



PERFORMANCE REPORT - 2019

Expenditure Head No: 238

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

Colombo 01

Contents

1.0	Introduction	4
1.1	Overview	4
1.2	Vision and Mission.....	5
1.3	Scope and Functions	6
1.4	Organizational Structure.....	7
2.0	Progress and Future Outlook	8
2.1	Government Revenue Performance	8
2.1.1	Tax Revenue	8
2.1.2	Non-tax Revenue	13
3.0	Overall Financial Performance for the Year ended 31st December 2019	20
3.1	Statement of Financial Performance	20
3.2	Statement of Financial Position	22
3.3	Statement of Cash Flows	23
3.4	Notes to the Financial Statements	24
3.5	Performance of the Revenue Collection	25
3.6	Performance of the Utilization of Allocation	26
3.7	In terms of F.R.208 grant of allocations for expenditure to this Department/District Secretariat/Provincial Council as an agent of the other Ministries/ Departments	26
3.8	Performance of the Reporting of Non-Financial Assets	26
3.9	Auditor General's Report	27
4.0	Performance indicators	27
4.1	Performance indicators of the Institute (Based on the Action Plan)	27
5.0	Performance of the achieving Sustainable Development Goals (SDG)	28
5.1	Indicate the Identified respective Sustainable Developments Goals	28
5.2	Briefly explain the achievements and challenges of the Sustainable Development Goals..	28
6.0	Human Resource Profile	28
6.1	Cadre Management	28
6.2	Capacity Development of the Staff	28
6.3	Human Resource Development	29
7.0	Compliance Report	31

List of Tables

Table 2.1 Summary of Government Revenue 8
Table 2.2 Performance of Income Tax 9
Table 2.3 Value Added Tax Revenue 10
Table 2.4 Excise Duty Revenue 11
Table 2.5 Non-tax Revenue 13

List of Figures

Figure 2.1 Composition of Tax Revenue 9
Figure 2.2 Liquor Production and Excise Tax 12

1.0 Introduction

1.1 Overview

The main responsibilities of the Department of Fiscal Policy are formulation and implementation of fiscal policy within the broad developmental framework of the government in consultation with relevant institutions, line ministries, other agencies/ institutions and private sector to achieve desired economic and social outcomes to the country.

The Department is mainly responsible for the taxation policy of country as well as analyzing the revenue, expenditure and financing activities, and the domestic and global macroeconomic development in order to facilitate appropriate adjustment in the country's fiscal policy to achieve desired outcomes.

The Department of Fiscal Policy identified the importance of strengthening its activities further to provide necessary impetus towards undertaking more analysis and research activities in the medium to long run thereby facilitating the General Treasury's transformation to operate in a middle income economy environment.

1.2 Vision and Mission

Vision

To Ensure the Establishment of a Sustainable Fiscal Policy Framework

Mission

Formulation and Implementation of Fiscal Policies within the Broad Developmental Framework of the
Government

1.3 Scope and Functions

Formulation and implementation of Fiscal Policy and Medium Term Fiscal Strategy by coordinating public, private and international agencies.

Formulation of Tax Policy and related statutes other than the Customs Duty and the Special Commodity Levy.

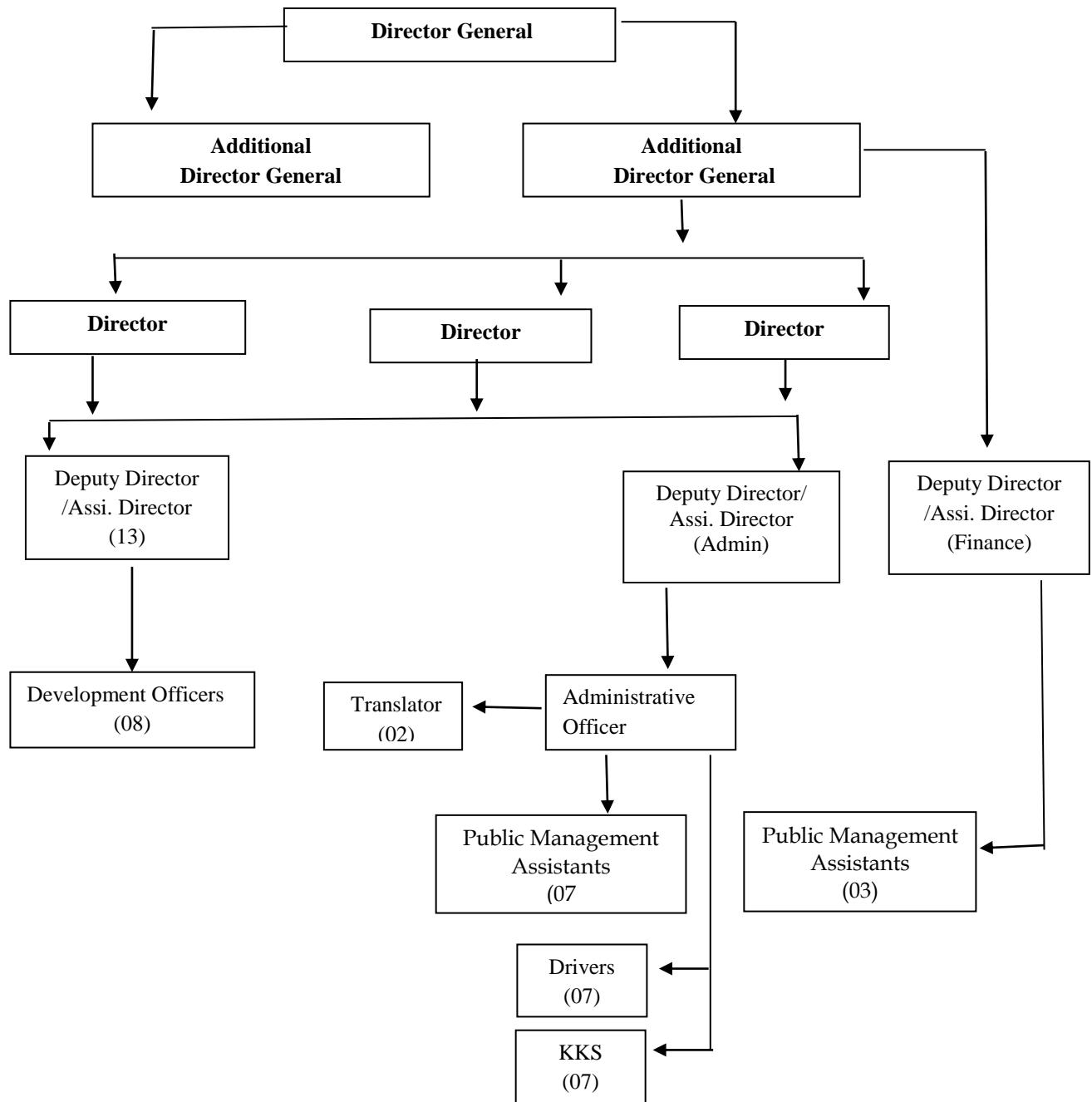
Management and review of Fiscal Out-turn and Fiscal Performance including Government revenue and receipts while maintaining a proper coordination with all departments engaged in revenue collection.

Handling the work related to the amendments to the legislations as per the policy decisions taken by the government from time to time.

Implementation of requirements under Fiscal Management (Responsibilities) Act, No.3 of 2003 including Reporting.

Undertaking analysis/research on various fiscal and macroeconomic matters.

1.4 Organizational Structure



2.0 Progress and Future Outlook

2.1 Government Revenue Performance

Total government revenue as a percent of GDP plummeted for the third consecutive year in 2019 from 13.7 percent of GDP in 2017 to 12.6 percent in 2019 mainly due to weaker economic activities which have ramification effects on tax and non-tax revenue collection amidst the aggressive revenue mobilization efforts made to increase revenue through the increase in tax rates and broadening of the tax bases. In nominal terms, total revenue marginally increased by Rs. 59 billion or 3.2 percent to Rs. 1,890.9 billion in 2019 from Rs. 1,831.5 billion in 2017 reflecting the weaker revenue collection except for income taxes. The revenue in 2019 declined by 1.5 percent to Rs. 1890.9 billion from Rs. 1,920.0 billion in 2018 mainly due to the decline in domestic and import based taxes and non-tax revenue collection. Reflecting the increased income tax revenue albeit at the low performance of the other domestic and import-based taxes such as Excise duty, VAT, PAL, NBT, CESS and SCL, Total tax revenue slightly increased by 1.3 percent to Rs. 1,734.9 billion in 2019 from Rs. 1,712.3 billion in 2018. Non-tax revenue significantly declined in 2019 in terms of as a percent of GDP and in nominal terms due to the drop in revenue from fees and charges and non-report of profit transfers from the Central Bank: non-tax revenue as a percentage of GDP declined by 0.4 percentage points to 1.0 percent in 2019 from 1.4 percent in 2018; in nominal terms, non-tax revenue declined noticeably by 24.9 percent to Rs. 156.0 billion in 2019 from Rs. 207.7 billion in 2018. Consequently, the actual total revenue was well below 80.7 percent of the envisaged revenue estimate of Rs. 2,344.0 billion. The realization of non-tax revenue was 58.4 percent of the estimated revenue for 2019.

