



November 2016

*newsletter*



The official Newsletter of the Lesotho Revenue Authority

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**Manager  
Public Relations and Communications  
Mr. Pheello Mphana**

**I**n this edition we carry articles on different initiatives undertaken by the Authority in the recent past. As we usually say the purpose of this publication is to inform, educate, entertain and provide a platform through which we could create dialogue with various stakeholder groups on issues of interest. Therefore please do not hesitate to write to us (t.mncina@lra.org.ls) on any particular topic of interest that you would need to engage us or an explanation on.

Corruption is widely regarded as enemy number one in most developing economies. No one individual or organization can successfully fight the scourge of corruption hence a concerted effort by all law abiding citizens individually and collectively is paramount. The LRA in collaboration with other sister law enforcement agencies namely the Lesotho Mounted Police Service (LMPS) and Directorate on Corruption and Economic Offences (DCEO) embarked on a cleaning campaign as part of buildup activities towards commemoration of the International Anti-Corruption Day. The International Anti-Corruption Day is celebrated annually on December 9 with the sole purpose of creating awareness on corruption and its dire

consequences on the economy. The theme for this year is “Breaking the chain of corruption”. We therefore carry an article on this activity.

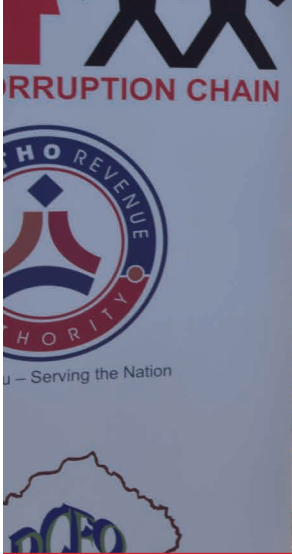
A delegation of five officials drawn from two operating divisions namely Customs and Enforcement participated at the seminar on China – Africa Customs Modernisation Management held in Guangzhou, China. The seminar was aimed at creating a platform where China Customs would share its modernization journey with its African counterparts. We also carry articles on the training held for Clearing Agents following the implementation of the modified and automated Customs procedures and the one on the recently launched SACU database portal.

The consequences of non-compliance with the tax laws could be an extremely heavy burden to bear hence we always encourage our Taxpayers to always do due diligence to avoid unnecessary law suits and or other enforcement actions. We therefore carry two articles of enforcement actions undertaken against two Taxpayers and there are plenty more to go through.

We hope you enjoy this edition and we wish you a Merry Christmas and Prosperous 2017.



## LRA, LMPS, DCEO embark on Anti-Corruption cleaning campaign



Deputy Commissioner of Police Criminal Investigation Services (DCP-CIS) Mr. Jankie Hlaahla

**A**s a build-up towards the International Anti-Corruption Day, the employees of the Lesotho Revenue Authority (LRA), the Directorate on Corruption and Economic Offences (DCEO) and the Lesotho Mounted Police Services (LMPS) took to the streets of Maseru on Friday the 18th November 2016, for a cleaning campaign aimed at creating and increasing awareness against corruption. Around 200 employees were present at the campaign.

The Anti-Corruption Day is set for the 9th December 2016. The Cleaning Campaign covered areas of the Kingsway, Moshoeshoe Road and the Sefika Bus Stop.

The series of events ahead of the International Anti-Corruption Day are aimed at disseminating information and creating awareness on the cancerous effects of corruption. The three (3) organisations believe that with the education of the entire society, Lesotho would achieve a state whereby all members of society can join in the fight against corruption, thereby improving economy.

Launching the campaign, the Deputy Commissioner of Police Criminal Investigation Services (DCP-CIS) Mr. Jankie Hlaahla, said Lesotho signed the United Nations Convention on Anti-Corruption (UNCAC) to join the rest of the world in combating and preventing corruption.

He said the LRA, DCEO and LMPS have a common mandate to root out corruption as the law enforcement

agencies adding that corrupt activities were not only criminal but also had a negative impact on the country's economic growth. *"Corruption undermines efforts on economic growth and development and as result the people's lives are put into jeopardy,"* he said.

