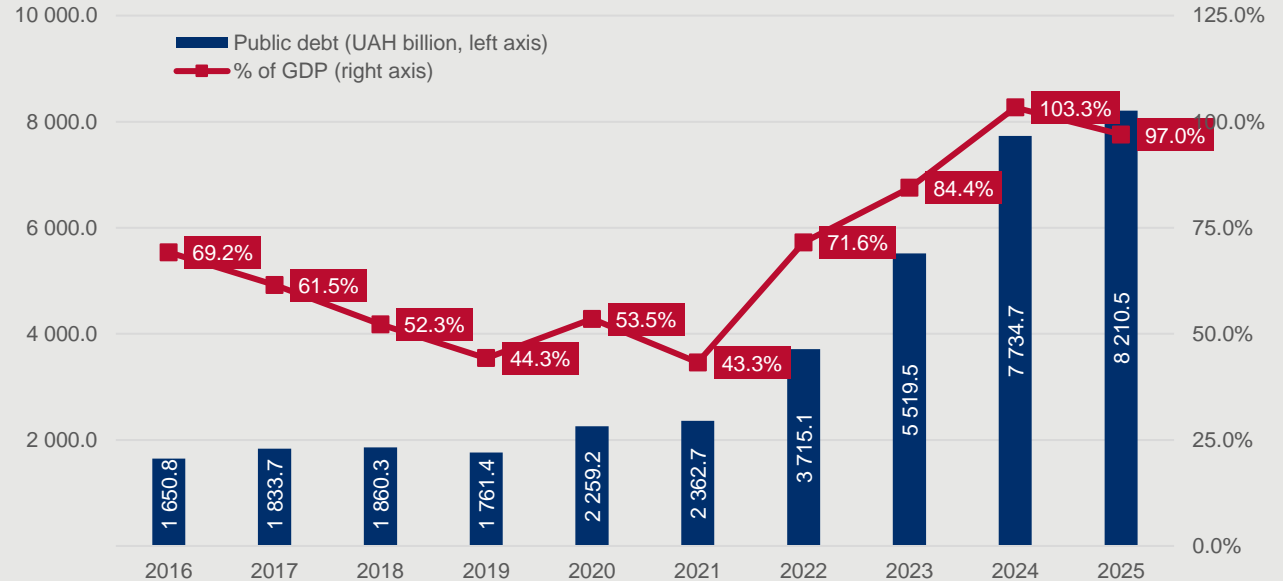


Source: according to data provided by the Ministry of Finance

Note: Forecast data starts from 2024

Public Debt

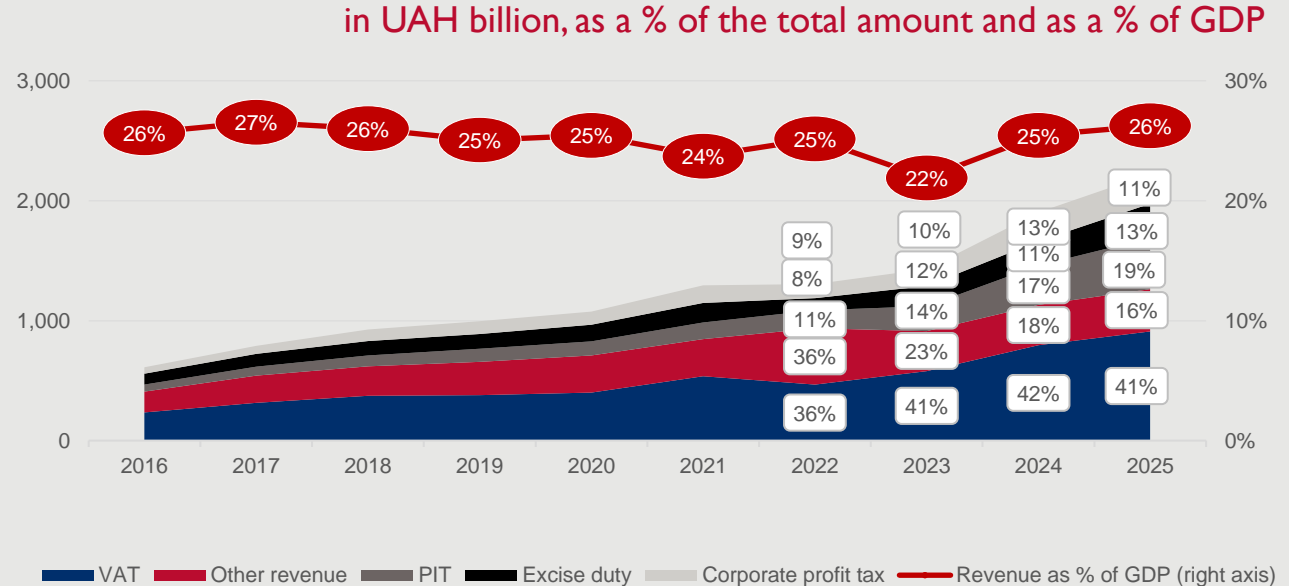
- In 2025, the projected limit for **public debt** (excluding guaranteed debt), calculated in the national currency, will total UAH 8 210,5 billion, or **97.0% of GDP**
- UAH 691,4 billion will be allocated for **debt repayment**. UAH 3967,8 billion will be allocated for **budget expenditures**



