

FISCAL REVIEW REPORT

January – September 2025



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

Highlights of Fiscal Performance

Government Revenue & Grants

- Jan - Sep 2025 : Rs. 3,834.9 Bn
- Jan - Sep 2024 : Rs. 2,927.8 Bn

Government Expenditure

- Jan - Sep 2025 : Rs. 4,276.3 Bn
- Jan - Sep 2024 : Rs. 3,897.8 Bn

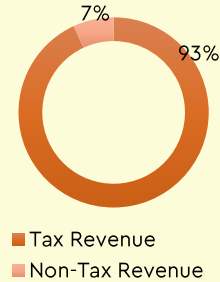
Primary Surplus

- Jan - Sep 2025 : Rs. 1,465.1 Bn
- Jan - Sep 2024 : Rs. 784.9 Bn

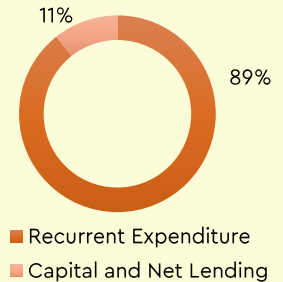
Budget Deficit

- Jan - Sep 2025 : Rs. 441.4 Bn
- Jan - Sep 2024 : Rs. 970.0 Bn

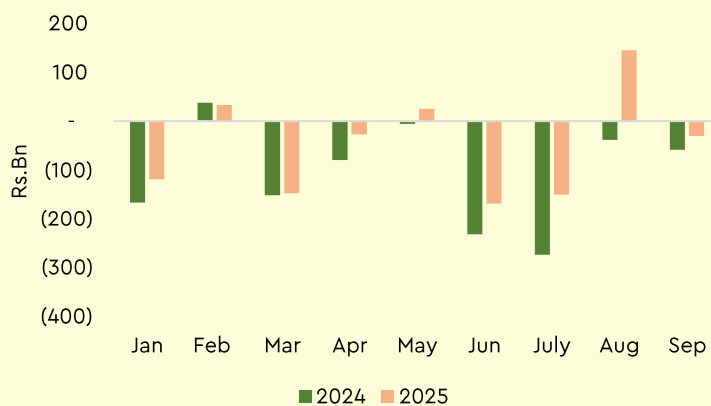
Government Revenue Jan-Sep 2025



Government Expenditure Jan-Sep 2025



Budget Deficit (Rs. Bn) Jan - Sep 2025

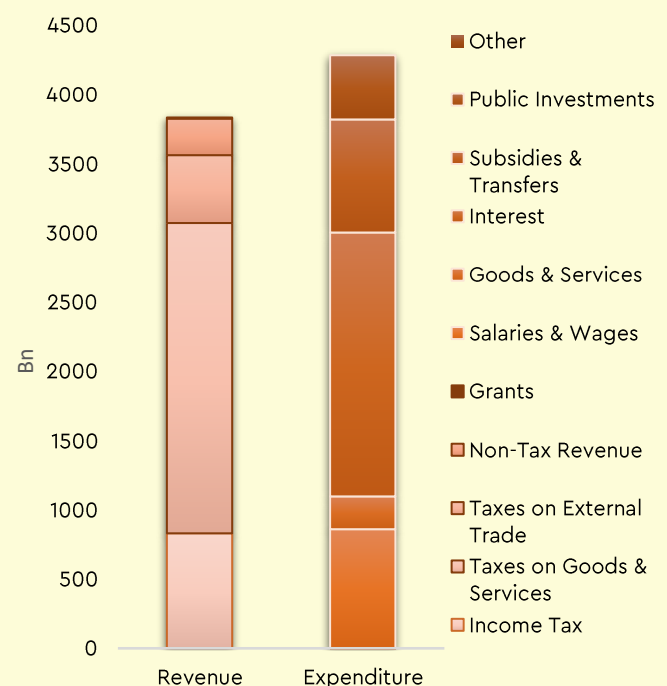


The budget deficit, in nominal terms, narrowed by 54.5 percent to Rs. 441.4 billion in the first nine months of 2025 from Rs. 970.0 billion in the same period of 2024 mainly due to the increase in government revenue including grants by 31.0 percent to Rs. 3,834.9 billion in the first nine months of 2025 from Rs. 2,927.8 billion in the same period of 2024.

