



**Revenue  
Services**  
Lesotho

**GUIDE ON TAX  
REGISTRATION**

“Rea Aha”

## **1. Introduction**

This serves as a basic brief guide for newly established businesses. It explains tax registration, tax reporting, filing and payment requirements for the newly established businesses. It discusses who is required to be registered, and when they should file tax returns.

The objective is to empower newly established businesses with knowledge to kick start their operations and get their tax affairs right the first time. One of the first things that should happen once a business is established is to apply to be registered with Revenue Services Lesotho (RSL). The next crucial step is to manage records in such a way that a person/business can comply with its tax obligations. To fulfill their tax obligations, it is also important for businesses to observe the filing and payment dates as provided for by Income Tax and VAT Acts.

## **2. Who should register?**

Basically, any business or organisation registered and operating in Lesotho either as a company, partnership, professional, sole trader or association (including non-profit making organisation) should apply to be registered with the RSL. Any such business should contact the Digital Service Centres or Call Centre: 80022009, Taxpayer Education or One Stop Business Facilitation Centre (OBFC) located at the Ministry of Trade, Industry, Business Development and Tourism for assistance.

## **3. What types of taxes do I register for?**

The following are the types of taxes that businesses are required to register for:

**3.1 Individual Income Tax (IIT)** - An individual carrying on a business as a sole trader is required to register for Individual Income Tax (IIT).

**3.2 Company Income Tax (CIT)** - An entity incorporated and registered as a company and operating business in Lesotho should register for Company Income Tax (CIT).

**3.3 Pay As You Earn (PAYE)** - If the business or an organisation has employees earning taxable salaries, then it should also register for Pay As You Earn (PAYE).

**3.4 Fringe Benefits Tax (FBT)** - If the business or an organisation provides any taxable fringe benefits such as domestic assistance, meal or refreshment, car, medical aid, electricity, telephone, housing, debt waiver, loan and excessive superannuation contributions then it should also register for Fringe Benefits Tax (FBT).

**3.5 Withholding Tax (WHT)** - If the business or an organisation outsources some services, then it should register for Withholding Tax (WHT).

**3.6 Value Added Tax (VAT)** - If a business makes a taxable turnover of M850,000.00 or more per annum, it must be registered for VAT. This is referred to as compulsory registration. A business may however, volunteer to register for VAT where it does not meet the above turnover threshold. This is referred to as voluntary registration.

## 4. What documents are required?

### 4.0 Individual registration /Business Registration Form

#### 4.1A sole trader should bring the following documents:

- Business ID or trader's license
- Certified copy of National Identity Document (ID)/Passport for the owner
- A schedule listing all employees and their monthly salaries and fringe benefits offered, if any.

#### 4.2 A company should bring the following documents:

- A Company Extract
- Certificate of Incorporation
- Business ID or trader's License
- Certified copies of National Identity Document(s) (ID)/ Passports of the directors
- A schedule listing all employees, their monthly salaries and fringe benefits offered, if any.

#### 4.3 A partnership should bring the following documents:

- Business ID or trader's license
- Certified copies of National Identity Document(s) (ID)/Passports of partners
- Partnership deed
- A schedule listing all employees, their monthly salaries and fringe benefits offered, if any.

#### 4.4 Other organisations (non-profit making, charitable etc) should bring the following documents:

- Constitution
- A schedule listing all employees, their monthly salaries and fringe benefits offered, if any
- Certified copies of National Identity Document(s) (ID)/Passports of executive committee members

## 5. How to Register for Tax

Taxpayers can either register online by visiting RSL website: <http://www.rsl.org.ls> >>**E-SERVICES**>>**e-Registration** and fill in the relevant form (individual/business registration form) or register physically at RSL Digital Service Centres in Maseru, Leribe and Mhale's hoek.

## 6. Future Obligations

- All registered businesses must update their registration details with RSL by visiting RSL website: <http://www.rsl.org.ls>-**E-SERVICES-e-Registration** to fill in the relevant registration form(individual/business registration form) and must notify RSL in writing regarding any change in the legal entity name, commercial name, address of business and change in business activities etc.

