San Marino - Budget at a Glance

(13 July 2026)

I. Macroeconomic context

1. The global and European economies experienced a moderate recovery in 2025, providing a generally favourable external environment for San Marino. The San Marino economy continues its development process based on a more sustainable growth model, mainly driven by the manufacturing sector and non-financial services, including tourism. These sectors benefited from competitive labour costs, financial soundness and integration with one of Italy's most dynamic industrial regions. Boosted by specific government strategies and initiatives, tourism continues to perform very well, with levels exceeding pre-pandemic ones, with over 2 million visitors registered in 2024 and in 2025. Also the level of employment has remained high, and forecasts suggest that this favourable trend will continue in 2026.

2. The economy continues growing due to the positive performance of the manufacturing sector, the strong recovery in tourism, and prudent fiscal policies. The trade balance of goods improved further in 2025, building on the positive performance of recent years, while inflation remained stable at 2.3%. Real GDP rose by 1.5% in 2025 compared to 2024, while nominal GDP grew by 3.3%. Also the unemployment rate remains at historically low levels (Table 1).

3. Forecasts for 2026 show a further improvement for the main macroeconomic indicators: an increase in real GDP by 1.3%, an increase in nominal GDP by 2.9%. For the following two years 2027–2028, growth is expected to remain stable at around 1% (Table 1).

4. Despite high global uncertainty, San Marino economy is expected to remain resilient. Indeed, the country's small size and speed of adaptation can be a strength in the face of global geopolitical and economic turmoil. San Marino has shown high resilience in recent years, due to the specialised and niche market of its exporting companies, which can count on a loyal clientele. Also political stability contributes to a favourable domestic business environment. The government, supported by a large parliamentary majority, guarantees the continuity of economic policies. Regarding energy costs, San Marino has maintained a competitive and controlled level, as in the years following the pandemic, thereby strengthening the competitiveness and resilience of the manufacturing sector.

5. The prefinancing of the Eurobond due January 2027 significantly reduced liquidity risk and interest costs. San Marino pre-issued in April 2026 a 350 million Eurobond, equivalent to around 17% of GDP. The new Eurobond has extended the maturity to 5 years with an interest rate of 3.625%, which is

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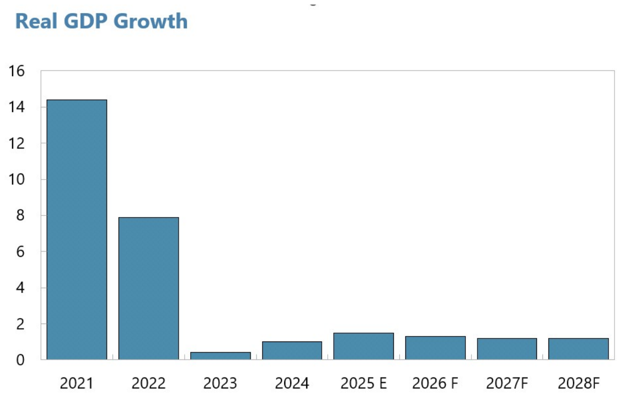
significantly lower than the 6.5% of the previous issuance. The positive result reflects the improvements in macro-financial fundamentals, underpinned by a prudent fiscal policy and the progress in resolution of legacy banking sector vulnerabilities. This improvement is also supported by the upgrade of San Marino's sovereign rating from BB+ to BBB-, with a positive outlook, assigned by Fitch Ratings in December 2025, followed by a further upgrade from BBB- to BBB in June 2026. Standard & Poor's also raised San Marino's sovereign rating from BBB+ to A- in June 2026.

6. There has been significant progress to resolve the issues of the banking system. The securitisation of NPLs and write-offs have significantly reduced the net NPL ratio, which fell from 38% in 2020 to 10% in December 2025. The increased liquidity of the banking system testifies to the confidence of savers. Also the Association Agreement with the European Union will allow access to the EU market with greater integration and the development of opportunities.



