Revenue Services Lesotho

October- November 2026

TAXATHON

Call for innovation



taxathon@rsl.org.ls

Revenue Services Lesotho

Taxathon Call for Innovation

Revenue Services Lesotho (RSL) invites Basotho innovators to design and implement practical solutions to two tax compliance challenges. RSL seeks approaches that help taxpayers comply with revenue laws, protect revenue, and provide management with reliable evidence for decision-making. Innovators may combine technology, service design, data analysis, and business process management to develop practical, sustainable solutions that can be easily implemented.

- **Online Q&A session:** 2nd November 2026
- **Submission deadline:** 6th November 2026
- **Date of event:** 19th – 20th November 2026

For Basotho innovators, developers, researchers, entrepreneurs, designers and tax specialists

- Open to Basotho innovators only, as individuals or groups.
- Winners should be able to commit to at least 1 year of engagement with RSL to implement the solution

Choose a challenge

- **Informal sector non-compliance:** Design an efficient solution to improve compliance of informal businesses and support registration, filing, accurate declaration and sustained payment.
- **Multinational tax evasion and refund abuse:** Detect risks arising from abusive tax planning and persistent refund claims, while recognizing lawfularrangements and legitimate refunds.

What to submit

- Present a working prototype or demonstrable service concept for one challenge. Include a clear user journey, test results, the data required, estimated operating costs and a practical pilot proposal. Explain which part of the problem the solution addresses and how it could connect to RSL processes.
- Show how an RSL Officer or Taxpayer would use the solution, including an ordinary case, an exception and a case requiring human review. Identify any policy changes or external agreements needed for implementation.

Design for use in Lesotho

- Build for the people who will use the service. Consider limited connectivity, language and record keeping needs. Use mock or approved masked data for demonstrations. Protect Taxpayer information and make recommendations explainable and reviewable.
- Solutions may use AI where it adds measurable value. Judging will consider results, usability, trust and practical implementation, using the proposed criteria at the end of this call.

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Challenge 1

Improve informal sector tax compliance

The innovation challenge: How might we help RSL and make paying taxes attractive to informal businesses and expand the tax net, so that more businesses comply consistently at a manageable cost?

The problem

RSL has limited information about potential taxpayers in the informal sector, and paying taxes is not easy for them. There is also under-declaration, misinformation and inconsistency in payments, making it difficult to distinguish genuine inactivity from undeclared trading. RSL needs a clearer view of which businesses are active and the best way to serve the informal sector in order to add all taxable business activities into the tax net. Business operators need understandable requirements and an accessible way to maintain records and comply. Poor visibility poses a risk of uncollected revenue and places compliant businesses at a disadvantage.

Scale of the Problem / Opportunity

- Baselines to be provided during briefing.

Where can innovation help?

- Improve the identification and matching of potential registrants; simplify registration and record keeping; help businesses understand filing and payment requirements; and give officers a manageable follow-up process.
- Approaches may include assisted or mobile services, simple sales records, reminders, links to existing registration channels, or risk-based worklists. Teams should show how their approach builds sustained compliance and avoids treating every informal operator or nil return as noncompliant.

Note

- **Tax focus:** Expanding the tax net
- **Primary users:** General Clients, RSL Officers and Informal Business Operators
- **Business owner:** Deputy Commissioner, General Clients

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Challenge 2

Detect abusive tax planning and refund risks

The innovation challenge: How might we help RSL detect and investigate multinational tax avoidance or evasion linked to abusive tax planning and persistent refund claims, using clear evidence while recognizing lawful arrangements and legitimate refunds?

The problem

Complex multinational enterprise (MNE) structures with bulky and complicated related-party transactions can obscure where profits arise and business activity in Lesotho. This normally results in the Lesotho tax base being eroded, or locally derived profits shifted to other tax jurisdictions (usually low or no tax jurisdictions) where parents or sister entities are residents or located. In some cases, this practice does result in an undue CIT holiday due to perpetual loss-carryover provisions in the tax law; thus, the related-party transactions in this instance give rise to in-house loss creation. In summary, this problem centers around business dealings between Lesotho entities and their foreign sister/parent entities; dealings which may be intergroup services, financing arrangements to mention a few.

