



March 2017



newsletter

The official Newsletter of the Lesotho Revenue Authority

LRA, SARS holds Stakeholders Forum -----	3
Masupha in court for tax fraud-----	5
Principal Secretaries sharpen skills on tax compliance -----	7
Motse face 75 counts of tax evasion -----	8
Moshoeshoe Walk, a thrilling experience – LRA team -----	10
More retail supermarkets face distress actions -----	11
Business sector bemoans delays at border posts -----	13
LRA to participate in SACU roadshow -----	16
LRA hosts AfDB in 2017 first quarter mission -----	17

LRA, SARS holds Stakeholders Forum



The LRA and SARS delegates during a stakeholders forum in Ladybrand

The Lesotho Revenue Authority (LRA), Customs Division and their counterparts from the neighbouring South Africa, the South African Revenue Services (SARS) held a joint Stakeholders forum in Ladybrand on the 15th March 2017.

The forum was aimed at addressing issues raised by Lesotho based manufacturers and exporters who use the Durban Port as an exit point of their goods to foreign markets. Around 60 stakeholders comprising Manufactures and Clearing Agents attended the meeting.

- The issues of concern up for discussion included:
- Time goods take waiting for inspection by SARS;
 - Alleged delays of exports at RSA ports of entry; and
 - Understanding of SARS processes and procedures for imports and exports.

The Senior Manager responsible for the Durban Harbour Ms. Ashika Pillay gave a presentation which summarized the three issues of concern. Without going great detail on profiling and reporting on inspection results, she detailed SARS risk management framework, showing that it is both intelligence and operations led.

She went on further to show the various stakeholders and

role-players responsible for movement of goods at the harbour, who include SARS itself (with its various units including the Container Scanning Facility), the Durban Port Authority and Agents.

In the discussions it emerged that whilst the belief was that SARS was the main culprit in slow movement of goods, it has deployed more staff at harbour who works longer hours and sometimes on weekends and that was not the case with other role-players including both the Port Authority and the Agents.

Stakeholders (Manufactures and Clearing Agents) were also allowed to pose questions and raise concerns, which SARS took forward to look into with specific specialised units with a promise to provide feedback in a similar forum in future.

Both the Lesotho based Manufactures and Clearing Agents thanked the LRA through the Commissioner Customs for assisting them by escalating their issues to SARS and for her coordination in ensuring that a session of such significant importance was finally held.

The Commissioner Customs, Mrs. Makali Lepholisa thanked SARS for making time to attend this important

