



Serving You – Serving the Nation

Re Sebeletsa Uena – Re Sebeletsa Sechaba

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For immediate release

LRA STOPS ACCEPTING TAX INVOICES RELATING TO DIRECT IMPORTS

Following series of announcements made since November 2012, the Lesotho Revenue Authority (LRA) wishes to inform members of the business community and the public in general that Tax Invoices pertaining to **Direct Imports** into Lesotho from the Republic of South Africa shall no longer be accepted by Customs officials at the ports of entry from March 1st 2013. Value Added Tax (VAT) on **Direct Imports** shall be paid at the ports of entry upon importation of goods.

LRA uses three main methods to collect VAT at the ports of entry namely:

- Straight payment at the port of entry through a cheque, Cash or Electronic Funds Transfer, and this particular method is guided by LRA Receipting Policy
- Collection of **Valid Tax Invoices** from South Africa
- Import Vat Credit Facility (Deferred Payment Account) for vendors registered under this facility

The second method, **Valid Tax Invoice**, is primarily used to claim back VAT paid in South Africa for goods imported into Lesotho. Members of the business community and the general public are probably aware of an agreement that exists between Lesotho and South Africa with regard to payment of VAT whereby Lesotho through LRA claims back import VAT paid on goods imported into Lesotho. In the absence of the **Valid Tax Invoice** the other two methods are applied.

However, with regard to **Direct Exports** by South African Suppliers and **Direct Imports** by Lesotho Vendors the RSA VAT Law as interpreted by South African Revenue Service (SARS) states that such supplies are to be **Zero-Rated**, meaning that VAT is not to be charged by a supplier in South Africa **BUT** should be paid by Lesotho Vendor (importer) upon importation of such supplies at the port of entry.

LRA regrets whatever inconvenience that may be experienced as a result of this change.

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