



**Revenue
Services**
Lesotho

GUIDE ON TAX REGISTRATION

“Re Tjena Ka Uena”

1. Introduction

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

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 Revenue Services Lesotho (RSL). The next crucial step is to manage records in such a way that a person/business can comply with its tax obligations. To fulfill their tax obligations, it is also important for businesses to observe the filing and payment dates as provided for by Income Tax and VAT Acts.

2. Who should register?

Basically, any business or organisation registered and operating in Lesotho either as a company, partnership, professional, sole trader or association (including non-profit making organisation) should apply to be registered with the RSL. Any such business should contact RSL Contact Centre on 80022009, Client Education office or One Stop Business Facilitation Centre (OBFC) located at the Ministry of Trade, Industry and Small Business 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 as a sole trader is required to register for Individual Income Tax (IIT).

3.2 Company Income Tax (CIT) - An entity incorporated and registered as a company and operating business in Lesotho 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 Benefits 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 Benefits Tax (FBT).

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

3.6 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?

4.0 Individual registration /Business Registration Form

4.1 A sole trader should bring the following documents:

- Business ID or trader's license
- Certified copy of National Identity Document (ID)/Passport for the owner
- A schedule listing all employees and their monthly salaries and fringe benefits offered, if any.

4.2 A company should bring the following documents:

- A Company Extract
- Certificate of Incorporation
- Business ID or trader's License
- Certified copies of National Identity Document(s) (ID)/ Passports of the directors
- A schedule listing all employees, their monthly salaries and fringe benefits offered, if any.

4.3 A partnership should bring the following documents:

- Business ID or trader's license
- Certified copies of National Identity Document(s) (ID)/Passports of partners
- Partnership deed
- A schedule listing all employees, their monthly 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 monthly salaries and fringe benefits offered, if any
- Certified copies of National Identity Document(s) (ID)/Passports of executive committee members

5. How to Register for Tax

First time registrants (Individual Taxpayers) can register through RSL website: www.rsl.org.ls >> E-Services>>eTax>>*Register Now* to obtain Taxpayer Identification Number (TIN). They will then be redirected to online registration page where they will select the relevant registration type and fill in the fields provided such as personal details, correspondence, miscellaneous and banking details, including upload of all required documents, then click SAVE and submit the form.

Note: For any changes to registration details, except for updating contact information such as mobile number, telephone number, or email address, visit the RSL website at www.rsl.org.ls > E-services > eRegistration > Business Registration to update. These can be details such as the trader's license, bank confirmation letter and others.

Note: E-tax registration for obtaining TIN is available only for individual Taxpayers while companies must follow the standard process by registering with relevant

Ministries such as Trade, Industry and Small Business, Tourism, Sports, Arts and Culture, Agriculture, Food Security and Nutrition after which they obtain TIN from RSL.

To complete the registration with RSL, applicants must visit the RSL website at www.rsl.org.ls, navigate to E-Services > eRegistration > Business Registration fill in the required information, upload the necessary supporting documents—such as a trader's license and a bank confirmation letter and then submit the application form online.

Taxpayers who need to update their registration details can visit RSL website:

<http://www.rsl.org.ls>>>E-Services>>Registration Form (individual/Business) fill in the required fields but those whose updates involve attachments such as ID, trader's license must send the form with attachments to infor@rsl.org.ls.

6. Future Obligations

- All registered businesses must update their registration details with RSL by visiting RSL website: <http://www.rsl.org.ls-E-SERVICES-e-Registration> to fill in the relevant registration form(individual/business registration form) and must notify RSL in writing regarding any change in the legal entity name, commercial name, address of business and change in business activities etc.

7. When Should I File and Pay Taxes Due?

A business must file a return and pay tax as required by the Acts (Income Tax Act 1993 (as amended) and VAT Act 2001 (as amended)). See the table below regarding due dates. The dates for submission of tax returns and taxes payable to the RSL are summarized in a Table below:

TAX TYPE	DUE DATE
Tax: Income Tax: Company Income Tax Individual Income Tax	<p>A company that derives income in Lesotho 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,</p> <ul style="list-style-type: none"> • File a return annually but pay provisional tax/instalment of tax every quarter. • A company must file an income tax return on the 30th of June every year, or the last day of the third month following financial year end if the company uses substituted accounting period. The return must be accompanied by the final payment.
Fringe Benefits 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"> • 30th June is the 1st quarter • 30th September is the 2nd quarter • 31st December is the 3rd quarter • 31st March is the last quarter
Pay As You Earn (PAYE)	15th of every month
Withholding Tax	15th of every month
VAT	20 th of every month

7. Important Information for a Registered Business: Record Keeping

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 laws require all Taxpayers to keep 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:

Note: Taxpayers should first register in the e-Taxation platform accessible on

- The RSL website: <http://www.rsl.org.ls>>>E-Services>>eTax
- Click “Register now” and follow the rest of the steps.

Once registered, Taxpayers can login with their credentials (Username & Password) created to access the platform and file their returns.

Methods of Payment

• **Payments made through Mobile Money (EcoCash & M-Pesa)**

Payments can be made using mobile money (EcoCash and M-Pesa) through e-Payments platform accessible at RSL website: <http://www.rsl.org.ls> >>E-Services>>e-Payments-login with your tax clearance certificate (e-TCC) credentials then follow all the steps to make a payment.

• **Payments Made Through Commercial Banks**

Taxpayers can make payments physically and through online or electronic payments (EFT) that are provided by the commercial banks, mainly:

- Standard Lesotho Bank
- Nedbank Lesotho
- First National Bank
- Lesotho Postbank (VAT only)
- RSL banking hall (available only in Maseru)

It is also important to note that Taxpayers do not necessarily need to have a bank account to make payments at these banks.

• **How to make payments through Standard Bank Lesotho’s UNAYO**

Payments to the RSL through Standard Bank Lesotho’s UNAYO can be made using the following methods:

- Unayo App
- Internet Banking (IB.unayo.com)
- USSD (*388#)
- Unayo Agents

Payments made through UNAYO are instantly reflected in the RSL system, so Taxpayers do not need to upload proof of payment on the RSL system

Proof of Payment (POP) Requirements

Proof of payment (POP) is a document or confirmation that verifies a transaction has been successfully processed. This can include a bank-stamped deposit slip, a transaction receipt or EFT confirmation.

Taxpayers who make payments using other banking channels other than UNAYO are expected to upload their POPs on RSL’s e-Payments platform available on RSL website. (For more details download e-Payments guide on RSL website: <http://www.org.ls>>> Tax Tools and Resources>> Guides & Guidelines)

Disclaimer

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