Jan - Sep 2024 → Jan - Sep 2025

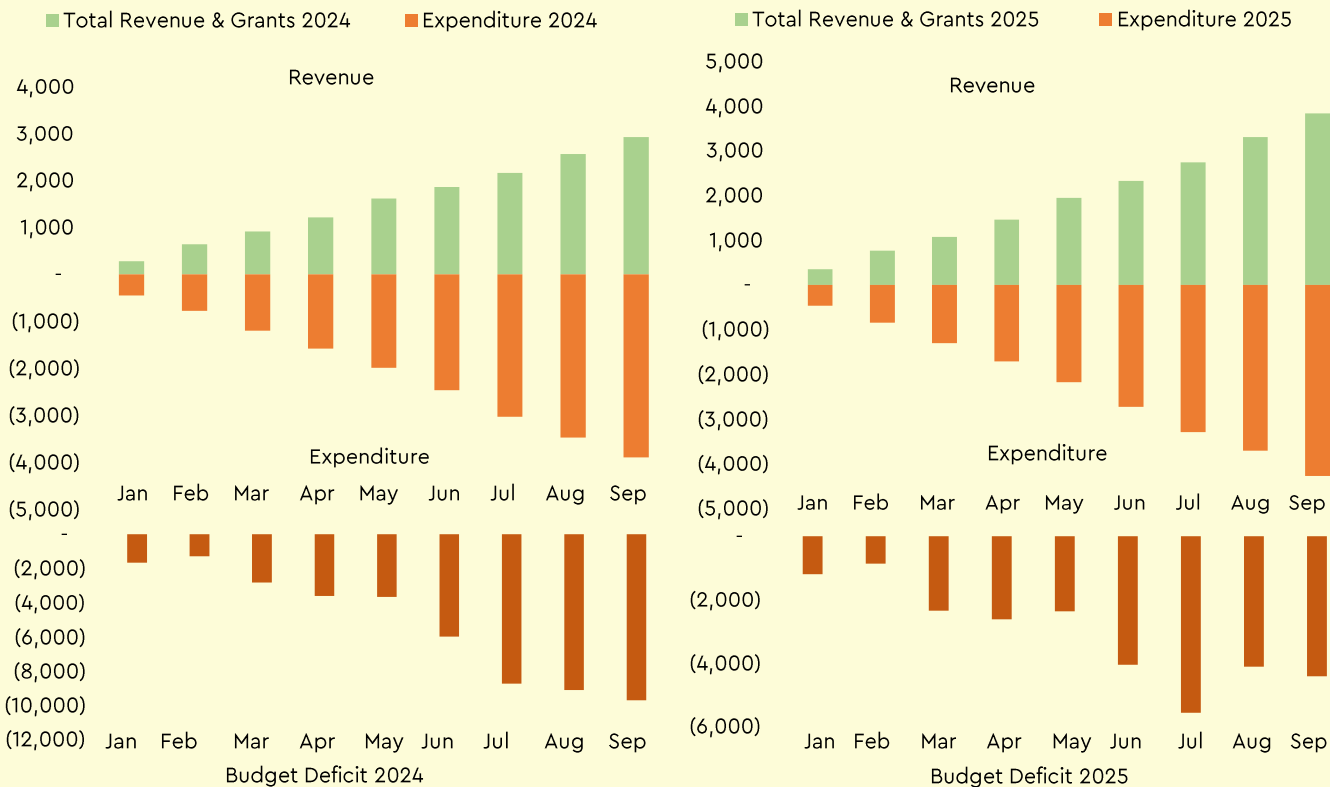
- Total Revenue, including grants increased by 31.0 percent
- Tax Revenue increased by 32.5 percent
- Non-Tax Revenue increased by 14.9 percent
- Recurrent Expenditure increased by 11.2 percent
- Capital and net lending declined by 1.7 percent
- GDP at constant prices was Rs. 6,360.6 billion in the first half of 2025, compared to Rs. 6,068.3 billion in the same period of 2024.
- The economy expanded by 4.8 percent in the first half of 2025 compared to the 4.6 percent expansion recorded in the same period of 2024.

