



**Revenue  
Services**  
Lesotho

**2022/2023**

# INTEGRATED REPORT FOR FINANCIAL YEAR



## ***Our Vision***

*To be a leader in service delivery in Lesotho and beyond, putting the interests of people at the heart of everything that we do.*

## ***Our Mission***

*To contribute to the economic development of Lesotho through:*

*An environment that encourages our clients to voluntarily comply*

- *Collaborative leadership*
- *Capable, service-oriented, and motivated staff*
- *Continuous improvement in everything that we do*

## ***Our Values***

*Service first*

*We care.*

*We are responsive.*

*Shared ownership*

## Contents

1. GOVERNANCE .....	6
1.1 Reflections Of the Board Chairman.....	6
1.2 Our Board Members.....	8
1.3 How The Board Through Governance Provided Support to Value Creation. ....	8
2. ORGANIZATIONAL OVERVIEW AND EXTERNAL ENVIRONMENT.....	11
2.1 Acting Commissioner General's Remarks.....	11
2.2 Our Executive Committee .....	13
2.3 Our People.....	13
2.4 Our External Partners .....	15
3. STRATEGY AND BUSINESS MODEL.....	16
3.1 Our Business Model.....	16
4. STRATEGY AND RESOURCE ALLOCATION .....	17
4.1 Strategy Implementation .....	17
4.2 Financial Performance .....	18
5. ASSURANCE.....	19
5.1.1 Level 1- Enterprise Risk Management.....	19
5.1.2 Level 2, Internal Audit.....	21
5.1.3 Level 3, External Assurance Providers.....	21
6. PERFORMANCE .....	22
6.1 Our Value Creation Capital Model (VCC).....	22
6.2 How Our Value Creation Model Contributed to Outcomes.....	23
6.2.1 Strategic Outcomes 1: Improved Revenue Collection .....	23
6.2.2 Strategic Outcome 2: Improved Quality of Service .....	26
6.2.3 Strategic Outcomes 3: Automatic Compliance .....	29
6.2.4 Strategic Outcomes 4: Reduced Cost of Collection.....	30
7. OUTLOOK.....	32
ANNEXURE 1: COMPOSITION OF THE BOARD ITS COMMITTEES AND ATTENDANCE REGISTER.....	2
ANNEXURE 2: FUNCTIONS BY DIVISIONS.....	1
ANNEXURE 3: FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 .....	2
GLOSSARY .....	3

## **About Our 2022/23 Integrated Report**

This report represents the journey we took as Revenue Services Lesotho (RSL), formally known as Lesotho Revenue Authority (LRA), towards implementing our Integrated Business Model. In the report, we endeavour to present a full, coherent, consistent, and transparent description of the ways in which we create value for our clients and deliver on our legislated mandate on behalf of our stakeholder, the Government of Lesotho, through the Ministry of Finance and Development Planning.

## **Reporting Boundary**

This report covers the financial year 2022/23 which runs from 1 April 2022 to 31 March 2023. It focuses on the material matters relating to our strategy, business model, operating context, performance, governance, and the material risks and opportunities, which were identified in line with best practice.

## **Reporting Frameworks**

The report is prepared in line with the aspirations and ideals set out in the principles of the King Code on Corporate Governance (King IV) and is also guided by the principles and requirements of the International Integrated Reporting Council (IIRC) <IR> framework. A Lesotho code of good corporate governance, the Mohlomi Code had not been adopted by the Board during the year, for implementation in the ensuing years. Our Annual Financial Statements were prepared in accordance with the International Financial Reporting Standards (IFRS), and the requirements of the Revenue Services Lesotho Act No: 14 of 2001 (as amended).

## **Materiality**

We consider an issue to be material if it can have a substantial impact on our ability to continue to fulfil our mandate. Our material issues are informed by the expectations and concerns of our stakeholders, as well as the legislative, economic, social, and environmental context in which we operate.

## **The Board's statement of responsibility**

The Board of Directors acknowledges its responsibility for the preparation of this report in terms of the law and governance principles.

The Board accordingly presented this integrated report on \_\_\_\_\_ 2023\_\_.

## RSL at a Glance



### PORTS OF ENTRY & EXIT

#### Commercial

- Maseru Bridge Border Post – Maseru
- Maputsoe Bridge Border Post– Leribe
- Caledonspoort Border Post - Botha Bothe
- Van Rooyen's Gate - Mafeteng
- Qacha's Nek Gate - Qacha's Nek

#### Non- Commercial

- Maseru Railway Station - Maseru
- Moshoeshoe 1 International Airport – Maseru
- Maseru Post Office - Maseru
- Peka Bridge - Leribe
- Ramatseliso's Gate - Qacha's Nek
- Tele Bridge - Quthing
- Makhaleng Bridge - Mohale's Hoek
- Sani Top Pass - Mokhotlong a

### SERVICE CENTRES



Inland Tax Management offices, provides services to clients including Tax clearance, Filling and Payment Centres, VAT 11, Registration etc

- Maseru Service Centre
  - Leribe Service Centre
  - Mohale's Hoek Service Centre
- Our services are also available online.

#### OTHER RSL OFFICES

- Head Office - MASERU
- Oblate House - MASERU
- Training Centre - MASERU
- State Warehouse – MASERU

# 1. GOVERNANCE

## 1.1 Reflections Of the Board Chairman

It was 19 years ago when the Government of Lesotho established the Lesotho Revenue Authority now called Revenue Services Lesotho. Looking back to how far we have come, I am honoured to have been entrusted with the leadership of this organisation for the last 5 years.

This year proved to be one of the most challenging years for us. We missed our target by 9.4%, even though the revenue remitted to the Government of Lesotho improved by 8.2% from amounts remitted in the previous financial year. The target had anticipated enactment of some tax bills, which would have resulted in increased collections, however the enactment of these bills was delayed by the parliamentary processes.

As is the case with many organisations, nationally and globally, we have no doubt been adversely affected by the continuing geopolitical conflict between Russia and Ukraine, the rising inflation and high cost of living. The re-emergence of covid challenges in China and continuing climate change put more pressure on the global economy. China is the second largest economy and is trading with many countries including Lesotho.

At the beginning of the 3rd quarter of the financial year, Lesotho went through a national election. The coming-in of the new ruling party and the change in government resulted in new levels of accountability for State Owned Enterprise (SOE's) and greater emphasis on the need for more efficiencies in both Government and State-Owned Enterprises. The Mohlomi Code of Good Corporate Governance placed further need for accountability on organisations and reporting on long-term value creation for all stakeholders.

RSL contributed 24.1% of the National Budget, yet there is more pressure from Government, to increase this contribution. RSL efficiency, as explained by the tax to GDP ratios of 22% in FY 2022/23, has remained stable for the past five years, with moderate changes in some years. This is relatively good performance according to the OECD that ranked Lesotho as 6th in Africa, the highest being Tunisia with tax to GDP ratio of 32% and the lowest being Nigeria with 5%.

