



MEDIA STATEMENT BY THE HON. MINISTER OF FINANCE HON.
THABO SOPHONEA (MP) ON THE OFFICIAL LAUNCH OF
2020/2021 FINANCIAL YEAR FILING SEASON AND THE
OUTCOME OF REVENUE COLLECTION

DATE: WEDNESDAY, 7TH APRIL 2021

VENUE: MANTHABISENG CONVENTION CENTRE

EVENT: MEDIA BRIEFING

SALUTATIONS

HIS MAJESTY KING LETSIE III

RIGHT HONOURABLE THE PRIME MINISTER

HONOURABLE DEPUTY PRIME MINISTER

HONOURABLE MINISTERS

PRINCIPAL SECRETARY OF THE MINISTRY OF FINANCE;

THE CHAIRPERSON AND MEMBERS OF THE LRA BOARD;

THE COMMISSIONER GENERAL OF LRA;

EXECUTIVE AND SENIOR MANAGEMENT OF LRA AND THE ENTIRE LRA
STAFF;

GOVERNMENT OFFICIALS HERE PRESENT;

DISTINGUISHED MEMBERS OF THE MEDIA;

LADIES AND GENTLEMEN.

The Ministry of Finance has a paramount role of ensuring that Lesotho is able to mobilize its own revenue sources to finance and support Government's developmental initiatives and its other social responsibilities. The Ministry carries out this role through the Lesotho Revenue Authority.

I feel honoured to be here this afternoon, presenting to you the revenue performance report of the Lesotho Revenue Authority for the year ending 31st March 2021 and to officiate the launch the 2020/2021 Filing Season.

DEALING WITH THE CHALLENGE OF COVID-19

The 2020/2021 financial year was the most difficult year any Minister of Finance could face. At the very onset, we started on the wrong foot. Economic activities were significantly constrained due to COVID - 19, while on one hand, the need for funds to fight this pandemic were at an all-time high. This required an intricate balancing act of maximizing revenue collection while also supporting both our businesses and citizens during these trying times.

To this end, in April 2020 last year the Government of Lesotho introduced many relief measures to mitigate the impact of COVID – 19. As far as LRA is concerned, a few tax relief measures were introduced. These relief measures were largely underpinned by deferment; meaning that payments of Company Income Tax, Individual Income Tax, Pay As You Earn, Value Added Tax and the Simplified Business Tax (SBT) were only payable in installments from July to the end of the year. I am happy to learn that most Taxpayers demonstrated good compliance behaviour by paying their installments on time and in full.

Over and above, LRA also introduced administrative relief measures comprising speedy payment of refunds claims, waiver of additional taxes, penalty fees, storage fees etc. These measures were made to ease cash flow problems faced by businesses during those trying times. I should also mention that LRA was furthermore tasked to administer the rent relief measures, targeting small and medium businesses, on behalf of the Government.

OVERVIEW OF 2020/2021: OVERALL PERFORMANCE.

The LRA's combined annual revenue target for 2020/2021 financial year was **M5 605.37 billion**, down from **M 7. 591 billion** due to COVID – 19 impact.

Against this target, the LRA remitted **M 6.350.78 billion** and therefore exceeded the target by **M 745.51 million** (13%).

This is a tremendous effort by our tax administration. I am aware it was not easy as I was there throughout this period. I am therefore happy that ultimately LRA was able to meet and exceed their target under the tough economic environment we all know.

THE INTERVENTIONS THAT ARE BEING IMPLEMENTED:

The Government cherishes the ideal of Taxpayers who voluntarily comply with their tax obligations without LRA having to chase them. We believe that to some extent this ideal will be achieved by LRA investing in strategic

partnerships and technology to improve its efficiency, and curb revenue leakages.

I am aware that LRA will be embracing what they call automatic compliance through harnessing big data and strategic relationships. I wish to implore all those strategic partners; be it public or private sector to willingly cooperate with LRA for this to happen because it is for the benefit of Lesotho and Basotho.

As it was mentioned in previous National Budget pronouncements, LRA has also been mandated by Government to collect non-tax revenue. It is expected that by end of this financial year, LRA would be in a position to come up with a model and a clear road map that will enable them to implement this directive.

I wish to congratulate the LRA Board, led by Mr. Robert Likhang for providing the necessary direction throughout the year; the Commissioner General and his Management Team; and last but certainly not least, the LRA staff for a job well done, especially under the tough economic environment created by COVID – 19.

However, all these would not have happened if it was not because of the LRA Clients: the Taxpayers. I therefore express my profound appreciation to the taxpayers who against all odds fulfilled their tax obligations by paying their fair share of taxes. I also appeal to those who continue to evade tax to desist from such illegal behavior.

FILING OF INCOME TAX RETURNS

Let me now turn to the 2nd item on today's agenda, which is the launch of a Filing Season for 2020/2021 financial year that has just ended. The 1st of April every year marks the beginning of the period whereby the Taxpayers in Lesotho are required by law to fill income tax return forms and submit them before the deadline which is June 30th.

I therefore implore all resident and non-resident Taxpayers; in their various categories: Large Businesses, Small and Medium Businesses, Partnerships, Sole Traders, Employees, and of course all individuals who have made and received an income in 2020/2021 Financial Year to fulfil their tax obligations by filing those Income Tax and paying taxes due by 30th June as required by the income Tax Act.

COVID 19 is still with us, the threat of spread of infections remains real. Therefore, adherence to health and safety precautions cannot be over emphasized. Taxpayers are encouraged to minimize physical contact and avoid coming in person to LRA offices to file their returns but are rather urged to utilize online platforms such as Interim e-Filing System accessible via the LRA website. Payment of taxes can still be made at any of the commercial banks and Taxpayers, if possible, are encouraged to prefer using online payment platforms such as Electronic funds Transfer (EFT).

Once again, I wish to appeal to all Taxpayers not to wait until the last minute. The three-month period earmarked for filing of returns might appear to be too long, but it is not.

With those few remarks, I, therefore, declare the 2020/2021 Filing Season officially launched.

I thank you