The problem extends to credit VAT returns resulting from undeclared/unpaid VAT on imported services. The underdeclaration of expatriate employment income, together with unclear distinction between independent consultancy and employment where services are rendered by employees of a related party, exacerbate the problem.

Distinguish risk from wrongdoing

- Lawful tax planning is different from tax evasion.
- Base erosion and profit shifting can involve legal as well as illegal arrangements.
- Where a related party renders services through their employees, the resulting remuneration may constitute either service fee (where a related party is considered a consultant) or employment income (where the employees are remunerated directly by the local entity). Reviewers must unpack the related party engagements and establish what constitute employment and independent consultancy.
- A refund position alone does not establish abuse; reviewers must examine the reasons, supporting records and applicable law.
- Proposed solutions should preserve the timely processing of valid claims.

Note

- **Tax focus:**Wholesale and retail – VAT Fast moving consumer goods (FMCG)
- **Primary users:** Special Sectors auditors, risk analysts and refund Auditors
- **Business owner** Deputy Commissioner Special Sectors

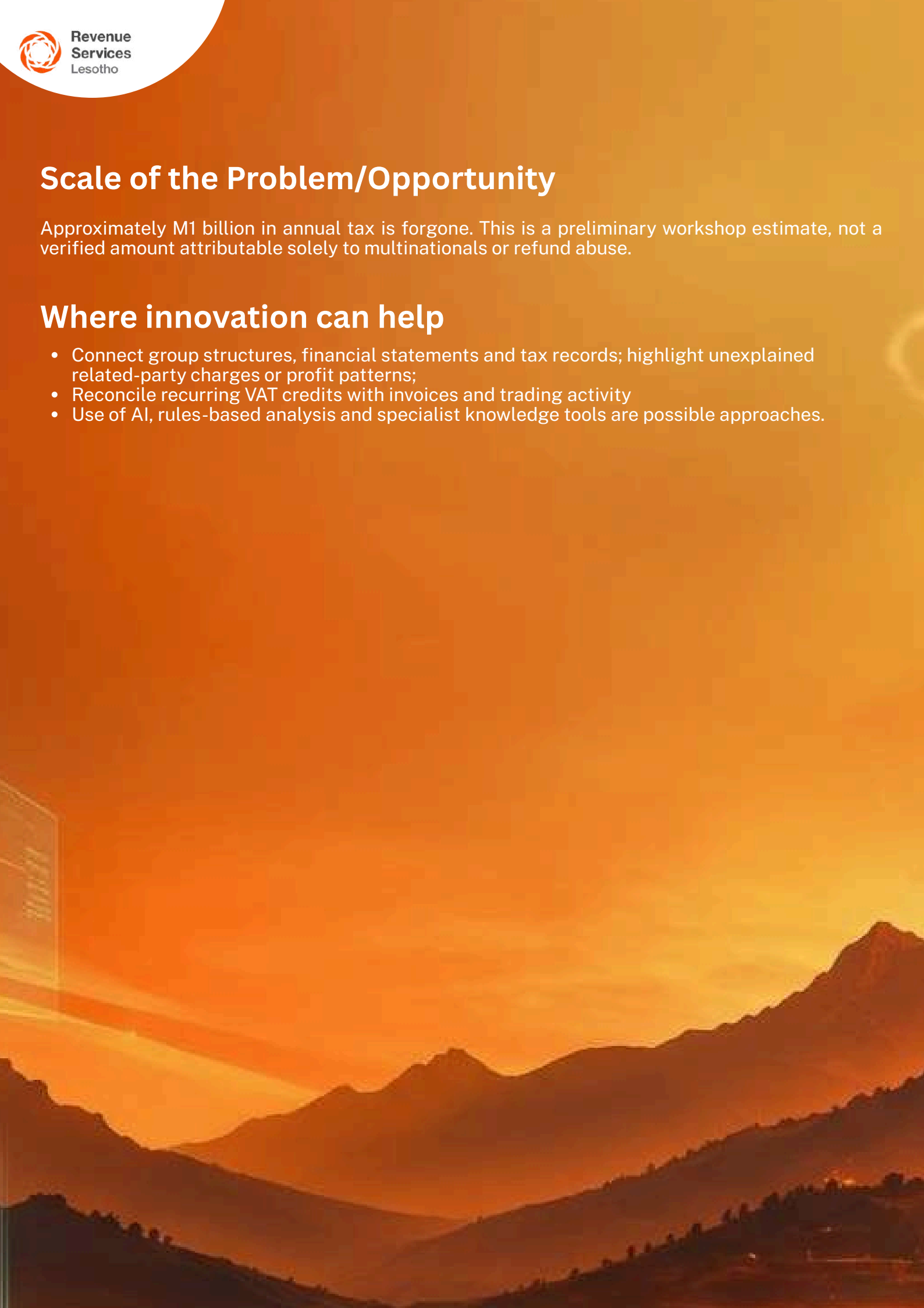
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Scale of the Problem/Opportunity