Table 2.1 Summary of Government Revenue

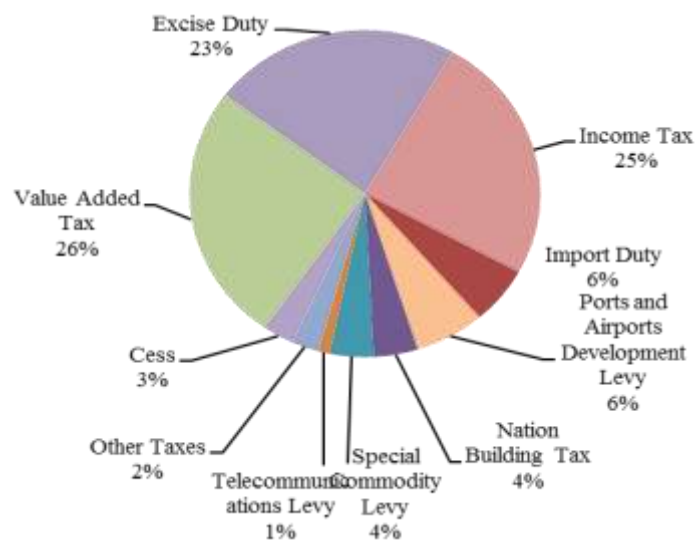
	Rs. Mn.			
Item	2016	2017	2018	2019 (Provisional)
Total Revenue and Grants	1,693,557	1,839,562	1,932,459	1,898,808
Total Revenue	1,686,061	1,831,531	1,919,974	1,890,899
Tax Revenue	1,463,689	1,670,178	1,712,318	1,734,925
Income Tax	258,857	274,562	310,449	427,700
Taxes on Goods and Services	841,967	1,025,799	1,061,751	975,557
Taxes on External Trade	362,865	369,817	340,117	331,668
Non Tax Revenue	222,372	161,353	207,656	155,974
Grants	7,496	8,031	12,485	7,909
	As a % of GDP			
Revenue and Grants	14.1	13.8	13.5	12.6
Total Revenue	14.1	13.7	13.4	12.6
Tax Revenue	12.2	12.5	11.9	11.6
Non Tax Revenue	1.9	1.2	1.4	1.0
Grants	0.1	0.1	0.1	0.1

2.1.1 Tax Revenue

The tax revenue, comprising of direct and indirect taxes, to GDP ratio declined to 11.6 percent in 2019 from 11.9 percent in 2018. However, in nominal terms, tax revenue increased slightly by 1.3 percent to Rs. 1,734.9 billion in 2019 from Rs. 1,712.3 billion in the previous year resulting in a 16.5 percent or Rs. 342.1 billion deviations from the annual estimate of Rs. 2,077.0 billion. The revenue decline in VAT, NBT, excise duty on motor vehicles, petroleum products and cigarettes, SCL, PAL, CESS levy and Telecommunication Levy was responsible for this deviation amidst the slight increase in excise duty on liquor and CID. Revenue from indirect taxes to the government tax

revenue was 75.3 percent: the contribution of taxes on goods and services and taxes on external trade to the indirect tax revenue amounted to 74.6 percent and 25.4 percent, respectively in 2019.

Figure 2.1 Composition of Tax Revenue



Reflecting the implementation of New Inland Revenue Act, revenue from direct taxes increased significantly both in terms of GDP and in nominal terms while contributing 24.7 percent of total tax revenue with an increase in revenue from corporate and non-corporate income taxes, PAYE tax, ESC and withholding tax on interest income. Direct tax revenue as a percentage of GDP augmented by 0.6 percentage points to 2.8 percent in 2019 from 2.2 percent of GDP in 2018 while in nominal terms, it increased notably by 37.8 percent to Rs. 427.7 billion from Rs. 310.4 percent in 2018.

Income Taxes

Revenue from income taxes increased due to the rise in revenue from all type of income taxes such as corporate and non-corporate taxes including PAYE tax, ESC and WHT on interest income. The share of income tax revenue to total tax revenue increased to 24.7 percent in 2019 from 18.1 percent in 2018 enhancing the revenue mobilization from direct taxes.

Table 2.2 Performance of Income Tax

Item	2017	2018	Rs. Mn.	
			2019	Growth %
Total Income Tax	274,562	310,450	427,700	37.8
Corporate & Non Corporate*	143,588	169,672	272,603	60.7
PAYE	32,920	41,385	49,445	19.5
ESC	44,720	52,979	55,301	4.4
Tax on Interest	53,334	46,414	50,351	8.5

Revenue from corporate and non-corporate income taxes enhanced significantly by 60.8 percent to Rs. 272.6 billion in 2019 from Rs. 169.7 billion. The share of corporate income tax to the total income tax increased to 95.8 percent reflecting the expansion of tax base of three-tier corporate tax structure introduced under the Inland Revenue Act, No. 24 of 2017 coupled with the improved tax administration, in particular, tax returns and pavements. In terms of non-corporate taxes, PAYE tax revenue enhanced significantly by 19.5 per cent to Rs. 49.4 billion in 2019 from Rs. 41.4 billion in 2018 benefiting from the enhanced compliance due to the Revenue Administration Management Information System (RAMIS). Revenue generated from ESC increased by 4.4 percent to Rs. 55.3 billion in 2019 from Rs. 53.0 billion in 2018 mainly due to the turnover-based ESC collection.

Value Added Tax (VAT)

Total revenue from VAT declined mainly due to the slowdown in domestic economic activities and the contraction of import related activities. Consequently, the share of VAT revenue to total tax revenue declined sharply to 25.6 percent in 2019 from 27.0 percent in 2018. Revenue from VAT as a percentage of GDP declined to 3.0 percent in 2019 from 3.2 percent in 2018. In nominal terms, it declined moderately by 3.9 percent to Rs. 443.9 billion in 2019 from Rs. 461.6 billion in 2018. Revenue from VAT on domestic economic activities declined by 3.0 percent to Rs. 274.0 billion in 2019 from Rs. 282.5 billion in 2018. Revenue from financial services which is the single largest contributor for the VAT revenue dropped by 10.8 percent to Rs. 49.8 billion and other services declined by 5.5 percent Rs. 138.9 billion in 2019. Revenue generated from the manufacturing sector increased by 6.4 percent to Rs. 85.2 billion. Meanwhile, revenue from VAT on import related activities also fell by 5.2 percent to Rs. 170.0 billion in 2019 from Rs. 179.2 billion in 2018. Despite the sluggish import related activities, items such as coal, milk powder, cement, steel billets and cement clinker were mainly contributed to the revenue from VAT on imports. VAT rate reduced to 8 percent from 15 percent and threshold for VAT registration increased in the latter part of 2019 which will have an impact on the revenue in the near term, however, VAT revenue is expected to pick up in the medium term with the enhanced economic activities and aggregate demand.

Table 2.3 Value Added Tax Revenue

	Rs. Mn					
Item	2014	2015	2016	2017	2018	2019
Domestic	140,413	131,662	168,817	276,065	283,327	275,089
Imports	136,221	89,174	115,339	168,394	179,163	169,914
Gross Revenue	276,634	220,836	284,156	444,459	462,490	445,003
Refunds	1,284	1,136	686	720	840	1,126
Net Revenue	275,350	219,700	283,470	443,739	461,651	443,877
Net Revenue as a % of GDP	2.7	2.0	2.4	3.3	3.2	3.0

Nation Building Tax (NBT)

Revenue from NBT as a percent of GDP remained unchanged at 0.5 percent in 2019. However, the contribution of NBT revenue to total tax revenue declined to 4.1 percent in 2019 from 4.2 percent in 2018. In nominal terms, total revenue collection from NBT declined marginally in 2019 due to the weakened domestic economic and import related activities. Accordingly, revenue from NBT declined by 1.0 percent to Rs. 70.7 billion in 2019 from Rs. 71.3 billion in 2018. However, revenue generated from domestic activities increased slightly by 2.4 percent to Rs. 52.4 billion in 2019 from Rs. 51.2 billion in 2018 whereas revenue from import related activities declined by 9.6 percent to Rs. 18.2 billion in 2019 from Rs. 20.2 billion in 2018. NBT revenue from services declined marginally by 0.6 percent to Rs. 39.7 billion in 2019 from Rs. 40.0 billion in the previous year, while NBT revenue from manufacturing sector increased significantly by 13.5 percent to Rs. 12.7 billion in 2019 from Rs. 11.2 billion in 2018. Imports such as milk powder, cellular phones, steel billets and cement were the main contributors to the NBT revenue on imports.

Excise Duty

Revenue generation from excise duties, the single largest contributor to the total tax revenue, declined significantly both as a percentage of GDP and in nominal terms mainly due to the reduction in revenue from excise duties on motor vehicles, petroleum products and cigarettes amidst the marginal increase in revenue collection from liquor. Revenue from excise duties as a percentage of GDP declined by 0.7 percentage points to 2.7 percent in 2019 from 3.4 percent in 2018. In nominal terms, revenue from excise duty also declined significantly by 17.5 percent to Rs. 399.5 billion in 2019 from Rs. 484.2 billion in 2018. However, revenue from excise duties continued to be the leading contributor to the total tax revenue in 2019, accounting for 23.0 percent of total tax revenue in 2019.

Table 2.4 Excise Duty Revenue

Item	Rs. Mn					
	2014	2015	2016	2017	2018	2019
Liquor	69,100	105,234	120,238	113,684	113,944	115,443
Cigarettes	57,204	79,981	88,752	85,956	92,198	87,367
Motor Vehicles	98,531	263,470	186,499	189,740	204,081	130,378
Petroleum Products	28,732	45,092	55,719	73,983	66,318	61,740
Other	3,087	3,812	3,704	6,091	7,701	4,549
Total	256,654	497,589	454,912	469,454	484,242	399,478

Revenue from motor vehicles declined significantly by 36.1 per cent to Rs. 130.4 billion in 2019 from Rs. 204.1 billion in 2018 as a result of the import curtailment policies such as upward revision of excise duty on motor vehicles of an engine capacity less than 2,000 cm³ and the imposition of Luxury Tax on Motor Vehicles (LTMV) as proposed in the Budget 2019. In addition to the revisions of excise duty and LTMV, a temporary suspension of the establishment of Letter of Credit (LC) for the importation of motor vehicles under the concessionary permit scheme for government servants until April 2019 had a negative impact on excise duty revenue on motor vehicles. The above deterrence helped lower the contribution of revenue from motor vehicles to total excise revenue to 32.6 percent in 2019 from 42.1 percent recorded in 2018.