To page 4

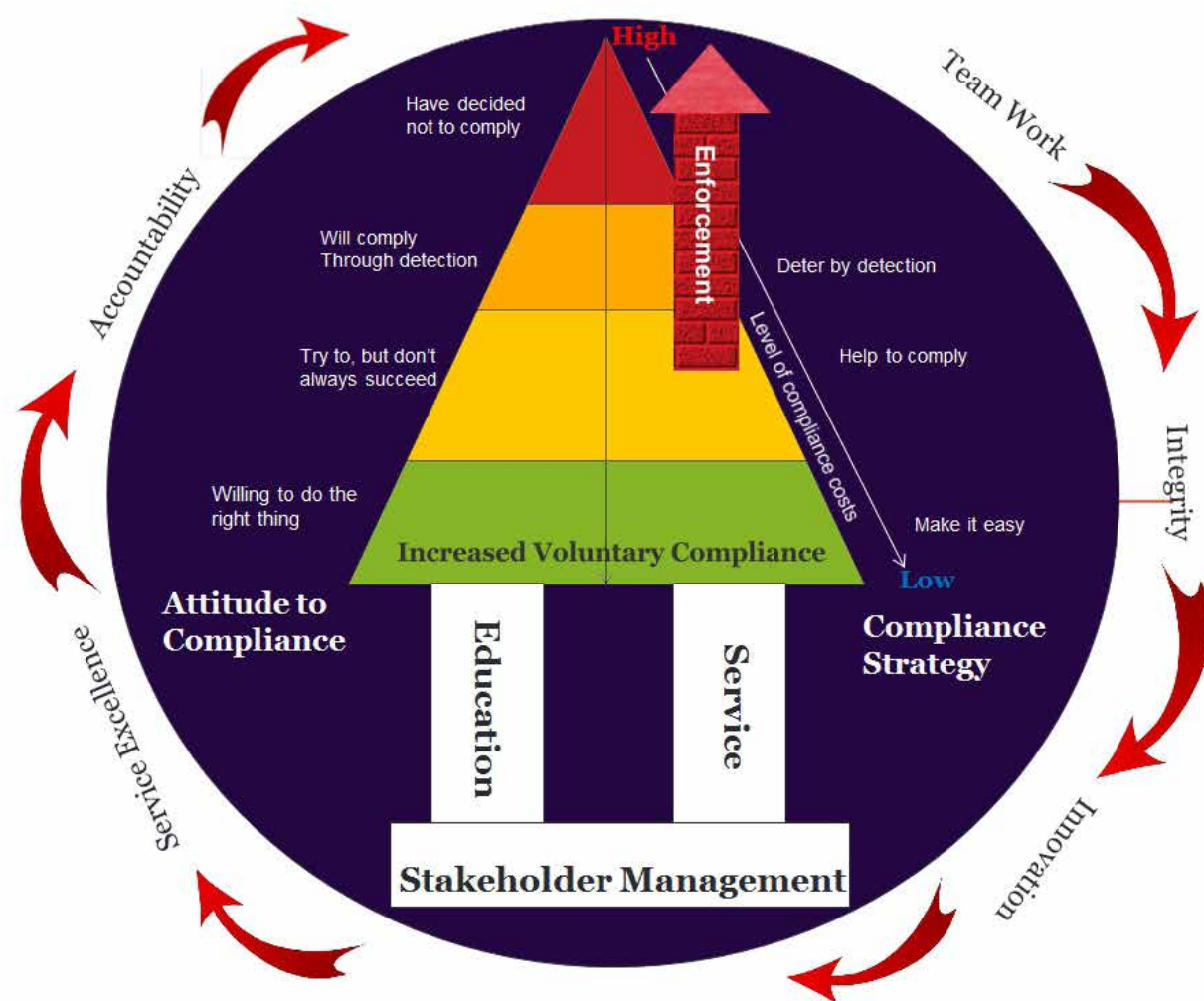
From page 3

session far away from its Head Office, Pretoria, in Ladybrand. She mentioned that this showed service excellence and understanding of stakeholder cooperation. The SARS Chief Operating Officer, Mr. Jed Michaletos for Customs and Excise, closed the session by thanking the LRA for taking time to listen to stakeholders concerns, escalating them and coordinating a meeting where they will be addressed.

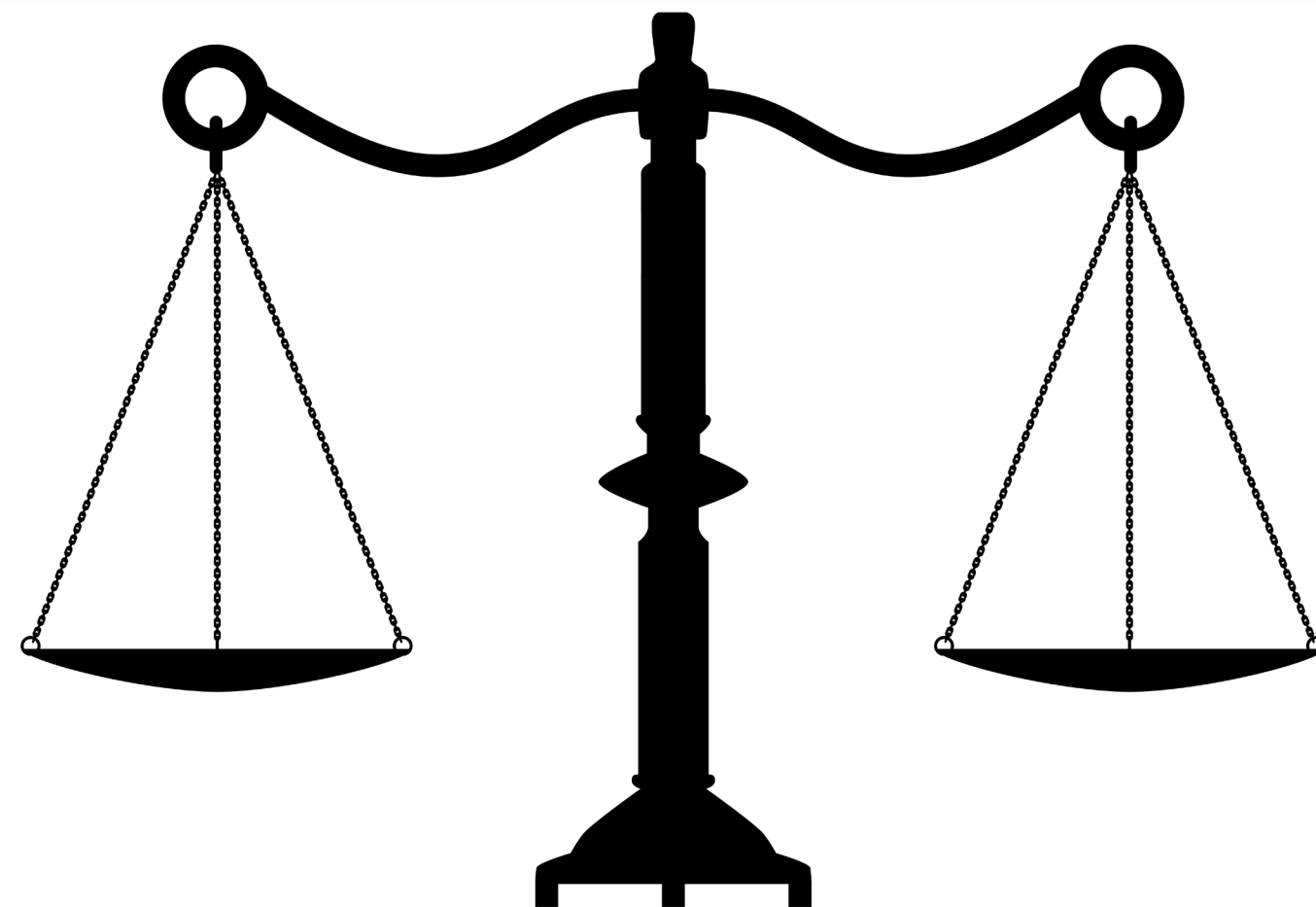
He pledged to come back and sit in similar forums, when required, to listen to the traders and resolve issues which if left unattended have potential to hinder movement of goods across borders.

