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France Plans Reversible 2027 Budget Without Tax Increases

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PARIS, August 31: The French government is preparing a "reversible" 2027 budget that would avoid tax increases, restrain spending and potentially slow increases in higher pensions, local media reported Monday.

Prime Minister Sebastien Lecornu said most measures could be reversed by a new parliamentary majority after upcoming elections. The finance bill is due Sept. 30.

Public Accounts Minister David Amiel said the 2027 deficit could not be worse than in 2025, when it reached 5.1% of gross domestic product.

France's economy contracted 0.2% in the first quarter of 2026 before recording zero growth in the second, putting the government's 0.7% annual growth target at risk.

Lecornu ruled out tax increases, saying major fiscal decisions should be left to the next government.

State spending would rise below inflation, while defense and education would receive additional funding. Defense spending is set to increase by €6.4 billion ($7.5 billion), and education by €800 million.

Funding for employment programs, development aid, agriculture and health could be reduced.

The government is considering extending a special levy on large companies and partially limiting pension increases for higher-income retirees.