

FISCAL REVIEW REPORT

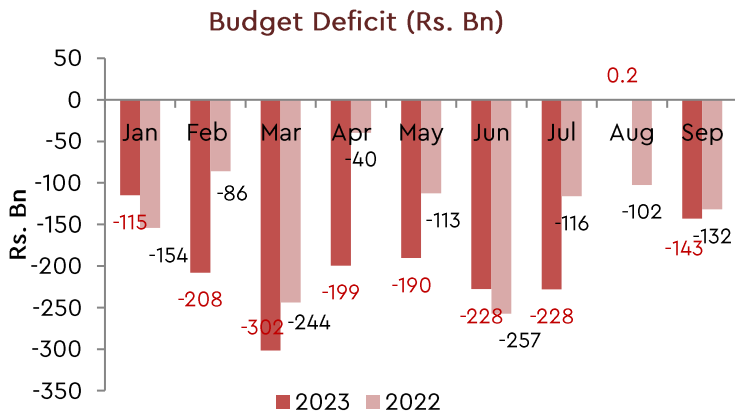
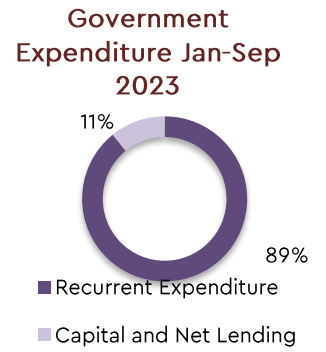
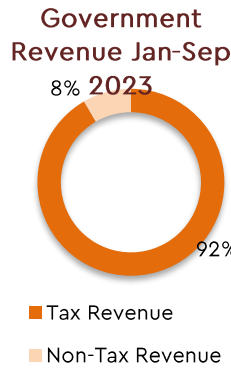
January - September 2023



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

Highlights...

Government Revenue & Grants	<ul style="list-style-type: none"> •Jan- Sep 2023 : Rs. 2,118.8 Bn ↑ •Jan- Sep 2022 : Rs. 1,450.4 Bn ↑
Government Expenditure	<ul style="list-style-type: none"> •Jan-Sep 2023 : Rs. 3,732.3 Bn ↑ •Jan- Sep 2022 : Rs. 2,694.8 Bn ↑
Budget Deficit	<ul style="list-style-type: none"> •Jan-Sep 2023 : Rs. 1,613.6 Bn ↑ •Jan-Sep 2022 : Rs. 1,244.4 Bn ↑



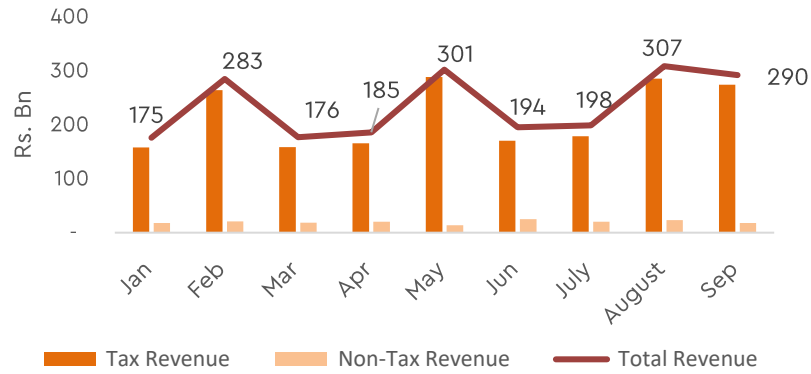
Fiscal deficit, in nominal terms, widened to Rs. 1,613.6 billion during January to September 2023 from Rs. 1,244.4 billion in the same period of 2022 mainly due to the rise in interest expenditure.