The forum was directed by SARS Group Executive for Customs Ms. Vonani Ntlhabyane, and was led by both the Chief Operating Officer for Customs and Excise, Mr. Jed Michaletos and the Commissioner Customs, Mrs. Makali Lepholisla.

SARS was also represented by Senior Managers Customs from SARS Freestate and SARS Durban, as well as Border Post Managers from Maseru Bridge Border Post, Ficksburg and Caledonspoort. The LRA Customs was represented by the Deputy Commissioner Customs – Central Region, Mr. Tseko Nyesemane, the Manager Central Clearance Office, Mr. Lefielo Lefielo and Manager Customs Northern Region, Mr. Tsepang Mohale.



Masupha in court for tax fraud



A 28 year old Mr. Rethabile Gilbert Masupha of Sehlabeng, Thuathe, Berea on Monday, 21st February 2017 briefly appeared in Maseru Magistrate Court faced with a total of four counts of tax evasion. On Count 1, Mr. Masupha was charged with issuing false or misleading statements to the LRA in contravention of section 188 (1) (a) or (b) read with section 188 (2) and (4) of the Income Tax Act No.9 of 1993.

On count 2, he is charged with corruption in contravention of Section 30 of the Prevention of Corruption and Economic Offences Act No.5 of 1999. On count 3, the Accused is charged with fraud for having contravened the provisions of section 68 of the Penal Code Act No.6 of 2010 read with section 109 (2) and section 69 of the schedule of penalties of the same Act.

On count 4, he is charged with failure to file a return to the LRA in contravention of section 175 (1) read with section 128 (1) of the Income Tax Act No.9 of 1993 further read with section 275 of the Criminal Procedure and Evidence

Act No.9 of 1981.

Mr. Masupha was however granted a bail on condition that he pays a deposit of M30, 000, stands trial, shall not interfere with Crown witnesses and shall attend periodic remands. The case was set down to proceed on the 2nd and 3rd May 2017.

The case was before Senior Resident Magistrate, His Worship, Mr. Peter Murenzi. The accused was represented by Advocate L. Molati while the Crown was represented by Advocate Lechesa Mahao and Advocate Rabahlakoana Ntema.

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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
Toll free number: 80022008

Principal Secretaries sharpen skills on tax compliance



Principal Secretaries and LRA Team led by ACG

The Lesotho Revenue Authority (LRA) on Wednesday, 8th March 2017 met all the Principal Secretaries of the Government Ministries to sharpen their knowledge on tax compliance and to enlist their support in facilitating Government compliance with tax laws.

