

FISCAL REVIEW REPORT

January 2026



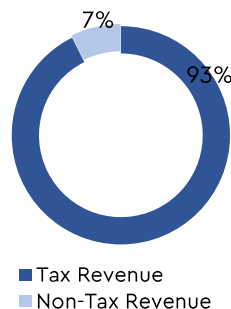
Department of Fiscal Policy

Ministry of Finance, Planning and Economic Development

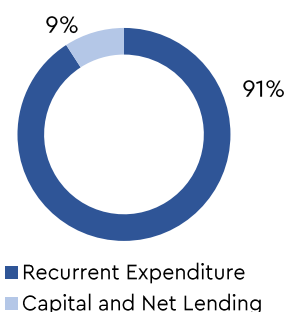
Highlights of Fiscal Performance

| | |
|--|--|
| Government Revenue & Grants | <ul style="list-style-type: none"> Jan 2026 : Rs. 468.7 Bn Jan 2025 : Rs. 346.6 Bn |
| Government Expenditure | <ul style="list-style-type: none"> Jan 2026 : Rs. 472.6 Bn Jan 2025 : Rs. 466.0 Bn |
| Primary Surplus | <ul style="list-style-type: none"> Jan 2026 : Rs. 222.8 Bn Jan 2025 : Rs. 119.3 Bn |
| Budget Deficit | <ul style="list-style-type: none"> Jan 2026 : Rs. 3.8 Bn Jan 2025 : Rs. 119.4 Bn |

Government Revenue Jan - 2026



Government Expenditure Jan - 2026

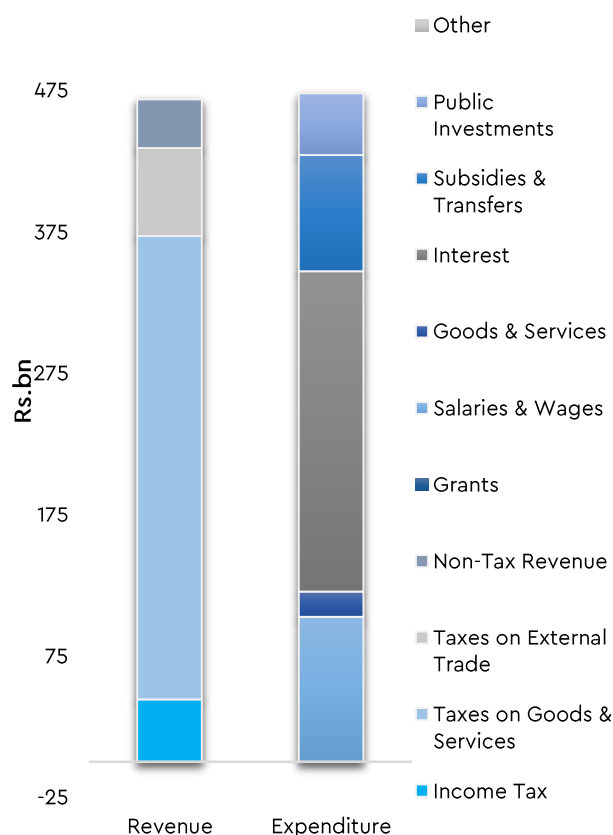


The budget deficit, in nominal terms, narrowed by 96.8 percent to Rs. 3.8 billion in the first month of 2026 from Rs. 119.4 billion in the same period of 2025, mainly due to the increase in government revenue by 35.2 percent to Rs. 468.7 billion in the first month of 2026 from Rs. 346.6 billion in the same period of 2025, together with the rationalization of government expenditure.

Total Revenue and Expenditure Jan - 2026 (Rs.Bn)

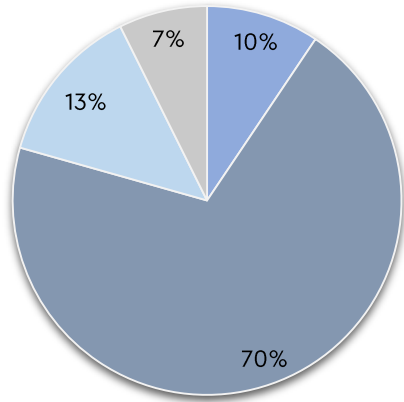
Jan - 2025 → Jan - 2026

- Total Revenue, including grants increased by 35.2 percent
- Tax Revenue increased by 35.1 percent
- Non-Tax Revenue increased by 37.5 percent
- Recurrent Expenditure increased by 1.2 percent
- Capital and net lending increased by 4.0 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 5.0 percent

