Annexure I

Summary of the Budget Estimates 2023

Rs. Billion

Item	2021	2022 Revised (Interim Budget)	2023 Budget
Total Revenue and Grants	**1,464**	**2,094**	**3,415**
Total Revenue	**1,457**	**2,084**	**3,408**
Tax Revenue	**1,298**	**1,852**	**3,130**
Income Tax	302	558	912
Taxes on Goods and Services	646	972	1,763
Taxes on External Trade	350	322	455
Non Tax Revenue	**159**	**232**	**278**
Grants	**7**	**10**	**7**
Total Expenditure	**3,522**	**4,427**	**5,819**
Recurrent	**2,748**	**3,620**	**4,609**
Salaries and Wages	846	995	1,002
Other Goods and Services	169	225	300
Interest	1,048	1,379	2,193
Subsidies and Transfers	685	1,021	1,114
Public Investment	**790**	**1,072**	**1,220**
Other	**(15)**	**(265)**	**(10)**
Revenue Surplus (+)/ Deficit(-)	**(1,290)**	**(1,536)**	**(1,201)**
Primary Surplus (+)/ Deficit(-)	**(1,010)**	**(954)**	**(211)**
Budget Surplus (+)/ Deficit(-)	**(2,058)**	**(2,333)**	**(2,404)**
Total Financing	**2,058**	**2,333**	**2,404**
Total Foreign Financing	**(14)**	**342**	**560**
Foreign Borrowings-Gross	517	717	1,000
Debt Repayment	(531)	(375)	(440)
Total Domestic Financing	**2,072**	**1,991**	**1,844**
Non - Bank Borrowings	1,898	2,672	1,880
Sri Lanka Development Bond	(68)	(357)	(234)
Bank Borrowings and Other	242	(323)	198
Revenue and Grants/GDP (%)	**8.3**	**8.8**	**11.3**
Total Revenue/GDP (%)	**8.2**	**8.7**	**11.3**
Tax Revenue/GDP (%)	7.3	7.8	10.3
Non Tax Revenue/GDP (%)	0.9	1.0	0.9
Grants/GDP (%)	**0.04**	**0.04**	**0.02**
Total Expenditure/GDP (%)	**19.9**	**18.6**	**19.2**
Recurrent Expenditure/GDP (%)	15.5	15.2	15.2
Non Interest/ GDP (%)	9.6	9.4	8.0
Interest/ GDP (%)	5.9	5.8	7.2
Public Investment/ GDP (%)	4.5	4.5	4.0
Revenue Surplus (+)/Deficit (-) GDP (%)	(7.3)	(6.4)	(4.0)
Primary Surplus (+)/Deficit (-) GDP(%)	(5.7)	(4.0)	(0.7)
Budget Surplus (+)/Deficit (-) GDP(%)	**(11.6)**	**(9.8)**	**(7.9)**

Compiled by Department of Fiscal Policy

Debt repayment for 2022 and 2023 estimates based on the prevailing debt standstill policy adopted by the Government

Annexure II

Gross Borrowings Requirement – 2023
(Provisioning for Accounting Transactions)

Item	Rs. Billion
Total Receipts other than Government Borrowings	3,456
Total Payments Including Debt Repayments	7,879
Provision for Advanced Accounts	06
Adjustments for book/cash Value of Government Securities	550
Total Gross Borrowing Requirement to be recorded in Government Accounts	4,979
O/W Total Debt Repayments	2,025

Compiled by the Department of Fiscal Policy, Department of National Budget and Department of Treasury Operations

Annexure III

Expenditure Proposals

No	Proposal	Rs. Million
1	Social Safety Net Programme	43,000
2	Strengthening of Elders/Disable/Law Income widows as household entrepreneurs	250
3	Improving Childs Nutrition	500
4	Establishing 10 agro entrepreneur villages	250
5	Reducing post harvest Crop losses	150
6	Enhancing flood protection in selected river basin areas	500
7	Increasing the domestic milk production through enhanced breeding	100
8	Rehabilitations and Construction of Roads and Bridges damaged by floods	2,000
9	Retaining youth in Agriculture Industry	120
10	Loan scheme to encourage young women entrepreneurs	250
11	Training of youth for foreign employment	50
12.	Establishing Agency for External Trade and Investment	100
13.	New Economic Zone program for attracting foreign investments	300
14.	Establishing a National Productivity Commission	100
15.	Creating a more business friendly environment	200
16.	Establishing a separate Department for the development of the cinnamon industry	200
17.	Promotion of Marine Tourism	50
18.	Improving Facilities in Rural Schools	200
19.	Post-Graduate Education Opportunities for Doctors	60
20.	Set up a Quality Assurance and Accreditation Board	100
21.	Setup a new medical faculty under Uva-Wellassa University	200
22.	Establishing an Institution to Study History of Sri Lanka	50
23.	Promotion of Electronic Payment System for Payments	200
24.	Development of Inland Fisheries Industry	100
25.	Establishing an International University for climate change	100
26.	Increase Forest Coverage	50
27.	Establishing a laboratory under the Excise Department	100
28.	Establishing a Road Maintenance Fund	100
29.	Sanitary Facilities for Prisoners	100

Compiled by Department of National Budget
Note : Provisions are included in the Treasury Miscellaneous Vote