Total Revenue and Expenditure (Jan-Sep) 2025

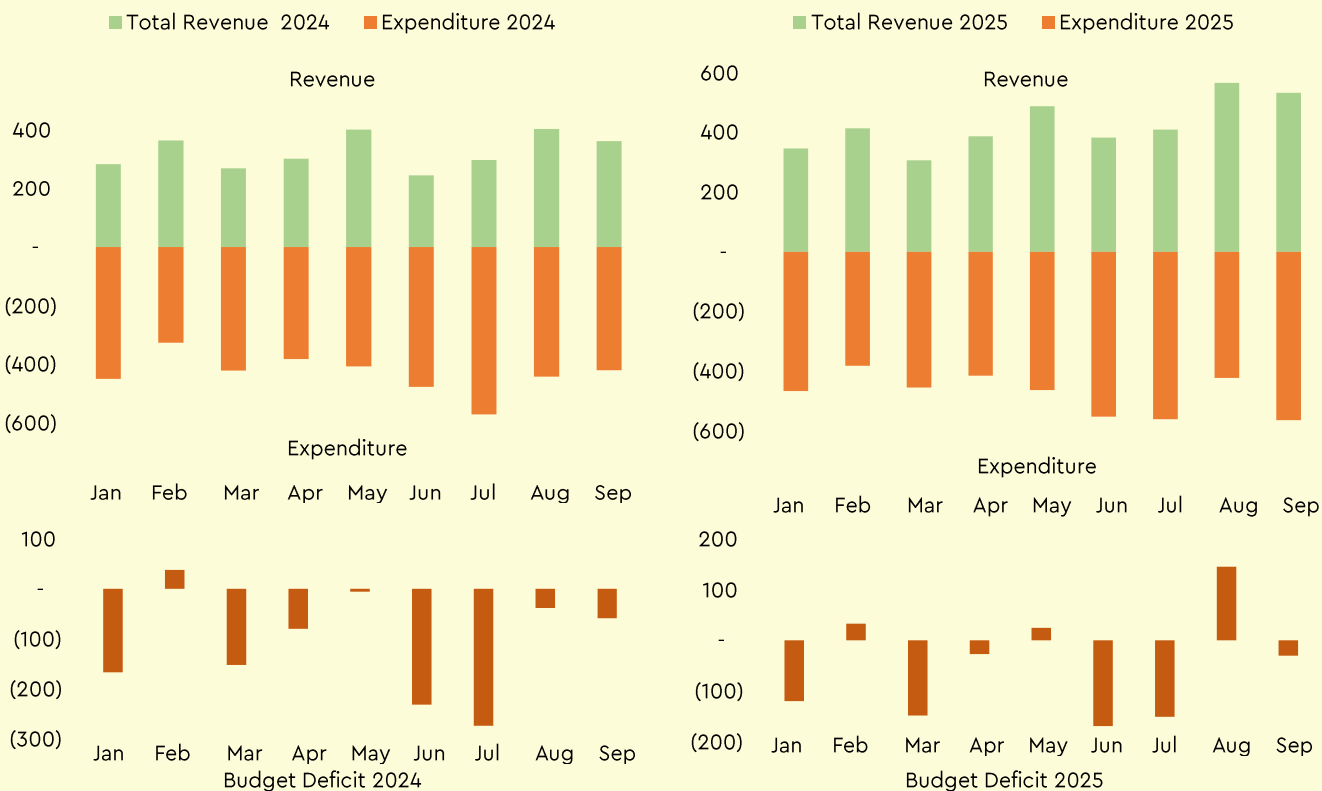


Performance of Key Fiscal Aggregates

Cumulative Revenue, Expenditure and Budget Deficit – January-September 2024/2025 (Rs. Bn)

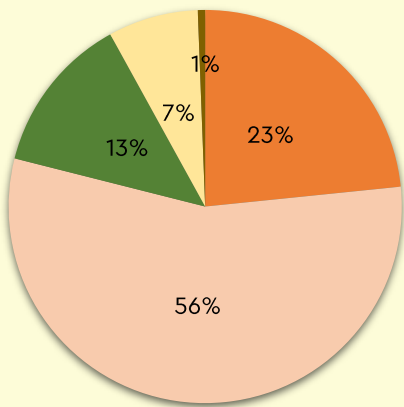


Monthly Revenue, Expenditure and Budget Deficit – January-September 2024/2025 (Rs. Bn)



