

# FISCAL REVIEW REPORT

January - October 2023

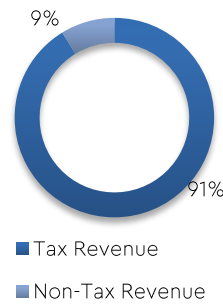


Department of Fiscal Policy  
Ministry of Finance, Economic Stabilization and National  
Policies

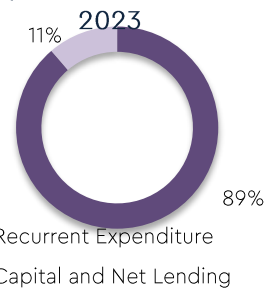
# Highlights...

<b>Government Revenue &amp; Grants</b>	<ul style="list-style-type: none"> <li>• Jan- Oct 2023 : Rs. 2,434 Bn</li> <li>• Jan- oct 2022 : Rs. 1,588 Bn</li> </ul>	↑
<b>Government Expenditure</b>	<ul style="list-style-type: none"> <li>• Jan-Oct 2023 : Rs. 3,981 Bn</li> <li>• Jan- Oct 2022 : Rs. 3,235 Bn</li> </ul>	↑
<b>Budget Deficit</b>	<ul style="list-style-type: none"> <li>• Jan-Oct 2023 : Rs. 1,547 Bn</li> <li>• Jan-Oct 2022 : Rs. 1,647 Bn</li> </ul>	↓

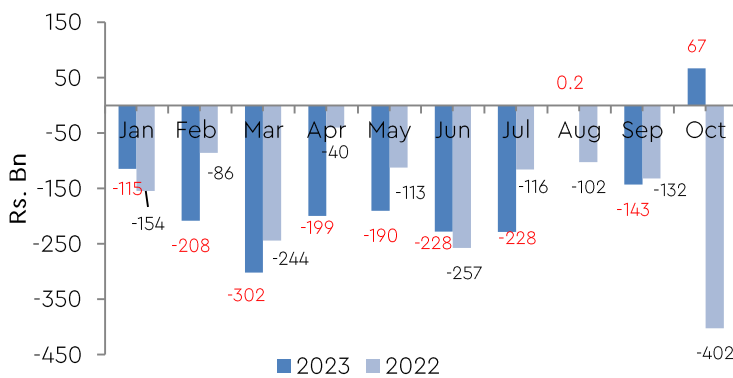
Government Revenue Jan-Oct 2023



Government Expenditure Jan-Oct 2023



Budget Deficit (Rs. Bn)

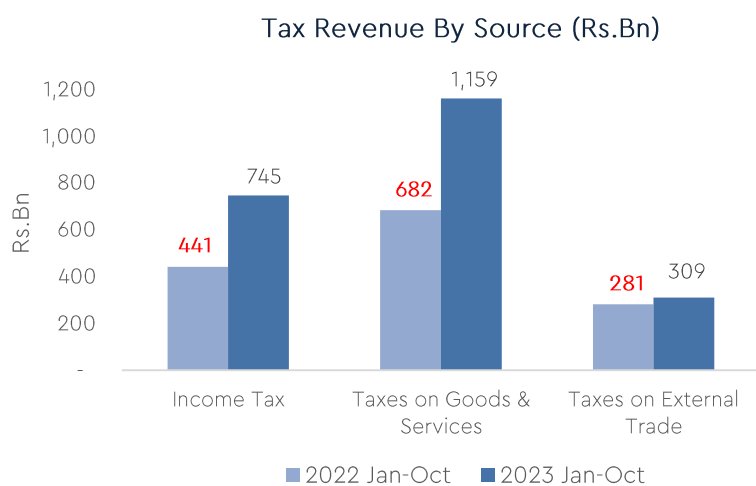
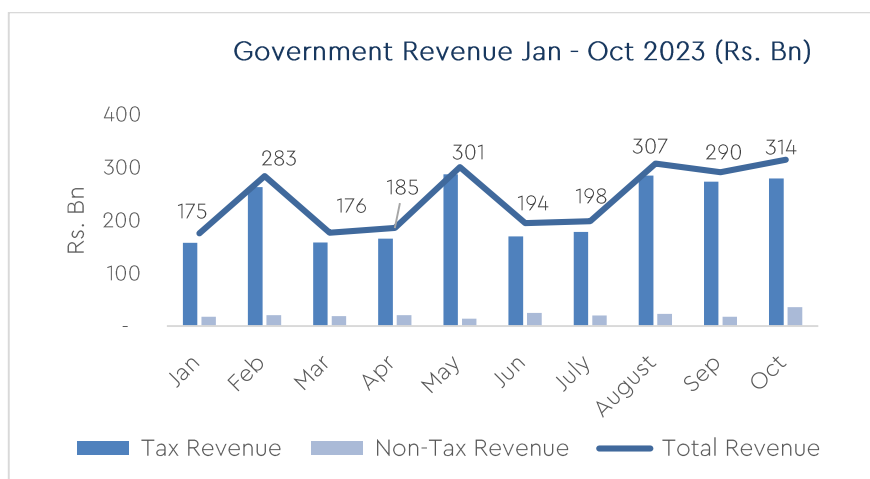


