

## **Do I have to register if I live or work outside Lesotho?**

There is currently no legal requirement to register if you live or work outside Lesotho, except where you have a business that makes/undertakes supplies of goods and services in Lesotho. In such a case, you should appoint a representative who lives in Lesotho to undertake all your tax affairs. You should also register if you have a place of business in Lesotho country but you only supply goods or services abroad. That is, you should register for VAT even if your business is exclusively carried for export purposes.

## **How do I work out whether I have to register?**

When calculating your turnover to see whether it exceeds the registration threshold, you add together all the sales of taxable goods and or services you have made since you started operating a business; both made in and outside Lesotho. You do not include supplies that are exempt from tax. But, you must remember to include supplies that are made for no consideration in the normal course of your business. For example, taxable benefits provided to an employee or a relative etc. including goods taken for your own or your family's use.

Normally, you only have to consider the value of the taxable supplies you have made within the past 12 months. But if at any point in a 12-month period you discover that your sales of taxable supplies exceed the registration threshold, or will exceed the threshold by the end of 12 months, you must notify the Commissioner Client Services immediately and apply for registration.

It is against the law to deliberately omit other business activities whereby taxable supplies of goods or services are made so that you fall below the threshold. For example, it would be unlawful for a vendor to deliberately fragment a business and set up a number of small businesses where none exceeds the registration threshold; the Commissioner Client Services would add together the taxable turnover of the associated businesses to determine the actual turnover and issue a compulsory registration with effect from the time you should have registered. In such situation, an assessment would be raised for all the VAT that should have been paid to the RSL and appropriate penalties would also be imposed.

## **Can I register if my turnover is below the threshold?**

If your turnover is below the registration threshold, you may apply for voluntary registration, which may be approved at the discretion of the Commissioner. Once you are registered, you will have to account for the tax you charge on your taxable supplies, but you will be able to claim credit on the tax you pay on the purchase of goods /services for your taxable supplies. You will also have to submit your VAT returns on a monthly basis to the RSL. In order to be able to comply accordingly, you should keep proper accounts

and records of your business. It is necessary to think carefully about whether registering will really benefit you, if you do not have to register...

### **Can I register before I make taxable supplies?**

If you are not yet making taxable supplies, but you have started a business, you can register as long as you will be making taxable supplies in the future. However, the Commissioner Client Services may delay approval of your application unless you provide proof that you are going to make taxable supplies. Proof may include:

Details of the arrangements you have made

- Copies of business contracts
- Other details, which should include the evidence of what you have bought for your business.

### **What happens if I have taken over someone else's business?**

If you have taken over a business, you should look carefully at the last owner's taxable turnover to decide whether you need to register. If the turnover is at a level above the threshold, you must register, and your date of registration will be the date you took over the business; thus the date from which you will be liable to account for VAT. If you are already registered for VAT in respect of some other business, you should fill in online business registration form available on RSL website: [www.rsl.org.ls](http://www.rsl.org.ls)>>E-Services>>eRegistration which is the form that is used for any business expansion or changes to management of a VAT registered business.

### **I should have registered but I failed to do so. What is my position?**

Once you meet the registration threshold, you are obliged to register for VAT as your business is regarded as a registerable business. If you are a vendor and you fail to register, you will be liable to pay the VAT on all the taxable supplies you have made, regardless of whether you have actually charged and collected the VAT. The Commissioner Client Services is entitled to consider your entire liability by even looking back to the date you became liable to register and consequently recover the tax due for earlier periods.

In addition, the Commissioner can impose an additional amount of tax as a penalty for your failure to comply. This additional tax may be charged at the maximum rate of 200% of the unaccounted tax liability. It is important, therefore, that you are aware of the obligation to register if the law requires you to do so. It is also important that you get your date of registration right. If it is found out later that it was a date earlier than the one you have shown on the registration form, you will have to pay the VAT on the taxable supplies you made from the earlier date, together with the additional tax.

**Do I get a registration certificate?**

Yes, and you will also receive a VAT registration number. If you do not qualify to be registered for VAT, you will receive a notification from the Commissioner Client Services explaining the reasons why you have not been approved for registration. The VAT registration certificate once issued must be displayed in a prominent position at your business so that customers and visiting tax officials may see it.