Source: Ministry of Finance, Ministry of Economy, and State Statistics Service of Ukraine
Note: Forecast data starts from 2024

Income Structure

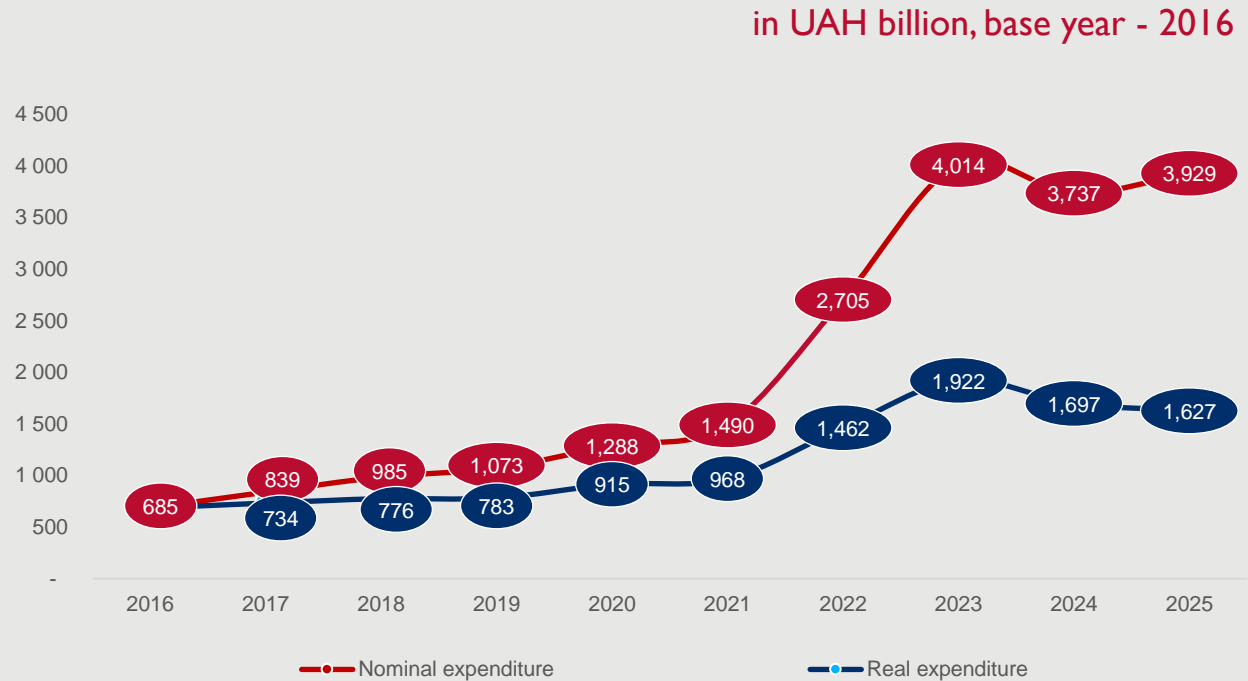
- In 2025, personal income tax (PIT) from military personnel will remain fully allocated to the state budget, contributing an additional UAH 110 billion
- On October 10, 2024, the VRU approved Draft Law #11416-d, which the President of Ukraine signed on November 28, 2024. The law introduces a significant increase in tax and fee rates, expected to generate an additional UAH 140 billion



