

January - April 2015
ISSUE 10



Newsletter





Table of *Contents*

Entrepreneurship Project on the Roll.....	1 - 2
LRA Launch VAT Module.....	3 - 4
Caledonspoort Border Post Refurbishment Complete.....	5
LRA Receives Compact Mobile Scanners.....	6 - 7
LRA holds Sensitisation Workshop.....	8
LRA Keen on Developing Young Minds.....	9
HOBA Applauds Border Agencies Team Work.....	10
LRA Commits to Enhancing Relations with Border Agencies.....	11 - 12
LRA Staff Reach Out to the Needy.....	13 - 14
Information Guide on Zero Rated Supplies of Goods.....	16 - 17
Tax Calendar.....	18
“Did You know”.....	19

Editorial

Comments



System in our previous edition. In this edition we have an article giving an update on the customs modernization programme through acquisition of customs baggage and mobile scanners. In the same note we have an article on the progress regarding Caledonspoort Border Post as part of customs border refurbishment project.

As a caring corporate citizen and in collaboration with its cooperating partners the LRA has pledged financial support towards a project aimed at addressing unemployment and poverty alleviation amongst youth through a project known as Bacha Entrepreneurship Project. There is an article in this publication that covers this particular matter as well as other stories that project good corporate citizenry. Finally, we provide an information guide on zero rated supplies and other articles of public interest.

In this issue we bring you an update on technological developments and progress regarding the broader LRA modernization agenda. The publication also covers tax education initiatives as well as social responsibility drive the Authority is embarking upon. In this edition we have featured an article on the launch of the VAT module with the Large Taxpayers Department as part of LRA's Inland taxes automation using Oracle Enterprise Tax and Policy Management system.

On the Customs front we did report about the automation of Customs using the ASYCUDA World

We wish to take this opportunity to thank you for your continued support and urge you to feel free to contact us should you want to participate either by contributing or making recommendations regarding this publication.

Happy reading!!!

You can contact us through email:
t.mncina@lra.org.ls / t.loko@lra.org.ls

Bacha Entrepreneurship *Project on the Roll*



From left BEDCO CEO Mr. Robert Likhang, Standard Lesotho Bank Head of Business Banking Mrs. Lucy Mohapi and LRA Commissioner General Mr. Thabo Letjama signing the MOU

The lives of youth in Lesotho are set to change following a launch of Bacha Entrepreneurship Project by Lesotho Revenue Authority (LRA), Basotho Enterprise Development Community (BEDCO) and Standard Lesotho Bank.

The organisations signed a tripartite Memorandum of Understanding (MoU) that would ensure a successful implementation of the project. LRA Commissioner General Mr. Thabo Letjama signed on behalf of LRA, Head of Business Banking Mrs. Lucy Mohapi represented Standard Lesotho Bank while Chief Executive Officer Mr. Robert Likhang signed for BEDCO.

The project targets unemployed youth who at least hold a university degree (minimum requirement), are aged 21 to 35 and aspire to be entrepreneurs. In the first year, 25 shortlisted candidates of winning proposals will be trained on business skills which will help them to run their businesses.

The idea is that once they have the right skills they will be able to grow their businesses and qualify for better financing from financial institutions.

Out of the 25 shortlisted candidates, the panel of experts will shortlist a further three who will be financed to start their businesses. The shortlisted three

will share a start-up capital of M500, 000. The funded businesses will only start repaying the money in the third year after operation.

Speaking at the launch Mr. Letjama said the ceremony signified the organisations' commitment to a partnership that is aimed at making a contribution in the fight against unemployment and poverty in Lesotho.

He said statistics show that Lesotho has a high level of unemployment. More than half of the employable youths are unable to find jobs after graduating, he said.

"Research further shows that youth unemployment, especially at the rate at which it is in our beloved country, is a ticking social time bomb that needs efforts of many to diffuse for betterment of lives in Lesotho and her better economic future," he said.

BEDCO CEO, Mr. Likhang, said the event reaffirms the three organisations' joint belief that Lesotho's economic growth lies in the hands of youth. He said

young people in Lesotho face serious socio-economic challenges hence they need to be assisted.

He said the partnership was yet another way in which bigger businesses and agencies worked together to show their responsibility and invest in creating and sustaining smaller business. "There is no doubt that economies of countries, including the most developed, depend on small business."

He said if there are small businesses the LRA will be able to collect more tax to help develop the country. Standard Lesotho bank can do better in business if small businesses are helped to grow, he said.

