



STATEMENT BY MINISTER OF FINANCE, DR. MOEKETSI MAJORO, AT THE OFFICIAL LAUNCH OF THE LRA VOLUNTARY DISCLOSURE PROGRAMME

Our mandate as the Ministry of Finance includes mobilization of revenues to finance and support Government's developmental responsibilities. The Lesotho Revenue Authority (LRA) plays a critical role in this process.

When our 4x4 government assumed power in June 2017, we found an economy in stagnation, a fiscus depleted of internal and external reserves, and an LRA in turmoil. We are steadily digging ourselves out of this hole.

When I appointed the LRA Board, I instructed it to strive for a tax system that is efficient, transparent and fair. The LRA should collect all the revenue due to Government; with the right amounts and at the right time. But the Authority should do so professionally, and with care to foster a culture of voluntary compliance. Cognisant of this requirement, last week I announced (together with the African Development Bank) a financial package to implement improvement initiatives aimed at strengthening the effectiveness of tax administration by the LRA.

Ladies and gentlemen, we also aim to improve tax compliance through the Voluntary Disclosure Programme (VDP) being launched here today. The programme aims to facilitate voluntary compliance by extending an olive branch to those of us that may not have their tax affairs in order and wish to come forward to regularize them going forward.

This marks the beginning of a long journey whereby tax should be viewed by all eligible taxpayers as a civic duty and a patriotic thing to do. This also presents an opportunity for us to expand the tax net. It is only when we all pay our fair share of taxes that there will be the fiscal space needed to consider reducing the tax rates for those that are already complying. We

should not pay tax because of fear of jail or loss of property, but because we feel a duty to do so. For this to happen, there should be mutual trust and collaboration between the LRA and taxpayers.

The LRA is also embarking on the introduction of a Simplified Businesses Tax (SBT) regime for small and medium enterprises. This initiative complements the large tax payer programme that has been under implementation for several years. This form of taxation is intended to relieve small businesses from complex, onerous and costly tax requirements, which regrettably promote non-compliance.

Under the SBT, taxpayers will pay a predetermined fixed amount on agreed easy payment terms. For the qualifying small businesses, the filing of complex tax returns which often must be supported by meticulously kept business records will no longer be required. We are in consultations with the transport and the retail sectors and plan to introduce the SBT before end March 2018.

These two programmes and several others that I will announce in future, clearly mark the shift that I have alluded to. The LRA should be less enforcement-heavy and be more taxpayer-centric.

In conclusion, I wish to encourage all taxpayers to take full advantage of the Voluntary Disclosure Programme and get their tax affairs in order. While the programme is intended to be permanent, it is important for non-compliant taxpayers to move swiftly to regularise their tax affairs so that our tax system remains effective and fair.

I thank you all for your attention.