During this financial year, we also took upon ourselves, an additional mandate from the Government of Lesotho, to enhance collection of Non-Tax Revenue (NTR) to help the Government of Lesotho maximize revenue collection and close pertinent revenue leakages. Groundwork has been undertaken in preparation for this mandate. We are hopeful that the implementation of NTR will be done in the ensuing year.

We also successfully saw the enactment of the Tobacco and Alcoholic Products Levy Act No. 1 of 2023, a sin tax that is intended to curb excessive consumption of alcohol and tobacco products. The Lesotho Revenue Authority Act of 2001 was also amended to amongst others deal with governance and enhancement of our corporate image and paved the way for the launch of our RSL brand.

While this financial year further marks the end of our five-year strategy *Rea Aha*, we bid farewell to our Commissioner General Mr. Thabo David Khasipe. We are happy to have drawn so much wisdom and strategic guidance from him and believe that as we pass the baton to the incoming Commissioner General, the fire will burn on even more fiercely.

Once again, we close yet another year which has been marked by hard work, dedication, and perseverance by our RSL Staff, Management at all levels and the Board Members. We saw greater collaboration with, and support from the Ministry of Finance and Development Planning, and all our strategic partners as we continue to build automatic compliance.

It therefore becomes important for me to thank the office of the Minister of Finance and Development Planning, for the support conveyed during the reporting year, our strategic partners, the Board members of RSL, the RSL Management and most importantly the RSL staff members; mindful of the fact that it takes a team to make a dream work. *Rea Aha*.



## 1.2 Our Board Members

**RSL Board is made up of 8 members, as pictured below:**



**The Board Chair**

Mr. Robert Likhang  
FCMA, FCG, CGMA, CA(L)  
Management  
Consultant



**Deputy Chair**

Mrs. Tšireletso Mojela



**Member**

Mr. Lefu Mokaoane



**Member**

Mrs. Libako Leisanyane



**Member**

Advocate Lindiwe  
Sephomolo KC



**Member**

Mr. Chabeli Ramolise



**Member**

Mr. Mookameli Fuma



**Member**

Mr. Obed 'Nete  
Acting Commissioner General

## 1.3 How The Board Through Governance Provided Support to Value Creation.

As the Board we believe in compliance with principles of good corporate governance. Accordingly, we continued to comply with King IV, and later adopted the Mohlomi Corporate Governance Code, for future implementation.

Our philosophy in complying with good governance is to promote:



- **Accountability:** being responsible or having to answer for decisions made by the board of directors and management.
- **Transparency:** disclosing ownership, governance structure, financial condition, and business information to stakeholders and the public.
- **Fairness:** respecting and protecting the rights and interests of all stakeholders, including the Government of Lesotho, employees, tax clients, suppliers, and public.
- **Responsibility:** complying with laws and regulations and acting ethically and sustainably.

To help the RSL deliver on its mandate and create value for its various stakeholders amid the turbulent waters of economic challenges that Lesotho faced as a country, the Board.

- Provided leadership to the Revenue Services Lesotho by approving business plans aimed at:
  - o enhancing customer service through the design of customer-centric services;
  - o embracing use of digital transformation to pursue modernization programs; and
  - o harnessing stakeholder relationships to collect, warehouse, analyze and generate actionable business intelligence insights from big data for purposes of pre-populating returns.
- Continued to demonstrate a clear understanding of its accountability and responsibilities by playing an oversight role over management in implementation of the business plan, through the following Board sub-committees:
  - o The Finance and Audit Committee which ensured:
    - Effectiveness of risk management and compliance systems.
    - Efficiency and Effectiveness of the use of financial resources, and stewardship financial reporting; and
    - Provision of combined assurance model.
  - o The Human Resources and Remuneration Committee, which:
    - Maintained oversight in implementation of HR priorities to ensure their alignment with the Corporate Strategy.

- Ensured meaningful engagement with the workforce on critical decisions that affect their current and future job prospects and working environment; and
  - Reviewed workforce policies and practices to create value to both employees and the Revenue Services Lesotho.
- o The Information, Communication and Technology Committee, that provided:
- Oversight on digital transformation.
  - Assurance that cybersecurity is sufficient for protection of our data; and
  - Oversight over implementation of Digital & Data governance.

During this reporting period, we had an excellent attendance to Board meetings and Sub-committee meetings. Composition of the Board subcommittees and attendance rate is further detailed in **Annexure 1**.

The RSL Board remained committed to pursuing integrated thinking approach which saw value creation as a strategic challenge of balancing various 'capitals' and not just maximizing financial capital at the expense of Capitals such as human capital or social capital.

## 2. ORGANIZATIONAL OVERVIEW AND EXTERNAL ENVIRONMENT

### 2.1 Acting Commissioner General's Remarks

The past four years' focus has been on developing tools and systems that would result in RSL exceeding its target and achieving its four strategic outcomes through *Rea Aha* 2.0. The goal for FY 2022/23 was to complete the developmental stage and move into implementation and getting results. The global and regional economic environment continued to be bullish. Geopolitical tensions and ecological changes negatively affected economic growth.

As the global economy recovered from the effects of COVID-19, economic growth was much slower than anticipated. Adverse effects of climate change and the conflict between Russia and Ukraine introduced new twists to the global challenges. We have experienced high inflation as food and energy prices soared during the FY 2022/23. Global economic growth for FY 2022/23 is estimated at 3.4 percent by the IMF.

The Kingdom of Lesotho has been facing difficult challenges of consistently deteriorating economic conditions for about a decade. Lesotho's per capita GDP has declined from M16.888 thousand in 2020 to M16.885 thousand in 2021 in current prices. In 2022, food and fuel prices increased significantly bringing us to register an inflation rate of 8.7 percent from 5.7 in 2021. These resulted in several of our clients in the Mining and Quarrying, Information and Communications, and the Financial and Insurance sectors recording lower Company Income Tax.

There was also a recorded lower VAT collected from the secondary sector which includes, construction, manufacturing, electricity, gas, steam and air conditioning supply resulting in an overall poor performance of collected VAT revenue.

As Lesotho prepared for National elections in October 2022, payment of debts by GOL was of great concern as more and more local businesses owed for supplies to the Government were not paid. There were also fewer capital projects undertaken by the Government in FY 2022/23.

Collection of Tax revenue became a greater challenge resulting in a target missed by 9.6%. The New Government came in and inherited a highly constricted budget. The first hundred (100) days of the Government were packed with pressure as GOL needed more funds to fix infrastructure destroyed by the heavy rains, and to complete construction projects not completed by the previous regimes at the same time requiring to pay GOL suppliers.

Under these pressures of slow economic recovery, and tight GOL budget, the planned capital projects in RSL were not implemented and remained constrained. More pressure

to build the Government of Lesotho's budget through collected tax revenue was put on RSL. The target set for the FY 2022/23 was the highest ever set, as it increased from FY 2021/22 by 30.9% in anticipation of increased collections from proposed tax policies. More revenue would have been collected had the following bills been enacted by parliament during the FY 2022/23.

