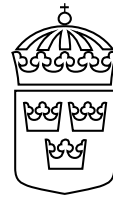


# Government Communication

## 2025/26:76



### The Fiscal Policy Framework

Skr.  
2025/26:76

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The Government submits this Communication to the Riksdag.

Stockholm 4 December 2025

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## Main content of the Communication

In this Communication, the Government sets out the fiscal policy framework. This Communication, which serves as a code of conduct for both the Government and the actors who review the fiscal policy, aims to set out the laws and other rules as well as established practice that make up the fiscal policy framework. The Communication is also intended to provide detail on certain parts of the framework and the Government's application of it.

The fiscal policy framework is made up of a number of parts:

- budgetary policy targets (a target for general government net lending, a benchmark for government debt, an expenditure ceiling, and a local government balanced budget requirement)
- a stringent central government budget process
- principles for fiscal stabilisation policy
- transparency and clarity
- external monitoring.

A comprehensive presentation of the laws, rules and established practice that make up the fiscal policy framework and its application by the Government helps to increase trust in the fiscal policy. This in turn creates better conditions for fiscal policy having its desired effect.

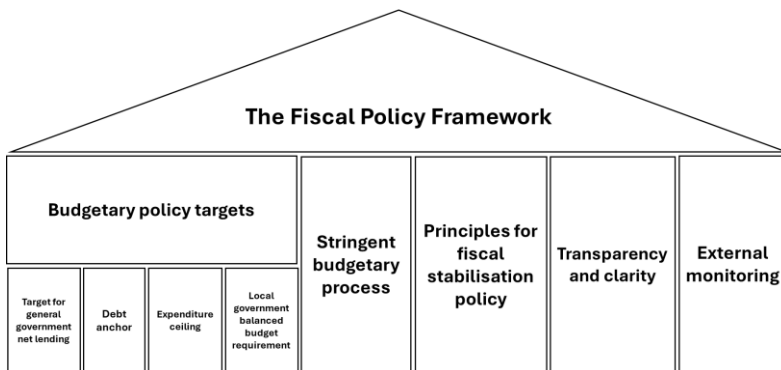
## Table of contents

1	Summary.....	3
2	The matter .....	4
3	Budgetary policy targets .....	5
3.1	General government net lending target .....	5
3.2	Debt anchor .....	7
3.3	The expenditure ceiling .....	8
3.4	The local government balanced budget requirement.....	10
4	A stringent central government budget process .....	11
4.1	Preparation of the budget .....	12
4.2	Financing principles .....	13
4.3	Budgeting and accounting principles .....	13
4.4	Reporting of tax expenditures .....	14
5	Principles for fiscal stabilisation policy .....	14
5.1	When should fiscal policy contribute actively to the cyclical stabilisation? .....	15
5.2	Fiscal stabilisation policy instruments.....	16
5.3	The interplay between fiscal and monetary policy .....	16
6	Transparency and clarity .....	17
6.1	Spring Fiscal Policy Bill.....	17
6.2	Budget Bill .....	18
6.3	Bills with proposals for amendments to the central government budget.....	19
6.4	Annual report for central government .....	20
6.5	Risk analyses of central government guarantees and credits .....	20
6.6	Forecasts and estimates of effects .....	21
6.7	Long-term sustainability of fiscal policy.....	21
7	External monitoring .....	22
7.1	Several government agencies monitor fiscal policy at national level .....	22
7.2	The special role of the Swedish Fiscal Policy Council .....	23
7.3	Monitoring at EU level.....	24
8	Periodic reviews of the fiscal policy framework.....	25
	Extract from the minutes of the Government meeting of den 4 December 2025 .....	27

The fiscal policy framework originates from the deep economic crisis that Sweden underwent in the early 1990s. The framework is designed to ensure sustainable public finances in the long term, and to promote a fiscal policy that supports high and sustainable economic growth, welfare and stability in resource utilisation.

The fiscal policy framework comprises four budgetary policy targets: a target for general government net lending; a benchmark for government debt (the debt anchor); an expenditure ceiling; and a local government balanced budget requirement (see figure). In addition, there are rules in laws including the Instrument of Government of Sweden, the Riksdag Act and the Budget Act (2011:203), as well as established practice for the central government budget process. The framework also contains principles for fiscal stabilisation policy, transparency and clarity, as well as external monitoring.

**Figure The fiscal policy framework**



Source: Ministry of Finance.

The target for general government net lending is one-third of 1% of GDP on average over a business cycle. From 2027 onwards, the target is to achieve balance over a business cycle. The debt anchor of 35% of GDP is a benchmark for the general government consolidated gross debt (termed the ‘Maastricht debt’) in the medium term. The expenditure ceiling is an upper limit for the nominal level of expenditure in central government and the old-age pension system. The local government balanced budget requirement means that local authorities and regions must budget so that their revenue exceeds their costs. Both the expenditure ceiling and the balanced budget requirement support the target for general government net lending by strengthening budgetary discipline.

A stringent budgetary process is of central importance for achieving the targets in the fiscal policy framework. The budget process is medium-term and is based on a top-down perspective, in which expenditure increases are tested in relation to a predetermined financial space given by the expenditure ceiling and the target for general government net lending.

The purpose of the principles for fiscal stabilisation policy is to guide the Government in making stabilisation policy decisions and thereby

increase the credibility, predictability and impact of fiscal policy. Clear principles also help to facilitate the interaction between fiscal policy and monetary policy and to reduce the risk of persistent fiscal deficits.

Transparency and clarity mean that reporting on fiscal policy must be transparent. The purpose of external monitoring of fiscal policy at the national level is to ensure that the policy is designed in accordance with current targets, including increasing the political costs of non-compliance with the framework.

The fiscal policy framework is reviewed by an all-party commission of inquiry every second electoral period. In connection with these reviews, any need for changes to the framework can be considered. Periodic reviews of the fiscal policy framework ensure that the framework has strong political support and improve clarity and support continuity.

## 2 The matter

In November 2023, the Government appointed an all-party commission of inquiry tasked with reviewing the target for general government net lending (ToR 2023:162). In June 2024, the Government decided on supplementary terms of reference for the commission of inquiry (ToR 2024:62). The supplementary ToR also tasked the commission of inquiry with analysing and considering what adjustments are needed in the Swedish fiscal policy framework in order to meet the requirements of Council Directive (EU) 2024/1265 of 29 April 2024 amending Directive 2011/85/EU on requirements for budgetary frameworks of the Member States.

In November 2024, the commission of inquiry submitted its report *Från överskottsmål till balansmål* (SOU 2024:76) (From surplus target to balance target).

The Government has previously considered most of the commission of inquiry's proposals and assessments in the 2025 Spring Fiscal Policy Bill (Govt Bill 2024/25:100 Section 5.5) and in the 2026 Budget Bill (Govt Bill 2025/26:1 Proposal for the central government budget, budget statement, etc. Section 5.5). In addition, this written communication addresses the all-party commission of inquiry's assessment of the consequences of the commitments arising from joint borrowing within the EU through Next Generation EU.

