



REMARKS BY THE RSL COMMISSIONER GENERAL

MRS. MATHABO MOKOKO AT THE MEDIA BRIEFING ON 2024/2025

REVENUE PERFORMANCE REPORTING

DATE: WEDNESDAY, 1 APRIL 2025

VENUE: VAT BOARDROOM

## **SALUTATIONS**

1. HIS MAJESTY KING LETSIE III
2. RIGHT HONOURABLE THE PRIME MINISTER
3. HONOURABLE MINISTERS, AND IN PARTICULAR, THE MINISTER OF FINANCE AND DEVELOPMENT PLANNING, DR. RETSELISITSOE MATLANYANE
4. CHAIRPERSON AND MEMBERS OF THE RSL BOARD
5. RSL MANAGEMENT AND STAFF
6. INVITED MEMBERS OF THE MEDIA
7. DISTINGUISHED GUESTS
8. LADIES AND GENTLEMEN.

On behalf of the Revenue Services Lesotho (RSL) Management and Staff, I warmly welcome you to this media briefing. This session aims to present to Basotho, through you, the media fraternity, the revenue performance report for the financial year ending 31<sup>st</sup> March 2025.

As a public institution, the RSL is accountable to the public. It is, therefore, our duty to report our performance against set targets at the end of every financial year.

The collection of tax revenue is a critical indicator of a country's success in fostering economic growth, development, and investment. It also reflects citizens' compliance with tax laws and the government's ability to balance fiscal expenditure with available income streams.

In the financial year ending 31 March 2024, RSL remitted M8.86 billion to the Government of Lesotho, reflecting a 12.5% increase from the previous year (2022/2023). However, this amount fell short of the combined revenue target by 9.3%.

For the 2024/2025 financial year, the Government had set the RSL a combined annual revenue target of M9.48 billion. I am pleased to announce that the RSL successfully remitted M9.74 billion to the Government, recording a positive variance of M261.19 million (3%). This performance

represents an increase of 11% compared to last year, demonstrating a proportional improvement in tax collection.

## **Break-Down of the Overall Performance**

The overall tax collection comprises Income Tax, Value Added Tax (VAT), Tobacco & Alcohol Products Levy, and Gaming Levy. Customs duties are excluded as these form part of the SACU pool.

## **Income Tax Performance**

- Income tax annual target was M4.93 billion.
- Income Tax remittances stand at M5.25 billion.
- Therefore, Income Tax exceeded its target by M325.89 million (6.6%).

Income tax comprises collections from Personal Income Tax, Corporate Income Tax, Withholding Tax, and Fringe Benefits Tax.

## **VAT Performance**

- Value Added Tax (VAT) annual target was M4.35 billion.
- Value Added Tax (VAT) remittances stand at M4.3 billion.
- Value Added Tax missed target by M49.64 million (1.1%).

## **Tobacco & Alcohol Products Levy**

- Tobacco & Alcohol Products Levy annual target was M 168.45 million.
- Tobacco & Alcohol Products Levy stand at M 160.80 million.
- Alcohol and Tobacco Levy Income Tax missed its target by M7.65 million (4.5%)

## **Gaming Levy**

- Gaming Levy annual target was M 7.13 million.
- Gaming Levy remittances stand at M 16.40 million.
- Gaming Levy exceeded its target by M9.27 million (130%)

## **Tax Refunds**

RSL processed refunds amounting to M1.05 billion, with VAT refunds at M914.60 million and Income Tax refunds at M134.34 million. This represents a highest percentage increase of 25%.

In summary, Income Tax contributed 54%, VAT 44%, while the Tobacco & Alcohol Products Levy and the Gaming Levy contributed 2% to the overall revenue.

## **Reasons Behind the Performance**

Despite the RSL's resilience, we continue to face several economic challenges. Global economic growth remains stagnant, with the IMF projecting GDP growth of 3.3% in 2025 and 2026, from 3.2% in 2024, still below the pre-pandemic average of 3.7%.

Regionally, Sub-Saharan Africa is expected to grow at 4.2% in 2025 and in 2026 from 3.8% growth in 2024, while South Africa's GDP is forecasted at 1.5% in 2025, 1.6% in 2026 from 0.8% in 2024. Lesotho's economy remains stable at a 2.5% growth rate (Government of Lesotho, 2025), though with decreasing momentum.

Inflation has impacted purchasing power, shifting consumer spending to lower-taxed goods and services. Additionally, taxable imports declined by 3%, while non-taxable imports increased by a similar percentage, affecting negatively the VAT collections.

### **Growth Per Sub-Sectors**

Despite these challenges (global/regional/domestic economic shocks), tax-to-GDP ratio increased from 22.5% to 23.5%, with an annual remittance growth of 10%. This largely represents the efforts applied by the RSL to achieve this outcome.

Collection growth was noted in a number of sectors, the top 5 being the following sectors:

- Art, entertainment and recreation 527.1%
- Activities of extraterritorial organizations and bodies 51.5%
- Education 28.9%
- Information 22.5%
- Water supply 18.8%

We remain highly optimistic that the pending tax bills in Parliament, will be enacted soon. These Bills once legislated will enhance revenue collection and

further enable our capability to modernize our tax administration. We, therefore, remain hopeful that they will be law to enable growth and enhance domestic revenue mobilization efforts.

