



# Results of Deliberation on the 2025 Budget Proposal by the National Assembly

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## History of Deliberation on the 2025 Budget Proposal by the National Assembly

### History of deliberation on the 2025 budget proposal

- On Sep. 2, 2024, the government submitted the 2025 Budget Proposal and Funding Plan and the Proposal for the Limit on Build-to-Lease (BTL) Projects (the “budget proposal”) to the National Assembly.
- The National Assembly’s Special Committee on Budget and Accounts (SCBA) implemented the automatic submission of the budget proposal in May 2014. For the first time since then, the budget proposal was revised and resolved.
  - The tax appropriation (expenditure) in the revised version consists of only reductions without increases.
    - ※ Automatic submission of the budget proposal: If the SCBA fails to resolve the budget proposal by Nov. 30, the original version of the budget proposal submitted by the government will be submitted automatically in the plenary session.
- The National Assembly voted on the revised version of the budget proposal in a plenary session on Dec. 10, 2024.
  - The revised version that passed in the plenary session reflects only changes in tax revenue (income) due to amendments to supplementary bills for tax revenue in the budget proposal without changes in tax appropriation (expenditure).
    - ※ According to Article 57 of the Constitution of the Republic of Korea, the National Assembly cannot increase tax appropriation in the budget proposal without consent from the government, but can decrease it, and it can increase or decrease tax revenue in the budget proposal without consent from the government.

[Table 1] History of deliberation on the 2025 budget proposal by the National Assembly

Category	Date
The government’s submission of the budget proposal to the National Assembly	• Sep. 2, 2024
Preliminary deliberation by the Standing Committees	• Referral: Sep. 3, 2024 • Motion: Nov. 4 to 20, 2024 • Resolution: Nov. 8 to 22, 2024
Comprehensive deliberation by the SCBA	• Referral and motion: Nov. 7, 2024 • Deliberation: Nov. 7 to 29, 2024 • Resolution: Nov. 29, 2024
Plenary session	• Motion: Dec. 10, 2024 • Resolution (revised version): Dec. 10, 2024

Source: National Assembly Bill Information System

## Total Finances

### History of changes in total finances

- The 2025 budget was confirmed to be 651.6 trillion won in total revenue and 673.3 trillion won in total expenditure.
  - Total revenue increased by 39.3 trillion won compared to this year’s budget and decreased by 0.3 trillion won compared to the government’s proposal.
  - Total expenditure increased by 16.7 trillion won compared to this year’s budget and decreased by 4.1 trillion won compared to the government’s proposal.
- In 2025, it is estimated that consolidated fiscal balance will be 21.7 trillion won in deficits and managed fiscal balance will be 73.9 trillion won in deficits.
  - Consolidated fiscal balance improved by 22.7 trillion won compared to this year’s budget and improved by 3.8 trillion won compared to the government’s proposal.
  - Managed fiscal balance improved by 17.8 trillion won compared to this year’s budget and improved by 3.8 trillion won compared to the government’s proposal.

- In 2025, government debt is estimated to reach 1,273.3 trillion won in 2025, and a debt-to-GDP ratio is estimated to reach 48.1%.
- Government debt increased by 77.6 trillion won compared to this year's budget and decreased by 3.7 trillion won compared to the government's proposal.

[Table 2] Total finances for 2025

(KRW 1 trillion, %, %p)

Category	2024 Budget (A)	2025		Increase/Decrease	
		Budget proposal (B)	Confirmed budget (C)	Increase/decrease vs. the Nat'l Assembly (C-B)	Increase/decrease vs. a year earlier (C-A)
Total revenue	612.2	651.8	651.6	△0.3	39.3
Total expenditure	656.6	677.4	673.3	△4.1	16.7
Consolidated fiscal balance	△44.4	△25.6	△21.7	3.8	22.7
Managed fiscal balance	△91.6	△77.7	△73.9	3.8	17.8
(vs. GDP)	(△3.6)	(△2.9)	(△2.8)	-	-
Government debt	1,195.8	1,277.0	1,273.3	△3.7	77.6
(vs. GDP)	(47.4)	(48.3)	(48.1)	-	-

Notes: 1. The sum may not add up due to rounding.

2. The ratio compared to GDP is calculated using the GDP presented by the government in the 2024-2028 National Fiscal Management Plan.

3. Calculated government bond issuance revenue reduced by the National Assembly (3.7 trillion won) as reduced government debt.

