



MINISTRY OF FINANCE, STRATEGIC PLANNING, NATIONAL DEVELOPMENT AND STATISTICS

GOVERNMENT'S MID YEAR FISCAL PERFORMANCE FY2023-2024

For the first half of FY2023-2024 (August 2023 to January 2024), Government recorded a net deficit of \$114.9 million equivalent to -0.9 percent of GDP, lower than the net deficit target of -5.6 percent for the same period. Total revenue stood at \$1,798.4 million (13.6 percent of GDP), whilst total expenditure amounted to \$1,913.3 million (14.5 percent of GDP) for the first six months of FY2023-2024. In the same period last financial year (August 2022 to January 2023), the net deficit was \$478.8 million equivalent to -4.0 percent of GDP.

Table 1 below provides the summary of Government's fiscal position cumulative to the second quarter of FY2023-2024. A detailed Government's Cashflow Statement is provided as **Annex 1**.

Table 1: Fiscal Position for the First Half of FY2023-2024

Particulars	2023-2024 Annual Budget	2023-2024 6 Months Forecast	2023-2024 6 Months Actual	2023-2024 6 Months Variance	2023-2024 6 Months Variance
	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)
Total Revenue	3,700.7	1,868.3	1,798.4	-69.9	-3.7%
Tax Revenue	3,107.7	1,558.2	1,542.9	-15.3	-1.0%
Non - Tax revenue	593.1	310.1	255.5	-54.6	-17.6%
Total Expenditure	4,339.9	2,607.6	1,913.3	-694.3	-26.6%
Operating Expenditure	3,036.9	1,836.9	1,411.0	-425.8	-23.2%
Capital Expenditure	1,192.1	693.4	471.7	-221.7	-32.0%
VAT (SEG 13)	110.9	77.4	30.6	-46.8	-60.5%
Net Deficit/Surplus	-639.1	-739.3	-114.9	624.4	-84.5%
as % of GDP	-4.8%	-5.6%	-0.9%		
Nominal GDP	13,266.6	13,208.8	13,208.8		

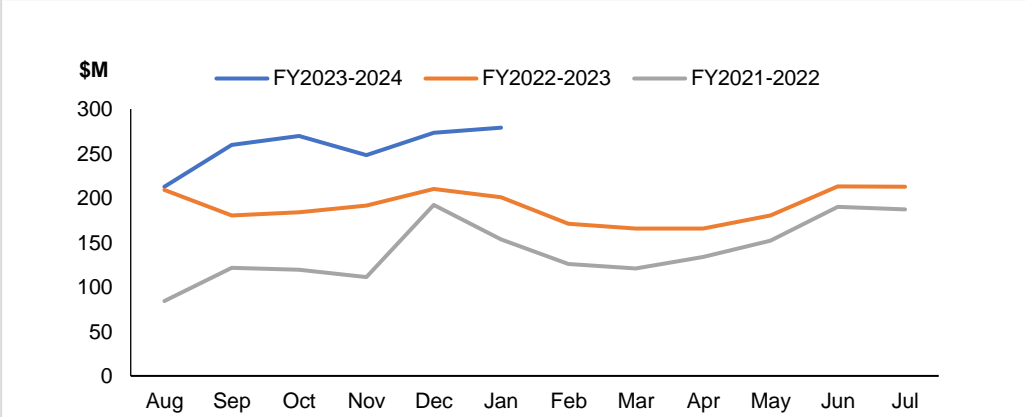
Total revenue for the first six months of the fiscal year was below the forecast by \$69.9 million or 3.7 percent and represented around 48.6 percent of the annual projected revenue of \$3,700.7 million. The underperformance in overall Government revenue was largely attributed to the below forecast collection of \$54.6 million or 17.6 percent in non-tax revenue and \$15.3 million or 1.0 percent in tax revenue. Compared to the same period last financial year, total revenue collection was higher by \$458.3 million or 34.2 percent.