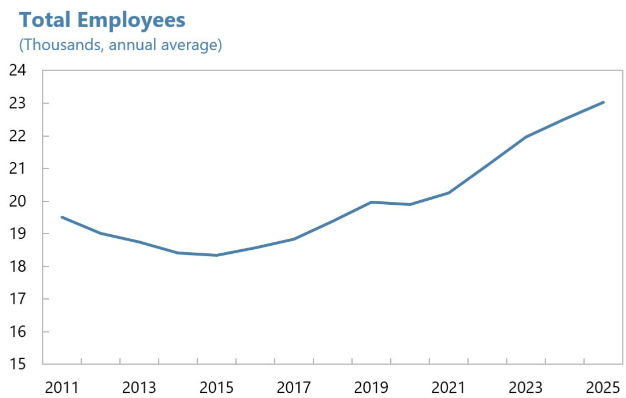


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Table 1. Key Macroeconomic Indicators

	2021	2022	2023	2024	2025 E	2026 F	2027F	2028F
		Percent						
Real GDP growth	14.4	7.9	0.4	1.0	1.5	1.3	1.2	1.2
Inflation - avg	1.6	5.3	5.9	1.2	2.3	2.8	2.6	2.0
Nominal GDP growth	16.0	10.9	7.8	2.9	3.3	2.9	3.0	3.7
Unemployment rate	6.4	5.1	4.2	4.4	4.3	4.4	4.4	4.4
		Percent of GDP						
Current account balance	5.4	13.6	22.0	18.4	17.1	17.1	16.9	16.0
Overall balance	-4.3	0.4	-1.0	0.3	-0.1	-1.4	-0.8	-0.4
Primary balance	-2.4	1.7	1.3	2.3	2.0	1.5	0.7	1.0
Public debt	62.6	69.5	67.3	62.4	59.7	58.1	56.0	54.4
		Million euros						
Nominal GDP	1,569	1,739	1,875	1,930	1,993	2,051	2,113	2,190

Source: San Marino authorities and IMF WEO April 2026.

2025–2028 estimated on nominal GDP growth from IMF WEO April 2026.

7. **More recently, San Marino has applied to be included in a permanent EUREP (Eurosystem Repo Facility) from the European Central Bank (ECB).** Getting access to the facility will be an important step to further strengthen the Central Bank's role as emergency liquidity provider. Indeed, EUREP allows a precautionary liquidity line of up to EUR 50 billion, much higher than the current EUR 100 million liquidity line.

II. Fiscal Policy Priorities

8. **The government continues to strive for balanced growth supported by a sound fiscal position with continued consolidation, with the main aim of gradually reducing the debt level.** To achieve these objectives, the government's fiscal policy continues to focus on (i) macroeconomic stabilisation, (ii) ensuring fiscal sustainability, (iii) efficient provision of public services and (iv) protection of vulnerable groups.

- **Macroeconomic stabilisation:** San Marino is a small, open euroized economy, linked in particular to the market of neighbouring Italy and relatively vulnerable to external shocks. Those shocks can cause a drop in domestic demand and a weakening of the fiscal position. For San Marino, fiscal policy is the main instrument of macroeconomic stabilisation.

- **Fiscal sustainability:** Fiscal sustainability is crucial to reduce uncertainty and promote economic growth, but also to ensure that the Government has sufficient fiscal margin to implement a countercyclical policy. Fiscal sustainability enhances confidence by increasing predictability of taxes and government payments, but also by reducing the government crowding out funding for the private sector.

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- **Efficient provision of public services:** The government considers that to remain competitive and create jobs in San Marino, it is essential to maintain a competitive tax regime. Also the energy pricing policy implemented by the Public Utilities State Corporation gives the business sector a competitive edge. At the same time, public spending must be kept low, while efficiently providing services of quality.

- **Protection of vulnerable groups:** Targeted social transfers for vulnerable groups are crucial to promote social stability, increase resilience to shocks and strengthen public support for structural reforms.

9. The government has focused on:

- **Pursuing macroeconomic stabilisation, continuing the resolution of the financial sector legacy issues and reducing pressures on domestic liquidity.** The government stabilised the banking system by recapitalising the Cassa di Risparmio di San Marino (CRSM), which is state-owned, with a perpetual sovereign bond to cover the losses incurred during the global financial crisis. To continue strengthening CRSM balance sheet, in 2025 the government converted EUR 55 million of perpetual bonds held by the bank through issuances of multi-year domestic bonds with a gradual amortization. This initiative will gradually improve the bank's liquidity and profitability and will reduce public debt. In addition, the government is carefully managing domestic liquidity, including by prefinancing the Eurobond in April 2026 (see Section I).

