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Instructions for Company Income Tax Return (Form S128-C) For Year Ended 31 March 2016 (or Other Approved Year)

General Instructions

Which Companies Must File an Income Tax Return

What is a company? A company is a body corporate or unincorporated, whether created or recognized under Lesotho law or elsewhere, but it does not include an individual, partnership, trust, or estate. Sole traders are not considered companies and must file Form S128-I, Individual Income Tax Return, instead of a company income tax return.

Lesotho resident companies. A resident company is a company incorporated or formed under Lesotho law, or a company managed or controlled in Lesotho, or a company that undertakes the majority of operations in Lesotho. A branch in Lesotho of a non-resident company is treated as a separate company that is a resident company.

A Lesotho resident company is required by law to file a return of its total income from all sources (except income exempt from tax) and calculate the tax due for the assessment year ended 31 March 2016 (or such other 12-month period ending after 31 March 2016 as the Commissioner Domestic Taxes granted in response to a written application).

Non-resident companies. A non-resident company is any company that is not a resident company.

A non-resident company is required by law to file a return of its total Lesotho-source income and calculate the tax due for the assessment year ended 31 March 2016 (or such other 12-month period ending after 31 March 2016 as the Taxpayer Commissioner Domestic Taxes granted in response to a written application). Foreign-source income and income exempt from tax in Lesotho is excluded. Also, income subject to a final withholding tax in Lesotho is excluded unless the company makes an election under section 109(1) of the Income Tax Act 1993. See the instructions for Part A for the definition of Lesotho-source and foreign-source income.

When To File and Pay

The company's return must be filed and the tax due must be paid no later than 30 June 2016 (or the last day of the 3rd month after the end of the assessment year, if later). If the company is unable to file by the due date, it may apply in writing to the Commissioner Domestic Taxes for an extension of time to file. An extension to file does not affect the due date for payment. The company also may apply in writing to the Commissioner Domestic Taxes for an extension of time to pay if it can show good cause for not paying on time.

Penalties and Interest

There are penalties if the company fails to file the return on time or pay the tax when due, including the possibility of imprisonment of the nominated officer. Interest is also charged if the company does not pay the tax on time.

How To Complete the Return

Complete only those parts of the return that apply to the company. Express all figures in Maloti. After you have completed Parts A through E, transfer the income amounts and credit for foreign tax paid to Part F. Be sure to read the line instructions, if any, that apply to the line you are completing. If there are no instructions for a line, that line is considered self-explanatory. Finally, be sure the nominated officer of the company signs the declaration at the bottom of page 7. Also, be sure that the person the company paid to prepare the tax return signs the declaration of paid preparer on page 7.

Specific Instructions

Part A – Lesotho-Source Business Income and Expenses

Accounting method. Generally, the company may use either the cash or accrual method of accounting**.**
Under the cash method, income is taken into account when received or made available to the company and expenses are taken into account when paid. Under the accrual method, income is taken into account when earned and expenses are taken into account when incurred.

Exceptions:

- The company **must** use the accrual method in all years after the first year its gross income exceeds M 150,000.
- The company **must** use the percentage-of-completion method to account for long-term contracts (relating to manufacturing, installation, or construction). See section 55 of the Income Tax Act 1993 (as amended).
- Chargeable income derived from carrying on an insurance business must be calculated in accordance with Part IV of Legal Notice No. 23 of 1994 (Income Tax Regulations, 1994).

Lesotho-source income and foreign-source income. Be sure you enter all income and deductions in the correct part of this form (Part A for Lesotho-Source Business Income, Part B for Foreign-Source Business Income, and Part C for Property Income). Income is Lesotho-source income if it is:

- Derived from an activity that occurs in Lesotho; or
- Derived from services performed under a contract entered into with the Lesotho Government; or
- Derived by a resident of Lesotho from services performed as a driver of a vehicle, or an officer or member of the crew of any vehicle or aircraft, where the services are performed both in and out of Lesotho; or
- Derived from immovable property located in Lesotho, including gains from the disposal of an interest in such immovable property and from the disposal of shares in a company the property of which consists directly or indirectly principally of interests in immovable property located in Lesotho; or
- Derived by a resident of Lesotho from the disposal of movable property, other than business income derived from a business conducted outside of Lesotho; or
- Derived from the disposal of a membership interest in a resident company; or
- Derived from the rental of movable property used in Lesotho; or
- Derived from the sale or license of industrial or intellectual property used in Lesotho; or
- Interest where the debt is secured by immovable property located in Lesotho, where the borrower is a resident of Lesotho, or where the borrowing relates to a business carried on in Lesotho; or
- A dividend, management fee, or director's fee paid by a resident company; or
- A natural resource payment for a natural resource taken from Lesotho; or
- Derived by a resident of Lesotho in carrying on a business as owner or charterer of a vehicle, vessel, or aircraft.

This definition applies to all sources of income, including income that is not business income.

Any income that is not Lesotho-source income is foreign-source income.