- VAT (Amendment) Bill, to provide for improved taxation of imported services, VAT exemption of Diamond exports and revised definition of financial services.
- Income Tax Amendment Bill, to provide for SBT regime, taxation of extractive industries (Mining regime), adoption of best practices and principles on tax matters and implementation of international agreements and taxation principles.

On the 27<sup>th</sup> January 2023, the Tobacco and Alcoholic Products Levy Act, 2023 was enacted by parliament and set to come into operation on the 1<sup>st</sup> March 2023. The expectation is that improved revenue collection with the implementation of the Tobacco and Alcoholic Products Levy Act will be realised in the next financial year.

Better efficiencies in the administration of the tax laws would have been achieved with the enactment of the Tax Administration Bill.

Even with the insurmountable challenges in the operating environment it was an anti-climax as we ended the year on a low note, with targets missed by 9.6% despite improved revenue collection.

This year the Automatic Compliance Project which we had identified as our big move and aimed at enabling ease of compliance, focused on fostering better relationships with our strategic stakeholders. We were able to integrate our systems with Land Administration Authority (LAA) to enable facilitation of pre-population of PAYE returns in the near future. The restructuring project which was implemented in a phased approach is nearing its final stages. As at end of the year, 514 members of staff out of an approved staff complement of 618 were placed and have signed new contracts. This is an area we could have done better in, as far as the pace of placement of staff is concerned.

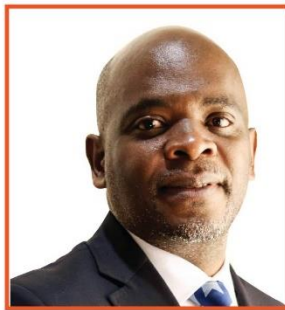
I would like to take this opportunity to thank the management and staff of the of RSL, despite challenges encountered by them, for their commitment to deliver excellent service to our clients, while staying true to our values. During this year, 23 members of staff parted ways with RSL, 22 of whom we bid farewell to, and wished them well in their future endeavours', we are joined in prayer, with the family of our colleague who passed away, may his soul rest in peace.

## 2.2 Our Executive Committee

**The RSL Executive Committee is made up of 4 Commissioners lead by the Commissioner General.**



Mrs. Mathabo Mokoko  
**Commissioner**  
**Client Services**



Mr Obed 'Nete  
**Commissioner**  
**Core Operations**



Mrs. Ninie Mfundisi - Mopeli  
**Commissioner**  
**Business Enablement**



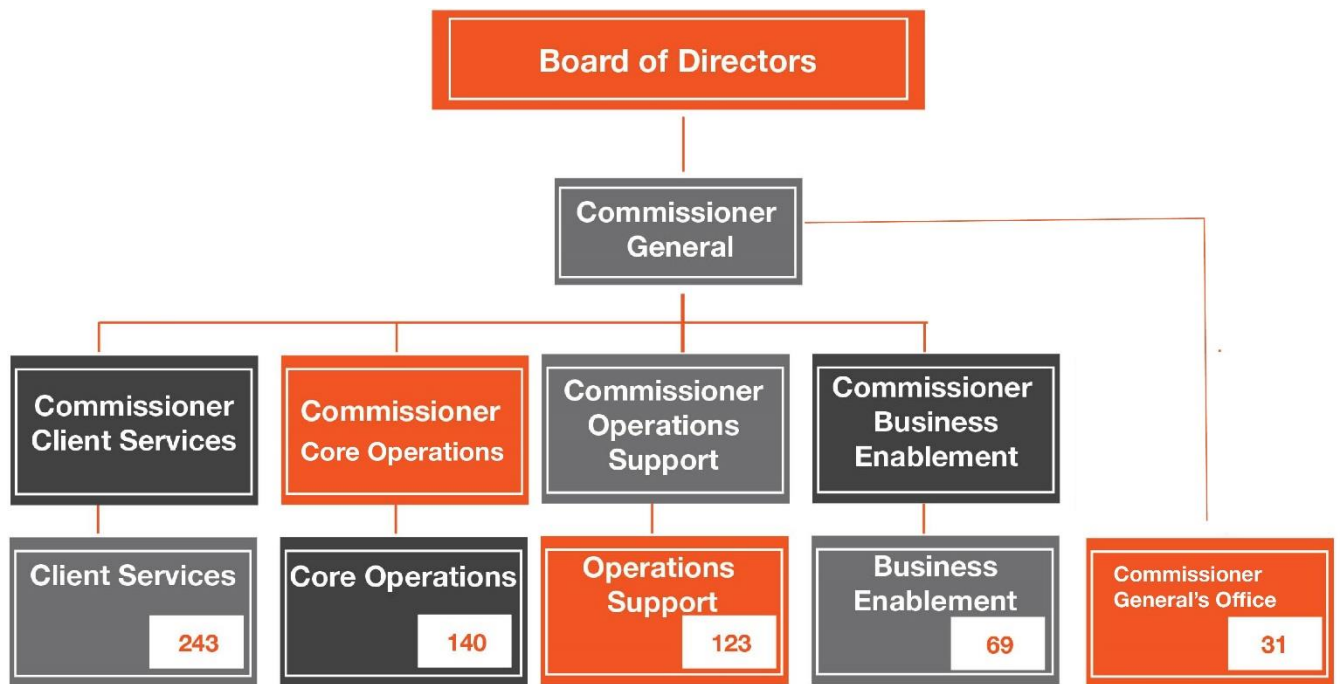
Mr. Norman Mapetla  
**Commissioner**  
**Operation Support**

## 2.3 Our People

In the year under review RSL employed a total of 640 employees of which, 618 were full-time employees and 27 were employed on short-term contracts. 55% of our total employees are Women. Management made up 12% of the team.

<b>Employees By Age</b>	<b>Above 50</b>	<b>35-50 years Old</b>	<b>Below 35 years</b>
Non-Management	13%	65%	10%
Management	3%	9%	0%

The RSL team is organized in structure pictured below:



Functions under each Division are shown in greater detail in Annexure 2.



## 2.4 Our External Partners

RSL's success can be attributed to the social networks and relationships formed both internally and externally to the organization. The potential ability to obtain resources, favours, goodwill, or information from RSL's connections were key to delivery of the strategy.



To this end we are grateful for the Memoranda of Understanding (MOU) signed with national and regional regulators who partnered with us to enable information sharing, to combat non-compliance and promote service improvement. Development partners have been key in providing technical assistance in various disciplines, capital for funding our modernisation programme and capacitation of our staff. We also thank our clients, business partners and the public for their participation in our engagement sessions, and tax-payer education programmes. Their active participation has not only facilitated the improvement of our services but is also responsible for the high level of compliance achieved.