Source: Adapted from the National Assembly Bill Information System and Digital Budget Accounting System

## Budget in 12 Major Sectors

### ▪ 2025 budget in 12 major sectors

- The major sectors that increased from this year's budget were health, welfare and employment (+11.1 trillion won), education (+3.3 trillion won), and R&D (+3.1 trillion won), while SOC (△1.0 trillion won) was the only sector that decreased.
  - ※ SOC was the only sector that decreased year over year (△1.0 trillion won) based on the government's original proposal.
- The major sectors that decreased compared to the government's proposal were general and local administration (△0.6 trillion won), health, welfare and employment (△0.3 trillion won), and national defense (△0.3 trillion won).
  - The reserve fund with the largest reduction (△2.4 trillion won) is not included in the 12 major sectors.

[Table 3] 2025 budget in 12 major sectors

(KRW 1 trillion)

Category	2024 Budget (A)	2025		Increase/Decrease	
		Budget proposal (B)	Confirmed budget (C)	Increase/decrease vs. the Nat'l Assembly (C-B)	Increase/decrease vs. a year earlier (C-A)
Health, welfare and employment	237.6	249.0	248.7	△0.3	11.1
Education	95.2	98.5	98.5	△0.0	3.3
Culture, sports and tourism	8.7	8.8	8.8	△0.1	0.1
Environment	12.5	13.0	13.0	△0.0	0.5
R&D	26.5	29.7	29.6	△0.1	3.1
Industry, SME and energy	28.0	28.3	28.2	△0.1	0.2
SOC	26.4	25.5	25.4	△0.0	△1.0
Agriculture, fisheries and food	25.4	25.9	25.9	△0.0	0.5
National defense	59.6	61.6	61.2	△0.3	1.8
Foreign affairs and unification	7.5	7.8	7.7	△0.1	0.2
Public order and safety	24.4	25.1	25.0	△0.1	0.6
General/local administration	110.5	111.3	110.7	△0.6	0.1
Total expenditure	656.6	677.4	673.3	△4.1	16.7

Notes: 1. The sum may not add up due to rounding.

2. The sum of 12 major sectors may not add up to the total expenditure due to differences in classifications.

3. The reserve fund is not included in the 12 major sectors.

Source: Adapted from the National Assembly Bill Information System and Digital Budget Accounting System.

## History of Deliberation

### ▪ History of changes compared to the government's proposal

- Total revenue increased by 3.0931 trillion won and decreased by 3.3644 trillion won, resulting in a net decrease of 271.3 billion won.
- Total expenditure decreased by 4.1091 trillion won with no increase.

**[Table 4] Increase or decrease in total finances in deliberation on the 2025 budget proposal** (KRW 1 trillion)

Category	Total revenue			Total expenditure		
	Increase	Decrease	Net increase	Increase	Decrease	Net increase
Budget	30,880	△33,644	△2,763	-	△35,053	△35,053
Fund	50	-	50	-	△6,039	△6,039
Total	30,931	△33,644	△2,713	-	△41,091	△41,091

Source: Adapted from the Plenary Session Amendment to the 2025 Budget Proposal

- Increase or decrease through deliberation by the National Assembly (tax revenue and income)
  - Income tax, corporate tax, and value-added tax net decreased by 1.1874 trillion won, 246.9 billion won, and 381.3 billion won, respectively, reflecting economic conditions and amendments to applicable laws.
  - Inheritance and gift tax net increased by 1.718 trillion won, considering that the Partial Amendment to the Inheritance Tax and Gift Tax Act, which adjusted the tax rate and tax base, failed to pass\*.
    - \* Revised up the lowest tax rate (10%) base (100 million won to 200 million won) and revised down the highest tax rate (3 billion won to 1 billion won, 50% to 40%) base
  - There was a net decrease of 3.7093 trillion won in government bond issuance revenue for the public capital management fund because the amount of Korea Treasury Bonds issued was reduced in line with a decrease in tax appropriation (expenditure).

**[Table 5] Increase or decrease (tax revenue and expenditure)** (KRW 100 million)

Category	2025 budget proposal	Increase	Decrease	Net increase
Income tax	1,280,066	5,380	△17,254	△11,874
Corporate tax	885,013	-	△2,469	△2,469
Inheritance and gift tax	127,879	24,199	△7,019	17,180
Value-added tax	880,201	-	△3,813	△3,813
Korea Treasury Bond issuance revenue	2012,618	-	△37,093	△37,093

Notes: Korea Treasury Bond issuance revenue is not counted in total revenue.

