



Lao People's Democratic Republic
Peace Independence Democracy Unity Prosperity

Ministry of Finance

Government Finance Statistics
1st Semi-annual Report 2024

I. Overall budget execution for the first 6 months of 2024

This report compiles statistical data on budget execution for the first six months of 2024, 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 2024). It also includes a comparison with the same period of the previous year to identify changes in budget execution over the past period and to serve as preliminary data for future studies and research.

The state budget plan execution for the first six months of 2024 aims to execute the revenue–expenditure under the expected plan that has been approved by the National Assembly. The objectives include addressing budgetary challenges, improving liquidity by increasing budget revenues, applying modern tools and reducing unnecessary expenditures. This can be summarized as follows:

1) The implementation of policies, manual, and measures for state budget revenue execution:

- Preventing budget leakage and optimizing revenue collection from imports;
- Establish new revenue sources leveraging the potential of Lao-China rail transportation by collecting container service fees;
- Adjust and increase consumption excise duty rates on alcoholic beverages and tobacco products;
- Implement an increase in the Value-Added-Tax (VAT) rate from 7% to 10%, effective April 1, 2024;
- Expand the VAT base to include more businesses currently not included under the VAT system;
- Review tax policies, including import and domestic taxes, covering both import and domestic taxes, with particular attention to revising the Investment Promotion Law to ensure that tax exemptions are consistent with fiscal regulations;
- Expand the tax base for profit tax, income tax, consumption tax, and small enterprise tax;
- Expand the income tax base by enhancing cooperation with neighboring countries, promoting participation in the PTIN system, addressing mining and cryptocurrency transactions;
- Implement land tax laws and conduct property valuations every three years;
- Implement environmental management and safety tax fees for telecommunications;
- Utilize future carbon credit trading to generate significant revenue;
- Using modern tools in revenue management, applying the Automated System for Customs Data (ASYCUDA) in every custom duty nationwide, applying TaxRIS, using accounting systems (APIS, Bansi.la);

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

- Following the save cost policy and anti- extravagance decree; NO.205, Dated on 22 July 2022, and Agreement on Determining State Budget Expenditures; NO. 0200, dated on 25 January 2023 to Ensure a concrete and systematic approach to prioritize essential expenditures, while

- rigorously reviewing all documents before disbursement. This will enable relevant sectors to manage the budget effectively and for its intended purpose;
- 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 (NSED);
 - Prioritize salary, benefits, and other allowance payments by delegating management responsibilities to both central and local levels, ensuring these payments are made consistently and regularly;
 - Evaluating the effectiveness of the self-supporting budget unit trial as a step towards a gradual transition to a fully self-sustaining budget system;

II. Executive summary of implementing state budget revenue and expenditure for the first six months of 2024 (January - June)

1. State budget plan 2024:

- Total budget plan revenue: 45,070 billion LAK (excluding the revenue from the sale of state assets and on-lending capital return):
 - + Internal revenue: 41,657 billion LAK;
 - + Grants revenue: 3,413 billion LAK;
- Total budget plan expenditure: 58,914 billion LAK; including:
 - + Current expenditure 38,465 billion LAK;
 - + Capital expenditure 20,449 billion LAK;
- Deficit plan: 8,807 billion LAK, equals to 3 percent of GDP (GDP was approximately 293,786 billion LAK)

2. Result of implementing state budget plan execution for the first six months of 2024:

- Revenue: collected for the first six months of 2024 amounted to 27.594 billion LAK, achieving 59.7% of the annual plan. This reflects a significant 152% increase compared to the same period in the previous year.

Table 1: Implementing revenue for the first six months of 2024 compared with the same period in the previous year.

