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LEGAL NOTICE NO. 25 OF 2026

Value Added Tax (E-Invoicing) Regulations, 2026

Pursuant to section 88 of the Value Added Tax Act, 2001¹, I,

RETŠELISITSOE MATLANYANE

Minister responsible for finance and development planning, make the following regulations:

PART I - PRELIMINARY**Short title and commencement**

1. These regulations may be cited as the Value Added Tax (E-Invoicing) Regulations, 2026 and shall come into operation on the 1st April, 2026.

Interpretation

2. In these regulations, unless the context otherwise requires -

“accredited” in relation to an Electronic Billing System (EBS), or to a manufacturer or a supplier, means accredited by the Commissioner General pursuant to these regulations;

“application” means an application that is in a form approved by the Commissioner-General;

“audits and investigations” means audits and investigations under these regulations;

“cashier” means a person who, as part of the person’s employment, operates an EBS for a business;

“customer” means a person to whom, or an entity to which, a business supplies goods or services;

“customer compliance award program” means a customer compliance award programme conducted pursuant to regulation 12(n)

“digital certificate” means a unique electronic code issued by E-Invoicing system for each EBS that -

- (a) authenticates the EBS when it links with E-Invoicing system; and
- (b) contains public and private key for creating, producing and verifying the digital signature of the E-Invoicing system;

“digital signature” means an encrypted digital code that -

- (a) is created by an EBS using a private key;
- (b) is recorded on an invoice by the EBS;
- (c) identifies the vendor; and
- (d) verifies the integrity of the EBS when it transmits transaction data to the Service’s system;

“EBS” means -

- (a) the Electronic Billing System, which is an electronic system, designated for use in business for management efficiency controls in area of sales and stock control system; and
- (b) includes an ERP system, an accounting system, a billing system, a cash register or a Point of Sale (POS) solution;

“ERP” means an Enterprise Resource Planning System which is a software designed to manage and integrate the functions of core business processes, including finance, billing and supply chain and inventory management;

“E-Invoicing system” means the electronic information system for electronic recording of transactions that the Service operates pursuant to regulation 5;

“invoice” means a document, either physical or digital, that -

- (a) is issued from an EBS to acknowledge that a transaction has occurred between a business and a customer; and
- (b) has printed on it the transaction data and other information relating to the transaction specified in regulation 11(2);

“Guidelines” means any of the guidelines published by Notice of the Commissioner General pursuant to these regulations;

“IDMS” means Invoice Data Management System, or E-Invoicing system;

“manufacturer” means a person who manufactures EBS solutions;

“QR code” means a Quick Response code which is generated by the EBS in respect of each invoice registered on the IDMS;

“Service” means the Revenue Services Lesotho established pursuant to the Revenue Services Lesotho Act, 2001² (as amended);

“supplier” means a person who supplies an EBS or a component of an EBS;

“supply” means a supply of goods or services defined in section 8 of the Value Added Tax Act, 2001;

“tax” has the same meaning assigned to it in the Value Added Tax Act, 2001;

“TIN” means Tax Identification Number issued by the Revenue Services Lesotho;

“transaction” means an exchange of goods and services for consideration between a buyer and a seller;

“transaction data” means data relating to a transaction entered into an EBS by a cashier; and

“vendor” has the same meaning assigned to it in the Value-Added Tax Act, 2001.

Application of the regulations

3. (1) The Commissioner-General shall, by Notice published in the Gazette, require a vendor to use EBS that shall enable Service to securely obtain, monitor and assess accurate transaction data.

(2) A manufacturer, a supplier and a customer are subject to the provisions of these regulations.

PART II - E-INVOICING SYSTEM

Establishment of e-invoicing system

4. (1) The Commissioner-General establishes an e-invoicing system that transmits, receives, records, analyses, formats, stores and monitors transaction data.

(2) The e-invoicing system composes of -

- (a) the Service's IDMS; and
- (b) EBS used by a vendor.

