



Lao People's Democratic Republic
Peace Independence Democracy Unity Prosperity

Ministry of Finance

Government Finance Statistics 1st Semi-annual
Report 2023
(Unofficial Translation)

I. Overall budget execution over the first half of 2023

This report compiles statistical data on budget execution for the first half of 2023 (six months) based on the Government Finance Statistics (GFS) Standard (excluding the revenue from the sale of state assets and on-lending capital return from January to June 2023), and it was also compared with the same period of the previous year to recognize the changes in budget execution and use as a baseline for further study and research.

The state budget plan execution of the first half of 2023 (six months) is to focus on executing the revenue–expenditure under the expected plan that has been approved by the national assembly to unlock the obstacles in the budget to be more fluid by increasing budget revenue, applying modern tools and reducing unnecessary budget expenditure measure and can be summarized as follow.

1) Implementing policy, manual, and measure for state budget revenue execution:

- Preventing budget leakage and collecting budget revenue from the import side;
- Finding another revenue from Laos – China rail transportation by collecting container service fees;
- Expanding the value-added – tax (VAT) base in order to push business sectors that have not been in the value-added tax system;
- Expanding the revenue base: profit tax, income tax, excise duties, and enterprise micro tax base.
- Collecting revenue from the new base by following fixed revenue collection from mining export and running business related to digital assets (Cryptocurrencies).

2) Modernizing tools in revenue management, applying the Automated System for Customs Data (ASYCUDA)in every custom duty nationwide, applying TaxRIS, and using the accounting system (APIS, Bansi.la).

3) Implementing policy, manual, and measure for state budget expenditure:

- Following the save cost policy and anti-extravagance decree; NO.205, Dated 22 July 2022, and Agreement on Determining State Budget Expenditures; NO. 0200, dated 25 January 2023, to be concreted and scientific in order to guarantee priority and necessary expenditures and also check every document strictly before doing any disbursement so the related sectors can manage the budget for the right purpose and effectively.
- Following the law on procurement and employment with state fund NO.30, dated 02 November 2017, to focus on state budget management to be effective, efficient, safe, impartial, transparent, and checkable to contribute to National Socio–Economic Development Plan (NSEDPP).
- Prioritizing salary, benefits, and other allowances payments by assigning to both central and local levels to manage these payments in order to guarantee that these budgets will be paid regularly.
- Evaluating the implementation of the self-supporting budget unit trial to transition to a self-supporting budget gradually.

II. Executive summary of implementing state budget revenue and expenditure for the first six months of 2023 (January - June)

1. State budget plan 2023:

- Total budget plan revenue: 37,823 billion LAK (excluding the revenue from the sale of state assets and on-lending capital return):
 - + Internal revenue: 34,273 billion LAK;
 - + Grants revenue: 3,550 billion LAK;

- Total budget plan expenditure: 43,498 billion LAK, including:
 - + Current expenditure 29,030 billion LAK;
 - + Capital expenditure 14,468 billion LAK;

- Deficit plan: 5,675 billion LAK, equals to 2.4 percent of GDP (GDP was approximately 24,160 billion LAK)

2. Result of implementing state budget plan execution for the first six months of 2023:

- Revenue: The total collected budget for the first six months of 2023 achieved 19,485 billion LAK, which equals 51.5 percent of the annual plan and increased by 45.6 percent compared with recent years.
- **Tax revenue:** achieved 15,642 billion LAK, accounted for 53.2 percent of the plan, and increased by 20.8 percent compared to the same period of 2022 (January to June achieved 10,628 billion LAK) rose up 47.2 percent, which includes:
 - Profit tax: stood at 1,770 billion LAK, equal to 31.8 percent of the plan, and increased by 20.8 percent compared to the same period of 2022.
 - Income tax: stood at 1,385 billion LAK, equals 49.25 percent of the plan and increased by 101.5 percent compared to the same period of 2022.