Fiscal deficit, in nominal terms, contracted to Rs. 1,547.0 billion during January to October 2023 from Rs. 1,646.7 billion in the same period of 2022 mainly due to increase of government revenue including grants by 53.3 percent to Rs. 2,434 billion in the first ten months of 2023 from to Rs. 1,588 billion in the same period of 2023.

Jan – Oct 2022 → Jan - Oct 2023

- Total Revenue excluding grants increased by 52.9%
- Tax Revenue increased by 57.6 %
- Non Tax Revenue increased by 16.4%
- Recurrent Expenditure increased by 27.1%
- Capital and net lending declined by 1.6%
- GDP at constant prices was Rs. 5,712 billion in the first half of 2023, compared to Rs. 6,199 bn in the same period of 2022.
- Economy contracted by 7.9% in the first half of 2023 compared to 3.6% contraction recorded in the same period of 2022.

## Government Revenue 2023

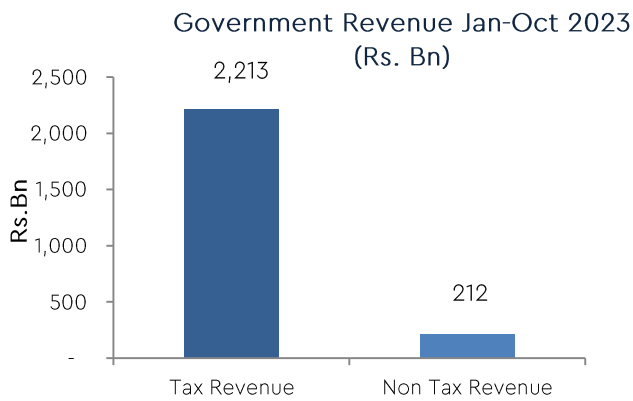
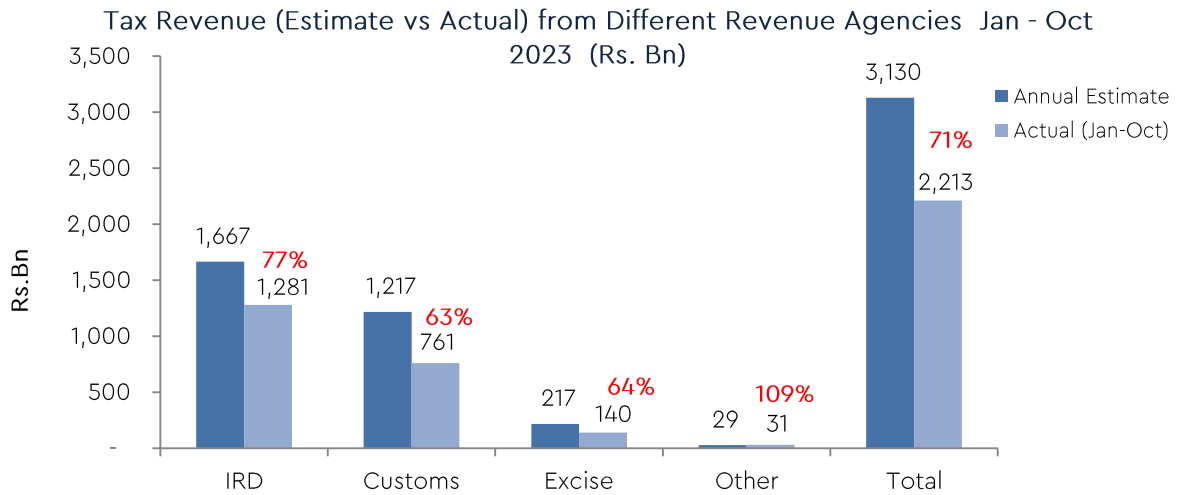