Tax revenue receipts for the first six months was \$1,542.9 million, slightly below the anticipated collections by \$15.3 million or 1.0 percent, and represents around 49.6 percent of total tax revenue budgeted for this financial year. The lower outturn was largely attributed to the below forecast collection from VAT (below by \$40 million), water resource tax (below by \$7.1 million), fiscal duty (below by \$6.7 million), departure tax (below by \$5.7 million), fringe benefit tax (below by \$0.8 million), telecommunication levy (below by \$0.1 million). Despite this, above forecast collection was noted in corporate tax (above by \$46.2 million), capital gains tax (above by \$10.2 million), personal taxes (above by \$7.8 million), import excise duty (above by \$7.5 million),

dividend withholding taxes (above by \$7.2 million), excise duty (above by \$6.7 million), social responsibility tax (above by \$5.2 million), luxury vehicle levy (above by \$0.4 million), export duty (above by \$0.1 million), stamp duties (above by \$0.1 million) and environment and climate adaptation levy (above by \$0.1 million).

Overall tax collections have increased by \$366.7 million or 31.2 percent when compared to the same period last financial year. In particular, increases were noted in VAT (above by \$142.7 million), Corporate tax (above by \$100.1 million), Fiscal duty (above by \$25.0 million), Personal taxes (above by \$15.3 million), Capital gains tax (above by \$12.5 million), Dividend withholding tax (above by \$12.4 million), Excise duty (above by \$12.1 million), Import excise duty (above by \$7.9 million), Departure tax (above by \$7.3 million), Social Responsibility tax (above by \$2.1 million), Environment and Climate Adaption Levy (above by \$0.9 million), Export duty (above by \$0.5 million), Luxury duty (above by \$0.3 million). The monthly trend in tax collections compared to the previous two financial years is provided in **Figure 1** below.

Figure 1: Monthly Trend in Tax Collections



In terms of non-tax revenue, collection for the first six months totaled \$255.5 million, below the anticipated collections by \$54.6 million or 17.6 percent. The unfavorable outturn was largely attributed to the below forecast collection from Grants in Aid (below by \$68.0 million), Fees, Fines & Charges (below by \$8.5 million), Reimbursement & Recoveries (below by \$2.5 million), while above forecast collections were noted in Dividends from Investments (above by \$17.7 million) and other Revenue & Surpluses (above by \$4.2 million).

When compared to the same period last financial year, non-tax revenue has increased by \$91.6 million or 55.9 percent. Collections from Dividends from Investments and Grants in Aid rose by \$60.5 million and \$27.3 million, respectively. Other Revenue and Surpluses was higher by \$0.4 million, whilst lower collection was noted in Fees, Fines and Charges (below by \$2.8 million) and Reimbursement and Recoveries (below by \$0.3 million).

Government expenditure for the first six months totaled \$1,913.3 million and was lower than the forecast by \$694.3 million or 26.6 percent. This spending level represents around 44.1 percent of the total budgeted expenditure. In the review period, both operating and capital expenditure were below forecast by \$425.8 million and \$221.7 million, respectively. The Operating to Capital mix stood at 75:25 for the first six months of FY2023-2024.

Compared to the same period previous financial year, total expenditure was higher by \$94.5 million or 5.2 percent. Operating expenditure increased by \$167.0 million or 13.4 percent, in contrast to capital expenditure which fell by \$84.3 million or 15.2 percent. The increase in operating expenditure is largely driven by Operating Grants & Transfers (SEG 6) (above by \$73.5 million), Interest Payments (above by \$44.9 million), and Special Expenditure (SEG 7) (above by \$32.7 million). On the other hand, the decline in Capital Grants & Transfers is the key driver for lower capital expenditure (below by \$86.8 million).

Government Debt

Government's total debt stood at \$10,019.60 million, equivalent to 75.9 percent of GDP at the end of January 2024. In terms of the debt mix, domestic debt was 64.8 percent, while external debt was 35.2 percent in the review period. In the first six months of FY2023-2024, Government has utilised around 36.2 percent or \$421.6 million of the total appropriated borrowing. Of this, 50.5 percent or \$386.5 million of the domestic borrowing limit has been utilised while in terms of external borrowing, the Government has accessed 9.3 percent or \$35.4 million of the approved external borrowing limit mostly funds for on-going infrastructure and COVID-19 projects. Government will continue to raise funds as per the approved borrowing plan for the fiscal year and new external loans are anticipated to be received by Government in this FY2024 will be drawn towards June/July 2024 as majority are policy-based loans. Consequently, Government debt is projected to reach \$10,386.7 million or 78.6 percent of GDP by the end of July 2024.