## 3. STRATEGY AND BUSINESS MODEL

### 3.1 Our Business Model



Our strategy has been guided by a methodology proposed in Good Strategy, Bad Strategy by Richard Rumelt, premised on an understanding that at the core of any strategy is the strategic kernel, composed of a diagnosis, a guiding policy and coherent action. This process has been augmented by the adoption of a Value Creation Model (VCC) which will enable us to strike a balanced approach of investing in the human, spiritual, social, innovation and financial sources of capital, towards the achievement of our objective.

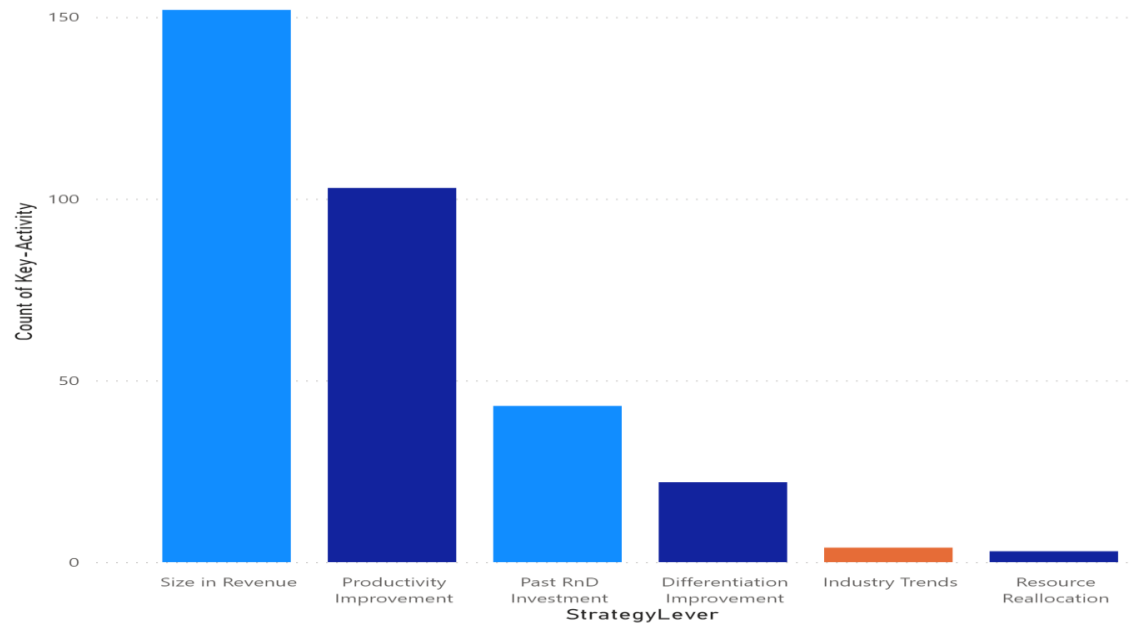
## 4. STRATEGY AND RESOURCE ALLOCATION

### 4.1 Strategy Implementation

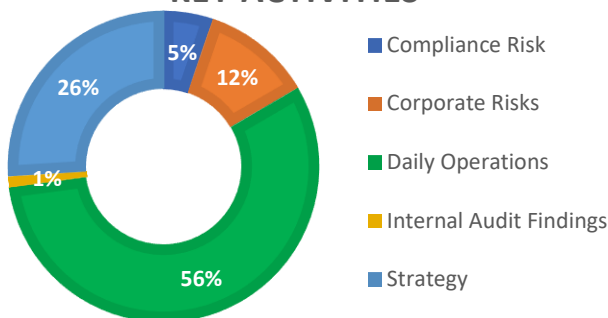
There were a total of 92 Coherent Actions which were cascaded down and implemented in 712 Key Activities.

Count of Key-Activity by StrategyLever and Levertype

Levertype ● Endowment ● Moves ● Trends



### KEY ACTIVITIES



Of the 712 Key activities implemented, 56% fell under daily operations which are activities which tend to be mundane routines that could be administrative in nature but provide the basic supportive operations required to full-fill the RSL Mandate. A combined 18% of the Key Activities fell under Compliance Risks, Corporate Risks, and Internal Audit Findings, which represents the activities that could have a negative effect on the achievement of the strategic objectives.

## 4.2 Financial Performance

The Board of Directors of the Revenue Services Lesotho (RSL) maintains adequate accounting records and is responsible for the content and integrity of the financial statements and related financial information included in this report, representing resourcing of the RSL for the Financial year 2022/23. **Annexure 3 presents the financial statements of the RSL at the end of the financial year** and the results of its operations and cash flows for the year ended, this is presented in conformity with International Financial Reporting Standards (IFRS) and is aligned to the requirements the Revenue Services Lesotho (RSL) (previously Lesotho Revenue Authority Act No. 14 of 2001).

## 5. ASSURANCE

### 5.1 Levels of Assurances:

RSL Assurance is implemented in 3 levels.

#### 5.1.1 Level 1- Enterprise Risk Management

The first level of assurance provides the framework for managing enterprise risks which includes compliance risk management.

The RSL Compliance Model provides a guide for management or treatment of different clients based on their compliance behaviours or attitudes, the model recognizes that different compliance attitudes require corresponding compliance strategies or remedies.

The strategic focus to be a data driven organisation was not without risks,

These risks have received a lot of attention over the past three years and have, as a result been managed in line with the organisational risk appetite. Establishment of a Business Drivers Function as part of the SAS Structure and the appointment of the Chief Data Officer and his team were initiatives that were put in place to mitigate this class of risks.

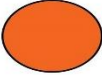
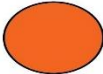
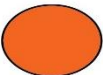
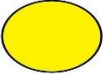

The effects of the brand change also presented some risks, which were managed as the change was being implemented.



Compliance Model



The following were the 4 top risks and 1 key opportunity identified in FY 2022/23:

Key risk	Nature	Risk Rating	Mitigation
<b>Legislation</b> – Enactment of legislation is a process that has still not been adjusted to meet the pace of change. For a government agency that implements revenue laws, this is a hindrance.	External – The revenue service relies on Government to pass the laws that support its mandate.	Strategic -Critical 	Regular engagements were held with the Government to elicit understanding and support for the enactment of necessary legislation. During the financial year only one Act was passed. Engagements continue to happen for the remaining laws to be passed.
<b>Funding</b> – The revenue service relies on funding from the Government to finance its activities. This arrangement did not work smoothly for a long time.	Internal	Strategic -Critical 	MOF and RSL reached a solution to this problem was implemented in the reporting period and is working effectively
<b>Technology failure</b> – Implementation of the current strategy is reliant largely on technology. It is therefore only prudent for the revenue service to be aware of the risks aligned to the use of technology.	Internal	Strategic -Critical 	IT engaged another service provide to provide redundancy for RSL. Staff was trained and preparations made to re-engineer processes and harvest ideas from stakeholders.
<b>Lack of staff involvement in strategic issues</b>	Internal	Strategic -Major 	The Revenue Service is a people intensive business. Staff issues were therefore brought to the forefront to ensure that they do not get left behind. This was done through intensive involvement of the Union in management issues.
<b>Opportunity:</b> Ability to harvest innovative ideas from the stakeholders both internal and external.	Internal/external	Strategic-Significant 	Ideas from external stakeholders were harvested in 2022 to inform the innovation agenda. These ideas were implemented in 2023. Plans were also made for another hackathon



### 5.1.2 Level 2, Internal Audit

Next level of assurance is provided through the RSL Internal Audit process, which is an independent and objective assurance and consulting function that is guided by a philosophy of adding value to improve the operations. It assists the RSL to accomplish its objectives, by bringing a systematic and disciplined approach, to evaluate and improve the effectiveness of governance, risk management and control processes. To ensure that the internal audit function works independently of management, the Finance and Audit Committee of the RSL Board approves its charter, audit plan and budget.

