

# FISCAL REVIEW REPORT

January – March 2026



Department of Fiscal Policy

Ministry of Finance, Planning and Economic Development

# Highlights of Fiscal Performance

## Government Revenue & Grants

- Jan - Mar 2026 : Rs. 1,499.2 Bn
- Jan - Mar 2025 : Rs. 1,067.4 Bn

## Government Expenditure

- Jan - Mar 2026 : Rs. 1,382.8 Bn
- Jan - Mar 2025 : Rs. 1,301.9 Bn

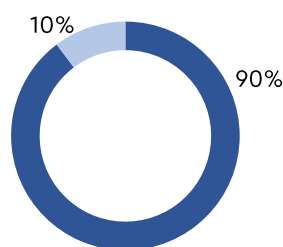
## Primary Surplus

- Jan - Mar 2026 : Rs. 709.6 Bn
- Jan - Mar 2025 : Rs. 397.5 Bn

## Budget Balance

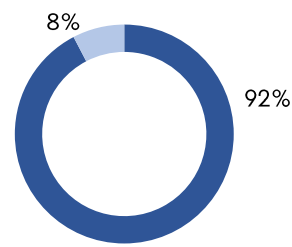
- Jan - Mar 2026 : Rs. 116.3 Bn
- Jan - Mar 2025 : Rs. -234.5 Bn

