

THE TAXATION FOR SOCIAL WELFARE IN ANCIENT SRI LANKA (CEYLON): REFERENCE TO KINGS' PERIOD FROM 437 BC TO 1232

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INTRODUCTION

Taxation plays a crucial role in the economic development of any country, serving as a primary source of revenue for the government (Anojan, 2014). The fundamental objective of collecting taxes from citizens should be to promote social and economic development, leading to improved social and emotional well-being (Vylkova, 2014). Research indicates a strong correlation between tax collection and the welfare of citizens within a state (Vylkova, 2014). However, the current tax systems employed by countries globally often suffer from mismanagement and misuse. This is especially evident in developing nations where limited opportunities to raise government revenue coexist with mounting demands for expenditure (Kesavarajah, 2016).

In the context of society, the term welfare implies a state of undisturbed well-being encompassing material security, prosperity, and economic stability (Vylkova, 2014). Scholars such as Bakija (2013) have emphasized the importance of using tax and transfer policies to maximize the overall *social welfare* of all individuals within a society, drawing on the concept of *optimal income taxation* from economic literature. Furthermore, Moramudali (2022) asserts that an efficiently functioning and comprehensive tax system is vital for both economic and social stability within a country, signifying that taxation significantly impacts the economic growth of developing nations (Hettiarachchi et al., 2022).

Hence, a comprehensive examination of the historical roots of taxation practices, especially in developing countries, is essential, considering that many of these countries were formerly under British rule, which influenced their present tax practices. These contemporary practices might not adequately fulfill their fundamental requirements in today's context. Taxation can be traced back to ancient times, such as in Ancient Egypt around 3000-2800 BC (Ezzamel, 2002), and numerous studies have explored historical taxation in various contexts. However, there is a dearth of research on taxation practices specifically in contemporary developing countries. Similarly, a limited number of historical studies (Kumarasinghe et al., 2018; Liyanarachchi, 2014; Sudharmawathie, 2018) have highlighted the existence of rich taxation practices in ancient Sri Lanka. Consequently, this study aims to investigate how ancient Kings practiced taxation for social welfare in the Anuradhapura Kingdom (the period from 437 BC to 1017 AD) and the Polonnaruwa Kingdom (the period from 1017 AD to 1232 AD). By delving into these historical cases, we can gain valuable insights into the intersection of taxation and social welfare practices in the past, which may inform contemporary policies and practices in developing countries.

METHODOLOGY

The present research employs a qualitative research methodology with a primary focus on investigating how Ancient Kings utilized taxation for social welfare. The research strategy chosen for this study is discourse analysis (Harris, 1952). Secondary data serves as the main source of information, specifically sourced from the Epigraphia Zeylanica and Inscription of

Ceylon book series. These volumes contain copies of rock and other material inscriptions found in Sri Lanka, presented in their original format, as well as translations in Sinhala (the mother language of Sri Lanka) and English. The Sri Lankan Archaeological Department issues these books, with *Epigraphia Zeylanica* comprising eight volumes and containing 315 inscriptions, while the *Inscription of Ceylon* volumes consists of 10 volumes with 1975 inscriptions.

The authors' selection of Ancient Sri Lanka, specifically focusing on the Anuradhapura Kingdom (the period from 437 BC to 1017 AD) and the Polonnaruwa Kingdom (the period from 1017 AD to 1232 AD), is based on Sudharmawathie's study (2018), which identifies this as the golden period of Sri Lankan kingship. Moreover, previous research studies (Liyanarachchi, 2009; Kumarsinghe et al., 2018) have also indicated the existence of sound tax practices during this era. Content analysis was used for data analysis, drawing inspiration from similar studies on Sri Lankan Accounting history (Kumarsinghe et al., 2018). To enhance the quality and credibility of the interpretation, the study incorporated additional secondary data sources and sought expert opinions from professionals well-versed in reading inscriptions.

RESULTS AND DISCUSSION

The findings of the study are presented according to the research questions identified.