Source: the calculations are based on data from <https://openbudget.gov.ua/>, the Ministry of Economy, and the State Statistics Service
 Note: Forecast data starts from 2024

Nominal and Real Expenditures

- In 2025, expenditures total UAH 3 929,1 billion, an increase of UAH 192,4 billion, or 5.2% **more than in 2024**
- **Real expenditures** will decrease by 4.1% compared to 2024

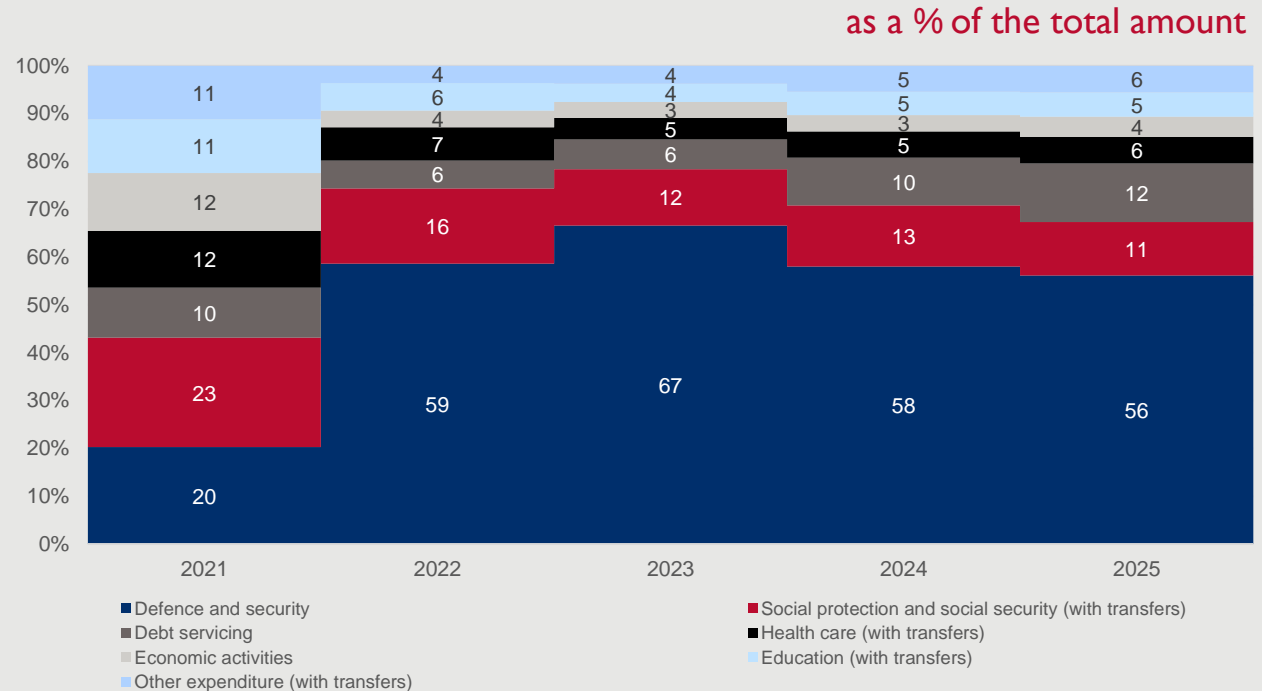


Source: the calculations are based on data from <https://openbudget.gov.ua/>, the Ministry of Finance, and the State Statistics Service of Ukraine

Note: Forecast data starts from 2024. Real expenditures in 2016 prices.