- **Ensuring sustainability:**

  - **Adopting a prudent fiscal policy to build up fiscal buffers.** With the resilient economy since pandemic, the government has prudently saved revenue windfalls to build up government deposits. Spending growth was moderate due to prudent indexation of wages and pensions. As a result of this, debt has fallen, and government deposits have increased to comfortable levels. Thus, the country is also in a better position to face adverse shocks.

  - **Through the structural reforms implemented to date.**

    i. The pension reform that was approved in 2022 with Law no. 157/2022 has been very important in containing pension deficits over the next decade. The reform increased contributions and quotas (sum of age and years of contributions), thus delaying the exhaustion of pension fund assets by more than a decade.

    ii. Approved by Law no. 141 on 12 November 2025, the general income tax reform came into force on 1 January 2026. It is aimed at broadening the tax base, strengthening tax administration, and simplifying procedures. The reform introduces a more progressive system of tax deductions. In addition, it also provides for further tax credits for households, healthcare expenses and rent. Starting in 2028, tax brackets for individuals will be adjusted for inflation every two years, with a cap of 6%. From 2026 to 2030, the standard IGR rate for corporate, professional and self-employment income will increase from 17% to 18%. The additional revenue generated will be allocated to a specific budgetary fund for structural investments and

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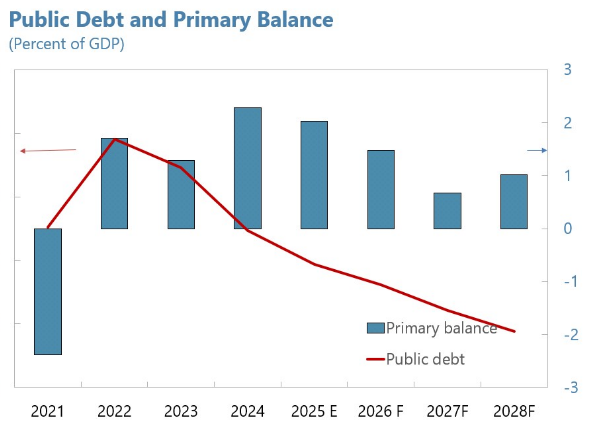
public debt reduction. The income earned by self-employed workers and sole proprietorships will be taxed at progressive rates, based on their total taxable income. The reform also strengthens the enforcement of the relevant legislation by introducing stricter sanctions for non-compliance. It also requires updates for advanced data analysis, with the aim of improving audit targeting. The additional revenues generated by the reform will be used for fiscal consolidation. The additional revenues generated by the reform is expected to amount to EUR 17 million (around 0.8% of GDP) from 2026 onwards.

iii. A pilot scheme for internal electronic invoicing in B2B transactions involving goods and services has been launched in 2026, and will come into effect in 2027. The system will also constitute an important digital infrastructure, capable of facilitating tax compliance.

iv. Law no. 16 of 4 February 2026 on the Indicator of the Economic Condition for Equity (ICEE) – was approved as the primary tool for the targeted and efficient provision of state aid, subsidies and grants.

III. Budget Forecasts

10. The 2026 budget maintains and follows, as in previous years, a prudent approach. As the economy stabilises at high activity levels, tax revenues and primary expenditure are expected to grow in line with the expected nominal GDP growth in 2026. This will maintain a positive primary balance of about 1.5% of GDP. Moreover, given the high global uncertainty in 2026, the government is aware of the risks and the need to adopt a prudent expenditure policy in 2026. To be prudent, the current budget has not reflected potential positive impacts from the income tax reform and interest costs savings from the new Eurobond. The government plans to analyse the impacts after 2026 revenues are observed.



11. Expenditure is expected to decline marginally faster than revenue to support fiscal consolidation. Bearing in mind that the government adopts a prudent approach to forecasting, the revenue-to-GDP ratio will exceed 20% in 2027, stabilising at around 20% in 2028. Likewise, the primary expenditure-to-GDP ratio is expected to fall below 19% in 2028, since the government pursues the objective of improving public spending efficiency, whilst also maintaining moderate wages and pensions.

