**KEYWORDS**

**National Budget** - This is how the Government plans to spend the

income they receive and how they are going to raise the finance

for this expenditure. It is their financial plan for the year

**Government Revenue** - This is the money the government receives

for example, taxes

**Current Revenue** - This is money the Government receives every

day. It usually comes from taxation

**Capital Revenue** - This is money that is received once off – sale

of a state owned company

**Government Expenditure** - This is all the money that is spent by

the Government

**Current Expenditure** - This is money spend by the Government on

regular basis. This is usually day-to-day spending a essential

services. For example, Health

**Capital Expenditure -** This is once off spending by the

Government – For example Building roads

**Infrastructure -** These are all the service and structures that

are needed for a country to function. For example – Transport,

Water

**National Budget** - This is how the Government plans to spend the

income they receive and how they are going to raise the finance

for this expenditure. It is their financial plan for the year

**Balanced Budget** - This is when planned revenue (Income) equals

planned expenditure (Spending). Here the government is taking

money out of the economy through taxation but is putting it back

in the form of essential services

**Budget surplus -** This is when planned revenue (Income) is higher

than planned expenditure (Spending)

This is good as the Government has money left over so they can

cut taxes, save or increase the level of services

**Budget deficit** - This is when planned expenditure (Spending) is higher than planned revenue (Income). This is not good as the government is living beyond its means and will have to cut spending,

**SELF TEST QUESTIONS**

1. Explain the need for a National Budget

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
2. Identify the sources of revenue and expenditure for the Government

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
3. Explain the difference between a balance, surplus and deficit budget

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
4. Outline the impact the government’s budget has on society
\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**THE NATIONAL BUDGET**

1. This is how the Government plans to spend the income they receive

and how they are going to raise the finance for expenditure.

2. It is their financial plan for the year

3. Ireland has a mixed economy. This means that goods and service are

provided by both the Government and individual (Public and Private

sector)

4. The government uses the resource that they have available to them,

these resources are scarce so the Government will have to make

choices and prioritise some service over others. This means they have

to look at the income (Revenue) and Spending (Expenditure)

**GOVERNMENT REVENUE**

|  |  |
| --- | --- |
| **CURRENT REVENUE** | **CAPITAL REVENUE** |
| **DEF-** This is money the Government receives every day. It usually comes from taxation | **DEF-** This is money that is received once off – sale of a state - owned company |
| 1. Income Tax2. USC/PRSI/ PAYE3. VAT4. Corporation Tax5. Excise Duty/Custom Duty6. Stamp Duty/ LPT7. CGT8. CAT | 1. Sale of State - owned Companies2. Borrowing3. EU Grants |

**GOVERNMENT EXPENDITURE**

|  |  |
| --- | --- |
| **CURRENT EXPENDITURE** | **CAPITAL EXPENDITURE** |
| **DEF-** This is money spend by the on a regular basis. - day-to-day spending on essential services. - Health | **DEF-** This is once off spending by the Government – For example Building roads |
| 1. Social Protection (Job seeker allowance)2. Healthcare (Wages of Doctors/Nurses)3. Education (Wages of Teacher)4. Justice (Wages of Guards)5. Agriculture (Grants)6. Defence (Army Wages) | 1. Public Transport (Roads)2. Health (Building Hospitals)3. Education (Building schools) |

**NATIONAL BUDGET**

|  |  |  |
| --- | --- | --- |
| **BALANCE BUDGET** | **SURPLUS BUDGET** | **DEFICIT BUDGET** |
| This is when planned revenue (Income) equals planned expenditure (Spending) | This is when planned revenue (Income) is higher than planned expenditure (Spending) | This is when planned expenditure (Spending) is higher than planned revenue (Income) |

**IMPACT OF THE BUDGET ON SOCIETY**

|  |  |  |
| --- | --- | --- |
| **BALANCE BUDGET** | **SURPLUS BUDGET** | **DEFICIT BUDGET** |
| The government is taking money out of the economy (taxation) & is putting it back in the form of essential services**Impact** – Lower Standard of LivingMore essential services | This is good the Government has money left over so they can cut taxes, save or increase the levelof services**Impact** – Better Standard of Living, more disposable income, increase spending | This is not good the government is living beyond its means and will have to cut spending,increase taxes and borrow to meet it needs expenditure **Impact** – Lower Standard of living, less services, less disposableincome |