



December 2016



*newsletter*

The official Newsletter of the Lesotho Revenue Authority

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Manager  
Public Relations and Communications  
Mr. Pheello Mphana



In this edition we welcome in our midst the newly appointed Commissioner General Mr. Thabo David Khasipe who brings with him a wealth of experience and expertise necessary to take the Authority to greater heights. We want to take this opportunity to wish him well.

As you flip through the pages you will come across a number of initiatives that LRA is embarking upon and these include; introduction of the new and improved Tax Clearance Certificate and the launch of the Intelligence and Investigations module which is intended to improve operational efficiency and governance, to mention just a few.

The LRA in collaboration with other law enforcing partners namely; the Lesotho Mounted Police Service (LMPS) and the Directorate on Corruption and Economic Offences (DCEO) commemorated the International Anti-Corruption Day through a number of initiatives such as the anti-corruption cleaning campaign, the symposium on

corruption and a march aimed at creating awareness on corruption.

We also carry an article on customs as a function and its evolution to equip you our valued readers with the necessary information regarding the role of customs at the ports of entry.

**We hope you will enjoy this edition of our publication and see you again in the next issues.**

***We hope you will enjoy this edition. For further information, please contact [t.mncina@lra.org.ls](mailto:t.mncina@lra.org.ls)***



# International Anti-Corruption Day commemorated



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The Lesotho Revenue Authority (LRA) once again partnered with its two sister organisations, the Lesotho Mounted Police Service (LMPS) and the Directorate on Corruption and Economic Offences (DCEO), to lead the Basotho Nation in commemorating the International Anti-corruption Day on the 09th December 2016. The International Anti-corruption Day was celebrated in Lesotho for the second year running.

The International Anti-Corruption Day was preceded by the anti-corruption symposium on the 05th December 2016 as one build-up activity to the main event. The symposium brought together all sectors of society to discuss issues of corruption with particular emphasis on public procurement fraud. A very interesting approach and feature to 2016 symposium was the theatre performance by Habo Seila-Tsatsi Arts. The group performed a play titled Greed of the Apostles written and directed by Mr. Ntsele Radebe. The theme of the play centered on the corruption in Lesotho's post-independence and in the rest of Africa.

One of the scenes portrayed the challenges of a well-travelled minister who had to decide on jobs offers and contract tenders to some people in his constituency on the basis of their political party affiliation. While the play portrayed the challenges in the political arena, similarly it showed that such challenges could face the corporate world.

The second part of the symposium featured the presentations by office of the Accountant General, the Procurement Policy and Advice Division (PPAD), Lesotho Chamber of

Commerce and Industry (LCCI) and the Chartered Institute of Procurement and Supply (CIPS). The presentations were followed by the discussions and the remarks by the Chief Assurance Services Officer, Mrs. Ntefeleng Tsioboho, who was standing in for the Commissioner General, detailing the way forward and at the same time thanking the participants.

The pick of the commemoration was on the on the 09th day of December 2016, where a march themed "Break the Corruption Chain" was undertaken from Selakhapane, Khubetsoana to the Central Park in Maseru.

The heads of the three Organisations including the newly appointed LRA Commissioner General, Mr. Thabo Khasipe endured the hot summer weather conditions and walked all the way to the finish point. They were in the company of the dignitaries from different sectors of the country, officers from the three organisations and the general public. At the central park, the heads of the three organisations that were leading the event delivered speeches together with the United Nations Development Programme (UNDP) Resident Representative, Ms. Christyne Ahenkoro whose organisation had supported the event.

The Commissioner General, Mr. Khasipe, said the LRA regards itself as more than just a tax collector but also as the major contributor in Lesotho's economic growth through its mandate. The culmination of the events of the day was a speech by the Honourable Deputy Prime Minister, Mr. Mothetjoa Metsing. A true set of the tone at the top. It could not be set higher than that for the nation and the organisations.

