FISCAL REVIEW REPORT

January – September 2026



Department of Fiscal Policy

Ministry of Finance, Planning and Economic Development

Highlights of Fiscal Performance

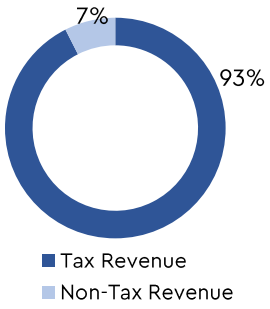
Government Revenue & Grants
- Jan - Sep 2026 : Rs. 4,601.6 Bn
- Jan - Sep 2025 : Rs. 3,834.9 Bn

Government Expenditure
- Jan - Sep 2026 : Rs. 4,579.3 Bn
- Jan - Sep 2025 : Rs. 4,276.3 Bn

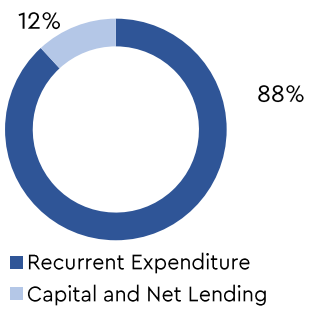
Primary Surplus
- Jan - Sep 2026 : Rs. 1,843.9 Bn
- Jan - Sep 2025 : Rs. 1,465.1Bn