Jan – Sep 2022 → Jan - Sep 2023

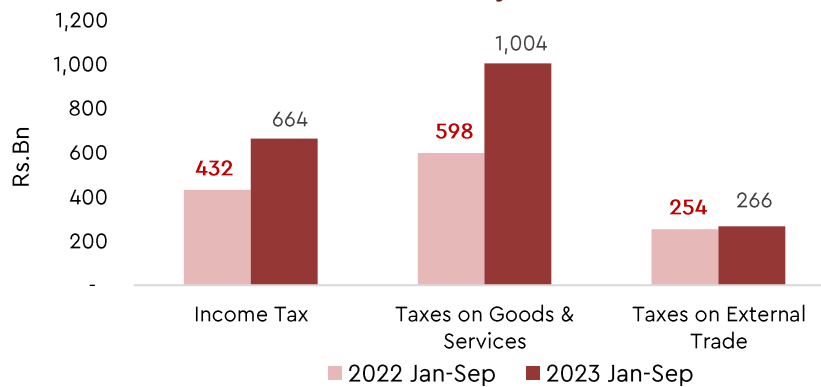
- Total Revenue excluding grants increased by 45.7%
- Tax Revenue increased by 50.7 %
- Non Tax Revenue increased by 6.9%
- Recurrent Expenditure increased by 44.7%
- Capital and net lending increased by 2.5%
- GDP at constant prices was Rs. 5,712 bn in the first half of 2023, compared to Rs. 6,199 bn 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

Government Revenue Jan - Sep 2023



Tax Revenue By Source (Rs.Bn)

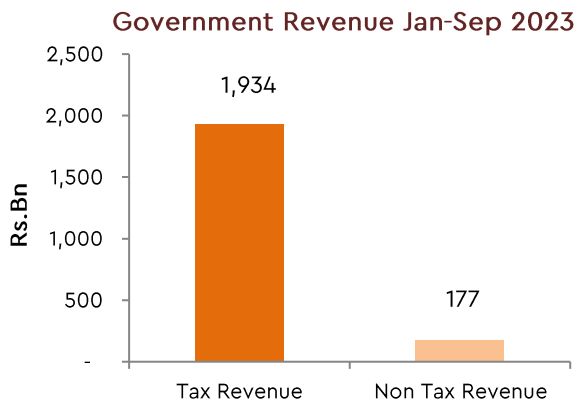
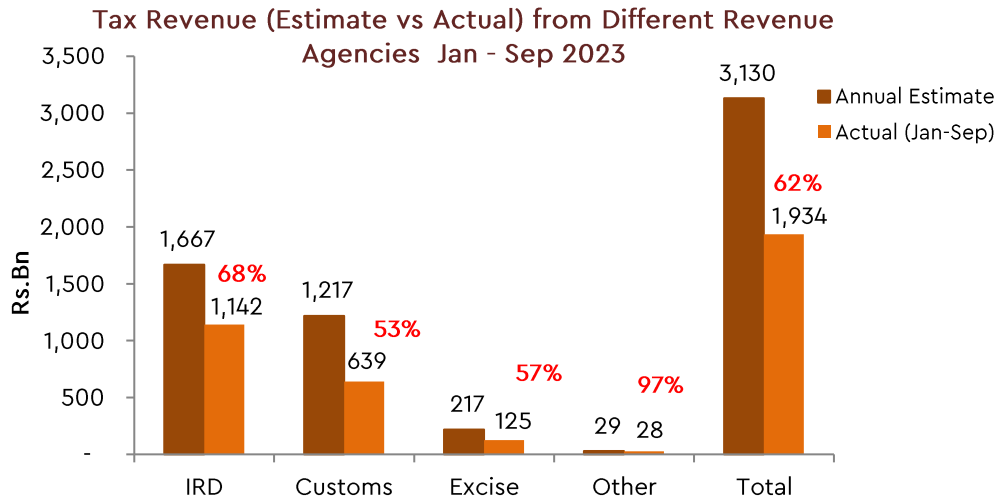


Tax revenue from income tax, taxes on goods and services, and external trade increased by 50.7 percent in the first nine months of 2023 compared to same period of 2022.

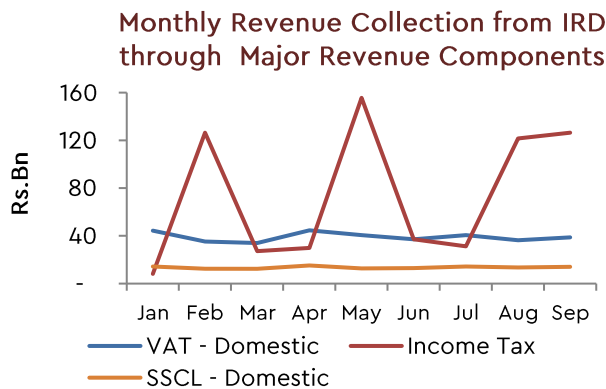
Tax Revenue from 3 Key Revenue Collecting Agencies

