



MINISTRY OF ECONOMY

GOVERNMENT'S HALF-YEAR FISCAL PERFORMANCE 2020-2021

Fiscal Outturn

Government's total revenue collection for the six months stood at \$964.8 million, while total expenditure amounted to \$1,510.7 million. This resulted in a net deficit of \$545.8 million or 5.5 percent of GDP.

Table 1 below provides a summary of fiscal position of Government at the end of first half of the financial year 2020-2021.

Table 1: Fiscal Performance for 6 Months (as at 31 January 2021)

Summary	Annual	6 months	6 months	6 months	6 months
	Budget	Forecast	Actual	Variance	Variance
	2020-2021	2020-2021	2020-2021	2020-2021	2020-2021
	(\$m)	(\$m)	(\$m)	(\$m)	(%)
Total Revenue	1,673.6	857.6	964.8	107.3	12.5%
Tax Revenue	1,465.7	732.0	758.7	26.7	3.6%
Non-Tax Revenue	207.9	125.6	206.1	80.6	64.2%
Total Expenditure	3,674.6	1,981.1	1,510.7	-470.4	-23.7%
Operating Expenditure	2,421.5	1,399.8	1,096.7	-303.1	-21.7%
Capital Expenditure	1,208.3	546.3	402.0	-144.3	-26.4%
SEG 13 VAT	44.8	35.0	12.0	-23.0	-65.8%
Net Deficit	-2,001.0	-1,123.6	-545.8	577.7	-51.4%
% of GDP	-20.2	-11.4	-5.5	5.8	-51.4%
Nominal GDP	9,905.3	9,890.4	9,890.4		

Total revenues for the six months was above the forecast by \$107.3 million or 12.5 percent. This is attributed to the higher than expected collections from both tax and non-tax revenues. Tax revenue was above the forecast by \$26.7 million or 3.6 percent, while non-tax revenues exceeded estimated collections by \$80.6 million or 64.2 percent.

Total revenue collections of \$964.8 million for the first six months represents around 57.7 percent of the annual projected revenue of \$1,673.6 million. Based on this trend, the

Government is on track to realise the projected revenue collections for 2020-2021 and most likely surpass the forecast.

The higher than budgeted non-tax revenue collection is largely attributed to one-off grants received during the first half of the financial year related to COVID-19 and cyclones. A total of \$78.4 million has been received in the form of grants in the first half of this fiscal year.

However, while overall collections are on track compared to the budget, it is important to note that total revenue collections is down by 44.2 percent compared to the first six month collections in the same period last financial year (August 2019 to January 2020). Similarly, tax revenue collection compared to pre-COVID is down by 44.1 percent.

As highlighted in the last two budgets, the COVID-19 crisis has severely impacted Government revenues as the tourism sector came to a standstill, business activity slowed, trade flows declined and domestic demand plummeted. Monthly tax collections since April 2020 have averaged around 50 percent lower than the same period in 2019.

Table 2: Recent Trend in Tax Collections

\$M	Aug	Sep	Oct	Nov	Dec	Jan
2019-2020	203.8	269.5	200.8	190.5	295.7	202.0
2020-2021	105.4	122.2	129.7	112.6	149.0	142.4
Change	-98.4	-147.3	-71.1	-77.8	-146.8	-59.7
%	-48.3	-54.7	-35.4	-40.9	-49.6	-29.5

In terms of expenditures, total expenditure for the six months amounted to \$1,510.7 million, around \$470.4 million or 23.7 percent lower compared to the forecast for the period. Total expenditure in the 6 months represents around 41.1 percent of the total annual budget. Compared to the same period last financial year, total expenditure for the six months is down by \$195.6 million or 11.5 percent.

While Government had a satisfactory fiscal outturn for the first six months of the financial year, fiscal risks remain for the second half of the financial year associated with natural disasters (cyclones, flooding), rehabilitation of schools and infrastructure, timing of vaccine acquisition and risks associated with contingent liabilities.

Financing

In terms of financing, a gross borrowing of \$2.75 billion was budgeted for FY2020-2021. This included \$1.4 billion to be sourced externally, \$940 million to be sourced from the domestic market and utilisation of around \$400 million cash balance carried over from the previous financial year which was being accumulated for the refinancing of the global bond.