Standard Lesotho Bank's Mrs. Mohapi said the event signalled the beginning of better things to come in youth empowerment. "Today also signals a day when the biggest stakeholders in the promotion of business and development reaffirm their commitment and together unite to say it is about time that we take it on our shoulders to build the future of this country." Further information on the project is available on the three organisation's websites.



LRA, Standard Lesotho Bank and BEDCO project team

LRA Launch

VAT Module

The Lesotho Revenue Authority (LRA) launched a pilot project for Enterprise Taxation and Policy Management (ETPM) Value Added Tax (VAT) module at Maseru Mall in December 2014.

The pilot project, which is part of the Tax Modernisation Programme, will cover VAT processes and systems in the Large Taxpayer Department. The VAT module is the second to be launched after the roll out of the Registration Module in 2012.

The Tax Modernisation Programme is meant to help LRA improve the administration of inland tax processes and systems. This is in line with the Strategic Plan Critical Issue on Modernising LRA's Processes and Systems.

The launch marked the beginning of the trial phase for the module which ran concurrently with the Legacy system throughout the two-month pilot phase. The pilot project ended in February 2015 and the module is expected to be rolled out to all VAT registered organisations.

"The pilot phase of the VAT module is expected to expose the Large Taxpayer Department to successes and challenges which the department can draw some lessons from," said the Deputy Commissioner - Large Taxpayers Department Mr. Paul Khanare.

Mr. Khanare said the Department will use the lessons learned from the pilot project as they work on other modules. The project will speed up processes to



Senior Manager Planning and Modernisation Mr. Molupi Mothepu hands over SOPs to Deputy Commissioner Domestic Taxes Mr. Paul Khanare



The Commissioner General Mr. Thabo Letjama cuts the ribbon to launch the Go Live VAT Module

ensure Taxpayers receive improved services, he said. Mr. Thabo Moleko, Commissioner Domestic Taxes, mentioned that ETPM is a major move towards tax modernisation. He said the LRA plans to decentralise services and systems.

"We will also support the Government's mission to expand the One-Stop Business Facility Centre (OBFC) service," he said.

LRA is yet to introduce small and informal tax regimes to maximise on revenue collection. Mr. Moleko said the other avenues under consideration include electronic filing, electronic registration and electronic payment.

Tax Modernisation Programme Manager Mr. Mokhehi Mabea said ETPM is a basic solution to all processes and systems within LRA, adding that the team has to ensure that it works.

"As the working team, we did not promise high targets, but our goal was to deliver more, of which we were able to," he said. He extended a vote of thanks to the working team for ensuring that the module went live on the set date.

The ETPM will also be integrated with the ASYCUDA World System to ensure that Taxpayers' records are available even at ports of entry.

Mrs. Idia Penane, Chief Planning and Modernisation Officer, said the modernisation process started in 2008 with the Enterprise Architecture Project. She said the plan was to respond effectively to the increasing business requirements. "The idea is to bring the services to the Taxpayer," she said.

She noted that if Taxpayers easily access services it will encourage compliance and ultimately increase revenue collection, which is LRA's mandate. The LRA also has plans to roll out the VAT module to the Medium Taxpayer Department (MTD) and the Small Taxpayer Department (STD).

The Commissioner General Mr. Thabo Letjama commended the team for ensuring that the module "Goes Live" as scheduled.

The Senior Manager Modernisation and Growth Mr. Molupe Mothepu handed over the Standard Operating procedures (SOPs) to Mr. Khanare as a working document for the project.

Caledonspoort Border Post

Refurbishment Complete

The Lesotho Revenue Authority (LRA) has completed the construction of a state-of-the-art border facility that will facilitate easy movement of goods at the port.

Mr. Thapelo 'Moleli, Project Manager, said the border refurbishment project launched in June 2012 has three major components which include, the Main border post (administration block), staff flats and an improved border road.

He said the project finished six months behind schedule because of new technologies the Authority is incorporating into its systems and processes.

Mr. Moleli said the project was implemented in two phases. Phase 1 was the construction of temporary office facilities to accommodate all agencies at the border and phase 2 was the construction of the actual building.

The new staff houses can accommodate 20 people. Each house has a kitchenette, sitting room, bedroom and a bathroom. There will also be 20 parking bays. He pointed out that the improved administration block

will provide offices for all border agencies with the following additional facilities; cold-room storage, dry storeroom, quarantines, holding cells, boardroom and dining facilities.

The new structure was designed to accommodate modernisation developments which will go in line with LRA customs systems automation programme and the Ministry of Home Affairs automation of immigration procedures at ports of entry.