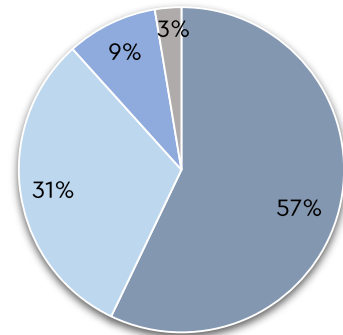


Revenue Performance

Composition of Actual Revenue
Jan - 2026 (%)

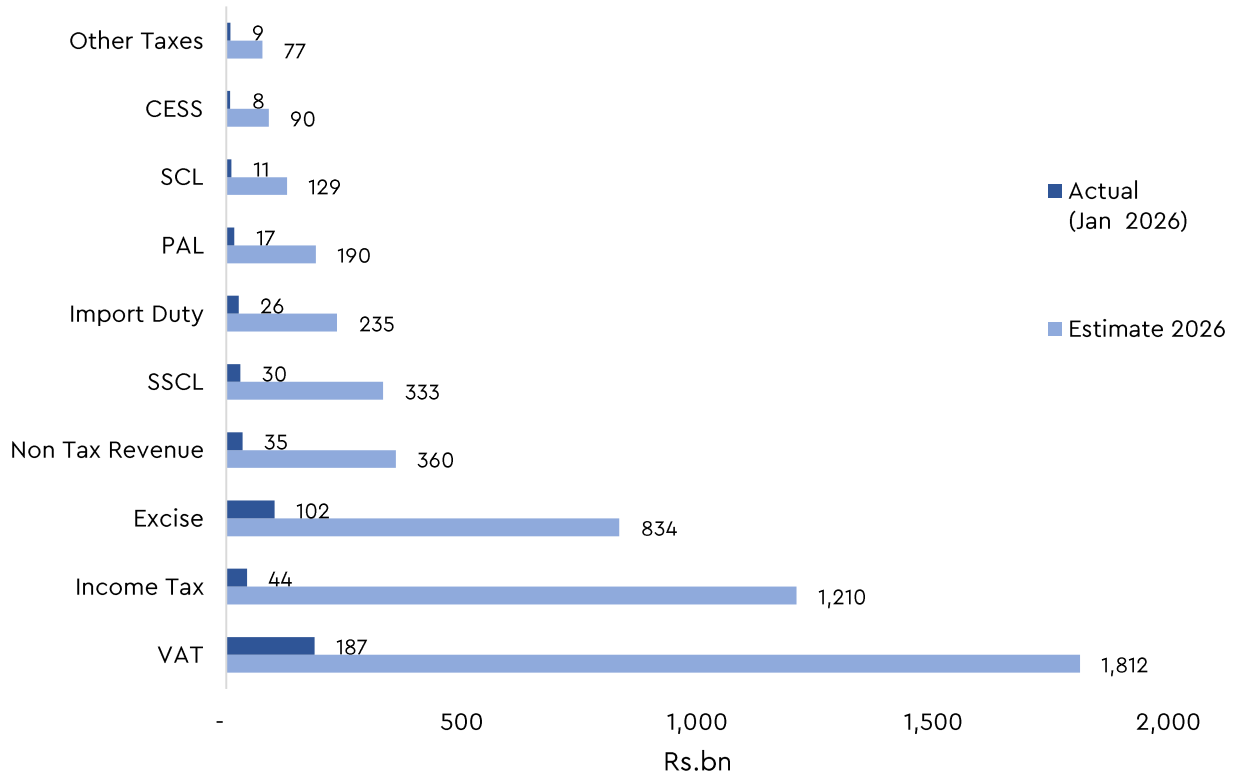


Composition of Taxes on goods & services
Jan - 2026

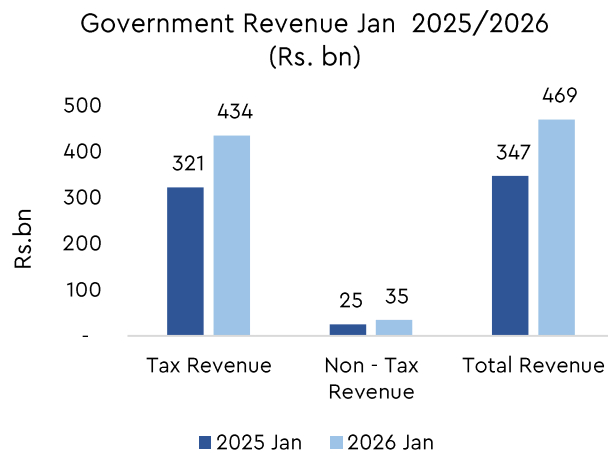
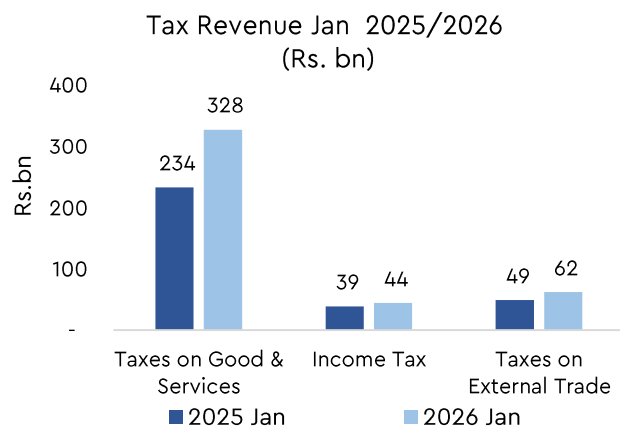


- Income Tax
- Taxes On external Trade
- Grants
- Taxes on Good & Services
- Non - Tax revenue
- VAT
- Excise Taxation
- SSCL
- Other

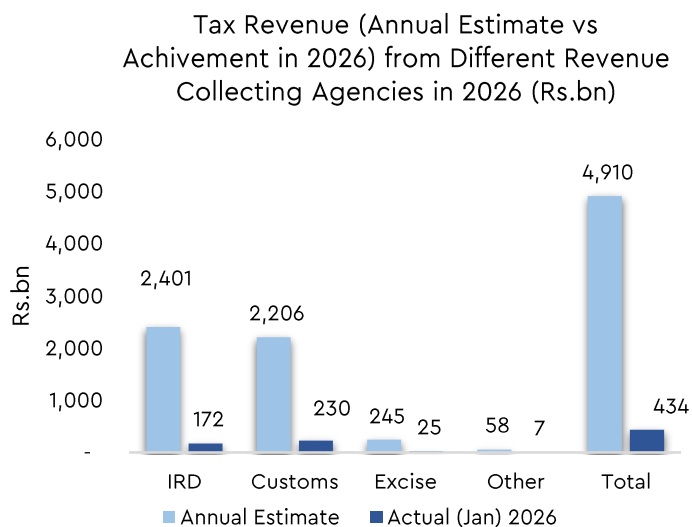
Annual Estimate vs Revenue by Major Revenue Sources Jan - 2026 (Rs. bn)



Revenue Performance



The total revenue increased by 35.2 percent to Rs. 468.7 billion in the first month of 2026 from Rs. 346.6 billion in the same period of 2025. The revenue from income tax increased by 13.9 percent to Rs. 44.2 billion in the first month of 2026 from Rs. 38.8 billion from to the same period of 