In terms of external financing, Government has in the first 6 months accessed a total of \$530 million from the Asian Development Bank ('ADB') and the Asian Infrastructure Investment Bank ('AIIB'). This includes \$424 million (US\$200 million) from ADB and \$106 million (US\$50 million) from AIIB. Currently, a total of around \$710 million external financing is being finalised from the World Bank (US\$185 million), ADB (US\$50 million) and JICA (US\$100 million).

Preparations and discussions for these loans are progressing well and on track with drawdown likely in the coming months. Other external loan funded capital projects will continue to be drawn down based on the rate of project implementation.

Of the planned \$940 million in domestic borrowing, Government has raised around \$193.8 million in the first 6 months of this fiscal year based on the financing needs. While we have noted some tightening in the domestic market, the higher than budgeted revenue collections and potential expenditure savings will mitigate this risk.

Government Debt

Government debt stood at around \$6.875 billion, equivalent to 69.5 percent of GDP at the end of January 2021. Domestic debt stood at \$ 5.095 billion equivalent to 51.5 percent of GDP while external debt was around \$1.780 billion, equivalent to 18 percent of GDP.

With the budgeted level of borrowings for this fiscal year, debt levels are projected to increase to around \$8.3 billion or over 83 percent of GDP at the end of July 2021. Around 14 percent increase is attributed to the decline in our GDP. External debt is projected to increase to 26.1 percent of GDP while domestic debt is projected at 57.3 percent of GDP.

Table 4.3: Government Debt

Particulars (\$B)	16-17	17-18	18-19	19-20	20-21
Domestic Debt	3,300.8	3,763.0	4,278.5	4,976.5	5,672.4
<i>As % of GDP</i>	<i>30.7</i>	<i>33.2</i>	<i>36.8</i>	<i>48.7</i>	<i>57.3</i>
External Debt	1,370.9	1,457.5	1,456.8	1,709.5	2,584.0
<i>As % of GDP</i>	<i>12.8</i>	<i>12.8</i>	<i>12.8</i>	<i>16.7</i>	<i>26.1</i>
Total Debt	4,671.7	5,220.5	5,735.2	6,686.0	8,256.4
<i>As % of GDP</i>	<i>43.5</i>	<i>46.0</i>	<i>49.3</i>	<i>65.5</i>	<i>83.4</i>

Contingent liabilities stands at \$1.45 billion, equivalent to around 14.7 percent of GDP. This includes Government guaranteed debt of \$832.9 million, callable ADB and World Bank subscriptions of \$515.5 million and other implicit liabilities of \$103 million.

Conclusion

In summary, for the first 6 months of FY2020-2021, revenue collections have been above the forecast while expenditure trend is slightly lower than expected. External financing remains on track. While there is some tightening in domestic financing, this will be offset by higher revenue collections and some savings in expenditures. Overall, Government remains on track as per the FY2020-2021 Budget.

Fiscal Policy, Research and Analysis Division
Ministry of Economy
9 February 2021

