

**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**

<b>Chargeable income</b>	<b>Rate of tax</b>
First M70,500	20%
Over M70,500	30%
Personal tax credit	M11,040

**Withholding tax rates**

	<b>Rate of tax</b>
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**

<b>Nature of income</b>	<b>Rate of tax</b>
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%