

Advocata Institute: Let's Reset Sri Lanka

5th August 2022

Mick Moore: Taxation, stability
and growth



Context

1. Long history of Sri Lankan business and individuals on average paying little tax. Note historical shift from high-tax tea and rubber exporting to low-tax or tax-exempt tourism and garments.
2. Challenge now is to quickly increase revenue collection as a % of GDP. Doing that requires careful attention to:
 - ▶ Tax administration, that has long been drifting
 - ▶ Reforming taxes with a very heavy emphasis on fairness – in practice & through a consistent narrative

Some core components of a fairness agenda

1. Personal Income Tax Payers are an endangered species in Lanka. We need more, and bigger
2. We need a major evaluation of both existing and future business tax exemptions. Far too many. (The primary issue is not whether corporates on average pay too little, but which of them barely pay at all)
3. Serious real estate taxes
4. Do not be frightened of VAT. It need not be regressive, and can be a very efficient tax mechanism