In the 2026 Budget Bill, the Government has proposed certain amendments to the Budget Act, including replacing the term 'public sector' with the term 'general government', and the removal of the term 'surplus target' from the Act. The Government has also presented proposals and assessments aimed at implementing Council Directive (EU) 2024/1265, for example with regard to new tasks for the Fiscal Policy Council.

The Riksdag has adopted the Government's proposed amendments to the Budget Act (Report 2025/26:KU1, Riksdag Comm. 2025/26:86). The amendments have been issued and enter into force on 31 December 2025. The Government has also decided on amendments to the instructions for

the Fiscal Policy Council, which will enter into force on 31 December 2025. The description of the fiscal policy framework in this Communication is based on the design of framework once the adopted amendments have entered into force.

This Communication, which serves as a code of conduct for both the Government and the actors who review the fiscal policy, aims to set out the laws and other rules as well as established practice that make up the fiscal policy framework, so as to thereby increase trust in the design of the fiscal policy framework. The Communication is also intended to detail certain parts of the framework and the Government's application of it. In doing so, the Communication also clarifies how Sweden is meeting the requirements in the EU's Stability and Growth Pact and the EU's requirements for national budgetary frameworks.

### 3 Budgetary policy targets

The fiscal policy framework comprises four budgetary policy targets: a target for general government net lending; a benchmark for government debt (the debt anchor); an expenditure ceiling; and a local government balanced budget requirement.

#### 3.1 General government net lending target

The Government must propose a target for general government net lending to the Riksdag (Chapter 2, Section 1 of the Budget Act). The target means that central government has an overall responsibility to observe net lending in all parts of general government, i.e. central government, local government and the old-age pension system. That the target covers the whole of general government net lending is also in line with the restrictions and reporting requirements in the Stability and Growth Pact, making it easier for international organisations to evaluate the fiscal policy.

The target for general government net lending is one-third of 1% of GDP on average over a business cycle (Govt Bill 2017/18:1 Proposal for the central government budget, budget statement, etc. Section 5.6, Report 2017/18:FiU1, Riksdag Comm. 2017/18:54). The Riksdag has established that the target for general government net lending from 2027 is to be in balance over a business cycle (Govt Bill 2025/26:1 Proposal for the central government budget, budget statement, etc. Section 5.5.4, Report 2025/26:FiU1, Riksdag Comm. 2025/26:64). This means that general government net lending is to amount to 0% of GDP on average over a business cycle. The fact that the target is formulated as an average over a business cycle is due to the fact that general government net lending is affected to a large extent by the business cycle. The formulation of the target enables economic activity to be stabilised via automatic stabilisers and, if necessary, via active fiscal policy (for more detail, see Section 5). If the target had been formulated as an annual target, fiscal policy would need to be pro-cyclical, i.e. pursued in a way that increases cyclical

fluctuations, which would have a destabilising effect on the economy. Furthermore, there is a risk that a temporarily high surplus in a boom for the economy would be used to finance permanently higher expenditure or lower taxes.

The structural balance is used to assess the achievement of the targets from a forward-looking perspective, which is an estimate of what general government net lending would be if it were not affected by the business cycle, or by one-off effects. Furthermore, there is external monitoring of the achievement of the target in which the Swedish Fiscal Policy Council has an important role (see Section 7.2)

As a member of the EU, Sweden has undertaken to follow the rules in the Stability and Growth Pact. The budgetary policy targets set must be consistent with the limits set out in the preventive arm of the Stability and Growth Pact, which include general government net lending and debt (for more detail, see Section 7.3). So as not to curtail the fiscal policy's scope for action, the target for general government net lending should be set, with a margin, to be within the rules of the Stability and Growth Pact, including the net expenditure path (see Govt Bill 2025/26:1 Proposal for the central government budget, budget statement, etc. Section 5.5.4).

At least twice per year, the Government must report to the Riksdag on how the target for general government net lending is being achieved, and, in the event of an assessed deviation from the target, report on how a return to the target will occur (Chapter 2, Section 1a of the Budget Act). A target deviation means that the structural balance in the present or next year clearly deviates from the target level. The benchmark for a clear deviation is that the structural balance deviates by more than 0.5% of potential GDP from the target level (see Govt Bill 2024/2025:100 p. 90). A deviation should not be equated with the policy being incorrectly formulated or a failure to comply with the fiscal policy framework. For stabilisation policy reasons, for example, it may be justified to pursue a fiscal policy which means that the structural balance deviates from the target level.

In the event of a deviation, the Government is required to explain in the Budget Bill and the Spring Fiscal Policy Bill what motivates the deviation and explain how a return to the target will occur. The plan for returning to the target should include a set time period and should normally start in the next budget year, usually by means of proposals in the budget bill. How well the Government is keeping to the target is in practice determined in the annual decision on the budget for the coming year. If a deviation is not corrected in the next following year, the Government's plan should contain a clear policy undertaking for the structural balance for the succeeding years. Such an undertaking should normally be framed so that the target for net lending is achieved when the business cycle is in balance.

How rapidly a deviation should be corrected depends on the size of the deviation, the business cycle situation, and the interplay between monetary policy and fiscal policy in stabilising the economy (see also Section 5). Other factors may also need to be considered. During normal cyclical fluctuations, a negative deviation from the target should decrease at the same rate as the structural balance would have strengthened without any active policy decisions. This automatic budgetary strengthening occurs because normally tax revenue increases at the same rate as GDP at current prices, while central government expenditure increases somewhat more

slowly. Normally, a negative deviation from the target should be recovered more quickly in a boom and more slowly in a recession. Similarly, a positive deviation from the target should normally be recovered more quickly in a recession and more slowly in a boom.

According to an all-party agreement on 19 June 2025, new defence expenditure and aid to Ukraine may result in a temporary deviation from the target for general government net lending during the period 2026–2034 (see *Överenskommelse om försvaret, bilaga 1* [Defence agreement, Annex 1]). The new defence expenditure and support will be financed in stages, so that general government net lending is back in balance by 2035 at the latest. By 2030 at the latest, a new assessment of the security situation will be made and a path for a return to the target will be presented. In the Spring Fiscal Policy Bill and in the Budget Bill, the Government must report how new defence spending and support to Ukraine are affecting the structural balance and thus any deviations from the target (see Govt Bill 2025/26:1 Proposal for the central government budget, budget statement, etc. Section 5.5.5).

## 3.2 Debt anchor

The debt anchor is a benchmark for the general government consolidated gross debt (the Maastricht debt). The debt anchor is set at 35% of GDP and applies until further notice. Unlike the target for general government net lending, the debt anchor is not an operational target in the sense that it steers fiscal policy in the short term (Govt Bill 2016/17:100, Report 2016/17:FiU20, Riksdag Comm. 2016/17:349 and Govt Bill 2017/18:1 Proposal for the central government budget, budget statement, etc. Section 5.6, Report 2017/18:FiU1, Riksdag Comm. 2017/18:54). One reason for this is that the consolidated gross debt may change for reasons that do not necessarily change net financial wealth, for example reclassifications in the statistics.