## Government Revenue Jan - Mar 2026

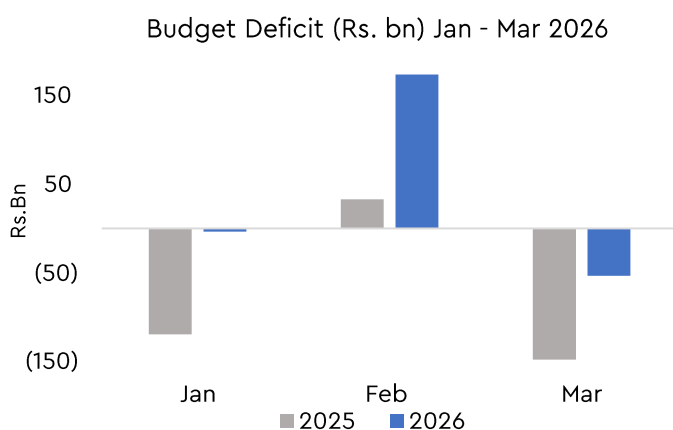


- Tax Revenue
- Non-Tax Revenue

## Government Expenditure Jan - Mar 2026



- Recurrent Expenditure
- Capital and Net Lending

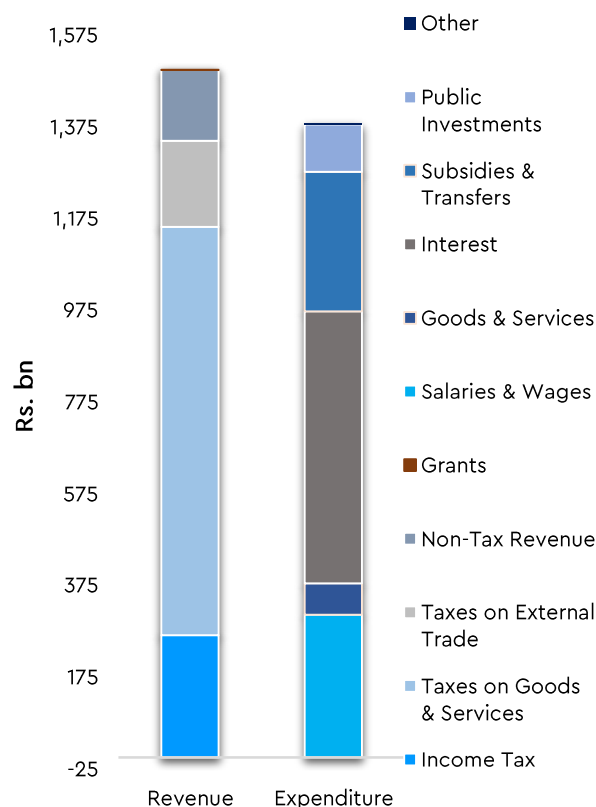


The budget balance, in nominal terms, increased to a surplus of Rs. 116.3 billion in the first three months of 2026 from a deficit Rs. 234.5 billion in the same period of 2025, mainly due to the robust increase in government revenue by 40 percent to Rs. 1,499.2 billion in the first three months of 2026 from Rs. 1,067.4 billion in the same period of 2025, together with the rationalization of government expenditure.

## Total Revenue and Expenditure (Jan - Mar) 2026

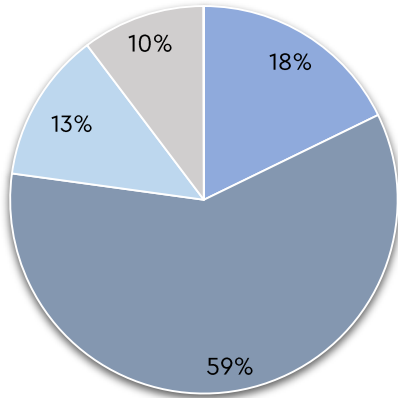
### Jan - Mar 2025 → Jan - Mar 2026

- Total Revenue, including grants increased by 40 percent
- Tax Revenue increased by 36 percent
- Non-Tax Revenue increased by 91 percent
- Recurrent Expenditure increased by 5 percent
- Capital and net lending increased by 29 percent
- GDP at constant prices was Rs. 13,128.6 billion in 2025 compared to Rs. 12,509.0 billion in 2024.
- In 2024 and 2025, economy expanded by 5 percent

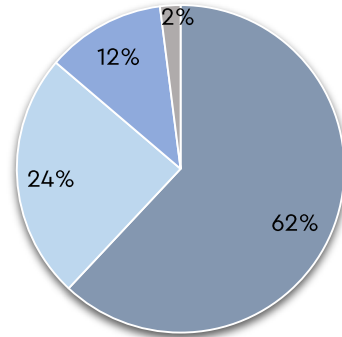


# Revenue Performance

Composition of Actual Revenue  
(Jan - Mar) - 2026



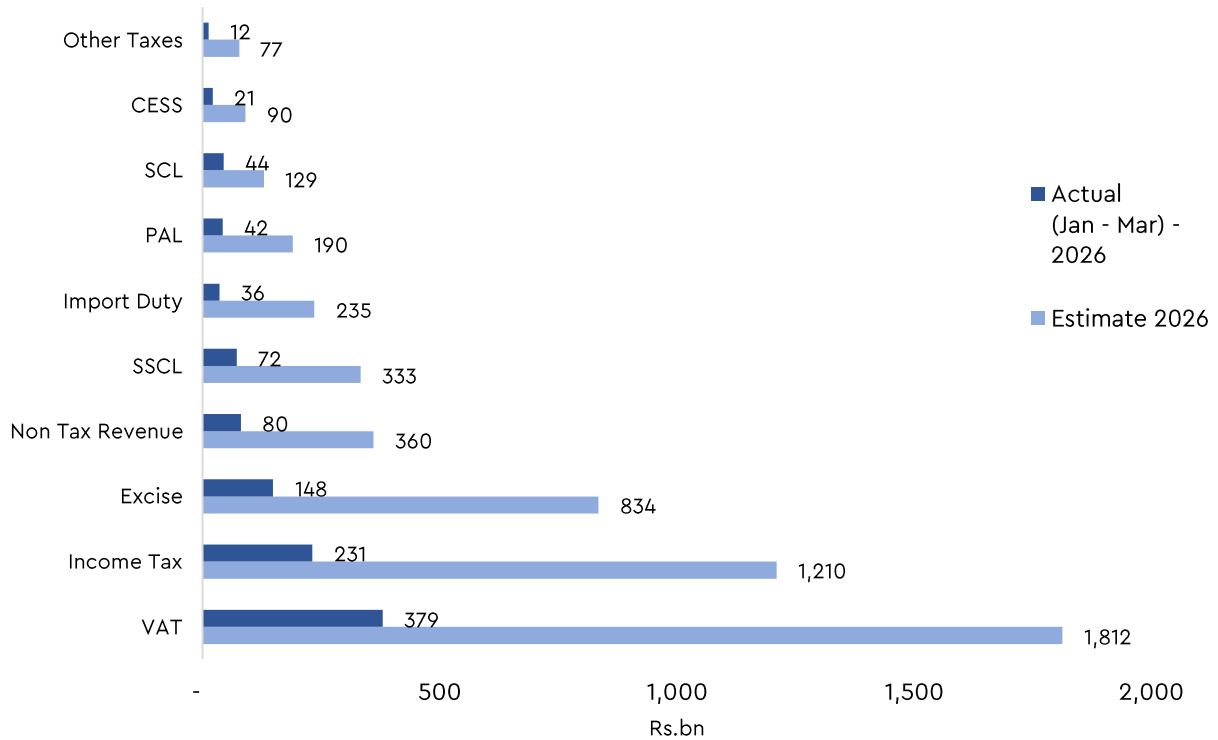
Composition of Taxes on goods & services  
(Jan - Mar) - 2026



