



August 2016

newsletter



The official Newsletter of the Lesotho Revenue Authority

Table of **Contents**

Aditorial-----	3
Commissioner Customs meets traders in petroleum industry -----	4
LRA holds tax clinic for high court sheriffs -----	6
Supermarket slapped with distress action -----	7
The Compliance Model Officially Launched-----	8
Private Sector plays a significant role in economic growth - Lepholisa -----	10

Manager
Public Relations and Communications
Mr. Pheello Mphana

Stakeholder engagement remains a key driver in enhancing relations with various groups/publics with the aim of building common understanding that may lead towards voluntary compliance with the tax laws. It is through information sharing sessions where Taxpayer's concerns are discussed and common understanding is created. In this edition, we have an article on stakeholder engagement sessions focusing on customs automation post implementation. The sessions targeted mostly frequent border users that include the petroleum and gas industries, retail as well as the mining industry.

In these sessions both the LRA and these stakeholders get to exchange views on how services at the ports of entry or at any service point for that matter can be enhanced for the benefit of all parties involved. Still on the issue of compliance, the authority has officially launched the compliance model, a tool that will guide the LRA on how to improve compliance generally and in a sustainable manner.

Furthermore, the LRA held tax clinics to create awareness as well as understanding on different tax types and tax obligations and we have articles on these activities.

As LRA pronounced its stance against corruption that halts the economic growth, it is doing everything it possibly can in educating and creating awareness amongst employees on the evils of corruption and how to avoid being lured into the acts of corruption. This edition features a workshop that was organized specifically for LRA employees on corruption in all its forms.

We hope you will enjoy this edition, hope to once again catch your attention in the next publication.

Commissioner Customs meets traders in petroleum industry



The breakfast meeting between the Commissioner Customs, Mrs. Makali Lepholisa and traders in petroleum industry produced worthwhile solutions

The Commissioner Customs, Mrs. Makali Lepholisa and the three Customs Deputy Commissioners met with traders in the Petroleum and Gas Industry to touch base with them on their experiences regarding customs services in general and the automated customs procedures in particular. The meeting was held at the Lancers Inn Hotel on Wednesday, 27th July 2016.

In her opening remarks, Mrs. Lepholisa said the gathering formed part of the series of meetings Customs was organising with different traders to tap on their experiences and source feedback following the automation of customs procedures.

“A lot has been done which has brought a significant change to the way Customs has been operating in the past. I am sure you bear witness to that as you are the beneficiaries of this change. We organize these meetings to gather from the traders how good or bad our services are in order to improve. I hope it is indeed for your benefit.

If not we are here today to hear the problems you experience due to this change and ensure that we solve them as much as possible. We want to hear your frustrations because it is in our best interest to make things better for you,” she said.

She said the LRA uses information gathered through such meetings to inform their planning and to ensure that their strategies respond to the traders concerns. Mrs. Lepholisa highlighted a concern from various stakeholders, LRA included, that there was a worrying variation of revenue collection figures from the petroleum products against a noticeable growth in business in the industry.

“There is a worry that traders might be under-declaring their petroleum imports from their tankers or that there are a lot of fly-by-night tankers used to import products into the country, therefore we need to understand from your side what could be the reason for that and how do we come up with solutions for them,” she said.

On that issue a suggestion was made that inspection upon importation could be a solution. It was also agreed that a training on inspection of fuel trucks would be organized for Customs staff and other relevant stakeholders to curb the suspected under-declaration challenge. There was also a suggestion that the LRA should acquire a list of tankers from the legal traders to curb dubious trucks which imports fuel in the country.