The presentation covered areas that include the LRA mandate, Lesotho Tax System, the LRA contribution to National budget, Individual tax compliance, Government tax compliance and the support and assistance required from the Principal Secretaries to the LRA.

In his presentation, the Manager Taxpayer Education, Mr. Letsatsi Sepiriti said the LRA through tax revenue contributed 71 percent of total revenue to national Budget and this it achieved through collection of Domestic Taxes and Customs Duties. He informed the Principal Secretaries that the law requires every Taxpayer to declare their income with the Authority annually.

“As Taxpayers, we are all expected to register for tax purposes, declare and file our income as generated from different sources and from all geographical areas. This also includes paying for due taxes on time,” he said.

He said all Taxpayers were expected to file their income tax returns to the LRA by June 30. “The filing season start on April 1 and we encourage you to file as early as possible to avoid last minute rush and congestions,” he said.

He said the Government through its Ministries was affected by the administration of tax types that included Pay As You Earn, Fringe Benefits Tax, Withholding Tax and the Value Added Tax on imports. “As Principal Secretaries you have an important role to play in this case through ensuring that your Ministries meet set obligations with regard to the said tax types and to avoid penalties,” he said.

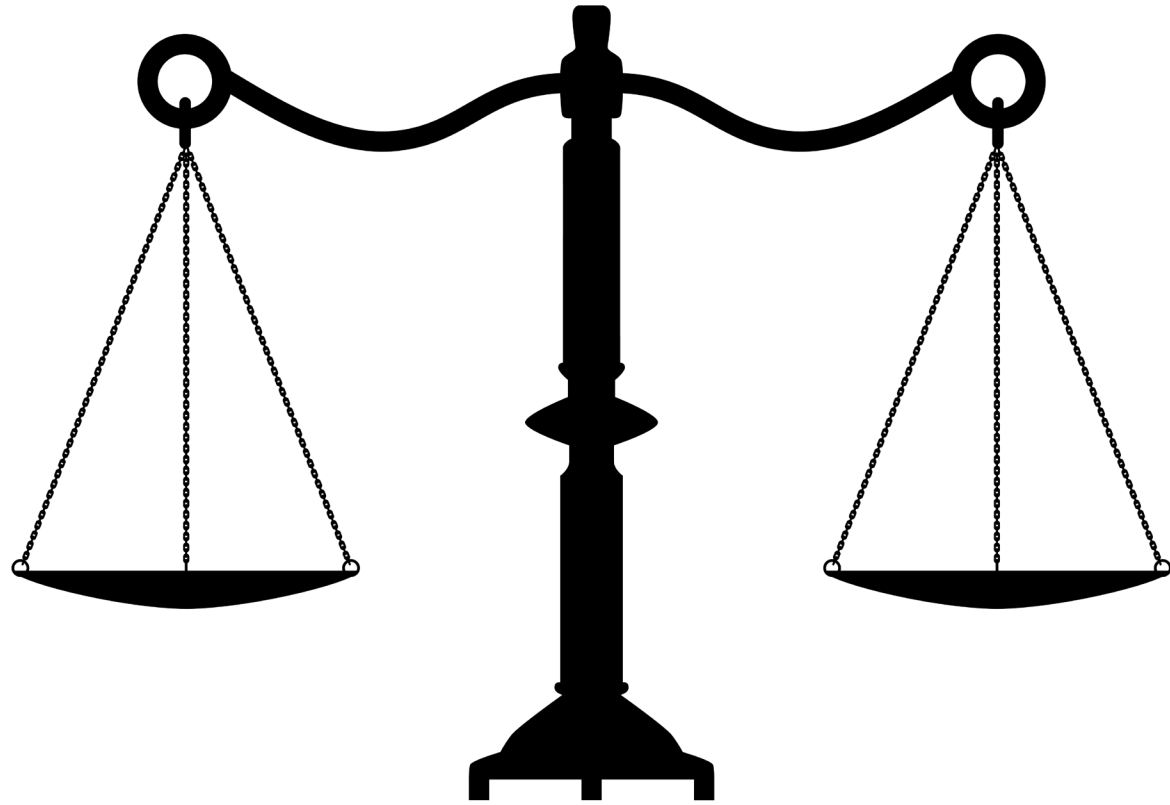
The Principal Secretaries were also informed about the VIP Office which had been established by LRA solely to provide high quality service to the Very Important Persons in the country including senior Government officials.