Budget Balance
- Jan - Sep 2026 : Rs. 22.3 Bn
- Jan - Sep 2025 : Rs. -441.4 Bn

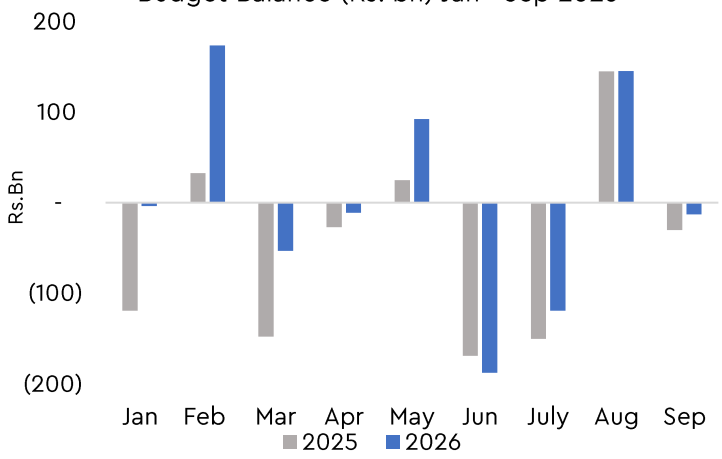
Government Revenue
Jan - Sep 2026



Government Expenditure
Jan - Sep 2026

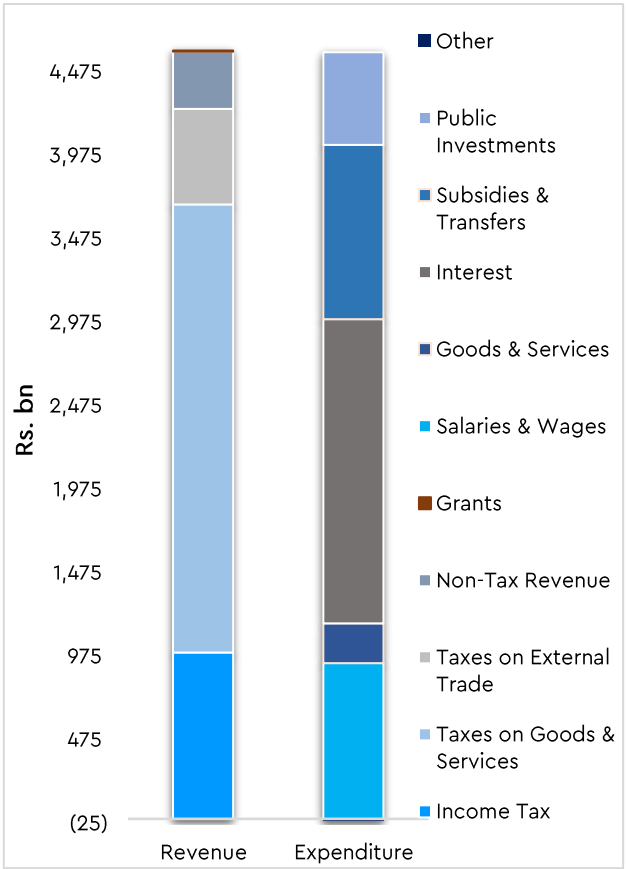


Budget Balance (Rs. bn) Jan - Sep 2026



The budget surplus of Rs. 22.3 billion was recorded in the first nine months of 2026 from a deficit of Rs. 441.4 billion in the same period of 2025, mainly due to the significant increase in government revenue by 20 percent to Rs. 4,594.9 billion from Rs. 3,827.0 billion in the same period of 2025, together with the rationalization of government expenditure.

Total Revenue and Expenditure (Jan – Sep) 2026 (Rs.bn)