He said through the cleaning campaign, the three organizations would demonstrate to the rest of the public that the scourge of corruption should be swept off. *"As we interact with people from all walks of life during this cleaning campaign, we share information with them and encourage them to join the bandwagon in fighting corruption,"* he said.

In line with the 2016 Anti-Corruption Day Celebrations' theme Break the Corruption chain, Mr. Hlaahla encouraged employees of the three organizations to continue breaking that chain in their different duties.

The Anti-Corruption Cleaning Campaign will be followed by the Anti-Corruption Symposium which will be held at the Avani Maseru on Monday, 5th December 2016 and the Anti-Corruption March which will take place on Friday, 9th December 2016 from Selakhapane, Khubetsoana to the Maseru Central Park.

**Support this cause by:**

**Putting ethics into practice through ethics modelling and breaking all chains of corrupt activities in our daily activities.**

# LRA tap into China's wisdom in Customs Modernisation



The LRA Delegation pose for a photograph during the 4th Seminar on China-Africa Customs Modernisation Management at Guanzhou

A delegation comprising five Lesotho Revenue Authority (LRA) Officials attended the 4th Seminar on China – Africa Customs Modernisation Management from the 17-28th October 2016, in Guangzhou, China. The seminar was hosted by China Customs.

The delegation led by the Deputy Commissioner Customs – Central Region, Mr. Tseko Nyesemane, included the Deputy Commissioner Intelligence and Case Selection, Mr. Bahlakoana Shelile, the Senior Manager Modernisation and Growth, Mr. Rakokoana Makoa, the Manager Anti-Smuggling, Mr. Retselisitsoe Mokitimi and the Manager Customs – Southern Region, Mrs. Mamoswati Polisa.

According to Mr. Nyesemane the seminar was aimed at creating a platform where China Customs would share its modernisation journey with its African counterparts.

He said the seminar was also aimed at enabling a learning platform and to forge friendships and partnerships among the participating revenue administrations.

During the two week period, China Customs shared its modernisation journey, with discussions around the following topics; overview of China and China Customs,

Modernisation (Use of Information Technology and Innovations), Clearance and Control, Valuation, Classification (including a visit to China Customs Classification Centre with its own Laboratory), Risk Management, Anti-Smuggling Police of China Customs and Challenges facing China Customs.

In addition to these topics, Mr. Nyesemane said visits were made to both China cultural centres and to global manufacturing entities. *“Delegates also learnt the art of Chinese tea and Taijiquan (Chinese style of soft gong-fu),”* he said.

The LRA established Customs Modernization Programme (CMP) in 2012 as a reform and development initiative aimed at providing more cost-effective revenue collection with minimum negative impact on business and the public, while providing improved service and introducing modern technology as a solution to new initiatives.

Mr. Nyesemane concluded by thanking both the China Customs and the LRA Management for the worthwhile opportunity availed to the delegation to attend the seminar. Four other African countries which attended the seminar were: Gambia, Nigeria, Seychelles and Ethiopia.





# Report fraud



## How to report fraud:

Contact us on the following addresses:  
LRA Internal Affairs Department  
1St floor Oblate House, Right wing  
Our email: [internalaffairs@lra.org.ls](mailto:internalaffairs@lra.org.ls)  
Toll free number: 80022008

# Pharmacy owner fined for tax evasion



**A** 33 year old businessman – Mr. Phoka Hoeane who resides at Ha Masana in Maseru was on Friday, 11th November 2016 sentenced to five years in prison with an option of paying a fine of M 10, 000 by the Berea Magistrate Court for contravening the Income Tax Act.

According to the evidence presented in court, the accused who made his first appearance before Magistrate Mokoena on the 30th September 2016 owned a pharmacy at Anwary Building Mofolo Street, Berea from 2011. He inherited the business from his mother who died on the same year. The name of the business is Chabi's Pharmacy.