Table 2. Key Budget Indicators

(Percentage of GDP)

	2021	2022	2023	2024	2025 (Budget Adj. Law 140/2025)	2026 (Budget Law 158/2025)	2027 (Budget Law 158/2025)	2028 (Budget Law 158/2025)
Revenue	20.7	22.1	21.0	21.3	21.9	21.5	20.7	19.9
Tax revenue	16.0	17.0	16.2	16.6	17.2	17.4	17.0	16.5
Nontax reveinue	4.7	5.1	4.7	4.7	4.7	4.1	3.6	3.5
Expenditure	25.0	21.7	21.9	21.0	22.0	22.9	21.5	20.3
Primary expenditure	23.1	20.4	19.7	19.0	19.9	20.0	20.0	18.9
Interest payments	1.9	1.3	2.2	2.0	2.1	2.8	1.5	1.4
Balance	**-4.3**	**0.4**	**-1.0**	**0.3**	**-0.1**	**-1.4**	**-0.8**	**-0.4**
Primary balance	-2.4	1.7	1.3	2.3	2.0	1.5	0.7	1.0
Gross Financing needs	**24.5**	**12.4**	**20.3**	**6.4**	**6.3**	**23.8**	**5.9**	**5.5**
Primary deficit (surplus = -)	2.4	-1.7	-1.3	-2.3	-2.0	-1.5	-0.7	-1.0
Interest	1.9	1.3	2.2	2.0	2.1	2.8	1.5	1.4
Amortizations	20.2	12.8	19.3	6.6	6.2	22.5	5.1	5.0
Stock of debt	**62.6**	**69.5**	**67.3**	**62.4**	**59.7**	**58.1**	**56.0**	**54.4**
Gov. deposits (months of spending)	1.6	2.8	4.3	2.8	2.6	1.8	1.9	1.9

Main funding sources

(Percentage of GDP)

	2021	2022	2023	2024	2025 (Budget Adj. Law 140/2025)	2026 (Budget Law 158/2025)	2027 (Budget Law 158/2025)	2028 (Budget Law 158/2025)
Funding Sources	**24.5**	**12.4**	**20.3**	**6.4**	**6.3**	**23.8**	**5.9**	**5.5**
Debt issuance	23.2	14.1	21.3	2.6	5.9	22.6	5.8	5.4
External issuance	21.7	0.0	18.7	0.0	0.0	17.1	0.0	0.0
Domestic issuance	1.5	14.1	2.7	2.6	5.9	5.5	5.8	5.4
Use of Gov. deposits and others	1.3	-1.7	-1.1	3.8	0.4	1.2	0.1	0.1

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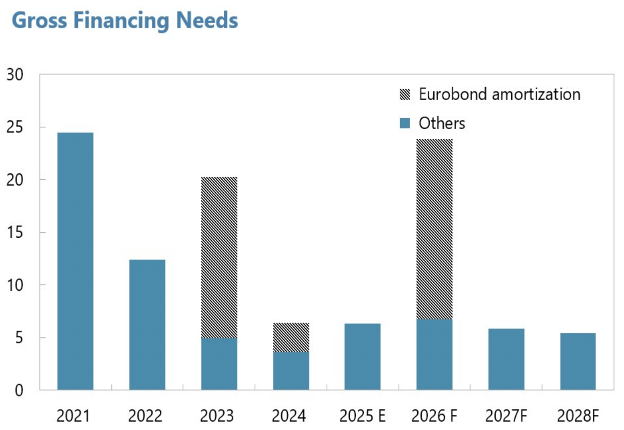
12. The government plans to cover the gross financial needs of 2026 by relying on the domestic and external debt markets. According to Budget Law no. 158/2025, the gross financial needs are projected to reach EUR 489 million in 2026. This includes EUR 461 million of amortization (i.e. debt repayment) and EUR €58 million of interest payments, net of a primary surplus of EUR 30 million. As discussed in Section I, a significant part of the amortization has been prefinanced by the new Eurobond at an interest rate of 3.625%, well below the level set out in the Budget Law, resulting in significant savings on interest costs. The government plans to use the additional liquidity from the new Eurobond to repurchase the old Eurobond and to pay off the principal of the old Eurobond when it matures in January 2027, depending on the market condition. Assuming full repurchase of the Eurobond[1], public debt is expected to reach EUR 1,192 million (58.1% of GDP) and public deposits EUR 71 million (1.8 months of expenditure) by the end of 2026 (see Tables 2 and 3).