The external facilities have provisions for electronic scanner inspections and sufficient space for physical inspection at the border. "The new facility is also compliant with greener environment benchmarks where it has provided a sewer treatment plant that will clean used water for irrigation," he explained.

The refurbishment of the Caledonspoort Border Post forms part of the efforts by the LRA to provide improved border infrastructure that can facilitate easy movement of goods at ports of entry. The Border Refurbishment Project started with the refurbishment of Maputsoe Bridge followed by Maseru Bridge then Tele Bridge.



The newly constructed Caledonspoort Border Post

LRA Receives Compact Mobile Scanners

Lesotho Revenue Authority (LRA) received two Compact Mobile Scanners through the Customs Scanners Project in November 2014. The scanners will be deployed at border posts as well as inland locations such as Maseru Station. The scanners will improve the efficiency and effectiveness of border controls.

The Compact Mobile Scanners technology is well-established and over 700 scanners are used globally with just less than 100 being utilised in Africa. The scanners enable Customs Officers to see the contents of a vehicle without physically opening it.

Compact Mobile Scanners will be used to support border control operations in ways that include:

- **Detection:** Instant images of a vehicle's contents will help Customs Officers detect what's inside;
- **Deterrence and Compliance:** The system will help deter non-compliant taxpayers from evading tax, which will lead to improved taxpayer compliance;
- **Trade facilitation:** The scanner's "instant inspection" technology reduces the need for physical inspections that are time-consuming and costly for traders hence goods can be cleared at ports of entry in a quick and efficient manner;
- **Risk Management:** The ability to conduct many inspections means that the LRA will improve its knowledge of border risks. This information will help improve LRA's Risk Management strategies and tactics.
- **Efficiency:** The use of advanced technology at ports of entry will reduce the workload for Customs Officers while at the same time improve service delivery for



The new acquired Compact Mobile scanner

the traders. Quick and spot-on inspections will reduce queues and waiting time for traders.

- **Credibility:** The scanners will assist Lesotho improve the "credibility" of its trade by demonstrating its commitment to increased inspection coverage and on both imports and exports.

The Customs Modernisation Programme (CMP) Team plans to deploy the scanners early this year. Meanwhile, LRA is finalising the recruitment of the Compact Mobile Scanner Team - eight officers (known as Driver Analysts) and a team leader.

The team will be under the leadership of Mr. Lebohang Nokana, Manager Freight. Final training programme will include:

- Driver Training and Defensive Driving;
- Customs Basic and Inspection Training;

- Standard Operating Procedures Training;
- Compact Mobile Scanner Operator Training;
- Compact Mobile Scanner Image Analysis Training

Meanwhile, The Lesotho Revenue Authority (LRA) Commissioner General, Mr. Thabo Letjama, applauded the acquisition of Compact Mobile Scanners which he said will help speed-up processes at the ports of entry.

He said the scanners delivered recently will go a long way to make customs inspections easier.

"We have taken a long time to achieve this milestone," Mr. Letjama said during an exhibition of the scanners by BASIX representative, Mr. Glenn Cunningham, in Maseru on February 17, 2015.

BASIX is the company that supplied the scanners.

The Commissioner General said the scanners were a "great investment" for Lesotho and there "is a huge expectation that it will boost revenue collection".

He thanked the project team and LRA management

for working together to ensure the success of the project. The scanners will be used for Static Screening and Mobile Targeted Scanning.

During Static Screening the Scanner Vehicle will be in a motionless position while the vehicle being scanned drives past at the specified speed. For Mobile Targeted Scanning the Scanner Vehicle is driven around the target vehicle.

LRA employees will be trained on how the system works first, followed by drivers who will operate scanners together with the scanners' maintenance. After that there will be training on defensive and economic driving intended to equip learners on driving skills as well as promoting long term usage of the scanners.

The Compact Mobile Scanners, which can carry out "non-intrusive-inspection", will help LRA improve checks at ports of entry.

The scanners will allow Customs to perform checks on vehicles without physically opening the vehicle thus improving speed and efficiency of the processes.



LRA officers posing for a photo in front of the new Compact Mobile Scanners



Trade Regimes Manager Mrs. Mamakoala Pitso presenting at a workshop

LRA holds *Sensitisation Workshop*

Lesotho Revenue Authority (LRA) through the Legal and Policy Division held a sensitisation workshop for exporters and clearing agents on the adoption of international best practices at Maseru Sun Hotel on February 24, 2015.

The sensitisation workshop was aimed at creating awareness to traders on international forums LRA participates in and how the nation, through trade, stands to gain from participating in such forums.