The court heard that during the tax periods 2012/13; 2013/14 and 2014/15, the accused filed NIL Income Tax Returns to the Lesotho Revenue Authority (LRA) advising that he did not acquire taxable inputs nor did he make any taxable supplies or outputs during the stated financial years.

In filling the said NIL Income Tax Returns, the accused simultaneously wrote to the LRA letters stating that

his business was non-operational during the said financial years. However, the investigations by the Authority revealed that the accused's business had always been operational as opposed to the information he had provided to the LRA in his tax returns.

In terms of the Income Tax Act No.9 of 1993, the accused was expected to file Income Tax returns which were true and correct in all material times. The accused was involved in a false declaration of his gross income and/or income generated by him for the tax periods of 2012/13; 2013/14 and 2014/15. He was therefore charged with three counts of contravening the provisions of section 188 (1) (a) or (b) of the Income Tax Act of 1993.

He was found guilty as charged in all the three counts; however his sentence was suspended on condition that he settles his tax affairs with the LRA on or before the 30th June 2017.

The LRA was represented in the case by Advocate Lechesa Mahao.

# SACU launches its database portal



**T**rade and economic data on the Southern African Customs Union will now be easily accessible as the world's oldest Customs Union launched its statistical database portal in Windhoek, Namibia on Tuesday, 15th November 2016.

Headquartered in Windhoek, the Southern African Customs Union (SACU) comprises five countries – Botswana, Lesotho, Namibia, South Africa and Swaziland. The SACU trade and statistical database portal is an online platform which will provide economic and trade data on member states in a central location that is accessible to all stakeholders and beyond. The SACU secretariat said it has developed the statistical portal in response to the increasing requests for SACU trade and economic data from both external and internal stakeholders.

Speaking at the launch, the SACU Executive Secretary Ms. Paulina Elago, said the portal would assemble economic and trade data on the member states. *“As a user, you just need to register, and you will immediately have access. This is a public good, and we have therefore ensured that it is user-friendly and easily accessible,”* she noted.

Ms. Elago said the site would contain modules like the merchandise trade statistics, national accounts and

consumer price index and exchange rates, amongst others. *“The portal will serve as a tool to monitor the performance of SACU members in achieving the objective of economic development, industrialisation and competitiveness,”* she added.

Ms. Elago further said the portal would inform the processes of policy planning and development, as well as trade negotiations.

She further said the relevance of the site was dependent on it being timeously updated through collaborative undertakings between the key stakeholders involved. *“I appeal to our stakeholders to make timely updates available to the secretariat in order to keep the database updated,”* she noted.

Ms. Elago further encouraged the general public in the SACU region and outside to utilize the database. *“I implore you to provide feedback or suggestions on how it can regularly be improved,”* advised Ms. Elago.

**Source: The Namibian**

**Re Sebeletsa Uena, Re Sebeletsa Sechaba**



**Serving You, Serving the Nation**





# **Excess Credit at the Ports of Entry**

**Traders and Importers are urged to take note that:**

- The LRA does not allow importers to have excess credit from which they can gradually pay for declarations;
- Payments made must match the amount of the assessment notice;
- If an excess amount is paid, it can only be claimed through a normal refund process at LRA Headquarters.

# Operation Texo roars into life



The Manager Anti Smuggling and the Operation's National Coordinator Mr. Retselisitsoe Mokitimi

The Customs and Enforcement Divisions rolled up their sleeves on Tuesday, 1st November 2016 to embark on an operation aimed at testing the parameters of the Southern African Customs Union (SACU) Regional Customs Risk Management Strategy.

According to the Manager Anti-Smuggling, Mr. Retselisitsoe Mokitimi, the campaign, known as Operation Texo was aimed at creating a platform where SACU Member States would share information and knowledge with a view to build capacity and to equip each Administration with necessary skills to manage the textile and clothing industry.

He said the operation was also targeted at improving compliance levels and as a result increase revenue, improve intra-SACU communication, implement risk strategy, determine understanding of compliance levels and capacity efficiencies.