The debt anchor, and the assessment of an appropriate level for it, play a central role in determining the target for general government net lending. The debt anchor, together with the aforementioned target, are intended to ensure that Sweden's public finances are sustainable in the long term. A low debt level provides a good margin in relation to the Stability and Growth Pact rules, good scope to support the economy with fiscal stabilisation policy if needed, and it contributes to the Swedish Government's good credit rating.

The Government must provide an account each year of the development of the consolidated gross debt in the Spring Fiscal Policy Bill. If the debt ratio deviates, upwards or downwards, from the debt anchor by more than 5% of GDP according to the outcome of the national accounts for the previous year, or according to the forecasts for the present year or the subsequent budget year, in connection with the Spring Fiscal Policy Bill, the Government must explain in a written communication to the Riksdag what has caused the deviation and how it will be dealt with. In its consideration of the Communication, the Committee on Finance may

decide to hold a public hearing of the Minister for Finance on the debt situation.

### 3.3 The expenditure ceiling

Under the Budget Act, the Government is required to propose a ceiling for central government expenditure in the Budget Bill that refers to the third budget year ahead (Chapter 2, Section 2). The Riksdag sets the expenditure ceiling, which is the overall restriction on the budget process in terms of total expenditure. According to established practice, in the Spring Fiscal Policy Bill the Government makes a preliminary assessment of the appropriate level for the expenditure ceiling for the third budget year ahead. The assessment normally forms the basis for the level of the expenditure ceiling that is then proposed in the subsequent Budget Bill. From the time when the ceiling for a year is set until that year has passed, the need to set priorities between different expenditure areas is emphasised. The medium-term perspective reduces the risk of temporarily high revenue being used to finance permanently higher expenditure. This, in turn, limits the risk of a pro-cyclical fiscal policy on the expenditure side of the budget. The expenditure ceiling is intended to support a desirable development in central government expenditure in the long term. The expenditure ceiling thus provides the basis for achieving the target for general government net lending. Along with this target, the expenditure ceiling steers the level of the total tax take and helps to prevent a development where the tax take must be increased gradually due to insufficient control over expenditure.

If there is a risk that an approved expenditure ceiling will be exceeded, the Government must take such measures as are within its powers or propose necessary measures to the Riksdag so as to avoid the ceiling being exceeded (Chapter 2, Section 4 of the Budget Act).

The expenditure areas covered by the expenditure ceiling are not regulated in law. Established practice is for the ceiling to apply to expenditure areas 1–25 and 27 plus the off-budget expenditure in the old-age pension system. However, expenditure area 26 Interest on central government debt, etc., is not included. The expenditure ceiling is set in nominal terms, which enables simple and transparent monitoring. Moreover, an expenditure ceiling set in nominal terms contributes to central government not driving up inflation in situations with a high rate of price and wage increases.

The ceiling's limiting effect on central government expenditure must be unchanged from when the ceiling for a new year has been set until that year has ended. It has become established practice to not alter the level of the expenditure ceiling other than in exceptional circumstances.

There are no formal obstacles to the Riksdag deciding to alter a set level for the expenditure ceiling. If the set level could not be altered, it would greatly restrict a new government's options for making changes to fiscal policy; and nor could fiscal policy be adapted to new, changed external circumstances. The expenditure ceiling has therefore been changed on a few occasions. This has occurred in connection with changes of

government, during the COVID-19 pandemic, and in view of the support provided to Ukraine. Skr. 2025/26:76

An important purpose of the expenditure ceiling is to separate the discussion about the space available for central government expenditure from the discussion about what expenditure is necessary or desirable. The Government's proposal for the level of the expenditure ceiling for a new year is justified on the basis of the relationship of the expenditure ceiling to the target for general government net lending and other macroeconomic variables. The Government's proposal also includes a description of how the expenditure ceiling can be applied to achieve the named target and an acceptable level of the total tax take. When proposing a new level for the expenditure ceiling, the Government takes into account, among other things, the following:

- the relationship of the expenditure ceiling to the target for general government net lending;
- the development of the expenditure ceiling and total general government expenditure in relation to GDP;
- the development of expenditure capped by the ceiling and the size of the budgeting margin over time; and
- the development of capped expenditure at constant prices.

Each decision on the level of the expenditure ceiling means that the ceiling is defined in a certain way in relation to capped expenditure. This applies both to which expenditure is covered by the ceiling and to how this expenditure is reported in the central government budget. However, over a period as long as three years various budgetary changes normally occur that alter the level of the capped expenditure without a corresponding change in the overall public commitment. Conversely, changes can be made that affect the public commitment but which, for technical reasons, do not affect the capped expenditure. To maintain the expenditure ceiling's original financial stringency and to keep the ceiling in line with the target for general government net lending throughout the period, adopted levels of the expenditure ceiling must therefore be adjusted so as to neutralise budgetary changes of this kind. This is done through 'technical adjustments' which, according to established practice, are proposed in the Budget Bill.

A technical adjustment of the expenditure ceiling must be made if the change that occasions the adjustment does not have the same net effect on consolidated general government expenditure or on general government net lending as it has on the capped expenditure. The Government bases its proposals for technical adjustments on the following principles:

- In the case of technical budgetary rearrangements that do not affect the public commitment (e.g., switching from gross to net accounting or vice versa), technical adjustments are made to the levels set for the expenditure ceiling. This applies irrespective of whether the net accounting occurs on the budget's expenditure side (e.g. through earmarked use of fees) or on the revenue side (e.g. crediting expenditure to a taxpayer's tax account).

- In the case of changes that affect the public commitment, but not capped expenditure (e.g., a measure which means that new expenditure is credited to a taxpayer’s tax account) technical adjustments are carried out.
- Technical adjustments are made irrespective of whether they raise or lower the level of the expenditure ceiling.

The gap between the expenditure ceiling and expenditure capped by the ceiling is termed the budgeting margin. This margin is primarily intended to act as a buffer if expenditure does not grow as expected on account of cyclical developments. The Government’s guideline is that the budgeting margin should be at least 1% of the capped expenditure in the current budget year, at least 1.5% for following year, at least 2% for year thereafter, and at least 3% for the third year ahead. At the same time, there is reason to limit the margin for the third year ahead so that it is not so large that the expenditure ceiling no longer has a reasonable steering effect on expenditure growth.

The expenditure ceiling should not be viewed as an expenditure target. However, as the need for a safety margin decreases over time, the budgeting margin can gradually be used for measures and other expenditure that are not a consequence of cyclical developments. This presupposes that the changes in expenditure are compatible with the target for general government net lending.