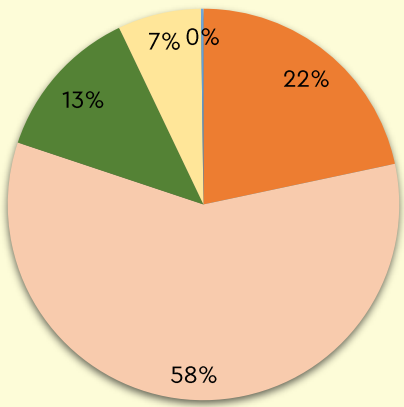
Revenue Performance

Composition of Annual Revenue
Estimate 2025 (%)



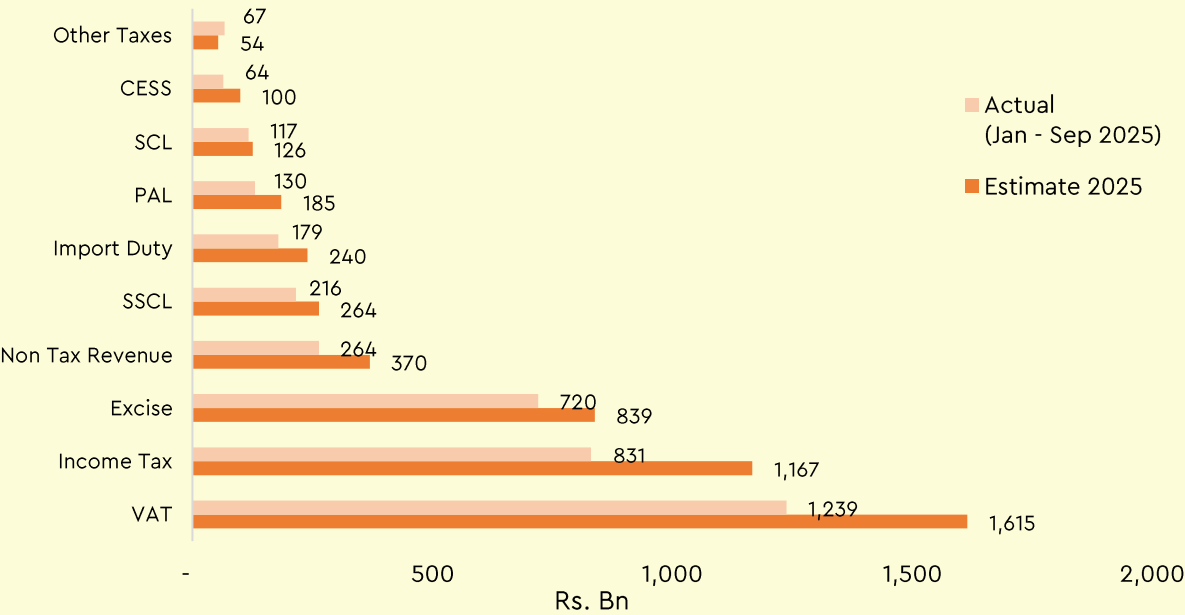
Income Tax
Taxes On external Trade
Grants
Taxes on Good & Services
Non - Tax revenue

Composition of Actual Revenue
2025 - (Jan - Sep) (%)

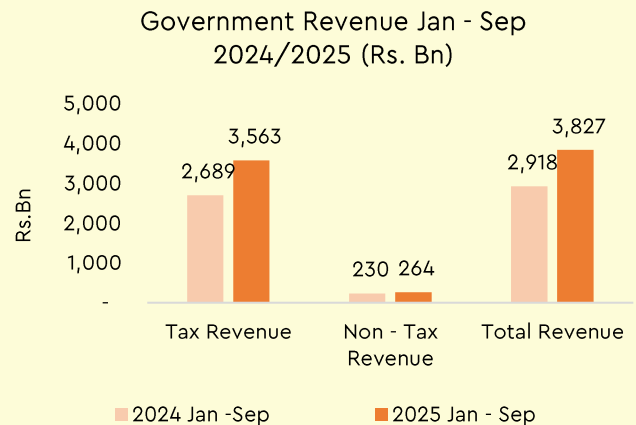
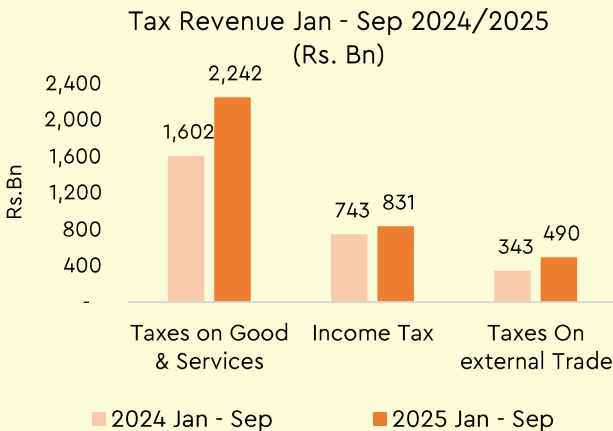


