



**May FY23/24**

## Monthly Fiscal Performance

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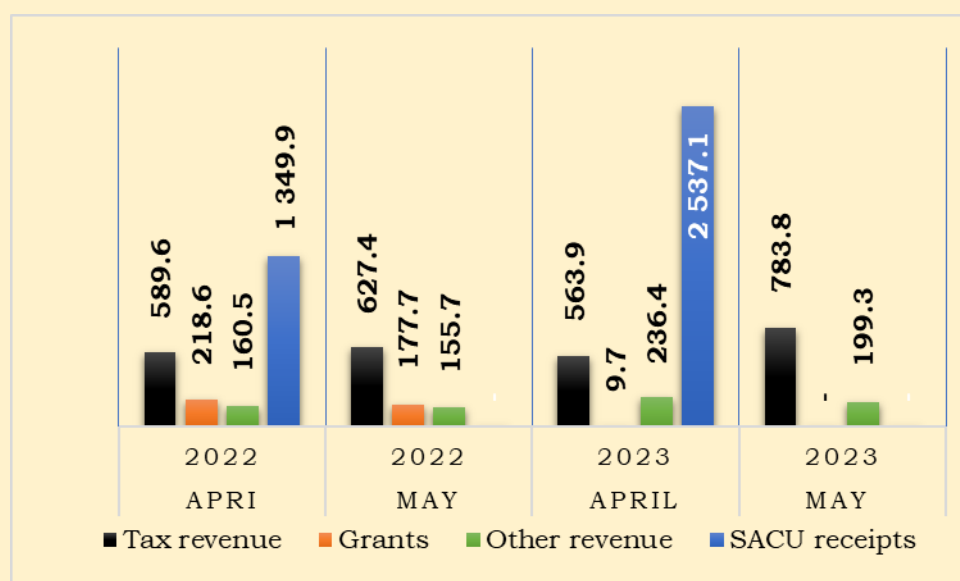
### Government Revenues

Government revenue collection is driven by the state of the economy, the fiscal policy choices, legislation, administrative efficiency, taxpayer compliance, tax morality and sentiment.

#### **Total Revenue down by 71 percent in May 2023.**

Total revenue collected in May 2023 totalled M983 million less by M2,364 million against the previous month's collection of M3,347 million. The observed slowdown stems mainly from SACU revenue which is only remitted to Member States in the first month of each quarter of the fiscal year. Despite nil SACU revenue receipts, Grants from foreign governments and other international organisations were also not recorded for the month. The reason for not receiving grants during the month of May, will be better understood as additional information becomes available. Also contributing to the shortfall in total revenue for May compared to the month of June, was non-tax revenue, which slowed by 16 percent compared with the previous month's collection.

Figure 1: Revenue Monthly Performance by category



Source: MoF&DP – Department of Economic Policy

### Tax revenue up by 33 percent in May 2023.

In May 2023, revenue was purely driven by tax revenue which contributed about 80 percent to the total, while in April of the same year, only 17 percent of tax revenue contributed to the total leaving SACU to be the main driver of total revenue collection for April. The driving force behind better tax collection in May as opposed to April was attributed to improved sentiments compounded with accommodative economic conditions during the review period. Taxpayer compliance also played critical part in bettering tax collection.

The changes in tax revenue from last month were as follows:

- **Total income tax** collection improved to M372 million in May reflecting an increase of M105 million against April collection.
- **Taxes on goods and services** improved by M115 million (or 39%) relative to the previous month driven mainly by Value Added Tax (VAT) which expanded by M52 million (or 20%) relative to the previous month and 19 percent better than the same month of 2022. Further contributing to better performance of taxes on goods and services was M33 million collected for alcohol and tobacco levies which contributed 3 percent of total revenue and 8.1 percent of total taxes on goods and services.

