

September 2016

newsletter



The official Newsletter of the Lesotho Revenue Authority

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Manager
Public Relations and Communications
Mr. Pheello Mphana

The Lesotho Revenue Authority (LRA) through its Customs division is a member of the World Customs Organization (WCO) that is in good standing. The WCO provides leadership, guidance and support to Customs administrations to secure and facilitate legitimate trade, realize revenues, protect society and build capacity. It is therefore the responsibility of the LRA to always keep the traders abreast with key changes and developments that have an impact on trade issues. In this edition we have an article on the meeting the LRA held with local traders on the impending implementation of the amended Harmonized Commodity Description and Coding System (HS 2012 to HS 2017). The implementation is due in January 2017 and LRA realised the importance of sharing the new developments with local traders.

The LRA does not take for granted the issue of non-compliance with the tax laws. It should be noted however that the main focus of the organization is on building and

improving voluntary compliance as opposed to embarking on enforcement measures. This the LRA does through robust tax education, improved service offering, stakeholder engagement, advertising and constant communication with Taxpayers. It is equally important, however, to also communicate the implications and consequences of non-compliance hence we have an article on a distress action that was recently instituted against one defaulting Taxpayer. Instituting a distress action against any Taxpayer always comes as a last option. It only comes after a lengthy process of engaging with a Taxpayer.

The LRA as a direct product of Lesotho's independence sponsored and participated at the 50th Independence Anniversary Walk from Maseru to Thaba-Bosiu. This edition therefore carries an article on the Walk as well as other corporate social investment initiatives that were recently supported and this includes the Bacha Entrepreneurship Project. This is just the highlight of the stories that we have covered in this edition but there plenty more that you may be interested in.

We hope you enjoy this edition.

LRA gears up for new Harmonized System Implementation



The Manager Tariff and Valuations — Mr. Thapelo Moleli

The Lesotho Revenue Authority through its Legal and Policy Division is hard at work in preparing stakeholders by sharing information on the changes made on the current Harmonized Commodity Description and Coding System (HS) 2012 to HS 2017. The HS 2017 is due for implementation on 1st January 2017.

In his presentation during a stakeholder's sensitization workshop, on the 20th to 21st September 2016 at the Training Centre, the Manager Tariff and Valuations, Mr. Thapelo 'Moleli explained the process that is being followed in the World Customs Organization (WCO) in amending the HS.

He mentioned that the WCO Council in June 2014 adopted the recommended amendments to the HS of which effective date for its implementation is the 1st January 2017. He further stated that the South African Revenue Service (SARS) as a custodian of the Southern African Customs Union (SACU) Tariff Document has already done the ground work of which Members States were requested to scrutinize and verify its work.

He added that Lesotho made timely verifications and comments on the document. *"As Lesotho we are happy that we were able look into the proposed changes and the structure of the Tariff Document and inputs and they responded with appreciation of the work we have done on the draft,"* he said.

He said following that process they found it of paramount importance to engage stakeholders through workshops to sensitize them about the forthcoming changes, how they were going to affect them and to provide progress so far.

Amongst others, the majority of the recommended amendments were broached by the Food and Agriculture Organization of the United Nations (FAO) as follows:

- Amendments relating to fish and fishery products were aimed at further enhancing the coverage of species and product forms which need to be monitored for food security purposes and the better management of resources.

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LRA gears up for new Harmonized System Implementation...cont



Traders at information sharing session on Harmonized Commodity Description and Coding System (HS) 2012 to HS 2017

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- Amendments relating to crustaceans, molluscs and other invertebrates are motivated by the importance of the trade in and consumption of these species in their various product forms.
- Amendments relating to cuttlefish and squid enlarge the coverage of the present HS codes for these species, in order to have all these species grouped together.

The classification of forestry products was also modified, in order to enhance the coverage of wood species and get a better picture of trade patterns. The modification will enable trade data on tropical wood to be identified, resulting in better statistics on the trade in tropical wood and better data on the use of non-tropical hardwoods. In addition, the amendments include new subheadings for the monitoring and control of certain bamboo and rattan

products.

Furthermore, HS 2017 amendments are aimed at providing detailed information on several categories of products that are used as antimalarial commodities. This will facilitate classification work, and the trade in these life-saving products.