Service to operate an e-invoicing system

5. (1) The Service operates an IDMS that -

- (a) connects electronically with a vendor's EBS;
- (b) authenticates an EBS that transmits transaction data to IDMS;
- (c) receives, records, analyses and stores transaction data transmitted by an EBS;
- (d) securely maintains the privacy and integrity of the secure elements, digital certificates, digital signatures and the

transaction data it receives, analyses, stores and transmits;

- (e) manages the secure elements, digital certificates and digital signatures;
- (f) provides accurate data to the Service for assessing tax payable by a vendor;
- (g) enables a vendor to access transaction data stored on the Service's system to verify the tax payable or refundable; and
- (h) enables accredited manufacturer and supplier, a vendor and a customer to access transaction data stored on the Service's system to verify the tax payable or refundable.

(2) The operations of the IDMS system complies with the Guidelines published by Notice of the Commissioner-General.

Electronic Billing System

6. (1) A vendor shall operate one EBS for a business activity, and where the vendor is engaged in several business activities which are very different in nature, the Commissioner-General may authorise the vendor to operate more than one EBS.

(2) An EBS shall -

- (a) be an accredited solution;
- (b) be registered on the IDMS, and the Commissioner-General has, in respect of the EBS, issued an identification number;
- (c) generate such transaction data for transmission to the IDMS, as the Commissioner-General may determine;
- (d) prior to transmitting transaction data for electronic recording uses the IDMS authentication mechanism set

up by the Service;

- (e) be capable of receiving the data in respect of the transaction and record such transaction data in the vendor's e-invoicing system after an invoice has been electronically recorded; and
- (f) format and issue an invoice to the customer with the QR Code that appears on it.

(3) The operations of the EBS shall comply with the guidelines published by Notice of the Commissioner-General.

Accreditation of manufacturers and suppliers of EBS

7. (1) A person who manufactures EBS or provides a solution to enable compliance of EBS with these regulations, shall apply to the Commissioner-General for accreditation as a manufacturer by submitting information as set out in Schedule I of these regulations.

(2) A person who supplies a vendor with EBS or provides EBS maintenance service shall apply to the Commissioner-General for accreditation by submitting the information as set out in Schedule II of these regulations.

(3) The Commissioner-General, before approving the application, shall -

- (a) consider whether the application is made pursuant to subregulation (1); or
- (b) meet the requirements set out in these regulations and guidelines referred to in regulation 6 (3).

(4) The Commissioner-General, in considering the application in subregulation (3), shall have access to information, equipment and any other assistance which the Commissioner-General may require from the applicant.

(5) The Commissioner-General shall, within a reasonable time after receipt of the application made pursuant to subregulation (1) or (2), make a decision to accept or reject the application, and communicate the decision to the

applicant.

(6) The Commissioner-General shall, where the decision to accept the application in terms of subregulation (5) has been made, publish on the Service's website and in the IDMS the details of an accredited applicant.

Accreditation of Electronic Billing system

8. (1) A manufacturer or a supplier who wants to supply a vendor with an EBS of a particular brand, model and specification that is not an accredited EBS, shall apply to the Commissioner-General for accreditation of the EBS.

(2) The Commissioner-General shall, before approving the application, take steps to determine whether to accredit the brand, model, and specification of the EBS.

(3) The manufacturer or the supplier shall, during the accreditation process, provide the Commissioner-General with access to information and equipment, and any other assistance, the Commissioner-General may reasonably require for carrying out the process.

(4) The Commissioner-General shall, within a reasonable time, make a decision to accept or reject the application, and communicate the decision to the applicant.

(5) The Commissioner-General shall, within ten days after accrediting an EBS pursuant to these regulations -

- (a) make the accredited model of an EBS accessible for registration by the vendor through IDMS; and
- (b) publish the details of the brand, model and specification of the EBS, and the date it is accredited, on the Service's website or any other communication channels.

(6) The accreditation of an EBS pursuant to these regulations shall not have effect unless the details of the brand, model, and specification of the EBS, and the date of its accreditation, are specified on the Service's website or any other communication channels.