	Annual Estimate (Rs. Bn)	Actual (Jan-Sep) (Rs. Bn)	Achievement
IRD	1,667	1,142	69%
Customs	1,217	639	53%
Excise	217	125	58%
Other	29	28	97%
Total	3,130	1,934	62%

Government Revenue 2023

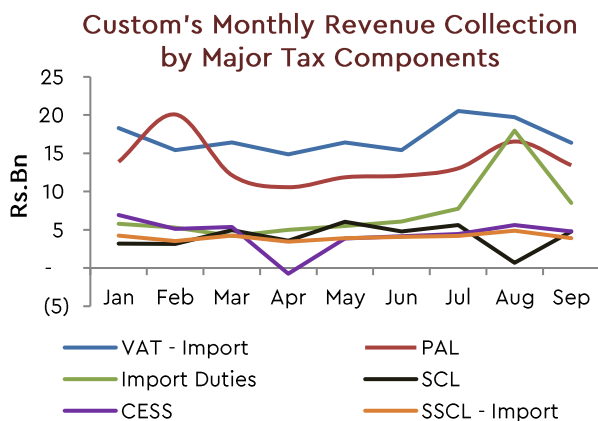


Around 92 percent of the Government's revenue was generated through the tax revenue in the first nine months of 2023.



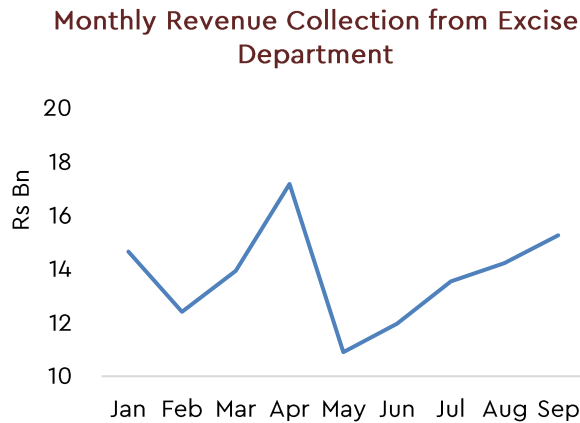
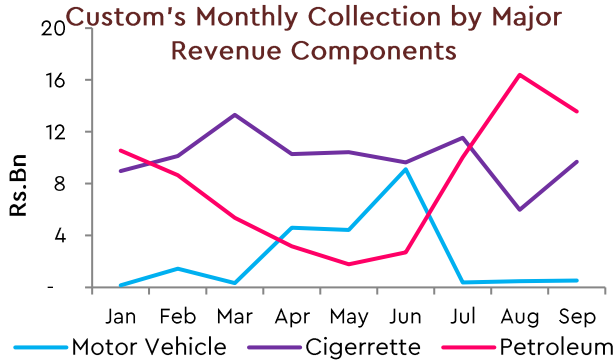
Revenue collected from VAT and SSCL on Domestic Activities has not significantly increased or decreased in the first nine months of 2023.

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



Revenue collected by the custom through its major tax components increased by 22.9 percent to Rs. 455.9 billion in the first nine months of 2023 from Rs. 370.7 billion in the same period of 2022.