The objective of the workshop was to provide updates on the developments in International Forums they attended in terms of:

- Obligations that the LRA has in respect to various trade regimes and treaties to which Lesotho is a party;
- On-going negotiations and discussions in respective forums such as WTO, WCO, SADC, SACU, OECD and Other Revenue Related Organisations;
- The Benefits that the trading community stand to gain through LRA's involvement in these Forums and the implementation of provisions thereof;
- Overview on tax treaties, their benefits and developmental strides being made globally to combat issues of tax evasion.

Further updates were given regarding implementation of the Asycuda World System and its roll out to Maseru Central Stations.

The participants at the meeting recommended that the LRA should beef-up its strategies on information sharing with traders. This includes availing information on rules of origin and other pertinent issues to traders through flyers, seminars, LRA website and the Trade Portal.

On the ASYCUDA project, the traders recommended that there should be a meeting where challenges that emerged from the pilot project at Maputsoe Bridge should be discussed.

The Legal & Policy Division has been mandated through the Trade Regimes and International Treaty Development Sections to review and implement international trade and tax instruments; as well as provide technical and advisory services.

To realise this mandate and to successfully ensure that the LRA adopts international best practices as defined in the LRA 2014-2019 Strategic Plan, the provisions of the International Trade Agreements and Treaties must be understood and translated into actionable items for all stakeholders.

LRA Keen on *Developing Young Minds*



The winners of Spelling Bee contest pose for a photo

National University of Lesotho International School (NULIS) scooped first prize in the inaugural Lesotho Revenue Authority (LRA) Spelling Bee Contest held in Maseru recently. The runners up were New Millennium Primary School while Maseru Preparatory School (Maseru Prep) came third.

The competition brought together eight primary schools around Maseru namely Seventh Day Adventist, Phethahatso, St. James, Iketsetseng, Unity, Montessori, New Millennium, Maseru Prep and NULIS.

The top three individual winners of the competition were Boitumelo Lebesa from New Millennium, Keketso Khetsi from Maseru Prep and Ellaine Fontamillas from Seventh Day Adventist who walked away with M1 000, M800 and M500 respectively. The three also received a McMillian hamper.

Mr. Letsatsi Sepiriti, LRA Manager Taxpayer Education, said the Authority's participation in the competition marks a new era in the partnership between LRA and Dream Lesotho Education Foundation.

He said LRA's primary goal was to provide students with an opportunity to acquire tax knowledge at a tender age, developing their communication and presentation skills hence instigate and entrench a culture of voluntary tax compliance.

"The overall goal is to instil a taxpaying culture within

the young generation because 'Today's youth are tomorrow's Taxpayers,' he said.

He pointed out that it was through initiatives such as the Spelling Bee Contest that children will be aware of the importance and purpose of taxation in order to cultivate a "willingness to pay" attitude rather than "obliged to pay" attitude.

"Paying one's taxes needs to be seen as national duty and a patriotic act rather than having negative feelings towards taxation," he noted, adding that the approach would ensure a sustained increase in the number of registered Taxpayers over time and that would translate into increase in tax collection going forward.

"I am sure you will agree with me when I say today we have seen the uncut diamonds shining beyond everyone's expectations and the passion and commitment that they have shown throughout the contest was remarkable," he noted.

He further pointed out that it was through initiatives of this nature that LRA would have future Taxpayers who were not only knowledgeable on all tax matters but also compliant with tax laws.

"In order to take this partnership to the next level, we challenge the Ministry of Education and Training that going forward we need to explore ways in which tax education can be included in the schools' curriculum," he said.

Speaking on behalf of the Ministry of Education and Training, the Senior Education Officer, Mr. Lepekola Ralibakha said the contest has granted students an opportunity to identify their challenges with regard to spellings as well as their attitude towards English.

He extended a vote of thanks to LRA for the partnership which he said is geared towards the development of the education system at large. He congratulated all the contestants for the skills they displayed throughout the competition.



HOBA members visit to Makhaleng border post

HOBA Applauds Border Agencies Team Work

Heads of Border Agencies (HOBA) embarked on an annual tour to all borders to encourage and gather all information necessary to make all employees feel supported in their duties in serving the customers. The countrywide tour commenced on March 16th to 19th 2015.

The Chairman of HOBA as well as Commissioner Customs Mrs. Makali Lepholsa said all agencies in the ports of entry are interdependent and cooperation is the only way to offer the customers the best service in the ports in entry.

"We are aware that each agency has a policy that guides their operations at the borders and it is up to us as agencies to harmonize them in order to ensure that the best service is rendered to our customers," she said indicating that they are the first people who have contact with all people coming into the country.