- Value-added tax: stood at 3,478 billion LAK, equals 49.25 percent, and increased by 25.9 percent compared to the same period of 2022.
- Excise tax: stood at 3,303 billion LAK, equal to 53.3 percent of the plan, and increased by 4.1 percent compared to the same period of 2022.
- Import tax: stood at 1,838 billion LAK, equal to 82 percent of the plan, and increased by 88.7 percent compared to the same period of 2022.
- Export tax: stood at 404 billion LAK, equal to 58.1 percent of the plan, and increased by 211.6 percent compared to the same period of 2022.
- Natural resources taxes: stood at 1,417 billion LAK, equal to 62.1 percent of the plan, and increased by 128.6 percent compared to the same period of 2022.
- Hydropower royalties: stood at 394 billion LAK, which equals 33.2 percent of the plan and increased by 131.3 percent compared to the same period of 2022.
- **Non-tax revenue:** stood at 3,215 billion LAK, which equals 66.3 percent of the plan and increased by 85.3 percent compared to the same period of last year. The majority of non-tax revenue is covered by:
 - Leasing Fees: stood at 211 billion LAK, equals to 438.3 percent of the plan and increased by 154.5 percent compared to the same period of last year;
 - Concessions: stood at 478 billion LAK, equals 243.9 percent of the plan and increased by 143.8 percent compared to the same period of last year;
 - Administration Fees: stood at 412 billion LAK, equal to 35.3 percent of the plan, and increased by 53.4 percent compared to the same period of last year.
 - Dividends: stood at 704 billion LAK, equal to 79.6 percent of the plan and increased by 53.4 percent compared to the same period of last year;
 - Interest: stood at 99 billion LAK, equal to 12.7 percent of the plan, and increased by 31.6 percent compared to the same period of last year;
 - Overflight rights: stood at 629 billion LAK, equal to 73.6 percent of the plan and increased by 405.8 percent compared to the same period of last year;
 - Grant revenue: stood at 628 billion LAK, equals 17.7 percent of the plan and decreased by 38.5 percent compared to the same period of last year;

 **Expenditure:**

Total expenditure for the first six months of 2023 recorded an amount of 14,197 billion LAK equals 32.6 percent of the plan, increased by 19.1 percent compared to the same period of the previous year. The expenditure includes:

- Current expenditure: stood at 11,111 billion LAK, equal to 38.3 percent of the plans. Salaries and wages were 6,235 billion LAK, equal to 46.9 percent of the annual plan; subsidies and transfers amounted to 1.538 billion LAK, equals 35.3 percent; interest was 1,1951 billion LAK (external interest was 1,607 billion LAK and internal interest was 345 billion LAK) equals to 26 percent of the annual plan.
- Capital expenditure: stood for 3,086 billion LAK, equal to 21.3 percent of the annual plan, and increased by 20.8 percent compared to the same period of last year.

 **Budget financing:**

Total budget implementation of the first six months of 2023 has shown that the revenue is higher than the expenditure leading to a budget surplus, which equals to the amount of 5,289 billion LAK.

Table 1: Implementing revenue for the first six months of 2023 compared with the same period of 5 years backward

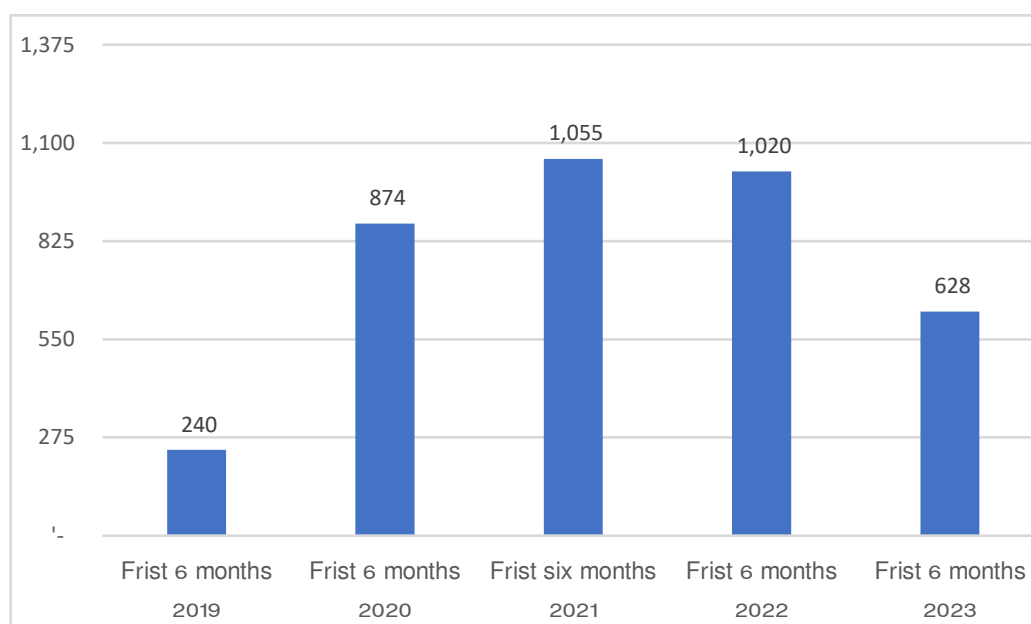
(Billion dollars)

