

FISCAL REVIEW REPORT

January – April 2026



Department of Fiscal Policy

Ministry of Finance, Planning and Economic Development

Highlights of Fiscal Performance

Government Revenue & Grants

- Jan - Apr 2026 : Rs. 1,958.3 Bn
- Jan - Apr 2025 : Rs. 1,454.7 Bn

Government Expenditure

- Jan - Apr 2026 : Rs. 1,853.3 Bn
- Jan - Apr 2025 : Rs. 1,716.3 Bn

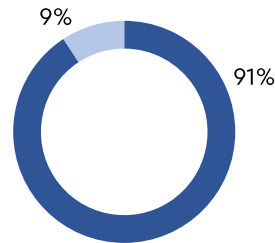
Primary Surplus

- Jan - Apr 2026 : Rs. 862.7 Bn
- Jan - Apr 2025 : Rs. 532.7 Bn

Budget Balance

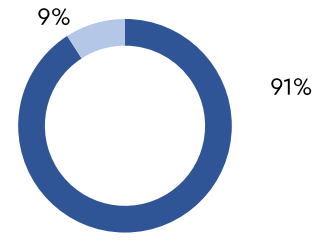
- Jan - Apr 2026 : Rs. 105.0 Bn
- Jan - Apr 2025 : Rs. -261.6 Bn

Government Revenue Jan - Apr 2026



■ Tax Revenue
■ Non-Tax Revenue

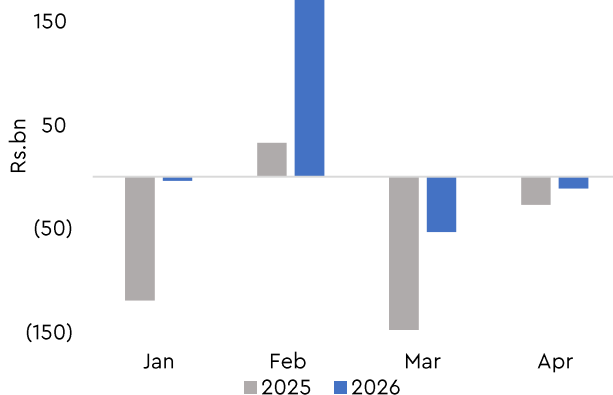
Government Expenditure Jan - Apr 2026



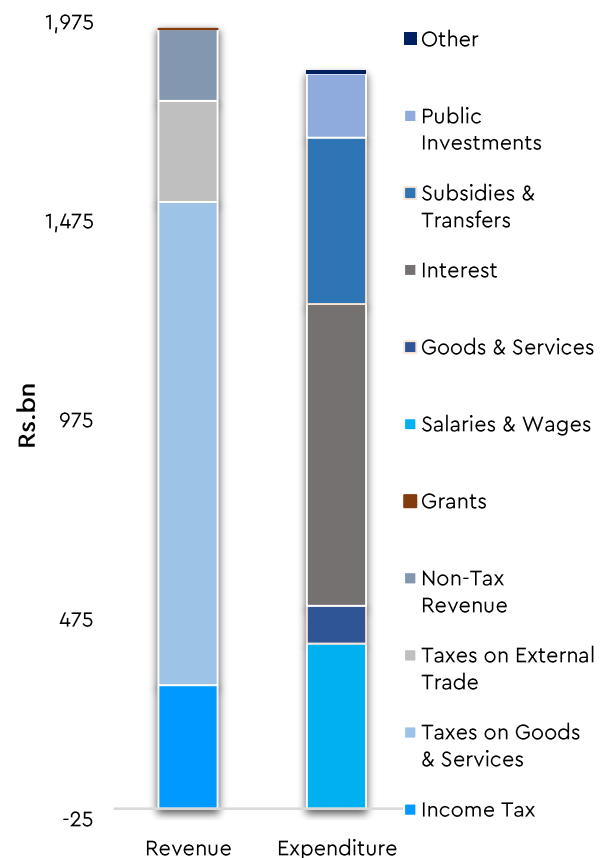
■ Recurrent Expenditure
■ Capital and Net Lending

The budget balance, in nominal terms, increased to a surplus of Rs. 105.0 billion in the first four months of 2026 from a deficit of Rs. 261.6 billion in the same period of 2025, mainly due to the robust increase in government revenue by 35 percent to Rs. 1,958.3 billion in the first four months of 2026 from Rs. 1,454.7 billion in the same period of 2025, together with the rationalization of government expenditure.

