



# LESOTHO

## Bilateral Trade Agreement Facilitation

*The Lesotho Revenue Authority (LRA) developed a feature in ASYCUDAWorld that allocates import VAT credit for indirect supplies bought on credit from South Africa.*

### Situation

Lesotho is a landlocked country enclaved in South Africa that relies on export of textiles, water and diamonds. Lesotho's imports and exports all pass through South Africa. As part of their bilateral relationship, in 2020, the LRA and South African Revenue Service (SARS) introduced the need for proof of payment – that includes the payment of VAT in South Africa – prior to issuing Lesotho VAT exemptions to traders based in Lesotho.

### Solution

The LRA customized ASYCUDAWorld's declaration module to help process VAT exception requests and submit the necessary documentation (such as proof of payment and invoices). Traders who already paid VAT in South Africa are now exempt from paying it in Lesotho, and the LRA claims VAT from SARS directly.

### Result

The solution facilitates trade, eliminates fraudulent invoices and reduces delays in declaration processing. It also accommodates traders who buy goods on credit from South Africa as they can declare the goods in ASYCUDAWorld and use the credit facility to cross the border with the merchandise. Upon crossing, the requirement is that they submit the customs declaration package, and later after they have paid the suppliers, provide the customs declaration together with the proof of payment for import VAT purposes. The credit account feature in ASYCUDAWorld allows for the monitoring of unpaid taxes and identification of non-compliant traders.

**2 hours**  
reduction in documentary compliance time for imports

ASYCUDA Training to Customs Officers in Maseru, Lesotho



VAT registered commercial importers who purchase goods on credit [...] from South Africa and make indirect import into Lesotho can have their import VAT payment deferred [...]. This is to allow them time to settle their credit invoices with their suppliers and obtain proof of such payment.

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*LRA statement*

Partner:





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### Total number of customs offices



**17** Computerized

**0** Paper-based

### Volume of activity (2021)

**275,569**  
Import declarations

**25,744**  
Export declarations

Exports (2021)

**727**

Million \$



Imports (2021)

**1,341**

Million \$

**12** Days

**Average release time**  
(Commercial imports)