### 3.4 The local government balanced budget requirement

Under the Swedish Local Government Act (2017:725), local authorities and regions must have sound economic management (Chapter 11, Section 1) and budget so that their revenue exceeds their costs: the ‘balanced budget requirement’ (Chapter 11, Section 5). Targets of relevance to sound economic management must be stated in the budget (Chapter 11, Section 6). The balanced budget requirement is reported with the aid of the outcome measure ‘balanced budget requirement outcome’, which is defined in Chapter 11, Section 10 of the Act on Local Government Accounting Records and Annual Accounts (2018:597). When calculating the balanced budget requirement outcome, the outcome for the year is adjusted for certain items, including certain capital gains and losses, unrealised profit and losses in securities, and changes in the performance reserve.

Derogations from the balanced budget requirement may be made where funds from a budget stabilisation reserve are utilised, and if there are exceptional reasons (Chapter 11, Section 5 of the Swedish Local Government Act). Local authorities and regions may reserve funds in a performance reserve that may be used to achieve sound economic management (Chapter 11, Section 14 of the Swedish Local Government Act). According to the legislative history, it should be possible to use the performance reserve to cover certain specific, planned costs for an individual year, such as those arising from restructuring activities which

aim to achieve sound economic management in the long term, or to cover unforeseen expenditure increases or loss of revenue (Govt Bill 2022/23:119 p. 21). Examples of exceptional reasons for derogations from the balanced budget requirement include a strong financial position or the local authority taking major restructuring measures during the budget year that entail costs, but that promote cost savings and sound financial management in the long term (Govt Bill 2003/04:105 p. 25).

Under the Swedish Local Government Act, the main rule is that where the balanced budget requirement outcome is negative, the balance must be restored within three years (Chapter 11, Section 12). However, the municipal or county council assembly of elected representatives may decide not to restore the balance if there are other exceptional reasons (Chapter 11, Section 13).

An outcome in which revenue largely covers costs is compatible with the balanced budget requirement, but is not sufficient to satisfy the requirement of sound economic management. Instead, the outcome should normally be at a level that in actual fact at least consolidates, i.e. strengthens, the economy and allows for long-term reinvestment without the need for financing with new loans. The annual accounts of the local authorities and regions must report on whether or not the balanced budget requirement and the targets for sound financial management have been met.

The local government balanced budget requirement supports the target for general government net lending. Well-managed finances in local authorities and regions help to achieve this target.

## 4 A stringent central government budget process

The central government budget process is medium-term and is based on a top-down perspective, in which expenditures are weighed against one other and any expenditure increases are examined in relation to a predetermined financial space given by the budgetary policy targets. The budget process thus helps to prevent the sum of all budget proposals from exceeding what is compatible with sustainable fiscal policy. Furthermore, the medium-term nature of the budget process makes it possible to keep separate the assessment of the fiscal space, the aggregate size of central government expenditure, and a suitable level for the tax take from the discussion of specific needs and desirable expenditure.

The budget process is regulated in the Instrument of Government, the Riksdag Act and the Budget Act. In April each year, the Government submits the Spring Fiscal Policy Bill to the Riksdag. The Bill contains the Government's proposed guidelines for economic and fiscal policy. The decisions of the Riksdag on the guidelines in the Spring Fiscal Policy Bill are then translated into a concrete annual budget proposal in the autumn. The actual work on the budget is therefore concentrated in the Budget Bill (see also Section 6.2 for more information).

The Ministry of Finance coordinates budget work in the Government Offices and is responsible for the timetable and guidelines for this work and the process for the budget negotiations. The Ministry of Finance is also responsible for the production of supporting information in the form of macroeconomic forecasts and assessments of the fiscal space or the need for budget reinforcements. The fiscal space is the scope of budgetary weakening or reinforcing measures that are consistent with the achievement of the target for general government net lending. This assessment is made from a forward-looking perspective.

The Ministry of Finance regularly makes new assessments of economic developments, and this may lead to a need to amend parts of the budget during the current budget year. As a general rule, proposals for such changes are submitted collectively to the Riksdag in conjunction with the Spring Fiscal Policy Bill and the Budget Bill (see also Section 6.3).

## 4.1 Preparation of the budget

Budget work in the Government Offices is not regulated in law, and is decided by the Government and the Government Offices. Fundamental to this work are the provisions regulating joint preparation in the Ordinance concerning the Duties of the Government Offices (1996:1515) (Sections 13 and 15). Under the Ordinance, a matter that comes within the sphere of activities of more than one ministry is processed in the ministry to which it mainly belongs and is prepared in consultation with the other ministers affected. In addition, there are internal guidelines for the work, such as in the memorandum on forms of consultation within the Government Offices (SB PM 2012:1, rev. 2024).

Matters that have financial implications for central government or have other economic consequences for the public domain must always be prepared with the Ministry of Finance. The starting point for the budget process in the Government Offices is the preparation of a complete budget proposal where the overarching restrictions are the expenditure ceiling and the target for general government net lending.

Central to the budget process are the forecasts made for the present year and for the three years ahead concerning general government revenue and expenditure. The calculations are based on the applicable rules in the tax and expenditure systems. The Ministry of Finance analyses these assessments and examines whether they will allow the budgetary policy targets for the next few years to be achieved. If the assessment is that they cannot be achieved, proposals for budgetary reinforcements are drafted. All ministries are responsible for the provision of sufficient supporting information to set overall priorities between different sub-sectors of general government and between different expenditure areas in the central government budget. The Ministry of Finance has a coordinating role in this work.

The internal preparation work on the budget is also governed by a number of financing principles. These principles follow from decisions of the Riksdag on the expenditure ceiling, and the target for general government net lending, and are important for ensuring the long-term stability of central government expenditure. The financing principles relate to both the expenditure side and the revenue side of the budget.

In work on the budget, the main principle for central government expenditure is that expenditure increases have to be financed by expenditure reductions. It follows from this principle that permanent expenditure increases have to be financed by permanent expenditure reductions. Thus, temporary savings cannot be used to finance more permanent expenditure increases. In addition, the principle applies that the financing of a measure must be traceable to a proposed regulatory change or another specific measure. Any dynamic effects, i.e. how a measure affects the behaviour of businesses or households over time, should not be used as financing. However, an analysis of dynamic effects should be included in the input for the decision.

For central government revenue, the principle applies that a reduction in revenue must be financed by an equivalent reduction in an expenditure area or an equivalent increase in a tax or fee. Revenue from sales of state-owned assets, dividends or capital reimbursements may not be used to finance increased expenditure.

