

Impact of Tax Policy Changes on Tax Revenue in Sri Lanka

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The purpose of this study was to assess the impact of tax policy changes on tax revenue in Sri Lanka. This is a quantitative study conducted using deductive approach and secondary data sources. This study was carried out by using secondary data sources of Annual Reports of Central Bank and Performance Report of the Commissioner General of Inland Revenue of Sri Lanka. Data for the time series from 2006 to 2016 was used to carry out this study. Further, interview method was used in order to identify reasons and possible factors which affect the impact of variables. Data analysis was done by using both descriptive analysis and inferential statistics. The relationship between two variables were identified by using Pearson Correlation and concluded that there is a positive moderate correlation between variables. The first hypothesis was tested using linear regression analysis and it was concluded that there is no significant impact of tax policy changes on tax revenue within that period from 2006 to 2016. There are very limited number of studies done in Sri Lanka in the field of taxation and difficult to reach some data with the policies and procedure of the government of the country. Since, there were no any studies done for the period from 2006 to 2016 to assess the impact of tax policy changes on tax revenue, thus study fulfills the requirement accordingly. There may some more factors such as tax evasion, tax avoidance and businesses changing their industries etc. affecting on the tax revenue of the country other than the tax policy changes.

Keywords: Tax Policy Changes, Tax Revenue

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