Approximately M1 billion in annual tax is forgone. This is a preliminary workshop estimate, not a verified amount attributable solely to multinationals or refund abuse.

Where innovation can help

- Connect group structures, financial statements and tax records; highlight unexplained related-party charges or profit patterns;
- Reconcile recurring VAT credits with invoices and trading activity
- Use of AI, rules-based analysis and specialist knowledge tools are possible approaches.



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Evaluation and next steps

Proposed judging criteria

- **Taxpayer and business value 25%** : Demonstrable improvement to compliance, revenue protection or service.
- **Performance and evidence 20% :** Credible tests against a baseline, including errors and limitations.
- **Usability 15% :**A clear journey that fits the intended users and their working conditions.
- **Innovation 10%** : An original or well-adapted approach suited to the problem.
- **Trust and compliance 15%** : Privacy, security, explainability and effective human oversight.
- **Pilot potential 15%** : Feasible integration, affordable operation and a credible adoption plan.



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Evaluation and next steps

From prototype to pilot

Each team should propose:

- A defined user group, test period, baseline, success measures and estimated resources.
- Identify an appropriate RSL business owner, the data needed and any partner dependencies.
- Explain what can be tested immediately and what requires operational or policy changes.

RSL can use the results to decide whether to refine, pilot or adopt a solution through its applicable processes.

Selection at the Taxathon does not establish a procurement commitment or authorize access to live taxpayer systems

The competition will accommodate a maximum of **10 teams**, with each team consisting of no more than **7 members**.

Disclaimer

- **Ownership of Ideas:** All ideas and concepts generated during this event shall remain the intellectual property of RSL and may not be used, reproduced, or implemented elsewhere without prior written authorization from RSL.
- **Award Selection:** RSL reserves the right not to award the first prize if no submission meets the required standards or expectations.

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Important Dates and Submission Guidelines

1. Challenge Registration

- Send an email to **taxathon@rsl.org.ls** indicating the challenge you intend to attempt and your contact details.
- **Deadline:** 6th November 2026 at 17:00 hrs.

2. Briefing Session

- **Date:** 2 November 2026
- **Time:** 10:00–13:00 hrs
- **Venue:** RSL Academy, next to the Manpower and DCEO offices.
- All participants are invited to attend.

3. Submission of Proposals

- Submit your proposals and/or prototypes via email to **taxathon@rsl.org.ls**.
- **Submission deadline:** 6 November 2026 at 17:00 hrs.

4. Shortlist Notification

- Only shortlisted teams will be contacted via email and announced on the RSL social media pages.

5. Competitions Dates

- 19th - 20th November 2026
- Thaba-Bosiu Cultural Village

6. Announcement of Results

- 20th November 2026

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Glossary

I**nformal Sector:** economic activities, businesses, and workers that operate outside government regulation, taxation, and legal protection.

Declarations / tax declaration: a formal return submitted to RSL that reports a taxpayer's income, expenses, deductions and tax owed for a specific period, which RSL uses to work out, or confirm, how much tax must be paid or refunded.

Sustained Payment: Paying your taxes regularly and on time, every time, not just once in a while.

Tax obligations: Everything you must do as a taxpayer, like registering with RSL, keeping records, filing returns, and paying what you owe on time.

Simplified Business Tax (SBT): Taxpayers registered under SBT have annual income below M2 000 000 and operate in specific sectors.

T**o learn about the process.** https://www.rsl.org.ls/taxpayer-education

RSL Contact Details:

PHONE 8002 2009 || MAIL taxathon@rsl.org.ls || WEBSITE www.rsl.org.ls || WHATSAPP 6221 0090