In her remarks, the Government Secretary, Ms. Lebohang Ramohlanka encouraged the LRA to capacitate the VIP Office in terms of staff compliment to improve its service offerings. She said the Authority should also heighten its publicity and Taxpayer education programmes to increase Tax compliance levels throughout the country.

“It is through this meeting that going forward we have identified a need to invite the LRA to make similar presentations for new Principal Secretaries every time we have inductions. The Principal Secretaries should also make it a point to invite the LRA to make presentations for their relevant employees to continuously enhance their compliance with tax laws,” she said in closing.

The LRA entourage was led by the Acting Commissioner General Mrs. Idia Penane.

Motse face 75 counts of tax evasion



A 51 year old Mr. Miya Motse of Ha Tsosane, Maseru appeared briefly before the Magistrate Court on the 27th February 2017, facing a total of 75 counts of tax evasion.

On Counts 1-2, the Accused was charged with false or misleading statements he made to the Lesotho Revenue Authority (LRA) in contravention of section 188 (1) (a) or (b) read with section 188 (2) and (4) of the Income Tax Act No.9 of 1993.

On count 3, he was charged with contravention of section 25(1) (a) and (i) of the Money Laundering Act 2008 read with section 25 (2) of the Money Laundering Act 2008. On Counts 4-5 he is charged with corruption in contravention of Section 30 of the Prevention of Corruption and Economic Offences Act No.5 of 1999.

Alternatively, the Accused was charged with fraud for having contravened the provisions of section 68 of the Penal Code Act No.6 of 2010 read with section 109 (2) and section 69 of the schedule of penalties of the same Act.

On counts 6-40, he was charged with failure to file a return to the LRA in contravention of section 27 (1) read with section 61 (1) (a) of the Value Added Tax Act No.9 of 2001. On counts 41-75 he was charged with contravention of section 61 (1) (b) of the Value Added Act No. 9 of 2001 for failure to pay Value Added Tax when due.

The Accused was released on bail on the following conditions:

- That he pays a bail deposit of M15, 000.
- That he shall stand trial.
- That he shall not interfere with Crown witnesses.
- That he shall attend periodic remands.

The Accused appeared before the Senior Resident Magistrate, His Worship Mr Motanyane. He was represented by Adv. Rampai while the Crown was represented by Adv. R. Ntema.

The case was set down to proceed on the 23rd March 2017.



TAX CLEARANCE CERTIFICATE (TCC) NEW FEATURES

Tax Clearance Certificate

Certificate ID:	9795388359
TIN:	200022058-1
Legal Name:	GOOD CITIZENS
Trading Name:	KHAHLA KHAHLA ENTERPRISES
Nature of Business:	WHOLESALE OF FOOD, BEVERAGES AND TOBACCO
Address:	TLOUTLE MAGASO 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 1983 as amended and the VAT Act 2001 as amended.

Tax Clearance Certificate ID without prefix LRA

New TIN

TCC Date of Issue

Type of Business

Official LRA Stamp to identify TCC Original and Copy

Date Stamp:
Date Issued: 12-October-2016 at 09:05:00
Date Printed: 12-October-2016 at 09:02:48
This Certificate is Valid until 24-Oct-2016

Commissioner - Domestic Taxes

TCC Date of Issue

Effective January 2017

Moshoeshoe Walk, a thrilling experience – LRA team



LRA employees took part in 2017 Moshoeshoe Walk

The Lesotho Revenue Authority (LRA) team have thanked the Authority for sponsoring their participation in the annual Menkhoaneng to Thaba Bosiu Walk. The 3 days Annual Moshoeshoe Walk started on 9th -11th March, 2017.

The 117 kilometres expedition signifies and commemorates the exodus King Moshoeshoe I took with his followers in 1824 when he left Menkhoaneng, where he was born and travelled to Thaba Bosiu fortress where he took refuge and established Basotho Nation. King Moshoeshoe I was born in Menkhoaneng and at 34, he formed his own clan and became a chief. He was a cunning and powerful leader who also united the Basotho nation.

The primary objective of the Walk was to revive the spirit of unity amongst Basotho as it is embodied in the legacy left by its founder—Moshoeshoe I.

The Walk was organized in such a way that it had both the rudiments of adventure and education in a form of experience because as the narrations on Moshoeshoe I experiences were made during the Walk, participants were also shown the places referred to in the stories while they also experienced ultra-trail walking.

One of the participants, Mr. Motlatsi Thejane who was taking on the Walk for the fourth time said the expedition was a good recreational activity.