In accordance with RSL practice and Internal Audit methodology, Internal Audit has adopted a **risk-based audit approach** as such the plan ensures coverage of areas of high risks which are significant for the achievement of RSL strategic objectives.

### 5.1.3 Level 3, External Assurance Providers

The Auditor General appoints an External Auditor responsible for auditing the RSL's financial statements and providing reasonable assurance that they are presented fairly and in conformity with International Auditing Standards and that they reflect true representation of the company's financial position and results of operations.

## 6. PERFORMANCE

### 6.1 Our Value Creation Capital Model (VCC)

To ensure a holistic integrated thinking and action, we adopted a value creation model as a framework for packaging our strategic objectives and related sub-actions. Our strategic Plan *Rea Aha* 2.0 identified the development and efficient deployment of the following sources of capital, constituting our Value Creation Capital model, as priorities;



- Spiritual Capital
- Social Capital
- Human Capital
- Innovation Capital
- Financial Capital .

For the past 5 years RSL has invested on building these intangible sources of capital as drivers of value that would enable it to deliver the desired outcomes.

## 6.2 How Our Value Creation Model Contributed to Outcomes

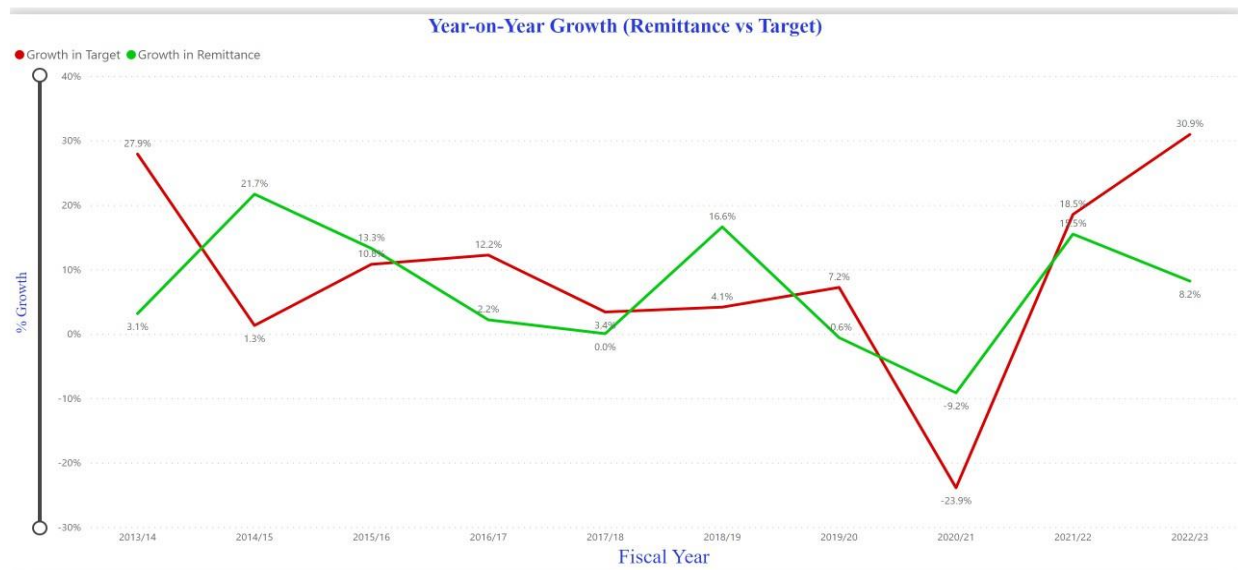
Outputs achieved under the Capitals integrate to contribute to the desired outcomes in the following Manner:

### 6.2.1 Strategic Outcomes 1: Improved Revenue Collection



## Revenue Growth

Total tax revenue remitted by RSL increased from M7.283 billion in FY 2021/22 to M7.842 billion in FY 2022/23. VAT has been the main contributor to this growth as remittances were M429.4 million (14%) higher than FY 2021/22. This was mainly driven by hotels and restaurants, construction, wholesale and retail sectors which grew VAT by 15.7%, 8.9% and 2.6% respectively. Income Tax on the other hand grew slightly by 3% as the financing and insurance as well as the mining sector claimed to have run losses in FY 2022/23.



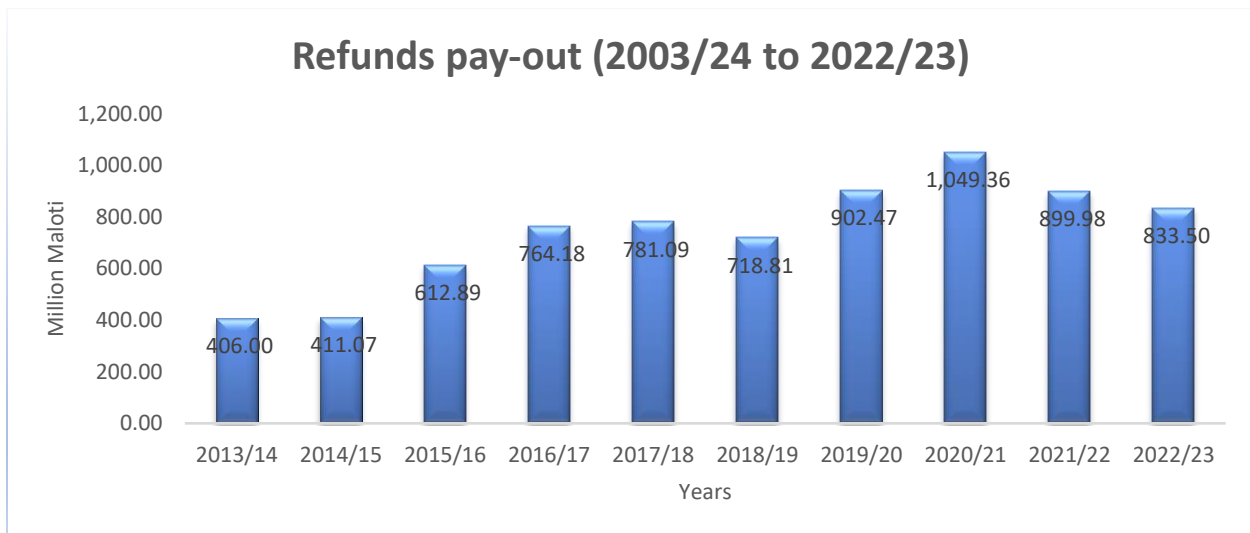
## Performance Against Revenue Targets

In the FY 2022/23, RSL remitted net revenue amounting to M7.833 billion, with gross collections of M8.669 billion, offset by refund payments worth M834.9 million. The set target of M8.699 billion was missed by M866.2 million (9.4%). The major contributor to this underperformance was Income Tax which remitted M581 million (11%) below its set target as most priority clients claimed to have run losses in FY 2022/23.



