



NEWS RELEASE

For Immediate Release

Absence of SARS Importer / Exporter Code renders Tax inclusive Invoice, as a method of payment for VAT on imported goods at the border, invalid

Maseru, 16th December 2020: The Lesotho Revenue Authority is engaging its South African counterpart, the South African Revenue Service (SARS), in trying to find acceptable and amicable solution to problems faced by Lesotho importers as a result of the implementation of a certain regulation that requires Lesotho importers to register with SARS in order for them to access clearance services. SARS started with the implementation of this requirement from Thursday, 10th December 2020.

Since 2017, SARS has been on gradual implementation of this requirement. The requirement involves importers and exporters having to register with SARS in order to access services within the SARS clearance system. SARS indicates that it is obliged by law to deal directly with only entities registered as Taxpayers in South Africa. This means that only South African entities, duly registered as Taxpayers may directly access the customs services.

According to SARS, all other foreign entities have to appoint / nominate these registered entities to represent them in accessing SARS services including import and export or they can apply to be registered as Agents too. Any South African individual or registered company may make application to become a 'registered exporter agent' to act on behalf of a "foreign principal", who in this case would be an importer or exporter from Lesotho. This requirement mostly applies to Lesotho traders.

As for private shoppers it becomes a requirement only where they bought goods whose value (above M20 000) require declaration through the system and or where such

goods are ferried by couriers as they are treated as commercial and therefore subjected to formal declarations. On other household items below the value of M 20 000 which are carried by a private shopper do not require declaration through the system and are generally processed over the counter by obtaining the manual date stamp.

This requirement, therefore, calls for all importers (traders and private shoppers) to be registered with SARS, to find and appoint registered entities or individuals in South Africa in order for them to access the SARS clearance systems. The agents will then request and access SARS services, including declaration of goods through the system. It is important to note that a 'registered agent' is not the same as the current licensed 'clearing agent' but a licensed clearing agent may also become a 'registered agent' upon approval of the application.

All traders and individuals not registered will face complications in exporting goods from South Africa into Lesotho. This is especially the case where such export will be an indirect export (meaning tax will have been paid in South Africa). In such instances, a valid tax invoice will no longer be accepted by LRA as a form of payment for VAT due because, it applies that, an incorrect export procedure would have been used and therefore VAT payment will become due and payable immediately at the Lesotho border before goods could be imported into the country. It is therefore advisable for Lesotho importers who have not registered with SARS and do not have Importer / Exporter Code to opt for direct export / import approach whereby the goods are delivered to the country of destination (Lesotho) by the seller and the VAT is paid directly to LRA by the importer upon importation.

The procedure to register with SARS is as follows:

1. Obtain form DA 185 and DA 185D from SARS at the following border posts (Maseru Bridge, Maputsoe Bridge, Caledonspoort, Van Rooyen's Gate and Qacha's Nek Gate);
2. Agree with a South African entity (registered) to act as your Registered Agent (The registered agent must accept the nomination made by the foreign principal and indicating which functions "importer, exporter" are to be fulfilled on behalf of the foreign principal);

3. Complete the forms DA 185 and DA 185D;
4. If security is required, also complete DA185.C
5. Submit the completed forms to SARS offices and wait for the response;
6. The registration validity period is indefinite and no cost required;
7. The turnaround time for application processing is approximately 10 working days.

For more information please contact us on 52215191; 52215902/3 and 52215840/1