In ending his presentation, Mr. Moleli further urged the traders to timely make updates on their systems and align them with HS 2017 to facilitate for smooth transition from HS 2012 to 2017. *"HS is the tool used by more than 200 countries which translate to 98% of the world trade. It is important for stakeholders to understand and use the HS to improve the standards of their business,"* he concluded.

Supermarket slapped with distress action



The Debt Recovery Department led a successful operation where they levied a Distress Order against one supermarket in Mafeteng. The Taxpayer had filed irreconcilable Value Added Tax Returns and as a result it was discovered that the business was under paying VAT. The audit of the business started in 2015 where the Taxpayer failed to produce proper business records.

On the 8th September 2016, normal activities at the business premises and the storage facility located at Hospital Area in Mafeteng were halted. The Taxpayer's perishables goods were sold immediately as provided for under VAT Act No. 9 of 2001.

This was a joint operation made up of teams from the Intelligence, Small & Medium Taxpayers and Debt Recovery Departments. The Deputy Commissioner Intelligence and Case Selection, Mr. Bahlakoana Shelile was leading the operation.

Similar joint operations will continue till the end of the 2016/17 financial year. This is an effort to enforce compliance and to collect as much taxes as possible against the systemic non-compliance behavior by the retail sector.

Meanwhile, the management of the supermarket through their lawyers approached the High Court on the 13th September 2016 to seek an Interdict (Court Order) to stop the Debt Recovery Department from selling the remaining inventory after the lapse of 21 days but the case was settled out of court.

The owner of the supermarket was then allowed to operate while the audit review was conducted after the business had filed an objection to the assessment. In the meantime the LRA demanded security for the facility which was provided.

The LRA conducted a similar operation last financial year in which one local business was distressed. It was through that distress action that the LRA was able to collect around M10 million. During the exercise the Taxpayer had already fled the country avoiding criminal prosecutions for violating the tax laws. Distress action is usually used as a last resort in ensuring compliance with the tax laws.

The Debt Recovery Department led a successful operation where they levied a Distress Order against one supermarket in the Mafeteng District



Payments for Declarations

As of April 1st, 2016, Taxpayers are no longer obliged to pay for their declarations at the Port of Entry where such declaration has been made. Irrespective of where the declaration has been made, you can pay at any of the following places:

- LRA Banking Hall – Finance House
- Maseru Mall – For Large Taxpayers (No Cash nor Speed point)
- Maseru Bridge
- Maputsoe Bridge
- Caledonspoort
- Van Rooyens' Gate
- Qacha's Nek Border Post
- Maseru Station
- Moshoeshoe 1 International Airport

Important Notes:

- A declaration cannot be re-routed to a different port of entry/exit. That means if a declaration was said to enter/exit Lesotho through a certain border post, such goods will only be allowed entry/exit through such border.
- Customs Duties can only be paid at Maseru Bridge or at the nearest Nedbank branch.

18 trained in compliance risk management



Acting Commissioner General Adv. Realeboha Mathaba poses for a photo with participants of the compliance risk management training

A total of 18 employees underwent a five day Compliance Risk Management (CRM) workshop at the Lesotho Revenue Authority (LRA) Training Centre. The workshop which ran from 5th to 9th September 2016 was facilitated by the International Monetary Fund (IMF) consultant Mr. Bernd Schienther.

The 2014/15 business plan had the establishment of Case Selection function as a critical issue in the Enforcement Division. This amongst others included capacitation of staff on compliance risk management. Since then an endless search was made to secure a trainer in the field and as a result the training was deferred to this financial year.

The training was aimed at augmenting the LRA Compliance Risk Management Function, through instilling the right skills to employees as the function cuts across numerous Divisions.

The training covered various subjects that included: definition; purpose; objectives; outcomes and benefits of CRM; the Risk Management Process; Internal and

External Risks; Strategic, tactical and operational risk; broad perspective risk identification, assessing and prioritizing risks, monitoring and evaluation of CRM and compliance behavior.

