



## NEWS RELEASE

For Immediate Release

# Entry into force of the Lesotho-Mauritius Double Taxation Agreement (DTA)

**Maseru, 12<sup>th</sup> July 2021:** The Lesotho Revenue Authority (LRA) hereby notifies the business community and the public at large of the entry into force of the Lesotho-Mauritius Double Taxation Agreement, also known as tax treaty. Following finalization of internal processes by both countries, the date agreed was that of the 7<sup>th</sup> June 2021.

Note should be taken that the old treaty between the two countries that was signed on the 29<sup>th</sup> August 1997 and had been in force, shall be terminated with effect of entry in to force of this new one and shall cease to apply for any periods thereafter.

Treaties are meant to attract foreign direct investment and to provide tax certainty to investors who wish to engage in business in one of the treaty partnering countries. Of most importance, the role of a DTA is to eliminate double taxation, tax evasion and avoidance. With guidance by OECD, UN and ATAF, a tailor-made model which considers Lesotho's interests was adopted for use in concluding tax treaties. This DTA should enable trade and enhanced economic relations between Lesotho and Mauritius.

The DTA applies to Lesotho and Mauritius Tax residents only and brings amongst others, changes in the withholding tax rates on the following gross incomes;

- |                                 |      |
|---------------------------------|------|
| 1. Interest;                    | 10%  |
| 2. Fees for Technical Services; | 7.5% |
| 3. Royalties;                   | 10%  |
| 4. Dividends                    | 10%  |

It is advised that the entry into force of the Agreement is observed and that is applied. The said agreement can be accessed on the Lesotho Revenue Authority website: [www.lra.org.ls](http://www.lra.org.ls)

For more information and any enquiry in this regard, please feel free to contact the International Taxation Cooperation Office of the Lesotho Revenue Authority at 5221 5563 or 5221 5214.