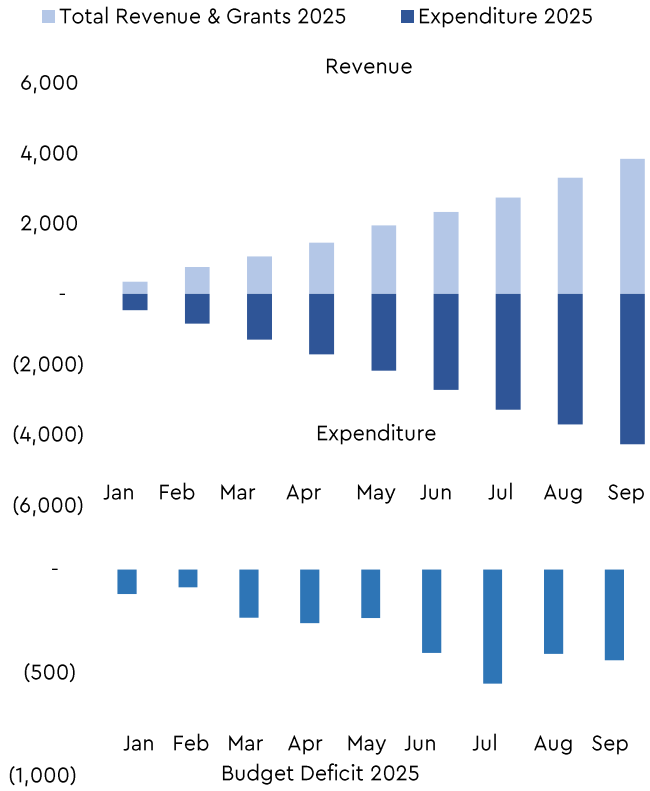


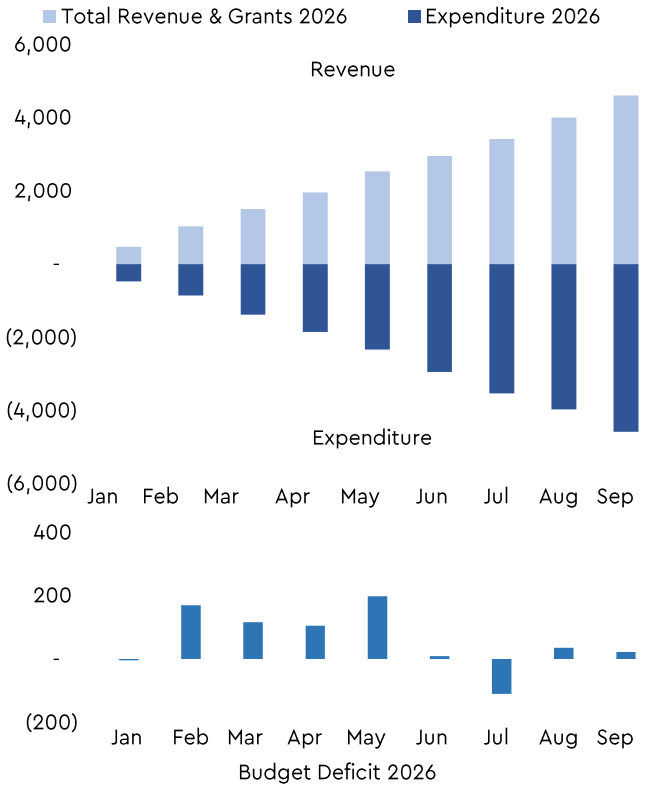
Jan - Sep 2025 → Jan - Sep 2026

- Total Revenue, including grants increased by 20 percent
- Tax Revenue increased by 19 percent
- Non-Tax Revenue increased by 30 percent
- Recurrent Expenditure increased modestly by 6 percent
- Capital and net lending increased by 19 percent
- GDP at constant prices was Rs. 3,029.8 billion in the second quarter of 2026, compared to Rs. 2,908.6 billion in the same period of 2025.
- The economy expanded by 4.2 percent in the second quarter of 2026 compared to the 5.0 percent expansion recorded in the second quarter of 2025.

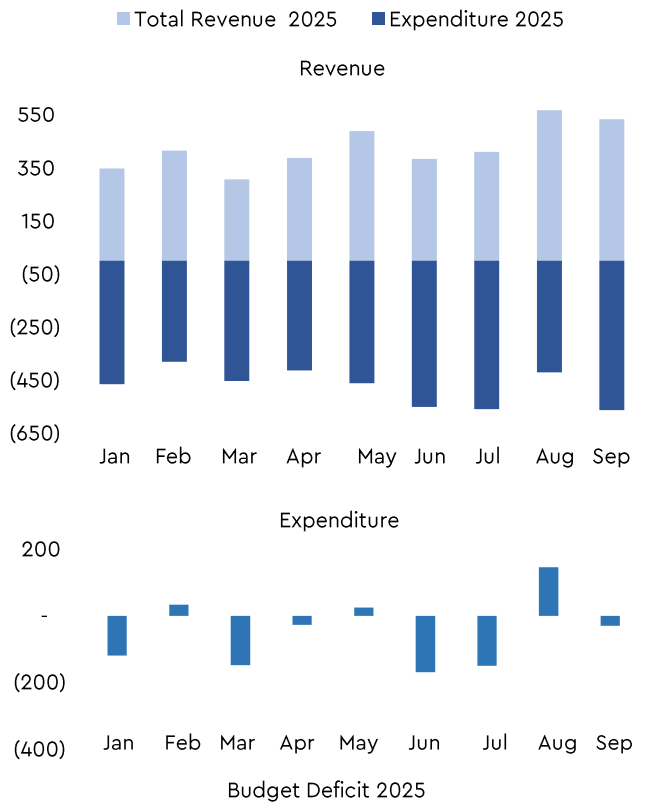
Performance of Key Fiscal Aggregates

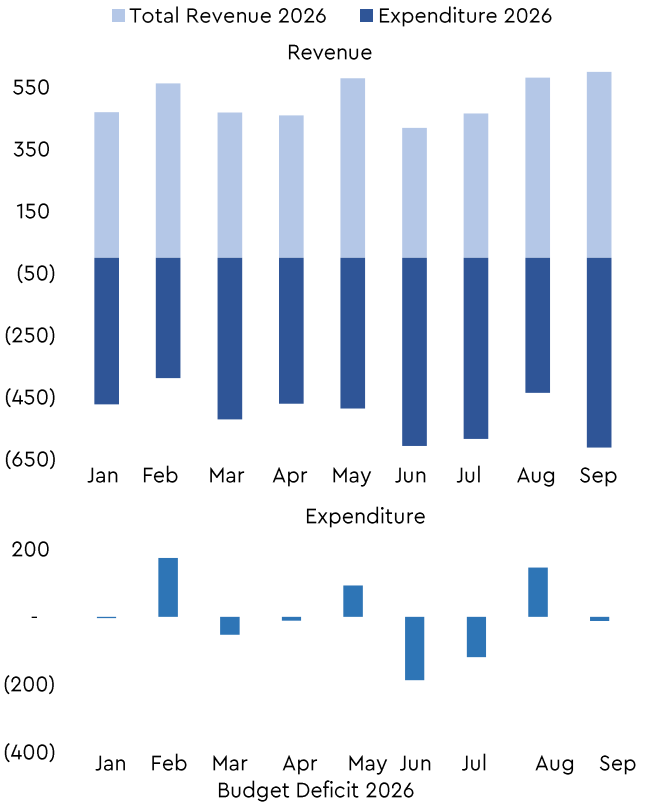
Cumulative Revenue, Expenditure and Budget Deficit – January - September 2025/2026 (Rs. bn)