Income Tax
Taxes On external Trade
Grants
Taxes on Good & Services
Non - Tax revenue

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

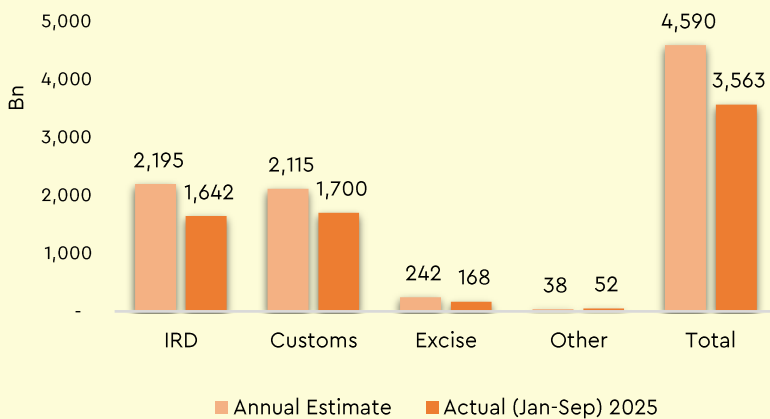


Revenue Performance



The total revenue increased by 31.1 percent to Rs. 3,827 billion in the first nine months of 2025 from Rs. 2,918 billion in the same period of 2024. The revenue from income tax increased by 11.9 percent to Rs. 831 billion in the first nine months of 2025 from Rs. 743 billion compared to the same period of 2024. Revenue from VAT increased by 31 percent to Rs. 1,239 billion in the first nine months of 2025 from Rs. 949 billion in the same period of 2024.

Tax Revenue (Annual Estimate vs achievement in first Nine Months) from Revenue Collecting Agencies in 2025



The graph illustrates the performance of three key revenue-collecting agencies in the first nine months of 2025. The Custom achieved 80 percent of its annual estimate, contributing to around half of the total tax revenue collected in the first nine months of 2025.

Revenue Performance

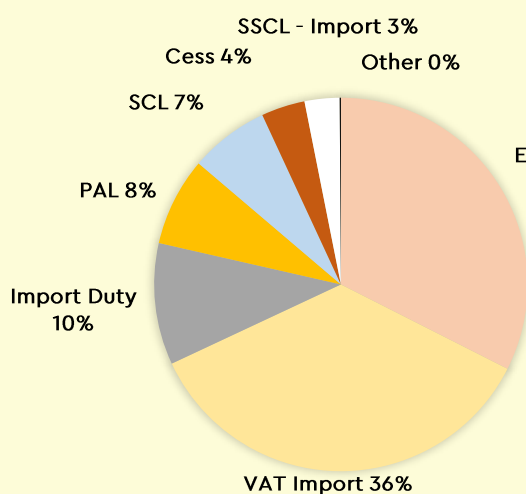
Tax Revenue from 3 Key Revenue collecting agencies during Jan - Sep 2025

	Annual Estimate (Rs. Bn)	Actual Jan – Sep 2025 (Rs. Bn)	Achievement (%)
IRD	2,195	1,642	75
Customs	2,115	1,700	80
Excise	242	168	70
Other	38	52	138
Total	4,590	3,563	78

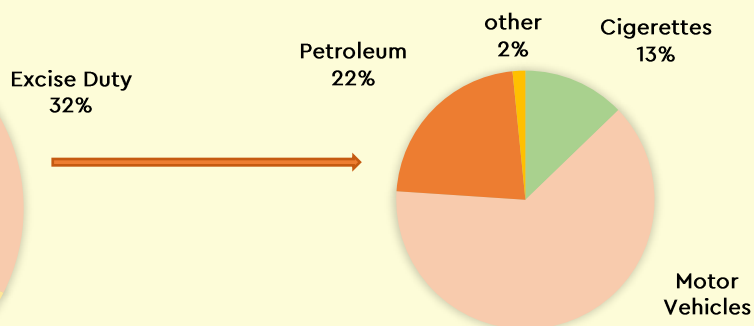
In the first nine months of 2025, the key revenue-collecting agencies achieved 78 percent of their annual estimates. The Customs became the largest contributor, representing 48 percent of the tax revenue collected, and this surpassed the revenue collected from IRD. The second largest contributor is the IRD, representing 46 percent of the tax revenue collected. The third largest contributor is the Excise Department.