- Income Tax
- Taxes On external Trade
- Grants
- Taxes on Good & Services
- Non - Tax revenue

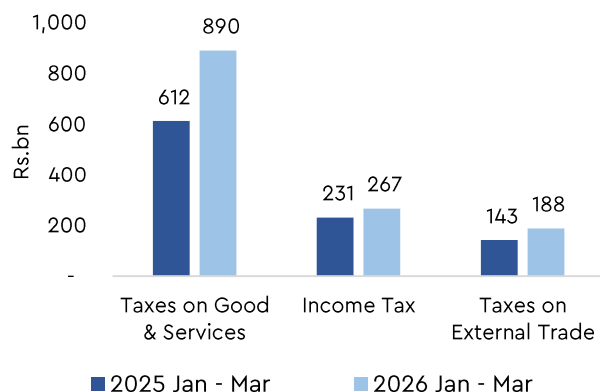
- VAT
- Excise Taxation
- SSCL
- Other

Annual Estimate vs. Revenue by Major Revenue Sources (Jan - Mar) 2026 (Rs. bn)

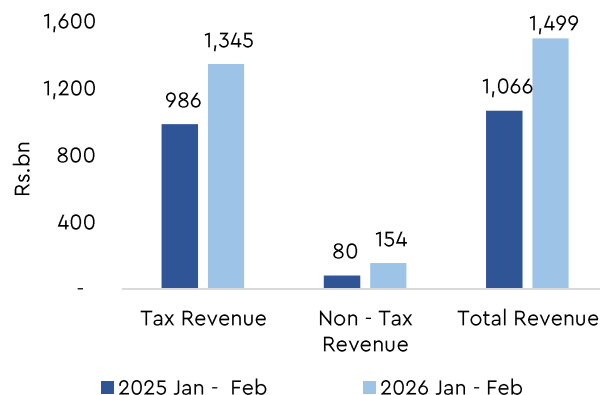


# Revenue Performance

Tax Revenue (Jan - Mar) - 2025/2026  
(Rs. bn)