Revocation of accreditations

9. (1) The Commissioner-General may, where a manufacturer or a supplier of EBS does not comply with these regulations or guidelines, revoke the accreditation.

(2) Where accreditation is revoked pursuant to subregulation (1), the Commissioner-General shall, within 30 days -

- (a) communicate in writing, to the manufacturer, supplier or vendor, of the revocation and state the reasons for the decision; and
- (b) remove the details of the manufacturer or the supplier of EBS from the IDMS, the Service's website and other communication channels.

(3) Where accreditation is revoked pursuant to subregulation (1), the Commissioner-General shall, within 30 days, deregister the EBS as the manufacturer or supplier.

(4) The communication referred to in subregulation (2)(a) shall establish a transitional period of at least one month for the vendor to replace the EBS during the period.

Digital certificate

10. (1) The Commissioner-General shall issue a digital certificate for an EBS.

(2) The digital certificate for an EBS of a vendor's business shall reproduce the -

- (a) vendor's digital signature for recording on each invoice issued by the vendor to a customer;
- (b) vendor's digital signature for establishing secure transmission of the invoice; and
- (c) information required to enable an EBS to link to IDMS

and securely transmit the data to IDMS.

Invoices

11. (1) There shall be a digital or printed format invoice, as the case may be, for each transaction of a business.

(2) A vendor shall issue an invoice, credit note and debit note in line with Value Added Tax (VAT) Act, 2001 which contains particulars as set out in Schedule IV of these Regulations.

(3) In case of a non-sale transaction like gift cards, fidelity awards, credit card vouchers and any item which the Commissioner-General may classify as a non-sale transaction, the type of invoice that may be issued, and the particulars it shall specify, shall be determined and authorized by Notice of the Commissioner-General.

PART III - CONDUCT, ROLES AND RESPONSIBILITIES

Conduct, roles and responsibilities of the Commissioner-General

12. In administering these regulations, the Commissioner-General shall -

- (a) operate the Service's system in a manner that complies with these regulations and guidelines;
- (b) enable the Service's system to register an EBS by the vendor;
- (c) obtain appropriate advice on technical matters relating to electronic information systems, invoicing, and transaction data for administering these regulations;
- (d) authorize Service's employees to perform tasks that enable compliance with these regulations;
- (e) establish and maintain, in an electronic form and in any other form that the Commissioner-General considers appropriate, an accurate up-to-date record of -

- (i) the name and address of each vendor who operates an EBS;
 - (ii) the address of each premises where the vendor operates a business;
 - (iii) details of an EBS operated for the vendor's business;
 - (iv) details of any erroneous data entered into an EBS and the manner in which it was corrected or cancelled; and
 - (v) details of a defect in or misuse of an EBS;
- (f) accredit EBSs, manufacturers and suppliers of EBSs;
 - (g) revoke accreditations according to these regulations and guidelines;
 - (h) deregister EBS that is no longer in use by the vendor;
 - (i) receive complaints and reports about EBSs and invoices;
 - (j) set up and maintain a system that enables a vendor and a customer to access and verify transaction data stored on the Service's system;
 - (k) publish information, including information on a website or any other communication channels, about the process by which a vendor and a customer access and verify transaction data;
 - (l) conduct audit, inspection and other supervisory activity to ensure that the Service's system, a supplier or a vendor's EBS does not contravene the provisions of these regulations;
 - (m) take steps and make decisions to administer administrative penalty or prosecute a person who allegedly com-

- mits an offence in contravention of these regulations;
- (n) hold a customer compliance award programme by -
 - (i) setting out the procedure and criteria to participate in an invoice lottery; and
 - (ii) conducting an invoice lottery; and
 - (o) refuse to accredit a manufacturer or manufacturer's country suspended from doing business with Lesotho.