# Tax Clearance Certificate on the cards

## TAX CLEARANCE CERTIFICATE (TCC) NEW FEATURES

**Tax Clearance Certificate ID without prefix LRA**

**New TIN**

**Type of Business**

**Official LRA Stamp to identify TCC Original and Copy**

**TCC Date of Issue**

**Tax Clearance Certificate**

Certificate ID: 9795388359

TIN: 200052058-1

Legal Name: GOOD CITIZENS

Trading Name: KHAHLA KHAHLA ENTERPRISES

Nature of Business: WHOLESALE OF FOOD, BEVERAGES AND TOBACCO

Address: TLOUTLE MASERU LESOTHO

It is hereby certified that as of the date of this Certificate, the above mentioned Taxpayer has complied with the legal obligations and commitments in terms of the provisions of the Income Tax Act 1993 as amended and the VAT Act 2001 as amended.

Thabo Moleko  
Commissioner - Domestic Taxes

Date Stamp: [Stamp]

Date Issued: 12-October-2016 at 00:00:00

Date Printed: 12-October-2016 at 09:02:48

This Certificate is Valid until 26-Oct-2016

It is your obligation to verify the authenticity of this certificate by contacting the LRA on: +266 22313796 (Maseru), +266 22789862 (Maseru's book), +266 22400310 (Leribe)

The Lesotho Revenue Authority (LRA) introduced the new Tax Clearance Certificate (TCC) on the 2nd January, 2017. According to Business Process Analyst, Mr. Moloko Maiketso the new TCC was made following the implementation of the new integrated Tax Revenue Management System under the Enterprise Taxation Policy Management (ETPM) programme.

He said the new system which amongst others resulted in changes on the Tax Identification Number (TIN) of the registered Taxpayers where they now start with two (2) was aimed at ensuring effective and efficient management of taxes.

He also said that the additional features introduced on the new TCC were aimed at meeting the stakeholder's and Taxpayer's needs.

### New Features on the TCC

- New TIN which starts with 2 will display on the TCC e.g. 200000001-9
- Certificate ID does not have the prefix LRA.
- Two different stamps will be used to differentiate between the TCC Original and Copies.
- The new TCC does not have Original or Copy wording in the certificate.

- The New TCC has Nature of Business for business Taxpayers clearance certificates.
- Date Issued: this is date the TCC was issued to a Taxpayer

Validity Period for partially registered Taxpayers is 14 days. Mr. Maiketso said both the Originals and Copies of the TCC would still be printed by the LRA and those for the Large Taxpayers would still be valid for 12 months while those for the Small and Medium Taxpayer would maintain the validity period of 6 months. The TCC for partially registered Taxpayers would be valid for 14 days.

*"All Taxpayers applying for Tax Clearances Certificates will be issued with this new TCC. The new TCC will be used concurrently with the current TCC in 2017. For the Taxpayers who were issued the TCCs in 2016 will continue to receive copies of the current TCCs until the TCCs validity periods expire. There will not be any TCC originals that will be issued from the current TCC system except copies in 2017,"* he said.

Under the ETPM, the LRA embarked on Taxpayers re-registration from June 2013 and recently rolled-out Income Tax Module in April 2016.





# 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

## The Borderline View: What (is) the role of Lesotho Customs Administration?



**I**n determining the role that Lesotho should amplify for its customs administration, it is important to dissect each role to understand what it entails and what benefits each would bring the country.

Say Lesotho's was to be a revenue collection oriented customs administration, it is a known fact that the major share of import taxes come in the form of SACU revenue the lion's share of which is collected by South Africa followed by the other members with Lesotho being the least contributor on account of the size of its economy (Lesotho is the smallest economy in the SACU formation). On a quarterly basis, Lesotho does not remit more than M200 million to SACU revenue pool yet its receipts from SACU are projected at above M4 billion in 2017. This alone counts favorably against Lesotho customs being a revenue oriented administration.

The country's biggest trading partner and source of imports (on which import tax would usually be levied) is South Africa whose products qualify for preferential tax treatment on at least two fronts; by virtue of SACU membership, and membership to SADC FTA subject to

relevant rules of origin. It is therefore highly unlikely for Lesotho to be able to raise substantial revenue through import taxes in the current setting.

The customs role of law enforcement is premised on the presupposition that there are laws and regulations to begin with. These range from laws against counterfeiting, laws regulating sanitary and phytosanitary issues, laws regulating standards and quality, and copyright and intellectual property rights laws at the very least. The office responsible for standards and quality is at an infancy stage at the Ministry of Trade. Laws against counterfeiting are not up to date despite Sub-Saharan Africa being a preferred destination of counterfeit goods including medicines.

