

# FISCAL REVIEW REPORT

January - February 2025



Department of Fiscal Policy  
Ministry of Finance, Planning and Economic Development

# Highlights...

## Government Revenue & Grants (a)

- Jan- Feb 2025 : Rs. 760.9 Bn ↑
- Jan- Feb 2024 : Rs. 647.4 Bn

## Government Expenditure (a)

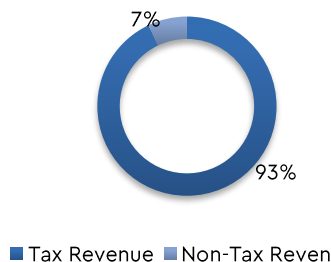
- Jan-Feb 2025 : Rs. 847.5 Bn ↑
- Jan- Feb 2024 : Rs. 776.6 Bn

## Budget Deficit (a)

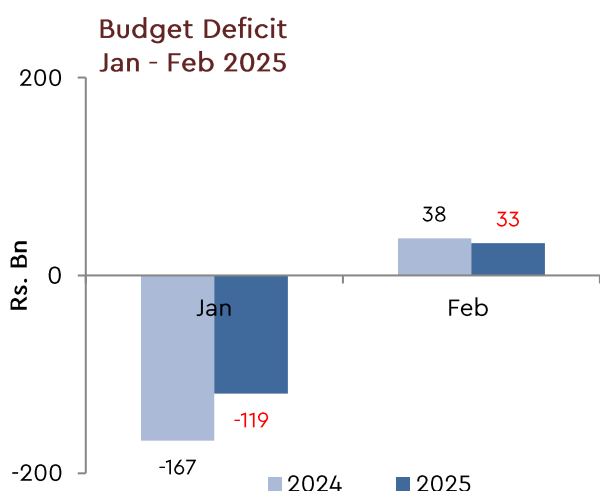
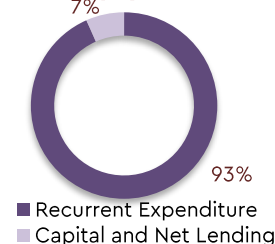
- Jan-Feb 2025 : Rs. 86.6 Bn ↓
- Jan-Feb 2024 : Rs. 129.3 Bn

(a) Provisional

## Government Revenue Jan-Feb 2025



## Government Expenditure Jan-Feb 2025

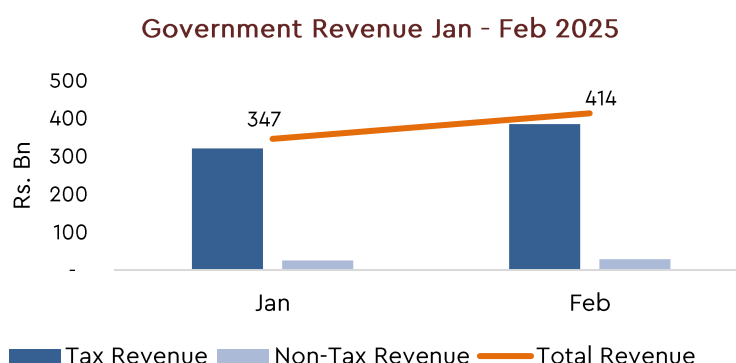


The budget deficit, in nominal terms, declined by 33.0 percent to Rs. 86.6 billion during the first two months of 2025 from Rs. 129.3 billion in the same period of 2024 mainly due to an increase in government revenue including grants by 17.5 percent to Rs. 760.9 billion in the first two months of 2025 from Rs. 647.4 billion in the same period of 2024.

Jan – Feb 2024 ➡ Jan - Feb 2025

- Total Revenue excluding grants increased by 17.6 percent
- Tax Revenue increased by 18.3 percent
- Non-Tax Revenue increased by 8.8 percent
- Recurrent Expenditure increased by 14.5 percent
- Capital and net lending declined by 34.4 percent
- GDP at constant prices was Rs. 12,472 billion in 2024, compared to Rs. 11,878 billion in the same period of 2023.
- The economy expanded by 5.0 percent in 2024 compared to the 2.3 percent contraction recorded in 2023.

## Government Revenue Jan – Feb 2025



The total revenue increased by 19.5 percent to Rs. 414.1 billion in February from Rs. 346.6 billion in January 2025. The revenue from income tax significantly increased by 306.4 percent to Rs. 157.6 billion in February from Rs. 38.8 billion in January 2025. However, revenue from VAT decreased by 27.0 percent to Rs. 112.9 billion in February 2025 from Rs. 157.4 billion in January 2025.