2025. Revenue from VAT increased by 21.2 percent to Rs. 187.3 billion in the first month of 2026 from Rs. 154.6 billion in the same period of 2025.



This chart depicts the revenue performance of three major revenue collecting agencies during the first month of 2026. Customs achieved 10.4 percent of its annual estimate in the first month, mainly due to increased revenue collection from motor vehicles.

Revenue Performance

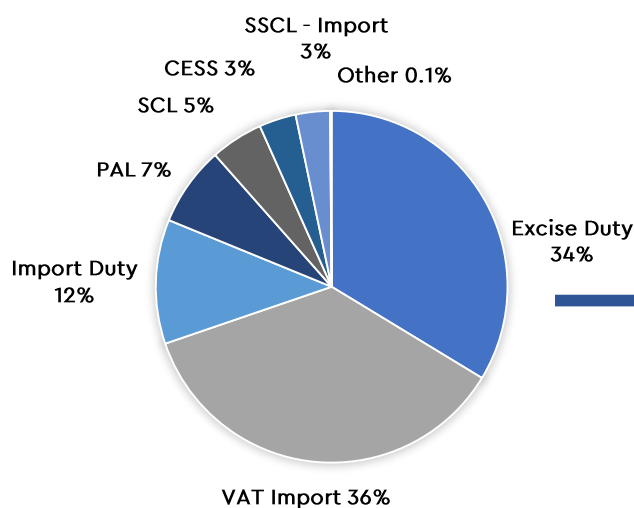
Tax Revenue from 3 Key Revenue collecting agencies during Jan - 2026

| | Annual Estimate (Rs. bn) | Actual Jan 2026 (Rs. bn) | Achievement (%) |
|--------------|-----------------------------|-----------------------------|--------------------|
| IRD | 2,401 | 172 | 7.2 |
| Customs | 2,206 | 231 | 10.4 |
| Excise | 245 | 25 | 10.1 |
| Other | 58 | 7 | 11.7 |
| Total | 4,910 | 434 | 8.8 |

