



# Frequently Asked Questions on Voluntary Disclosure Programme (VDP)

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REF	QUESTION	ANSWER
1	What is the purpose of Voluntary Disclosure Program (VDP)?	(VDP) is intended to provide an opportunity for businesses and individuals to voluntarily come forward and regularize their tax affairs under Income Tax and VAT Laws. The LRA is committed to granting amnesty on additional taxes and penalties under the VDP for people who will come forward and make full and honest disclosure of their tax transgressions.
2	Which taxes are covered under VDP?	The VDP covers VAT and Income Tax only
3	What is expected from me as the Taxpayer	<p>Through the VDP, Taxpayers are expected to:</p> <ul style="list-style-type: none"> <li>• Voluntarily come forward and declare any tax non-compliance fully and honestly; and</li> <li>• Pay all taxes due within agreed time.</li> </ul>
4	What are the benefits of VDP to me as a Taxpayer?	<p>The VDP offers the following benefits to a Taxpayer:</p> <ul style="list-style-type: none"> <li>• Amnesty on additional taxes and non-pursuance of prosecution upon satisfaction of terms and conditions that are applicable; and</li> <li>• Opportunity to regularise tax affairs and have good standing with the LRA.</li> </ul>
5	What are some examples of income which can be disclosed under VDP?	Business income, income generated outside Lesotho, employment income, Property income, Interest from investments, capital gains, commercial farming income or any other income.
6	What are some examples of tax irregularities that can be disclosed under VDP?	<p>The most common tax irregularities are:</p> <ul style="list-style-type: none"> <li>• Unremitted tax and source deductions;</li> </ul>

		<ul style="list-style-type: none"> <li>• Unreported foreign-source income;</li> <li>• Over claiming of expenses or making a claim of ineligible expenses;</li> <li>• Under-declaration of income;</li> <li>• An incorrect refund claimed by the Taxpayer;</li> <li>• Failure to register for tax;</li> <li>• Failure to file a tax return;</li> <li>• Failure to pay;</li> <li>• Failure to keep business records;</li> <li>• Failure to declare imported goods including motor vehicles and pay VAT on them; and</li> <li>• Any other offences as provided for by Income Tax and VAT Acts.</li> </ul>
7	Who may apply for VDP?	All Taxpayers are free to apply for VDP. This is a window of opportunity for anyone who did not fulfill their tax obligations to regularize their tax affairs.
8	Is there any specific cut-off date which LRA cannot go beyond in calculating past outstanding tax?	VDP covers the period after the 1 <sup>st</sup> April 2005 going forward.
9	What should happen to voluntary disclosures relating to tax irregularities that happened before 1 April 2005?	The disclosures relating to the tax irregularities that occurred during the period before 1 <sup>st</sup> April 2005 are outside the scope of the voluntary disclosure program as there had been tax amnesty covering the period before the 1 <sup>st</sup> April 2005.
10	When can I apply?	VDP applications can be made from the 12 <sup>th</sup> February 2018 and there is no cutoff date.
11	When is the deadline for VDP applications?	VDP does not have a time frame. It is a long term arrangement that allows Taxpayers to voluntarily come forward and declare any tax non-compliance fully and honestly. However, it is important for Taxpayers to immediately come forward and declare to avoid being identified for Audit or Investigations.
12	Should I have been a registered Taxpayer before applying for VDP?	No. This opportunity is available for everyone. While prior registration is not a requirement, the LRA will have to register

		you as a Taxpayer and provide you with a tax identification number (TIN) before extending VDP benefits to you.
13	How do I apply for VDP?	The Taxpayer is expected to fill the VDP Application Form with the following attachments; <ul style="list-style-type: none"> <li>• Identity documents;</li> <li>• Business registration documents or licenses where available;</li> <li>• Business records including financial statements where available;</li> <li>• Any relevant supporting documentation;</li> </ul>
14	What if I do not have financial records?	A Taxpayer will be required to prepare an estimation of revenue realised and expenses incurred.
15	Where can I obtain and submit the VDP application form?	VDP application form can be obtained and submitted through the following channels: <ul style="list-style-type: none"> <li>• VDP office Maseru Mall</li> <li>• LRA website ( <a href="http://www.lra.org.ls">www.lra.org.ls</a>)</li> <li>• Leribe and Mohale's Hoek Advice Centres;</li> <li>• LRA mobile offices ( Thaba-Tseka, Mokhotlong, Qacha's nek). Mobile offices will be in these districts once a month.</li> </ul>
16	How will I know if my application is successful or not?	You will be notified within a period of 15 working days through the following communication channels: <ul style="list-style-type: none"> <li>• Email;</li> <li>• SMS;</li> <li>• Letter; and</li> <li>• a telephone call</li> </ul> <p>If your application is unsuccessful, you will be provided with full reasons for the disapproval thereof.</p>
17	What will happen to cases that are already being dealt with by the Authority e.g. cases under audit or investigation or cases	Taxpayers who have cases under audit or investigation and make a valid disclosure prior to the 31 <sup>st</sup> March 2018 are entitled for relief in which case even their criminal

	where assessments have been made?	<p>cases will not be proceeded with provided they have not yet been instituted before courts of law.</p> <p>However, as from the 1<sup>st</sup> of April 2018 once investigation has started it will continue to conclusion unless a Taxpayer voluntarily comes for disclosure without having been alerted of the case either by a third party or the LRA.</p> <p>Where a disclosure is made after the 31<sup>st</sup> march 2018 in respect of cases under tax audit or where assessments have been made, a Taxpayer will not qualify for a full relief.</p>
18	How will the cases that are already being handled in the courts of law be dealt with?	The voluntary disclosure program will not cover the criminal cases in the courts of law or cases where suspects are pending remand. In case of civil cases Taxpayers are free to engage with the LRA on withdrawal of such cases if they decide to participate under the VDP.
19	If I am unable to pay in full upfront, can I be allowed to settle my tax liability through a settlement plan?	Yes you will be allowed to settle your liability through a settlement plan.
20	Can LRA withdraw benefits granted under VDP	Yes. VDP benefits will be withdrawn if the LRA makes a discovery after the conclusion of VDP agreement that an applicant did not make a full, honest and truthful voluntary disclosure, and/or where the applicant fails to comply with the terms and conditions of payment agreement reached subsequent to granting of VDP relief. The VDP relief already granted will be withdrawn and the agreement will be cancelled.
21	What will be the consequences of withdrawal of the VDP benefits?	Additional taxes or penalties arising from the outstanding tax will be demanded from the Taxpayer.. LRA may initiate criminal prosecution in the circumstances.
22	Where can I make further enquiries?	<p>Enquiries can be made at the following places:</p> <p>LRA website: <a href="http://www.lra.org.ls">www.lra.org.ls</a></p>

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