She pointed out that most of the issues that were raised in the last visit like staff housing, fencing, office renovations, office furniture, office space shortages have been addressed to ensure that the people in the borders work.

Mr. Nkekeletse Makara from Road fund highlighted the need of all agencies to work together. He pointed out there is a shortage of resources especially in the borders that are remote and the only option that could work in their favour would be to share the little resources they have.

"We are aware that you are facing difficulties in your day to day jobs as some agencies are not represented," he said adding that it is possible to serve the customer if all border staff could learn each agency's role.

The concerns in most borders were the issues of training where all border staff can be trained to understand the roles of each border to effectively assist each other. They pointed out that the other issue is harmonization of policies from different agencies. The border staff also raised the issue of more secure fencing as there is movement of people and livestock illegally.

HOBA visited Maputsoe, Monontsa, Sani, Ramatseliso, Qacha, Tele, Makhaleng, Sephapo and Van Royeen's border posts.

LRA Commits to Enhancing *Relations with Border Agencies*



Commissioner Customs Mrs. 'Makali Lepholisa awarding certificates to Traders

Lesotho Revenue Authority (LRA) Commissioner Customs Mrs. Makali Lepholisa has committed to enhancing collaboration with other border agencies for better service delivery. She said this during the World Customs Day celebrations at Lehakoe Recreational Centre on 26 January 2015.

The theme of the celebration was "Coordinated Border Management (CBM)" - An inclusive approach for connecting stakeholders. "With this theme we are encouraged to further enhance collaboration, cooperation and working relations with our many partners," she said.

Mrs. Lepholisa said despite varying regulatory mandates, border agencies should work together for the common good.

CBM, she said, improves service delivery, reduces transport costs, cuts queues and lowers infrastructure improvement costs.

She said it promotes wider sharing of information and intelligence, and strengthens connectivity between border stakeholders.

"As Lesotho, we acknowledge this fact and have moved several steps forward and as Heads of Border Agencies (HOBAs), we have developed a border management strategy that will assist us reap all the benefits I have highlighted," she added.

She said as members of the World Customs Organisation (WCO), they recognise and acknowledge the need for a "whole-of-government" approach to

border management and the need for other arms of Government to become actively involved in the global trade facilitation agenda.

Mrs. Lepholisa said since the Bali Agreement, a trade accord aimed at lowering trade barriers, trade facilitation issues have been high on the WCO's agenda.

"In 2006, the WCO developed the Revised Kyoto Convention (RKC), an update and revision of the International Convention on the Simplification and Harmonisation of Customs Procedures, in an effort to achieve a highly facilitative international travel and trading environment while maintaining appropriate levels of regulatory control," she said.

The convention represents the international blueprint for Customs in terms of prudence, modern customs management, and is designed to contribute towards the development of international trade and other international exchanges.

The RKC commits contracting parties, Lesotho being one of them, to key principles such as:

- Transparency and predictability of Customs actions,
- Standardisation and simplification of the goods declaration and supporting documents,

- Simplified procedures for authorised persons,
- Maximum use of information technology,
- Minimum necessary Customs control to ensure compliance with regulations,
- Use of risk management and audit-based controls,
- Coordinated interventions with other border agencies.

"LRA aligned itself with these principles through development of Customs Modernisation Programme (CMP), which we have recently piloted at Maputsoe Border Post," she said.

Speaking on behalf of HOBA, Mr. Sehlabaka Ramafikeng, who works at the Lesotho Tourism Development Corporation, said since the establishment of HOBA in 2007 notable strides were made to improve the working conditions of all border agencies. He said HOBA played a major role in ensuring successful refurbishment of Tele, Maseru, Maputsoe and Caledonspoort border posts.

"We believe that through improved infrastructure and human resources, traders will enjoy services at border posts and this will also boost Lesotho's economic growth," he said.

There was also presentation of awards to selected traders and partners as part of the day's celebrations. Other members of HOBA were also in attendance. World Customs Day is an annual event.



Participants of the World Customs Day Celebration



Commissioner General Mr. Thabo Letjama hands over food packages to St. Leo Mrs. Theresia Tlhabeli

LRA Staff Reach *Out to the Needy*

Christmas itself is about a big present that God gave the world about 2000 years ago – Jesus Christ! One of the most famous Bible verses, John 3:16 says: "For God so loved the world, that he gave His only begotten Son, that whoever believes in Him shall not perish but have an eternal life".