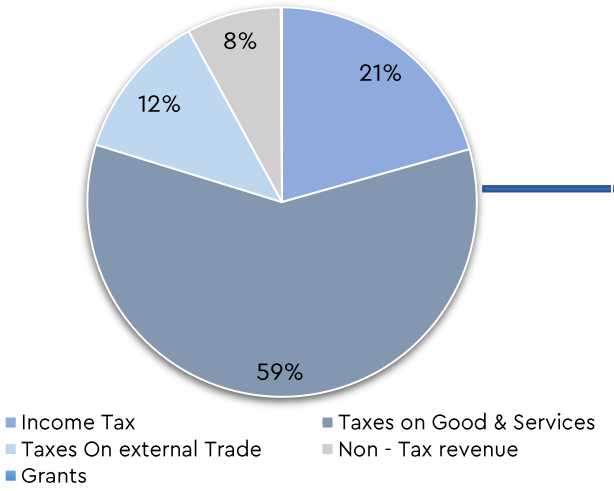
Monthly Revenue, Expenditure and Budget Deficit – January - September 2025/2026 (Rs. bn)



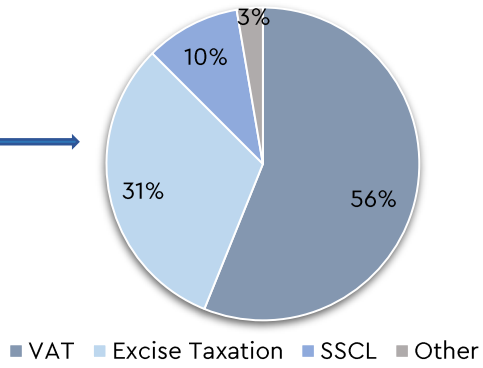


Revenue Performance

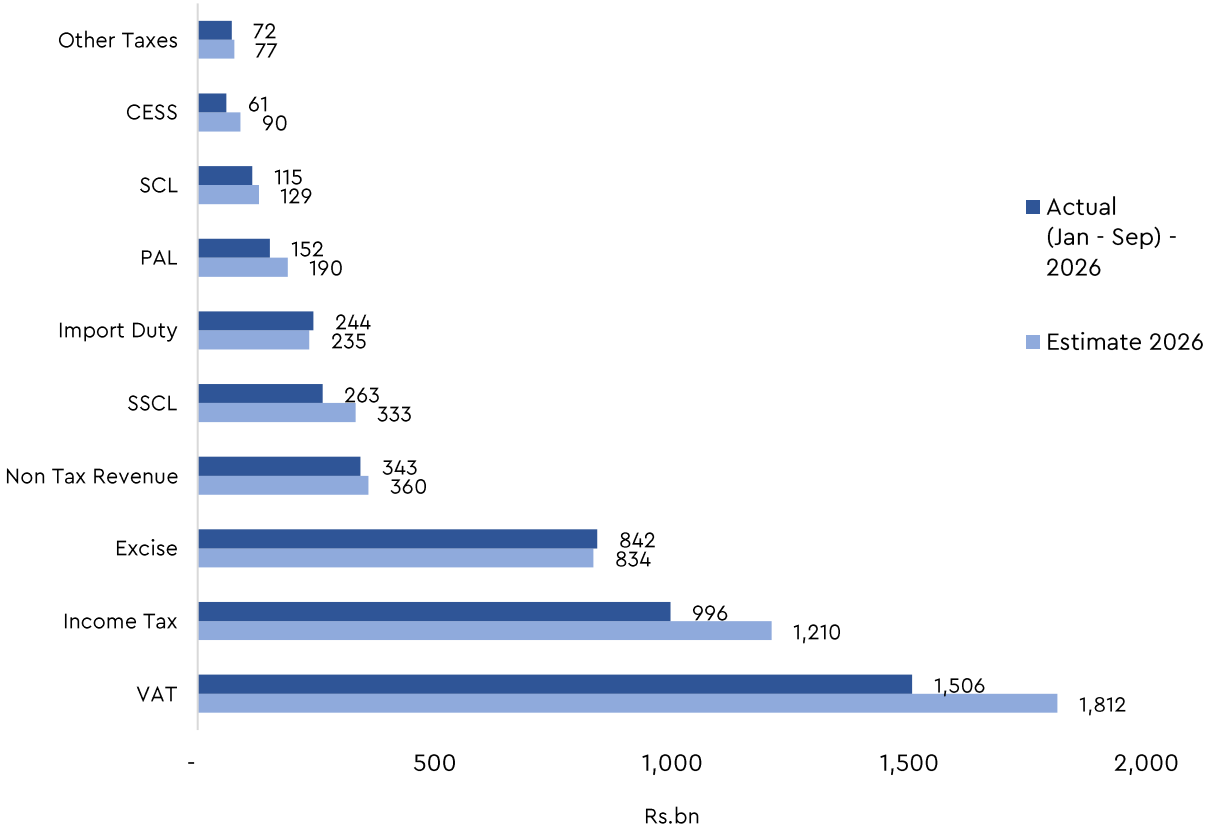
Composition of Actual Revenue
(Jan - Sep) - 2026