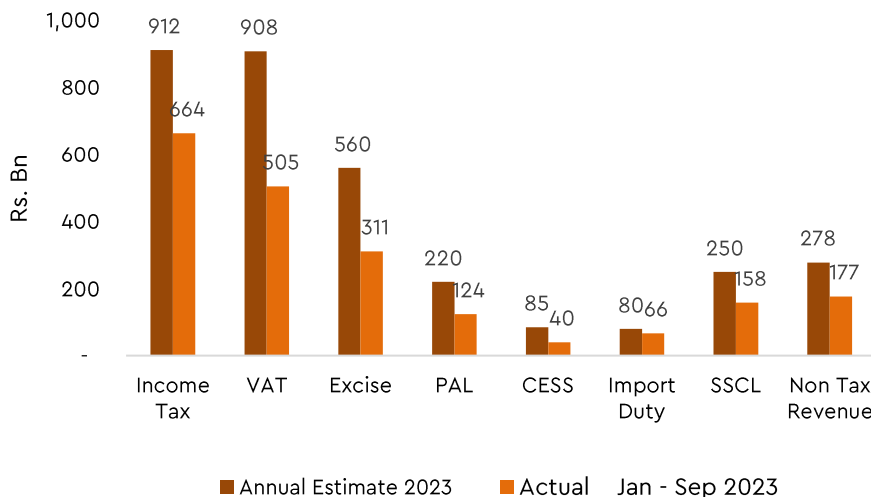
Government Revenue 2023



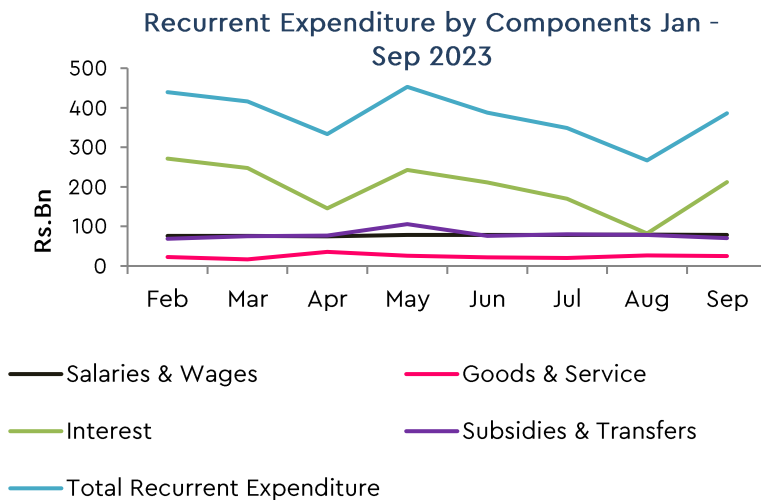
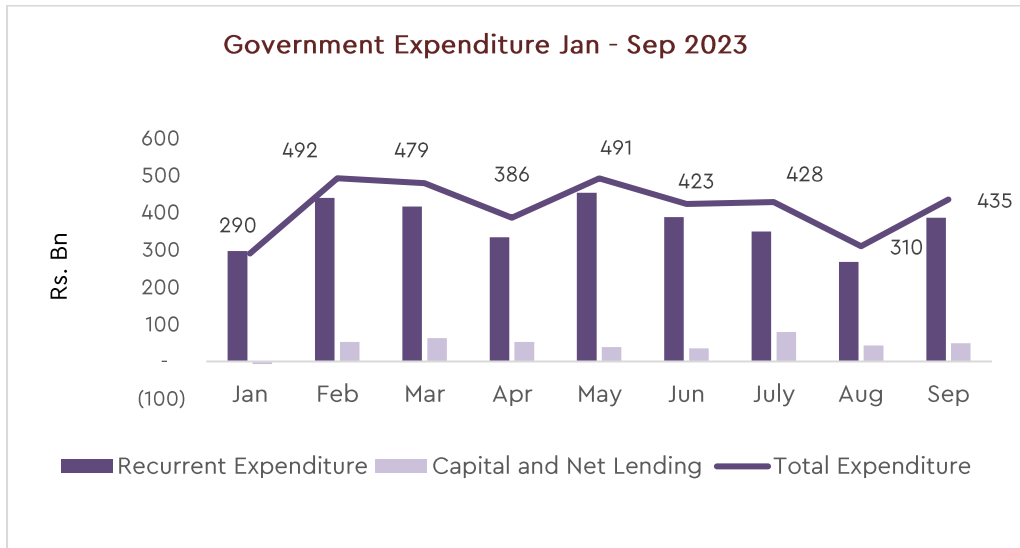
Revenue collected from excise duty on motor vehicles increased by 57.1 percent to Rs. 21.5 billion in the first nine months of 2023 from Rs. 13.7 billion in the same period of 2022. Revenue collected from excise duty on cigarettes reached its peak in March 2023 and that revenue increased by 8.9 percent to Rs. 90 billion in the first nine months of 2023 from Rs. 82.6 billion in the same period of 2022. Further, revenue collected from petroleum has significantly increased by 97.1 percent to Rs. 72.2 billion in the first nine months of 2023 from Rs. 36.7 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 EDLS 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.