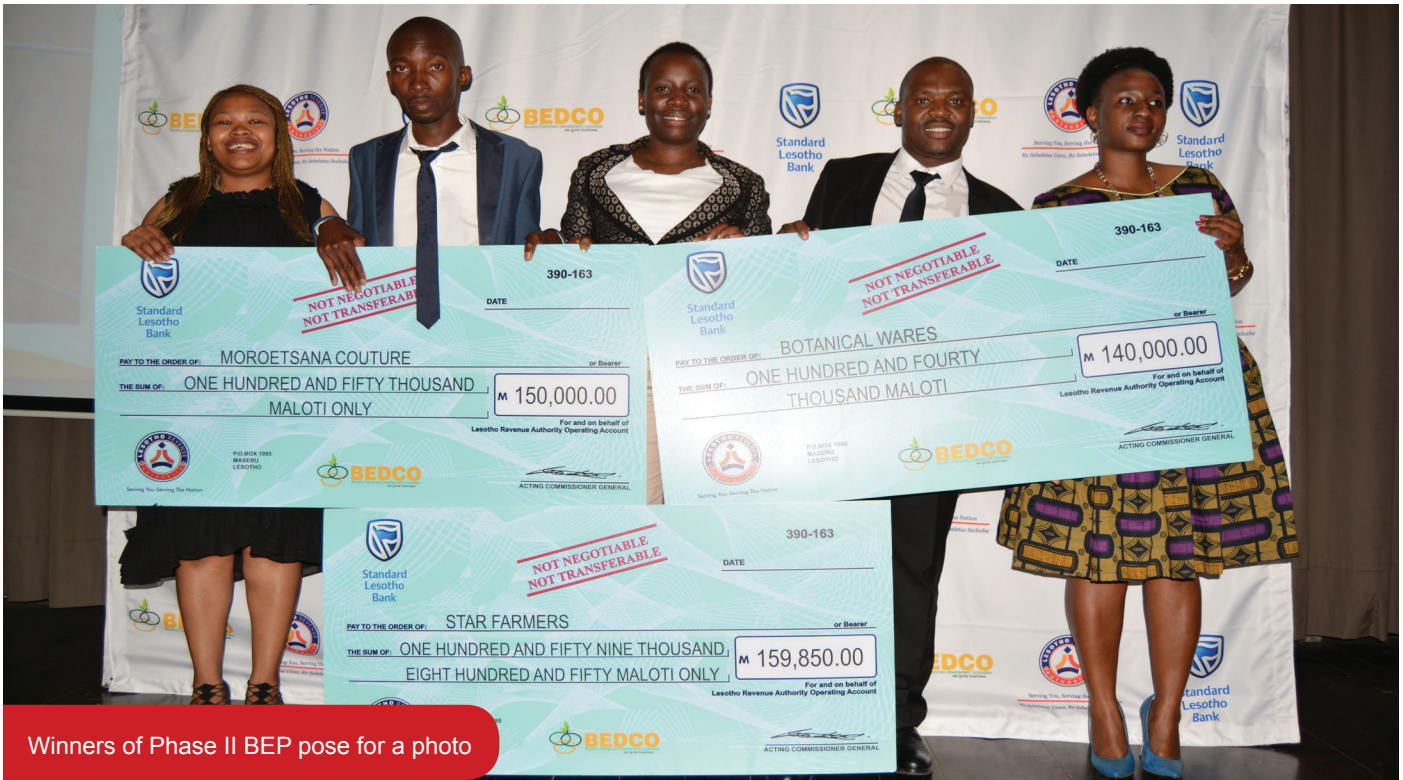
Officially closing the workshop, the Acting Commissioner General, Advocate Realeboha Mathaba urged the participants to put into action the knowledge and skills acquired through the workshop.



Notice!! Notice!! Notice!!

All Taxpayers/Traders without
new TIN (Taxpayer
Identification Number) which
starts with “2” will no longer be
served at all points of contact
with LRA from 01st October
2016

New dawn for Bacha project 2016 beneficiaries



Winners of Phase II BEP pose for a photo

Three youth businesses were given a new lease of life when they were announced as the new winners of Bacha Entrepreneurship Project (BEP) yesterday, Thursday, 15th September 2016 at Avani Maseru Hotel. The project is jointly implemented by the Lesotho Revenue Authority (LRA), Standard Lesotho Bank (SLB) and Basotho Enterprises Development Corporation (BEDCO) for three years.

The winners under phase II of BEP were Moroetsana Couture represented at the event by Libako Makhakhe, Star Farmers represented by Tsosane Lebina and Botanical Wares represented by Mpona Seoli.