## 4.3 Budgeting and accounting principles

What is covered in the central government budget is regulated in the Budget Act. In accordance with the completeness principle, the Government's proposed budget shall include all revenue and expenditure, as well as other payments that affect the central government borrowing requirement (Chapter 3, Section 3). In addition, central government revenue and expenditure shall be budgeted and reported gross under revenue headings and appropriations (Chapter 3, Section 4). This means that expenditure has to be reported on the expenditure side of the budget, while revenue has to be reported on the revenue side. Exceptions from this principle of reporting gross figures are permitted in cases where the Riksdag has decided that revenue may be committed to a specified purpose by some means other than by a decision on an appropriation (special destination) This revenue must not be budgeted and reported against revenue headings. This exception does not apply to tax revenue. It must always be budgeted and reported against revenue headings (Chapter 3, Section 6).

The Budget Act contains a special provision that expenditure may not be budgeted and reported against revenue headings (Chapter 3, Section 5). This provision targets the kind of support that normally has to be financed from appropriations and has no connection to the tax legislation (see also Section 4.4).

The Budget Act also regulates which accounting principles apply to different types of revenue and expenditure (Chapter 4, Sections 2 and 3). On the revenue side, revenue from taxes and fees has to be reported under a revenue heading in the budget year to which the revenue belongs, which means that taxes and fees have to be reported in the relevant tax year. Other revenue has to be reported under a revenue heading for the budget year to which it belongs, i.e. the charging or invoicing date. On the expenditure side, expenditure on transfers has to be reported in the budget year in which payment is made, administrative expenditure in the budget year to which the costs are attributable, and other expenditure in the budget year to which they refer; in practice the year when an invoiced or equivalent demand for payment is presented.

#### 4.4 Reporting of tax expenditures

The Budget Act requires the Government to give an account of tax expenditure to the Riksdag each year (Chapter 10, Section 4). Tax expenditures refer to the effects on tax revenues arising as result of special provisions in the tax legislation. This account is submitted in a separate written communication, but tax expenditures are also reported in the expenditure area sections of the budget proposal. The reporting of tax expenditures serves primarily two purposes. Firstly, to make apparent the indirect support to households and businesses on the revenue side of the budget that can partly or wholly have the same function as support on the expenditure side of the budget. Reporting tax expenditures within the different expenditure areas provides a broader basis for prioritising between different areas in the budget. Secondly, this reporting contributes to describing the degree of uniformity in the tax system.

### 5 Principles for fiscal stabilisation policy

Fiscal and monetary policy affect resource utilisation in the economy and inflation; monetary policy primarily through the policy rate, and fiscal policy through general government expenditure and revenue.

Fiscal and monetary policy operate within different frameworks and have different purposes. According to the Sveriges Riksbank Act (2022:1568), the overriding objective of monetary policy is to maintain sustainably low and stable inflation (Chapter 2, Section 1). The Riksbank should also contribute to a balanced development of production and employment. Sustainable public finances over the long term strengthen the impact of monetary policy and are fundamental to being able to pursue fiscal stabilisation policy. Within this framework, fiscal policy can contribute to a balanced development of production and employment, as well as permanently low and stable inflation.

The conditions for making decisions on fiscal policy and on monetary policy are different and there is a delay in their impact – from the identification of economic shocks through decisions to their

implementation and their effects. Monetary policy can normally be adjusted more rapidly, but once fiscal policy measures are implemented, they often have a more rapid effect on the economy. These different characteristics affect how fiscal stabilisation policy is designed.

Given that fiscal and monetary policy complement each other, but operate under different conditions, it is essential that fiscal stabilisation policy rests on clear and predictable principles. Such principles increase the predictability of the policy pursued, which strengthens the interplay between fiscal policy and monetary policy, increases the policy's impact, and facilitates follow-up and evaluation.

## 5.1 When should fiscal policy contribute actively to the cyclical stabilisation?

In the case of normal cyclical fluctuations, monetary policy is the main tool for stabilising the economy, while fiscal policy primarily operates through automatic stabilisers, i.e. rules that result in general government revenue and expenditure automatically changing with the business cycle and thereby contributing to smoothing out cyclical fluctuations. Examples of such stabilisers include revenue-dependent taxes and unemployment insurance.

In a recession caused by major negative demand shocks, monetary policy may need to be complemented by active fiscal policy to stabilise the economy and to prevent the recession from having permanently negative consequences for production and employment (persistence effects). In such situations, the impact of active fiscal policy is particularly great, especially if monetary policy is limited by the effective lower bound for the policy rate, or for other reasons cannot operate to full effect. The effective lower bound refers to the level of the policy rate at which further reductions have very little or no stimulating effect on demand in the economy.

Decisions concerning active fiscal stabilisation policy should therefore be based not only on assessments of resource utilisation and inflationary pressure, but also on the monetary policy's scope for action. When the policy rate approaches the effective lower bound, the possibility of further reductions decreases, which can lead to insufficient cyclical stabilisation. This may lead to prolonged periods where inflation is below the inflation target. In such situations, fiscal policy should actively support monetary policy.

In a boom caused by major positive demand shocks, active fiscal policy may need to complement monetary policy in order to avoid rapid and sharp interest rate increases having negative consequences for households and businesses. An overheated economy can lead to misallocations of resources and cause financial instability. These risks are amplified if the situation is dealt with solely via monetary policy, since it might then require substantial interest rate increases with potentially destabilising effects.

As far as possible, fiscal stabilisation policy should be pursued symmetrically over the business cycle, i.e. expansionary in a recession and

tightening in a boom. A symmetrical fiscal policy supports the possibilities of achieving the target for general government net lending over the business cycle and creates scope for fiscal policy to complement monetary policy in recessions.

Fiscal stabilisation policy should interact with monetary policy in order to achieve an effective stabilisation policy overall, which in turn can lead to a balanced development in production and employment, as well as low and stable inflation. The fiscal stimulus or tightening should be adapted to the economy's overall need for stabilisation, taking into account the actual scope for action that monetary policy has, and its impact on demand.

Supply shocks are a particular challenge for stabilisation policy. Negative supply shocks, such as sharply rising energy prices or supply chain shocks, push up inflation and lower GDP. This creates a conflict of objectives between price stability and stability in the real economy, as measures to dampen inflation that is too high risk exacerbating already low resource utilisation. Since negative supply shocks can lead to significant social welfare losses – for example, through long-term high unemployment as a result of negative persistence effects – targeted fiscal measures may be justified in order to deal with these shocks, provided that the stimulus is not so great that its effects cannot be dealt with by monetary policy. Even positive supply shocks, such as productivity increases or falling import prices, also need to be taken into account in the formulation of fiscal policy.

## 5.2 Fiscal stabilisation policy instruments

In fiscal policy, there is a range of stabilisation instruments that can be used on both the revenue and expenditure side of the central government budget. Since historical experience indicates that each recession and boom has its own particular features, it is essential that fiscal policy is adapted to the circumstances.

The choice of stabilisation instruments is guided by the principle that measures should be generally effective, have a large effect on GDP (high multiplier effects), have a rapid effect, and can be used temporarily. Even fiscal policy measures implemented for structural policy reasons can have an expansionary or tightening effect on the economy. It is therefore important that the economic situation is considered before implementing permanent and structurally justified measures.