All over the world, families and friends give presents to each other. Most children around the world believe in Christmas and its gifts. It is often St. Nicholas, Santa Claus or Father Christmas, in Germany they believe it is the Christ-kind, in Spain they believe it is the Wise Men

and in Italy they believe it is an old lady called Befana. It is in this spirit of Christmas that Lesotho Revenue Authority Commissioner General Mr. Thabo Letjama, on behalf of LRA, handed over food parcels to orphaned and vulnerable children at St. Leo Primary School. The school has around 86 orphans.

The food parcels were collected through a staff campaign called – *Fana ka Lerato* which ran concurrently with LRA Day celebrations in September. During the campaign staff members donated various food stuffs. Other employees opted to contribute cash

which was used to buy additional food such as maize meal, cooking oil and beans.

Handing over the food parcels, Mr. Letjama said the Authority had opted to act beyond its mandate and engage in community uplifting programmes. He thanked the caregivers at St. Leo Primary School as he handed over the food parcels to Mrs. Theresia Tlhabeli, one of the caregivers.

"Caregivers do a commendable job because they leave their families and other commitments to take care of the orphaned and vulnerable children," he said.

He gave words of encouragement to the orphans saying challenges are part of the road to success hence they should pursue their studies to achieve a bright future.

"Education is the key to success and through it you will achieve anything you want in life. You have a chance to become futures leader in this country just like every other child," he said.

Mrs. Tlhabeli thanked LRA employees for remembering orphans at St. Leo Primary School during Christmas. She said that the support will change the lives of the children.

"In the past we knew that orphans were not performing well in their studies, especially in Standard 7 examinations but we are proud to announce today that we have an orphan who got a first class pass in 2014,"she said.

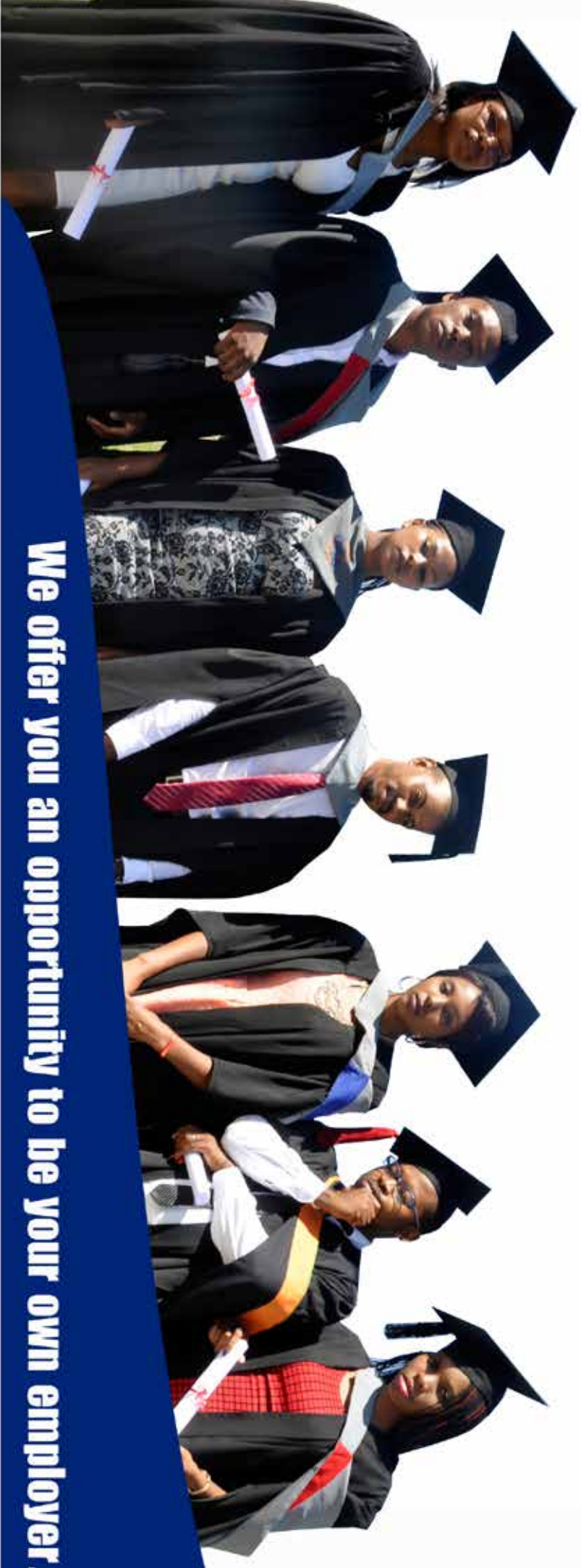
She also said the poultry and dairy project that was donated by LRA to the orphans in 2011 has gone a long way in empowering the Ha Makhoathi community as different schools in the area have study-toured this project to learn about animal husbandry.