Tax revenue from income tax, taxes on goods and services, and external trade increased by 57.6 percent in the first ten months of 2023 compared to same period of 2022.

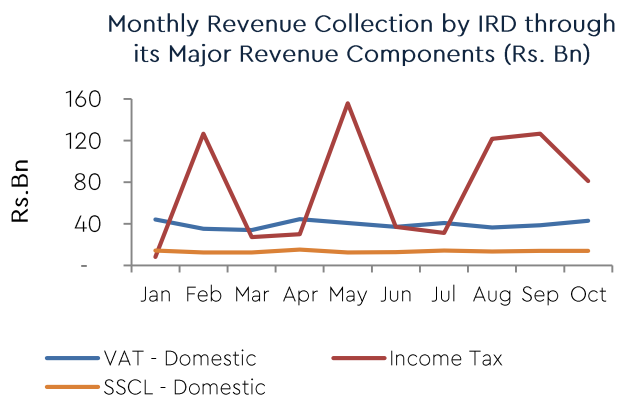
### Tax Revenue from 3 Key Revenue Collecting Agencies Jan – Oct 2023

	Annual Estimate (Rs. Bn)	Actual (Jan-Oct) (Rs. Bn)	Achievement
IRD	1,667	1,280.7	77%
Customs	1,217	760.7	63%
Excise	217	139.6	64%
Other	29	31.4	109%
<b>Total</b>	<b>3,130</b>	<b>2,212.5</b>	<b>71%</b>

# Government Revenue 2023

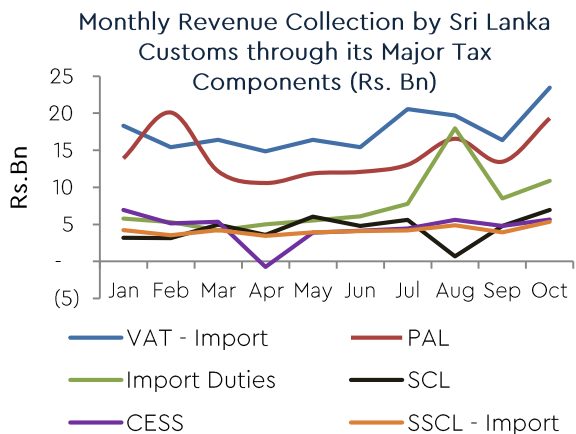


Around 91 percent of the Government's revenue was generated through the tax revenue in the first ten months of 2023



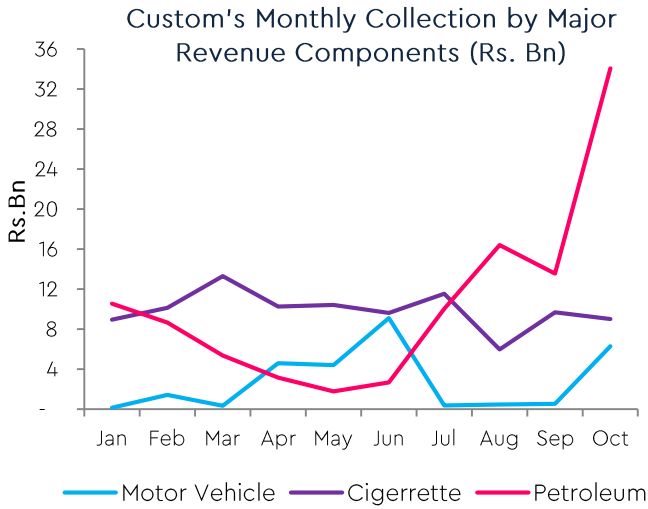
Revenue collected from VAT and SSCL on Domestic Activities has not significantly increased or decreased in the first ten months of 2023.