Conclusion

The lower net deficit position for the first six months was mainly due to underspending in both operating and capital expenditure. On the revenue front, income taxes have performed quite well in the first six months, however, the underperformance in consumption taxes especially VAT needs to be monitored closely. On the expenditure front, capital projects must be fast tracked so that high impact projects earmarked for this fiscal year are implemented in a timely manner.

Government's overall fiscal performance in the first half of the fiscal year was satisfactory however, it needs to be mindful of the fiscal risks that could affect its plans in the second half. Risks associated with climate change and natural disasters and potential slowdown in the domestic economy due to spillovers from the global economy and on-going supply and capacity issues in some key sectors and labour market challenges needs to be managed going forward.

Shiri Gounder

Permanent Secretary for Finance

Ministry of Finance, Strategic Planning, National Development & Statistics

11 March 2024

Annex 1:
Cashflow Statements

	Annual Budget	6 Months	6 Months	6 Months	6 Months	6 Months	6 Months	6 Months	6 Months	6 Months
	2023-2024	Forecast	Actual	Variance	Variance	Actual	Actual	Variance	Variance	% of
	(\$m)	2023-2024	2023-2024	2023-2024	2023-2024	2022-2023	2023-2024	2023-2024	2023-2024	2023-2024
										Annual Budget
CASH FLOWS FROM OPERATING ACTIVITIES										
Receipts										
Direct Taxes	816.4	417.5	493.3	75.9	18.2%	333.0	493.3	160.3	48.1%	60.4%
Indirect Taxes (excluding Government VAT)	2,180.34	1063.4	1019.0	-44.4	-4.2%	824.3	1019.0	194.7	23.6%	46.7%
Fees, Fines & Charges	166.6	81.3	72.7	-8.5	-10.5%	75.5	72.7	-2.8	-3.7%	43.6%
Sales Revenue	0.0	0.0	0.0	0.0	0.0%	0.0	0.0	0.0	0.0%	0.0%
Grants in aid	216.8	108.4	40.3	-68.0	-62.8%	13.0	40.3	27.3	209.7%	18.6%
Dividends from Investments	124.6	91.9	109.6	17.7	19.3%	49.1	109.6	60.5	123.3%	87.9%
Reimbursement & Recoveries	46.7	7.2	4.7	-2.5	-35.1%	5.0	4.7	-0.3	-6.4%	10.0%
Other Revenue & Surpluses	31.7	15.4	19.6	4.2	27.3%	19.2	19.6	0.4	2.1%	61.9%
Total operating receipts	3,583.2	1,785.0	1,759.2	-25.8	-1.4%	1,319.1	1,759.2	440.0	33.4%	49.1%
Payments										
Personnel	1064.0	576.6	495.5	-81.1	-14.1%	479.0	495.5	16.5	3.4%	46.6%
Transfer payments	874.4	563.9	406.8	-157.1	-27.9%	332.7	406.8	74.1	22.3%	46.5%
Supplies and consumables	335.1	274.7	145.3	-129.4	-47.1%	146.4	145.3	-1.2	-0.8%	43.3%
Purchase of outputs	226.7	138.6	105.0	-33.6	-24.2%	72.3	105.0	32.7	45.2%	46.3%
Interest paid	535.4	282.5	258.4	-24.1	-8.5%	213.2	258.4	45.2	21.2%	48.3%
Other operating payments	1.2	0.6	0.1	-0.5	-88.9%	0.3	0.1	-0.3	-80.9%	5.5%
Total operating payments	3,036.87	1,836.9	1,411.0	-425.8	-23.2%	1,244.0	1,411.0	167.0	13.4%	46.5%
Net cash flows from operating activities	546	-51.9	348.1	400.1	-770.5%	75.1	348.1	273.0	363.5%	63.7%
As % of GDP	4.1%	-0.4%	2.6%			0.6%	2.9%			
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Sale of Government Assets	5.2	5.2	7.5	2.3	44.9%	1.4	7.5	6.1	430.5%	144.9%
Interest from Bank Balance	0.5	0.3	0.9	0.6	241.5%	0.2	0.9	0.7	322.7%	170.7%
Interest on Term Loans	0.9	0.4	0.2	-0.3	-63.9%	0.4	0.2	-0.2	-59.3%	18.1%
Return of Surplus Capital from Investment	0.1	0.1	0.0	-0.1	-100.0%	0.1	0.0	-0.1	-100.0%	0.0%
Total investing receipts	6.7	6.0	8.6	2.6	43.7%	2.1	8.6	6.5	308.9%	128.8%
Payments										
Loans	0.0	0.0	0.0	0.0	0.0%	21.2	0.0	-21.2	-100.0%	0.0%
Transfer Payments	965.6	595.8	427.5	-168.3	-28.3%	493.1	427.5	-65.6	-13.3%	44.3%
Purchase of physical non-current assets	226.5	97.6	44.2	-53.4	-54.7%	41.7	44.2	2.5	6.0%	19.5%
Total investing payments	1,192.12	693.4	471.7	-221.7	-32.0%	556.0	471.7	-84.3	-15.2%	39.6%
Net cash flows from investing activities	-1,185.4	-687.4	-463.1	224.3	-32.6%	-553.9	-463.1	90.8	-16.4%	
As a % of GDP	-8.9%	-5.20%	-3.51%			-4.7%	-3.9%			
Net (Deficit)/Surplus	-639.1	-739.3	-114.9			-478.8	-114.9			
% of GDP	-4.8%	-5.6%	-0.9%			-4.0%	-0.9%			
GDP at Market Prices	13,266.6	13,208.8	13,208.8			11,868.7	13,208.8			