Conduct, roles and responsibilities of manufacturers and suppliers

13. (1) A manufacturer shall develop an EBS solution that complies with the provisions of these regulations.
- (2) A manufacturer shall designate an authorised supplier of an EBS by presenting him or her with the Letter of Authorisation.
- (3) An accredited supplier shall supply EBS to a vendor.
- (4) Where a supplier or a manufacturer becomes aware of a defect in, or misuse of, an accredited EBS, the supplier or manufacturer shall report the defect and its cause, or the misuse, to the Commissioner-General as soon as practicable after becoming aware.
- (5) In suregulation (4), "defect" includes failure to operate, and "misuse" includes any result in which the invoice issued by the EBS does not correspond in all its terms with the actual transaction.
- (6) A supplier, who has an agreement with a vendor to install and implement an EBS or component of an EBS in the vendor's business, may, for and on behalf of a vendor obtain a digital certificate of the EBS.
- (7) A vendor who develops an EBS for the vendor's business shall apply for accreditation as a manufacturer and a supplier of the EBS.
- (8) A supplier shall not offer for sale or supply, an EBS to a vendor unless the EBS is accredited.

(9) A supplier shall notify the manufacturer of the defects in the EBS, and the manufacturer shall resolve the defect without undue delay.

(10) A manufacturer who acts as a supplier shall apply for accreditation both as a manufacturer and as a supplier.

Conduct, roles and responsibilities of vendors

14. (1) A vendor shall -

- (a) operate EBS or an EBS for each business of the vendor;
- (b) acquire EBS from an accredited supplier;
- (c) register EBS in the Service's system; and
- (d) arrange for data connectivity with a network service provider to ensure that transaction reporting obligation from EBS to the IDMS is met, to the satisfaction of the Commissioner-General.

(2) A vendor shall give the Commissioner- General the following information, the:

- (a) vendor's TIN, name and physical address;
- (b) name and physical address of each business operated by the vendor and different business locations operated by the vendor;
- (c) brand, model and specification of each EBS the vendor operates for the business at each location.

(3) A vendor shall make a report to the Commissioner-General, following the procedure set out in the guidelines, if the vendor is not able to verify any of the following matters by the Service's system:

- (a) that the Service's system has received a transaction data transmitted by the vendor's EBS; and

- (b) the accuracy of a transaction data transmitted by the vendor's EBS to the Service's system.
- (4) A vendor shall ensure that -
- (a) an invoice is issued to a customer for each transaction between the business and the customer; and
 - (b) an invoice contains particulars as set out in Schedule IV of these regulations, and the QR Code that appears on it.
- (5) A vendor shall not change location of an EBS to another business premise unless prior notice of change is given to the Commissioner- General.
- (6) A vendor shall comply with requests of the Commissioner- General for audit or inspection of the EBS.
- (7) A vendor shall not operate a business unless the vendor -
- (a) operates an EBS for the business; and
 - (b) each EBS is accredited.
- (8) A vendor shall install, implement and operate the EBS in accordance with the guidelines published by Notice of the Commissioner-General.
- (9) A vendor shall issue an invoice to a customer for each transaction between the vendor's business and the customer.
- (10) A vendor shall not issue to a customer, an invoice that does not comply with these regulations.
- (11) Where a transaction of a business of the vendor is a business-to-business transaction or a business to the Government transaction, the vendor shall -
- (a) request the customer to provide the customer's TIN to the vendor; and

- (b) on being given the TIN, enter it into the vendor's EBS as part of the transaction data for the transaction.

Conduct, roles and responsibilities of customers

15. (1) Where the transaction is business to business, the customer is responsible to check each invoice issued to the customer and verify the information recorded on the invoice.

(2) A customer who has been issued with an invoice may, verify that the transaction data recorded on the invoice has been received by the IDMS by using the capabilities of IDMS.

(3) Where the transaction is business to business, a customer shall report, and in any other case a customer may report, the following matters to the Commissioner-General as soon as practicable after they happen, that the:

- (a) customer has not been issued an invoice for a transaction;
- (b) transaction data printed on an invoice issued to the customer is not an accurate record of the transaction issued; or
- (c) customer is not able to verify using the means provided for by IDMS, whether IDMS has received transaction data recorded on an invoice issued to the customer.

(4) A customer who discharges responsibility pursuant to these regulations, is eligible to participate in a customer compliance awards programme.