He said as the LRA they would focus their operations on textile and shoes commodities imported at three ports of entry, namely – Maseru Bridge and Maputsoe Bridge and the Maseru Station.

*“We will search for risks associated with those commodities and access our capacity to enforce laws as well as making analysis on the compliance levels of traders operating in that industry,”* he said.

He said the textile and clothing industry in SACU Member States played a key role in job creation and it contributed significantly to the global value chains. *“Protection of this industry from international competition is critical in the short to medium term. It has been noted that imports of textile and clothing goods from India and other Asian countries is on the rise in the SACU region,”* he said.

He said the Customs values of textile goods were in many instances lower than the manufacturing costs for local manufactures adding that the anti-dumping and countervailing measures were introduced in the past to address these challenges but the trading community managed to circumvent the anti-dumping regimes.

He further said the SACU Customs Administrations identified administrative challenges in fully understanding the textiles and clothing industry. *“Low valued imports of these commodities are often accepted by Customs Administrations due to lack of instruments that can determine if the declared values pose any fiscal risks. The main risk to the region in this area is unfair and incorrect collection of revenue from the textile and clothing industry,”* he said.

The Operation Texo funded by the Swedish International Development Agency will run for two months.

# Clearing Agents trained on filing VAT 11 Forms



Some of the clearing agents at the VAT 11 forms filing workshop

**I**n an effort to curb back-log in services, the Customs Freight Department organized a workshop for local Clearing Agents on Monday, 31st October 2016 on filling in information on the Value Added Tax (VAT) 11 Forms for the importation of goods especially motor vehicles at the State Warehouse.

The workshop held at the Training Centre took the Clearing Agents step by step on how to fill in information and file the form. The participants were made to understand what VAT 11 Form is and were also taken through subjects such as the registrable goods, goods description, change of particulars and attachments needed for issuance of VAT 11 Form.

In his opening remarks, the Manager Freight, Mr. Lebohang Nokana said the workshop followed a decision that Clearing Agents would from the 1st November 2016 be allowed to fill in information for their imports on VAT 11 Form to avoid back-log of services. He said with that change his Department would no longer fill in information on the forms for the Clearing Agents as the system was proving to be time consuming for employees at the warehouse who were already few in numbers.

He added that the role that his Department would be playing from then would be to validate the information on forms with the supporting documents and authorize it with a stamp.

*"Following the introduction of new systems and processes in Customs, some services such as the processing of the VAT 11 Form was centralized from other ports of entry to the State Warehouse and as a result the officers were met with a high congestion of forms which they had to fill in for the Agents for authorizing them," he said.*

He said as the LRA they learnt that the delays in processing the VAT 11 forms inconvenienced the businesses of the Clearing Agents and their clients and it had a negative impact on the LRA's efforts to simplify trade. On concerns that the security of the forms could be compromised and get abused by some traders with that change, Mr. Nokana said his Department would keep record of the issued forms and their serial numbers and they would be reconciled when the Clearing Agents made their submissions.

In the same workshop, the participants also raised a concern that there was inconsistency in some licensing agencies where they were still required to produce stamped SAD 500 Forms (used for declaration of importation of goods) before the goods could be certified regardless of the changes where they get an Exit Note which officially proves that their goods were cleared by the LRA.

On that, Mr. Nokana said they would follow up with such agencies to sensitize them about the new changes which he maintained were clearly communicated to them before their implementation.



# Businessman charged for tax fraud and money laundering



**L**ocal businessman – Mr. Makhetha Khojane appeared before the Magistrate Court on Tuesday, 1st November 2016 to face 200 charges on tax fraud, money laundering and cheating public revenue. With the charges, Mr. Khojane was accused of contravening the Section 25 (i) (a) and (i) of the Money laundering Act.

The Lesotho Revenue Authority (LRA) alleged that Mr. Khojane failed to file his tax returns during the tax periods ending 31st July 2013, 31st October 2015 and the 31st December 2015.