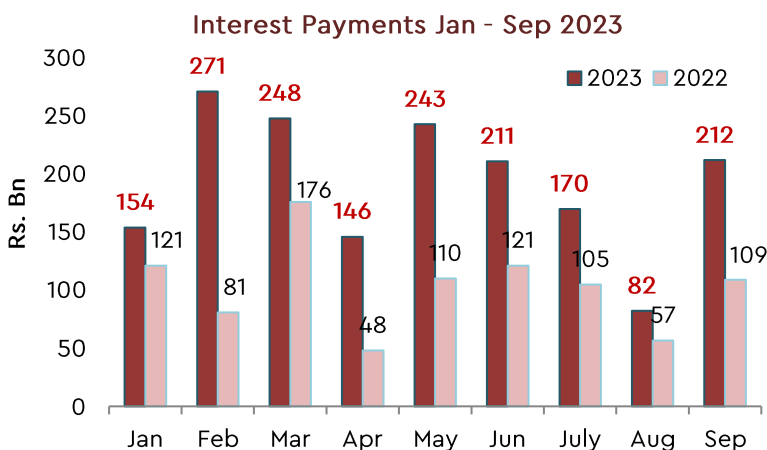
Annual Estimate Vs Revenue by Major Revenue Sources Jan-Sep 2023 (Rs. Bn)



Government Expenditure 2023

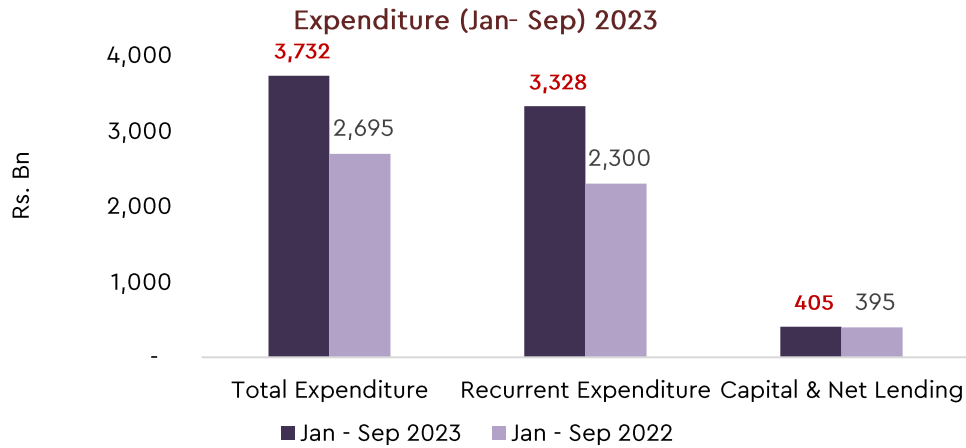


The total recurrent expenditure in the first nine months of 2023 reached Rs. 3,328 billion of which the biggest share holds by interest amounting to Rs. 1,737 billion. This represents 52 percent of the total recurrent expenditure. The second largest contributor of the total recurrent expenditure during the first nine months of 2023 is salaries and wages which holds 21 percent of the total recurrent expenditure. During the initial nine months of 2023, the interest and total recurrent expenditure exhibit an identical trend, indicating that interest holds the highest sway within the total



Total Interest payments from Jan-September 2023 increased by 87.3 percent to 1,737 billion compared to Rs. 927 billion in the same period of 2022 due to high-interest rates on domestic borrowing.

Government Expenditure 2023



Government expenditure increased by 38.5 percent to Rs. 3,732 billion in the first nine months of 2023, compared to Rs. 2,695 billion in the same period of 2022. Recurrent expenditure was Rs. 3,328 billion and the capital and net lending was Rs. 405 billion.

Budget Outturn Jan - Sep 2023

	Annual Estimate 2023 (Rs. Bn)	Jan-Sep 2022 (Rs.Bn)	Jan -Sep 2023 (Rs. Bn)	Growth 22/23 %	Achievement %
Total Revenue & Grants	3,415	1,450	2,119	46.1	62.0
Tax Revenue	3,130	1,283	2,110	50.7	61.8
Non-Tax Revenue	278	165	177	6.9	63.5
Grants	7	2	8	335.5	118.1
Total Expenditure	5,819	2,695	3,732	38.5	64.1
Recurrent Expenditure	4,609	2,300	3,328	44.7	72.2
Capital and Net Lending	1,210	395	405	2.5	33.4
Primary Balance (+)/(-)	(211)	(317)	124		
Budget Balance (+)/(-)	(2,404)	(1,244)	(1,614)		