Sri Lanka Customs

Revenue Collection from Custom By Major Tax Components Jan - Sep 2025



Composition of Excise Duty Collected from Customs Jan - Sep 2025

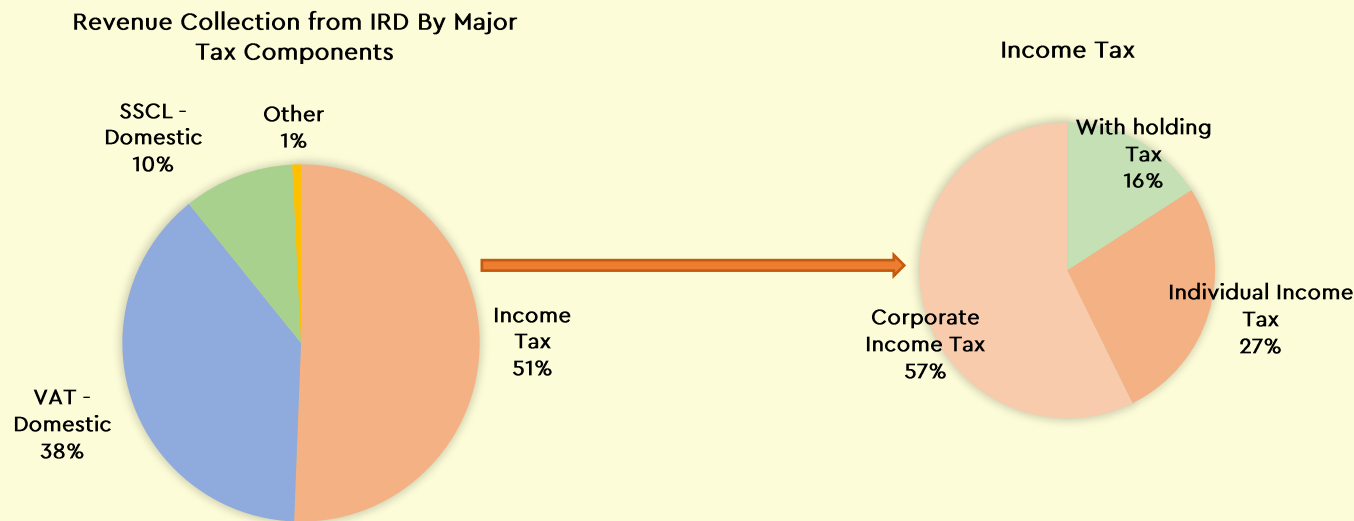


Revenue from VAT on imports is the largest revenue component among the Custom's major tax components. The revenue from VAT on imports increased by 42 percent to Rs. 605 billion in the first nine month of 2025 from Rs. 426 billion in the same period of 2024. Revenue from excise duty increased by 94 percent to Rs. 552 billion in the first nine months of 2025 compared to the same period of 2024.

Revenue from excise duty on motor vehicles significantly increased by Rs.311 billion to Rs. 349 billion in the first nine months of 2025 from Rs. 38 billion in the same period of 2024.

Revenue Performance

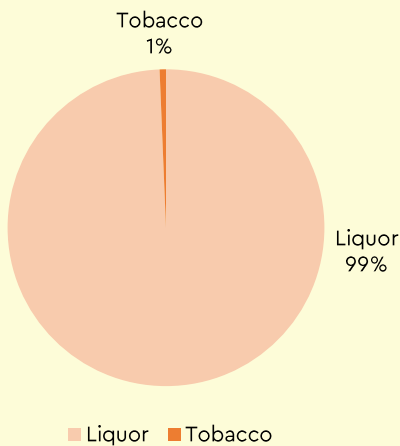
Inland Revenue Department of Sri Lanka



This graph demonstrates revenue collection from IRD by major tax components. Revenue collection from Income Tax increased by 12 percent to Rs. 831 billion in the first nine months of 2025, compared to the same period of 2024. Revenue from VAT on domestic activities and SSCL on domestic activities increased by 21 percent and 19 percent, respectively, in the first nine months of 2025 compared to the same period of 2024.