To page 5

Commissioner Customs meets traders in petroleum industry...cont

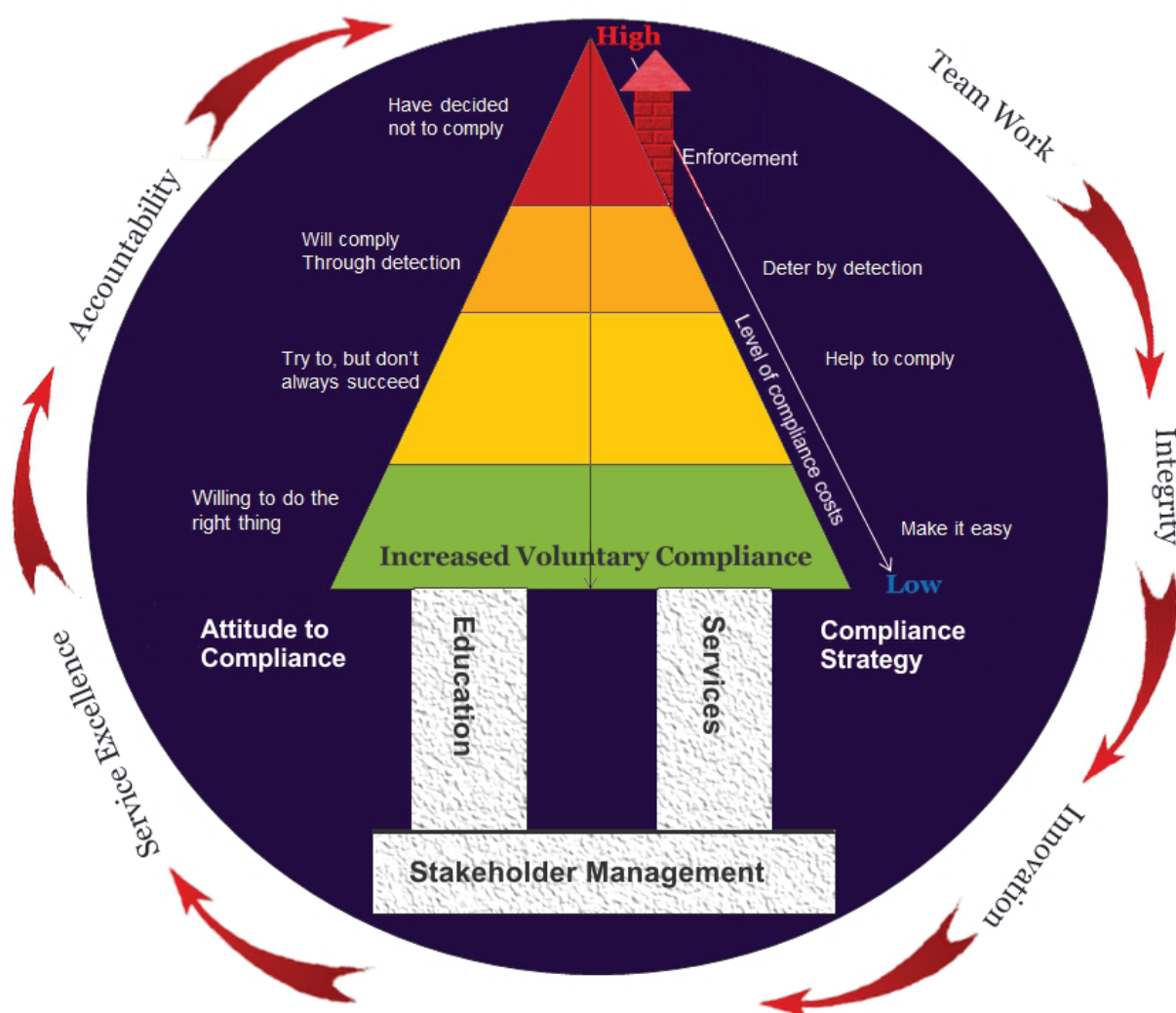
From page 4

The LRA and its stakeholders were also tasked to re-look into the issue of imposing restrictions on importation of fuel in some ports of entry like it used to happen in the past to tighten controls, however the meeting was advised that there is no law supporting such restrictions.

The traders also raised a concern that sometimes they come across a duplication of invoices from the LRA's Deferment Credit Facility which makes their bill to be unexpectedly high. To that end, the Commissioner Customs and her team said the setback was as a result of mistakes Clearing Agents make when they lodge declarations in the system. The traders were advised to check their bill from time-to-time to be able to raise their credit queries on time.

The LRA was applauded for speedy services at border posts following the introduction of the ASYCUDA World System where, a representative from the Executive Transport said with all processes complete after their arrival, they take a maximum of an hour to cross the border while it used to take longer. Also represented was the Petroleum fund under the Ministry of Energy.

These meetings are part of the broader communication and change management program following the implementation of the Customs Modernization Programme. Similar meetings targeting different business entities are to be organized in the near future.