"The Walk has helped in boosting our physical fitness and improving our skills to work as a team. It was easier for me to soldier through different hurdles of the Walk because I regularly exercise," he said.

He said the Walk also helped them to learn and appreciate the historic lengthens and challenges King Moshoeshoe and his people went through to build the Basotho Nation.

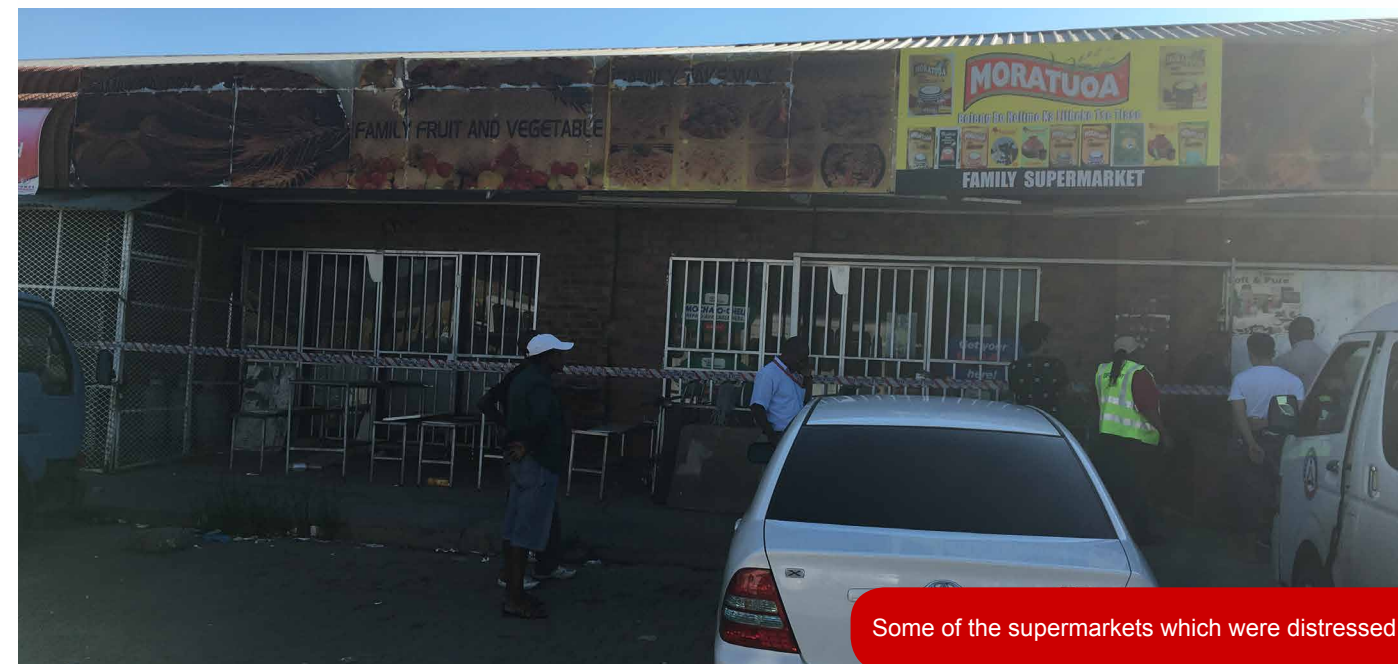
Ms. Seipati Peete who was attending the Walk for the first time said as much as the Walk was challenging, it was at the same time joyful.

"The second day was difficult because we left at 04:00 am with just two bottles of water to cover us the whole day, but I was happy that at the end I managed to finish the Walk," she said.

She also thanked the LRA for the tickets to participate in Walk saying she had always liked to join it since its establishment in 2007.

The LRA also joined the business community in supporting Her Majesty Queen 'Masenate Mohato Seeiso participation in the Walk. Her Majesty participation was largely influenced by her desire to raise funds for her charity programmes, particularly the Queen's National Trust Fund that support education for marginalized children.

More retail supermarkets face distress actions



Some of the supermarkets which were distressed

As part of the ongoing drive to enhance compliance among traders in the wholesale and retail sector, the Lesotho Revenue Authority (LRA) recently levied a distress order against Supermarkets in Mafeteng, Mohale's Hoek and Quthing.

The supermarkets covered last week in Mafeteng were Xi Hua

Enterprise and Mei Hua Trading.

In Mohale's Hoek and Quthing, the team led by the Debt Recovery Department covered the Millennium and New World Supermarkets.

