

### 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 law imposes an obligation on Taxpayers to keep all 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:

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 at the following Strategic Places:

- Standard Lesotho Bank,
- First National Bank,
- Nedbank Lesotho, and
- LRA Banking Hall (only in Maseru).

If you have questions about how to file your tax return or experience difficulties in filing your tax return, please contact the following offices:

#### Taxpayer Education Office

2nd Floor, Office # 2010/2022  
Finance House, Maseru  
Tel: 2231 3796 / 5221 5061 / 89

#### Maseru Advice Centre

Ground Floor  
Finance House, Maseru  
Tel: 2231 3796

#### Leribe Advice Centre

Hlotse, Leribe  
Tel: 2240 0800 / 2240 0810

#### Mohale's Hoek Advice Centre

Mohale's Hoek  
Tel: 2278 0864 / 2278 0862

#### Email us at

[taxpayerseducation@lra.org.ls](mailto:taxpayerseducation@lra.org.ls)



*Serving You – Serving the nation  
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# TAX REGISTRATION GUIDE

## 1. INTRODUCTION

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

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 Lesotho Revenue Authority (LRA). The next crucial step is to manage records in such a way that one is able to comply with the requirements from LRA. In order to fulfill their tax obligations, it is also important for businesses to observe the filing periods as provided for by Income Tax and VAT Acts.

## 2. WHO SHOULD REGISTER?

Basically any business or organisation registered in Lesotho either as a company, partnership, professional, sole trader or association (including non-profit making organisation) should apply to be registered with the LRA. Any such business should contact the Advice Centres 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 in own name or under a trade name (sole trader) is required to register for Individual Income Tax (IIT).

**3.2 Company Income Tax (CIT)** - An entity registered as a company 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 Benefit 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 Benefit Tax (FBT).

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

**3.5 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?

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

- Trader's License
- Certified copy of Passport or National IDs for the owner
- A schedule listing all employees and fringe benefits offered, if any

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

- Company or Business Extract
- Trader's License
- Certified copies of Passports or National IDs of the directors
- Certificate of Incorporation
- A schedule listing all employees, their salaries and fringe benefits offered, if any

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

- Trader's license
- Certified copies of Passports or National IDs of partners
- Partnership deed
- A schedule listing all employees, their 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 salaries and fringe benefits offered, if any
- Certified copies of Passports of executive committee members

## 5. FUTURE OBLIGATIONS

- All registered businesses must notify the LRA in writing of any change in the name, commercial name, address of business, change in business activities etc.
- A business must file a return and pay tax as required by the Acts (Income Tax Act 1993 and VAT Act 2001). See the table below regarding due dates.

## 6. WHEN SHOULD I FILE AND PAY TAXES DUE?

The dates for submission of taxes due and payable to the LRA will be summarized briefly in a Table below:

TAX TYPE	DUE DATE
Income Tax: Company Tax Individual Tax	A Taxpayer company that derives income 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 every quarter.</li> <li>• 30th June being the day by which a return is made and final payment made)</li> </ul>
Fringe Benefit 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 (WHT)	<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>