Revenue from income tax has significantly increased in February, May, August and October as the payment of CIT and PIT fell in these months.

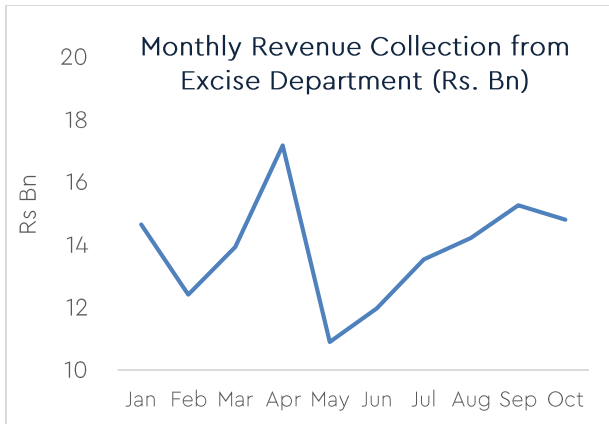


Revenue collected by Sri Lanka Customs through its major tax components increased by 26 percent to Rs. 527.4 billion in the first ten months of 2023 from Rs. 418.6 billion in the same period of 2022.

## Government Revenue 2023

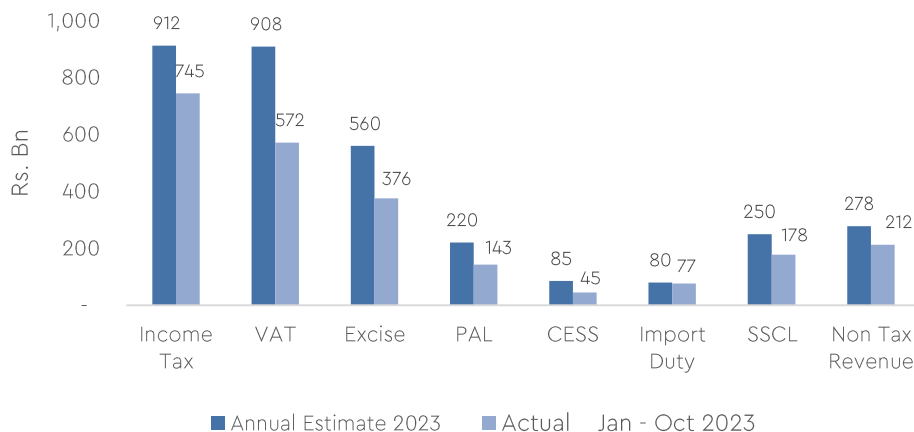


Revenue collected from excise duty on motor vehicles increased by 100 percent to Rs. 27.8 billion in the first ten months of 2023 from Rs. 13.9 billion in the same period of 2022. Revenue collected from excise duty on cigarettes reached its peak in March 2023 and that revenue increased by 12.1 percent to Rs. 99 billion in the first ten months of 2023 from Rs. 88.3 billion in the same period of 2022. Further, revenue collected from petroleum has significantly increased by 157.8 percent to Rs. 106.3 billion in the first ten months of 2023 from Rs. 41.2 billion in the same period of 2023 owing to the increase of excise duty on the importation of all types of petrol & diesel by Rs. 25 per litre with effect from January 01, 2023 and June 01, 2023, respectively.