Ms. Bokang Monkhe, a pupil, said: "We are thankful to the LRA support as are now able to attend classes comfortably and relaxed just like any other children." She said the pupils are working hard in their studies adding that they wish to be future tax collectors and replicate the good gesture by LRA.



Commissioner General Mr. Thabo Letjama talks with St. Leo Pupils

Graduated? Unemployed? Stressed???



We offer you an opportunity to be your own employer.....

www.lira.org.ls, www.bedco.org.ls, www.standardlesothobank.co.ls



Standard Lesotho Bank

Information Guide on Zero Rated Supplies of Goods

Zero rated goods as specified in the Fourth Schedule of the Value Added Tax Act 2001 (as amended) and the Customs and Excise Tariff. The list of zero-rated goods is composed of basic commodities as follows;

Commodity	Description
Maize Meal	Where it is graded as super maize meal, special maize meal, sifted maize meal or unsifted maize meal. (Tariff Heading 1102.20)
Maize	Where it is dried unprocessed maize, or dried seed of the plants <i>zea mays indurata</i> and <i>zea mays inderata</i> or any one or such plants, but excluding popcorn or green mealies for human consumption. (Tariff heading 1005.00)
Samp	Samp excluding samp that is further prepared or processed.
Beans	Provided they are dried beans, whole split, or crushed or in powder form but not further prepared or processed, canned or frozen. For instance tinned or frozen beans are not zero rated. (Tariff Heading 0713.00)
Agricultural Inputs, viz. fertilizers, seeds and Pesticides	<p>Seeds: Where Seed are in the form used for cultivation: provided they are seeds of cereals, edible vegetables and certain roots and tubers as stated in chapters 7 & 10 (refers to different types of vegetables seeds) of Harmonized Tariff .</p> <p>Fertilizers: intended for or offered for use in order to improve or maintain the growth plants or the productivity or the soil. For a full list of zero rated fertilizers refer to chapter 31 of Harmonized Customs Tariff. It is worth noting here that Chapter 31 relates to plants fertilizers and does not cover animal blood of heading 05:11 i.e. bovine (includes Cattle, sheep and goats) semen.</p> <p>Pesticides: where pesticides consists of goods consisting of any chemical substance or biological remedy, mixture or combination of any such substance or remedy intended or offered for use</p> <p>(a) in the destruction, control, repelling, attraction, disturbance or P a g e prevention of any undesired microbe alga, bacterium, nematode, fungus, insect, plant, vertebrate (includes frogs and grasshoppers) and invertebrate (majority of insects).</p> <p>(b) as a plant growth regulator, defoliant, desiccant, adjuvant or legume inoculant, and anything else which the Minister of Agriculture has by notice in the Gazette declared to be a pesticide; or</p> <p>(c) where seeds (excluding those under 5:11 as indicated above) are in the form used for cultivation.</p> <p>N.B: For a list of zero rated pesticides refer to Tariff heading 3808.00 of Harmonized Customs Tariff.</p>
Paraffin	Intended for cooking, illuminating and heating. Provided it is not mixed or blended with any substance for any other purpose other than cooking, illuminating or heating. (Tariff Heading 2710.00)