Revenue from petroleum products also declined by 6.9 percent to Rs. 61.7 billion in 2019 from Rs. 66.3 billion in 2018 mainly due to the decline in diesel imports during the year and the reduction of excise duty to Rs. 6.00 per litre from Rs. 13.00 per litre on the importation of auto diesel with effect from November 2018. Excise duty revenue from cigarettes also declined by 5.2 percent to Rs. 87.4 billion in 2019 from Rs. 92.2 billion in 2018 reflecting the impact of upward revision of duty on cigarettes in several times coupled with a notable drop in production in 2019. Moreover, revenue from excise duty on other articles mainly beverages and plastic resins declined noticeably by 40.9 percent to Rs. 4.5 billion in 2019 from Rs. 7.7 billion in 2018. However, revenue from liquor increased marginally by 1.3 to Rs. 115.4 billion in 2019 from Rs. 113.9 billion in 2018 mainly due to the upward revision of excise duty on all liquor categories with effect from March 2019. This marginal increase was further attributed to the duty hike on liquor again in early December 2019. Meanwhile, liquor and cigarette taxes were upwardly adjusted to recoup the loss of revenue from the reduction of VAT rate and the removal of NBT with no adjustments to the retail prices.

Figure 2.2 Liquor Production and Excise Tax



Ports and Airports Development Levy (PAL)

Revenue from PAL declined both as a percentage of GDP and in nominal terms reflecting the impact of import shrinkage in 2019 coupled with the reduction of PAL rate on machineries and equipment of HS Chapter 85 and 84 with effect from June 2019 and September 2019, respectively. Accordingly, revenue from PAL as a percentage of GDP declined to 0.7 percent in 2019 from 0.8 percent in 2018 and in nominal terms, revenue from PAL declined by 1.6 percent to Rs. 112.2 billion in 2019 from Rs. 113.9 in 2018. Imports such as diesel, petrol, crude petroleum oil, milk powder and LP gas were main contributors to the Pal revenue. The share of PAL in tax revenue decelerated in 2019 to 6.5 percent from 6.7 percent recorded in 2018. The standard PAL rate increased to 10.0 percent from 7.5 percent with effect from December 2019 which has an impetus for the enhancement of revenue from PAL.

CESS Levy

Total revenue collection from CESS levy declined both in terms of GDP and in nominal terms mainly due to the deceleration of import related activities as well as the removal of CESS levy on the imports of selected consumable goods periodically. As a percentage of GDP, CESS revenue declined to 0.3 percent during the year from 0.4 percent in the previous year. The collected CESS revenue on the imports and exports dropped by 5.0 percent to Rs. 50.7 billion in 2019 from Rs. 53.4 billion in 2018. Revenue from CESS on the imports declined by 4.7 percent to Rs. 48.4 billion in 2019 from Rs. 50.8 billion in 2018. CESS collection from *Beedi* leaves remained as the single largest contributor to total CESS revenue in 2019 due to the increase in CESS rate on the imports of *Beedi* leaves to 3,500 per kg from 2,500 per kg effective from March 2019 as announced in the Budget 2019. Accordingly, CESS revenue from *Beedi* leaves contributed to around one-fifth of total collected CESS revenue. Products such as ceramic tiles, cement, fabrics and lubricants remained as the main contributors to CESS revenue on imports. Revenue from CESS on the exports decreased by 11.3 percent to Rs. 2.3 billion in 2019 from Rs. 2.6 billion in 2018.

Telecommunication Levy

Revenue collection from Telecommunication Levy declined significantly by 35.5 percent to Rs. 18.3 billion in 2019 from Rs. 28.3 billion in 2018 mainly due to the removal of Telecommunication Levy applied on internet services and to reduce the rate of Telecommunication Levy on voice communication from 25 percent to 15 percent in November 2018. Also, Telecommunication Levy on voice communication further reduced from 15 percent to 11.25 percent in December 2019. The cumulative impact of tax removal and consecutive rate reductions led to a revenue shortfall in Telecommunication Levy.

2.1.2 Non-tax Revenue

Non-tax revenue declined significantly both in terms of GDP as well as in nominal terms mainly due to the non-record of distributable profits from the Central Bank, the decline in profits and dividend transfers from SOBEs together with the drop in revenue collection of rent income as well as fees and charges. Non-tax revenue as a percentage of GDP dropped to 1.0 percent in 2019 from 1.4 percent in 2018. In nominal terms, non-tax revenue declined significantly by 24.9 percent to Rs. 156.0 billion in 2019 from Rs. 207.6 billion in 2018. The share of non-tax revenue in total revenue declined notably to 8.2 percent from 10.8 percent in the previous year.

Table 2.5 Non-tax Revenue

Item	2014	2015	2016	2017	2018	2019	2018/2019 (% change)	Rs. Mn.
								2019 (% of Total Non-Tax Revenue)
Interest/Rent	13,647	7,321	15,806	11,845	13,731	18,547	35.1	11.9
Profits and Dividends	46,814	29,798	108,160	53,998	41,828	27,857	-33.4	17.9
Sales and Charges	35,499	44,632	72,606	66,575	105,202	73,884	-29.8	47.4
Social Security Contribution	14,919	15,213	18,046	22,940	25,214	28,985	15.0	18.6
Central Bank Profit								
Transfers	11,500	-	5,000	-	15,000	-	-100.0	0.0
Other	22,466	2,135	2,754	5,995	6,681	6,701	0.3	4.3
Total	144,845	99,099	222,372	161,353	207,656	155,974	-24.9	100.0

Profits and dividend transfers in 2019 fell by 33.4 percent to Rs. 27.8 billion in 2019 from Rs. 41.8 billion in 2018, reflecting the deteriorated financial performance of major SOBEs. Revenue from fees and charges declined significantly by 29.8 percent to Rs. 73.9 billion in 2019 from Rs. 105.2 billion in 2018 due to the slowdown of economic activities and the impact of Easter Sunday attacks amidst the increase in fees and charges in the Budget 2019. Meanwhile, rental income declined by 15.4 percent to Rs. 4.7 billion in 2019 from Rs. 5.6 billion in 2018.

Major Fiscal Measures: January -December 2019

Effective Date	Measures
Value Added Tax (VAT) - Value Added Tax Act, No. 14 of 2002	
21.05.2019	Gazette Notification No. 2124/3 of 21.05.2019 - To reduce VAT rate to 5 percent from 15 percent for a period of one year on supply of services by a hotel, guest house, restaurant or other similar businesses and supply of services in respect of inbound tours, by a travel agent, registered with the SLTDA.
01.06.2019	Gazette Notification No. 2125/69 of 31.05.2019 - To increase VAT rate to 7 percent from 5 percent until March 31, 2020 on supply of services by a hotel, guest house, restaurant or other similar businesses and supply of services in respect of inbound tours, by a travel agent, registered with the SLTDA.
01.11.2019	Value Added Tax (Amendment) Act, No. 19 of 2019 - To increase composite VAT rate applicable on local sale of selected garments by the export oriented Board of Investment (BOI) enterprises to Rs. 100 from Rs. 75 per piece. - To exempt the supply of locally produced rice bran oil, manufactured from locally produced rice from VAT. - To treat the supply of goods by the construction contractors to their overseas projects as exports. - To reduce VAT on the supply of residential accommodation of condominium housing units to 6 percent and to calculate input tax relating to such supply at 5 percent. - To remove the exemption applicable on the sale of condominium housing units
01.12.2019	Gazette Notification No. 2151/52 of 29.11.2019 - To provides for the VAT rate applicable with effect from 01.12.2019, as follows; - supply of services by a hotel, guest house, restaurant or other similar businesses providing similar services, registered with the SLTDA from VAT, in the event not less than sixty percent of the total value of the inputs is sourced from local supplies/sources - 0% - importation of fabrics - 0% - supply of financial services - 15% - Standard rate applicable on supply of services and/or import/supply of goods other than the above - 8%
06.12.2019	Gazette Notification No. 2152/60 of 05.12.2019 - To clarify the terms in Paragraph 1(a) in the Gazette Notification No. 2151/52 of 29.11.2019.
Nation Building Tax (NBT) - Nation Building Tax Act, No. 9 of 2009	
01.11.2019	Nation Building Tax (Amendment) Act, No. 20 of 2019 - To remove the exemption on the importation, manufacture and sale of imported cigarettes from NBT. - To exempt the importation of unprocessed gem stones for re-export after cutting and polishing from NBT, in the event the importer is registered with the National

