



Serving You – Serving the Nation

Re Sebeletsa Uena – Re Sebeletsa Sechaba

30th November 2012

For immediate release

LRA CONSCIENTISE TAXPAYERS ON VAT PAID ON DIRECT IMPORTS

The Lesotho Revenue Authority (LRA) wishes to conscientise members of the business community and the public in general on the treatment of Value Added Tax (VAT) with regard to **Direct Imports** into Lesotho from the Republic of South Africa (**Direct Exports**) as prescribed in the South African VAT Act of 1991. LRA uses three main methods to collect VAT at the ports of entry namely:

- Straight payment at the port of entry through a cheque, Cash or Electronic Funds Transfer, and this particular method is guided by LRA Receiving Policy
- Collection of **Valid Tax Invoices** from South Africa
- Import Vat Credit Facility (Deferred Payment Account) for vendors registered under this facility

The second method, **Valid Tax Invoice**, is primarily used to claim back VAT paid in South Africa for goods imported into Lesotho. Members of the business community and the general public are probably aware of an agreement that exists between Lesotho and South Africa with regard to payment of VAT whereby Lesotho through LRA claims back import VAT paid on goods imported into Lesotho. In the absence of the **Valid Tax Invoice** the other two methods are applied.

However, with regard to **Direct Exports** by South African Suppliers and **Direct Imports** by Lesotho Vendors the RSA VAT Law as interpreted by South African Revenue Service (SARS) states that such supplies are to be **Zero-Rated**, meaning that VAT is not to be charged by a supplier in South Africa **BUT** should be paid by Lesotho Vendor (importer) upon importation of such supplies at the port of entry. The implication is that the RSA through SARS may not be able to refund LRA VAT paid on

the South African side if a specific clause pertaining to **Direct Exports** under the VAT law is violated.

Negotiations between LRA and SARS pertaining to this particular matter are ongoing and in the meantime LRA will continue to accept **Valid Tax Invoices** as it has always been the case until **end of February 2013**. The outcome of these negotiations will be communicated and if there are changes in this regard notifications will be made.

LRA regrets whatever inconveniences that have been experienced and commits to do everything in its power in ensuring that the interests of taxpayers are catered for.

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