

FISCAL REVIEW REPORT

January - June 2025



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

Highlights...

Government Revenue & Grants (a)

- Jan - June 2025 : Rs. 2,325.1 Bn ↑
- Jan - June 2024 : Rs. 1,864.6 Bn

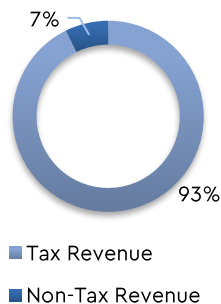
Government Expenditure (a)

- Jan - June 2025 : Rs. 2,730.7 Bn ↑
- Jan - June 2024 : Rs. 2,463.3 Bn

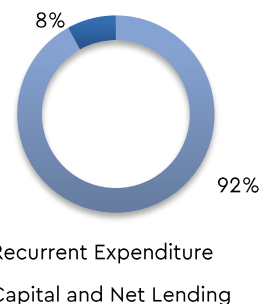
Budget Deficit (a)

- Jan - June 2025 : Rs. 405.6 Bn ↑
- Jan - June 2024 : Rs. 598.7 Bn

Government Revenue Jan-June 2025

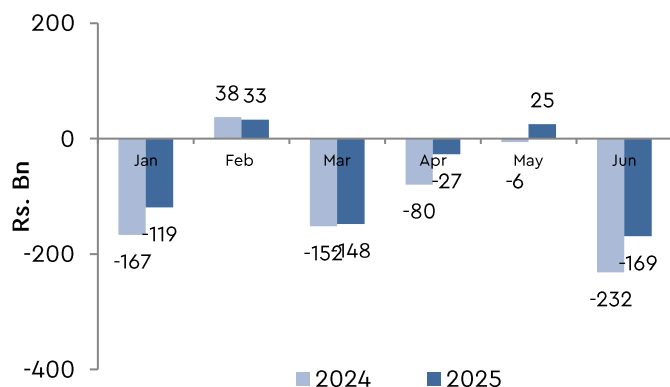


Government Expenditure Jan-June 2025



(a) Provisional

Budget Deficit Jan - June 2025

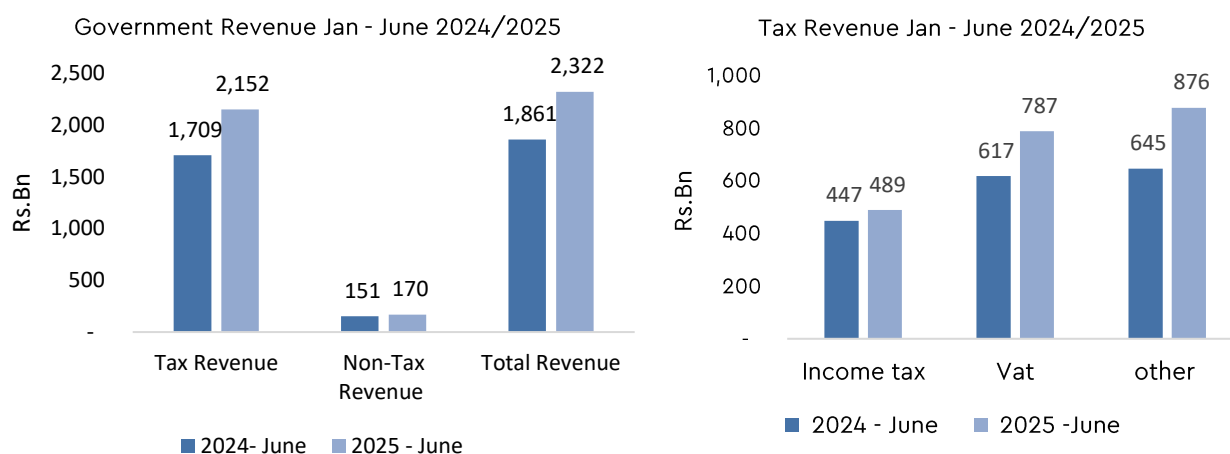


The budget deficit, in nominal terms, declined by 32.3 percent to Rs. 405.6 billion during the first half of 2025 from Rs. 598.7 billion in the same period of 2024 mainly due to the increase in government revenue including grants by 24.7 percent to Rs. 2,325.1 billion in the first half of 2025 from Rs. 1,864.6 billion in the same period of 2024.

Jan - June 2024 ➡ Jan - June 2025

- Total Revenue including grants increased by 24.7 percent
- Tax Revenue increased by 25.9 percent
- Non-Tax Revenue increased by 12.1 percent
- Recurrent Expenditure increased by 13.0 percent
- Capital and net lending declined by 8.6 percent
- GDP at constant prices was Rs. 3,477.1 billion in the first quarter of 2025, compared to Rs. 3,318.8 billion in the same period of 2024.
- The economy expanded by 5.1 percent in the first quarter of 2025 compared to the 4.8 percent expansion recorded in the first quarter of 2024.