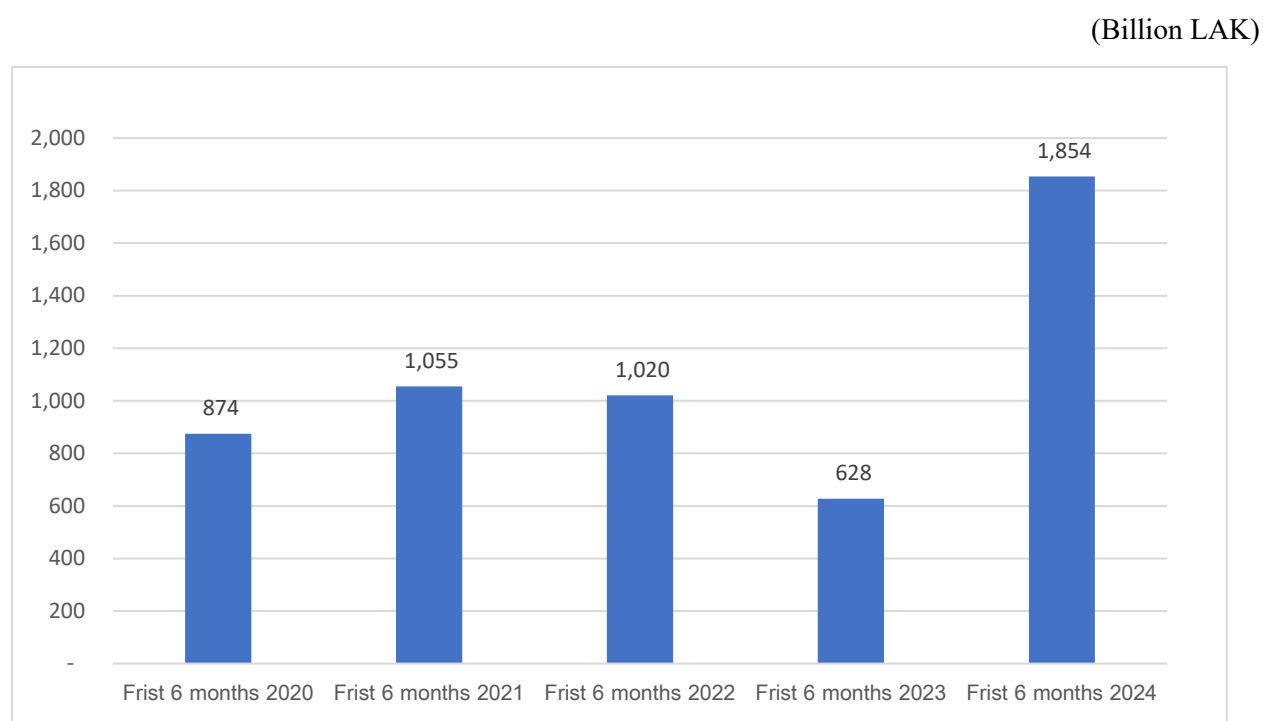
(Billion LAK)

| No | Detail | 6 months 2020 | 6 months 2021 | 6 months 2022 | 6 months 2023 | 6 months 2024 | % Compared with 2023 | % Compared with budget plan 2024 |
|-----------|----------------------------------|---------------------|---------------------|----------------------|----------------------|----------------------|----------------------------|--|
| I | <u>Tax Revenues</u> | <u>7,621</u> | <u>8,531</u> | <u>10,628</u> | <u>15,642</u> | <u>23,780</u> | <u>152%</u> | <u>59.7%</u> |
| 1 | Profit tax | 565 | 1,049 | 1,465 | 1,770 | 4,030 | 228% | 56.0% |
| 2 | Income tax | 654 | 661 | 687 | 1,385 | 1,804 | 130% | 41.7% |
| 3 | Land tax | 147 | 62 | 100 | 93 | 106 | 114% | 53.5% |
| 4 | Added-value tax | 2,244 | 2,529 | 2,763 | 3,478 | 6,460 | 186% | 65.0% |
| 5 | Excise tax | 1,948 | 2,374 | 3,174 | 3,303 | 4,672 | 141% | 60.2% |
| 6 | Import tax | 533 | 402 | 974 | 1,838 | 1,829 | 100% | 71.1% |
| 7 | Export tax | 8 | 9 | 130 | 404 | 509 | 126% | 72.6% |
| 8 | Registrations fees | 3 | 21 | 18 | 102 | 5 | 5% | 63.8% |
| 9 | Other fees | 1,014 | 915 | 525 | 1,456 | 1,441 | 99% | 56.9% |
| 10 | Resources tax | 290 | 366 | 620 | 1,417 | 2,286 | 161% | 95.9% |
| 11 | Timber royalties | 9 | 10 | 2 | 4 | 0,78 | 0 | 0% |
| 12 | Hydro-power royalties | 206 | 132 | 170 | 394 | 632 | 160% | 28.7% |
| II | <u>Non – tax Revenues</u> | <u>1,109</u> | <u>1,341</u> | <u>1,735</u> | <u>3,215</u> | <u>3,814</u> | <u>119%</u> | <u>73.3%</u> |
| 1 | State asset leasing fees | 20 | 23 | 83 | 211 | 125 | 59% | 260.9% |
| 2 | Concession | 45 | 24 | 196 | 478 | 511 | 107% | 961.4% |
| 3 | Fines | 19 | 8 | 11 | 157 | 158 | 101% | 59.9% |
| 4 | Administration fees | 195 | 267 | 335 | 412 | 768 | 186% | 42.3% |
| 5 | Dividend | 368 | 445 | 459 | 704 | 832 | 118% | 97.8% |
| 6 | On-lending interests | 98 | 89 | 75 | 99 | 234 | 236% | 77.9% |
| 7 | Over flight rights | 319 | 78 | 124 | 629 | 686 | 109% | 76.3% |

| | | | | | | | | |
|------------|--------------------------------------|---------------------|---------------------|----------------------|----------------------|----------------------|--------------------|---------------------|
| 8 | Funds | 2 | 351 | 358 | 398 | 106 | 27% | 12.3% |
| 9 | Other revenues | 43 | 56 | 94 | 127 | 391 | 308% | 381.5% |
| III | <u>Total internal revenue</u> | <u>8,730</u> | <u>9,871</u> | <u>12,363</u> | <u>18,857</u> | <u>27,594</u> | <u>146%</u> | <u>61.3%</u> |

Source : Fiscal Policy Department, Ministry of Finance.