According to the charge sheet, Mr. Khojane registered for income tax in February 2011 and also as a Value Added Tax (VAT) Vendor in June 2012. Having registered, Mr. Khojane was obliged to comply with the Income Tax Act and the VAT Act. Under the Act, Mr. Khojane was also obliged to file income tax returns before June 30 of every year.

The charge sheet stated that during the year of assessment ending 31st March 2014, the accused filed income tax returns reflecting that his business Machusa Civil Pty Ltd made total sales of M 560 134. 00. In March 2015, the company filed income tax returns reflecting sales amounting to M 1, 633, 967,00 and during the financial year ending 31st March 2016 the accused filed income tax returns reflecting that it made a total of M 1,528,051.00.

It said during the tax periods of April 2014 up to October 2014 and from the April to June 2015 the accused filed VAT returns advising that the company did not carry on trade or acquire taxable inputs or made taxable supplies or outputs nor made any income.

The charge sheet also said Mr. Khojane was involved in the under declaration of gross income or income his company generated for the years of assessments ending 31st March 2014, 31st March 2015 and 31st March 2016. The company allegedly under declared its income and tax payable for the years ending 31st March 2014, 31st March 2015 and 31st March 2016 from its business activity which occurred or was taxable in Lesotho.

During the periods April 2013 to March 2016 the company did not withhold and/or remit the Pay as You Earn (PAYE) from the payment of its employees. In total, it is alleged that the accused undeclared tax payable on sales for Company Income Tax amounting to M 1,094,262.17, VAT – M 192,262.24 and Pay As You Earn which totals M 263, 759.40.

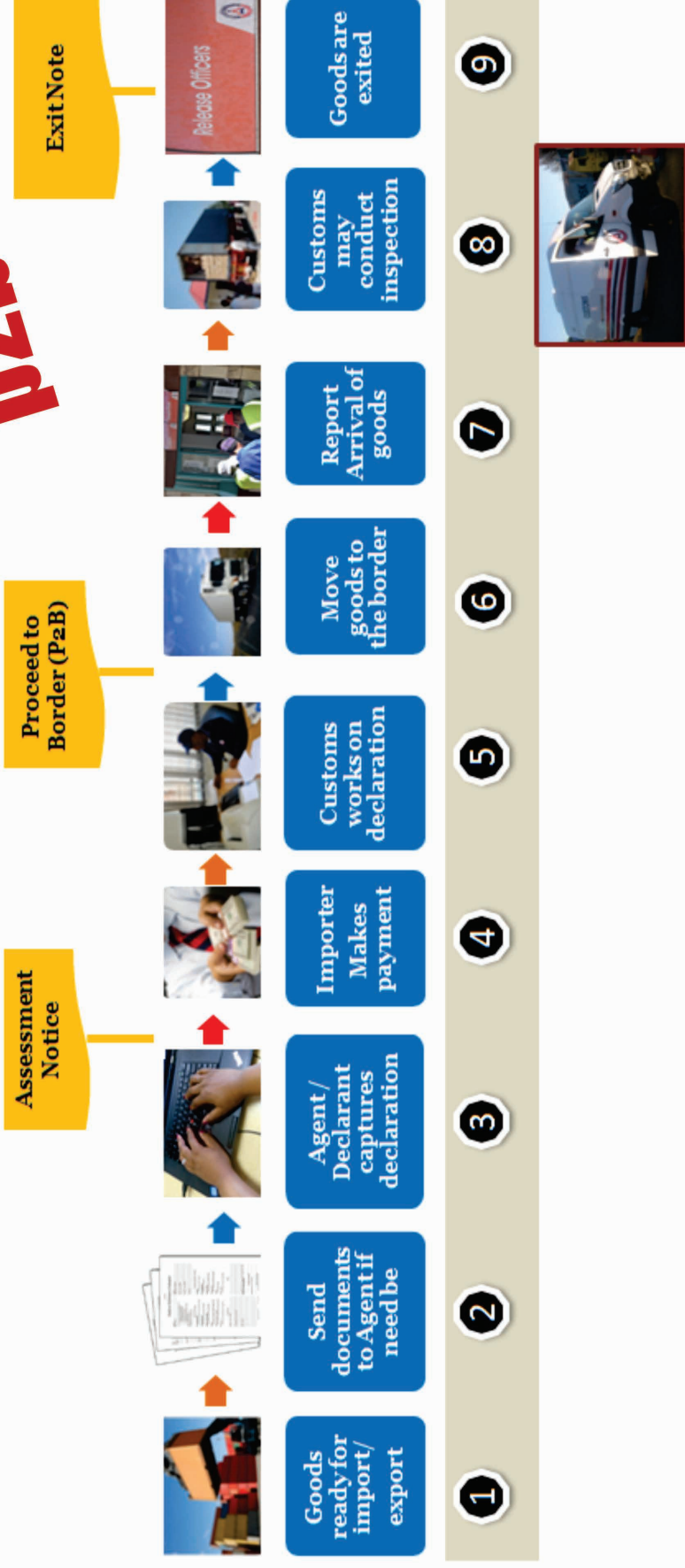
Mr. Khojane was remanded and released on M 15 000 bail and a surety amounting to M 800 000.00. The case was before Magistrate Mamorojele Qoo. The LRA was represented in the case by the Legal Officer Litigation, Advocate Letsipa Mofilikoane.