Government Revenue Jan – June 2025



The total revenue increased by 24.8 percent to Rs. 2,322 billion in first half of 2025 from Rs. 1,861 billion in the same period of 2024. The revenue from income tax increased by 9.2 percent to Rs. 489 billion in first half of 2025 from Rs. 447 billion compared to the same period of 2024. Revenue from VAT increased by 27.6 percent to Rs. 787 billion in first half of 2025 from Rs. 617 billion in the same period of 2024.

Tax Revenue from 3 Key Revenue Collecting Agencies during Jan-June 2025

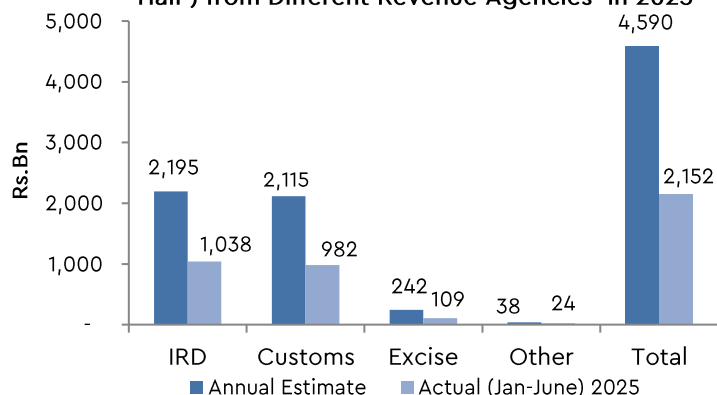
	Annual Estimate (Rs. Bn)	Actual Jan – June 2025 (Rs. Bn)	Achievement (%)
IRD	2,195	1,038	47.3
Customs	2,115	982	46.4
Excise	242	109	45.0
Other	38	24	62.3
Total	4,590	2,152	46.9

(a) Provisional

In the first half of 2025, the key revenue collecting agencies achieved 46.9 percent of their annual estimates. The Inland Revenue Department remains the largest contributor, representing 48.2 percent of the tax revenue collected. The second largest contributor is the Sri Lanka Customs, representing 45.6 percent of the tax revenue collected. The third largest contributor is by the Excise Department.

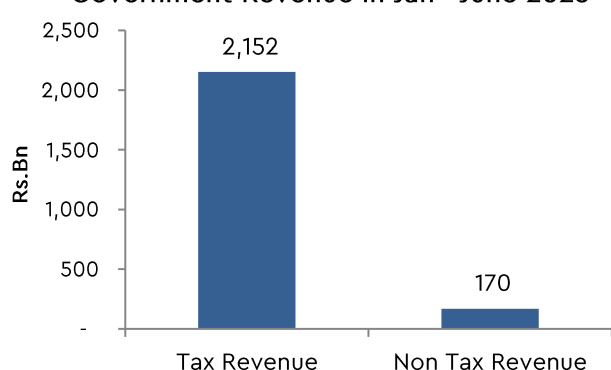
Government Revenue Jan- June 2025

Tax Revenue (Annual Estimate vs Achivement in First Half) from Different Revenue Agencies in 2025



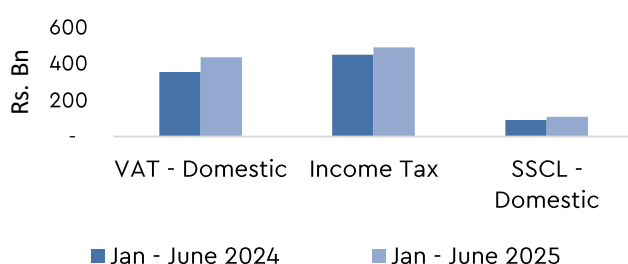
The graph illustrates performance of three key revenue collecting agencies in the first half of 2025. The IRD achieved 47.3 percent of its annual estimate, contributing to around half of the total tax revenue collected in the first half of 2025.