Structure of Expenditures

- In 2025, more than 56% of budget expenditures are planned to be allocated to **defense and security**, compared to 58% in 2024
- The second-largest expenditure categories are **debt servicing** (12% of total expenditures) and **social protection and social security** (11% of total expenditures)



Source: the calculations are based on data from <https://openbudget.gov.ua/> and the Ministry of Finance

Note: Forecast data starts from 2024

State Budget Support Programs



UAH 29,6 billion
Reserve Fund



UAH 18 billion
Entrepreneurship Development Fund
(5-7-9%)



UAH 12,6 billion
Development and maintenance of public roads
network



UAH 4 billion
Compensation for housing damaged or destroyed due
to hostilities.



UAH 3 billion
Innovation Development Fund



UAH 1,75 billion
State Fund for Decarbonization and Energy Efficient
Transformation



UAH 1,4 billion
Grants to businesses



UAH 1 billion
Humanitarian demining



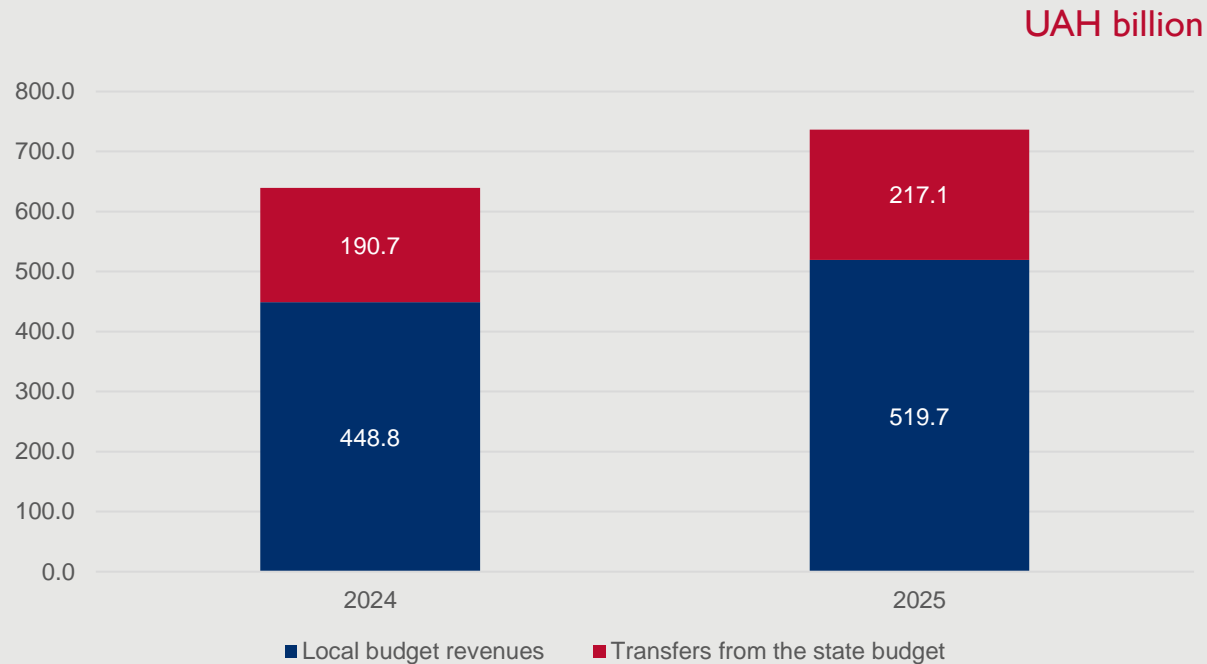
UAH 1 billion
State Regional Development Fund