PART - IV

General provisions relating to offences, administrative penalties and sanctions

16. (1) A manufacturer, a supplier, a vendor shall not be subject to both the imposition of penalty and prosecution of an offence as set out in Schedule VI in respect of the same act or omission.

(2) Where a manufacturer, a supplier or a vendor commits an act or omission for which the manufacturer, the supplier or the vendor is liable to both the imposition of penalty and the prosecution of an offence, the Commissioner-General may decide whether to make an assessment of penalty or prosecute the offence.

(3) Where the Commissioner-General decides to apply an administrative penalty in respect of the act or omission, the Commissioner-General shall make an assessment of the penalty and serve notice of the assessment on the manufacturer, the supplier or the vendor stating the amount of penalty payable and the due date for payment.

(4) Where a penalty has been paid by a manufacturer, a supplier or a vendor in respect of the same act or omission, and the Commissioner-General commences a prosecution pursuant to these regulations, the penalty shall be repaid to the manufacturer, the supplier or the vendor.

(5) The manufacturer, supplier or vendor who fails to pay the penalty imposed pursuant to subregulation (3) on the due date commits an offence.

(6) The offences, amounts of fixed monetary penalties and sanctions in these regulations are as set out in Schedule V.

PART V - MISCELLANEOUS

References to Guidelines

17. The Commissioner-General shall publish guidelines setting out procedure and method for -

- (a) registration and operation of EBS;
- (b) accreditation of manufacturers and suppliers;
- (c) operation of IDMS; and
- (d) verification of invoices in the IDMS.

SCHEDULE I**(regulation 7(1))****ACCREDITATION REQUIREMENTS FOR A MANUFACTURER**

1. The following information shall be submitted in the application form:
 - (a) manufacturer's full names;
 - (b) for Lesotho persons only -
 - (i) taxpayer identification number;
 - (ii) a valid tax clearance certificate;
 - (c) for foreign persons only -
 - (i) manufacturer's registration number issued in the country of incorporation;
 - (ii) a valid tax clearance certificate from the country of incorporation;
 - (iii) a copy of the manufacturer's registration or incorporation certificate issued in the country of incorporation shall be attached;
 - (d) contact email address of the manufacturer;
 - (e) full names, contact email and contact phone number of a person submitting the application; and
 - (f) any other relevant information.

SCHEDULE II**(regulation 7(2))****REGISTRATION REQUIREMENTS FOR A SUPPLIER**

1. The following information shall be submitted in the application form:
 - (a) supplier's full names;
 - (b) taxpayer identification number;
 - (c) a valid tax clearance certificate;
 - (d) authorisation certificate issued by the manufacturer, indicating the authorisation to supply the solutions developed by the manufacturer and providing list of manufacturer's device models, the supplier is entitled to supply;
 - (e) full names, contact email and contact phone number of a person submitting the application; and
 - (f) any other relevant information.

SCHEDULE III**(regulation 8)****ACCREDITATION REQUIREMENTS FOR AN EBS**

1. The following information shall be submitted in the application form:
 - (a) names of the manufacturer;
 - (b) for local persons only:
 - (i) taxpayer identification number;
 - (ii) a valid tax clearance certificate;
 - (c) for foreign persons only:
 - (i) manufacturer's registration number issued in the country of incorporation; and
 - (ii) a valid tax clearance certificate from the country of incorporation;
 - (d) for newly registered EBS models; EBS model name;
 - (e) for previously registered EBS models; EBS version;
 - (f) full names, contact email and contact phone number of a person submitting the application; and
 - (g) any other relevant information.

SCHEDULE IV**(regulation 11(2))****PARTICULARS OF INVOICES**

1. An invoice as required by regulation 14(6)(b) shall, unless the Commissioner-General provides otherwise, contain the following particulars:
 - (a) all the particulars defined in SCHEDULE III (1) of the VAT ACT, 2001;
 - (b) the method of payment;
 - (c) the type of transaction;
 - (d) the name of a person issuing the invoice;
 - (e) the sequential serial number of the invoice;
 - (f) the serial number of the EBS in the IDMS;
 - (g) the digital signature of the EBS; and
 - (h) a QR code representing the digital signature of the EBS.