	<p>Gem and Jewellery Authority and the payments are made in foreign currency and remitted to Sri Lanka.</p> <ul style="list-style-type: none"> - To exempt the palm oil manufactured locally out of imported crude palm oil or imported palm olein NBT. - To exempt importation of Lucerne (alfalfa) meal and pellets from NBT. - To exempt importation of yachts and other vessels for pleasure or sports, rowing boats and canvas from NBT. - To exempt importation of goods by an enterprise entered into an agreement with the BOI for a project with an investment of US dollars 50 million or above from NBT during the project implementation period or prior to the commencement of commercial operations. - To exempt services of a construction contractor or a sub-contractor in respect of constructing any building, road, bridge, water supply, drainage or sewerage system, harbor, airport or any infrastructure project in telecommunication or electricity from NBT. - To exempt foreign currency receipts by tourist hotels, guest houses, restaurants or other similar businesses which are registered with the SLTDA from NBT. 																																				
01.12.2019	- To remove NBT.																																				
Excise (Special Provisions) Duty - Excise (Special Provisions) Act, No. 13 of 1989																																					
11.01.2019	<p>Gazette Notification No. 2105/48 of 11.01.2019</p> <ul style="list-style-type: none"> - To extend the period to Customs clearance for which vehicles imported under public service permit scheme and Letters of Credit established on or before June 08, 2018. 																																				
06.03.2019	<p>Gazette Notification No. 2113/09 of 05.03.2019</p> <ul style="list-style-type: none"> - To increase Excise Duty on cigarettes as follows: <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Type</th> <th style="text-align: center;">Prevailed Tax (Rs. per 1,000 sticks)</th> <th style="text-align: center;">Tax Revision (Rs. per 1,000 sticks)</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">< 60 mm</td> <td style="text-align: center;">11,675</td> <td style="text-align: center;">-</td> </tr> <tr> <td style="text-align: center;">60 - 67 mm</td> <td style="text-align: center;">17,375</td> <td style="text-align: center;">19,500</td> </tr> <tr> <td style="text-align: center;">67 - 72 mm</td> <td style="text-align: center;">20,500</td> <td style="text-align: center;">23,000</td> </tr> <tr> <td style="text-align: center;">72 - 84 mm</td> <td style="text-align: center;">33,550</td> <td style="text-align: center;">37,580</td> </tr> <tr> <td style="text-align: center;">> 84 mm</td> <td style="text-align: center;">37,675</td> <td style="text-align: center;">42,200</td> </tr> </tbody> </table> <ul style="list-style-type: none"> - To revise Excise Duty on selected items as follows: <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Item</th> <th style="text-align: center;">Prevailed Tax</th> <th style="text-align: center;">Tax Revision</th> </tr> </thead> <tbody> <tr> <td>Sweetened beverages</td> <td style="text-align: center;">Rs. 12 per litre or 30 cents per gram of sugar in excess of the exempted quantity</td> <td style="text-align: center;">Rs. 12 per litre or 40 cents per gram of sugar in excess of the exempted quantity</td> </tr> <tr> <td>Palm oil fatty acids</td> <td style="text-align: center;">25%</td> <td style="text-align: center;">20%</td> </tr> <tr> <td>Tallow fatty acids</td> <td style="text-align: center;">25%</td> <td style="text-align: center;">20%</td> </tr> <tr> <td>Refrigerators</td> <td style="text-align: center;">17%</td> <td style="text-align: center;">25%</td> </tr> <tr> <td>Vehicles imported as chassis fitted with engines</td> <td style="text-align: center;">Rs. 700,000 per unit</td> <td style="text-align: center;">Rs. 500,000 per unit</td> </tr> </tbody> </table> <ul style="list-style-type: none"> - To increase Excise Duty on motor vehicles with engine capacity less than 2,000 cm³. - To reduce Excise Duty on hearses, hybrid and electric vans and single cabs. - To reduce Excise Duty on buddy trucks with a cargo carrying capacity of less than 2,000 kg. 	Type	Prevailed Tax (Rs. per 1,000 sticks)	Tax Revision (Rs. per 1,000 sticks)	< 60 mm	11,675	-	60 - 67 mm	17,375	19,500	67 - 72 mm	20,500	23,000	72 - 84 mm	33,550	37,580	> 84 mm	37,675	42,200	Item	Prevailed Tax	Tax Revision	Sweetened beverages	Rs. 12 per litre or 30 cents per gram of sugar in excess of the exempted quantity	Rs. 12 per litre or 40 cents per gram of sugar in excess of the exempted quantity	Palm oil fatty acids	25%	20%	Tallow fatty acids	25%	20%	Refrigerators	17%	25%	Vehicles imported as chassis fitted with engines	Rs. 700,000 per unit	Rs. 500,000 per unit
Type	Prevailed Tax (Rs. per 1,000 sticks)	Tax Revision (Rs. per 1,000 sticks)																																			
< 60 mm	11,675	-																																			
60 - 67 mm	17,375	19,500																																			
67 - 72 mm	20,500	23,000																																			
72 - 84 mm	33,550	37,580																																			
> 84 mm	37,675	42,200																																			
Item	Prevailed Tax	Tax Revision																																			
Sweetened beverages	Rs. 12 per litre or 30 cents per gram of sugar in excess of the exempted quantity	Rs. 12 per litre or 40 cents per gram of sugar in excess of the exempted quantity																																			
Palm oil fatty acids	25%	20%																																			
Tallow fatty acids	25%	20%																																			
Refrigerators	17%	25%																																			
Vehicles imported as chassis fitted with engines	Rs. 700,000 per unit	Rs. 500,000 per unit																																			

13.03.2019	Gazette Notification No. 2114/25 of 13.03.2019 - To remove retrospective effect of the Order issued in Gazette Notification No. 2113/9 of 05.03.2019.																					
15.03.2019	Gazette Notification No. 2114/49 of 14.03.2019 - To reduce Excise Duty on electric vehicles.																					
05.04.2019	Gazette Notification No. 2117/48 of 04.04.2019 - To grant concessionary Excise Duty to release vehicles lying in the Hambantota Port due to the revision of Excise Duty on motor vehicles during 2015 - 2017.																					
14.05.2019	Gazette Notification No. 2123/5 of 13.05.2019 - To increase Excise Duty on cigarettes exceeding 72 mm but not exceeding 84 mm in length to Rs. 37,600 per 1,000 sticks from Rs. 36,580 per 1,000 sticks.																					
11.07.2019	Gazette Notification No. 2131/29 of 10.07.2019 - To increase Excise Duty on cigarettes exceeding 67 mm but not exceeding 72 mm in length to Rs. 37,600 per 1,000 sticks from 23,000 Rs. per 1,000 sticks.																					
09.08.2019	Gazette Notification No. 2135/55 of 08.08.2019 - To extend the period to Customs clearance for which vehicles charged and levied under the Gazette Notification No. 2117/48 of 04.04.2019.																					
15.10.2019	Gazette Notification No. 2145/12 of 14.10.2019 - To reduce Excise Duty on cigarettes exceeding 67 mm but not exceeding 72 mm in length to Rs. 33,000 per 1,000 sticks from Rs. 37,600 per 1,000 sticks.																					
01.12.2019	Gazette Notification No. 2151/60 of 01.12.2019 - To increase Excise Duty on cigarettes as follows:																					
	<table border="1"> <thead> <tr> <th>Type</th> <th>Prevailed Tax (Rs. per 1,000 sticks)</th> <th>Tax Revision (Rs. per 1,000 sticks)</th> </tr> </thead> <tbody> <tr> <td>< 60 mm</td> <td>11,675</td> <td>13,360</td> </tr> <tr> <td>60 - 67 mm</td> <td>19,500</td> <td>22,300</td> </tr> <tr> <td>67 - 72 mm</td> <td>33,000</td> <td>37,650</td> </tr> <tr> <td>72 - 84 mm</td> <td>37,600</td> <td>43,100</td> </tr> <tr> <td>> 84 mm</td> <td>42,200</td> <td>48,350</td> </tr> </tbody> </table>	Type	Prevailed Tax (Rs. per 1,000 sticks)	Tax Revision (Rs. per 1,000 sticks)	< 60 mm	11,675	13,360	60 - 67 mm	19,500	22,300	67 - 72 mm	33,000	37,650	72 - 84 mm	37,600	43,100	> 84 mm	42,200	48,350			
Type	Prevailed Tax (Rs. per 1,000 sticks)	Tax Revision (Rs. per 1,000 sticks)																				
< 60 mm	11,675	13,360																				
60 - 67 mm	19,500	22,300																				
67 - 72 mm	33,000	37,650																				
72 - 84 mm	37,600	43,100																				
> 84 mm	42,200	48,350																				
Excise (Ordinance) Duty - Excise Ordinance (Chapter 52)																						
06.03.2019	Excise Notification No. 01/2019 (Gazette Notification No. 2113/6 of 05.03.2019) - To increase Excise Duty on locally manufacturing liquor as follows:																					
	<table border="1"> <thead> <tr> <th>Type</th> <th>Prevailed Tax (Rs. per litre)</th> <th>Tax Revision (Rs. per litre)</th> </tr> </thead> <tbody> <tr> <td>Special Arrack</td> <td>3,300</td> <td>-</td> </tr> <tr> <td>Other Arrack</td> <td>3,300</td> <td>3,550</td> </tr> <tr> <td>Country made Foreign Liquor</td> <td>3,300</td> <td>3,550</td> </tr> <tr> <td>Beer (alcohol percentage < 5 percent)</td> <td>2,400</td> <td>2,700</td> </tr> <tr> <td>Beer (alcohol percentage > 5 percent)</td> <td>2,400</td> <td>2,700</td> </tr> <tr> <td>Local Wine</td> <td>100</td> <td>600</td> </tr> </tbody> </table>	Type	Prevailed Tax (Rs. per litre)	Tax Revision (Rs. per litre)	Special Arrack	3,300	-	Other Arrack	3,300	3,550	Country made Foreign Liquor	3,300	3,550	Beer (alcohol percentage < 5 percent)	2,400	2,700	Beer (alcohol percentage > 5 percent)	2,400	2,700	Local Wine	100	600
Type	Prevailed Tax (Rs. per litre)	Tax Revision (Rs. per litre)																				
Special Arrack	3,300	-																				
Other Arrack	3,300	3,550																				
Country made Foreign Liquor	3,300	3,550																				
Beer (alcohol percentage < 5 percent)	2,400	2,700																				
Beer (alcohol percentage > 5 percent)	2,400	2,700																				
Local Wine	100	600																				
06.03.2019	Excise Notification No. 02/2019 (Gazette Notification No. 2113/7 of 05.03.2019) - To revise Excise Duty on imported foreign liquor as follows:																					
	<table border="1"> <thead> <tr> <th>Type</th> <th>Prevailed Tax (Rs. per bulk litre)</th> <th>Tax Revision (Rs. per bulk litre)</th> </tr> </thead> <tbody> <tr> <td>Malt Liquor (Beer)</td> <td>50</td> <td>55</td> </tr> <tr> <td>Wine</td> <td>100</td> <td>110</td> </tr> <tr> <td>Other</td> <td>200</td> <td>215</td> </tr> </tbody> </table>	Type	Prevailed Tax (Rs. per bulk litre)	Tax Revision (Rs. per bulk litre)	Malt Liquor (Beer)	50	55	Wine	100	110	Other	200	215									
Type	Prevailed Tax (Rs. per bulk litre)	Tax Revision (Rs. per bulk litre)																				
Malt Liquor (Beer)	50	55																				
Wine	100	110																				
Other	200	215																				