There is unspoken understanding when it comes to standards and quality that if something is good enough for South African standards, it must be good enough for Lesotho. This view is blind to the growing trend whereby small importers and hawkers are increasingly sourcing their products directly from the far east where counterfeiting is thriving. Copyright and intellectual

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## The Borderline View: What (is) the role of Lesotho Customs Administration?

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property rights issues have not received prominence until recently if at all. This shows therefore that unless there are laws to enforce, law enforcement as a prominent role of customs is of little consequence.

Protection of society as a customs role is mostly understood to revolve around two issues: firstly, protection of local economy from unfair foreign players, and secondly protection of the wider society from foreign terror infiltration and foreign influences. The latter has gained more prominence post 9/11. For Lesotho, protection of society against foreign terror began to diminish in importance with the military coup of 1986, and certainly with return to parliamentary rule or at least multi-party democratic dispensation of 1993. Prior to this period, Lesotho had at least 17 border stations (customs offices along the border).

Many of these offices were not collecting any revenue, and neither were they facilitating any trade, but they operated as armed outposts to counter armed political insurgency of the time. Not surprising that with the laying down of arms in 1993, many of these posts closed and more would close with the creation of LRA when government embarked on rationalizing its revenue collection function by increasing collecting efficiency while reducing collection costs. This shows therefore that it would not be truly accurate to claim Lesotho customs administration is effectively charged with protecting society against external terror when the administration has boots on the ground at only 10 of the at least 17 possible border crossings. And there are ongoing discussions to further scale down to no more than 6 border posts.

Hopefully having near adequately demonstrated that the first three traditional roles of customs are not the most prominently suited for Lesotho customs administration, it now comes to trade facilitation to make this administration

distinctively relevant not only in LRA but in the wider public service.

The decline of SACU revenues, their volatility, and the suspect continued existence of the union itself, demand that Lesotho mobilize domestic revenue as a matter of survival. The structure of the economy of Lesotho demands a very agile customs administration. There is hardly any local production for local market. What little local production occurs is geared towards the external markets. This situation requires that customs facilitates imports by ensuring firstly that import costs are kept to the bare minimum of import taxes, and secondly that it takes the shortest possible time to import so that goods hit the market quickly to spur trade. Only in this way can domestic revenue be mobilized. After all tax is, to a large extent, a function of trade.

The case for facilitating exports is as old as the concept of customs itself. By many accounts, the largest private sector employer, if not the largest employer in Lesotho, is the textile industry producing for external market, and this industry is facing increasingly stiff competition from South East Asia. The ability of exporters to deliver orders in time determines the continued patronage of their buyers and this effectively determines whether they remain in or out of business.

Customs has a critical role in ensuring that once exporters have decided to send goods abroad, they are passed through the border as quickly as possible while ensuring they meet required standards of the importing country to avoid surprises when they land on the other side. Failure by customs in facilitating export could have disastrous consequences for the export sector, the economy, the livelihoods of plus minus 40,000 factory workers and their families. This is why trade facilitation should be the most prominent role of LRA Customs Division.

**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.



# New Commissioner General appointed



**T**he LRA Board of Directors announced the appointment of Mr. Thabo Khasipe as the new Commissioner General of the Lesotho Revenue Authority effective from 5th December 2016. The appointment was made in terms of Section 17 (1) & (2) and 18 (1) of the LRA Act 2001.

Mr. Thabo Khasipe comes with a vast ranging experience of many years having served at the top-level in various private and public enterprises in Lesotho and abroad.

He joins the LRA straight from the Southern African Customs Union (SACU) where he held a position of Deputy Executive Secretary.

Mr. Khasipe is a Chartered Financial Analyst (CFA). He obtained a Bachelor's Degree in Economics at the National University of Lesotho in 1994 before enrolling at the University of Nairobi (Kenya) where he graduated with a Master's Degree in Econometrics and Quantitative Economics in 1998.

He also obtained a Masters of Business Administration (MBA), Business/Commerce, General Degree from the University of Orange Free State (South Africa) in 2008.