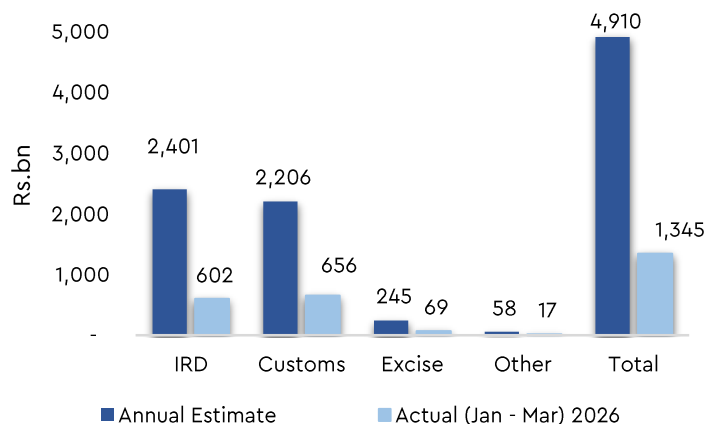


Government Revenue (Jan - Mar) - 2025/2026  
(Rs. bn)



The total revenue increased by 41 percent to Rs. 1,498.7 billion in the first three months of 2026 from Rs. 1,066.3 billion in the same period of 2025, mainly due to the substantial revenue collection from motor vehicles. Further, the revenue from income tax increased by 16 percent to Rs. 266.7 billion in the first three months of 2026 from Rs. 231.0 billion in the same period of 2025. Revenue from VAT increased by 31 percent to Rs. 498.0 billion in the first three months of 2026 from Rs. 379.3 billion in the same period of 2025, of which VAT on domestic activities increased by 48 percent.

Tax revenue (Annual estimate vs. achievement in 2026) from different revenue collecting agencies in 2026 (Rs.bn)



Sri Lanka Customs achieved 30 percent of its annual estimate in the first three months of 2026 mainly due to the increase of revenue collection from motor vehicles. Inland Revenue department achieved 25 percent of annual estimate in the first three months of 2026 reflecting strong performance of VAT on domestic activities. Further Excise department achieved 28 percent of its annual estimate in the first three months of 2026.

# Revenue Performance

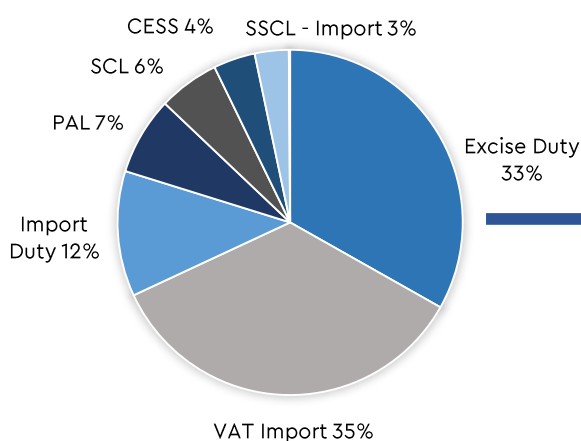
## Tax Revenue from 3 Key Revenue collecting agencies during (Jan – Mar) 2026

	Annual Estimate (Rs. bn)	Actual (Jan – Mar) 2026 (Rs. bn)	Achievement (%)
IRD	2,401	602	25.1
Customs	2,206	656	29.7
Excise	245	69	28.1
Other	58	18	30.2
<b>Total</b>	<b>4,910</b>	<b>1,345</b>	<b>27.4</b>

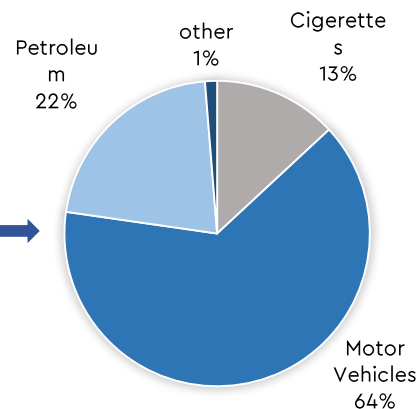
In the first three months of 2026, Sri Lanka Customs became the largest contributor to the Government Revenue, accounting for 50 percent of the total tax revenue collected. The Inland Revenue Department was the second-largest contributor, representing 45 percent of the total tax revenue collected, while Excise Department was the third-largest contributor.