IV. Medium-term fiscal strategy

13. The government aims to continue reducing debt well below 60% of GDP, in line with EU fiscal standards. As a result of the sustained efforts made in recent years, this target is expected to have been reached already in 2025. Maintaining a prudent approach to public finances remains essential for San Marino to consolidate these results and strengthen the country's resilience, given its nature as a small, open and euroized economy. Hence, the government's focus must remain on expenditure restraint, while maintaining a moderate indexation of wages and pensions. Public support for vulnerable groups will continue to be a priority, with the aim of ensuring targeted, effective and sustainable measures. The government is also working with the IMF to calibrate the public debt target, taking into account the country's economic and financial specificities.



[1] If the old Eurobond is not fully repurchased in 2026, The end of 2026 public debt will be temporarily high and will be reversed in January 2027.

14. In order to further strengthen the fiscal position in 2027–28, the government is committed to advance on structural reforms.

- Continuing to assess and evaluate the introduction of a value-added tax (VAT) or a similar indirect tax, while taking into account the specific characteristics of San Marino economy. Introducing a tax of this kind, which is generally considered to be more efficient, would make San Marino's tax system more similar to those in other countries. This would enable businesses to operate in a more consistent and competitive environment. From this perspective, electronic domestic invoicing, which is due to be introduced in 2026, will be an important tool for broadening the tax base and improving the efficiency of tax collection.

- To improve the efficiency of public spending, the government will continue to review it. The aim is to make the best possible use of available resources and ensure that services are appropriate, accessible and responsive to citizens' needs. The Economic Condition for Equity (ICEE) provides objective, simple, and transparent criteria for the need of social benefits. The government will compile data to construct the indicator and experiment with this new approach.

15. The San Marino's medium-term debt management strategy aims to strengthen the country's financial sustainability by finding the right balance between minimizing financing costs while reducing rollover risks. Extending the maturity of the new Eurobond to five years is an important step in this direction, as it helps to improve the debt's maturity profile. Furthermore, diversifying sources of funding is key to expanding market access opportunities and strengthening the State's financial management capacity. In this perspective, the government is considering new ways of issuing domestic securities, including through the Italian local-government debt market. The aim is to improve liquidity and encourage broader investor participation.

16. The government considers it necessary to pursue the objective of energy independence and self-sufficiency by implementing projects for alternative renewable energy plants, carried out through targeted investment plans by the Autonomous Public Utilities State Corporation.

17. The EU Association Agreement will bring tangible benefits in terms of access to the EU market, increased investment and public administration reforms.

V. Fiscal Risks

18. The main short-term risk is a potential slowdown in the Italian economy due to continuing global geo-economic uncertainty. This scenario could have a negative impact on San Marino exports and, consequently, on tax revenues. However, this risk is mitigated to some extent by the resilience shown by the Italian economy in recent years, the reasonable diversification of San Marino manufacturing sector

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and the adequate level of government deposits. Uncertainties remain about inflation trends and volatility in financial markets.

19. **San Marino is facing a number of long-term challenges associated with demographic trends.** The ageing of the population, a common problem in many European countries, could have an impact on economic activity and public finances, leading to lower potential GDP growth and a gradual increase in healthcare and pension expenditure. In this context, San Marino's pension deficit is set to increase over time. Although the 2022 pension reform improved the situation by increasing contributions, the government is aware of the need for further adjustments of the pension parameters.