## 5.3 The interplay between fiscal and monetary policy

One challenge in the interplay between fiscal and monetary policy is that the Government and the Riksbank can make different assessments of the business cycle and what is appropriate stabilisation policy. This interplay is strengthened by effective communication. Regular discussions of the economic situation and stabilisation policy between the Government and the Riksbank assist in making stabilisation policy more effective and

flexible. The account of the assessments and assumptions made concerning fiscal policy and monetary policy in money government economic bills and monetary policy reports are also of importance. At the same time, it is important that the Government and the Riksbank make their decisions independently, within their respective spheres of responsibility.

## 6 Transparency and clarity

If the fiscal policy framework is to steer policy and if it is to be possible to monitor fiscal policy, then it is important that the presentation of fiscal policy is transparent and comprehensive. Taxpayers must be able to gain an insight into fiscal policy.

Provisions on the content of the Spring Fiscal Policy Bill, the Budget Bill, bills containing proposals for amendments to the central government budget, and the Government's annual report for central government are set out in the Instrument of Government, the Riksdag Act and the Budget Act. In addition, the detailed content of these government economic bills has evolved through established practice.

### 6.1 Spring Fiscal Policy Bill

Provisions on the content of the Spring Fiscal Policy Bill are set out in the Riksdag Act and the Budget Act. Supplementary Provision 9.5.2 of the Riksdag Act requires the Government to submit a bill setting out proposals for guidelines for economic policy and budgetary policy no later than 15 April each year. The Act's Supplementary Provision 9.5.3 states that decisions relating to the purposes and activities to be included in an expenditure area are taken in conjunction with the Riksdag's decisions relating to the Spring Fiscal Policy Bill.

The Riksdag Act does not specify what the guidelines for economic policy or fiscal policy have to contain. The Budget Act provides that the Government must report on how the target for general government net lending is being achieved (Chapter 2, Section 1a) and monitor the outcome in relation to the central government budget (Chapter 9, Section 1). The Budget Act also provides that the Government must present medium-term forecasts of macroeconomic developments and central government revenue and expenditure (Chapter 9, Section 3) and present an assessment of the long-term sustainability of public finances (Chapter 9, Section 4). This means, among other things, that the Government presents its views on the current economic situation in the Spring Fiscal Policy Bill, makes forecasts of the development of the economy for three years ahead and follows up the budgetary policy targets. As of 2026, when assessing the medium- and long-term sustainability of general government finances, as far as possible the Government must take into account macroeconomic risks arising from climate change and their environmental and

redistribution effects (see Govt Bill 2025/26:1 Proposal for the central government budget, budget statement, etc. Section 5.5.9).

In addition, it is established practice for the Government to describe the structural and stabilisation policy challenges that the policy is facing. The Government also presents a separate account of redistribution policy and makes a preliminary assessment of the appropriate level of the expenditure ceiling for the third budget year ahead.

## 6.2 Budget Bill

In the Budget Bill, the guidelines for fiscal policy in the Spring Fiscal Policy Bill are translated into concrete proposals for primarily the coming budget year.

The Instrument of Government states that the Government presents a Budget Bill to the Riksdag (Chapter 9, Article 2). The Riksdag Act contains provisions on the content of the Budget Bill (Chapter 9, Section 5). They state that the budget year begins on 1 January and that before that time the Government must present a bill setting out proposals for central government revenue and expenditure for the budget year. Under the same regulation, the Budget Bill must include a budget statement and a budget proposal. Unless otherwise decided by the Riksdag through law, the proposal must include an allocation of the appropriations to the expenditure areas. The Budget Bill must be complete when presented and other bills with separate budget proposals may not normally be presented in the interim period up to the beginning of the new budget year (see also Section 6.3)

Supplementary Provision 9.5.1 to the Riksdag Act states that the Budget Bill must be submitted no later than 20 September. The last day that the Budget Bill may be submitted in the years in which elections are held for the Riksdag in August or September is tied to the mandatory vote on the candidate for prime minister pursuant to Chapter 6, Article 3 of the Instrument of Government of Sweden. If the Government remains in office after the vote for prime minister, the Budget Bill must be submitted within three weeks. If instead the Riksdag elects a new prime minister, the new Government must submit the Budget Bill within three weeks of taking office. However, the Budget Bill may not be submitted later than 15 November.

The Budget Act provides that the Government must report on how the target for general government net lending is being achieved (Chapter 2, Section 1a). Furthermore, the Act provides that in its Budget Bill, the Government must submit a proposal for the expenditure ceiling for the third budget year ahead (Chapter 2, Section 2) and preliminary revenue estimates and expenditure limits for the second and third budget years ahead (Chapter 2, Section 3). The Budget Act also provides that the Government must closely monitor how central government revenue, expenditure and borrowing develop relative to estimated and approved figures (Chapter 9, Section 1) and present medium-term forecasts of macroeconomic developments and general government revenue and expenditure (Chapter 9, Section 3). In the Budget Bill, the Government

must also provide an account of the results that have been achieved in activities relative to the targets adopted by the Riksdag (Chapter 10, Section 3).

The Budget Act also contains detailed provisions on what the central government budget covers, as well as on its revenue headings and appropriations (Chapters 3 and 4). In addition, the Act contains provisions on economic commitments and lending (Chapter 6), financing of investment and lending (Chapter 7) and acquisition and transfer of property (Chapter 8). As a rule, proposals in these areas are submitted in the Budget Bill or in a bill proposing amendments to the central government budget (see Section 6.3).

The Budget Bill contains an account of the redistribution policy consequences of the measures proposed or announced by the Government in the Bill. In addition, the Budget Bill contains a climate report under Section 4 of the Climate Act (2017:720) and a report on economic gender equality. As far as possible, the Budget Bill should also include an account of disaster- and climate-related commitments (see Govt Bill 2025/26:1 Proposal for the central government budget, budget statement, etc. Section 5.5.10).

In addition, the Budget Bill should include an account of the central government's contingent liabilities arising from the EU public finance arrangements, which includes EU's joint borrowing under Next Generation EU, financial support to Ukraine, and other relevant commitments. The report should also cover the impact on central government finances if these commitments were to be met.

### 6.3 Bills with proposals for amendments to the central government budget

During the budget year, the Riksdag may decide on a new estimate of central government revenue, alter appropriations already made and make new appropriations (Chapter 9, Article 4 of the Instrument of Government). Under the Riksdag Act, the Government may submit a bill with proposals for amendments to the central government budget at the most on two occasions during the budget year (Chapter 9, Article 6, first paragraph). Such a bill is submitted in accordance with Supplementary provision 9.6.1 in connection with the Budget Bill (autumn amending budget) or the Spring Fiscal Policy Bill (spring amending budget). However, bills with proposals for amendments to the central government budget may only be submitted on other occasions if the Government finds special grounds for doing so (Chapter 9, Article 6, second paragraph), through additional bills with proposals for amendments to the central government budget. A bill relating to central government revenue or expenditure for the coming budget year may be submitted subsequent to the Budget Bill only if the Government considers that exceptional economic policy grounds exist for such action (Chapter 9, Article 5 of the Riksdag Act).