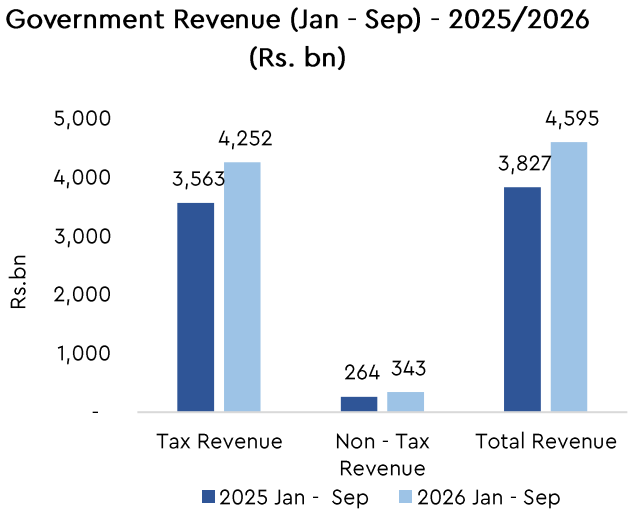
Composition of Taxes on goods & services
(Jan - Sep) - 2026

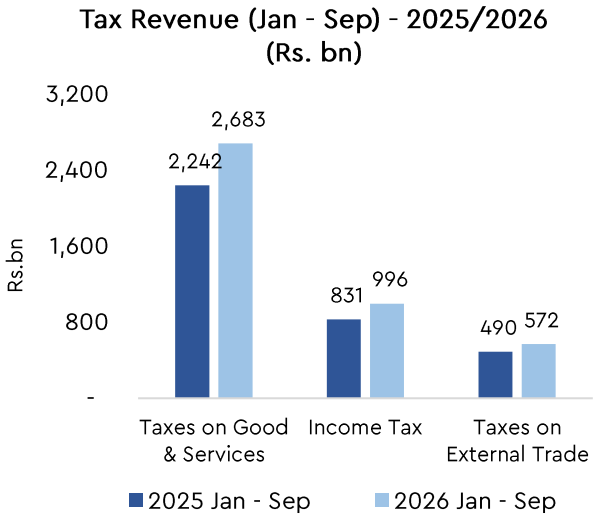


Annual Estimate vs. Revenue by Major Revenue Sources (Jan - Sep) 2026 (Rs. bn)