Mr. Khasipe joined the LRA in 2003 as Commissioner of Customs and Excise and was later appointed to the position of Deputy Commissioner General, serving in the position from 2004 to 2007. He also acted in the position of Commissioner General for a period of one year. He then joined Stanlib Lesotho as General Manager from 2007 to 2008.

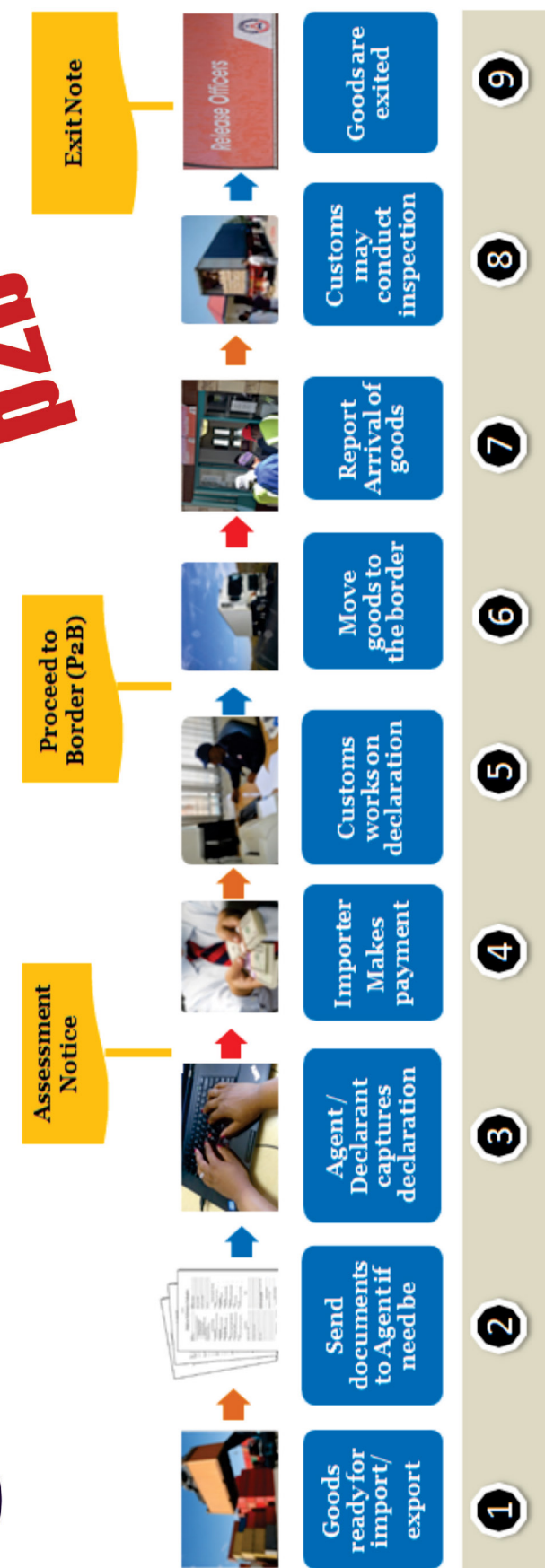
He was the country's ambassador to Kuwait from 2008 to 2014 before joining DAVCap as Managing Director from 2014 to 2015. His last appointment was to the post of Deputy Executive Secretary at Southern African Customs Union in Namibia.

## 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



## Intelligence and Investigations Module goes live



Another immeasurable achievement for the Enterprise Taxation and Policy Management (ETPM) Project was recorded when the Deputy Commissioner Investigations, Mr. Lebohang Mokhesi officially declared the Intelligence and Investigations module live on Monday, 5th December 2016 at the Finance Boardroom.

The ETPM Project Manager, Mr. Mokhethi Mabea expressed his gratitude to the Project Team, Subject Matter Experts (SMEs) and the Enforcement Management for the dedication and effort they put in to ensure that the modules became a success.