The Budget Bill is the basis for the examination of the budget as a whole and the bill must be complete when it is presented. Proposals for

amendments to the budget must therefore in the first instance supplement the budget decided by the Riksdag due to changes that were not foreseeable at the time of the Budget Bill being adopted. As a general rule, decisions on measures with lasting budgetary consequences should therefore be taken in conjunction with the Riksdag's consideration of the Budget Bill in the autumn. Amendments to an adopted budget must be made in an orderly manner and the process for making such amendments must be stringent. The requirements imposed on, for example, financing in the preparation of proposals for the Budget Bill must therefore also be taken into account when preparing proposals for amendments to the budget. In its preparation, the Government should also analyse and report on the consequences of the proposal for the central government budget and budgetary policy targets.

## 6.4 Annual report for central government

The Government presents an annual report for central government to the Riksdag (Chapter 9, Article 10 of the Instrument of Government). The Budget Act provides that the annual report has to be presented no later than 15 April in the year after the budget year (Chapter 10, Section 5). The Budget Act also contains detailed provisions on the content and scope of the annual report, basic accounting rules and forms for the presentation of statement of financial performance, a statement of financial position, and a statement of cash flow (Chapter 10, Sections 6–10). The content of the annual report has to be aligned with the Riksdag's decision on the Government's budget. An account must be submitted of the outcome under budget revenue headings and appropriations compared to the budgeted amounts. The annual report also has to reflect the other economic decisions made by the Riksdag, e.g., authorisations to order goods and services as well as decisions concerning contributions, benefits and loans that entail expenditure in future years. The Riksdag must also receive information in the annual report on expected losses and significant risks associated with central government lending and guarantees issued (see further Section 6.5).

The annual report also includes a follow-up of the budgetary policy targets adopted by the Riksdag. In addition, the annual report includes a statement of financial performance, a statement of financial position, and a statement of cash flow, a report on the development of central government debt, a presentation of the measures taken by the Government in response to observations made by the Swedish National Audit Office, and statements regarding the EU accounts.

## 6.5 Risk analyses of central government guarantees and credits

As a supplement to the descriptions of central government guarantees and lending operations given in the annual report for central government, the Swedish National Debt Office is commissioned to conduct a

comprehensive risk analysis each year of central government's issued guarantees and lending with credit risk. Unlike the follow-up in the annual report for central government, which primarily focuses on expected losses and the reporting and compilation of individual undertakings, the purpose of the National Debt Office's comprehensive risk analysis is to assess the risk of large, unexpected losses. The overall risk analysis analyses both credit and liquidity risks. This risk analysis contributes to stability and trust in central government finances. In the case of large risks, this analysis provides important supporting information for decision-makers, who may need to take action to increase resilience to disturbances or reduce the risks. A summary of the comprehensive risk analysis is also presented in the annual report for central government.

## 6.6 Forecasts and estimates of effects

Forecasts and estimates of effects should be produced using the best possible methods. As far as possible, the methods and models used should be grounded in current research.

The Government makes forecasts for at least three years ahead and presents an assessment of how Swedish economy and public finances are developing in connection with the Spring Fiscal Policy Bill and the Budget Bill. The Government also reports publicly on its assessment of the economic situation in the interim.

Forecasts are inherently uncertain. The Government therefore presents alternative scenarios in the Spring Fiscal Policy Bill and in the Budget Bill that reflect the risks of a more favourable, or less favourable, economic development. It is also important that the Government's forecasts are followed up. Every year, the National Institute of Economic Research presents a comparison between the forecasts by different forecasters and the accuracy of these forecasts.

The Government's forecasts for general government finances in the Budget Bill and the Spring Fiscal Policy Bill take into account previously adopted, proposed and announced changes in tax rules and central government expenditure, as well as the changes proposed or announced in the bill, or in connection with it. When proposals can be expected to have significant socio-economic consequences, as far as possible the effects on GDP, employment, income distribution and economic gender equality are analysed.

## 6.7 Long-term sustainability of fiscal policy

In the Spring Fiscal Policy Bill, the Government must present an assessment of the long-term sustainability of fiscal policy (Chapter 9. Section 4 of the Budget Act). These assessments are based on estimates that extend so far into the future that they take account of all significant demographic and economic changes that can reasonably be foreseen. The Government makes projections that cover the development of all general government revenue and expenditure over the next one hundred years.

The National Institute of Economic Research is tasked with annually presenting an annual assessment of the long-term sustainability of public finances. In addition, the European Commission and the OECD regularly evaluate the long-term sustainability of Sweden's general government finances.

The primary purpose of long-term estimates is to answer the question of whether the current fiscal policy is sustainable in the long term. It is assessed as sustainable if the tax revenue generated by the present tax rules is sufficient to finance the general government expenditure that follows from current rules in the long term. The projection is based on fiscal policy remaining unchanged, and the absence of changes in the rules affecting general government revenue and expenditure, while taking into account anticipated demographic developments.

The uncertainty in assessments of this type is great, and they must therefore be interpreted with caution, taking account of how the assessment varies when the assumptions are changed. The assessment of sustainability should include an analysis of why various indicators for the long-term sustainability of general government finances lie at a certain level, and how general government primary net lending is expected to develop over time.

## 7 External monitoring

Effective external monitoring is important to ensure that the policy is designed in accordance with current targets, and this includes increasing the political costs of non-compliance with the framework.

### 7.1 Several government agencies monitor fiscal policy at national level

The purpose of the external monitoring of fiscal policy at national level is to ensure that policy is designed in line with the fiscal policy framework. A number of authorities under the Government are responsible for different aspects of fiscal policy monitoring at national level. The Swedish National Financial Management Authority, which in January 2026 will be merged with the Swedish Agency for Public Management under the common name of the Swedish Agency for Public Management; and the National Institute of Economic Research make assessments of macroeconomic development and the development of general government finances. The Swedish Fiscal Policy Council has a special responsibility for analysing how well the Government is meeting the budgetary policy targets, and whether the fiscal policy is consistent with long-term sustainable public finances (see Section 7.2).

The Swedish National Audit Office is a government agency under the Riksdag with the mission of auditing central government activities. Taking into account the provisions in the law, the Auditor-General, who is the

head of the Audit Office, decides independently what is to be examined. Since 2006, the Audit Office has examined the Government's application of the fiscal policy framework each year. Within four months of receiving an audit report from the National Audit Office, the Government must submit a written communication to the Riksdag that gives an account of the measures the Government has taken or intends to take in response to the observations in the report (Chapter 9, Article 19 of the Riksdag Act).