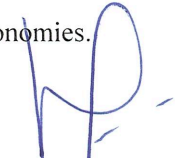
06.03.2019	Excise Notification No. 03/2019 (Gazette Notification No. 2113/8 of 05.03.2019) - To increase Excise Duty on local wine (with sake) produced by local materials.																					
20.06.2019	Excise Notification No. 04/2019 (Gazette Notification No. 2128/30 of 20.06.2019) - To introduce foolproof sticker and sticker management system.																					
27.09.2019	Excise Notification No. 05/2019 (Gazette Notification No. 2142/77 of 27.09.2019) - To limit of sale of foreign liquor by retail and maximum quantity for transport and possession of foreign liquor for the bona fide private consumption or use without a pass.																					
01.11.2019	Excise Notification No. 06/2019 (Gazette Notification No. 2147/75 of 01.11.2019) - To amend rules in the Excise Notification No. 04/2019.																					
03.12.2019	Excise Notification No. 07/2019 (Gazette Notification No. 2152/11 of 03.12.2019) - To revise Excise Duty on locally manufacturing liquor as follows: <table border="1" data-bbox="488 541 1446 919"> <thead> <tr> <th>Type</th> <th>Prevailed Tax (Rs. per litre)</th> <th>Tax Revision (Rs. per litre)</th> </tr> </thead> <tbody> <tr> <td>Special Arrack</td> <td>3,300</td> <td>3,800</td> </tr> <tr> <td>Other Arrack</td> <td>3,550</td> <td>4,050</td> </tr> <tr> <td>Country made Foreign Liquor</td> <td>3,550</td> <td>4,150</td> </tr> <tr> <td>Beer (alcohol percentage < 5 percent)</td> <td>2,700</td> <td>3,200</td> </tr> <tr> <td>Beer (alcohol percentage > 5 percent)</td> <td>2,700</td> <td>3,200</td> </tr> <tr> <td>Local Wine</td> <td>600</td> <td>900</td> </tr> </tbody> </table>	Type	Prevailed Tax (Rs. per litre)	Tax Revision (Rs. per litre)	Special Arrack	3,300	3,800	Other Arrack	3,550	4,050	Country made Foreign Liquor	3,550	4,150	Beer (alcohol percentage < 5 percent)	2,700	3,200	Beer (alcohol percentage > 5 percent)	2,700	3,200	Local Wine	600	900
Type	Prevailed Tax (Rs. per litre)	Tax Revision (Rs. per litre)																				
Special Arrack	3,300	3,800																				
Other Arrack	3,550	4,050																				
Country made Foreign Liquor	3,550	4,150																				
Beer (alcohol percentage < 5 percent)	2,700	3,200																				
Beer (alcohol percentage > 5 percent)	2,700	3,200																				
Local Wine	600	900																				
03.12.2019	Excise Notification No. 08/2019 (Gazette Notification No. 2152/12 of 03.12.2019) - To revise Excise Duty on imported foreign liquor as follows: <table border="1" data-bbox="488 1024 1446 1192"> <thead> <tr> <th>Type</th> <th>Prevailed Tax (Rs. per bulk litre)</th> <th>Tax Revision (Rs. per bulk litre)</th> </tr> </thead> <tbody> <tr> <td>Malt Liquor (Beer)</td> <td>55</td> <td>135</td> </tr> <tr> <td>Wine</td> <td>110</td> <td>230</td> </tr> <tr> <td>Other</td> <td>215</td> <td>650</td> </tr> </tbody> </table>	Type	Prevailed Tax (Rs. per bulk litre)	Tax Revision (Rs. per bulk litre)	Malt Liquor (Beer)	55	135	Wine	110	230	Other	215	650									
Type	Prevailed Tax (Rs. per bulk litre)	Tax Revision (Rs. per bulk litre)																				
Malt Liquor (Beer)	55	135																				
Wine	110	230																				
Other	215	650																				
03.12.2019	Excise Notification No. 09/2019 (Gazette Notification No. 2152/13 of 03.12.2019) - To revise Excise Duty on locally produced wine.																					
27.12.2019	Excise Notification No. 10/2019 (Gazette Notification No. 2155/19 of 26.12.2019) - To allow exporters to pay Excise Duty or furnish a bond or a bank guarantee and to export on duty free basis.																					
Ports and Airports Development Levy (PAL) - Ports and Airports Development Levy Act, No. 18 of 2011																						
06.03.2019	Gazette Notification No. 2013/10 of 05.03.2019 - To grant exemption and concessionary rates on the importation of selected items. - To exempt the payment of PAL: on the sale of pleasure or excursion vessels and yachts, rowing boats and canoes and sailboats manufactured by any BOI enterprise to another BOI enterprise that chartered such vessels and yachts for its business.																					
07.05.2019	Gazette Notification No. 2122/16 of 07.05.2019 - To grant exemption on the importation of security equipment.																					
01.06.2019	Gazette Notification No. 2125/64 of 31.05.2019 - To grant concessionary rates on the importation of selected items in the HS Chapter 85.																					
25.09.2019	Gazette Notification No. 2142/07 of 24.09.2019 - To grant exemption and concessionary rates on the importation of selected items. - To exempt the payment of PAL:																					

	<p>On the importation of goods by an enterprise entered into an agreement with the BOI for a project with an investment of US dollars 50 million or above during the project implementation period or prior to the commencement of commercial operations.</p> <p>On the importation of goods by any enterprise, which invests on a project to establish climate controlled warehouse facility/cold chain logistics infrastructure facility during the project implementation or construction period.</p>																			
06.12.2019	<p>Gazette Notification No. 2152/32 of 05.12.2019</p> <p>- To declare standard PAL rate as at 10.0 percent and three tier concessionary rates of 2.5, 5.0 and 7.5 percent.</p>																			
CESS Levy - Sri Lanka Export Development Act, No. 40 of 1979																				
06.03.2019	<p>Gazette Notification No. 2113/3 of 05.03.2019</p> <p>- To remove CESS levy on the importation of selected goods.</p>																			
06.03.2019	<p>Gazette Notification No. 2113/4 of 05.03.2019</p> <p>- To introduce and/or revise CESS levy on the importation of selected goods including bio-degradable plastics, motor vehicle parts, tendu leaves, etc.</p>																			
04.04.2019	<p>Gazette Notification No. 2117/46 of 04.04.2019</p> <p>- To remove retrospective effect of the Order issued in Gazette Notification No. 2113/4 of 05.03.2019.</p>																			
03.10.2019	<p>Gazette Notification No. 2143/17 of 02.10.2019</p> <p>- To exempt the payment of CESS levy:</p> <p>On the importation of furniture classified under the HS Heading 94.03 by any tourism enterprise entered into an agreement with the BOI and registered with the SLTDA.</p> <p>On the importation of goods by an enterprise entered into an agreement with the BOI for a project with an investment of US dollars 50 million or above during the project implementation period or prior to the commencement of commercial operations.</p> <p>On the importation of goods by any enterprise, which invests on a project to establish climate controlled warehouse facility/cold chain logistics infrastructure facility during the project implementation or construction period.</p>																			
Finance Act, No. 35 of 2018																				
Carbon Tax																				
01.01.2019	<p>- To impose Carbon Tax on motor vehicles as follows:</p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th rowspan="2">Category of the vehicle</th> <th colspan="3">Age of the Vehicle/ Rate</th> </tr> <tr> <th>Less than 5 years</th> <th>5 to 10 years</th> <th>Over 10 years</th> </tr> </thead> <tbody> <tr> <td>Hybrid (Petrol/Diesel)</td> <td>25 cents per cm³</td> <td>50 cents per cm³</td> <td>Rs.1.00 per cm³</td> </tr> <tr> <td>Fuel (Petrol/Diesel)</td> <td>50 cents per cm³</td> <td>Rs.1.00 per cm³</td> <td>Rs.1.50 per cm³</td> </tr> <tr> <td>Passenger Bus</td> <td>Rs. 1,000</td> <td>Rs. 2,000</td> <td>Rs. 3,000</td> </tr> </tbody> </table>	Category of the vehicle	Age of the Vehicle/ Rate			Less than 5 years	5 to 10 years	Over 10 years	Hybrid (Petrol/Diesel)	25 cents per cm ³	50 cents per cm ³	Rs.1.00 per cm ³	Fuel (Petrol/Diesel)	50 cents per cm ³	Rs.1.00 per cm ³	Rs.1.50 per cm ³	Passenger Bus	Rs. 1,000	Rs. 2,000	Rs. 3,000
Category of the vehicle	Age of the Vehicle/ Rate																			
	Less than 5 years	5 to 10 years	Over 10 years																	
Hybrid (Petrol/Diesel)	25 cents per cm ³	50 cents per cm ³	Rs.1.00 per cm ³																	
Fuel (Petrol/Diesel)	50 cents per cm ³	Rs.1.00 per cm ³	Rs.1.50 per cm ³																	
Passenger Bus	Rs. 1,000	Rs. 2,000	Rs. 3,000																	
01.12.2019	- To remove Carbon Tax.																			
Cellular Tower Levy																				
01.01.2019	- To impose the Cellular Tower Levy on mobile telephone operators at a rate of Rs. 200,000 per annum per tower.																			
Levy on Mobile Short Message Services																				
01.01.2019	- To imposed on bulk advertisements sent through mobile short message services at a rate of 25 cents per each mobile short message.																			