## Sri Lanka Customs

Revenue collection from Sri Lanka Customs by major tax components (Jan - Mar 2026)



Composition of Excise Duty collected from Sri Lanka Customs (Jan - Mar 2026)



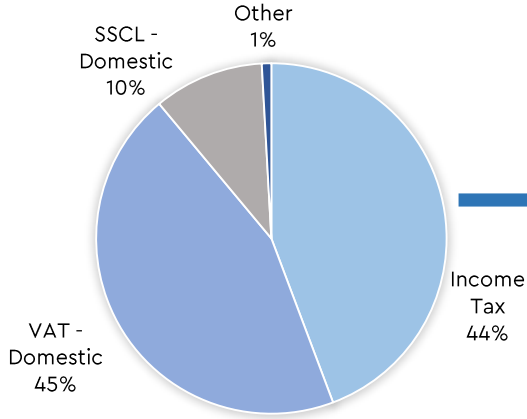
Revenue from VAT on imports is the largest revenue component among the Customs' major tax components. The revenue from VAT on imports increased by 48 percent to Rs. 228.9 billion in the first three months of 2026 from Rs. 155.0 billion in the same period of 2025. Revenue from Excise Duty increased by 119.0 billion to Rs. 217.7 billion in the first three months of 2026 compared to the same period of 2025.

Revenue from Excise Duty on motor vehicles significantly increased by 122.7 billion to Rs. 139.7 billion in the first three months of 2026 from Rs. 17.0 billion in the same period of 2025.

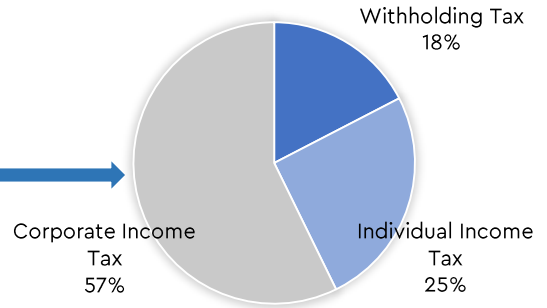
# Revenue Performance

## Inland Revenue Department

Revenue collection from IRD by major tax components (Jan - Mar 2026)



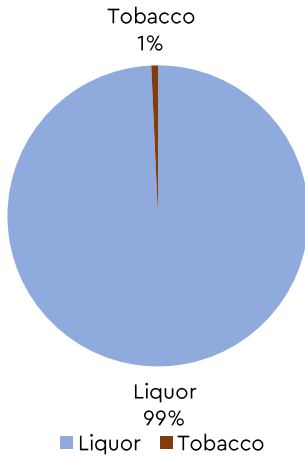
Composition Income Tax (%)



Revenue collection from Income Tax increased by 16 percent to Rs. 266.7 billion in the first three months of 2026, compared to the same period of 2025. Revenue from VAT on domestic activities increased by 20 percent and SSCL on domestic activities increased by 11 percent in the first three months of 2026 compared to the same period of 2025.

## Excise Department

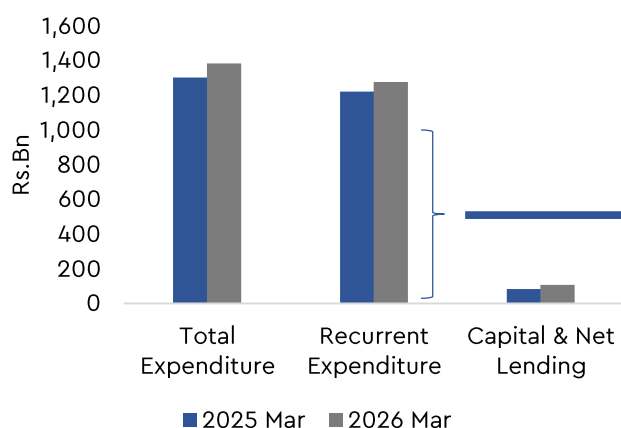
Revenue collection from Department of Excise by major revenue sources (Jan - Mar 2026)