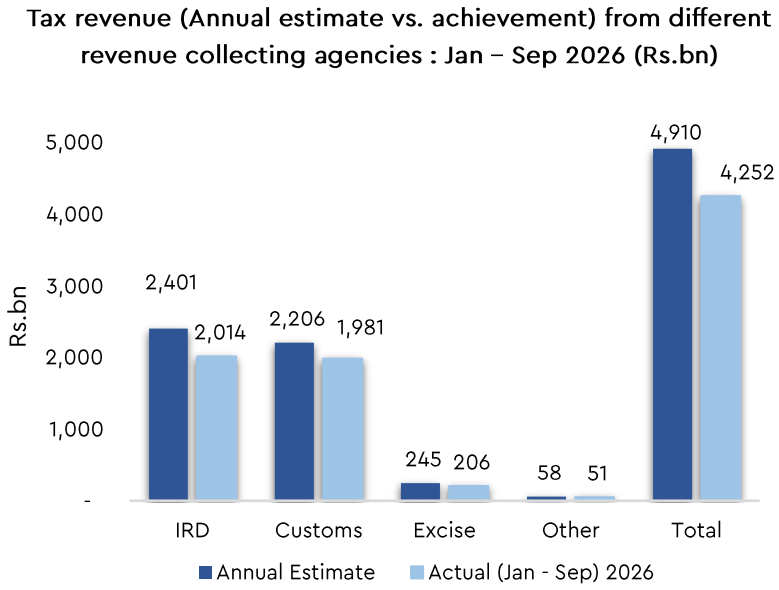


Revenue Performance





The total revenue (excluding grants) increased by 20 percent to Rs. 4,594.9 billion in the first nine months of 2026 from Rs. 3,827.0 billion in the same period of 2025, mainly due to the substantial revenue collection from import of motor vehicles. Further, the revenue from income tax increased by 20 percent to Rs. 996.4 billion in the first nine months of 2026 from Rs. 831.0 billion in the same period of 2025. Revenue from VAT increased by 22 percent to Rs. 1,505.6 billion in the first nine months of 2026 from Rs. 1,238.6 billion in the same period of 2025.



Sri Lanka Customs achieved 90 percent of its annual estimate in the first nine months of 2026 mainly due to the increase of revenue collection from import of motor vehicles. Inland Revenue Department achieved 84 percent of its annual estimate in the first nine months of 2026 reflecting strong performance of VAT on domestic activities. Further, Excise Department achieved 84 percent of its annual estimate in the first nine months of 2026.

Revenue Performance

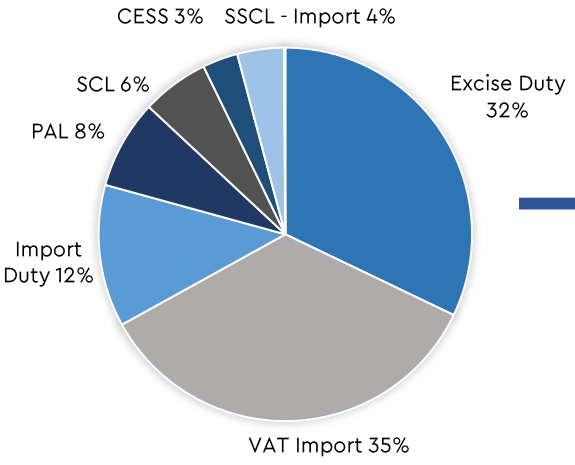
Tax Revenue from 3 Key Revenue collecting agencies during - (Jan – Sep) 2026

	Annual Estimate (Rs. bn)	Actual (Jan – Sep) 2026 (Rs. bn)	Achievement (%)
IRD	2,401	2,014	83.9
Customs	2,206	1,981	89.8
Excise	245	206	84.2
Other	58	51	89.0
Total	**4,910**	**4,252**	**86.6**

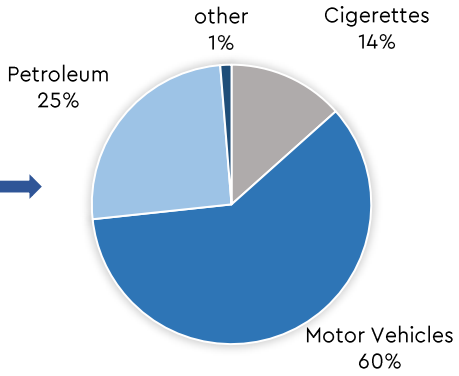
In the first nine months of 2026, Sri Lanka Customs and Inland Revenue department became the largest contributors to the Government Revenue, individually accounting for 47 percent of the total tax revenue collected, while Excise Department was the third-largest contributor.