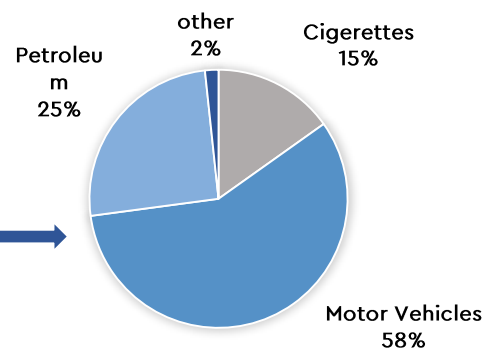
In the first month of 2026, Sri Lanka Customs became the largest contributor, accounting for 53.2 percent of the total tax revenue collected. The Inland Revenue Department was the second-largest contributor, representing 39.6 percent of the total tax revenue collected, while Excise Department the third-largest contributor.

Sri Lanka Customs

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



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

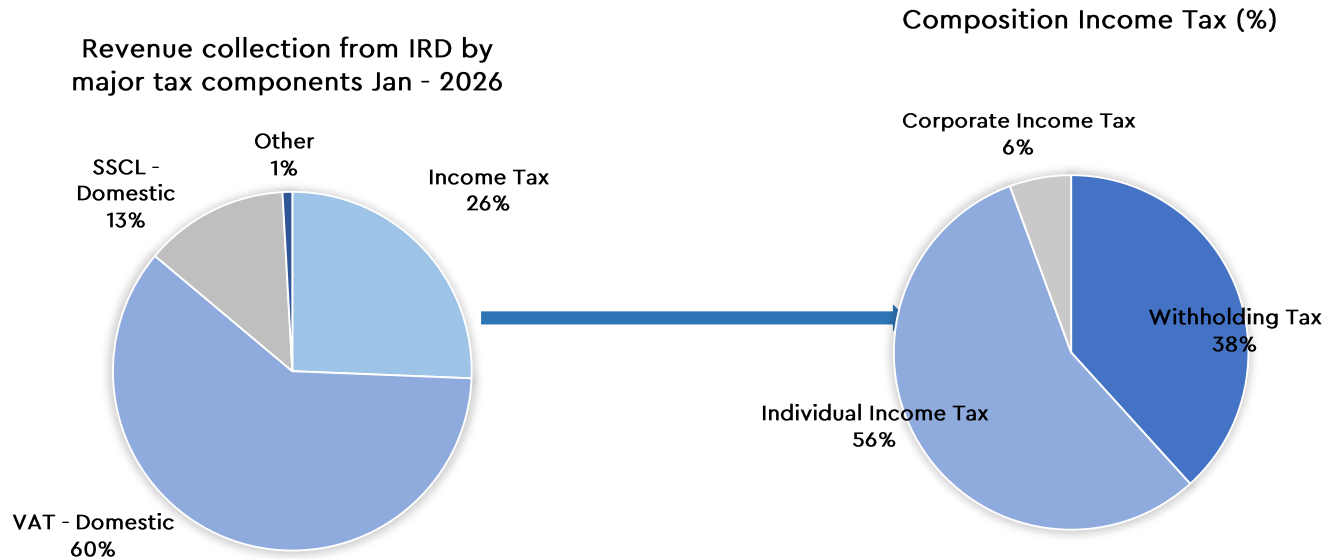


Revenue from VAT on imports is the largest revenue component among the Customs major tax components. The revenue from VAT on imports increased by 56.6 percent to Rs. 83.1 billion in the first month of 2026 from Rs. 53.0 billion in the same period of 2025. Revenue from Excise Duty increased by 128.3 percent to Rs. 77.6 billion in the first month of 2026 compared to the same period of 2025.

Revenue from Excise Duty on motor vehicles significantly increased by 38.8 billion to Rs. 44.8 billion in the first month of 2026 from Rs. 6.0 billion in the same period of 2025.

Revenue Performance

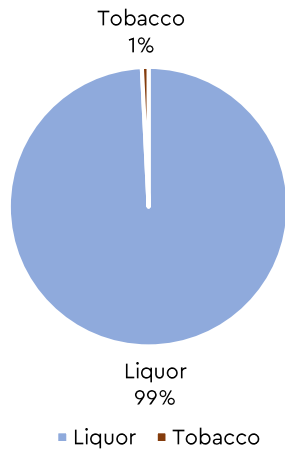
Inland Revenue Department



This graph demonstrates revenue collection from IRD by major tax component. Revenue collection from Income Tax increased by 13.9 percent to Rs. 44.2 billion in the first month of 2026, compared to the same period of 2025. Revenue from VAT on domestic activities increased by 2.7 percent and SSCL on domestic activities decreased by 3.0 percent in the first month of 2026 compared to the same period of 2025.

