

TAX RATES AND ALLOWANCES

The following tax rates and allowances are to be used when answering the questions:

Second Schedule **Resident individual income tax rates**

Chargeable income	Rate of tax
First M69,120	20%
Over M69,120	30%
Personal tax credit	M10,824

Withholding tax rates

	Rate of tax
Payments to resident contractors	5%
Payments of interest by a resident to a resident	10%
Payments of Lesotho services contract to a non-resident	10%
Payments of international transactions	25%
(A lower withholding tax rate may apply under a double tax treaty entered into by the government of Lesotho)	

Third Schedule **Resident company income tax rates**

Nature of income	Rate of tax
1. Manufacturing income derived from a manufacturing activity of an industrial, scientific or educational nature which promotes industrial, scientific, educational or other development within Lesotho	10%
2. Other manufacturing income	10%
3. Other income	25%
4. Commercial farming income	10%

Fourth Schedule

Tax rate for trustees, fringe benefits and electing non-residents	30%
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Fifth Schedule
Minimum chargeable income

The multiplication factors are:

Air travel	100%
Electricity amount	100%
Principal residence amount	5%
Schooling amount	100%
Secondary home amount	5%
Vehicle amount	25%

The amounts specified are:

Air travel	M2,500
Electricity amount	M3,000
Principal residence amount	M150,000
Schooling amount, per child	M1,000
Secondary home amount	M20,000
Vehicle amount	M20,000

Sixth Schedule
Declining balance depreciation rates

Group	Assets included	Depreciation rate
1	Automobiles; taxis; light general purpose trucks; tractors for use over-the-road; special tools and devices	25%
2	Office furniture, fixtures, and equipment; computers and peripheral equipment and data handling equipment; buses; heavy general purpose trucks; trailers and trailer mounted containers; construction equipment	20%
3	Any depreciable asset not included in another group	10%
4	Railroad cars and locomotives and railroad equipment; vessels, barges, tugs and similar water transportation equipment; industrial buildings; engines and turbines; public utility plant	5%
5	Mining	100%

Value added tax (VAT)

Standard rate (all other taxable supplies and services)	15%
Supplies of electricity	10%
Telecommunications	15%
Basic foods and agricultural inputs	0%
Exports	0%