## 7. When Should I File and Pay Taxes Due?

A business must file a return and pay tax as required by the Acts (Income Tax Act 1993 (as amended) and VAT Act 2001 (as amended)). See the table below regarding due dates. The dates for submission of tax returns and taxes payable to the RSL are summarized in a Table below:

| TAX TYPE                                     | DUE DATE  |
|--|---|
| Income Tax:<br>Company Tax<br>Individual Tax | A company that derives income in Lesotho in a year of assessment is liable to pay three installments of tax due on 30th September 31st December, and 31st March of that year of Assessment. That is, <ul style="list-style-type: none"><li>• File a return annually but pay provisional tax/instalment of tax every quarter.</li><li>• A company must file an income tax return on the 30th of June every year, or the last day of the third month following financial year end if the company uses substituted accounting period. The return must be accompanied by the final payment.</li></ul> |
| Fringe Benefits Tax (FBT)                    | The return for FBT must be filed within 14 days of the end of the period to which it relates. Payment is made quarterly: <ul style="list-style-type: none"><li>• 30th June is the 1st quarter</li><li>• 30th September is the 2nd quarter</li><li>• 31st December is the 3rd quarter</li><li>• 31st March is the last quarter</li></ul>   |
| Pay As You Earn (PAYE)                       | <ul style="list-style-type: none"><li>• 15th of every month</li></ul>   |
| Withholding Tax                              | <ul style="list-style-type: none"><li>• 15th of every month</li></ul>   |
| VAT: Return                                  | <ul style="list-style-type: none"><li>• 20th of every month</li></ul>   |

## 7. Important Information for a Registered Business: Record Keeping

### 7.1 What records must I keep?

A business that is run properly requires proper record keeping. This helps in determining how well the business is running. Most importantly, record keeping helps a business to fulfill its tax obligations with much ease.

Indeed, the tax laws require all Taxpayers to keep records and proper accounts that relate to their businesses. Such records include accounting records, computer stored information or any other documents, e.g., receipts, invoices, credit notes, debit invoices, withholding tax certificates etc.

#### 7.1.1 Income related records

When running a business, a Taxpayer needs to keep record of the income generated by the business so that it can be a good indicator of what is happening with the business. Is there enough income generated as compared to expenses? Is the business viable or not? Such a list of records includes but is not limited to the following:

- Earnings /revenue collected from the sale of goods and/ or services provided.
- Other sources of income such as commission & royalties.
- Discount received, rebates, credit note received, debit note issued.

#### 7.1.2 Expenditure related records

With regard to the expenditure of a business, examples of records that need to be properly kept include payment receipts and invoices of the following: expenditures incurred in starting up a business to produce income, purchases of stock, rent paid, telephone and other communication expenses, cost of assets, salaries and wages paid to employees, bad debts, depreciation of assets such as vehicles and equipment etc.

### 8. Filing Tax Returns and Payment of Tax Liability:

1. The Taxpayers are required to file their tax returns timely as stipulated in part 7 above, the tax returns must be filed, and payments be effected using RSL e-payment platform. Payments can be made through online: <http://www.rsl.org.ls-E-SERVICES>>e-Payments>>>Login with your e-TCC credentials; and through the phone (USSD) by dialing \*200# 1.M-Pesa Services, 5. Payments, 9. RSL Payments.

Electronic payment facilities such as commercial banks can also be used through Electronic Funds Transfer (EFT) or physical payments at:

- Standard Lesotho Bank,
- First National Bank,
- Nedbank Lesotho, and
- Lesotho Post Bank (VAT only)
- RSL Banking Hall (available in Maseru).

Proof of payment should be send to [receipts@rsl.org.ls](mailto:receipts@rsl.org.ls) and you will be receipted through the same email address. This applies only to Taxpayers who made payments using the commercial banks and RSL banking hall available in Maseru.

## Disclaimer

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