The three youth companies shared a total of M500,000.00 as seed capital to start or expand their businesses. The companies shared the amount as follows:

- Moroetsana Couture M 150,000.00
- Star Farmers M 159,850.00
- Botanical Wares M 140,000.00

Moroetsana Couture is a manufacture of unique traditional attires using African trends designs; Star Farmers produce mushrooms while Botanical Wares produce organic cosmetics and detergents.

The three proposals of the winning companies emerged as the most viable ahead of 81 others, where a shortlist of 25 contestants was selected by a panel of adjudicators to attend training on entrepreneurship. Shortlisted candidates were given another chance to fine-tune and resubmit their proposals for final selection after the training.

The top 10 selected finalists were called for interviews in which the adjudication panel then selected three (3) winning proposals announced at the event. The three winning youth companies will be constantly mentored and provided with entrepreneurial skills, financial management and guidance on tax compliance issues.

The event was graced by the presence of the Minister of Small Business Development, Cooperatives and Marketing, Honourable Thabiso Litsiba, the LRA's Acting Commissioner General, Advocate Realeboha Mathaba, the BEDCO Chief Executive Officer Dr. Makatleho Mataboee and the SLB Head of Personal and Business Banking Ms. Selloane Tsike.

Successful local business people also graced the event with their presence and also gave motivational talk to inspire the young entrepreneurs.

LRA supports Independence walk



His Majesty King Letsie III waved the Lesotho Flag to kick start the Independence Walk from Maseru to Thaba Bosiu

The Lesotho Revenue Authority (LRA) joint the rest of the country in celebrating the Lesotho's 50th Independence Celebrations by supporting the Independence Walk from Maseru to Thaba Bosiu last Saturday, 3rd September 2016.

The Walk was officially kick-started by His Majesty King Letsie III at the Moshoeshe I Statue in Maseru. Thereafter, the multitudes braved the chilly Saturday morning to embark on a journey to Lesotho's historic township – Thaba Bosiu, some 24 kilometres east of the capital Maseru.

In his remarks, the Acting Commissioner General, Advocate Realeboha Mathaba said the LRA felt obliged to support the Walk from Maseru to Thaba Bosiu because the organization was a fruit borne out of Lesotho's independence journey. He said though the LRA's mandate is to collect taxes on behalf of the Government; they looked deeply beyond that to discover that the objective of their job entailed changing the lives of Basotho.

"Our job is to change the lives of the people because the taxes that we collect are used to finance developmental programmes to ensure economic growth and empowerment of the citizens. The Independence Celebrations are also amongst others meant to contribute towards Nation Building," he said. Advocate Mathaba said the LRA started its operations in 2003 when Lesotho, as an Independent State, was only 37 years old and that with the country's

Independence celebrations, LRA looks back with pride towards its achievements which were largely attributable to the support and cooperation it continues to get from the entire nation, mostly the Taxpayers.

"When we began operations in 2003 we managed to increase revenue collections by 41 percent. We increased revenue collection from 1.3 billion in 2003/2004 to 5.8 billion in 2015/16," he said.

He said the Government has a set a revenue target of M 6.4 billion for the LRA in 2016/17 adding that though the country was faced with a challenge of prevailing economic challenges, LRA firmly believes that it will be equal to the task as a result of the usual cooperation by various stakeholder groups including the Taxpayers.

He further encouraged all in leadership to join the LRA in educating the public about the importance of taxes as well as encouraging them to voluntarily meet their tax obligations.