## New Customs Procedure For Commercial Traders and Clearing Agents

# Proceed to Border

**p2b**



- P2B is an automated notification that allows a consignment to Proceed To Border for possible inspection & release
- Declare and pay in advance and if **P2B** notification is not issued within 24 hours after declaration, make an enquiry on [ecustoms@lra.org.ls](mailto:ecustoms@lra.org.ls) / 5221 5111 / 5221 5112
- No consignment should come to the border without ASYCUDAWorld P2B
- P2B is now accessible from the System anytime when it is due, just click this icon

# Preferential Trade Agreement between MERCOSUR and SACU enters into force



**S**outh Africa has completed all the administrative processes to facilitate the implementation of the Southern African Customs Union (SACU) - (Botswana, Lesotho, Namibia, South Africa, and Swaziland) and the Common Market of the South (MERCOSUR) - (Argentina, Brazil, Paraguay, and Uruguay) Preferential Trade Agreement as of 21 October 2016.

In accordance with Article 36, the SACU - MERCOSUR PTA entered into force on 01 April 2016, thirty (30) days following SACU's acknowledgement of the notification from MERCOSUR that it had concluded the necessary legal requirements and South Africa would implement the Agreement retrospectively from the date of entry into force of the Agreement, 1 April 2016.

The SACU - MERCOSUR PTA was signed in the City of Salvador, Federative Republic of Brazil, on 15 December 2008 on the side of MERCOSUR, and in the City of Maseru, Lesotho, on 3 April 2009 on the side of SACU. MERCOSUR was the last party to notify completion of its internal processes on 19 December 2015.

The Agreement contains the main text, and seven annexes. The main text sets out the principles, legal provisions and procedures for the relations under the Agreement. It also establishes the Joint Administration Committee to manage the administration of this Agreement. Annex 1 and 2 set

out MERCOSUR and SACU respective tariff concessions. Annexes 3, 4, 5, 6, and 7 cover general rules of origin, trade remedies, dispute settlement, Sanitary and Phytosanitary Measures, and cooperation on Customs Administration.

SACU offered concessions on 1 062 tariff lines and MERCOSUR offered concessions on 1 052 tariff lines. In either case, the preference margins range between 100 - 10%. SACU offered a Tariff Rate Quota for four agricultural products, which would be accessible on a first come first serve principle with no permit requirements. The tariffs would be reduced immediately on entry into force of the Agreement.

The PTA is the first trade agreement concluded by SACU as a single entity, following the SACU Agreement of 2002. This agreement is also the first with another developing region, giving meaning to the objectives of South-South cooperation. Thus, the PTA creates a basis for further integration and cooperation including possible further exchanges of tariff preferences, and cooperation on any other area.