LOCAL BUDGETS AND INTER-BUDGETARY TRANSFERS

Resource of Local Budgets

- According to the Ministry of Finance's forecast, local budget resources will total UAH 736,8 billion in 2025, which is **15.2% higher than in 2024**
- In 2025, **64% of the PIT from other taxpayers** (excluding PIT from military personnel) will be allocated to the CTC budgets, as in 2022-2024. This will result in an **additional UAH 12.2 billion**

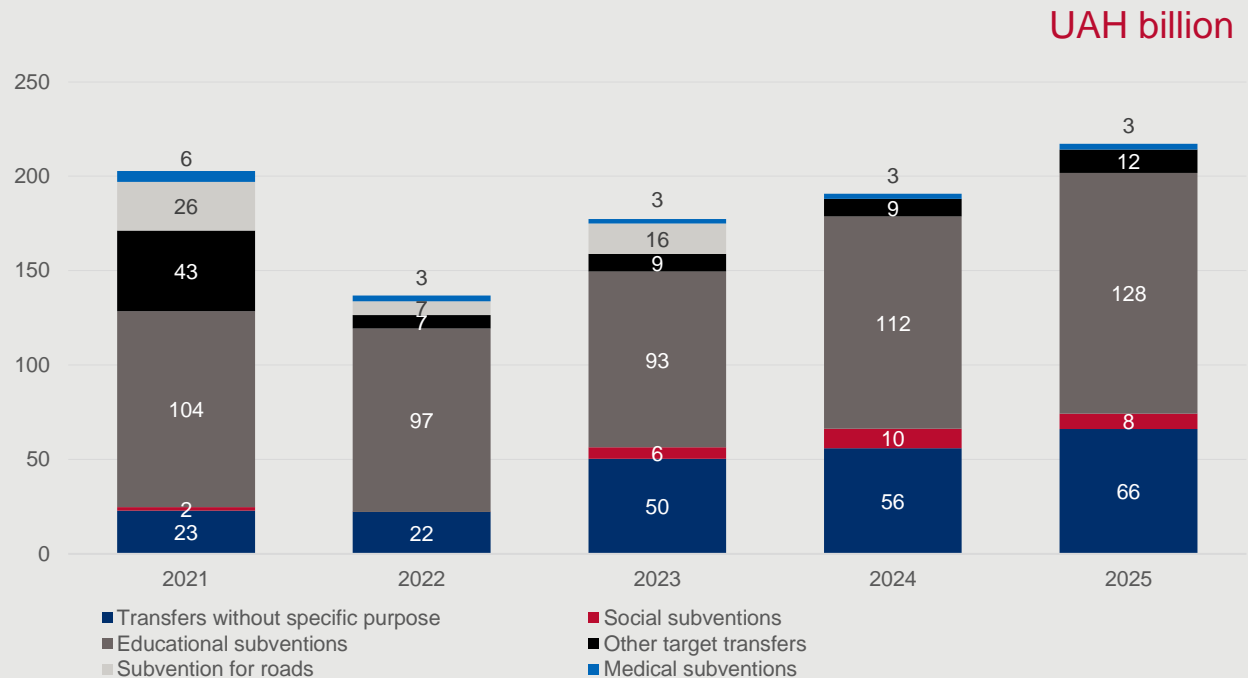


Source: the calculations are based on data from <https://openbudget.gov.ua/> and the Ministry of Finance

Note: Forecast data starts from 2024

Inter-budgetary Transfers

- In 2025, funding is planned for **34 types** of subventions and grants from the state budget to local budgets
- In 2025, the inter-budgetary transfers to local budgets total UAH 217,1 billion, which is an increase of UAH 26,4 billion, or 13.8%, compared to the amount planned for 2024



Source: the calculations are based on data from <https://openbudget.gov.ua/> and the Ministry of Finance
 Note: Forecast data starts from 2024

