



Frequently Asked Questions on Preferred Trader Program (PTP)

REF	QUESTION	ANSWER
1.	What is a Preferred Trader Program?	It is a compliance management system intended to offer certain benefits to some traders who are deemed knowledgeable and compliant to customs rules and regulations.
	Why the name Preferred Trader?	Preferred Trader refer to “Trusted Traders”. They are preferred because they can be trusted, based on; <ul style="list-style-type: none"> a) their historical dealings with LRA and its Partner Agencies and Administrations; b) Their operational systems and audit trail c) The professionalism of their personnel, just to mention but a few requirements. Further details are explained under the section on eligibility criteria (qualification factors).
2.	Who are eligible to apply?	Any trader registered with the LRA is allowed to apply for the accreditation program and will be allowed to participate into the program upon fulfilment of certain requirements.
3.	What are the requirements for accreditation as a Preferred Trader? (qualification factors)	In order to participate in the program, the trader must: <ul style="list-style-type: none"> • Have good financial standing/proven financial solvency. • Maintain books, records and control systems to support full compliance auditing by LRA-all commercial records should be maintained in Lesotho, in line with section 5 and 102 of the Customs and Excise Act, 1982 as amended, sections 49 of the VAT Act, 2001 as amended and section 171 of the Income Tax Act as amended as well the relevant laws of the country.

		<ul style="list-style-type: none"> • Have a good compliance record for three (3) previous years prior to the application. • Have a physical address in Lesotho. • Be bonded if carrier and/or freight forwarder. • Be duly licensed by LRA to operate if a clearing agent. • use Lesotho Commercial banks for most business operations as provided for under the Financial Institutions Act 2012.
4.	What sources of documents are required to proof sufficient financial resources?	<ul style="list-style-type: none"> • Audited financial statements of the business for the past three (3) financial years; • Where no such statements are available, sufficient evidence to prove the viability of the business, which may include proof of available financial resources of whatever nature. <p>Applicants' accountants responsible for their books are recommended to be registered with Lesotho Institute of Accounts.</p>
5.	What are the benefits of being a Preferred Trader?	<p>Traders accepted into the scheme will enjoy the following benefits:</p> <ul style="list-style-type: none"> • Minimum inspection/control at the border. • Prioritized clearance and release of goods. • A designated contact person. • Automatic qualification to VAT and customs deferment account.

		<ul style="list-style-type: none"> • Periodic audits at every three year period to verify compliance as opposed to LRA annual audits. • Expedited refund processing which includes automatic qualification for the monthly refund program • Eligibility to mutual recognition of status in all SACU member state and therefore provision of the priority treatment.
6.	How do I apply?	The trader will have to submit the application form accompanied by a completed self-assessment questionnaire.
7.	Where can I obtain and submit the application form?	<p>An application form and self-assessment questionnaire can be obtained and submitted through the following channels:</p> <ul style="list-style-type: none"> • LRA website (www.lra.org.ls) • Maseru, Leribe and Mohale's Hoek Advice Centres; • LRA mobile offices (Thaba-Tseka, Mokhotlong, Qacha's nek). <p>Mobile offices will be in these districts once a month.</p>
8.	How long does it take to process my application?	<p>The process is estimated to take approximately 3 months to complete, from application to authorization to be a preferred trader.</p> <p>The size of the company bears reference, this can be shorter for smaller and longer to bigger and more complicated companies depending on their operations.</p>
9.	What is the cost of the application?	There is no cost applied to the application, it is free.

10.	Other than requirements listed in paragraph 3 above, is there any competency test or assessment that the applicant needs to pass in order to acquire an accredited status under the program?	<p>Yes. The applicant' clearing Agent and/or employees (in the case of self-declarants) needs to pass the competency test administered by LRA at 70% pass rate.</p> <p>Applicants will also be assessed by the LRA audit team on their compliance level, financial standing and their operational systems.</p>
11	What could be the impediments or the disqualification factors that the applicants should take note of?	<p>Applicants must have not:</p> <ul style="list-style-type: none"> • been convicted of an offence involving fraud and dishonesty in the last 5 years; • been convicted of any offence in terms of the Customs & Excise, VAT and Income tax Acts in the 3 years prior to application; • Incurred an administrative penalty over a period of three (3) years immediately preceding the application in respect of any offence involving dishonesty, intent or bribery in terms of the Customs and Excise legislation, Income tax and Vat Acts.
12.	How long is the Preferred Trader Status valid for?	<p>The status is valid for as long as the Applicant is compliant with the LRA requirements, regulations and laws relevant to their business.</p> <p>However, it is renewable every three (3) years subject to validation by a comprehensive audit process.</p>
13.	Is there a possibility to withdraw the status, once awarded?	<p>Yes. The preferred traders retain the right to cancel their status and/or choose not to participate in the program.</p>
14.	What is the process for withdrawal?	<p>Traders opting to withdraw need to give a three (3) months written notice to LRA indicating reasons for withdrawal.</p>

15.	Who do I contact in case of questions, queries and guidance?	<p>Customs relationship manager tasked with facilitating the relationship between traders and customs can be contacted; The details are;</p> <p>Registration & Licensing Office Finance House, 2nd floor Office no. 2045 Email: m.thene@lra.org.ls or k.matela@lra.org.ls Office line: +266 5221 5143 or +266 5221 5336 Mobile: +266 6211 2349</p>
16.	Can the status be revoked?	<p>Yes. The status may be revoked where:</p> <ul style="list-style-type: none"> • The preferred trader has been proven to intentionally default the system. • Ownership and management of the company changes and this renders the company non-compliant. • The preferred trader is found guilty of serious misconduct in accordance with Customs, VAT and Income tax Acts. • The preferred trader who has been suspended fails to fulfil the suspension conditions within the stipulated time frames. • Any other reasons that the may be established to compromise the LRA revenue collection or regulatory provisions.