LRA holds tax clinic for high court sheriffs



Participants during a Taxpayer Education clinic for Sheriffs at the High Court of Lesotho

The LRA through the Taxpayer Education Department organised a tax clinic for the high court sheriffs on the 10th August 2016 at the High Court of Lesotho Conference Hall. A total of (20) court sheriffs attended the session. The purpose of the clinic was to make them aware of the taxes that affect them.

The Assistant Registrar of the High Court, Ms. Khopotso Phafoli opened the clinic where she welcomed the LRA delegation as well as the Court Sheriffs. In his remarks, the President of the Sherriff Association, Mr. Retšelisitsoe Masenyetse urged the LRA to take account of the challenges they were faced with before they implement relevant taxes on them.

On the other hand, Manager Debt Recovery Mr. Mahlomola Manyokole said as the LRA they felt it was important to meet the High Court Sheriffs and sensitize them about taxes that affect them, adding their compliance with tax laws would help the LRA to achieve its mandate of collecting taxes on behalf of the Lesotho Government.

Mr. Manyokole said the LRA has discovered that there were some sheriffs who are not compliant with their tax obligations. *“Through the nature of my profession as a lawyer and through working closely with you I am aware that some of you are not compliant with tax laws hence this initiative to organise an awareness tax clinic for you was done,”* he said.

Manager Taxpayer Education, Mr. Letsatsi Sepiriti made presentation on employment income and individual income tax where the sheriffs had a lot of questions as people who seemed not to know anything about such tax types.

At the end of the clinic it was decided that there would be follow up meetings where it would ultimately be decided as to which tax type would be suitable for them because they were hired by the High Court Registrar but do not earn a basic salary. They actually get commissions from their clients through clients' lawyers.

LRA EMPLOYEES WARNED AGAINST CORRUPTION



Employees based in the northern region during the Anti-corruption and Risk Management awareness workshop

In the wake of high profile corporate scandals many organisations are aware of the need to create anti-fraud measures and initiatives, amongst them to raise awareness level of the employees on issues of fraud and corruption. The LRA like most organisations is aware and acknowledges the risk of corruption and has set up structures to try to mitigate the risk of corruption.

The Assurance Services Division of the LRA has for the past years through its Ethics Office conducted anti-corruption workshops and ethics sessions to the Authority's employees. To break the monotony, the division has for this year engaged an external expert, the Directorate on Corruption and Economic Offences (DCEO, to pitch ethics and corruption risks awareness at a higher level.

The anti-corruption and ethics awareness campaigns were held for the Northern Region on the 03rd -4th August 2016. A clear synergy is readily recognisable between prevention of corruption and risk management. Corruption is a risk on its own right and therefore it was only fitting that the anti-corruption awareness was held together with the risk management awareness campaign through the risk management forum.

The risk management forum comprises the Assurance Services (Risk and Governance), Corporate Services (Security and Surveillance) and the Enforcement (Case Selection) Divisions. "Corporate fraud

is not a random occurrence. It happens and breeds in situations that are right for it to occur." These were the words spoken by Mr. Lefu Ramashamole of the Directorate on Corruption and Economic Offences when expertly tutoring colleagues on Corruption (its meaning, forms, types, causes and effects) on the 04th day of August 2016. His presentations also emphasised on the importance of ethics in the prevention of corruption.

Mr. Ramashamole was echoing the techniques and principles that were presented by his colleague Ms. Khauhelo Maliehe who had presented to a different group the day before. In the final session, the DCEO Director Education and Prevention - Mr. Litelu Ramokhoro guided the participants in identifying the areas vulnerable to corruption and coming up with mitigation activities. Participants for this workshop were from the Northern Customs stations and Advice Centre Leribe.

On the Risk Forum front, Mr. Moahloli Molefe from Risk and Governance Unit talked about Enterprise Risk Management, Mr. Motlatsi Thejane communicated to the employees about Physical Security and Information Security issues management and Mrs. Matau Mafa presented on compliance risk management.

A similar workshop will be held in the Southern region this week on the 10th and 11th. The dates of sessions for the central region and management are yet to be set down.

The Compliance Model Officially Launched



The Compliance Model Project Manager, Ms. Mofolo Makhele hands over the Compliance Model document to the Senior Manager Corporate Strategy and Planning, Mrs. Lineo Tseuo

The Acting Commissioner General, Advocate Realeboha Mathaba, cut the ribbon to officially launch the Compliance Model on Wednesday, 24th August 2016 at the Hotel Mount Maluti. The development of the compliance model was done in line with Critical Issue #3 under the current strategy— (developing a compliance model that promotes voluntary compliance and deters non-compliance).