Sri Lanka Customs

Revenue collected from Sri Lanka Customs by major tax components (Jan - Sep 2026)



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



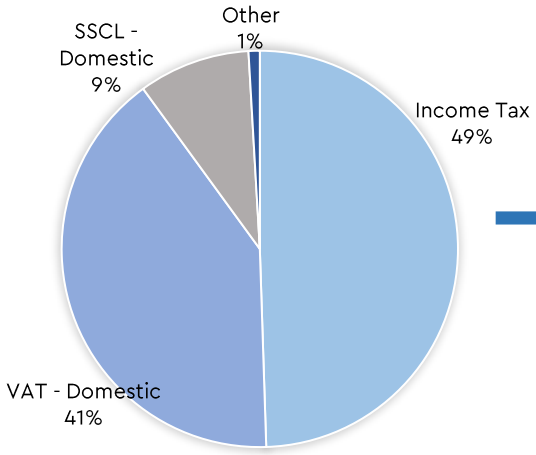
Revenue from VAT on imports is the largest revenue component among the Custom's major tax components. The revenue from VAT on imports increased by 14 percent to Rs. 690.3 billion in the first nine months of 2026 from Rs. 604.9 billion in the same period of 2025. Revenue from Excise Duty increased by 15 percent to Rs. 636.1 billion in the first nine months of 2026 from Rs. 551.9 billion in the same period of 2025.

Revenue from Excise Duty on motor vehicles significantly increased by 9.1 percent to Rs. 381.0 billion in the first nine months of 2026 from Rs. 349.3 billion in the same period of 2025.

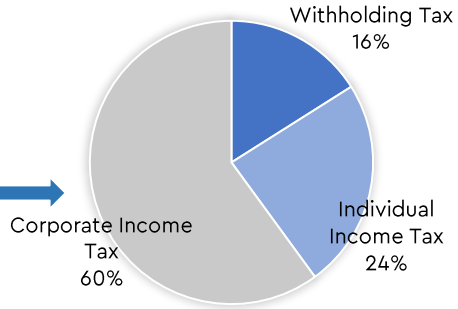
Revenue Performance

Inland Revenue Department

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



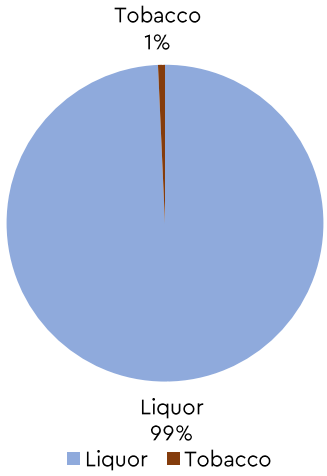
Composition Income Tax (%)



Revenue collection from Income Tax increased by 20 percent to Rs. 996.4 billion in the first nine months of 2026, compared to the same period of 2025. Revenue from VAT on domestic activities increased by 29 percent and SSCL on domestic activities increased by 12 percent in the first nine months of 2026 compared to the same period of 2025.

Excise Department

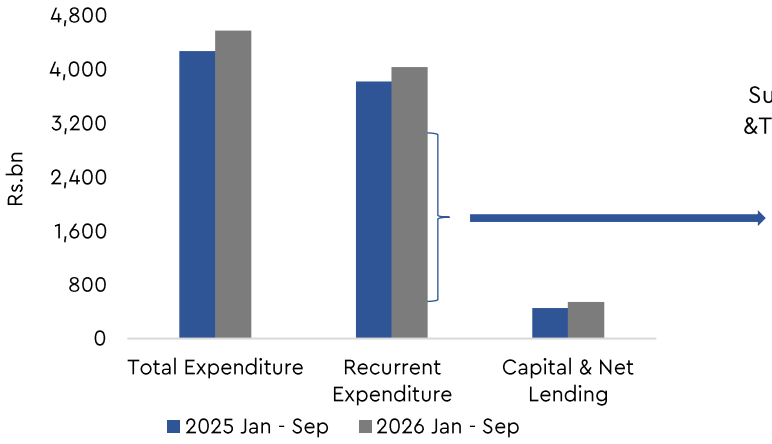
Revenue collection from Department of Excise by major revenue sources Jan - Sep 2026