Summary	Annual Budget	Forecast	Actual	Variance	Variance	Actual	Actual	Variance	Variance	% of
	2023-2024	2023-2024	2023-2024	2023-2024	2023-2024	2022-2023	2023-2024	2023-2024	2023-2024	2023-2024
	(\$m)	(\$m)	(\$m)	(\$m)	(%)	(\$m)	(\$m)	(\$m)	(%)	Annual Budget
Total Revenue	3,700.7	1,868.3	1,798.4	-69.9	-3.7%	1,340.1	1,798.4	458.3	34.2%	48.6%
Tax Revenue	3,107.7	1,558.2	1,542.9	-15.3	-1.0%	1,176.1	1,542.9	366.7	31.2%	49.6%
Non-Tax Revenue	593.1	310.1	255.5	-54.6	-17.6%	163.9	255.5	91.6	55.9%	43.1%
Total Expenditure	4,339.9	2,607.6	1,913.3	-694.3	-26.6%	1,818.8	1,913.3	94.5	5.2%	44.1%
Operating Expenditure	3,036.9	1,836.9	1,411.0	-425.8	-23.2%	1,244.0	1,411.0	167.0	13.4%	46.5%
Capital Expenditure	1,192.1	693.4	471.7	-221.7	-32.0%	556.0	471.7	-84.3	-15.2%	39.6%
SEG 13 VAT	110.9	77.4	30.6	-46.8	-60.5%	18.8	30.6	11.8	62.6%	27.6%
Net Deficit	-639.1	-739.3	-114.9	624.4	-84.5%	-478.8	-114.9	363.9	-76.0%	18.0%
% of GDP	-4.8%	-5.6%	-0.9%	4.7%	-84.5%	-4.0%	-0.9%	3.2%	-78.4%	
Nominal GDP	13,266.6	13,208.8	13,208.8			11,868.7	13,208.8			

* Compared to the overall Net Tax Revenue Collections, the difference in tax revenue arises due to the timing of revenue receipts. Minor difference between constituent figures and totals are due to rounding.