Cashflow Statements

Particulars	Annual	6 months	6 months	6 months	6 months
	Budget	Forecast	Actual	Variance	Variance
	2020-2021	2020-2021	2020-2021	2020-2021	2020-2021
	(\$m)	(\$m)	(\$m)	(\$m)	(%)
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts					
Direct Taxes	498.0	247.4	256.6	9.2	3.7%
Indirect Taxes (excluding Government VAT)	922.9	449.6	490.1	40.5	9.0%
Fees, Fines & Charges	89.1	43.3	66.9	23.6	54.5%
Sales Revenue	0.0	0.0	0.0	0.0	-100.0%
Grants in aid	29.1	14.6	78.4	63.9	438.7%
Dividends from Investments	45.4	45.4	36.1	-9.2	-20.3%
Reimbursement & Recoveries	11.1	5.2	3.9	-1.3	-24.9%
Other Revenue & Surpluses	25.9	13.3	15.4	2.1	15.6%
Total operating receipts	1,621.4	818.8	947.5	128.7	15.7%
Payments					
Personnel	987.4	524.6	467.3	-57.3	-10.9%
Transfer payments	662.3	391.0	292.6	-98.4	-25.2%
Supplies and consumables	259.1	206.5	123.3	-83.2	-40.3%
Purchase of outputs	82.4	46.3	26.0	-20.2	-43.8%
Interest paid	403.0	207.3	185.3	-22.0	-10.6%
Other operating payments	27.2	24.1	2.1	-22.0	-91.2%
Total operating payments	2,421.5	1,399.8	1,096.7	-303.1	-21.7%
Net cash flows from operating activities	-800.0	-581.0	-149.2	431.8	-74.3%
As % of GDP	-8.1%	-5.9%	-1.5%		
CASH FLOWS FROM INVESTING ACTIVITIES					
Receipts					
Sale of Government Assets	0.0	0.0	0.4	0.4	100.0%
Interest from Bank Balance	0.2	0.2	1.4	1.2	534.7%
Interest on Term Loans	2.9	1.5	0.1	-1.4	-95.4%
Return of Surplus Capital from Investment	4.2	2.1	3.5	1.4	64.8%
Total investing receipts	7.3	3.8	5.3	1.6	41.2%
Payments					
Loans	113.6	31.9	30.4	-1.4	-4.5%
Transfer Payments	908.8	439.5	324.0	-115.5	-26.3%
Purchase of physical non-current assets	185.9	74.9	47.5	-27.4	-36.6%
Total investing payments	1,208.3	546.3	402.0	-144.3	-26.4%
Net cash flows from investing activities	-1,201.0	-542.5	-396.6	145.9	-26.9%
As a % of GDP	-12.1%	-5.5%	-4.0%		
Net (Deficit)/Surplus	-2001.0	-1123.6	-545.8		
% of GDP	-20.2%	-11.4%	-5.5%		
GDP at Market Prices	9,905.3	9,890.4	9,890.4		

6 months	6 months	6 months	6 months	6 months
Actual	Actual	Variance	Variance	% of
2019-2020	2020-2021	2020-2021	2020-2021	2020-2021
(\$m)	(\$m)	(\$m)	(%)	Annual Budget
351.2	256.6	-94.6	-26.9%	51.5%
990.8	490.1	-500.7	-50.5%	53.1%
73.3	66.9	-6.3	-8.6%	75.1%
0.0	0.0	0.0	0.0%	0.0%
23.5	78.4	54.9	234.0%	269.4%
30.8	36.1	5.4	17.5%	79.7%
10.0	3.9	-6.0	-60.6%	35.4%
22.8	15.4	-7.4	-32.6%	59.5%
1,502.3	947.5	-554.8	-36.9%	58.4%
500.9	467.3	-33.6	-6.7%	47.3%
374.8	292.6	-82.2	-21.9%	44.2%
126.5	123.3	-3.1	-2.5%	47.6%
28.4	26.0	-2.3	-8.2%	31.6%
170.9	185.3	14.4	8.4%	46.0%
2.2	2.1	-0.1	-4.3%	7.8%
1,203.6	1,096.7	-106.9	-8.9%	45.3%
298.7	-149.2	-447.9	-150.0%	
2.8%	-1.5%			
206.3	0.4	-205.9	-99.8%	0.0%
1.0	1.4	0.4	38.7%	634.7%
0.4	0.1	-0.3	-81.4%	2.3%
4.3	3.5	-0.9	-20.1%	82.4%
212.0	5.3	-206.7	-97.5%	72.7%
66.7	30.4	-36.3	-54.4%	26.8%
356.0	324.0	-32.0	-9.0%	35.7%
65.5	47.5	-18.0	-27.4%	25.6%
488.2	402.0	-86.3	-17.7%	33.3%
-276.2	-396.6	-120.4	43.6%	
-2.6%	-4.0%			
22.5	-545.8			
0.2%	-5.5%			
10,604.7	9,890.4			

Summary	Annual	6 months	6 months	6 months	6 months
	Budget	Forecast	Actual	Variance	Variance
	2020-2021	2020-2021	2020-2021	2020-2021	2020-2021
	(\$m)	(\$m)	(\$m)	(\$m)	(%)
Total Revenue	1,673.6	857.6	964.8	107.3	12.5%
Tax Revenue	1,465.7	732.0	758.7	26.7	3.6%
Non-Tax Revenue	207.9	125.6	206.1	80.6	64.2%
Total Expenditure	3,674.6	1,981.1	1,510.7	-470.4	-23.7%
Operating Expenditure	2,421.5	1,399.8	1,096.7	-303.1	-21.7%
Capital Expenditure	1,208.3	546.3	402.0	-144.3	-26.4%
SEG 13 VAT	44.8	35.0	12.0	-23.0	-65.8%
Net Deficit	-2,001.0	-1,123.6	-545.8	577.7	-51.4%
% of GDP	-20.2	-11.4	-5.5	5.8	-51.4%
Nominal GDP	9,905.3	9,890.4	9,890.4		