The tax principles and practices used in Ancient Sri Lanka

The data analysis has identified specific principles in Ancient Sri Lanka relevant to taxation. The tax practices encourage the avoiding double taxation. As an example, in Anuradhapura Slab Inscription of King Kassapa V mentioned that,

“(pas) maha savadda-viraj ill at-mut sesuvarad no illanu isa pere kamiyan gam dannase dand gena”

Translation – “If fines have already been levied by former officials in the manner known to the village, no fines shall be levied again for the offenses charged”. (Epigraphia Zeylanica Volume I, p.g. 53)

Subsequently, the tax system in the ancient kingdoms involved the identification of specific taxes linked to commodities such as Betel and Water, as well as professions like Agriculture and Fishing. Moreover, a well-organized mechanism was established for assessing tax payments, and designated officers were appointed to oversee the tax collection process. Specific periods for tax collection were determined, and measures were implemented to rectify any errors that arose in the tax collection system. Additionally, tax reliefs were granted, and commendation was given to individuals who made proper and timely tax payments. An illustrative example of such practices can be found in the Polonnaruwa Hata-Da-Ge Vestibule wall inscription from the reign of King Nissankamalla,

“... tula-bhara nangi havurudu pata melesa di pera no bada aya gen dustha kala lamkavasinta ran ruvan ridi valan adivu boho sompal-da di vadara (dubji) vika heyi (n va) l kota gat ket aya-da maha va tannin....”

Translation – “To the inhabitants of Lanka who were impoverished by the inordinate taxes collected in former times, he gave gold, gems, silver vessels, and such other wealth in abundance”

(*Epigraphia Zeylanica Volume II, p.g. 96*)

The Ancient Kings usage of Taxation for social welfare

The ancient monarchs employed taxation as a means of promoting social welfare, primarily by ensuring material security through the taxation of physical and natural resources. Taxes were levied on various physical resources such as lands, paddy fields, and tanks. For instance, as evident in the slab inscription of Kassapa V, fines were imposed on lands and villages associated with Atvehera, and the revenue generated from these fines was utilized for the restoration and maintenance of the Atvehera. Additionally, taxes were imposed on cultivated lands and paddy fields, which were employed for agricultural activities.

Moreover, the ancient kings sought to achieve social welfare by imposing taxes on natural resources. For instance, during the reign of King Nissankamalla, a tax known as *Pisamburuvata* was the tax on fishing the tank was levied to grant freedom and benefits to all living beings. These taxes were imposed to benefit various segments of society, including human beings, merchant guilds, and other living beings.

During King Nissankamalla's reign, tax remissions were granted for five years to alleviate the burden caused by excessive taxation during the rule of former kings. Paddy fields and harvests were subject to taxation to bolster economic prosperity. Citizens contributed a portion of their production as taxes or made payments for water usage in agricultural endeavors. The revenue generated from these taxes was reinvested by the rulers to foster economic growth in ancient Sri Lanka. An example of the taxation practices can be found in the Kondavattavan Pillar Inscription of Dappula V, which reveals the implementation of a lease system concerning land usage.

CONCLUSION AND IMPLICATIONS

The findings of this research, based on content analysis of inscriptions, reveal a multitude of reasons behind the levying of taxes on citizens during ancient times. The primary purpose of collecting tax revenue was to facilitate social welfare through the provision of material security, citizen welfare, and fostering economic prosperity. A comprehensive analysis of inscriptions has yielded substantial evidence supporting this notion, demonstrating that the ruling authorities also utilized tax revenue for religious, economic, and political developments. Notably, the imposition and collection of taxes constituted the principal source of income for the state, and historical records unequivocally demonstrate the utilization of these funds for social welfare objectives.

However, this study does have certain limitations. It confines its focus solely to specific periods of ancient Sri Lanka, namely the Anuradhapura and Polonnaruwa eras. Consequently, it fails to account for the significant evolution of the tax system across three distinct eras of the Rajarata civilization, the medieval period, and the modern period. Future investigations could address this limitation by adopting a broader perspective on the tax system and its evolution throughout ancient Sri Lanka. Additionally, the implications of this study extend beyond the confines of Sri Lanka, prompting future studies to explore a wider range of tax systems across diverse country settings and their impact on the economic and political landscape of Sri Lanka.

Keywords: Accounting history, ancient Sri Lanka, social welfare, tax practices.

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