According to the Compliance Model Project Administrator, Mrs. Teboho Mosito-Mokotjomela, the LRA defines the Compliance Model as the degree to which the Authority creates an enabling environment that induces Taxpayers to voluntarily meet their obligations in relation to Tax and Customs Laws.

She said the LRA Compliance Programme was a high level plan introducing initiatives responsive to the compliance

risks identified. “The objectives of the Compliance Programme includes influencing behaviors of Taxpayers in order that they meet Customs and Tax legal obligations,” this she said at the official launch.

Furthermore, she indicated that the implementation of the Compliance Model and Programme would bring a vast majority of benefits to the Authority which includes amongst others:

- Improved Voluntary Compliance
- Targeted Education Programs
- Improved Services Delivery to Taxpayers
- Reduction in Compliance Costs
- Reduction in number of non-compliant Taxpayers
- Proper Management of Stakeholders

To page 9

The Compliance Model Officially Launched...cont

From page 8

To gauge the success or failure of the program post implementation she said the compliance indicators (as appears in the next page) were developed:

Filing	Increase on returns filed on time Decrease in late filing Decrease in returns filed without payment Decrease in non-filing Decrease in incorrectly filled returns Decrease in incidences of credit returns resulting from collusion by taxpayers Decrease in nil returns
Declaration	Reduction inaccurate declarations Reduction in incidents of smuggling Increase in voluntary declarations Decrease in border offences
Payments	Payments are timely Adherence to deferred arrangements Reduction in debt agreements defaults Reduction in cases referred for enforcement measures

The employees attending the ceremony were mesmerized when popular local comedian, CURA, presented the Compliance Model Structure.

Private Sector plays a significant role in economic growth - Lepholisa



The Commissioner Customs Mrs. Makali Lepholisa chairing the meeting involving the Mining Sector

The Commissioner Customs, Mrs. Makali Lepholisa has vowed to eradicate the purported rudeness besieging the Customs Division and the Clearance Hub in particular. This she said when addressing and responding to some strong concerns raised by traders during a roundtable meeting held with the mining sector on Friday 12th August 2016.

In her welcome and introductory remarks Mrs. Lepholisa highlighted the significant role that the private sector and the mining industry in particular plays in driving Lesotho's economic growth hence the importance of touching base with them to discuss whatever concerns they may have when moving goods across the ports of entry and coming into contact with customs officers. She said that LRA is always prepared and willing to listen to criticism in its endeavour to continuously improve service delivery.

"As employees of LRA we have values that we ascribe to and they include Service Excellence and Accountability. We expect our staff at all times to treat the Taxpayers with utmost respect and compassion and to also be accountable for their actions." she emphasized.

She promised to do all in her power to ensure that customs officers live the LRA values and that there are consequences for deviation. Some traders complained

about the growing tendency by customs officers of not taking/answering telephone calls nor responding to emails and the Commissioner made a commitment that she will also address such behavior. Other concerns raised included dubious suspensions of Taxpayers deferment accounts under the pretext that payments were not made while in fact the problems were with the LRA (integration of systems). Mrs. Lepholisa assured participants that as management they will take a holistic approach in tackling the whole issue of customer care.

The traders, however, were informed that they were not supposed to have direct contact with the Clearance Hub but should rather do so through their clearing agents not unless they were doing declarations themselves.

These meetings are part of the broader communication and change management program following the automation of customs processes and procedures and implementation of other initiatives at the ports of entry. The meetings are organized and chaired by the Commissioner Customs supported by the three Customs Deputy Commissioners, other Customs managers and the Manager Public Relations and Communications.

Similar meetings targeting different business sectors are in the pipeline.

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)



National Roll Out – New Automated Customs Procedures in 2016



Van Rooyen's Gate : February 2016
Qacha's Nek : February 2016
Caledonspoort : March 2016

Lesotho Revenue Authority

Government Complex Building

Maseru, Lesotho

P.O. Box 1085, Maseru 100, Lesotho

Tel: (+266) 52215531

Email: t.mncina@lra.org.ls

Website: www.lra.org.ls