### Tax Revenue from 3 Key Revenue Collecting Agencies during Jan-Feb 2025

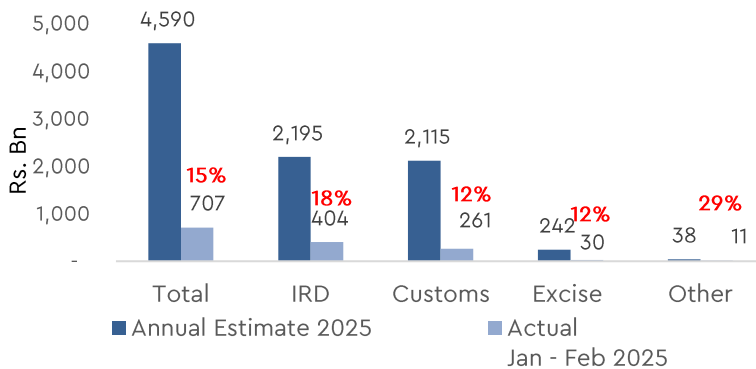
	Annual Estimate (Rs. Bn)	Actual Jan – Feb 2025 (Rs. Bn)	Achievement (%)
IRD	2,195	404	18
Customs	2,115	261	12
Excise	242	30	12
Other	38	11	29
<b>Total</b>	<b>4,590</b>	<b>707</b>	<b>15</b>

(a) Provisional

In the first two months of 2025, the revenue collecting agencies achieved 15 percent of their annual estimates. The Inland Revenue Department remains the largest contributor, representing 57 percent of the total revenue. The second largest contributor is the Sri Lanka Customs, representing 37 percent of the total revenue. The third largest is the Excise Department, and the achievement from the annual estimate remains the same as Sri Lanka Customs.

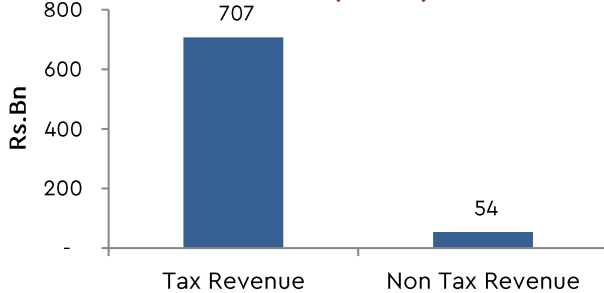
## Government Revenue Jan- Feb 2025

**Tax Revenue (Estimate Vs Actual) from Different Revenue Agencies Jan -Feb 2025**



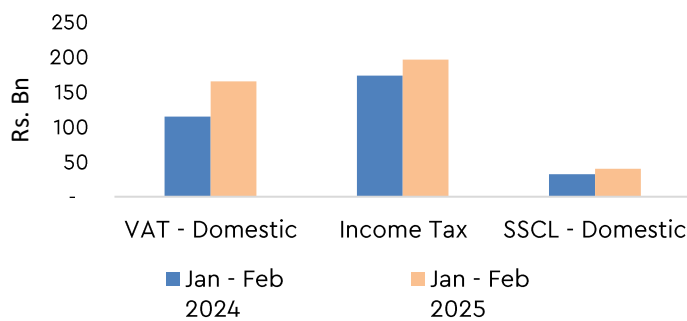
The graph illustrates performance of three key revenue collecting agencies. The IRD exhibits a relatively stronger performance, achieving 18 percent of its annual estimate, contributing more than half of the total tax revenue collected in the first two months of 2025.

**Government Revenue in Jan - Feb 2025 (Rs. Bn)**



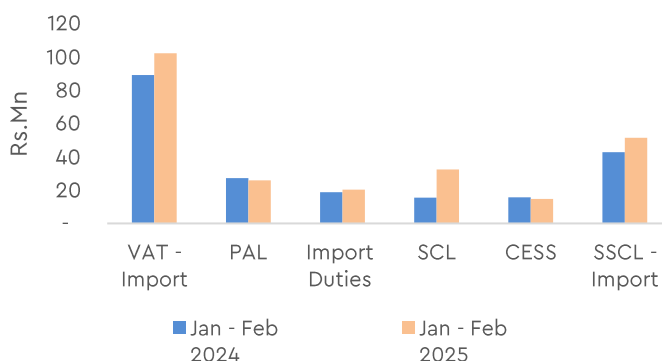
Tax revenue accounted for approximately 93 percent of total government revenue in the first two months of 2025. Non-tax revenue remains a marginal contributor to the total revenue with only 7 percent contribution.