Luxury Tax on Motor Vehicles																									
06.03.2019	<p>Gazette Notification No. 2113/11 of 05.03.2019</p> <p>- To impose luxury tax on motor vehicles as follows:</p> <table border="1"> <thead> <tr> <th>Type of Vehicle</th> <th>Engine Capacity</th> <th>Luxury Tax Free Threshold</th> <th>Rate (a)</th> </tr> </thead> <tbody> <tr> <td>Diesel</td> <td>x > 2,300 cm³</td> <td>Rs. 3.5 million</td> <td>120 percent</td> </tr> <tr> <td>Petrol</td> <td>x > 1,800 cm³</td> <td>Rs. 3.5 million</td> <td>100 percent</td> </tr> <tr> <td>Hybrid Diesel</td> <td>x > 2,300 cm³</td> <td>Rs. 4.0 million</td> <td>90 percent</td> </tr> <tr> <td>Hybrid Petrol</td> <td>x > 1,800 cm³</td> <td>Rs. 4.0 million</td> <td>80 percent</td> </tr> <tr> <td>Electric</td> <td>x > 200 kw</td> <td>Rs. 6.0 million</td> <td>60 percent</td> </tr> </tbody> </table> <p>(a) Applicable on the amount exceeding the luxury tax free threshold and the engine capacity</p>	Type of Vehicle	Engine Capacity	Luxury Tax Free Threshold	Rate (a)	Diesel	x > 2,300 cm ³	Rs. 3.5 million	120 percent	Petrol	x > 1,800 cm ³	Rs. 3.5 million	100 percent	Hybrid Diesel	x > 2,300 cm ³	Rs. 4.0 million	90 percent	Hybrid Petrol	x > 1,800 cm ³	Rs. 4.0 million	80 percent	Electric	x > 200 kw	Rs. 6.0 million	60 percent
Type of Vehicle	Engine Capacity	Luxury Tax Free Threshold	Rate (a)																						
Diesel	x > 2,300 cm ³	Rs. 3.5 million	120 percent																						
Petrol	x > 1,800 cm ³	Rs. 3.5 million	100 percent																						
Hybrid Diesel	x > 2,300 cm ³	Rs. 4.0 million	90 percent																						
Hybrid Petrol	x > 1,800 cm ³	Rs. 4.0 million	80 percent																						
Electric	x > 200 kw	Rs. 6.0 million	60 percent																						
07.03.2019	<p>Gazette Notification No. 2113/46 of 07.03.2019</p> <p>- To amend the Gazette Notification No. 2113/11 of 05.03.2019.</p>																								
09.04.2019	<p>Gazette Notification No. 2118/24 of 09.04.2019</p> <p>- To amend the Gazette Notification No. 2113/11 of 05.03.2019.</p>																								
01.11.2019	<p>Gazette Notification No. 2147/72 of 31.10.2019</p> <p>- To remove the applicability of engine capacity for the luxury tax on motor vehicles.</p>																								
14.12.2019	<p>Gazette Notification No. 2153/29 of 14.12.2019</p> <p>- To amend the Gazette Notification No. 2147/72 of 31.10.2019.</p>																								
Finance Act, No. 11 of 2004																									
International Telecommunications Operators Levy																									
14.05.2019	<p>Gazette Notification No. 2123/19 of 14.05.2019</p> <p>- To revise rates of levy payable on Incoming International Calls and Incoming International Calls on Specific Telephone Numbers (STN) charge.</p> <p>- To revise rate of disbursement of levy as Incoming Local, Access Charge (ILAC) and Levy as Telecommunications Development Charge (TDC).</p> <p>- To revise rate of levy payable on Out Going Local Access Charge (OLAC).</p>																								
Finance Act, No. 25 of 2003																									
Embarkation Levy																									
01.04.2019	<p>Gazette Notification No. 2116/62 of 29.03.2019</p> <p>- To increase Embarkation Levy by US dollars 10 to US dollars 60 per passenger for persons leaving Sri Lanka by aircraft or ship.</p>																								
01.08.2019	<p>Gazette Notification No. 2134/5 of 29.07.2019</p> <p>- To revoke the increase of Embarkation Levy.</p> <p>- To charge the previous rate of US dollars 50 per passenger during August 01, 2019 to January 31, 2020.</p> <p>- To charge the increased rate of US dollars 60 per passenger with effect from February 01, 2020.</p>																								

Challenges and Future Goals

1. Formulating effective fiscal policies to maintain economic growth amid unfavorable post Covid 19 pandemic global economic outlook.
2. Maintaining rising government debt at manageable levels.
3. Introducing institutional reforms at main revenue collecting agencies and introducing policies to raise government revenue so that the government revenue to GDP ratio is comparable with that of similar economies.


 M.K.C. Senanayake
 Director General

3.0 Overall Financial Performance for the Year ended 31st December 2019

3.1 Statement of Financial Performance

ACA -F

Statement of Financial Performance
for the period ended 31st December

Rs.

Budget (Current Year)		Note	Actual		
			Current Year	Previous Year	
-	Revenue Receipts		-	15,000,000,000	
-	Income Tax	1	-	-	} ACA-1
-	Taxes on Domestic Goods & Services	2	-	-	
-	Taxes on International Trade	3	-	-	
-	Non Tax Revenue & Others	4	-	15,000,000,000	
<u>15,000,000,000</u>	Total Revenue Receipts (A)		-	15,000,000,000	
-	Non-Revenue Receipts		-	-	
-	Treasury Imprests		60,010,000	61,410,000	ACA-3
-	Deposits		443,346	583,998	ACA-4
-	Advance Accounts		4,397,505	4,279,743	ACA-5/5(a)
-	Other Receipts		2,185,354	1,759,413	

-	Total Non-Revenue Receipts (B)		67,036,205	68,033,155	
-	Total Revenue Receipts & Non Revenue Receipts C = (A)+(B)		67,036,205	15,068,033,155	
	Less: Expenditure				
-	Recurrent Expenditure		-	-	
48,000,000	Wages, Salaries & Other Employment Benefits	5	38,303,821	32,154,117	} ACA-2(ii)
1,703,320,000	Other Goods & Services Subsidies, Grants and Transfers	6	24,480,218	27,463,151	
800,000	Interest Payments	7	813,874	583,350	
-	Other Recurrent Expenditure	8	-	-	
-		9	-	-	
1,752,120,000	Total Recurrent Expenditure (D)		63,597,912	60,200,617	
	Capital Expenditure				
-	Rehabilitation & Improvement of Capital Assets	10	-	-	} ACA-2(ii)
2,000,000	Acquisition of Capital Assets	11	1,202,859	356,793	
-	Capital Transfers	12	-	-	
-	Acquisition of Financial Assets	13	-	-	
650,000	Capacity Building	14	193,450	361,287	
-	Other Capital Expenditure	15	-	-	
2,650,000	Total Capital Expenditure (E)		1,396,309	718,079	
	Main Ledger Expenditure (F)		4,196,662	5,453,882	
	Deposit Payments Advance		442,973	572,641	ACA-4
	Payments		3,753,689	4,881,241	ACA-5/5(a)
	Total Expenditure G = (D+E+F)		69,190,883	66,372,579	
-	Imprest Balance as at 31st December..... H = (C-G)		(2,154,678)	150,001,660,576	

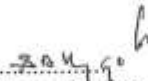
3.2 Statement of Financial Position


ACA-P

Statement of Financial Position As at 31st December 2019

	Note	Actual	
		2019 Rs	2018 Rs
Non Financial Assets			
Property, Plant & Equipment	ACA-6	33,379,278	42,948,352
Financial Assets			
Advance Accounts	ACA-5/5(a)	9,218,710	9,862,527
Cash & Cash Equivalents	ACA-3	-	-
Total Assets		42,597,988	52,810,878
Net Assets / Equity			
Net Worth to Treasury		9,177,310	9,821,499
Property, Plant & Equipment Reserve Rent and Work Advance Reserve	ACA-5(b)	33,379,278	42,948,352
Current Liabilities			
Deposits Accounts	ACA-4	41,400	41,027
Imprest Balance	ACA-3	-	-
Total Liabilities		42,597,988	52,810,878

Detail Accounting Statements in ACA format Nos. 1 to 6 presented in pages from 05 to 52 and Notes to accounts presented in pages from 53 to 60 form and integral parts of these Financial Statements. The Financial Statements have been prepared in complying with the Generally Accepted Accounting Principles whereas most appropriate Accounting Policies are used as disclosed in the Notes to the Financial Statements and hereby certify that figures in these Financial Statements, Notes to accounts and other relevant accounts were reconciled with the Treasury Books of Accounts and found to in agreement.


 Chief Accounting Officer
 Name : S.R. Attygalle
 Designation : Secretary
 Date : 29.02.2020


 Accounting Officer
 Name : M.K.C. Senanayake
 Designation : Director General
 Date : 29.02.2020


 Assistant Director (Finance)
 Name : S.S. Mataraarachchi
 Date : 25.02.2020

S. R. Attygalle
 Secretary to the Treasury and Secretary to the
 Ministry of Finance, Economy and Policy
 Development
 The Secretariat
 Colombo 01

Dr. M.K.C. Senanayake
 Director General
 Department of Fiscal Policy
 General Treasury
 Colombo 01.

Srimali. S. Mataraarachchi
 Assistant Director (Finance)
 Department of Fiscal Policy
 General Treasury
 Colombo 01.