## Refunds

Total refunds pay out amounted to M833.5 million, a 19% increase relative to M701.7 million paid in FY 2021/22. VAT refunds accounted for 88% of total refunds whilst IT refunds accounted for 22%. 95% of VAT refunds were paid to the mining sector.





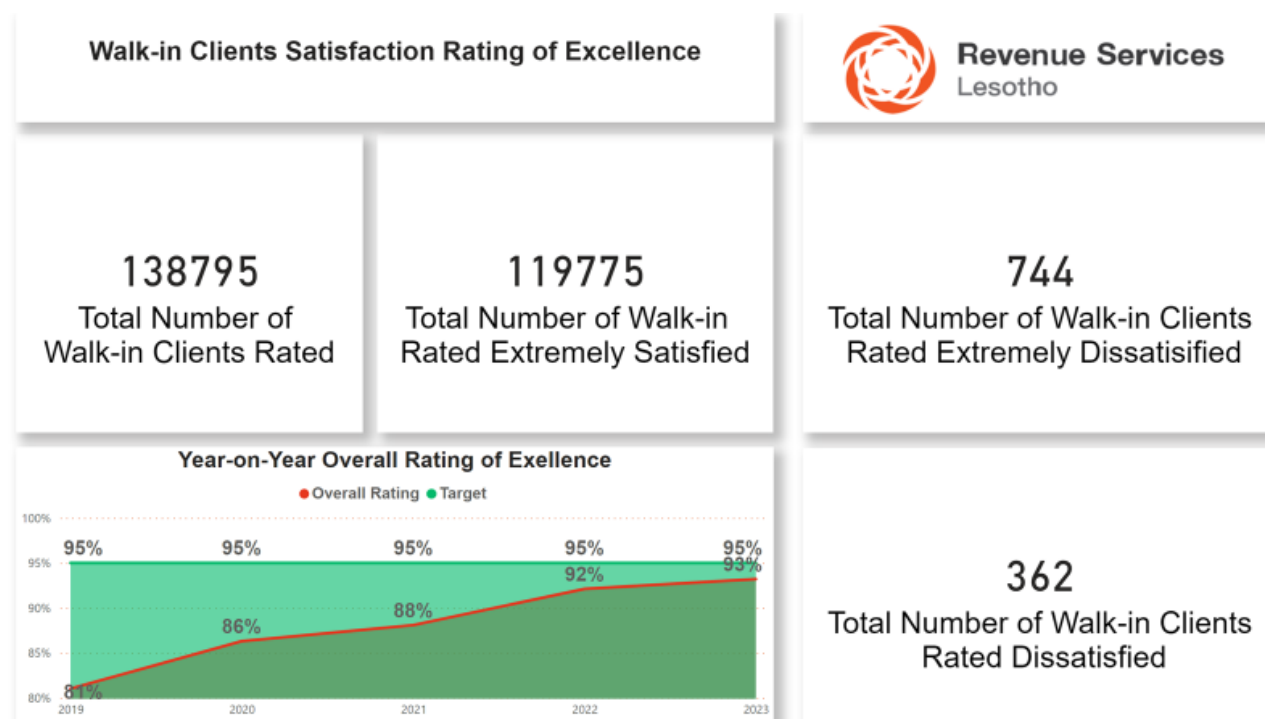
## 6.2.2 Strategic Outcome 2: Improved Quality of Service





Customs Trade Facilitation, according to the Time Release Study (TMS+ 2022), RSL has made significant strides in the average times for pre-border regulatory process, with average time taken for proceed to border reducing from 6 hours 28 minutes to 4 hours 43 minutes. Similarly, arrival to exit reduced from 40 minutes to 22 minutes. There has however, been marginal increase (from 10 hours 21 minutes in 2018 to 11 hours 23 minutes in 2022) in the average time taken to complete processes for import and export.

We continued to provide seamless services, introduced more on-line services (e-tcc, e-VAT 11, e-payments, e-filing), and we managed to improve our service rating by our walk-in clients from 81% in 2019 to 93% during this reporting period. Out of 138,795 walks in clients that we served and have rated our service 119,775 were extremely satisfied.



Our online rating despite being lower than our walk-in client rating, has improved from 48% to 53%, as per the graph below. Out of 11,356 online clients that we served and have rated our online services 5,437 rated extremely satisfied and 701 rated extremely dissatisfied.