Budget Deficit (Rs. bn) Jan - Apr 2026



Total Revenue and Expenditure (Jan - Apr) 2026

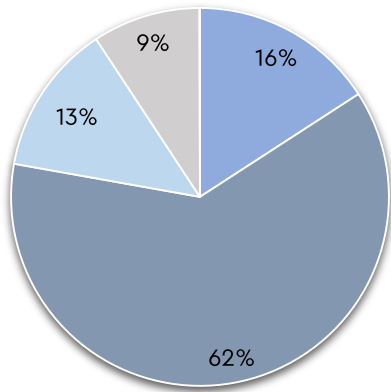


Jan - Apr 2025 → Jan - Apr 2026

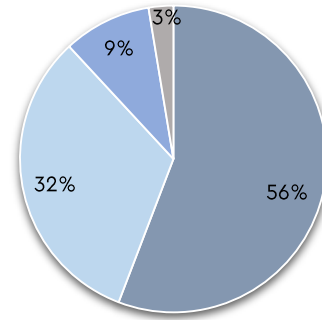
- Total Revenue, including grants increased by 35 percent
- Tax Revenue increased by 32 percent
- Non-Tax Revenue increased by 73 percent
- Recurrent Expenditure increased by 5 percent
- Capital and net lending increased by 49 percent
- GDP at constant prices was Rs. 13,128.6 billion in 2025 compared to Rs. 12,509.0 billion in 2024.
- In 2024 and 2025, economy expanded by 5 percent