3.3 Statement of Cash Flows

Statement of Cash Flows
for the Period ended 31st December 2019

	Actual	
	Current Year Rs.	Previous Year Rs.
<u>Cash Flows from Operating Activities</u>		-
Total Tax Receipts	-	-
Fees, Fines, Penalties and Licenses	-	-
Profit	-	-
Non Revenue Receipts	72,878	
Revenue Collected for the Other Heads	-	-
Imprest Received	60,010,000	63,753,411
Total Cash generated from Operations (a)	60,082,878	63,753,411
<u>Less - Cash disbursed for:</u>		
Personal Emoluments & Operating Payments	55,973,238	60,238,834
Subsidies & Transfer Payments	813,874	583,350
Expenditure on Other Heads	309,080	305,024
Imprest Settlement on Treasury	1,013	-
Total Cash disbursed for Operations (b)	57,097,205	61,127,209
NET CASH FLOW FROM OPERATING ACTIVITIES(C)=(a)-(b)	2,985,673	2,626,202
<u>Cash Flows from Investing Activities</u>		
Interest	-	-
Dividends	-	-
Divestiture Proceeds & Sale of Physical Assets	17,925	-
Recoveries from On Lending	-	-
Recoveries from Advance	-	-
Total Cash generated from Investing Activities (d)	17,925	-
<u>Less - Cash disbursed for:</u>		
Purchase or Construction of Physical Assets & Acquisition of Other Investment	1,202,859	718,079
Advance Payments	-	-

Total Cash disbursed for Investing Activities (e)	1,202,859	718,079
NET CASH FLOW FROM INVESTING ACTIVITIES (F)=(d)-(e)	(1,184,934)	(718,079)
NET CASH FLOWS FROM OPERATING & INVESTMENT ACTIVITIES (g)=(c)+(f)	1,800,739	1,908,123
<u>Cash Flows from Financing Activities</u>		
Local Borrowings	-	2,242,686
Foreign Borrowings	-	-
Grants Received	-	-
Deposits Received	5,133	-
Total Cash generated from Financing Activities (h)	5,133	2,242,686
<u>Less - Cash disbursed for:</u>		
Repayment of Local Borrowings	-	3,578,169
Repayment of Foreign Borrowings	-	-
Deposit Payments	1,805,871	572,641
Total Cash disbursed for Financing Activities (i)	1,805,871	4,150,810
NET CASH FLOW FROM FINANCING ACTIVITIES (J)=(h)-(i)	(1,800,738)	(1,908,124)
Net Movement in Cash (k) = (g) - (j)	-	-
Opening Cash Balance as at 01st January	-	-
Closing Cash Balance as at 31st December	-	-

3.4 Notes to the Financial Statements

Basis of Reporting

1) Reporting Period

The reporting period for these Financial Statements is from 01st January to 31st December 2019.

2) Basis of Measurement

The Financial Statements have been prepared on historical cost modified by the revaluation of Certain assets and accounted on a modified cash basis, unless otherwise specified.

The figures of the Financial Statements are presented in Sri Lankan rupees rounded to the Nearest rupee.

3) Recognition of Revenue

Exchange and non-exchange revenues are recognized on the cash receipts during the accounting Period irrespective of relevant revenue period.

4) Recognition and Measurement of Property, Plant and Equipment (PP&E)

An item of Property, Plant and Equipment is recognized when it is probable that future economic benefit associated with the assets will flow to the entity and the cost of the assets can be reliably Measured.

PP&E are measured at a cost and revaluation model is applied when cost model is not applicable.

5) Property, Plant and Equipment Reserve

This revaluation reserve account is the corresponding account of PP&E.

6) Cash and Cash Equivalents

Cash & cash equivalents include local currency notes and coins on hand as at 31st December 2019.

3.5 Performance of the Revenue Collection - N/A

Rs. ,000

Revenue Code	Description of the Revenue Code	Revenue Estimate		Collected Revenue	
		Original	Final	Amount (Rs.)	as a % of Final Revenue Estimate

3.6 Performance of the Utilization of Allocation

Rs. ,000

Type of Allocation	Allocation		Actual Expenditure	Allocation Utilization as a % of Final Allocation
	Original	Final		
Recurrent	1,754,770	1,754,770	63,597	3.62%
Capital	2,650	2,650	1,396	52.69%

3.7 In terms of F.R.208 grant of allocations for expenditure to this Department/District Secretariat/Provincial Council as an agent of the other Ministries/ Departments - N/A

Rs. ,000

Serial No.	Allocation Received from Which Ministry /Department	Purpose of the Allocation	Allocation		Actual Expenditure	Allocation Utilization as a % of Final Allocation
			Original	Final		

3.8 Performance of the Reporting of Non-Financial Assets - N/A

Rs. ,000

Assets Code	Code Description	Balance as per Board of Survey Report as at 31.12.2019	Balance as per financial Position Report as at 31.12.2019	Yet to be Accounted	Reporting Progress as a %
9151	Building and Structures	-	-	-	-
9152	Machinery and Equipment	24,679	24,679	-	100%
9153	Land	-	-	-	-
9154	Intangible Assets	-	-	-	-

					Rs. ,000
Assets Code	Code Description	Balance as per Board of Survey Report as at 31.12.2019	Balance as per financial Position Report as at 31.12.2019	Yet to be Accounted	Reporting Progress as a %
9155	Biological Assets	-	-	-	-
9160	Work in Progress	-	-	-	-
9180	Lease Assets	-	-	-	-

3.9 Auditor General's Report** -

** The final Audit Report of the Auditor General has not been received.

4.0 Performance indicators

4.1 Performance indicators of the Institute (Based on the Action Plan)

Specific Indicators	Actual output as a percentage (%) of the expected output		
	100%- 90%	75%-89%	50%- 74%
Formulation and Implementation of the Fiscal Policy and Medium term Fiscal Strategy	100%		
Review the Present Fiscal Policy Stance and Proposed Appropriate adjustments	100%		
Preparation of Revenue Estimate 2020			The Budget was not presented to the Parliament for the year 2020.
Monitoring the Revenue Performance of 2019	100%		
Preparation of the Budget Speech 2020 to the Parliament			The Budget was not presented to the Parliament for the year 2020.
Implementation of the Revenue Proposals of the Budget 2019	100%		
Grant various Tax Concessions and Exemptions in Terms of the Applicable Laws	100%		

Specific Indicators	Actual output as a percentage (%) of the expected output		
	100%- 90%	75%-89%	50%- 74%
Administrative and Financial Matters of the Department	100%		
Preparation of the Reports Under the Fiscal Management (Responsibility) Act, No.3 of 2003 and Tabled them in the Parliament	100%		

5.0 Performance of the Achieving Sustainable Development Goals (SDG)

5.1 Indicate the Identified respective Sustainable Developments Goals

Goal / Objective	Targets	Indicators of the achievement	Progress of the Achievement to date		
			0%-49%	50%-74%	75%- 100%

5.2 Briefly explain the achievements and challenges of the Sustainable Development Goals

Performance of the department contributes to achieve all sustainable development goals in the country.

6.0 Human Resource Profile

6.1 Cadre Management

	Approved Cadre	Existing Cadre	Vacancies/ (Excess)**
Senior	21	17	04
Tertiary	03	02	01
Secondary	18	18	-
Primary	14	12	02

6.2 **Briefly state how the shortage or excess in human resources has been affected to the performance of the institute.

It was managed.

6.3 Human Resource Development

6.3.1 Local Training

Name of the Program	No. of Staff Trained	Duration of the Program	Total Investment (Rs.)	Nature of the Program	Output/Knowledge Gained
Bid evaluation in IT related Goods and Services Procurement	1	2 days	Free of Charge	Short Term	Procurement of IT related goods and Services
English for Office use	2	3 days	Free of Charge	Short Term	Use of English language in office work
Certificate in English for Employment Purposes	3	01 Year	Free of Charge	Mid Term	Use of English language in office work
Board of Survey, Losses and Write-Offs	3	2 days	Free of Charge	Short Term	Awareness on Board of Survey
Diploma in English for Professionals	1	01 Year	Free of Charge	Mid Term	Use of English language in office work
Formal Letter Writing Skills	1	3 days	Free of Charge	Short Term	Gaining Knowledge of preparation of official letters
Report Writing Skills	2	3 days	Free of Charge	Short Term	Gaining Knowledge of preparation of reports
Workshop in Bonded Warehouse	3	01 day	Free of Charge	Short Term	Awareness on bonded warehouse operations
Awareness Programme -World Bank	2	01 day	Free of Charge	Short Term	Awareness on World Bank Operations
Diploma in English for Junior Executives	4	01 Year	Free of Charge	Mid Term	Use of English language in office work
Personal File Management	1	03 days	Free of Charge	Short Term	Maintenance of Personal files

6.3.2 Foreign Training

Name	Designation	Program	Country	Duration	Remarks
Mr.K.A. Vimalenthirarajah	Director General	Technical Meeting on the On-going Extended Fund Facility (EFF) Arrangement of the International Monetary Fund (IMF) to Sri Lanka	USA	11.01.2019 - 19.01.2019	Delegation
		IMF/ World Bank Spring Meeting, G-24 Deputies, Ministers and Meetings	USA	06.04.2019 - 16.04.2019	Delegation
		IMF/ World Bank Annual Meeting, G-24 Deputies, Ministers and Meetings	USA	14.10.2019 - 20.10.2019	Delegation
Mr.J.M.R.P. Jayasingha	Additional Director General	Digital Economic & Fintech	Singapore	18.02.2019 - 22.02.2019	Training
Dr.M.K.C. Senanayake	Director	Macroeconomic Forecasting & Analysis	USA	04.03.2019 - 15.03.2019	Training
Mr.A. Saarrankan	Director	EU-Sri Lanka Working Group on Trade and Economic Cooperation	Belgium	24.10.2019	Delegation
Mr.K. Meegahage	Director	2019 Seminar on Management of China's Development Assistance Project for Developing Countries	China	02.08.2019 - 22.08.2019	Training
Mr.H.M.C.K. Herath	Assistant Director	Assessing & Managing Fiscal Risks – IMF Course	Singapore	23.06.2019 - 29.06.2019	Training
Mr.K.M. Kumarasiri	Assistant Director	High - Level Tax Conference for Asian Countries	Japan	25.04.2019 - 26.04.2019	Conference
Mr.A.N. Bopagamage	Assistant Director	2019 Seminar on China - Sri Lanka Business Culture Exchanges	China	10.10.2019 - 23.10.2018	Training
Mrs.Y.N.C. De Silva	Development Officer	2019 Seminar on Promoting Modern Governance System & Governance Capabilities for Developing Countries	China	24.10.2019 - 13.11.2019	Training