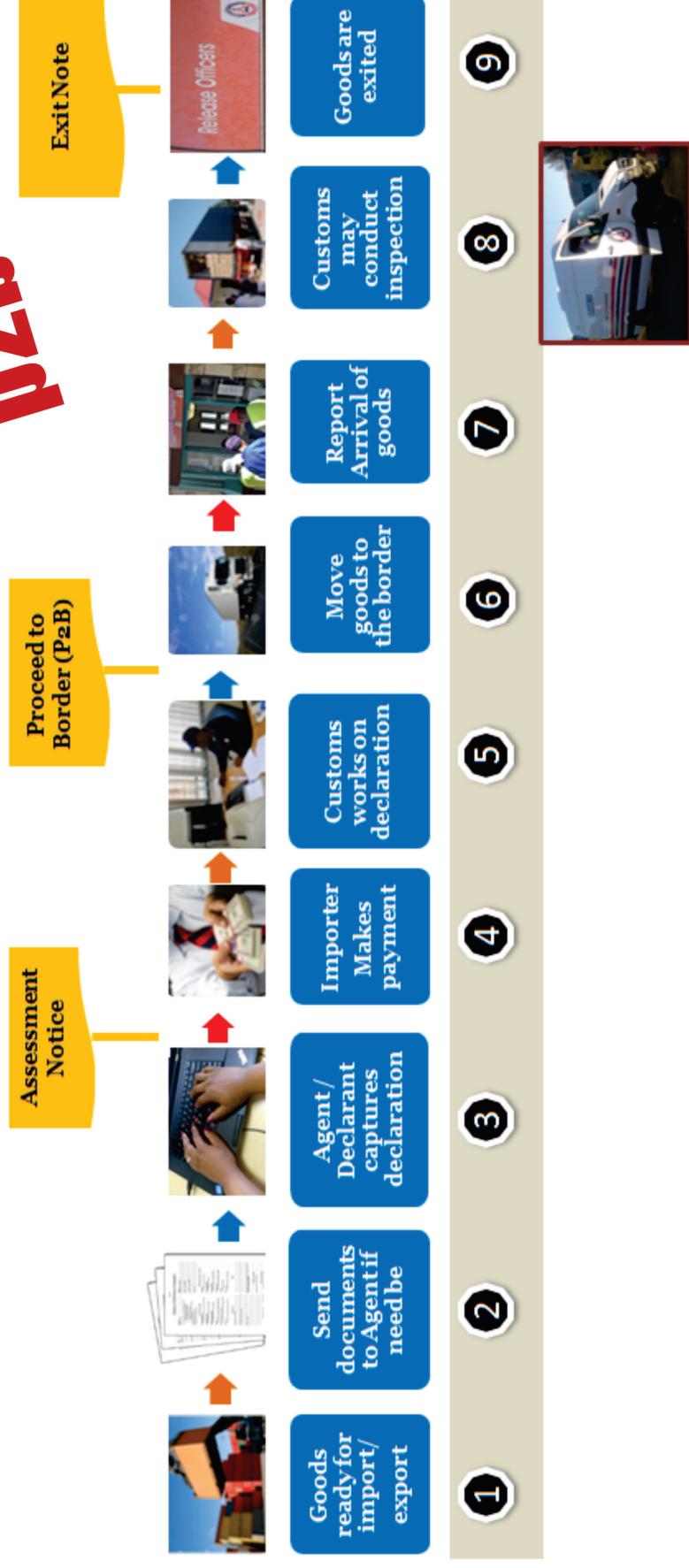
The Minister of Communications, Science and Technology, Hon. Khotso Letsatsi, speaking on behalf of the Government, thanked the LRA for supporting the Walk saying Lesotho would always prosper through the sterling work the Authority was doing. *"This walk has gone a long way to create hype ahead of the 50th Lesotho's Independence Celebrations and I urge everyone to come on board and play their part in these festivities,"* he concluded.



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 / 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

LRA visits Central of Bank Lesotho on benchmarking exercise



The LRA Risk and Governance Department team pose for a photo with their Central Bank of Lesotho counterparts during a recent benchmarking exercise

With the increasing number of natural disasters around the globe, the importance of business continuity management is becoming more apparent. The recent attacks of natural disasters have highlighted the importance of system availability forcing the senior management of many organizations to have contingency planning on the forefront of their minds. While business continuity issues do not always arise on a daily basis, it is important to prepare for the day a disaster strikes.

The studies have shown that organizations that fail to develop business continuity plans not only put themselves at risk from future incidents and disasters, but they also miss out on other business benefits too that could ensure their sustainability. It was on this note that Lesotho Revenue Authority (LRA) through the Risk and Governance Department under the Assurance Services Division visited the Central Bank of Lesotho (CBL) on the 19th August 2016 to learn how it deals with its business continuity management issues.

The LRA's delegation to CBL was made up of the Senior

Manager Risk and Governance, Mr. Lejone Mpotjoane and the Business Continuity Specialist, Mr. Moahloli Molefe. The CBL was represented by the Head of Business Continuity Management Division (BCMD) Mrs. Malineo Motebang and Mrs. Thakane Tau - the section head of BCMD.

The main aim of the visit was for the LRA to learn the best practices for implementing and managing Business Continuity Management functions and activities and use lessons learned during the benchmarking for the betterment of the Authority.