## IMPROVED QUALITY OF SERVICE AS MEASURED BY Online Clients



**11356**

Total Number of On-line Clients Rated

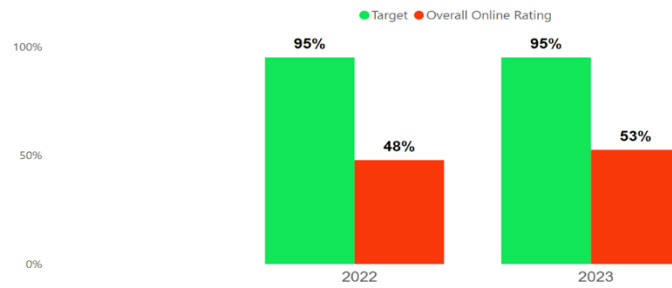
**5437**

Extremely Satisfied

**701**

Extremely Dissatisfied

### Target and Overall Online Rating by Year



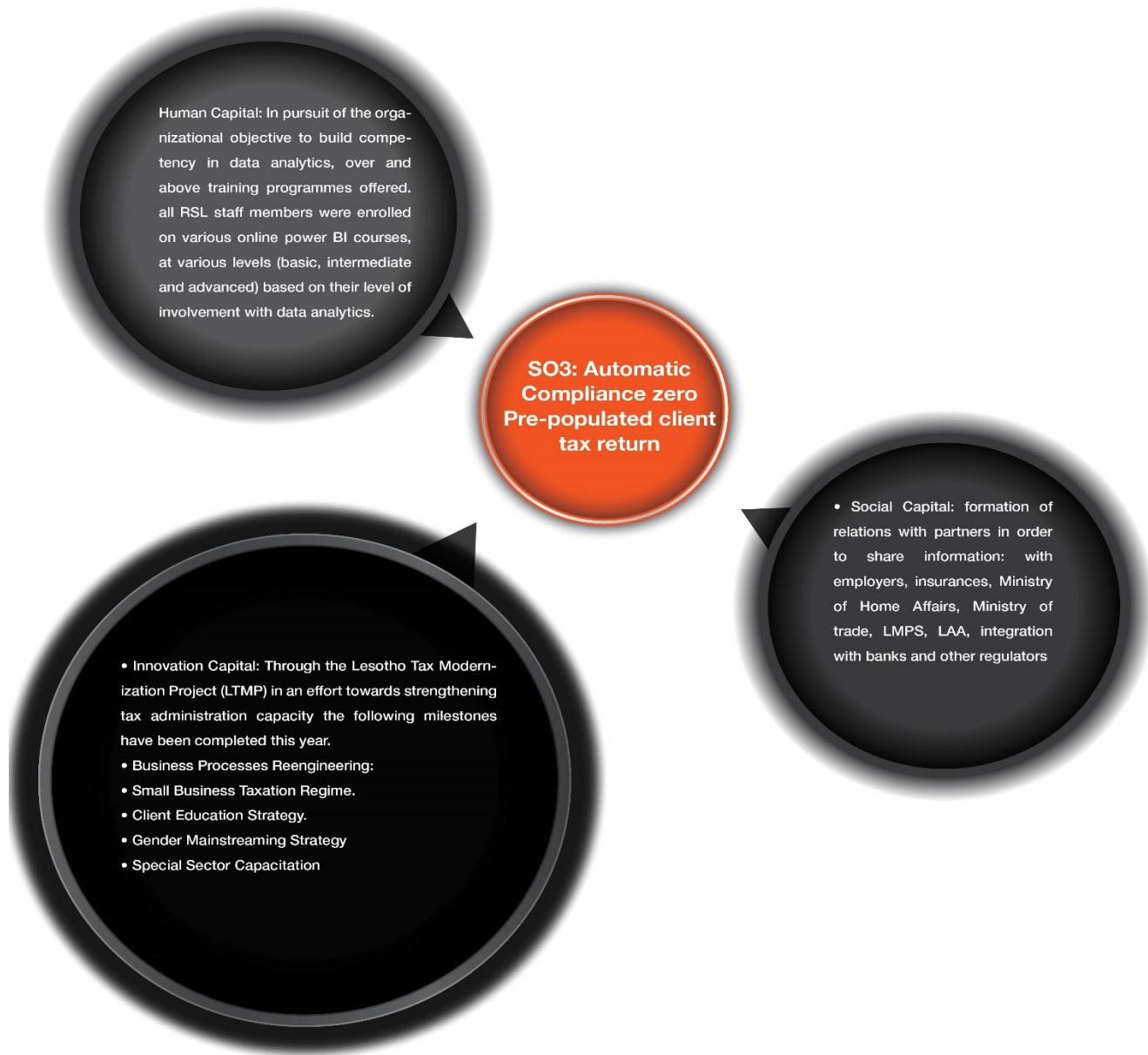
**558**

Dissatisfied

**48%**

Overall Online Rating

### 6.2.3 Strategic Outcomes 3: Automatic Compliance

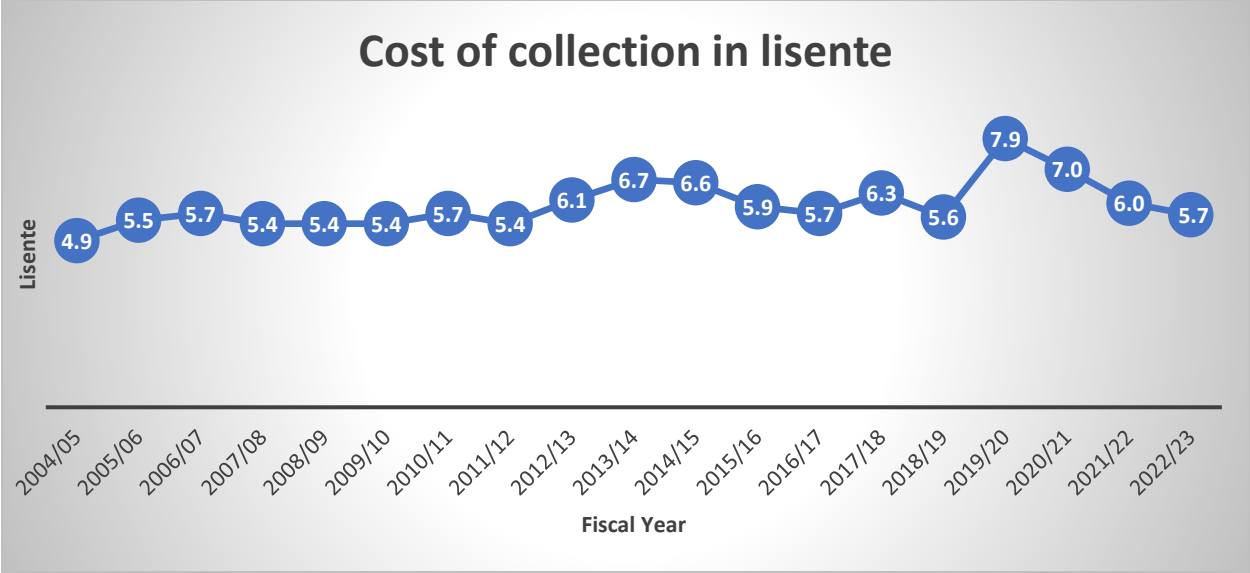


During FY 2022/23 the focus has been on implementation of pre-population of returns with two pilot institutions identified as RSL and Land Administration Authority (LAA). The Blueprint for Automatic Compliance was developed and completed. Most importantly it advocated for use of big data analytics to pre-populate a client's tax return.

#### 6.2.4 Strategic Outcomes 4: Reduced Cost of Collection



In the current reporting period, Revenue Services Lesotho continued to reduce cost of collection from 6.0 Lisente to 5.7 Lisente, which is a decrease of 5.5%. This has been achieved by increasing the current revenue collection by 9.6% while expenditure slightly increased by 2.2%. This expenditure management was achieved through vehicle running costs which decreased by 29.3%, because of full depreciation of motor vehicles and low fuel expenditure. Working from home policy also contributed towards reduced rental and other administrative costs.



## 7. OUTLOOK

The Environmental, Social and Governance spectrum has become very critical in recent years. Environmental risks have ravaged many countries in the wake of the pandemic through fires, floods and hurricanes to name a few. Lesotho has also experienced its own share of the effects of climate change through increased levels of rainfall, occurrence of hailstorms and very hot summers, just to mention a few.

We are aware of growing demands for issues of sustainability, particularly issues of reporting on Environment, Social and Governance (ESG). We plan to introduce in the coming year, the Natural Capital in our Value Creation Model, which will be accompanied by increased integrated thinking and reporting, as well as compliance with the sustainability standards. We will increase our knowledge and thought leadership capabilities to ensure that we provide better insights to assist Government in the formulation of policies, which will result in a tax system that leads to sustainable economic development. We will build more agility in our systems to be able to survive the changing environment, as well as building resilience to stormy changes, all in all, reinforcing business continuity.