## **Compliance Culture and Other Challenges**

We appreciate the growing compliance amongst taxpayers. More individuals and businesses are registering for tax, filing returns, and making timely payments. However, we remain concerned about some isolated cases of tax evasion, under-declaration of income, and non-adherence to payment arrangements. Some taxpayers make debt payment(s) arrangements only to dishonor those arrangements. Some lodge endless appeals, hoping that this would help them delay the payment of taxes due.

Non-compliance robs our country of its ability to provide for its citizens. It defeats the very purpose of taxation, which is to ensure proper redistribution of income to avoid a country where few go with a lot, while the rest go without. The taxes evaded and taxes not paid deny Government to build the much-needed infrastructure, provision of medicine at hospitals, provision of better pensions for the elderly, sending students to universities and to create the much-needed jobs for the youth, among other things. The days are gone when we relied on other nations to support our developmental agenda through their taxes. If we do not see this as a wakeup call, then we are in serious denial.



We appeal to the entire nation and to every Mosotho to collaborate with us and help us build a better Lesotho by paying their fair share on time. Lesotho cannot grow if the instances of gross non-compliance I have referred to above continue unabated.

The road ahead looks bumpy and edgy given the declining SACU receipts and the posture taken by the United States of America (USA) government on foreign aid, as we all know the USA is or used to be a major contributor on foreign aid. All eyes are on all of us to ensure that the country is able to look after its citizens through domestic mobilization of resources.

Domestic resource mobilization is no longer optional, it is a critical necessity. We must significantly reduce dependence on foreign aid, loans, and donations, which are often tied to external conditions. While external assistance may still play a role, the future of Lesotho's development lies in her ability to generate and mobilize domestic resources for her own progress.

### **Strategic Interventions**

RSL is making significant strides under its three-year strategy, LESOKOANA, which amongst others focuses on:

- o Employee well-being and motivation, and
- o Enhancing operational efficiency through data and technology.

## **Improved Employee Experience**

Under the pillar of Improved Employee Experience, which deals mainly with staff issues, we have made some notable progress in many aspects, which include the staff culture change program, which focuses on improving the wellbeing and leadership capabilities of non-management staff. Our Executive and Senior management teams are undergoing leadership training on executive coaching and mentoring to drive a productive and psychologically safe and exciting work environment. We have also successfully reviewed our onboarding programme to amongst others support and enhance the ethical culture we are embracing, which is based on high levels of patriotism and ethical service. To this end we have launched the CADET program aimed at instilling our core values of teamwork, integrity, professionalism, innovation and empathy within the entire organization.

## **Value Driven Processes and Digitalization**

- o We have managed to successfully implement auto-issuance of tax clearance certificates through the online e-services platform, significantly reducing the turn-around time from 24hrs to near real-time for compliant taxpayers.
- o We have also successfully introduced a customer experience feedback mechanism at all the border posts towards improving customer service.

- o We have completed the acquisition of Artificial Intelligence (AI) based customer relationship management system to unify all correspondence with clients and measure service performance across all channels in line with service standards.
- o We have successfully automated the bank reconciliation process, making reconciliation faster, which then enables us to improve our turnaround times.
- o We have successfully integrated with five (5) institutions to streamline tax payments collection, verify taxpayer registration information, and automate compliance for PAYE returns. Additionally, integration with two (2) more institutions was at an advanced stage as of year-end, reinforcing our commitment to innovation and seamless service delivery.
- o We have developed data science models that will enhance understanding of our clients and support informed decision-making. Furthermore, we formulated a comprehensive cybersecurity strategy with a clear implementation roadmap to strengthen our cybersecurity posture and safeguard our digital assets through continuous monitoring, risk assessments and resilience building measures.

All these are meant to enhance the experience of our clients and hold us accountable to the public on our commitment to superior service at all times.

## **Acknowledgments**

We extend our gratitude to all taxpayers who contributed during the 2024/2025 financial year. Your commitment ensures a stronger Lesotho.

We also thank RSL employees for their dedication, as well as our law enforcement and security agencies, government departments, financial institutions, tax and customs agents and all other strategic partners for their unwavering support. The RSL Board's strategic guidance has been instrumental in our achievements.

Finally, we appreciate the Government of Lesotho, particularly the Ministry of Finance & Development Planning, for its continued support.

## **Filing Season and Call to Action**

At this juncture, I now wish to swiftly draw your attention to another important activity in our tax system. April 01 to June 30 every year marks a crucial period in our Tax Calendar, known as the Filing Season. All taxpayers:

individuals, small businesses, and large corporations, are required to file their income tax returns and pay taxes due promptly.

This window of time provides individuals and businesses with the opportunity to ensure that their tax affairs are in order and in compliance with the tax laws of Lesotho. RSL stands ready to support taxpayers, by providing guidance, assistance, and resources to facilitate a smooth and efficient filing process.

Compliance with tax laws is not just a legal obligation; it is a civic duty that contributes to national development and supports vulnerable sectors of society.

RSL will throughout this period embark on a number of initiatives intended to create the necessary hype with the sole purpose of reminding and encouraging all taxpayers to do the right thing by complying with their tax obligations.

In closing, let me reiterate this, taxes develop nations. The most patriotic act any Mosotho can do is to pay their fair share for the sustainability of our beautiful Mountain Kingdom.

Hence, here at RSL we say:

**“Re Tjena Ka Uena”**