Skr. 2025/26:76

## 7.2 The special role of the Swedish Fiscal Policy Council

The Swedish Fiscal Policy Council has a special responsibility for monitoring the fiscal policy framework. The Fiscal Policy Council's activities are regulated in the Ordinance with Instructions for the Fiscal Policy Council (2011:446). According to the Ordinance, the authority includes a designated body that performs the tasks that shall be undertaken by an independent fiscal institution under Council Directive 2011/85/EU of 8 November 2011 on requirements for budgetary frameworks of the Member States, in the wording according to Council Directive (EU) 2024/1265.

The Fiscal Policy Council is tasked with assessing whether the fiscal policy is compatible with long-term sustainable public finances and budgetary policy targets, in particular the target for general government net lending and the expenditure ceiling, but also the debt anchor and, if necessary, the local government balanced budget requirement. If, in its assessment of the fiscal policy, the Council finds that there is a clear deviation from the target for general government net lending, the Council must also assess the reasons for the deviation from the target that the Government has cited, and the Government's report on how a return to the target will occur. The Council must also assess the forecasts of macroeconomic development presented by the Government in the Budget Bill.

The Council reports its assessments in an annual report. The Government presents its views on these assessments in the Spring Fiscal Policy Bill (see also Govt Bill 2025/26:1 Proposal for the central government budget, budget statement, etc. Section 5.5.7).

The Fiscal Policy Council is also tasked with assessing whether the fiscal policy framework is consistent, coherent and effective. This assessment is to be presented before the review of the fiscal policy framework that should be carried out every second electoral period. The Council's assessment can thus be taken into account in the terms of reference for the inquiry that will conduct the review (see Govt Bill 2025/26:1 Proposal for the central government budget, budget statement, etc. Section 5.5.7).

The Council must also give its opinion on the forecast and the assumptions underlying the net expenditure path of the national medium-term fiscal and structural policy plan. The Government must respond to the Council's comments within two months.

The Council is also tasked with regularly evaluating the Government's forecasts for the development of the economy and reporting to the Riksdag on general government finances and the costs of proposed reforms. This evaluation is presented in the Council's annual report. If invited to, the Council also participates in public meetings and open hearings in the Riksdag and works to encourage public debate in the wider community on fiscal policy.

As an independent fiscal policy institution, the Council must have the capacity to communicate its assessments and views publicly without undue delay. In order for the Council to perform its duties effectively, it must have sufficient and stable funding. It is important that the Council should have sufficient access to the information it needs to perform its duties without undue delay. How the information is made available should be decided in a dialogue between the Council and the Government Offices.

The Council regularly undergoes external evaluations carried out by independent evaluators (see Govt Bill 2025/26:1 Proposal for the central government budget, budget statement, etc. Section 5.5.6). These evaluations take place every second electoral period and are presented in preparation for the regular review of the fiscal policy framework. The focus of the evaluations may vary, but an assessment of the Council's review of the achievement of the budgetary policy targets in the fiscal policy framework is a standing element. These evaluations are not to burden the Council's budget.

### 7.3 Monitoring at EU level

As a member of the EU, Sweden must comply with the rules in the Stability and Growth Pact which aim to promote sustainable public finances. As stated in Section 3.1, Member States must comply with the two Treaty reference values. One is that general government net lending must not fall below -3% of GDP; the other is that the general government consolidated gross debt (the Maastricht debt) must not exceed 60% of GDP.

Regulation (EU) 2024/1263 of the European Parliament and of the Council of 29 April 2024 on the effective coordination of economic policies and on multilateral budgetary surveillance and repealing Council Regulation (EC) No 1466/97 requires all Member States to present a net expenditure path indicating an annual and cumulative growth rate of nationally financed net primary expenditure, i.e. government expenditure net of interest expenditure, cyclical elements of unemployment benefit expenditure, and discretionary revenue measures. The net expenditure path is determined by the Member States, but it must not exceed the upper limit for the growth rate in net expenditure in order to comply with the Regulation's requirements for sustainable public finances.

For Sweden, this means that the net expenditure path must ensure that general government net lending and the consolidated gross debt remain within the limits set in the EU framework in the medium term, i.e. within the horizon of the medium-term plan's four years and the subsequent ten years. The assessment of the net expenditure path's compliance with these

requirements is carried out in accordance with a commonly agreed methodology within the EU, in accordance with Regulation (EU) 2024/1263 of the European Parliament and of the Council.

Member States that comply with the Treaty reference values have the option to request guidance on how to estimate the net expenditure path in the form of technical information from the European Commission. This information sets an estimated lower for the structural primary balance that Member States must remain within in order to meet the requirements stipulating that general government net lending and consolidated gross debt should remain within the Treaty reference values over the medium term.

Fiscal surveillance in the EU is based on Member States' net expenditure paths. As part of this procedure, the Government presents annual progress reports during the implementation period of the national medium-term fiscal-structural plan. These reports describe the growth rate in net expenditure and its relationship to the net expenditure path. If Sweden deviates from its net expenditure path, the deviation must be explained in the progress report.

Council Regulation (EC) No 1467/97 of 7 July 1997 on speeding up and clarifying the implementation of the excessive deficit procedure regulates the excessive deficit procedure, i.e. the procedure applicable to Member States that do not comply with the above limits. It is only in the case of such a procedure that adjustment requirements, such as the requirement for annual improvement in the structural balance, need to be implemented to bring general government net lending and the gross debt in line with the Treaty reference values.

## 8 Periodic reviews of the fiscal policy framework

It is established practice for the fiscal policy framework to be reviewed by an all-party commission of inquiry every second electoral period. In connection with these reviews, any need for changes to the framework can be considered. The review should be carried out towards the end of the relevant electoral period, so that a possible revised target for general government net lending can enter into force in the first year after the regular Riksdag elections. Before a review, the Fiscal Policy Council is to assess whether the fiscal policy framework is consistent, coherent and effective.

The all-party commission of inquiry should aim for a broad majority in the Riksdag to safeguard the stability and credibility of the framework, and to help reduce uncertainty about the future design of fiscal policy. Reduced uncertainty in turn creates better conditions for fiscal policy to have its desired effect.

Any assessments or proposals for amendments arising from a review are submitted in one of the government economic bills. After the relevant proposals have been adopted by the Riksdag, the Government submits a

Skr. 2025/26:76 new written communication to the Riksdag containing an updated description of the fiscal policy framework.

## Ministry of Finance

Extract from the minutes of the Government meeting of den 4 December 2025

Present: Prime Minister Kristersson, chair, and Ministers Busch, Svantesson, Edholm, Waltersson Grönvall, Strömmer, Forssmed, Tenje, Forssell, Slottner, Wykman, Malmer Stenergard, Kullgren, Liljestränd, Bohlin, Pourmokhtari, Rosencrantz, Dousa, Larsson, Britz, Mohamsson, Lann

Report submitted by: Minister Svantesson

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The Government adopts this Communication The Fiscal Policy Framework