Figure 1: Grants revenue of the first six months of 2024 compared with the same period of the previous years.



- **Expenditure:**

The total expenditure for the first half of 2024 amounted to 22,688 billion LAK, representing 38.5% of the annual plan and reflecting a 160% increase compared to the same period in the previous year. The expenditure includes:

- **Current expenditure:** Reached 16,026 billion LAK, accounting for 41.6% of the annual plan. This included salaries and wages amounting to 7,540 billion LAK, equal 50.2 percent of the annual plan; subsidies and transfers totaling 2,289 billion LAK, equal to 40.1%; and interest payments of 4,293 billion LAK (external interest accounted for 3,731 billion LAK and internal interest for 561 billion LAK), representing 33.2% of the annual plan.

- **Capital expenditure:** Amounted to 6,662 billion LAK, accounting for 32.5% of the annual plan and showing a 144% increase compared to the same period last year.

- **Budget financing:**

Total budget implementation of the first six months of 2024 has shown that the revenue is higher than the expenditure, resulting in a budget surplus of 6,759 billion LAK.

Table 2: Total expenditure of the first six months of 2024 compared with the previous years.

(Billion LAK)

| No | Detail | Six months 2020 | Six months 2021 | Six months 2022 | Six months 2023 | Six months 2024 | % compared with 2023 | % compared with plan 2024 |
|----|--|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|---------------------------|
| 1 | <u>Salary and Benefit</u> | <u>5,362</u> | <u>5,699</u> | <u>6,135</u> | <u>6,235</u> | <u>7,540</u> | 121% | <u>50.2%</u> |
| | - Base salary | 4,392 | 4,520 | 4,882 | 4,909 | 5,741 | 117% | 47.8% |
| | - Benefit | 970 | 1,178 | 1,252 | 1,326 | 1,798 | 136% | 59.9% |
| 2 | <u>Intervention and subsidies</u> | <u>991</u> | <u>1,084</u> | <u>1,174</u> | <u>1,538</u> | <u>2,289</u> | 149% | <u>40.1%</u> |
| | -Other allowances | 716 | 775 | 673 | 772 | 1,035 | 134% | 43.1% |
| | - General intervention | 261 | 296 | 480 | 686 | 1,189 | 173% | 37.7% |
| | - Contribution to int.org | 14 | 12,291 | 20 | 80 | 80 | 100% | 42.3% |
| 3 | <u>Materials and equipment</u> | <u>476</u> | <u>537</u> | <u>679</u> | <u>1,039</u> | <u>1,374</u> | 132% | <u>32.5%</u> |
| 4 | <u>VAT Refund</u> | <u>0</u> | <u>4,963</u> | <u>79</u> | <u>13</u> | <u>8</u> | 62% | <u>8.6%</u> |
| 5 | <u>Interest</u> | <u>1,364</u> | <u>1,044</u> | <u>1,356</u> | <u>1,951</u> | <u>4,293</u> | 220% | <u>33.2%</u> |
| | - External | 1,207 | 836 | 1,021 | 1,607 | 3,731 | 232% | 40.3% |
| | - Domestic | 157 | 207 | 335 | 345 | 561 | 163% | 15.3% |
| 6 | <u>Others</u> | <u>52</u> | <u>31</u> | <u>17</u> | <u>159</u> | <u>259</u> | 163% | <u>47.7%</u> |
| | Govt. and local reserve funds | 52 | 31,785 | 17 | 59 | 59 | 100% | 50% |
| | State accumulation fund | 0 | 0 | 0 | 100 | 200 | 200% | 100% |
| | Disaster | | | | 72 | | 0% | |
| | Exp.for rev. exceeding plan | | | | 103 | 262 | 254% | |

| | | | | | | | | |
|------------|-----------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|------|---------------------|
| I | <u>Current expenditure</u> | <u>8,245</u> | <u>8,401</u> | <u>9,362</u> | <u>11,111</u> | <u>16,026</u> | 144% | <u>41.6%</u> |
| II | <u>Capital expenditure</u> | <u>2,563</u> | <u>2,524</u> | <u>2,554</u> | <u>3,086</u> | <u>6,662</u> | 216% | <u>32.5%</u> |
| 1 | - Domestic capital | 523 | 630 | 595 | 574 | 1,827 | 318% | 36.5% |
| 2 | - External capital | 2,041 | 1,894 | 1,958 | 2,512 | 4,834 | 192% | 31.2% |
| | + Project loans | 1,166 | 838 | 938 | 1,884 | 2,980 | 158% | 28.6% |
| | + Project grants | 303 | 332 | 270 | 389 | 786 | 202% | 37.1% |
| | + Non – project grants | 527 | 723 | 749 | 239 | 1,068 | 447% | 36.5% |
| III | Total expenditure (I+II) | <u>10,808</u> | <u>10,925</u> | <u>11,916</u> | <u>14,197</u> | <u>22,688</u> | 160% | <u>38.5%</u> |

Source: Fiscal Policy Department, Ministry of Finance.