6 months	6 months	6 months	6 months	6 months
Actual	Actual	Variance	Variance	% of
2019-2020	2020-2021	2020-2021	2020-2021	2020-2021
(\$m)	(\$m)	(\$m)	(%)	Annual Budget
1,728.8	964.8	-763.9	-44.2%	57.7%
1,356.5	758.7	-597.8	-44.1%	51.8%
372.3	206.1	-166.2	-44.6%	99.2%
1,706.3	1,510.7	-195.6	-11.5%	41.1%
1,203.6	1,096.7	-106.9	-8.9%	45.3%
488.2	402.0	-86.3	-17.7%	33.3%
14.5	12.0	-2.5	-17.1%	26.7%
22.5	-545.8	-568.3	-2529.9%	
0.2	-5.5	-5.7	-2705.4%	
10,604.7	9,890.4			

Tax Performance

Particulars	Annual	6 months	6 months	6 months	6 months
	Budget	Forecast	Actual	Variance	Variance
	2020-2021	2020-2021	2020-2021	2020-2021	2020-2021
	(\$m)	(\$m)	(\$m)	(\$m)	(%)
Income Tax Collection					
PAYE Tax	111,748,658	55,222,110	65,950,700	10,728,590	19.4%
Withholding & Dividend Tax	86,457,765	44,314,182	41,244,142	(3,070,040)	-6.9%
Company Tax	229,290,843	114,645,421	120,848,244	6,202,823	5.4%
Other Taxes	26,474,354	13,237,177	18,107,544	4,870,367	36.8%
Provisional Tax	33,044,656	17,336,122	9,151,115	(8,185,007)	-47.2%
Other Misc Tax	1,931,673	1,097,380	2,252,013	1,154,633	105.2%
Branch Profit Remittance	-	-	-	-	-
ICT Business Licence Fee	-	-	1,125	1,125	-
Tourist VAT Refund Registration Fee	18,122	16,585	-	(16,585)	-100.0%
Yacht Agent Registration	13,552	7,632	5,000	(2,632)	-34.5%
Gross Revenue	488,979,622	245,876,610	257,559,883	11,683,273	4.8%
Less: Refunds	(26,517,230)	(14,447,201)	(19,480,515)	(5,033,315)	34.8%
Less: Film Tax Rebates	-	-	-	-	-
Net Income Tax	462,462,393	231,429,410	238,079,368	6,649,958	2.9%
Value Added Tax					
Customs Import VAT	359,828,073	188,084,405	164,768,174	(23,316,231)	-12.4%
Domestic VAT	414,107,882	217,259,860	182,051,052	(35,208,808)	-16.2%
Other Government Departments	13,551,947	6,264,596	5,902,585	(362,011)	-5.8%
Gross VAT Collection	787,487,902	411,608,861	352,721,811	(58,887,050)	-14.3%
Less: VAT Refunds	(218,339,742)	(113,404,675)	(116,556,936)	(3,152,261)	2.8%
Less: Tourist VAT Refunds	-	-	(209)	(209)	-
Net VAT Collection	569,148,160	298,204,187	236,164,666	(62,039,520)	-20.8%
Capital Gains Tax	14,974,664	5,646,466	8,049,810	2,403,344	42.6%
Service Turnover Tax	521,128	521,128	1,007,995	486,867	93.4%
Environment and Climate Adaptation Levy (ECAL)	24,665,936	5,066,697	10,704,564	5,637,868	111.3%
Stamp Duty	3,813,277	-	7,619,554	7,619,554	-
Social Responsibility Tax	5,703,006	2,844,512	2,312,855	(531,657)	-18.7%
Telecommunication Levy	878,541	446,480	428,348	(18,132)	-4.1%
Credit Card Levy	-	-	-	-	-
Third Party Insurance Levy	-	-	40	40	-
Fringe Benefit Tax	14,827,427	7,518,382	8,174,844	656,462	8.7%
Customs Collections					
Fiscal Duty	178,400,944	93,437,102	152,265,996	58,828,895	63.0%
Import Excise Duty	5,088,520	2,487,103	1,810,550	(676,553)	-27.2%
Excise Duty	109,377,276	53,777,494	56,826,360	3,048,867	5.7%
Export Duty	6,059,178	3,246,936	4,565,198	1,318,262	40.6%
Luxury Vehicle Levy	-	-	-	-	-
Misc Fees/Charge	-	-	-	-	-
Other Sundries	774,927	454,003	245,622	(208,381)	-45.9%
Gross Customs Collections	299,700,846	153,402,637	215,713,727	62,311,090	40.6%
Less: Rebates	(3,841,674)	(1,950,075)	(3,840,446)	(1,890,371)	96.9%
Less: Misc Fees/Charges	-	-	-	-	-
Net Customs Collection	295,859,171	151,452,562	211,873,281	60,420,719	39.9%
Resource Tax	51,548,900	25,485,019	34,122,268	8,637,249	33.9%
Departure Tax	21,304,521	3,834,814	450,382	(3,384,432)	-88.3%
Fish Levy	-	-	-	-	-
Overall Net Tax Revenue Collections	1,465,707,124	732,449,656	758,987,975	26,538,318	3.6%