Revenue collected from Department of Excise subjected to significant fluctuations mainly due to drop in liquor production particularly emanating from poor enforcement of the tax stamp system by EDSL due to the fact that availability of counterfeit or copy tax stamps in the market. However, from May to September the revenue gradually picked up.

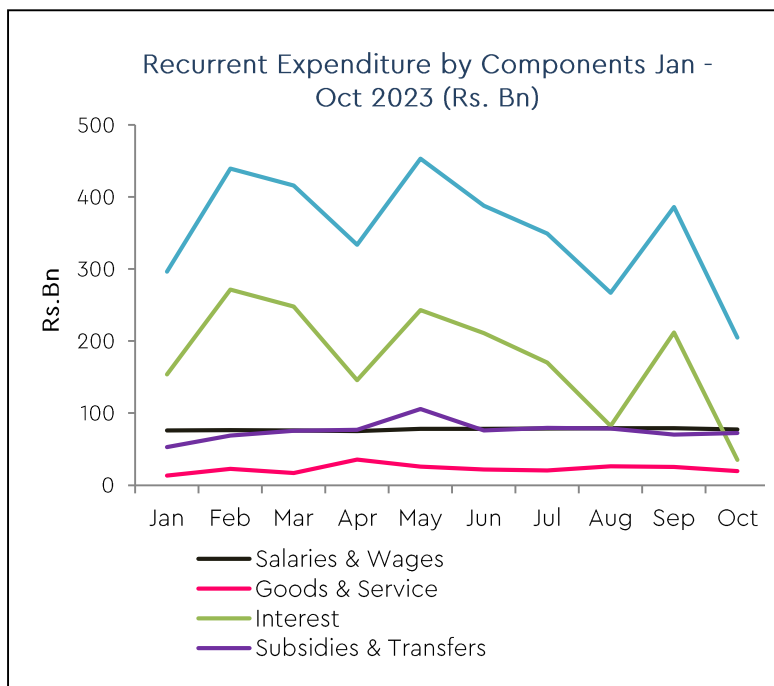
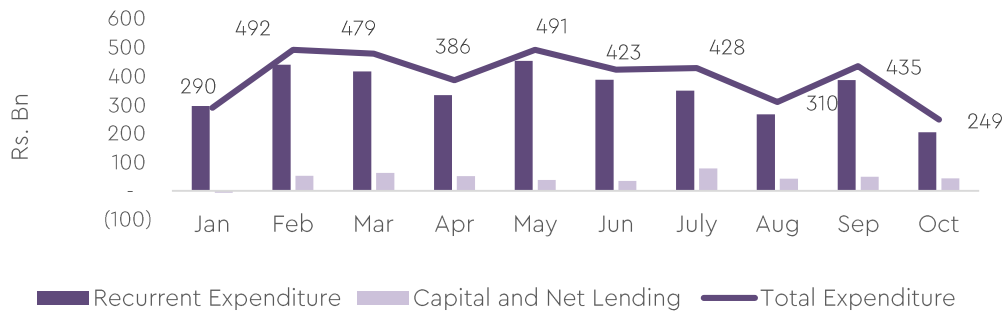
**Annual Estimate Vs Revenue by Major Revenue Sources Jan-Oct 2023 (Rs. Bn)**





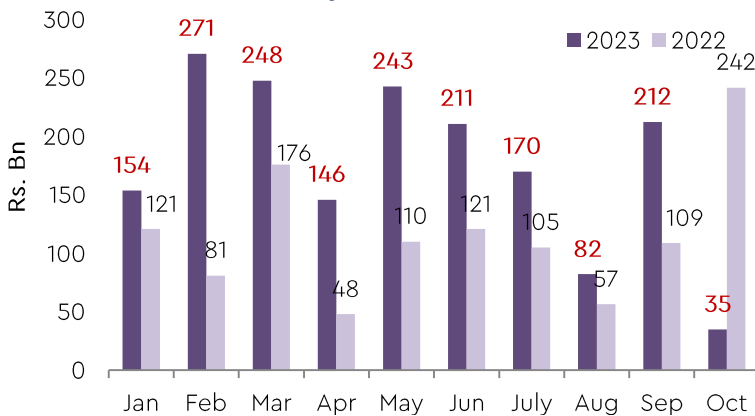
## Government Expenditure 2023

Government Expenditure Jan - Oct 2023 (Rs. Bn)



