

PROVISIONAL TAX GUIDE

QUESTIONS	ANSWERS
1. What is PROVISIONAL TAX?	It is an instalment of tax paid by the taxpayer during the year of assessment in terms of which taxpayers are obliged to pay their income tax liability in three (3) equal instalments based on their actual income tax liability for the preceding year.
2. Who should pay provisional tax?	Provisional tax is paid by companies and individuals carrying on income generating businesses in Lesotho.
3. Why should I pay provisional tax?	<p>It is a mandatory requirement under section 150 of Income Tax Act, of 1993 that, every taxpayer should pay provisional tax.</p> <p>It helps the taxpayer to spread the tax over the year of assessment, thereby preventing the accumulation of large amount of tax liability at the end of the year.</p>



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4. How is provisional tax calculated?	The amount of each instalment of tax is 30% of the taxpayer's income tax liability for the preceding year of assessment.
5. When do I have to pay provisional tax?	<p>The provisional tax or quarterly instalments are due for payment on the following dates:</p> <ul style="list-style-type: none"> ● 30th September, ● 31st December, and ● 31st March <p>Where the taxpayer has been granted permission to use a substitute accounting period, the instalments of tax become due on the last day of the 6th, 9th and 12th months of the substituted year / accounting period.</p>
6. What documents do I fill when making provisional tax payment?	The documents required for paying provisional tax are pay advise form obtainable at LRA Advice Centre - Maseru and there are deposit slips with LRA - Income Tax Account number obtainable at the banks for the Taxpayers who choose to make payments at the bank.
7. Where do I pay provisional tax?	<p>The provisional tax is paid at the following points:</p> <ul style="list-style-type: none"> ● Banking Hall - Maseru only ● Nedbank Lesotho ● Standard Lesotho Bank ● First National Bank ● Post Bank
8. What are the consequences for failure to pay provisional tax?	A person who fails to pay any instalment of tax due is liable for additional tax at 3% on the amount of tax due. The additional tax compounded monthly and it calculated from the date on which the payment became due.

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