The areas that were looked into included:

How did the CBL develop and implement the BCM

- The key contributing factors for successful functioning of BCM,
- Standards and systems adopted including professional

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LRA visits Central of Bank Lesotho on benchmarking exercise... cont

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- bodies where CBL is member
- How is the BCM aligned to other CBL business processes including corporate planning?
- Corporate Planning
- CBL's BCM guidelines
- Disaster Recovery Site Overview

The CBL made the following recommendations to the LRA team:

- Drive the Process from the Top (Tone at the Top), obtain executive buy-in, the "tone at the top" is very critical ;
- Develop, implement and maintain BCM frameworks (BC policy and plans);
- Conduct Business Impact Analysis to determine critical functions/processes;
- Do periodic reviews, tests, and updates of business continuity and disaster recovery plan;
- Strengthen continuity roles and responsibilities for the accountability of the BCM implementation;
- Train all key BCM stakeholders; build and embed a sustainable BCM culture within the organization through increased awareness of BCM concepts and benefits. The importance of certification of professionals involved in an organization's BCM is equally important.

According to the Risk and Governance Department

report from the meeting the discussions with their CBL counterparts were very informative and eye opening.

"The ball is now in our hands, we should start something with the little resources that we have. The message is very clear, BCM creates awareness of useful ways to improve the performance of the organization, sometimes even in areas that had previously gone unconsidered and this says having business continuity planning would make LRA more robust and that will also send a message to our stakeholders that we take the business very seriously," stated the report.

The Department also said in the report that effective business continuity management reached beyond development of business continuity plans and required all employees to acknowledge uncertainty as a natural part of business planning.

"We all need to be aware that risk is inherent in all decisions and activities and that some risks have the potential to interrupt service, and we need to be prepared to respond to and manage such interruptions. Business Continuity planning is an essential part of running any modern organization that takes its business and its clients seriously. With so many potential business disasters looming that can befall an organization at any time, it seems unwise if LRA cannot to take action to prepare for and try to prevent the devastating impact of such catastrophes," the report concluded.

Re Sebeletsa Uena, Re Sebeletsa Sechaba



Serving You, Serving the Nation

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)

Unity English Medium crowned Spelling Bee Champions



LRA's Spelling Bee Competition winners posing for a photo alongside officials

The Unity English Medium School was crowned as the Champions of the second Lesotho Revenue Authority (LRA) Spelling Bee Competition held at Maseru Preparatory School Hall on Friday, 26th August 2016. The runners up were the SOS Primary School while Montessori International School took the third position. The Khubetsoana based, Unity English Medium School and other runners up were awarded trophies and hampers for their sterling performance.

The LRA Manager Taxpayer Education Mr. Letsatsi Sepiriti said contest was jointly organized for the second time through the LRA's partnership with the Ministry of Education and Training, Dream Academy Lesotho and the Ministry of Tourism, Environment and Culture as their strategic partners.

He disclosed that the primary purpose of the event was to enhance voluntary compliance among the Taxpayers in Lesotho by providing students with an opportunity to acquire tax knowledge at tender age, while at the same time developing their communication and presentation skills.

"Our aim is to introduce young minds to the Lesotho tax system. It is through this initiative that our children young as they are should be made aware of the importance and purpose of taxation so as to cultivate a "willingness to pay" attitude rather than feeling "obliged to pay" tax," he said.

He said the LRA believes in a philosophy that tax paying should be seen as a national duty and therefore a patriotic thing to do rather than doing it to avoid prosecution or any other consequences.

"This approach will ensure a sustained increase in the number of Taxpayers who comply voluntarily with their tax obligations so tax collections could be enhanced and therefore result into economic growth and development," he said.

He pointed out that it is through initiatives like this that the LRA would have future Taxpayers who are not only knowledgeable on all tax matters but also compliant with the tax laws.

"As the Authority we believe that "Today's youth are tomorrow's Taxpayers" and they are tomorrow's business leaders, political leaders and in fact they are going to assume various leadership positions in their communities and in different organizations, so we need to start moulding and nurturing them to become responsible citizens who can develop this country economically," he said.

Eight schools participated in this year competition. The inaugural Spelling Bee Competition was won by New Millennium English Medium School in 2014.

BEP awarding ceremony in Pictures



50th Independence walk in Pictures





National Roll Out – New Automated Customs Procedures in 2016



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

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