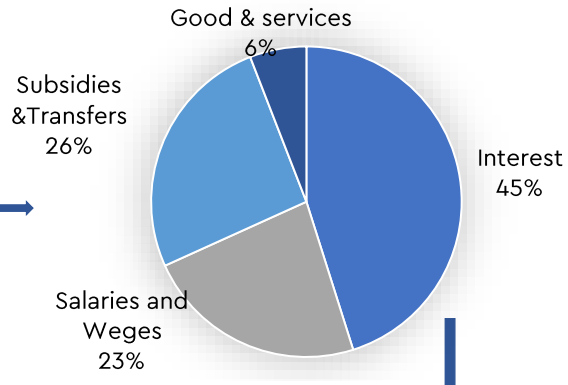
The revenue from excise duty on liquor increased by 22 percent to Rs. 204.9 billion in the first nine months of 2026 from Rs. 167.4 billion in the same period of 2025.

Execution of Government Expenditure

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



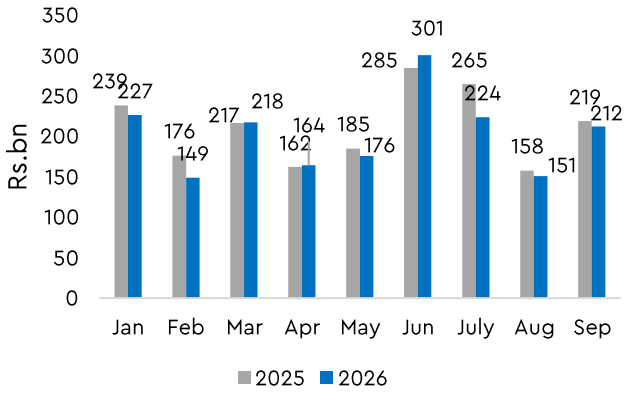
Recurrent Expenditure Jan - Sep 2026



The total expenditure increased by 7 percent to Rs. 4,579.3 billion in the first nine months of 2026 from Rs. 4,276.3 billion in the same period of 2025. Recurrent expenditure increased by 6 percent to Rs. 4,036.6 billion in the first nine months of 2026 from Rs. 3,820.9 billion in the same period of 2025. The capital and net lending increased by 19 percent to Rs. 542.8 billion in the first nine months of 2026 from Rs. 455.3 billion in the same period of 2025.

Total Interest payments declined by 5 percent to Rs. 1,821.6 billion in the first nine months of 2026 from Rs. 1,906.6 billion in the same period of 2025.

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



Budget Outturn : Jan - Sep 2026

	Annual Estimate 2026 (Rs. bn)	Jan- Sep 2025 (Rs. bn) (Actual)	Jan – Sep 2026 (Rs. bn) (provisional)	Growth (%) Jan – Sep 2025/26	Achievement against the estimate 2026 (%)
Total Revenue & Grants	5,300	3,834.9	4,601.6	20.0	86.8
Tax Revenue	4,910	3,562.9	4,252.1	19.3	86.6
Non-Tax Revenue	360	264.1	342.9	29.8	95.2
Grants	30	7.9	6.7	-14.6	22.4
Total Expenditure	7,557	4,276.3	4,579.3	7.1	60.6
Recurrent Expenditure	5,838	3,820.9	4,036.6	5.6	69.1
Capital and Net Lending	1,719	455.3	542.8	19.2	31.6
Primary Balance (+)/ (-)	360	1,465.1	1,843.9		
Budget Balance (+)/ (-)	-2,257	-441.4	22.3		