

TO: ALL EMPLOYERS, EMPLOYEES AND OTHER INDIVIDUALS



Re: Income Tax Structure for the Period Starting 1 April 2020

In terms of the Income Tax (Amendment of Monetary Amounts) Regulations 2020, the lower tax bracket has been increased from **M5, 090.00 to M5,350.00** while the non-refundable tax credit has been increased from **M800.00 to M840.00** per month with effect from **1 April 2020**.

It is with this communicate that the Lesotho Revenue Authority (LRA) serves to confirm the changes to **Section 73** and Second Schedule of the **Income Tax Act No. 9 of 1993** and to indicate how the changes are to be effected for purposes of calculating tax liabilities for resident individuals; being sole traders (for annual tax liabilities), employees and pensioners (for PAYE)

The rates applicable for these resident individuals are shown below and they will be followed by the tables that provide examples of how the tax structure is to be applied.

Chargeable Income	Rate of Tax
First 64, 200.00 per annum or 5, 350.00 per month	20%
Above 64, 200.00 per annum or 5, 350.00 per month	30%

A non-refundable tax credit of M10, 080.00 per annum or M840.00 per month.

Thus, where chargeable income

- (a) is between **M1.00** and **M64 200.00** the tax = **20% of the amount**,
- (b) exceeds **M64 200.00** the tax = **M12 840.00 + 30%** of excess over **M64 200.00**, and
- (c) the non-refundable tax credit of **M10 080.00** is applicable to each resident individual.

Table 1: Tax Calculations Based on Annual Amounts

(1) Chargeable Income	(2) Tax Credit	Tax Calculation		(5) Tax Payable = (3) +(4) – (2)
Per Annum	Per Annum	(3) 1 st M 64 200.00 Taxed at 20%	(4) Over M 64 200.00 Taxed at 30%	
M 12 000.00	M 10 080.00	M 2 400.00	M0.00 ¹	M0.00 ²
M 50 400.00 ³	M 10 080.00	M10 080.00	M0.00	M0.00
M 64 200.00 ⁴	M 10 080.00	M12 840.00	M0.00	M2 760.00
M 114 000.00	M 10 080.00	M12 840.00	M14 940.00	M17 700.00

- The whole **M12 000** is taxable at **20%** and because it is less than **M64 200.00**, then the **30%** does not apply.
- **M2400 + M0.00** is less than the tax credit, **M10 080**, then no tax is payable and no tax is refundable.
- **M10 080.00 + M0.00** equals to the tax credit and therefore no tax is payable.

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Table 2: Tax Calculations Based on Monthly Amounts

(1) Chargeable Income	(2) Tax Credit	Tax Calculation		(5) Tax Payable = (3) +(4) – (2)
Per Annum	Per Annum	(3) 1 st M 5 350.00 Taxed at 20%	(4) Over M 5 350.00 Taxed at 30%	
M1 000.00	M 840.00	M 200.00	M0.00	M0.00
M4 200.00	M 840.00	M 840.00	M0.00	M0.00
M5 350.00	M 840.00	M 1 070.00	M0.00	M 230.00
M9 500.00	M 840.00	M 1 070.00	M1 245.00	M1 475.00

- 1. Lesotho Revenue Authority (LRA) offices, including Advice Centres, can be contacted for further details and clarifications.
- 2. Tax Tables are available in hard copies at the LRA Advice Centres and electronically from the LRA website; www.lra.org.ls where there is also a tax calculator facility.