No	Detail	Six months 2019	Six months 2020	Six months 2021	Six months 2022	Six months 2023	% compared with 2022	% compared to plan 2023
I	<u>Tax Revenues</u>	<u>9.498</u>	<u>7.621</u>	<u>8.531</u>	<u>10.628</u>	<u>15.642</u>	<u>47,18%</u>	<u>53,16%</u>
1	Profit tax	922	565	1.049	1.465	1.770	20,77%	31,80%
2	Income tax	894	654	661	687	1.385	101,49%	49,25%
3	Land tax	112	147	62	100	93	-7,59%	45,63%
4	Added-value tax	3.191	2.244	2.529	2.763	3.478	25,90%	50,43%
5	Excise tax	2.713	1.948	2.374	3.174	3.303	4,07%	53,35%
6	Import tax	620	533	402	974	1.838	88,66%	82,00%
7	Export tax	24	8	9	130	404	211,57%	58,11%
8	Registrations fees	3	3	21	18	102	460,85%	113,99%
9	Other fees	513	1.014	915	525	1.456	177,63%	116,04%
10	Resources tax	343	290	366	620	1.417	128,58%	62,13%
11	Timber royalties	4	9	10	2	4	79,00%	47,59%
12	Hydro-power royalties	161	206	132	170	394	131,34%	33,17%
II	<u>Non – tax Revenues</u>	<u>1.841</u>	<u>1.109</u>	<u>1.341</u>	<u>1.735</u>	<u>3.215</u>	<u>85,26%</u>	<u>66,32%</u>
1	State asset leasing fees	21	20	23	83	211	154,50%	438,27%
2	Concession	35	45	24	196	478	143,85%	243,86%
3	Fines	12	19	8	11	157	1.338,21%	226,78%
4	Administration fees	216	195	267	335	412	23,09%	35,31%

5	Dividend	747	368	445	459	704	53,43%	79,60%
6	On-lending interests	298	98	89	75	99	31,63%	12,68%
7	Over flight rights	449	319	78	124	629	405,81%	73,59%
8	Funds	10	2	351	358	398	11,02%	53,33%
9	Other revenues	53	43	56	94	127	34,99%	125,89%
III	<u>Total internal revenue</u>	<u>11.339</u>	<u>8.730</u>	<u>9.871</u>	<u>12.363</u>	<u>18.857</u>	<u>52,53%</u>	<u>55,02%</u>

Source : Fiscal Policy Department, Ministry of Finance.

Figure 1: Grants revenue of the first six months of 2023 compared with the same period of the previous years.



Source: Fiscal Policy Department, Ministry of Finance.

Table 2: Total expenditure of the first six months of 2023 compared with the previous years.

No	Detail	Six months 2019	Six months 2020	Six months 2021	Six months 2022	Six months 2023	% compared with 2022	% compared with plan 2023
1	Salary and Benefit	5.485	5.362	5.699	6.135	6.235	1,6%	46,9%
	- Base salary	4.388	4.392	4.520	4.882	4.909	0,6%	46,8%
	- Benefit	1.097	970	1.178	1.252	1.326	5,9%	47,4%
2	Intervention and subsidies	1.146	991	1.084	1.174	1.538	31,0%	35,3%
	-Other allowances	761	716	775,28	673	772	14,6%	38,6%
	- General intervention	379	261	296,57	480	686	43,0%	30,8%
	- Contribution to int.org	5	14	12,291	20	80	298,7%	66,4%
3	Materials and equipment	849	476	537,5	679	1.039	53,0%	33,0%
4	VAT Refund	0	0	4,963	79	13	-83,0%	9,0%
5	Interest	1.355	1.364	1.044	1.356	1.951	43,9%	26,1%
	- external	1.127	1.207	836,52	1.021	1.607	57,4%	27,7%
	- Domestic	228	157	207,27	335	345	2,9%	20,6%
6	Others	14	52	31,79	17	159	802%	26,5%
	Govt. and local reserve funds	14	52	31,785	17	59	246,3%	39,2%
	State accumulation fund	0	0	0	0	100	100%	25,0%
	Disaster					72	100%	
	Exp.for rev. exceeding plan					103	100%	
I	Current expenditure	8.849	8.245	8.401	9.362	11.111	18,7%	38,2%
II	Capital expenditure	2.536	2.563	2.524	2.554	3.086	20,8%	21,3%
1	- Domestic capital	1.187	523	630,02	595	574	-3,5%	13,3%
2	- External capital	1.348	2.041	1.894	1.958	2.512	28,3%	24,8%

	+ Project loans	1.109	1.166	838,78	938	1.884	100,9%	28,6%
	+ Project grants	240	303	332,01	270	389	43,7%	36,9%
	+ Non–project grants	0	527	723,29	749	239	-68,1%	9,6%
III	Total expenditure (I+II)	<u>11.385</u>	<u>10.808</u>	<u>10.925</u>	<u>11.916</u>	<u>14.197</u>	<u>19,1%</u>	<u>32,6%</u>

Source: Fiscal Policy Department, Ministry of Finance.