Revenue Performance

Composition of Actual Revenue
(Jan - Apr) - 2026

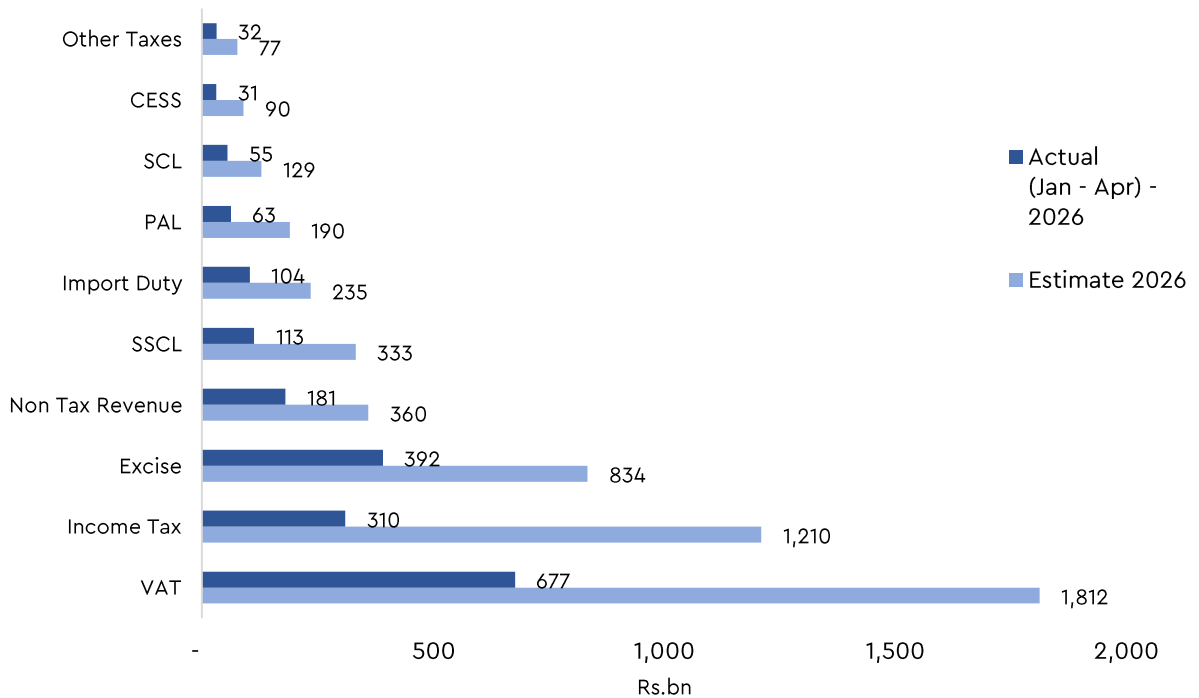


Composition of Taxes on goods & services
(Jan - Apr) - 2026



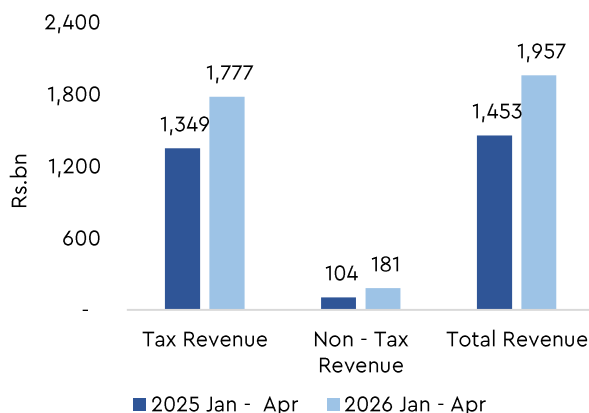
- Income Tax
- Taxes On external Trade
- Grants
- Taxes on Good & Services
- Non - Tax revenue
- VAT
- Excise Taxation
- SSCL
- Other

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

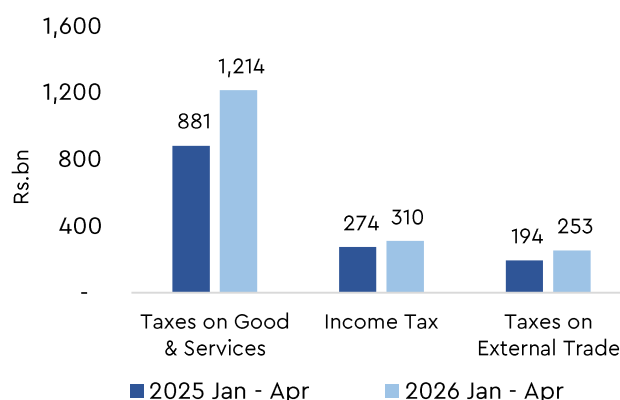


Revenue Performance

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

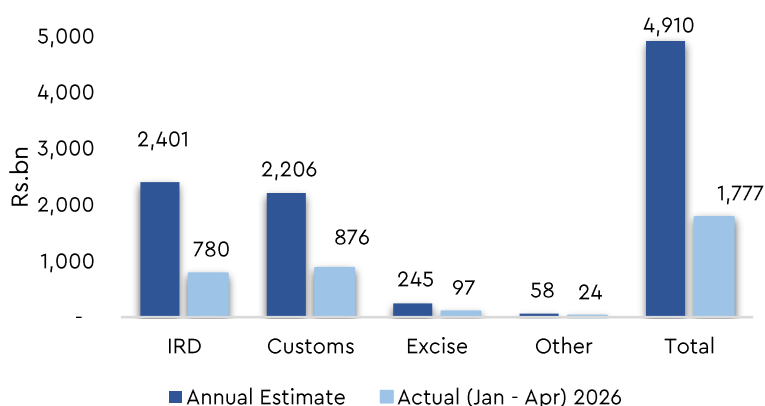


Tax Revenue (Jan - Apr) - 2025/2026
(Rs. bn)



The total revenue increased by 35 percent to Rs. 1,957.5 billion in the first four months of 2026 from Rs. 1,453.3 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 13 percent to Rs. 310.2 billion in the first four months of 2026 from Rs. 274.0 billion in the same period of 2025. Revenue from VAT increased by 30 percent to Rs. 677.4 billion in the first four months of 2026 from Rs. 522.8 billion in the same period of 2025.

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



Sri Lanka Customs achieved 40 percent of its annual estimate in the first four months of 2026 mainly due to the increase of revenue collection from motor vehicles. Inland Revenue department achieved 32 percent of annual estimate in the first four months of 2026 reflecting strong performance of VAT on domestic activities. Further Excise department achieved 40 percent of its annual estimate in the first four months of 2026.

Revenue Performance

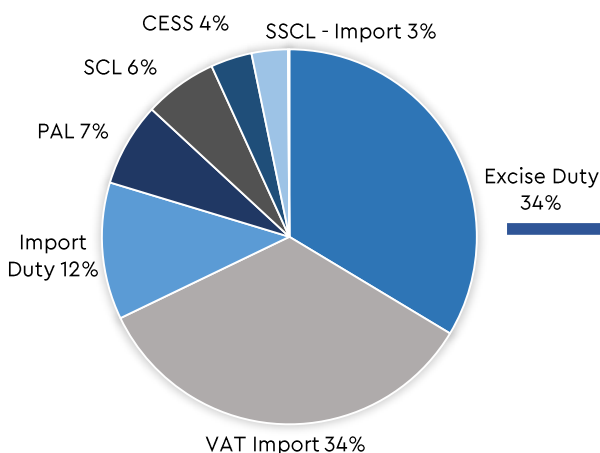
Tax Revenue from 3 Key Revenue collecting agencies during - (Jan – Apr) 2026