Mr. Mokhesi indicated that it has been a long journey since the Enterprise Architecture to get to where they were. He mentioned that the automation of the Intelligence and Investigations in ETPM would be of great importance to the whole of the Lesotho Revenue Authority (LRA) as this system would help with the following:

### **Improved operational efficiency which will be evident by;**

- Reduction in paper work
- Better record keeping

### **Improved governance to be observed through;**

- Audit trail
- Standardized process
- Segregation of duties
- Improved quality information

### **Improved employee experience that will be seen by;**

- Improved communication between sections
- Clear responsibilities
- Automated workflow
- Improved reporting

For the first two weeks with the module in use, Mr. Noosi Nchoba who is the Lead - Business Stream in the ETPM Project highlighted that to ensure a smooth transition; the team will be providing close support to the two affected Business Units. The normal support operations will be followed through IT Help Desk thereafter.

Mr. Mokhesi who was also serving as the acting Commissioner Enforcement ended his speech by emphasizing the need for the Staff to take advantage of the new system and use it to their advantage.

He highlighted that the system could raise challenges that could have been missed during early stages and such would still be dealt with until the system would be fully functional.

## The Borderline View: Evolution of Customs



The role of Customs has in the past few decades evolved faster than at any other time since the concept of contemporary Customs emerged in medieval Europe. Whereas the traditional role of a customs administration has almost always been protection (import restriction) of the home market against intrusion of foreign industries, unwanted competition, it later on became apparent to economists and policy makers that this protection could be achieved simultaneously with encouraging penetration (export facilitation) of local industries into foreign markets.

This realization led to customs becoming a government department that was basically facilitating export of locally produced goods to foreign markets while restricting import of foreign goods into local markets to the extent that foreign goods were detrimentally competitive against local substitutes.

With globalization and the advent of GATT and WTO, protectionism in international trade decreased. Countries realized that it would be detrimental to their economic development if they all shut their borders against imports while hoping that their exports would be accepted by the next country. The result of this realization was the removal, or at least, the reduction of technical barriers to trade and more significantly, the reduction of import taxes.

Countries then agreed to publicized import taxes, the payment of which would be theoretically the only major condition to allowing foreign goods into local markets. This was agreed as a temporary measure because proponents of globalization and free trade insist that restrictions should be removed if full benefits of international trade are to be realized. And so having agreed to publicize import taxes, tying them through the MFN (Most Favored Nation) principle, gradually reducing them, there is a real possibility that import taxes could be completely eradicated in the next two to three decades barring any unforeseeable developments in international political economic arena.

Despite signing and acceding to GATT, many of the least developed countries still viewed import taxes as their main source of their governments' revenue, and unfortunately this remains the case to date. It is this view that defines the role of customs departments in these countries as (1) Revenue Collection, (2) Law Enforcement (read revenue collection or fighting disgruntled opposition waging insurgency from abroad, or assisting in suppressing them internally), and finally (4) Trade Facilitation (read revenue collection) in that order. This is the case despite the WTO and others pouring millions of dollars into promoting Trade Facilitation as 'the thing' in customs circles.

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# The Borderline View: Evolution of Customs

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In the developed countries, the role of customs is significantly different from what obtains in countries such as Lesotho. In the USA, for instance, revenue collection is insignificant (provided Mr. Trump does not trample on existing trade agreements). The role of customs is more protection of society against foreign terrorism. After the notorious 9/11, US Customs service was moved from Treasury Department (equivalent of the Ministry of Finance in the case of Lesotho) to the department of Homeland Security in response to international terrorism. The result of this move has been that other traditional roles of customs are subject to protection of society (so called war on terror).