2. A credit note and a debit note as required by regulation 11(2) shall, unless the Commissioner-General provides otherwise, contain the following particulars:
 - (a) all the particulars as set out in SCHEDULE III (2) and (3) of the VAT ACT, 2001 respectively;
 - (b) the type of transaction;
 - (c) the name of a person issuing the invoice;
 - (d) the sequential serial number of the invoice;
 - (e) the serial number of the EBS in the IDMS;

- (f) the digital signature of the EBS; and
 - (g) a QR code representing the digital signature of the EBS.
3. The type of transaction referred to in item (2)(c) shall be one of the following:
- (a) a supply of goods or services; or
 - (b) a refund of a payment or part of a payment made for a previous supply of goods or services which shall contain a brief justification.
4. The method of payment referred to in item (1)(b) and (2)(d) includes, and is not limited to; payment by cash, credit or debit card, voucher, electronic funds transfer and mobile money.
5. A pro-forma invoice for a non-sale transaction shall be clearly distinguishable from a normal invoice, as the case requires:
- (a) "PRO-FORMA", below the receipt header and above the item description section; and
 - (b) "THIS IS NOT AN INVOICE" at the bottom.

SCHEDULE V**(regulation 16)****OFFENCES, ADMINISTRATIVE PENALTIES AND SANCTIONS****PART I - LIST OF OFFENCES**

- (1) A manufacturer or a supplier who fails to report to the Commissioner-General about the defect in the EBS in contravention of regulation 13(4), commits an offence.
- (2) A supplier who offers for sale or supplies to a vendor with EBS that is not accredited by the Commissioner-General in contravention of regulation 13(8), commits an offence.
- (3) A vendor who issues an invoice that does not comply with the particulars as set out in Schedule IV, commits an offence.
- (4) A vendor who operates an EBS that is not accredited by the Commissioner-General in contravention of regulation 13(8), commits an offence.
- (5) A vendor who fails to issue an invoice to a customer in contravention of regulation 14(6), commits an offence.
- (6) A manufacturer or supplier who fails to report, to the Commissioner-General, the misuse of the EBS in contravention of regulation 13(4), commits an offence.
- (7) A supplier or a vendor who fails to assist the Commissioner-General to conduct an audit of the operation of EBS in contravention of regulation 12(1), commits an offence.
- (8) A manufacturer, a supplier or a vendor who fails to pay an administrative penalty imposed by the Commissioner-General pursuant to these regulations on the due date, commits an offence.

PART II - FIXED MONETARY PENALTIES

Offence (PART I)	Fixed Monetary Penalty
1	M100,000.00
2	M300,000.00
3	M50,000.00
4	M200,000.00
5	M200,000.00
6	M300,000.00
7	M100,000.00

PART III - SANCTIONS FOR OFFENCES

A manufacturer, a supplier or a vendor who commits an offence pursuant to these regulations is liable on conviction to a fine or to imprisonment in accordance with the following table:

Offence (PART I)	Sanction on Conviction
1	A fine not exceeding M200, 000.00 or a term of imprisonment not exceeding six months
2	A fine not exceeding M400, 000.00 or a term of imprisonment not exceeding six months
3	A fine not exceeding 80, 000.00 or a term of imprisonment not exceeding six months
4	A fine not exceeding M300, 000 or a term of imprisonment not exceeding six months

- 5 A fine not exceeding M300, 000 or a term of imprisonment not exceeding six months
- 6 A fine not exceeding M400, 000.00 or a term of imprisonment not exceeding six months
- 7 A fine not exceeding M200, 000.00 or a term of imprisonment not exceeding six months.
- 8 A fine not exceeding M500, 000.00 or a term of imprisonment not exceeding six months

DATED:

DR. RETŠELISITSOE MATLANYANE
MINISTER OF FINANCE AND DEVELOPMENT PLANNING

NOTE

1. Act No. 9 of 2001
2. Act No. 14 of 2001