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VI. Data and statistics

Table 3. Key Fiscal Indicators

(EUR milion)

	2021	2022	2023	2024	2025 (Variazione prev. - L. 140/2025)	2026 (Previsione Legge 158/2025)	2027 (Previsione Legge 158/2025)	2028 (Previsione Legge 158/2025)
Revenue	324	384	393	411	436	441	437	437
Tax revenue	251	295	305	321	344	357	360	361
Nontax reveinue	73	89	88	90	93	84	77	76
Expenditure	392	377	411	406	438	469	454	446
Primary expenditure	362	355	369	367	396	411	422	414
Interest payments	30	22	42	39	42	58	31	31
Balance	**-67**	**7**	**-18**	**5**	**-2**	**-28**	**-17**	**-9**
Primary balance	-37	30	24	44	40	30	14	22
	-67	7	-18	0	0	0	0	0
Gross Financing needs	**384**	**215**	**380**	**123**	**126**	**489**	**124**	**120**
Primary deficit (surplus = -)	37	-30	-24	-44	-40	-30	-14	-22
Interest	30	22	42	39	42	58	31	31
Amortizations	317	222	362	128	124	461	107	111
Stock of debt	**982**	**1.209**	**1.262**	**1.203**	**1.189**	**1.192**	**1.184**	**1.192**
Gov. deposits	53	89	148	95	95	71	71	71

Main funding sources

(EUR milion)

	2021	2022	2023	2024	2025 (Variazione prev. - L. 140/2025)	2026 (Previsione Legge 158/2025)	2027 (Previsione Legge 158/2025)	2028 (Previsione Legge 158/2025)
Funding Sources	**384**	**215**	**380**	**123**	**126**	**489**	**124**	**120**
Debt issuance	364	246	400	50	118	464	123	118
External issuance	340	0	350	0	0	350	0	0
Domestic issuance	24	246	50	50	118	114	123	118
Use of Gov. deposits and othe	20	-30	-20	73	8	25	2	2

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Table 4. Public debt without Contingent Liabilities

(EUR million)

	2018	2019	2020	2021	2022	2023	2024	2025
Short-term advances	55.0	55.0	55.0	0.0	0.0	0.0	0.0	0.0
Short-term external loans	0.0	0.0	150.0	0.0	0.0	0.0	0.0	0.0
Long-term domestic loans	114.5	108.6	91.3	74.0	56.7	39.2	21.6	11.5
Long-term external loans	3.2	2.5	8.7	10.4	8.9	8.2	7.5	6.9
Domestic Government bonds	141.3	176.6	177.9	84.0	329.6	322.6	319.7	366.0
International Government bonds[1]	0.0	0.0	0.0	340.0	340.0	402.5	350.0	350.0
Perpetual public bonds	0.0	0.0	455.0	474.0	474.0	474.0	474.0	414.0
Total public debt without difference between receivables and payables	313.9	342.6	937.9	982.4	1,209.1	1,246.5	1,172.9	1,148.4
Difference between receivables and payables[2]	16.1	13.9	5.9	0.0	0.0	15.6	30.4	22.8
Total public debt	330.0	356.6	943.8	982.4	1,209.1	1,262.1	1,203.2	1,171.1

Public Debt and Contingent Liabilities (CRSM Provision for risks, and ex-BSN securities)

	2018	2019	2020	2021	2022	2023	2024	2025
CRSM Provision for risks (5-tier)	465.1	455.1	0.0	0.0	0.0	0.0	0.0	0.0
State-guaranteed BNS Securities[3]	0.0	212.7	212.7	204.0	0.0	0.0	0.0	0.0
Total CRSM provision for risks, perpetual bonds and State guaranteed BNS securities	465.1	667.9	212.7	204.0	0.0	0.0	0.0	0.0
Total Debt and Contingent Liabilities	**795.1**	**1,024.4**	**1,156.6**	**1,186.4**	**1,209.1**	**1,262.1**	**1,203.2**	**1,171.1**

1 The 2023 international bonds also include the provision of EUR 52.51 million related to the Eurobond issued by San Marino in 2021 and redeemed on maturity in February 2024.

2 For the years 2025 to 2027, the figure is a conservative estimate based solely on interest from the Eurobond.

3. In 2022, the State-guaranteed securities of Banca Nazionale Sammarinese were converted into government bonds pursuant to Articles 3 and 4 of Law no. 94 of 24 June 2022 and Delegated Decrees nos. 168 and 169 of 16 December 2022. They are therefore shown in line “Government bonds”.