Excise Department

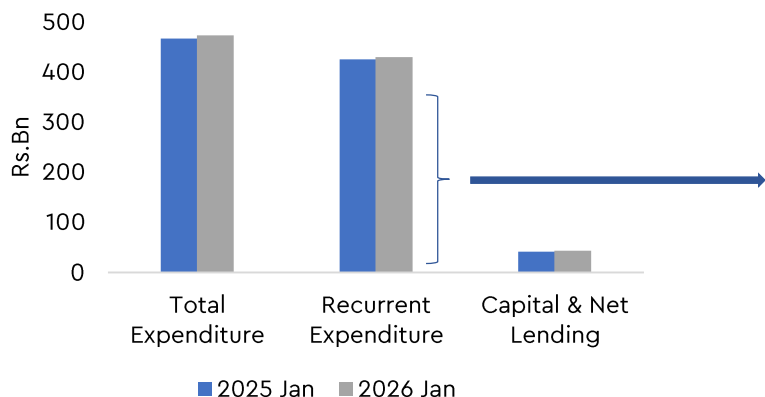
Revenue collection from Department of Excise by major revenue sources Jan - 2026



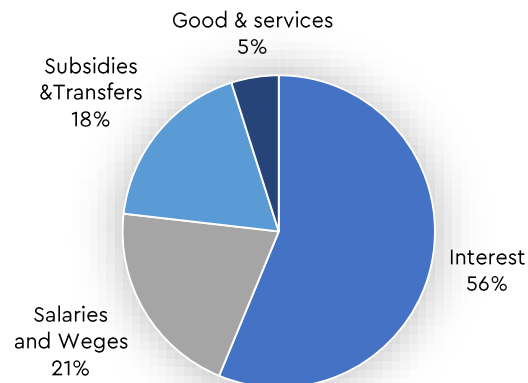
The revenue from excise duty on liquor increased by 107.1 percent to Rs. 24.5 billion in the first month of 2026 from Rs. 11.8 billion in the same period of 2025.

Execution of Government Expenditure

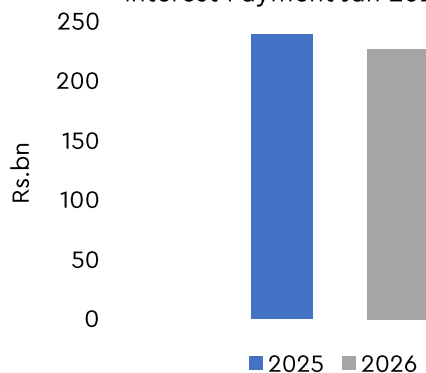
Expenditure Jan 2025/2026 (Rs. bn)



Recurrent Expenditure Jan - 2026 (%)



Interest Payment Jan 2025/2026



The total expenditure increased by 1.4 percent to Rs. 472.6 billion in the first month of 2026 from Rs. 466.0 billion in the same period of 2025. Recurrent expenditure increased by 1.2 percent to Rs. 429.4 billion in the first month of 2026 from Rs. 424.5 billion in the same period of 2025. The capital and net lending increased by 4.0 percent to Rs. 43.1 billion in the first month of 2026 from Rs. 41.5 billion in same period of 2025.

Total Interest payments decreased by 5.1 percent to Rs. 226.6 billion in the first month of 2026 to Rs. 238.7 billion in the same period of 2025.

Budget Outturn : Jan 2026

| | Annual Estimate 2026 (Rs. bn) | Jan - 2025 (Rs. bn) | Jan - 2026 (Rs. bn) (provisional) |
|-----------------------------------|----------------------------------|------------------------|---|
| Total Revenue & Grants | 5,300 | 347 | 469 |
| Tax Revenue | 4,910 | 321 | 434 |
| Non-Tax Revenue | 360 | 25 | 35 |
| Grants | - | - | - |
| Total Expenditure | 7,557 | 466 | 473 |
| Recurrent Expenditure | 5,838 | 425 | 429 |
| Capital and Net Lending | 1,719 | 41 | 43 |
| Primary Balance (+)/ (-) | 360 | 119 | 223 |
| Budget Balance (+)/ (-) | -2,257 | -119 | -4 |