Below are some of the pictures captured during the operation.





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.

Business sector bemoans delays at border posts



Some of the LRA staff who attended the SACU Roadshow in Maseru

The business sector bemoaned delays at border posts due to stringent systems and processes and urged the Southern African Customs Union member states to address the concerns to simplify trade.

This was after presentations on Cross-border trade and transit: issues and challenges for Lesotho by the Acting Commissioner General, Mrs. Idia Penane and a Perspective from the business sector by the Lesotho Chamber of Commerce and Industry. The presentations were made at the SACU Roadshow under the theme **Connecting the Customs Union with its Stakeholders** at Avani Maseru Hotel on Thursday, 23rd March 2017.

In her presentation, the Acting Commissioner General, Mrs. Idia Penane said Lesotho as a landlocked country, its trade and transit challenges were predominantly due to its geographic position. *"The Durban harbour which is the nearest port to Lesotho is at least 600 kilometres from the nearest border post in Lesotho."*

This means that goods bound for Lesotho need to travel that distance before they can reach their final destination. Due to the different authorities at the port, there are

often delays experienced in getting from one point to the next; in fact it can take up to three weeks for cargo to be released where consignments have been targeted for inspections. Un-like sea based countries where the port would be the first and last clearance point, cargo then has to go through clearance processes on both the South African and Lesotho border posts," she explained.

She said this challenge coupled with different clearance procedures, legislation and national standards added more time to the delays that were initially experienced at the harbour adding that even though Lesotho was part of the Customs Union, traders were required to pay a security deposit in Lesotho and in South Africa for transit goods. This she said added to the costs that were obviously experienced with the distance and delays.

Mrs. Penane said the border transit challenges also result in increased trade transaction costs often leading to decreased productivity, decreased trade competitiveness and orders sometimes get cancelled due to delays caused by clearance processes. *"These challenges also have an impact on Lesotho's attractiveness for Foreign Direct*

To Page 14

From Page 13

Investment as costs and time taken to trade are highly impacted,” she said.

She said as part of the global economy, Lesotho has signed a number of trade agreements which provide opportunities that could enable the country to solve some of these challenges and to have better access to markets.

“These include, Lesotho being part of SACU where the country is in a position to also enjoy the benefits of a regional approach to implementing trade agreements which provides opportunities for standardisation and capacitation; Regional initiatives towards addressing transit challenges; Access to more markets and Value chains within the region offering smaller economies like Lesotho a slice of the pie,” she said.

She also said that a number of initiatives were carried out by the Government of Lesotho towards addressing some of the border transit challenges to simplify trade.

She further said: “There have been regulatory reforms to improve private sector competitiveness such as the company registration process which has been reduced. In the last two years Lesotho has simplified and for the first time automated its Customs procedures through the introduction of the ASYCUDA World system.

The establishment of the One Stop Business Facilitation Centre (OBFC) and the recent introduction of a trade portal have to some extent provided an opportunity to pilot the harmonisation of national trade related processes including the provision of trade information in one place. Through the assistance of the World Bank, Lesotho has developed a coordinated border management strategy which is meant to ensure the harmonisation of border processes. The Southern African Development Community (SADC) has recently committed to providing support towards the implementation of this strategy.”

The participants were drawn from public and private sector including Private Sector Foundation of Lesotho, Lesotho Chamber of Commerce and Industry, Government Ministries, Lesotho Textile Manufacturers Association, Tourism and Investment Development agencies.

Other stakeholders were students, Media Institute in Southern Africa (MISA), Media practitioners, exporters, transporters, manufactures and Small and Medium Entrepreneurs (SME).

One of the participants, Mr. Kulenyane Mojaje said Lesotho imported 90 percent of its goods from South

Africa and that posed a challenge for border agencies to have efficient systems and processes. *“With inefficiency in the border posts, importation of goods is terribly delayed and this hampers trade. Our goods take a long time at the border sometimes up to 5 days,” he said.*

He also alluded to lack of decentralization of services to smaller border posts by the LRA which he said forces the traders to only use far commercial borders especially the Maseru Bridge. Similarly he said the lack of Advice Centres in majority of the districts deprives traders of information on new developments that affects them.

“I come from the Southern Region and we have only one office based in Maseru which also serves people from Quthing and Mafeteng. This setback has resulted in some traders’ not getting information on new processes on time. Partnership between border agencies, the business sector and the SACU should be reinforced to address this challenge,” he said.