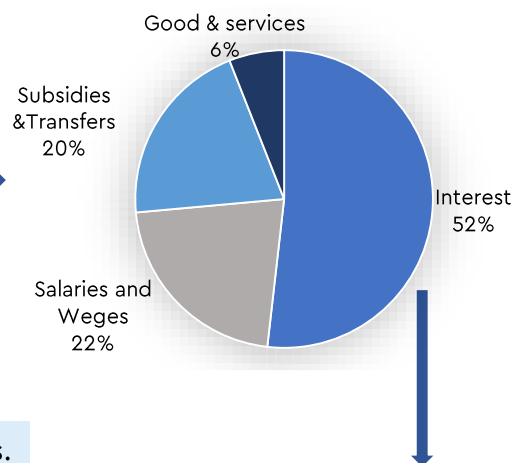
The revenue from excise duty on liquor increased by 38 percent to Rs. 68.3 billion in the first three months of 2026 from Rs. 49.5 billion in the same period of 2025.

# Execution of Government Expenditure

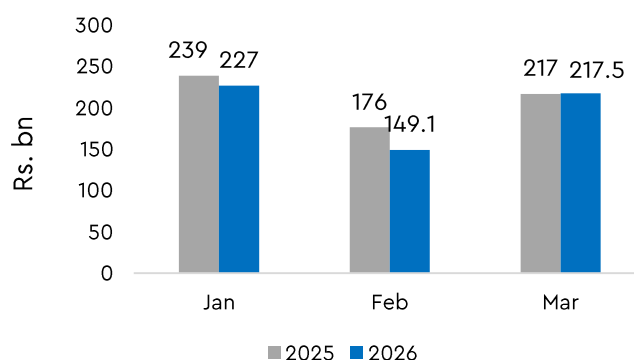
Expenditure Jan - Mar 2025/2026 (Rs.bn)



Recurrent Expenditure Jan - Mar 2026 (%)



Interest Payments Jan - Mar 2025/2026 (Rs.bn)



The total expenditure increased by 6 percent to Rs. 1,382.8 billion in the first three months of 2026 from Rs. 1,301.9 billion in the same period of 2025. Recurrent expenditure increased by 5 percent to Rs. 1,276.8 billion in the first three months of 2026 from Rs. 1,219.8 billion in the same period of 2025. The capital and net lending increased by 29 percent to Rs. 106.0 billion in the first three months of 2026 from Rs. 82.1 billion in same period of 2025.

Total Interest payments declined by 6 percent to Rs. 593.3 billion in the first three months of 2026 to Rs. 631.9 billion in the same period of 2025.

## Budget Outturn : Jan - Mar 2026

	Annual Estimate 2026 (Rs. bn)	Jan- Mar 2025 (Rs. bn) (Actual)	Jan - Mar 2026 (Rs. bn) (provisional)	Growth (%) Jan - Mar 2025/26	Achievement against the estimate 2026 (%)
<b>Total Revenue &amp; Grants</b>	<b>5,300</b>	<b>1,067.4</b>	<b>1,499.2</b>	<b>40.4</b>	<b>28.3</b>
Tax Revenue	4,910	985.9	1,344.8	36.4	27.4
Non-Tax Revenue	360	80.5	153.9	91.2	42.7
Grants	30	1.1	0.5	-	1.6
<b>Total Expenditure</b>	<b>7,557</b>	<b>1,301.9</b>	<b>1,382.8</b>	<b>6.2</b>	<b>18.3</b>
Recurrent Expenditure	5,838	1,219.8	1,276.8	4.7	21.9
Capital and Net Lending	1,719	82.1	106.0	29.2	6.2
<b>Primary Balance (+)/ (-)</b>	<b>360</b>	<b>397.5</b>	<b>709.6</b>	<b>78.5</b>	<b>197.1</b>
<b>Budget Balance (+)/ (-)</b>	<b>-2,257</b>	<b>-234.5</b>	<b>116.3</b>	<b>-149.6</b>	<b>-5.2</b>