***Briefly state how the training program contributed to the performance of the institution**

Knowledge gained from the training programs applied for the official activities

7.0 Compliance Report

No.	Applicable Requirement	Compliance Status (Complied/Not Complied)	Brief explanation for Non Compliance	Corrective actions proposed to avoid non-compliance in future
1	The following Financial statements/accounts have been submitted on due date			
1.1	Annual financial statements	Complied		
1.2	Advance to public officers account	Complied		
1.3	Trading and Manufacturing Advance Accounts (Commercial Advance Accounts)		N/A	
1.4	Stores Advance Accounts		N/A	
1.5	Special Advance Accounts	Complied		
1.6	Others			
2	Maintenance of books and registers (FR445)			
2.1	Fixed assets register has been maintained and update in terms of Public Administration Circular 267/2018	Complied		
2.2	Personal emoluments register/ Personal emoluments cards has been maintained and update	Complied		
2.3	Register of Audit queries has been maintained and update	Complied		
2.4	Register of Internal Audit reports has been maintained and update	Complied		
2.5	All the monthly account summaries (CIGAS) are prepared and submitted to the Treasury on due date	Complied		
2.6	Register for cheques and money orders has been maintained and update	Complied		
2.7	Inventory register has been maintained	Complied		

No.	Applicable Requirement	Compliance Status (Complied/Not Complied)	Brief explanation for Non Compliance	Corrective actions proposed to avoid non-compliance in future
	and update			
2.8	Stocks Register has been maintained and update	Complied		
2.9	Register of Losses has been maintained and update	Complied		
2.10	Commitment Register has been maintained and update	Complied		
2.11	Register of Counterfoil Books (GA – N20) has been maintained and update	Complied		
03	Delegation of functions for financial control (FR 135)			
3.1	The financial authority has been delegated within the institute	Complied		
3.2	The delegation of financial authority has been communicated within the institute	Complied		
3.3	The authority has been delegated in such manner so as to pass each transaction through two or more officers	Complied		
3.4	The controls has been adhered to by the Accountants in terms of State Account Circular 171/2004 dated 11.05.2014 in using the Government Payroll Software Package	Complied		
4	Preparation of Annual Plans			
4.1	The annual action plan has been prepared	Complied		
4.2	The annual procurement plan has been prepared	Complied		
4.3	The annual Internal Audit plan has been prepared	Complied		
4.4	The annual estimate has been prepared and submitted to the NBD on due date	Complied		
4.5	The annual cash flow has been submitted to the Treasury Operations Department on time	Complied		

No.	Applicable Requirement	Compliance Status (Complied/Not Complied)	Brief explanation for Non Compliance	Corrective actions proposed to avoid non-compliance in future
5	Audit queries			
5.1	All the audit queries has been replied within the specified time by the Auditor General	Complied		
6	Internal Audit			
6.1	The internal audit plan has been prepared at the beginning of the year after consulting the Auditor General in terms of Financial Regulation 134(2)) DMA/1-2019	Complied		
6.2	All the internal audit reports has been replied within one month	Complied		
6.3	Copies of all the internal audit reports has been submitted to the Management Audit Department in terms of Sub-section 40(4) of the National Audit Act No. 19 of 2018	Complied		
6.4	All the copies of internal audit reports has been submitted to the Auditor General in terms of Financial Regulation 134(3)	Complied		
7	Audit and Management Committee			
7.1	Minimum 04 meetings of the Audit and Management Committee has been held during the year as per the DMA Circular 1-2019	Complied		
8	Asset Management			
8.1	The information about purchases of assets and disposals was submitted to the Comptroller General's Office in terms of Paragraph 07 of the Asset Management Circular No. 01/2017	Complied		
8.2	A suitable liaison officer was appointed to coordinate the implementation of the provisions of the circular and the details of the nominated officer was sent to the Comptroller General's Office in terms of Paragraph 13 of the aforesaid circular	Complied		
8.3	The boards of survey was conducted and the relevant reports submitted to the Auditor General on due date in terms of	Complied		

No.	Applicable Requirement	Compliance Status (Complied/Not Complied)	Brief explanation for Non Compliance	Corrective actions proposed to avoid non-compliance in future
	Public Finance Circular No. 05/2016			
8.4	The excesses and deficits that were disclosed through the board of survey and other relating recommendations, actions were carried out during the period specified in the circular	Complied		
8.5	The disposal of condemn articles had been carried out in terms of FR 772	Complied		
9	Vehicle Management			
9.1	The daily running charts and monthly summaries of the pool vehicles had been prepared and submitted to the Auditor General on due date	Complied		
9.2	The condemned vehicles had been disposed of within a period of less than 6 months after condemning	Complied		
9.3	The vehicle logbooks had been maintained and updated	Complied		
9.4	The action has been taken in terms of F.R. 103, 104, 109 and 110 with regard to every vehicle accident	Complied		
9.5	The fuel consumption of vehicles has been re-tested in terms of the provisions of Paragraph 3.1 of the Public Administration Circular No. 30/2016 of 29.12.2016	Complied		
9.6	The absolute ownership of the leased vehicle log books has been transferred after the lease term	Complied		
10	Management of Bank Accounts			
10.1	The bank reconciliation statements had been prepared, got certified and made ready for audit by the due date	Complied		
10.2	The dormant accounts that had existed in the year under review or since previous years settled	Complied		
10.3	The action had been taken in terms of Financial Regulations regarding balances that had been disclosed through bank reconciliation statements and for which adjustments had to be made, and had those balances been settled within one month	Complied		
11	Utilization of Provisions			
11.1	The provisions allocated had been spent without exceeding the limit	Complied		

No.	Applicable Requirement	Compliance Status (Complied/Not Complied)	Brief explanation for Non Compliance	Corrective actions proposed to avoid non-compliance in future
11.2	The liabilities not exceeding the provisions that remained at the end of the year as per the FR 94(1)	Complied		
12	Advances to Public Officers Account			
12.1	The limits had been complied with	Complied		
12.2	A time analysis had been carried out on the loans in arrears	Complied		
12.3	The loan balances in arrears for over one year had been settled	Complied		
13	General Deposit Account			
13.1	The action had been taken as per F.R.571 in relation to disposal of lapsed deposits	Complied		
13.2	The control register for general deposits had been updated and maintained	Complied		
14	Imprest Account			
14.1	The balance in the cash book at the end of the year under review remitted to TOD	Complied		
14.2	The ad-hoc sub imprests issued as per F.R. 371 settled within one month from the completion of the task	Complied		
14.3	The ad-hoc sub imprests had been issued exceeding the limit approved as per F.R. 371	Complied		
14.4	The balance of the imprest account had been reconciled with the Treasury books monthly	Complied		
15	Revenue Account			
15.1	The refunds from the revenue had been made in terms of the regulations	Complied		
15.2	The revenue collection had been directly credited to the revenue account without credited to the deposit account	Complied		
15.3	Returns of arrears of revenue forward to the Auditor General in terms of FR 176	Complied		
16	Human Resource Management			
16.1	The staff had been paid within the approved cadre	Complied		

No.	Applicable Requirement	Compliance Status (Complied/Not Complied)	Brief explanation for Non Compliance	Corrective actions proposed to avoid non-compliance in future
16.2	All members of the staff have been issued a duty list in writing	Complied		
16.3	All reports have been submitted to MSD in terms of their circular no.04/2017 dated 20.09.2017	Complied		
17	Provision of information to the public			
17.1	An information officer has been appointed and a proper register of information is maintained and updated in terms of Right To Information Act and Regulation	Complied		
17.2	Information about the institution to the public have been provided by Website or alternative measures and has it been facilitated to appreciate / allegation to public against the public authority by this website or alternative measures	Complied		
17.3	Bi- Annual and Annual reports have been submitted as per section 08 and 10 of the RTI Act	Complied		
18	Implementing citizens charter			
18.1	A citizens charter/ Citizens client's charter has been formulated and implemented by the Institution in terms of the circular number 05/2008 and 05/2018(1) of Ministry of Public Administration and Management	Complied		
18.2	A methodology has been devised by the Institution in order to monitor and assess the formulation and the implementation of Citizens Charter / Citizens client's charter as per paragraph 2.3 of the circular	Complied		
19	Preparation of the Human Resource Plan			Human Resource Plan is being prepared in 2020.
19.1	A human resource plan has been prepared in terms of the format in Annexure 02 of Public Administration Circular No.02/2018 dated 24.01.2018.			
19.2	A minimum training opportunity of not less than 12 hours per year for each			

No.	Applicable Requirement	Compliance Status (Complied/Not Complied)	Brief explanation for Non Compliance	Corrective actions proposed to avoid non-compliance in future
	member of the staff has been ensured in the aforesaid Human Resource Plan			
19.3	Annual performance agreements have been signed for the entire staff based on the format in Annexure 01 of the aforesaid Circular			
19.4	A senior officer was appointed and assigned the responsibility of preparing the human resource development plan, organizing capacity building programs and conducting skill development programs as per paragraph No.6.5 of the aforesaid Circular			
20	Responses Audit Paras			
20.1	The shortcomings pointed out in the audit paragraphs issued by the Auditor General for the previous years have been rectified	Complied		