Mr. Hillary Woelk said Lesotho was still lurking behind in modernizing the Customs Act regardless of past efforts where they made contributions in drafting that bill.

He added that Lesotho’s only immediate neighbour, South Africa have implemented their new Customs and Excise Act and the disparities in the laws of the two countries was negatively affecting trade.

Addressing some of these concerns, the Commissioner Customs, Mrs. Makali Lephollisa said following the introduction of the ASYCUDA World System which allows for pre-declaration and payments, they noted that some traders did not understand the new processes but once they got used to it they spend less time to move their goods across the border.

She encouraged the participants to use the Customs management phone contacts displayed at border posts to seek their intervention where they suspect sub-standard services. On the new Customs legislation, she said the bill had to be aligned to the new SACU Model Customs Act and the Trade Facilitation Agreement. She said hopefully the bill would be tabled before the National Assembly when it resumes.

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)

LRA to participate in SACU roadshow



The Lesotho Revenue Authority will make a presentation during the Southern African Customs Union Roadshow aimed at revamping SACU Brand and Creating Visibility in Member States. The roadshow to run under the theme: Connecting the Customs Union with its Stakeholders will be held in Maseru from the 22nd to 24th March 2017.

According to the event programme, the LRA will make a presentation on Cross-border trade and transit: issues and challenges for Lesotho on the 23rd March 2017.

The roadshows were organized for SACU member states in a bid to raise awareness, revamp its brand and create visibility. These campaigns are aimed at sharing knowledge and information to enhance understanding of the role and mandate of SACU and its programmes. To date, three roadshows have taken place in Namibia, Swaziland and Botswana.

The roadshows will offer an opportunity to SACU to establish dialogue and interactions with key stakeholders including the private sector. The SACU as the oldest Customs Union has made significant positive changes to the trade industry with implementation of work programmes and processes for ease of doing business among Member States.

It is therefore expected that the roadshow will lay the foundation and set the tone for possible future engagements

with the stakeholders in the five SACU Member States. The participants will be drawn from public and private sectors including Private Sector Foundation of Lesotho, Lesotho Chamber of Commerce and Industry, Government Ministries, Lesotho Textile Manufacturers Association, Tourism and Investment Development agencies.

Other stakeholders will be students, Media Institute in Southern Africa (MISA), Media practitioners, exporters, transporters, manufactures and Small and Medium Entrepreneurs (SME).

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LRA hosts AfDB in 2017 first quarter mission



The Chief Financial Officer, Mr. Mangangole Tsikinyane

The Lesotho Revenue Authority (LRA) is hosting the African Development Bank (AfDB) officials who are in Lesotho to undertake the 2017 first quarter mission from the 20th -30th March 2017.

According to the Chief Financial Officer, Mr. Mangangole Tsikinyane, the objective of the AfDB mission in Lesotho was to hold discussions with implementing line ministries on the progress made towards projects funded by the Bank as well as to appraise and launch new projects. He said the mission was crucial for the LRA as the organization was entering into the second phase of its modernization agenda with the help of the African Development Bank (AfDB) and the Government of Lesotho (GOL).

"The first modernisation phase was the reengineering of processes and systems automation which brought about the implementation of Asycuda World System and the Enterprise Taxation and Policy Management (ETPM) programme. The LRA presented the modernization phase II concept note to the Ministry of Planning for appraisal and the same was also presented to the AfDB for possible funding," he said.

He said the visit would create a platform where the draft concept note for the Bank's support to LRA modernization project would be discussed in details. *"The aim is to help*

the Bank to gather all the information needed for a detailed project document (called project appraisal report) which will be presented for approval to the Bank's Board of Directors," he added.

The Chief Financial Officer reiterated the importance of the AfDB mission to the LRA citing the difficulty the organization was faced with in securing enough funding for its modernisation agenda.

"It is vital that the LRA provides all the required information in order to enhance the eligibility of Lesotho in getting the much needed funding in order to help modernize the tax system. This will enable the government of Lesotho to mobilize domestic revenues which will in turn help remove the burden of relying on Southern African Customs Union revenue proceeds," he said.

During this visit the AfDB will meet the Acting Commissioner General, the Senior Management Team and the Project Management Team. The mission also paid a courtesy call to the Ministry of Finance and the Ministry of Development Planning, to discuss the mission's objectives and expectations. They will later have a debriefing session with the Principal Secretary in the Ministry of Development Plan-ning to table the Mission's findings, recommended actions, and way forward.

We are here to serve you!



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

Lesotho Revenue Authority

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