Full Cream Milk	Intended for domestic consumption, being the milk of cattle that has not been concentrated, condensed, evaporated, sweetened, flavoured, cultured, or subjected to any other process other than homogenisation, or preservation by pasteurization, ultra high temperature treatment, sterilization, chilling or freezing. (Tariff Heading 041.10) Exclusions here include soya milk, coffee creamers, infant milk, powdered milk and sour milk(mafi).
Brown and White Bread	Intended for domestic consumption, provided that brown bread is only bread made from brown wheaten meal and water that has been fermented by yeast and which has been baked in the standard form: and, white bread for purposes of interpretation is only white bread made from white flour and water that has been fermented by yeast, enzymes, proteins, and which has been baked in the standard form. (Tariff Heading 1905.90) This therefore means that garlic loafs, French loafs, rolls, buns and any other confectionary bakery are excluded from the zero rate hence remain taxable at the standard rate currently 14%.
Peas	Provided they are dried peas, whole, split or crushed or in powder form, but not further prepared or processed, canned or frozen. (Tariff Heading 07.13.00). For instance tinned or frozen peas are not zero rated
Animal Feeds	Animal feeds are zero rated provided they are goods which consist of: (a) any substance obtained by a process of crushing, gritting or grinding or by addition to any substance or the removal there from any ingredient; P a g e (b) any condimental food, hay and lucern, vitamin or mineral substance which possesses or is alleged to possess nutritive properties; (c) any bone product; or (d) any maize product but excluding pet animal feeds. For a detailed list of animal feeds refer to Tariff Heading 12.14.00 of the Harmonised Customs Tariff.
Lentils	Provided that they are dried, shelled or not skinned or split. (Tariff Heading 07.13.40)
Sorghum Meal	Sorghum meal. (Tariff Heading 1102.90.30) Exclusions here include pre-prepared/instant sorghum enhanced mealies like lepoo poo
Eggs	Eggs.
Unmalted Sorghum	Provided it is of those varieties of sorghum which are known as grain and whose grain may be used as cereals for human consumption and includes sorghums such as caffrum (Kafir), cernuum (white durra), durra (Brown durra) and nervosum (Kaoliang). (Tariff Heading 1007.00)
Wheat Grain	Wheat grain. (Tariff Heading 10.01)
Bread Flour	It is white and brown flour or mixture thereof including Eazy-Bake but excluding Self-Raising, Cake flour and Biscuit Flour Also excluded are other pre prepared muffins buns/scones/cake mixtures.

Disclaimer

This Guide provides the general guideline of the law and considers broad principles in guiding the administration of Zero Rated supplies under the Value Added Tax Act 2001 as amended. The Tax Guide has no binding legal force and does not affect a taxpayer's right of objection and appeal to the Commissioner General, the Revenue Tribunal or the Courts of Law. This Guide shall not affect the taxpayer's right to argue for a different interpretation, where necessary, in any appeal process, as stipulated in the revenue laws. Neither is this Guide binding on the Commissioner General, should circumstances arise for deviation as necessary or as the Commissioner General may deem otherwise in his discretion.

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)

"Did you know"

PROVISIONAL TAX GUIDE

QUESTIONS	ANSWERS
1. What is PROVISIONAL TAX ?	It is an instalment of tax paid by the Taxpayer during the year of assessment in terms of which Taxpayers are obliged to pay their income tax liability in three (3) equal instalments based on their actual income tax liability for the preceding year.
2. Who should pay provisional tax?	Provisional tax is paid by companies and individuals carrying on income generating businesses in Lesotho.
3. Why should I pay provisional tax?	It is a mandatory requirement under section 150 of Income Tax Act, of 1993 that, every Taxpayer should pay provisional tax. It helps the Taxpayer to spread the tax over the year of assessment, thereby preventing the accumulation of large amount of tax liability at the end of the year.
4. How is provisional tax calculated?	The amount of each instalment of tax is 30% of the Taxpayer's income tax liability for the preceding year of assessment.
5. When do I have to pay provisional tax?	The provisional tax or quarterly instalments are due for payment on the following dates: <ul style="list-style-type: none"> • 30th September, • 31st December, and • 31 March Where the Taxpayer has been granted permission to use a substituted accounting period, the instalments of tax become due on the last day of the 6th, 9th and 12th months of the substituted year/accounting period.
6. What documents do I fill when making provisional tax payment?	The documents required for paying provisional tax are pay advice form obtainable at LRA Advice Centre – Maseru and there are deposit slips with LRA - Income Tax Account number obtainable at the banks for the Taxpayers who choose to make payments at the banks.
7. Where do I pay provisional tax?	The Provisional tax is paid at the following points: Banking hall – Maseru only <ul style="list-style-type: none"> • Nedbank Lesotho • Standard Lesotho Bank • First National Bank • Post Bank
8. What are the consequences for failure to pay provisional tax?	A person who fails to pay any instalment of tax due is liable for additional tax at 3% on the amount of tax due. The additional tax is compounded monthly and it is calculated from the date on which the payment became due.

Disclaimer

This Guide is for general information only, and has no binding legal authority. For any queries, you may contact the nearest LRA Advice Centre for further assistance and guidance. Please take note that it is your obligation to verify independently any matters dealt with in this Guide from primary sources of information and by taking specific professional advice, should it be necessary. The LRA excludes any liability for any costs, losses, claims, damages, expenses or proceedings (including special, incidental or consequential loss or damage, loss of profits and wasted management time) incurred or suffered by you arising directly or indirectly in connection with this Guide.

This image shows a full page of white paper with horizontal dashed lines, typical of primary-ruled notebook paper. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings present.

Your Tax improves Health Care & Save Lives



File Income Tax Return & Pay Tax due on or before 30th June 2015