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To: All Employers, Employees and Other Individuals

Dear Clients,

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

In terms of the Income Tax (Amendment of Monetary Amounts) Regulations No. 17 of 20th March 2020, the lower tax bracket has been increased from M5, 090.00 to M5,350.00 per month 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 communique 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 M64, 200.00 per annum or M5, 350.00 per month	20%
Above M 64, 200.00 per annum or M5, 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 Calculations		(5) Tax Payable = (3) + (4) – (2)
Per Annum	Per Annum	(3) 1st M 64 200.00 Taxed at 20%	(4) Over M 64 200.00 Taxed at 30%	
M12 000.00	M 10 080.00	M2 400.00	M0.00 ¹	M0.00 ²
M50 400.00 ³	M 10 080.00	M10 080.00	M0.00	M0.00
M64 200.00 ⁴	M 10 080.00	M12 840.00	M0.00	M2 760.00
M114 000.00	M 10 080.00	M12 840.00	M14 940.00	M17 700.00

¹ The whole M12 000 is taxable at 20% and because it is less than M64 200.00, then the 30% does not apply.

² M2400 + M0.00 is less than the tax credit, M10 080, then no tax is payable and no tax is refundable.

³ M10 080.00 + M0.00 equals to the tax credit and therefore no tax is payable.

⁴ As indicated in the last two rows of column (5), any income level above this amount result in some tax payable.

Table 2: Tax Calculations Based on Monthly Amounts

(1) Chargeable Income	(2) Tax Credit	Tax Calculation		(5) Tax Payable = (3) + (4) - (2)
Per Month	Per Month	(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	M200.00	M0.00	M0.00
M4 200.00	M 840.00	M840.00	M0.00	M0.00
M5 350.00	M 840.00	M1 070.00	M0.00	M230.00
M9 500.00	M 840.00	M1 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 electronically from the LRA website; www.lra.org.ls where there is also a tax calculator facility.

Yours Faithfully



Mosuoë Mapetla (Mr.)

Commissioner Client Services