6 months	6 months	6 months	6 months	6 months
Actual	Actual	Variance	Variance	% of
2019-2020	2020-2021	2020-2021	2020-2021	2020-2021
(\$m)	(\$m)	(\$m)	(\$m)	Annual Budget
78,321,883	65,950,700	(12,371,184)	-15.8%	59.0%
61,215,650	41,244,142	(19,971,508)	-32.6%	47.7%
191,218,665	120,848,244	(70,370,420)	-36.8%	52.7%
19,248,493	18,107,544	(1,140,949)	-5.9%	68.4%
35,957,597	9,151,115	(26,806,482)	-74.6%	27.7%
1,331,299	2,252,013	920,714	69.2%	116.6%
-	-	-	-	-
1,125	1,125	-	-	-
153,229	-	(153,229)	-100.0%	0.0%
29,878	5,000	(24,878)	-83.3%	36.9%
387,477,818	257,559,883	(129,917,935)	-33.5%	52.7%
(34,689,011)	(19,480,515)	15,208,495	-43.8%	73.5%
(26,054,646)	-	26,054,646	-	-
326,734,161	238,079,368	(88,654,793)	-27.1%	51.5%
223,838,906	164,768,174	(59,070,732)	-26.4%	45.8%
277,061,173	182,051,052	(95,010,121)	-34.3%	44.0%
7,185,569	5,902,585	(1,282,984)	-17.9%	43.6%
508,085,648	352,721,811	(155,363,837)	-30.6%	44.8%
(110,993,802)	(116,556,936)	(5,563,134)	5.0%	53.4%
(584,959)	(209)	584,750	-	-
396,506,887	236,164,666	(160,342,221)	-40.4%	41.5%
9,047,936	8,049,810	(998,126)	-11.0%	53.8%
48,822,331	1,007,995	(47,814,335)	-97.9%	193.4%
95,519,429	10,704,564	(84,814,865)	-88.8%	43.4%
40,911,472	7,619,554	(33,291,918)	-81.2%	199.8%
3,994,769	2,312,855	(1,681,914)	-42.1%	40.6%
499,615	428,348	(71,267)	-14.3%	48.8%
-	-	-	-	-
-	40	40	-	-
11,398,914	8,174,844	(3,224,071)	-28.3%	55.1%
206,965,460	152,265,996	(54,699,463)	-26.4%	85.4%
16,769,964	1,810,550	(14,959,413)	-89.2%	35.6%
87,039,881	56,826,360	(30,213,521)	-34.7%	52.0%
4,497,725	4,565,198	67,473	1.5%	75.3%
278,500	-	(278,500)	-	-
67,500	-	(67,500)	-	-
282,449	245,622	(36,827)	-13.0%	31.7%
315,901,478	215,713,727	(100,187,751)	-31.7%	72.0%
(3,398,031)	(3,840,446)	(442,415)	13.0%	100.0%
-	-	-	-	-
312,503,448	211,873,281	(100,630,166)	-32.2%	71.6%
33,507,786	34,122,268	614,482	1.8%	66.2%
82,814,428	450,382	(82,364,046)	-99.5%	2.1%
-	-	-	-	-
1,362,261,176	758,987,975	(603,273,201)	-44.3%	51.8%