**Revenue Collection from IRD by Major Tax Components**



This graph demonstrates revenue collection from IRD. Revenue collection from Income Tax increased by 13.3 percent to Rs. 196.4 billion in Jan-Feb 2025 compared to the same period of 2024. Revenue from VAT on domestic activities and SSCL on domestic activities increased by 44.3 percent and 24 percent, respectively, in Jan-Feb 2025 compared to the same period of 2024.

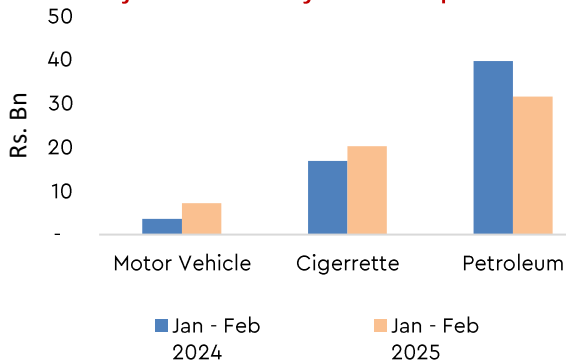
**Revenue Collection from Custom By Major Tax Components**



Revenue from VAT on imports is the largest revenue component among the Customs' major tax components. The revenue from VAT on imports increased by 14.7 percent to Rs. 102.1 billion in the first two months of 2025 from Rs. 89.0 billion in the same period of 2024. Revenue from SCL increased by 110.9 percent to Rs. 32.4 billion in the first two months of 2025 compared to the same period of 2024.

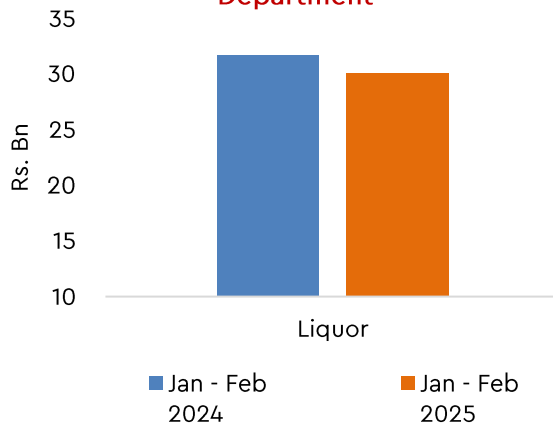
## Government Revenue Jan – Feb 2025

### Revenue Collection from Custom by Major Excise Duty Tax Components



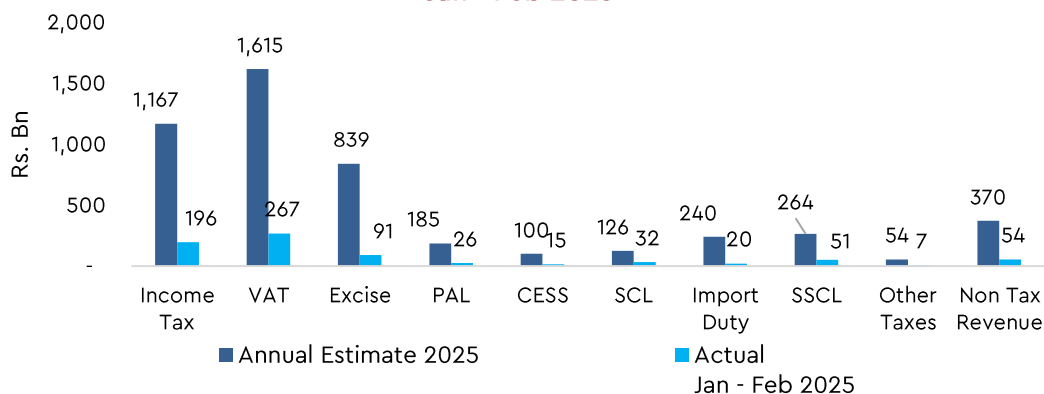
Revenue from Excise Duty on motor vehicles significantly increased by 99.5 percent to Rs. 7.2 billion in the first two months of 2025 from Rs.3.6 billion in the same period of 2024, owing to the lifting of restrictions on the importation of motor vehicles. Excise Duty on Cigarette increased by 19.8 percent to Rs. 20.2 billion in the first two months of 2025 compared to the same period of 2024. However, revenue from Excise Duty on petroleum declined by 20.6 to Rs. 31.6 billion in the first two months of 2025 from Rs. 39.7 billion in the same period of 2024.