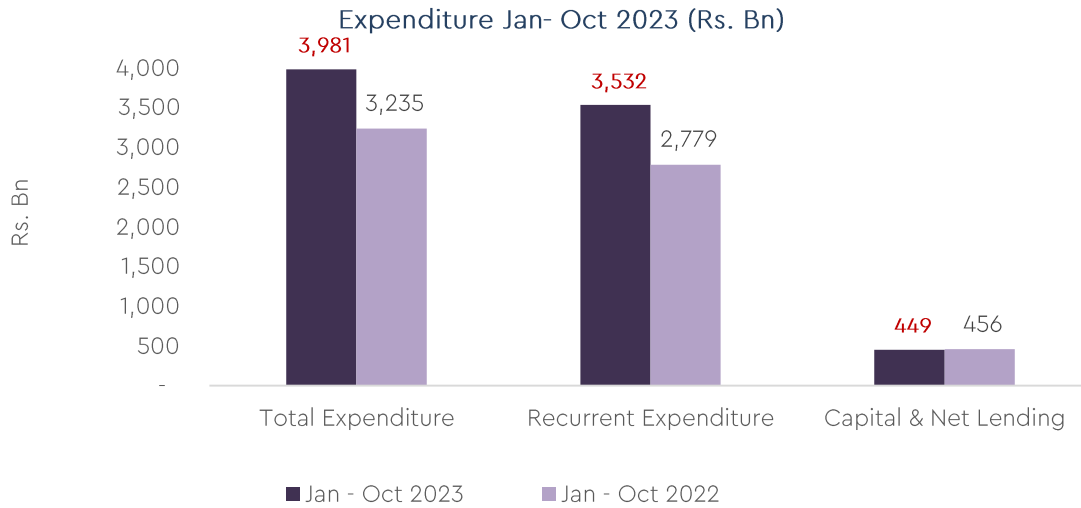
The total recurrent expenditure in the first ten months of 2023 reached Rs. 3,532 billion of which the biggest share holds by interest amounting to Rs. 1,772 billion. This represents 50.2 percent of the total recurrent expenditure. The second largest contributor of the total recurrent expenditure during the first ten months of 2023 is salaries and wages which holds 21.9 percent of the total recurrent expenditure. During the first ten months of 2023, the interest and total recurrent expenditure exhibit an identical trend, indicating that interest holds the highest sway within the total recurrent expenditure.

Interest Payments Jan - Oct 2023



Total Interest payments from January to October 2023 increased by 51.6 percent to 1,772 billion compared to Rs. 1,169 billion in the same period of 2022 due to high-interest rates on domestic borrowings.

## Government Expenditure 2023



Government expenditure increased by 23.1 percent to Rs. 3,981 billion in the first ten months of 2023, compared to Rs. 3,235 billion in the same period of 2022. Recurrent expenditure was Rs. 3,532 billion and the capital and net lending was Rs. 449 billion.

## Budget Outturn Jan - Oct 2023 (Rs. Bn)

	Annual Estimate 2023 (Rs. Bn)	Jan-Oct 2022 (Rs. Bn)	Jan -Oct 2023 (Rs. Bn)	Growth 22/23 %	Achievement %
Total Revenue & Grants	3,415	1,588	2,434	53.3	71.3
Tax Revenue	3,130	1,404	2,213	57.6	70.7
Non-Tax Revenue	278	182	212	16.4	76.4
Grants	7	2	9	312.5	131.4
Total Expenditure	5,819	3,235	3,981	23.1	68.4
Recurrent Expenditure	4,609	2,779	3,532	27.1	76.6
Capital and Net Lending	1,210	456	449	-1.6	37.1
Primary Balance (+)/(-)	-211	-477	225		
Budget Balance (+)/(-)	-2,404	-1,647	-1,547		