Table 1: Statement of Revenue (as of end April - 23) In Million LSL

	Apr-22 <i>Act.</i>	May-22 <i>Act.</i>	Apr-23 <i>Act.</i>	May-23 <i>Act.</i>
<b>Revenue</b>	<b>2 318.6</b>	<b>960.8</b>	<b>3 347.1</b>	<b>983.1</b>
<b>Tax revenue</b>	<b>589.6</b>	<b>627.4</b>	<b>563.9</b>	<b>783.8</b>
Taxes on income, profits, and capital gains	259.6	324.0	267.4	372.1
Payable by individuals	151.0	188.4	155.56	216.46
Payable by corporations and other enterprises	55.1	68.8	56.78	79.01
Unallocable	53.5	66.7	55.10	76.67
Withholding Tax	50.9	63.5	52.4	72.9
Fringe Benefit Tax	2.6	3.3	2.7	3.7
Taxes on goods and services	330.0	303.5	296.5	411.7
General Taxes on Goods and Services	282.2	259.3	256.8	309.3
Value-added tax	282.2	259.3	256.80	309.27
Excise taxes	46.5	42.6	38.31	67.37
Motor Vehicle Assurance	1.1	0.9	-	0.90
Oil Levy	28.6	26.3	14.14	27.54
Petroleum Levy	2.4	2.1	14.92	15.53
Road Maintenance Levy	14.3	13.3	9.25	23.39
Profits on fiscal monopolies	-	-	-	33.20
Taxes on specific services	1.3	1.6	1.3	1.9
Gaming levy	1.3	1.6	1.34	1.87
other	-	-	-	-
<b>Grants</b>	<b>218.6</b>	<b>177.7</b>	<b>9.7</b>	<b>-</b>
From foreign governments	42.1	-	9.7	-
From international organisations	176.6	177.7	-	-
<b>Other revenue</b>	<b>160.5</b>	<b>155.7</b>	<b>236.4</b>	<b>199.3</b>
Property income	45.1	39.1	118.9	18.1
Dividends	-	23.2	59.9	-
Dividends Received from Financial Public Corporations	-	23.2	52.57	-
Dividends Received from Non Financial Public Corporations	-	-	7.28	-
Mining	-	-	-	-
Rent	45.1	10.9	54.1	18.1
Royalties (Mining)	44.9	10.9	53.98	18.12
Sales of goods and services	115.4	116.6	117.4	118.1
Sales by market establishments	111.4	116.1	116.9	117.3
Electricity 'Muela	3.8	5.5	4.76	5.16
Water Royalties - LHDA	107.7	110.6	112.16	112.16
<b>SACU receipts</b>	<b>1 349.9</b>	<b>-</b>	<b>2 537.1</b>	<b>-</b>

Source: MoF&amp;DP – Department of Economic Policy

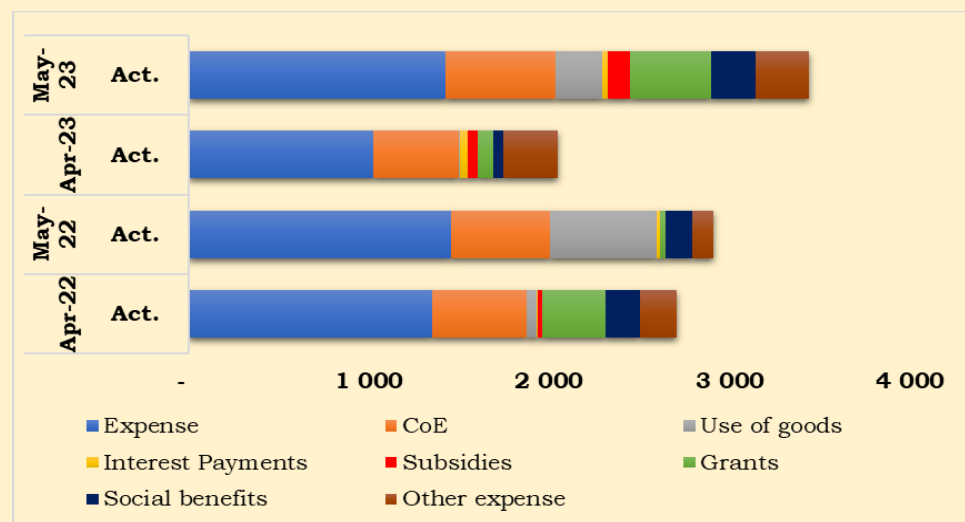
## Public Spending

### Recurrent Expenditure:

#### Total Outlays up by 39 percent in May 2023.

Outlays in the month of May 2023 were M401.8 million (or 39%) more compared with the previous month and M28.2 million (2%) less when compared to the same period last year.