### Revenue Collection from Excise Department



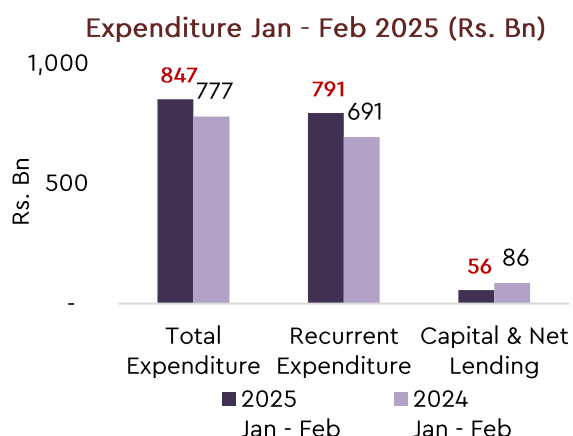
The revenue from Excise Duty on Liquor declined by 5.0 percent to Rs. 30.1 billion in the first two months of 2025 from Rs. 31.7 billion in the same period of 2024.

### Annual Estimate Vs Actual Revenue by Major Revenue Sources Jan - Feb 2025

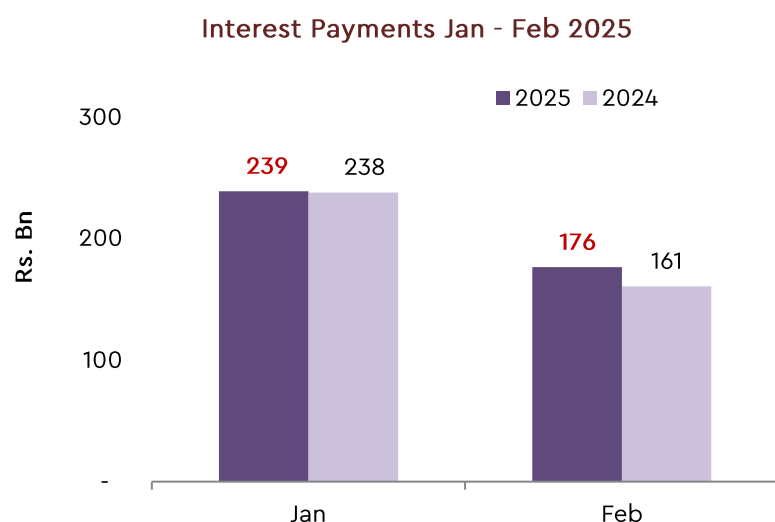




## Government Expenditure Jan – Feb 2025



The total expenditure increased by 9.1 percent to Rs. 847 billion in the first two months of 2025 from Rs. 777.0 billion in the same period of 2024. Following the same trend, recurrent expenditure increased by 14.5 percent to Rs. 791 billion in the first two months of 2025 from Rs. 691 billion in the same period of 2024. However, capital and net lending significantly decreased by 34.4 percent to Rs. 56 billion in the first two months of 2025 from Rs. 86 billion in the same period



Total Interest payments increased by 4.2 percent to 415 billion in Jan-Feb 2025 compared to Rs 398 billion in the same period of 2024.

## Budget Outturn Jan – Feb 2025

	Annual Estimate 2025 (Rs. bn)	Jan – Feb 2024 (Rs.bn)	Jan –Feb 2025 (Rs. bn) (provisional)
<b>Total Revenue &amp; Grants</b>	<b>4,990</b>	<b>647</b>	<b>761</b>
Tax Revenue	4,590	598	707
Non-Tax Revenue	370	49	54
Grants	30	0.3	0.2
<b>Total Expenditure</b>	<b>7,190</b>	<b>777</b>	<b>847</b>
Recurrent Expenditure	5,886	691	791
Capital and Net Lending	1,304	86	56
<b>Primary Balance (+)/(-)</b>	<b>750</b>	<b>269</b>	<b>328</b>
<b>Budget Balance (+)/(-)</b>	<b>-2,200</b>	<b>-129</b>	<b>-87</b>