	Annual Estimate (Rs. bn)	Actual (Jan – Apr) 2026 (Rs. bn)	Achievement (%)
IRD	2,401	780	32.5
Customs	2,206	876	39.7
Excise	245	97	39.8
Other	58	24	41.0
Total	4,910	1,777	36.2

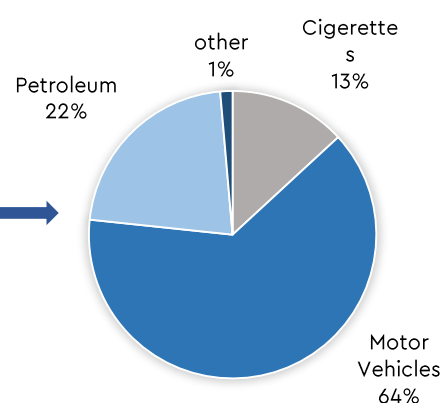
In the first four months of 2026, Sri Lanka Customs became the largest contributor to the Government Revenue, accounting for 49 percent of the total tax revenue collected. The Inland Revenue Department was the second-largest contributor, representing 44 percent of the total tax revenue collected, while Excise Department was the third-largest contributor.

Sri Lanka Customs

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



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



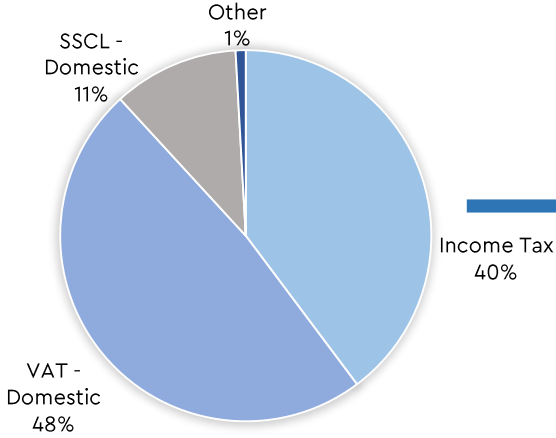
Revenue from VAT on imports is the largest revenue component among the Custom's major tax components. The revenue from VAT on imports increased by 35 percent to Rs. 299.9 billion in the first four months of 2026 from Rs. 222.6 billion in the same period of 2025. Revenue from Excise Duty increased by 128.3 billion to Rs. 294.4 billion in the first four months of 2026 compared to the same period of 2025.

Revenue from Excise Duty on motor vehicles significantly increased by 133.8 billion to Rs. 187.1 billion in the first four months of 2026 from Rs. 53.2 billion in the same period of 2025.

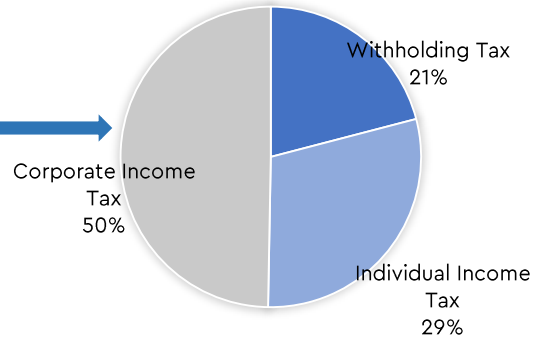
Revenue Performance

Inland Revenue Department

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



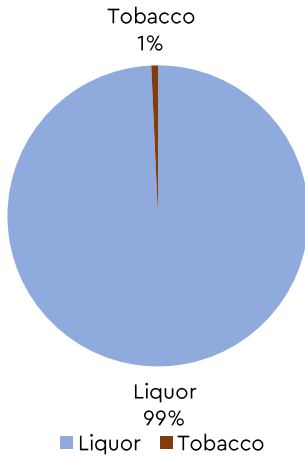
Composition Income Tax (%)



Revenue collection from Income Tax increased by 13 percent to Rs. 310.2 billion in the first four months of 2026, compared to the same period of 2025. Revenue from VAT on domestic activities increased by 26 percent and SSCL on domestic activities increased by 15 percent in the first four months of 2026 compared to the same period of 2025.