The Agreement is being administered by SARS following the approval of the legislation and its publication in the Government Gazette.

**- By the Department of Trade and Industry, South Africa**



# International Anti-Corruption Day 2016



Ethics Specialist, Mrs. Matseliso Montso

The United Nations (UN) International Anti-corruption day is observed annually on the 09th of December. This year's event will be commemorated on Friday the 09th day of December, 2016 by different United Nations (UN) members (Lesotho included). The day has been celebrated by different societies and nations across the world since its designation by the UN General Assembly through resolution 58/4 on the 31st day of October, 2003.

United Nations Convention against Corruption (UNCAC) is the first legally binding, international anti-corruption instrument that addresses the combatting and preventing of corruption on a world stage as opposed to a regional stage. The idea behind this day is to raise people's awareness of corruption and of the role of UNCAC in combating and preventing it. UNCAC entered into force in December 2005.

## Collaboration of the LRA, DCEO and LMPS in fighting corruption.

In 2015, Lesotho led by Lesotho Revenue Authority (LRA), Directorate on Corruption and Economic Offences (DCE) and the Lesotho Mounted Police Service (LMPS), made history by for the time, commemorating the mentioned day. This year will therefore be the second time LRA in partnership with these law enforcement agencies, leads the country in commemorating the International Anti-Corruption Day on the 09th day of December 2015. The theme is still "BREAK THE CORRUPTION CHAIN" but this year's campaign focuses on how corruption affects

education, health, justice, democracy, prosperity and development.

The campaign #breakthechain also highlights that corruption is a cross-cutting crime, impacting many areas. Corruption has become a serious challenge to nations of the world as a whole. It diverts public resources to private ends leading to unstable governments and governance of organisations and distorts revenue collections as a result leading to poor economic growth and high unemployment rate just to mention a few. Its effects on society are devastating. These are just some of the reasons why the three (3) institutions have seen it necessary to put themselves as symbolical sacrificial lambs in the name of the nation.

## DO EMPLOYEES HAVE A ROLE TO PLAY IN THE FIGHT AGAINST CORRUPTION?

The first line of defense in the fight against corruption in an organisation is its employees since they are the ones who interact directly with taxpayers, who may not be compliant with tax issues. Many of us have an idea of what corruption is although we may not share the same ideas.

Corruption is not just high profile cases of officials skimming off large amounts of money for their own benefit, it includes even cases where the systems are manipulated, compliance to laws is undermined, and ordinary people are left destitute e.g. needing to give a bribe for the medicine in health departments or licenses or even paying an officer to get a job.

In the build up to this milestone the three agencies have planned to undertake activities that will raise awareness for the day and consequently stop corruption dead in its tracks.

On the 18th November 2016 officers from the three agencies will embark on a cleaning campaign in town. Another major event will be the symposium which will be held at Avani Maseru on the 5th of December 2016. The main day 9th December will be commemorated by a march from Selakhapane to the Central park.

**Support this cause by:  
Breaking the chain and being part of the initiative to commemorate the International Anti- Corruption day celebrations on the 9th December.**

# **Tax Calendar**

## **Income Tax**

**31st December (3rd Installment)**  
**31st March (Last Installment)**  
**30th June (Return & Last Installment)**

## **Corporate Tax**

**30th September (1st Installment)**  
**31st December (2nd Installment)**  
**31st March (3rd Installment)**  
**30th June (Return & Last payment)**

## **Fringe Benefits Tax**

**30th June (1st Quarter)**  
**30th September (2nd Quarter)**  
**31st December (3rd Quarter)**  
**31st March (4th Quarter)**

## **PAYE**

**15th every month**  
**Valued Added Tax (VAT)**  
**VAT returns for VAT vendors**  
**20th every month (Return & Payment)**

## **Import VAT Credit Facility**

**20th every month (Return & Payment)**





**We are here to serve you!**



**Declare, pay, get notification  
and proceed to border**

## **Lesotho Revenue Authority**

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