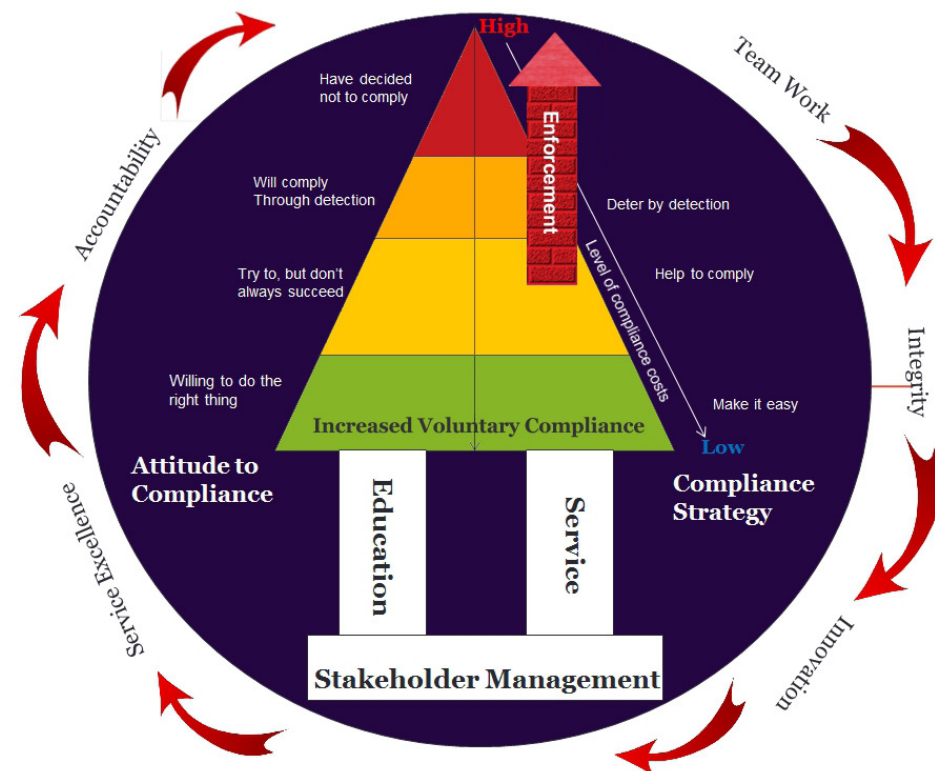
In Europe, as a result of the EU being a single market, a far closer relationship than a customs union, (Lesotho being part of the oldest, SACU, which is slow, unwilling or unable to develop further), and a fairly liberal approach to international trade, save the usual terms and conditions, law enforcement superseded protection of society at least until before ISIS and Syria happened.

The largest economy in the EU, Germany, was until

recently, and probably still is, more concerned with fake goods from the far east, illegal migrant workers (Schwarz arbeit), and cheap contraband cigarettes than any other role. Revenue collection is insignificant while trade facilitation is deeply entrenched.

Now in this dazzling array of prioritization of roles, where does Lesotho locate? The fact there is no single globally accepted order of prioritization of these usually accepted roles of customs goes to show that each country or region may from time to time amplify one role over others in response to their unique situation and prevailing circumstances. It is therefore not surprising that in Lesotho the major role has always been revenue collection.

However the question remains going forward whether in view of the long foretold and currently actualizing decline in import taxes from SACU, the volatility of the SACU revenue itself, the uncertainty about the continued existence of the union (SACU) itself, and continuing liberalization of regional and international trade with the signing of SADC FTA and others, can Lesotho customs afford to be a revenue oriented administration. A reaction to this question is in the follow up article next week.



## TAX CLEARANCE CERTIFICATE (TCC) NEW FEATURES

**Tax Clearance Certificate**

Certificate ID: 9792388359  
 TIN: 200923058-1  
 Legal Name: GOOD CITIZENS  
 Trading Name: KEAHLA KEAHLA ENTERPRISES  
 Nature of Business: WHOLESALE OF FOOD BEVERAGES AND TOBACCO  
 Address: 11, GUTHRIE STREET, MASERU, LESOTHO

**Type of Business**

**Official LRA Stamp to Identify TCC Original and Copy**

**Tax Clearance Certificate ID without prefix LRA**

**New TIN**

**TCC Date of Issue**

Date Issued: 12-October-2016 at 09:09:00  
 Date Valid: 12-October-2016 at 09:02:48  
 This Certificate is Valid until 14-Oct-2016

It is your obligation to verify the authenticity of this certificate by contacting the LRA on: +266 22313796 (Maseru), +266 22780962 (Maseru), +266 22400310 (Leribe)

Effective January 2017



# 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**

Government Complex Building

Maseru, Lesotho

P.O. Box 1085, Maseru 100, Lesotho

Tel: (+266) 52215531

Email: [t.mncina@lra.org.ls](mailto:t.mncina@lra.org.ls)

Website: [www.lra.org.ls](http://www.lra.org.ls)