RSL will continue investing in improving organizational data analytics maturity by leveraging emerging digital technologies such as blockchain, artificial intelligence, big data, virtual reality among others. This will go a long way to make our organization to be at par with other revenue services in the region. We will continue to support both the regional and domestic initiatives such as the Authorised Economic Operator programme (AEO), which will grant approved operators preferential treatment and benefits, for customs purposes.

We will continue to diligently seek ways to improve service offering to our clients and explore meaningful ways of creating value to our stakeholders and Lesotho, in response to our strategy Rea Aha.



## Corporate Social Investment (CSI)



Bacha Entrepreneurship Project (BEP)



Hlokomela Banana Campaign



Choral Music Competition



Zone VI Beach Volleyball Games



Higher life Foundation Lesotho



National Tree Planting Day

# ANNEXURE 1: COMPOSITION OF THE BOARD ITS COMMITTEES AND ATTENDANCE REGISTER

## **REVENUE SERVICES LESOTHO –THE 7<sup>TH</sup> RSL BOARD** **MEETING ATTENDANCE RECORD FOR THE YEAR 2022/2023**

Date	Mr. R. Likhang (Chairman)	Mrs. T. Mojela (Deputy Chairman)	Mrs. L. Leisanyane	Mr. L. Mokaoane	Mr. M. Fuma	Mr. C. Ramolise	Adv. L. Sephomolo KC	Mr. T. Khasipe	Mr. N. Mapetla	Mrs. N. Mopeli	Mr. O. 'Nete	Mrs. M. Mokoko
										Acted during the absence of substantive CG		
Total Meetings Expected to Attend	18	18	18	18	18	18	18	13*	2	3	2	1
Attendance	94%	100%	100%	100%	100%	100%	100%	69%	100%	100%	100%	100%
Apologies	0	0	0	0	0	0	0	4	0	0	0	0

\* Contract term of the Commissioner General had come to an end on 5<sup>th</sup> December 2022

## **REVENUE SERVICES LESOTHO – INFORMATION AND COMMUNICATIONS TECHNOLOGY** **COMMITTEE OF THE 7<sup>TH</sup> BOARD**

### **MEETING ATTENDANCE RECORD FOR THE YEAR 2022/2023**

Date	Mr. C. Ramolise (Chairman)	Mrs. L. Leisanyane	Mr. L. Mokaoane	Mrs. T. Mojela	Mr. T. Khasipe	Mrs. N. Mopeli
						Acted during the absence of substantive CG
Total Meetings Expected to Attend	4	4	4	4	3	1
Attendance	100%	100%	100%	100%	100%	100%
Apologies	0	0	0	0	0	0

\* Contract term of the Commissioner General had come to an end on 5<sup>th</sup> December 2022

**REVENUE SERVICES LESOTHO – HUMAN RESOURCE AND REMUNERATION COMMITTEE OF THE  
7<sup>TH</sup> BOARD**

**MEETING ATTENDANCE RECORD FOR THE YEAR 2022/2023**

Date	Adv. L. Sephomolo KC (Chairman)	Mrs. T. Mojela	Mr. C. Ramolise	Mr. M. Fuma	Mr. T. Khasipe	Mr. N. Mapetla	Mrs. N. Mopeli	Mr. O. 'Nete	Mrs. M.Mokoko
Acted during the absence of substantive CG									
<b>Total Meetings Expected to Attend</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>6*</b>		<b>1</b>	<b>1</b>	<b>1</b>
<b>Attendance</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>83.3%</b>		<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Apologies</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>		<b>0</b>	<b>0</b>	<b>0</b>

\* Contract term of the Commissioner General had come to an end on 5<sup>th</sup> December 2022

**REVENUE SERVICES LESOTHO – FINANCE AND AUDIT COMMITTEE OF THE 7<sup>TH</sup> BOARD**

**MEETING ATTENDANCE RECORD FOR THE YEAR 2022/2023**

Date	Mr. L. Mokaoane (Chairman)	Mrs. L. Leisanyane	Mr. Fuma	Adv. L. Sephomolo KC	Mr. T. Khasipe	Mrs. N. Mopeli	Mr. O. 'Nete	Mrs. M. Mokoko
Acted during the absence of substantive CG								
<b>Total Meetings Expected to Attend</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>5*</b>	<b>1</b>	<b>1</b>	<b>1</b>
<b>Attendance</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>80%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Apologies</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1<sup>1</sup></b>	<b>0</b>	<b>0</b>	<b>0</b>

\* Contract term of the Commissioner General had come to an end on 5<sup>th</sup> December 2022

<sup>[1]</sup> Excused to attend the meeting due to conflict of interest





## ANNEXURE 2: FUNCTIONS BY DIVISIONS

Client Services Divisions	Core Operations Divisions	Operations Support Division	Business Enablement Division	CG's Office Division
<p>Our client facing Division, providing direct Services to the Clients. Functions Include:</p> <ul style="list-style-type: none"> <li>• Priority Client Services</li> <li>• General Client Services</li> <li>• Digital Services</li> <li>• Frontier Services (Customs)</li> </ul>	<p>Functions Include:</p> <ul style="list-style-type: none"> <li>• Revenue Compliance</li> <li>• Special sectors Audit</li> <li>• Compliance Risk Management</li> <li>• Revenue Operations</li> </ul>	<p>Functions Include:</p> <ul style="list-style-type: none"> <li>• Marketing and client education</li> <li>• Customs Advisory</li> <li>• Inland Tax Advisory</li> <li>• Information Technology</li> <li>• Business Drivers</li> <li>• Investigations and Anti Smuggling</li> </ul>	<p>Functions Include:</p> <ul style="list-style-type: none"> <li>• Legal</li> <li>• Finance</li> <li>• Corporate Services</li> <li>• RSL Academy</li> <li>• Human Capital Management</li> </ul>	<p>Functions Include:</p> <ul style="list-style-type: none"> <li>• Executive support</li> <li>• Corporate Planning and Strategy Management</li> <li>• Delivery Unit</li> <li>• Strategic Partnerships and Public Relations</li> <li>• Internal Audit</li> <li>• Governance Risk and Compliance</li> </ul>

## **ANNEXURE 3: FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

# GLOSSARY

## LIST OF ABBREVIATIONS

CIT	Company Income Tax
CG	Commissioner General
CSI	Corporate Social Investment
EXCO	Executive Committee
GDP	Gross Domestic Product
IT	Income Tax
LCCI	Lesotho Chamber of Commerce and Industry
LRA	Lesotho Revenue Authority
LAA	Land Administration Authority
LNSW	Lesotho National Single Window
MOU	Memorandum of Understanding
NUL	National University of Lesotho
OBFC	One Stop Business Facility Centre
OSAS	Organizational Structure Alignment to Strategy
PAYE	Pay as You Earn
RSL	Revenue Services Lesotho
SACU	Southern African Customs Union
SADC	Southern African Development Community
VAT	Value Added Tax
WIG	Widely Important Goal (from 4DX -“The 4 disciples of Execution: Achieving Your Widely Important Goals”)
WCO	WCO World Customs Organization