Government Revenue in Jan - June 2025



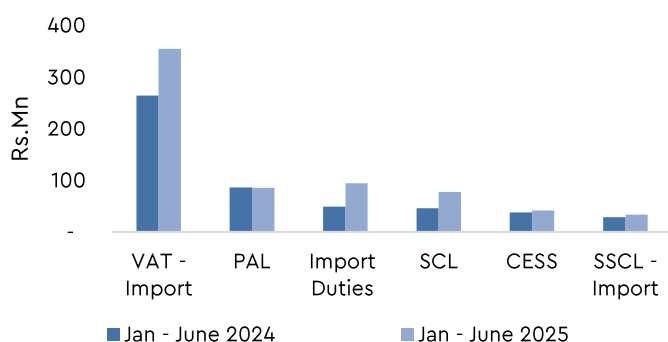
Tax revenue accounted for approximately 92.7 percent of total government revenue in the first half of 2025. Non-tax revenue remains a marginal contributor to the total revenue with only 7.3 percent contribution.

Revenue Collection from IRD by Major Tax Components



This graph demonstrates revenue collection from IRD by major tax components. Revenue collection from Income Tax increased by 9.2 percent to Rs. 488.5 billion in the first half of 2025 compared to the same period of 2024. Revenue from VAT on domestic activities and SSCL on domestic activities increased by 22.6 percent and 19.1 percent, respectively, in the first half of 2025 compared to the same period of 2024.

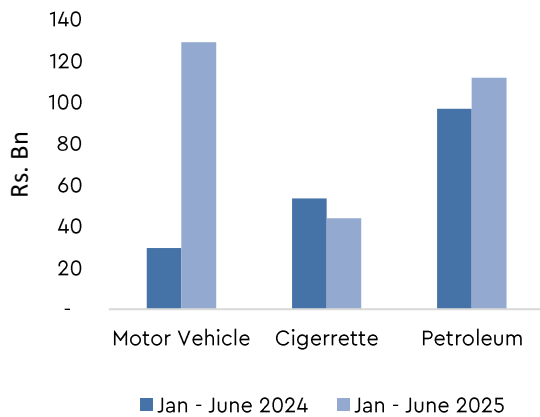
Revenue Collection from Custom By Major Tax Components



Revenue from VAT on imports is the largest revenue component among the Custom's major tax components. The revenue from VAT on imports increased by 34.3 percent to Rs. 354.0 billion in the first half of 2025 from Rs. 263.6 billion in the same period of 2024. Revenue from SCL increased by 70.5 percent to Rs. 77.6 billion in the first half of 2025 compared to the same period of 2024.

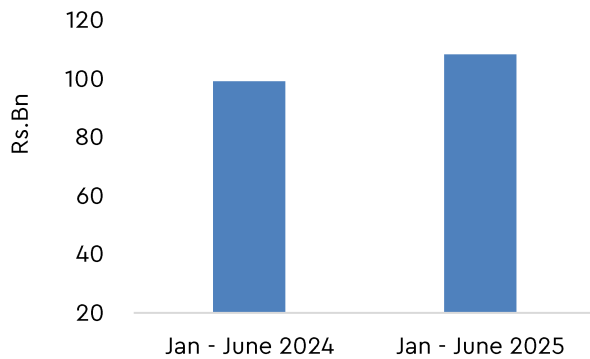
Government Revenue Jan – June 2025

Excise Duty Collection from Customs Department by Major Tax Components



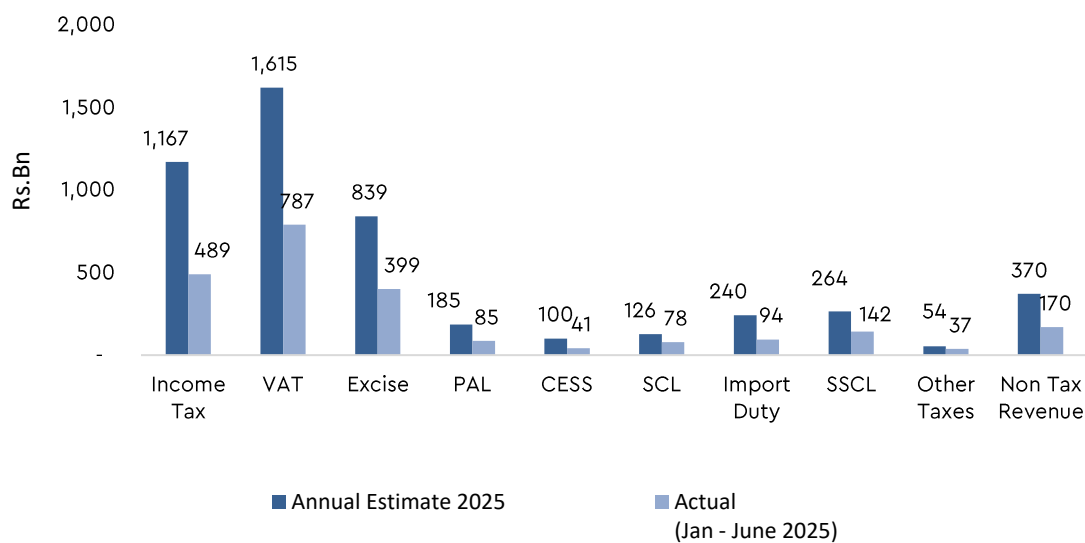
Revenue from Excise Duty on motor vehicles significantly increased by 335.6 percent to Rs. 129.1 billion in the first half of 2025 from Rs.29.6 billion in the same period of 2024. Excise Duty on Cigarette decreased by 17.9 percent to Rs. 44.0 billion in the first half of 2025 compared to the same period of 2024. However, revenue from Excise Duty on petroleum increased by 15.5 to Rs. 112 billion in the first half of 2025 from Rs. 97 billion in the same period of 2024.