Source: Adapted from the Plenary Session Amendment to the 2025 Budget Proposal and the Plenary Session Amendment to the 2025 Fund Operation Plan Proposal

- Decrease through deliberation by the National Assembly (tax revenue and expenditure)
  - Decrease in the reserve fund (△2.4 trillion won), Korea Treasury Bond interest repayments (△500 billion won), training and supply and demand management of healthcare professionals (△93.1 billion won), Link 16 performance improvement (△79.6 billion won) and capital investment in oilfield development projects (△49.7 billion won)
  - A decrease of 81.5 billion won in 27 R&D projects in consideration of the performance of projects including international cooperation
  - A decrease of 76.2 billion won in special activity expenses and specific business expenses for the Office of the President, Ministry of Justice, National Audit Office, and National Police Agency
  - Decreased general accounting deposits in the public capital management fund, which are intended to preserve sources of expenditure, by 3.9691 trillion won, considering a decrease in tax appropriation in the general account due to a reduction of the reserve fund

[Table 6] Decrease details (tax appropriation and expenditure)

(KRW 100 million)

Ministry	Project	2025 budget proposal	Decrease
Ministry of Economy and Finance	Reserve fund	48,000	△24,000
	Korea Treasury Bond interest repayments	304,779	△5,000
	General accounting deposits in the public capital management fund	867,344	△39,691
Ministry of Health and Welfare	Training and supply and demand management of healthcare professionals	3,922	△931
Defense Acquisition Program Administration	Link 16 performance improvement	1,021	△796
Ministry of Trade, Industry and Energy	Capital investment in oilfield development projects	506	△497
Nine ministries, including the Ministry of Science and ICT	27 R&D projects, including research operational cost support for the National Research Council of Science & Technology	29,926	△815

Notes: General accounting deposits in the public capital management fund are not counted in total expenditure.  
Source: Adapted from the Plenary Session Amendment to the 2025 Budget Proposal

## Budgetary General Provisions and Incidental Opinions

### ▪ Budgetary general provisions

- The National Assembly determined the 2025 purpose reserve fund to be 1.6 trillion won, a decrease of 1 trillion won from the 2.6 trillion won in the government's proposal, and added free high school education (predicated on an amendment to the Local Education Subsidy Act) and childcare cost support for early childhood education to promote free education for 5-year-olds to the use of the purpose reserve fund.

[Table 7] Revised 2025 budgetary general provisions (related to the purpose reserve fund)

Category	Budget proposal	Confirmed by the National Assembly
Size	2.6 trillion won	1.6 trillion won (△1.0 trillion won decrease)
Purpose	(1) Disaster countermeasure expense, (2) Labor cost, (3) Expense to cover a shortfall in Korean won due to exchange rate fluctuations, and (4) Account payable in legally mandatory expenditure for the previous year and payment shortfall for the year	In addition to (1) to (4), (5) Expense for high school free education projects (predicated on an amendment to the Local Education Subsidy Act) and (6) Expense for childcare cost support projects for early childhood education to promote free education for 5-year-olds (268.09 billion won) were added

Source: Adapted from data from the Plenary Session Amendment to the 2025 Budget Proposal

### ▪ Incidental opinions (36)

- The National Assembly deliberated and resolved the 2025 budget and adopted a total of 36 incidental opinions.

[Table 8] Incidental opinions adopted in the deliberation and resolution of the 2025 budget

Description
The government should not secure an additional project budget for tax appropriation and fund expenditure projects through relocations, reserve fund allocations, or changes to the fund management plan (excluding statutory mandatory expenditure projects and projects under budgetary general provisions) that were reduced during the National Assembly deliberation process. However, if it is necessary to secure an additional project budget due to unavoidable circumstances, it should be reflected in a supplementary budget proposal after a resolution by the National Assembly.
Since the youth work experience support project and the middle-aged internship system are operated separately, and there are age groups unable to participate in work experience support projects as a result, the Ministry of Employment and Labor should make efforts to prevent gaps in those eligible for support in work experience support projects.
The Ministry of Agriculture, Food and Rural Affairs should make efforts to establish a legal basis for import stabilization insurance as a sub-project of the agricultural disaster insurance project and the Nonghyup Bond and Government Grain Settlement Project as a sub-project of the government grain purchase cost project.

Source: Adapted from the Plenary Session Amendment to the 2025 Budget Proposal

※ More details on the results of deliberation on the National Assembly on the 2025 budget will be provided in a report for the Results of Deliberation on the 2025 Budget Proposal that will be published in December.