Tax Performance

Particulars	Annual Budget	6 Months	6 Months	6 Months	6 Months	6 Months	6 Months	6 Months	6 Months	6 Months	
		Forecast	Actual	Variance	Variance	Actual	Actual	Variance	Variance	% of	
		2023-2024	2023-2024	2023-2024	2023-2024	2023-2024	2022-2023	2023-2024	2023-2024	2023-2024	2023-2024
		(\$m)	(\$m)	(\$m)	(\$m)	(%)	(\$m)	(\$m)	(\$m)	(%)	Annual Budget
Income Tax Collection											
PAYE Tax	178,020,012.1	86,444,680.6	94,209,658.3	7,764,977.7	9.0%	78,917,493.7	94,209,658.3	15,292,164.6	19.4%	52.9%	
Withholding & Dividend Tax	120,091,492.2	63,250,248.5	70,429,912.0	7,179,663.5	11.4%	58,054,569.7	70,429,912.0	12,375,342.2	21.3%	58.6%	
Company Tax	415,361,742.9	220,044,400.7	266,222,463.9	46,178,063.1	21.0%	166,140,342.1	266,222,463.9	100,082,121.8	60.2%	64.1%	
Other Taxes	29,186,181.4	12,020,086.2	13,778,754.2	1,758,668.0	14.6%	11,032,698.7	13,778,754.2	2,746,055.5	24.9%	47.2%	
Provisional Tax	20,575,342.7	10,933,217.8	7,798,677.2	-3,134,540.6	-28.7%	10,035,110.9	7,798,677.2	-2,236,433.6	-22.3%	37.9%	
Other Misc Tax	24,234,535.9	10,990,224.9	20,703,986.5	9,713,761.6	88.4%	10,087,435.2	20,703,986.5	10,616,551.4	105.2%	85.4%	
ICT Business Licence Fee	88,459.5	88,460.0	0.0	-88,460.0	-100.0%	0.0	0.0	0.0	0.0%	0.0%	
Tourist VAT Refund Registration Fee	201,367.8	191,041.2	190,006.7	-1,034.6	-0.5%	256,541.2	190,006.7	-66,534.6	-25.9%	94.4%	
Yacht Agent Registration	64,646.8	42,422.8	53,541.2	11,118.3	26.2%	38,938.0	53,541.2	14,603.2	37.5%	82.8%	
Gross Revenue	787,823,781.3	404,004,782.8	473,386,999.9	69,382,217.1	17.2%	334,563,129.5	473,386,999.9	138,823,870.5	41.5%	60.1%	
Less: Refunds	-14,612,746.0	-7,493,578.4	-13,039,391.6	-5,545,813.2	74.0%	-6,155,656.4	-13,039,391.6	-6,883,735.2	111.8%	89.2%	
Less: Film Tax Rebates		0.0	0.0	0.0	0.0%	-16,785,393.6	0.0	16,785,393.6	-100.0%	0.0%	
Net Income Tax	773,211,035.3	396,511,204.4	460,347,608.3	63,836,403.9	16.1%	311,622,079.5	460,347,608.3	148,725,528.8	47.7%	59.5%	
Value Added Tax											
Customs Import VAT	928,866,095.0	468,431,247.2	463,086,657.6	-5,344,589.6	-1.1%	317,685,263.3	463,086,657.6	145,401,394.3	45.8%	49.9%	
Domestic VAT	972,155,632.0	500,021,000.8	424,908,440.3	-75,112,560.6	-15.0%	325,725,729.6	424,908,440.3	99,182,710.7	30.4%	43.7%	
Other Government Departments	17,744,065.5	8,786,158.0	7,357,174.4	-1,428,983.6	-16.3%	5,611,293.9	7,357,174.4	1,745,880.5	31.1%	41.5%	
Gross VAT Collection	1,918,765,792.5	977,238,406.0	895,352,272.3	-81,886,133.8	-8.4%	649,022,286.8	895,352,272.3	246,329,985.5	38.0%	46.7%	
Less: VAT Refunds	-383,753,158.5	-203,247,681.2	-208,032,053.6	-4,784,372.4	2.4%	-116,235,266.9	-208,032,053.6	-91,796,786.7	79.0%	54.2%	