Annexure IV

Provisions for key Welfare and Subsidy Programmes - 2023

Programme	Rs. Million
Relief for the affected people from the difficult economic condition (Budget Proposal)	43,000
Monthly Samurdhi Relief Allowance	66,000
Financial Support for Elders	14,530
Support for low income Disabled Persons	8,000
Financial Support for Kidney Patients	2,800
Nutritional supplement to children suffering from acute malnutrition (Budget Proposal-2023)	500
Strengthening of Elders/Disable/Low Income widows as household entrepreneurs (Budget Proposal-2023)	250
Medical Supplies for Hospitals	110,190
Health Insurance for School Children (Suraksha)	2,000
Free School Text Books	30,000
Free School Uniforms	3,500
Shoes for Students of Schools in difficult areas	1,200
Grade 5 Scholarships	938
Mahapola and Bursaries	1,725
Interest subsidy for interest free loan scheme of non-state university students	1,029
School & Higher Education Season Tickets	10,000
Thriposa Programme	12,240
Nutritional Food Package for Expectant Mothers	11,000
School Nutritional Food Program	19,100
Morning Meal for Pre-School Children	1,450
Fertilizer Subsidy	56,263
Farmer Pension	4,750
Subsidies for Tea, Rubber, Coconut and other crops	2,300
Interest subsidy for Senior Citizen's Accounts	10,000
Housing Subsidy under Urban Regeneration Programme	11,788
Subsidized Loan Schemes	2,818
Property Loan Interest subsidy to the Public Servants	2,707
Subsidy for the running busses on unremunerated routes	4,000
Pensions	375,255
Service compensation for Death and injured Soldiers	42,500
Agrahara Insurance Scheme for Pensioners	900
"Ranaviru Mapiya Rakawarana" Allowance	2,318

Compiled by Department of National Budget

Annexure V

Proposed relief for families affected due to prevailing economic conditions 2023

Programmes	Current Benefit	Proposed relief for 04 months	Expected Expenditure (Rs. Mn)
Monthly Samurdhi Allowance	Monthly Allowance of Rs. 420/- to 4,500/-	Monthly Minimum Payment of Rs. 3,000/-	20,750
Allowance for elders	Monthly Allowance of Rs. 2,000/- for elders over 70 years and Monthly allowance of Rs. 5,000/- for over 100 years of age	Monthly payment of Rs. 3,000/- for elders over 70 years and Monthly payment of Rs. 2,500/- for elders over 100 years of age	3,000
Support for low income Disable Persons	Rs. 5,000/-	Monthly Payment of Rs. 2,500/-	250
Allowance for Kidney Patients	Rs. 5,000/-	Monthly Payment of Rs. 2,500/-	200
Relief for the affected families due to prevailing economic condition	Rs. 5,000/- has been granted for 07 months of the year 2022	Payment of Rs. 5,000/- for further 4 months	18,800

Compiled by Department of National Budget

Annexure VI

Measures to Improve Tax Administration

a. The government has already introduced a mandatory electronic tax filing system for corporate sector. This will be expanded to non-corporate taxpayers, including employees to improve efficiency and increase compliance level.

b. A tax audit and verification programme will be implemented. Accordingly, all revenue collecting agencies should conduct a risk-based audit to identify the taxpayer's inherent risks for the purpose of encouraging compliance.

c. The efforts to digitalize the tax system will continue. Steps will be taken to review and address deficiencies in the RAMIS system at the Inland Revenue Department. Further, the IT based platforms of the three key revenue collection agencies will be linked, allowing them to share information to ensure tax compliance across agencies.

d. A mechanism will be developed to collect information from other relevant institutions and manage them in prudent manner.

e. A Tax Ombudsman will be appointed to address the concerns of taxpayers.

f. A charter, covering rights and obligations of taxpayers, will be introduced.

g. A list of active VAT registered persons will be published in the Inland Revenue website.

h. The Ministry of Finance typically sets revenue targets for the key revenue agencies and tracks the achievement of these targets on a regular basis. In addition, their performance will be monitored by introducing several Key Performance Indicators (KPIs) to revenue collecting agencies, i.e. Inland Revenue Department, Sri Lanka Customs and Excise Department, to measure their efforts.

i. Introduction of legislative amendments to improve the efficiency of tax collection at the Departments of Excise and Customs is also in progress.

j. Insufficient tax audits, probability of detection, weaknesses in enforcement actions, attitude of the government spending etc. are observed to be affecting taxpayer's attitudes and compliance decisions. Considering these facts, a Dedicated Awareness Unit will be established at the IRD to make relevant public and taxpayer awareness with a more focused and consistent approach.

k. The government has identified the cash economy as one of the tools that is used to evade taxes. Therefore, measures will be taken to discourage cash transactions and encourage bank/card transactions, with specific limits.

l. Following amendments will be introduced to the Inland Revenue Act, No. 24 of 2017.

a. Certain amendments to the Inland Revenue Act, No. 24 of 2017 as detailed in the Technical Note (Annex VII), including administrative amendments, amendments consequential to the 2022 tax revisions and rectifying errors and omissions.

b. Exempting the earnings of non-resident persons from engaging in projects approved by the Minister of Finance taking into consideration the economic benefit to the country, where such project is totally funded from foreign grants.