Excise Department

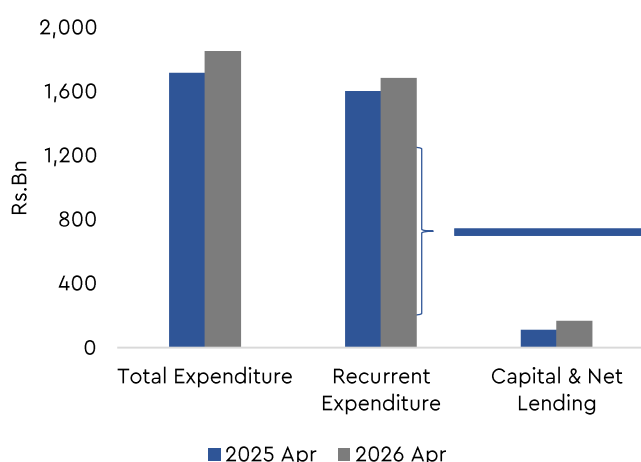
Revenue collection from Department of Excise by major revenue sources (Jan - Apr 2026)



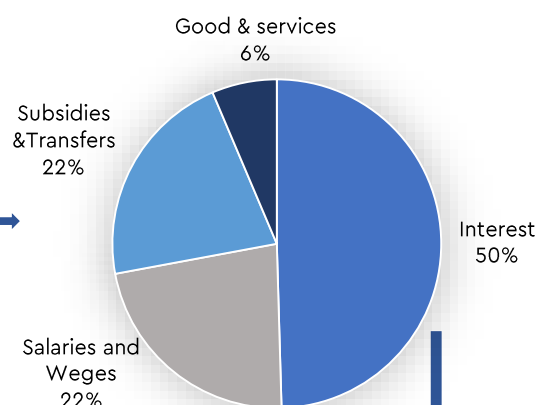
The revenue from excise duty on liquor increased by 30 percent to Rs. 96.8 billion in the first four months of 2026 from Rs. 74.4 billion in the same period of 2025.

Execution of Government Expenditure

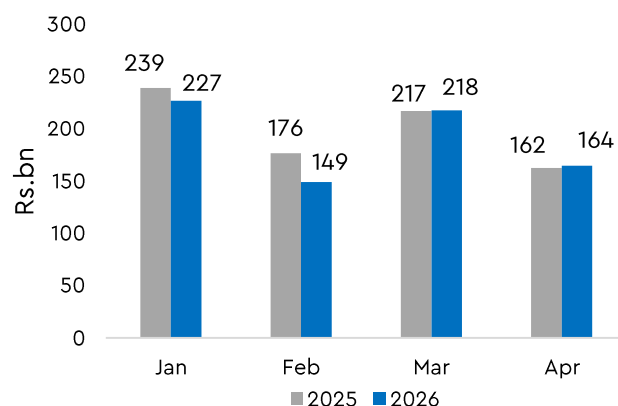
Expenditure Jan - Apr 2025/2026 (Rs.bn)



Recurrent Expenditure Jan - Apr 2026 (%)



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



The total expenditure increased by 8 percent to Rs. 1,853.3 billion in the first four months of 2026 from Rs. 1,716.3 billion in the same period of 2025. Recurrent expenditure increased by 5 percent to Rs. 1,684.7 billion in the first four months of 2026 from Rs. 1,603.4 billion in the same period of 2025. The capital and net lending increased by 49 percent to Rs. 168.6 billion in the first four months of 2026 from Rs. 112.9 billion in same period of 2025.

Total Interest payments declined by 5 percent to Rs. 757.7 billion in the first four months of 2026 from Rs. 794.3 billion in the same period of 2025.

Budget Outturn : Jan - Apr 2026

	Annual Estimate 2026 (Rs. bn)	Jan- Apr 2025 (Rs. bn) (Actual)	Jan - Apr 2026 (Rs. bn) (provisional)	Growth (%) Jan - Apr 2025/26	Achievement against the estimate 2026 (%)
Total Revenue & Grants	5,300	1,454.7	1,958.3	34.6	36.9
Tax Revenue	4,910	1,349.1	1,776.9	31.7	36.2
Non-Tax Revenue	360	104.2	180.6	73.3	50.2
Grants	30	1.4	0.8	-39.4	2.8
Total Expenditure	7,557	1,716.3	1,853.3	8.0	24.5
Recurrent Expenditure	5,838	1,603.4	1,684.7	5.1	28.9
Capital and Net Lending	1,719	112.9	168.6	49.3	9.8
Primary Balance (+)/ (-)	360	532.7	862.7		
Budget Balance (+)/ (-)	-2,257	-261.6	105.0		