Figure 2: Recurrent Spending by category



Source: MoF&DP – Department of Economic Policy

The largest single increase was in outlays for compensation of employees, which rose by M129 million (or 27%) representing 10 percent against the same month of 2022. This was mainly driven by payment of the 2.5 percent cost of living adjustment that was approved to commence in April 2023, but due to some delays was adjusted for May 2023 compensation of employees and therefore included April arrears.

Outlays for use of goods and services increased by a total of M256.1 million (or 71%) compared to the previous month and less by 326.9 million compared with outlays for May 2022.

Spending for Social Security benefits rose to M247 million from M56.1 million in April of the review year because of increases both in the number of beneficiaries and in the average benefit payment, which rose primarily because of cost-of-living adjustments.

Table 3: Statement of Expenditure (as of end May 2023) In Million LSL

	Apr-22	May-22	Apr-23	May-23
	<i>Act.</i>	<i>Act.</i>	<i>Act.</i>	<i>Act.</i>
<b>Expense</b>	<b>1 352.4</b>	<b>1 452.9</b>	<b>1 023.0</b>	<b>1 424.8</b>
<b>Compensation of Employees</b>	<b>524.0</b>	<b>552.1</b>	<b>477.8</b>	<b>607.1</b>
Wages and salaries	483.0	504.1	477.8	508.3
Social Contributions	41.1	47.9	-	98.8
<b>Use of goods and services</b>	<b>51.2</b>	<b>586.7</b>	<b>3.6</b>	<b>259.7</b>
Operating Costs	40.1	281.8	1.4	230.9
<b>Interest Payments</b>	<b>5.4</b>	<b>20.8</b>	<b>44.8</b>	<b>34.4</b>
To nonresidents	3.7	18.5	3.8	27.8
To residents other than general government	1.7	2.3	41.0	6.6
<b>Subsidies</b>	<b>29.5</b>	<b>2.1</b>	<b>53.9</b>	<b>119.2</b>
To public corporations	27.1	-	39.0	103.6
On products	2.4	2.1	14.9	15.5
<b>Grants</b>	<b>350.5</b>	<b>31.0</b>	<b>86.7</b>	<b>451.9</b>
To other general government units	350.5	31.0	86.7	451.9
Current	332.3	17.7	77.4	422.0
Capital	18.2	13.3	9.3	30.0
<b>Social benefits</b>	<b>187.0</b>	<b>144.8</b>	<b>56.1</b>	<b>247.0</b>
Social assistance benefits	143.7	81.8	11.7	162.1
Employer social benefits	43.3	63.1	44.5	85.0
<b>Other expense</b>	<b>204.8</b>	<b>115.5</b>	<b>300.0</b>	<b>294.6</b>

Source: MoF&amp;DP – Department of Economic Policy

## Operating Surplus/Deficit

Because of the large outflows during the month of May, the Government operations have recorded a budget deficit of M474.8 million. The observed budget deficit follows a huge surplus of M2,324.1 in April which was a response from received SACU payment of M2,537.1 million. The deficit was financed by drawdown of official reserves.

Table 4: Budget Totals

	Apr-22	May-22	Apr-23	May-23
	<i>Act.</i>	<i>Act.</i>	<i>Act.</i>	<i>Act.</i>
Revenue	2 319	961	3 347	950
Expense	1 352	1 453	1 023	1 425
<b>Gross Operating Balance</b>	<b>966</b>	<b>-492</b>	<b>2 324</b>	<b>-475</b>

Source: MoF&amp;DP – Department of Economic Policy