Key Areas for the Allocation of Inter-budgetary Transfers



UAH 103,2 billion, which corresponds to the 2024 level
Education subvention



UAH 36,5 billion (+ UAH 5,1 billion compared to 2024)
Additional subsidy for local self-government bodies affected by Russia's full-scale armed aggression



UAH 25,5 billion (+ UAH 4,4 billion compared to 2024)
Basic subsidy



UAH 18,7 billion (new programs in 2025)
Subventions to implement public investment projects



UAH 12 billion (new program in 2025)
Additional payments to teaching staff of general secondary education institutions



UAH 5 billion (+ UAH 0,5 billion compared to 2024)
Implementation of projects under the Ukraine Recovery Program



UAH 2,9 billion (- UAH 0,9 billion compared to 2024)
The activities of specialists supporting war veterans



UAH 1 billion (new program in 2025)
Kharkiv CTC budget to fund emergency and restoration works in the housing and communal sector

Negative impact on local budgets

- PIT from military personnel will be included in the state budget revenues (in 2022 and January-September 2023, 64 percent of these funds were directed to the CTC budgets and 15 percent to oblast budgets). In 2025, losses of local budgets will amount to UAH 110 billion
- The allocation for the Fund for Liquidation of the Consequences of Armed Aggression remains undetermined (UAH 17.0 billion in 2022, UAH 35.5 billion in 2023, and UAH 2.9 billion in 2024)
- The reverse subsidy of UAH 15.2 billion will be transferred to the state budget from local budgets, excluding front-line CTCs (In 2024, the reverse subsidy of UAH 14.1 billion remained in local budgets)
- Funds for subvention to children with special educational needs and educational subvention have not been distributed between local budgets. This distribution will happen in 2025, based on a decision made by the Cabinet of Ministers of Ukraine.
- The remaining 2024 subvention for children with special educational needs and educational subvention is withdrawn from local budgets. The Ministry of Education, with the CMU's approval, will further redistribute such funds between local budgets
- The subvention for the construction, reconstruction, and repair of highways is not planned (The first reading version proposed UAH 6.6 billion)
- The subvention to compensate for the difference in communal services tariffs is not planned (The first and second reading versions prepared by the CMU proposed to allocate UAH 12.2 billion)

Positive impact on local budgets

- A single tax should fully remain in the CTC budgets (The VRU's Budget Conclusions transferred the part of the single tax from legal entities and agricultural producers from local budgets to the state budget)
- 64% of PIT from non-military military taxpayers will be allocated to the CTC budgets, as it was in 2022-2024 (In 2025, CTCs will receive over UAH 12.2 billion from the additional 4% of PIT)
- The planned inter-budgetary transfers from the state budget to local budgets total UAH 217.1 billion, an increase of UAH 26.4 billion compared to 2024.
- A state regional development fund of UAH 1.0 billion is planned. These funds should be directed to implement public investment projects.

CONCLUSIONS



- The priorities for the 2025 state budget have not changed significantly compared to the 2024 budget. The defense and security sector remains the primary focus
- The state budget deficit is expected to reach UAH 1.6 trillion, or 19.4% of GDP. As a result, the national debt will increase and approach the amount of Ukraine's annual GDP
- In 2025, loans and international aid are expected to account for over 50% of the state budget resources, and the timely receipt of these funds will be critical for maintaining the stability of expenditure financing
- The budget calculations are based on the assumption that the gradual economic recovery will continue. At the same time, several factors (expansion of the combat zone, continued shelling and destruction, power outages, lack of personnel, changes in the reservation procedure, and continued mobilization) could have a significant negative impact on the economy, which will not allow to ensure the fulfillment of budget revenues
- The 2025 budget includes revenue of UAH 140 billion from tax and fee rate increases (Draft Law #11416-d). This is expected to stimulate the growth of the shadow economy and place an additional burden on compliant taxpayers
- 64% of the PIT will be allocated to local budgets. An additional 4% (UAH 12.2 billion) will be allocated to solve issues related to the heating season



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