Less: Tourist VAT Refunds	-1,938,359.7	-969,179.9	-1,099,740.1	-130,560.3	13.5%	-1,045,925.4	-1,099,740.1	-53,814.7	5.1%	56.7%	
Net VAT Collection	1,533,074,274.3	773,021,545.0	686,220,478.6	-86,801,066.4	-11.2%	531,741,094.5	686,220,478.6	154,479,384.1	29.1%	44.8%	
Capital Gains Tax	23,403,383.3	11,735,111.6	21,922,613.8	10,187,502.2	86.8%	9,394,350.4	21,922,613.8	12,528,263.4	133.4%	93.7%	
Service Turnover Tax	0.0	5,101,645.5	36,095.6	-5,065,550.0	-99.3%	52,799.9	36,095.6	-16,704.4	-31.6%	0.0%	
Environment and Climate Adaptation Levy	9,759,364.5	0.0	5,208,886.4	5,208,886.4	0.0%	4,344,395.8	5,208,886.4	864,490.7	19.9%	53.4%	
Stamp Duty	0.0	0.0	66,000.8	66,000.8	0.0%	87,383.9	66,000.8	-21,383.1	-24.5%	0.0%	
Social Responsibility Tax	0.0	0.0	5,195,759.3	5,195,759.3	0.0%	3,136,690.4	5,195,759.3	2,059,068.9	65.6%	0.0%	
Telecommunication Levy	944,173.0	492,686.1	423,713.2	-68,972.9	-14.0%	452,214.5	423,713.2	-28,501.3	-6.3%	44.9%	
Fringe Benefit Tax	19,823,803.1	9,204,537.0	8,438,159.2	-766,377.8	-8.3%	8,448,432.2	8,438,159.2	-10,273.0	-0.1%	42.6%	
Customs Collections											
Fiscal Duty	385,265,966.2	198,459,136.7	191,805,206.6	-6,653,930.1	-3.4%	166,809,639.5	191,805,206.6	24,995,567.1	15.0%	49.8%	
Import Excise Duty	9,204,244.5	4,719,426.1	12,183,447.9	7,464,021.7	158.2%	4,331,764.6	12,183,447.9	7,851,683.3	181.3%	132.4%	
Excise Duty	155,900,603.1	69,651,160.5	76,398,069.6	6,746,909.1	9.7%	64,317,612.2	76,398,069.6	12,080,457.5	18.8%	49.0%	
Export Duty	8,021,046.0	4,042,154.5	4,180,875.1	138,720.6	3.4%	3,710,112.5	4,180,875.1	470,762.6	12.7%	52.1%	
Luxury Vehicle Levy	470,000.0	240,000.0	630,000.0	390,000.0	162.5%	310,000.0	630,000.0	320,000.0	103.2%	134.0%	
Misc Fees/Charge			130,000.00	130,000.00	0.0%	0.0	130,000.00	130,000.00	0.0%	0.0%	
Other Sundries	326,171.6	122,841.0	102,026.4	-20,814.6	-16.9%	112,750.2	102,026.4	-10,723.9	-9.5%	31.3%	
Gross Customs Collections	559,188,031.5	277,234,718.8	285,429,625.6	8,194,906.8	3.0%	239,591,879.0	285,429,625.6	45,837,746.6	19.1%	51.0%	
Less: Rebates	-3,194,716.0	-1,629,984.0	-1,556,420.3	73,563.7	-4.5%	-1,037,630.5	-1,556,420.3	-518,789.8	50.0%	48.7%	
Less: Misc Fees/Charges	0.0	0.0	0.0	0.0	0.0%	0.0	0.0	0.0	0.0%	0.0%	
Net Customs Collection	555,993,315.5	275,604,734.8	283,873,205.3	8,268,470.5	3.0%	238,554,248.4	283,873,205.3	45,318,956.8	19.0%	51.1%	
Resource Tax	91,640,358.0	40,996,829.6	33,894,405.9	-7,102,423.7	-17.3%	36,041,169.3	33,894,405.9	-2,146,763.3	-6.0%	37.0%	
Departure Tax	99,809,835.9	45,512,108.5	39,803,654.5	-5,708,454.0	-12.5%	32,469,148.8	39,803,654.5	7,334,505.7	22.6%	39.9%	
Overall Net Tax Revenue Collections	3,107,659,542.9	1,558,180,402.5	1,545,430,580.8	-12,749,821.7	-0.8%	1,176,344,007.5	1,545,430,580.8	369,086,573.3	31.4%	49.7%	