Excise Department of Sri Lanka

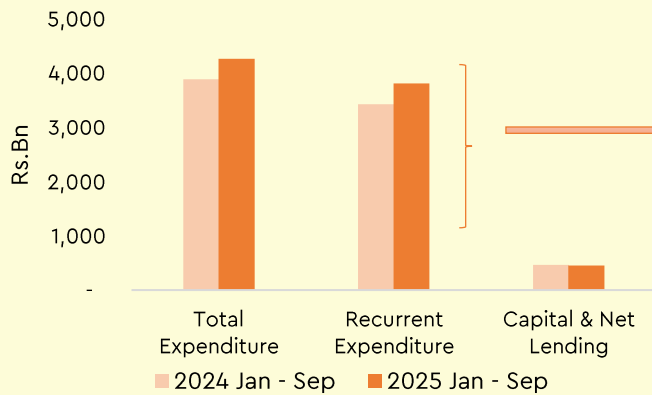
Revenue Collection from Department of Excise By Major Revenue Sources



The revenue from excise duty on liquor increased by 11 percent to Rs. 167 billion in the first nine months of 2025 from Rs. 151 billion in the same period of 2024.

Execution of Expenditure

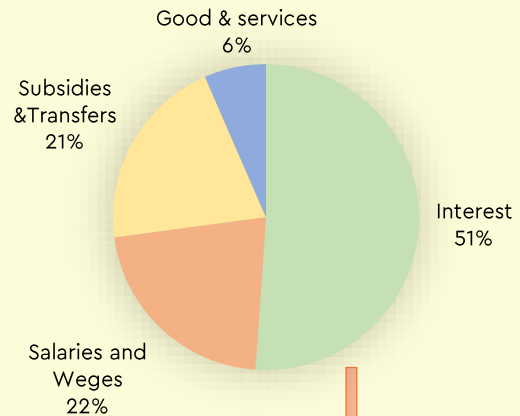
Expenditure Jan - Sep 2024/2025



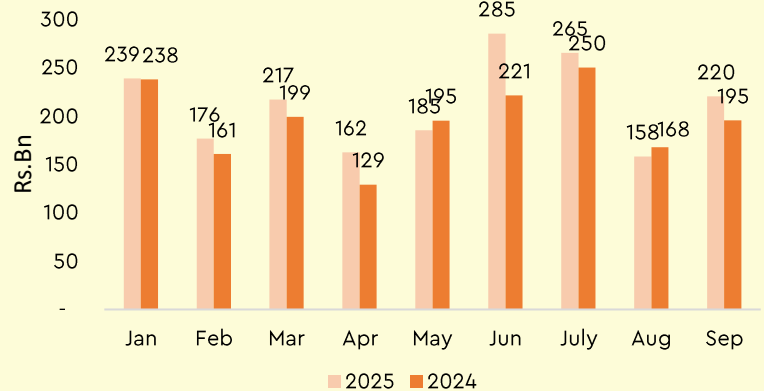
The total expenditure increased by 10 percent to Rs. 4,276 billion in the first nine months of 2025 from Rs. 3,898 billion in the same period of 2024. Following the same trend, recurrent expenditure increased by 11 percent to Rs. 3,821 billion in the first nine months of 2025 from Rs. 3,435 billion in the same period of 2024. However, capital and net lending decreased by 2 percent to Rs. 455 billion in the first nine months of 2025 from Rs. 463 billion in the same period of 2024.

Total Interest payments increased by 8.6 percent to 1,907 billion in the first nine months of 2025 compared to Rs 1,755 billion in the same period of 2024.

Recurrent Expenditure Jan - Sep 2025



Interest Payments Jan - Sep 2024/2025



Budget Outturn Jan – Sep 2025

	Annual Estimate 2025 (Rs. Bn)	Jan – Sep 2024 (Rs. Bn)	Jan – Sep 2025 (Rs. Bn) (provisional)
Total Revenue & Grants	4,990	2,928	3,835
Tax Revenue	4,590	2,689	3,563
Non-Tax Revenue	370	230	264
Grants	30	9	8
Total Expenditure	7,190	3,898	4,276
Recurrent Expenditure	5,886	3,435	3,821
Capital and Net Lending	1,304	463	455
Primary Balance (+)/ (-)	750	785	1,465
Budget Balance (+)/ (-)	-2,200	-970	-441