Excise Duty on Liqueur from Excise Department



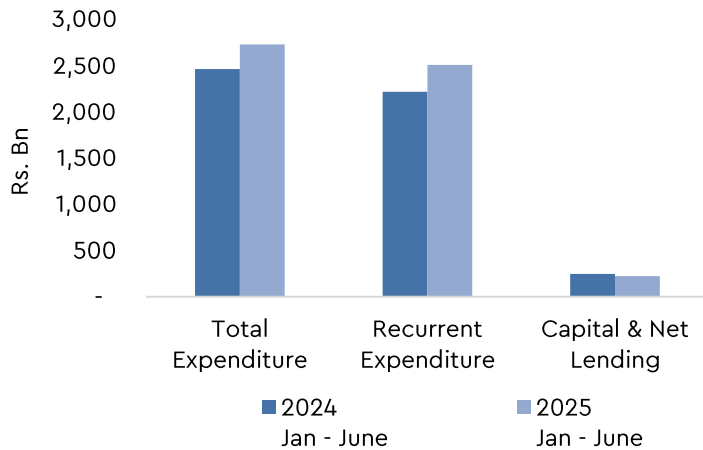
The revenue from Excise Duty on Liquor increased by 9.2 percent to Rs. 108.2 billion in the first half of 2025 from Rs. 99.1 billion in the same period of 2024.

Annual Estimate Vs Revenue by Major Revenue Sources Jan - June 2025



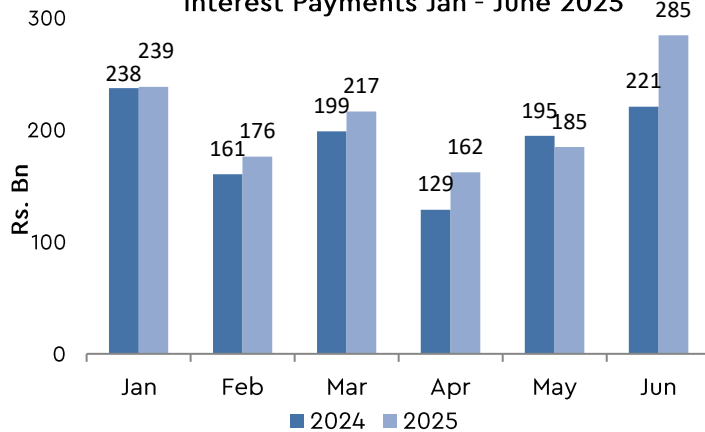
Government Expenditure Jan – June 2025

Expenditure Jan - June 2025 (Rs. Bn)



The total expenditure increased by 10.9 percent to Rs. 2,731 billion in the first half of 2025 from Rs. 2,463 billion in the same period of 2024. Following the same trend, recurrent expenditure increased by 13 percent to Rs. 2,507 billion in the first half of 2025 from Rs. 2,218 billion in the same period of 2024. However, capital and net lending decreased by 8.6 percent to Rs. 224 billion in the first half of 2025 from Rs. 245 billion in the same period of 2024.

Interest Payments Jan - June 2025



Total Interest payments increased by 10.7 percent to 1,264.6 billion in the first half of 2025 compared to Rs 1,142.1 billion in the same period of 2024.

Budget Outturn Jan – June 2025

	Annual Estimate 2025 (Rs. bn)	Jan – June 2024 (Rs.bn)	Jan – June 2025 (Rs. bn) (provisional)
Total Revenue & Grants	4,990	1,865	2,325
Tax Revenue	4,590	1,709	2,152
Non-Tax Revenue	370	151	170
Grants	30	4	3
Total Expenditure	7,190	2,463	2,731
Recurrent Expenditure	5,886	2,218	2,507
Capital and Net Lending	1,304	245	224
Primary Balance (+)/(-)	750	543	859
Budget Balance (+)/(-)	-2,200	-599	-406