Part A, Line 1

Enter Lesotho-source business income, commercial farming income, and manufacturing income in the proper column. See the definitions below.

Attach a schedule detailing each type of income and gain included on this line.

Business income. Business income means the profits or gains arising from a business. Such income includes:

- Gains on the disposal of business assets or on the satisfaction of business debts, whether or not the asset or debt was on capital or revenue account (see below);
- Business income or loss from partnerships (see below);
- Business income from trusts and estates (see below);
- A payment received as consideration for accepting a restriction on the capacity to carry on business; and
- Income from cancellation of business debts incurred by the company.

Manufacturing income. Manufacturing means the substantial transformation of tangible movable property, but it does not include construction, installation, assembly, transportation, power generation, or the provision of public utility services. Resident companies (not including Lesotho branches of non-resident companies) are taxed on Lesotho-source manufacturing income at 10%.

Foreign-source manufacturing income and Lesotho-source manufacturing income of non-resident companies (including Lesotho branches of non-resident companies) is taxed at the same rate as non-manufacturing business income.

Commercial farming income includes all farming operations, including pastoral or agricultural.

Gain on the disposal of an asset is the excess of the consideration received over the adjusted cost base of the asset.

Cost base. The cost base of an asset is the asset's tax cost, which is determined as follows:

- The tax cost of an asset purchased, produced, or constructed by the company is the amount paid or incurred by the company and the market value of any consideration in kind given for the asset.
- The tax cost of an asset acquired in a non-arm's length transaction (other than by gift) is the fair market value of the asset at the date of acquisition.
- The tax cost of an asset acquired by gift is the greater of the adjusted cost base of the transferor or the fair market value of the asset at the date of acquisition.
- The tax cost of an asset acquired in a transaction in which a gain is not taken into account is the adjusted cost base of the asset given in exchange, or the adjusted cost base of the transferor, as the case may be.
- Where a part of an asset is disposed of, the adjusted cost base of the asset is apportioned between the part of the asset retained and the part disposed of in accordance with their market values at the time of acquisition.

Consideration. Consideration is the cash plus the market value of any property received on the disposal. If the asset was disposed of in a non-arm's length transaction (other than by gift), the disposer is treated as having received consideration equal to the fair market value of the asset at the date of disposal. If the asset was disposed of by gift, the disposer is treated as having received consideration equal to the greater of the adjusted cost base of the disposer or the fair market value of the asset at the date of disposal.

Business income or loss from partnerships. A partnership is required to make a separate return of partnership income. Enter on this line the company's share of partnership business income or loss. Attach a schedule detailing the name, address, TIN, and amounts allocated to the company for each partnership. If the company is claiming a loss, you must also calculate the company's adjusted cost base in the partnership and show the amount of any loss carried forward from a prior year.

The company's distributive share of partnership loss is allowed only to the extent of the adjusted cost base of the company's partnership interest at the end of the assessment year in which the loss occurred, and any excess of such loss over such base may be carried forward. At the end of each assessment year, the company's adjusted cost base is increased by the sum of the company's distributive share of both taxable and tax-exempt income and decreased (but not below zero) by the company's distributive share of distributions, losses, and non-deductible expenses.

Business income from trusts and estates. A trust or estate is required to make a separate income tax return. Enter on this line the company's share of the trust or estate business income. No beneficiary is allowed a deduction for a loss from a trust or estate. Attach a schedule detailing the name, address, TIN, and amounts allocated to the company for each trust or estate.

Part A, Lines 2a through 2g

Expenses. Generally, a deduction is allowed for any business expense or loss (including a depreciation or amortisation expense), but only to the extent paid or incurred by the company during the year of assessment in the production of income subject to tax.

However, no deduction is allowed for:

- Any expense or loss to the extent it is of a personal nature; or
- Income tax; or
- Dividends paid to shareholders (whether or not subject to advance corporation tax); or
- Expenses of acquiring, producing, or improving property or for other expenses chargeable to capital account, including indirect expenses such as depreciation, interest, or taxes incurred during the construction period; or
- The cost of a gift made directly or indirectly to an individual if the gift is excludable from the individual's gross income; or
- A fine or similar penalty paid to a government for breach of any law; or
- An insurance premium paid to a non-resident insurer for an asset or risk located in Lesotho.

Special rules apply to:

- Depreciable assets that cost less than M 50 each. The company is allowed to deduct the full cost of these assets instead of depreciating them.
- Compensation. Compensation is not deductible to the extent it exceeds a reasonable amount.
- Contributions to a complying employer superannuation fund made by the company on behalf of an employee. The total amount allowed to the company as an annual deduction is limited to the employment income paid to the employee by the company multiplied by 20% minus the employee's own contributions to the same fund.
- Donations paid to the Lesotho Sports and Recreation Commission. See the instructions for Part A, line 2g.
- Meals and entertainment. Only 50% of otherwise allowable deductions for entertainment or meals is allowed (unless the cost of providing the entertainment or meal is subject to the fringe benefits tax or is an exempt fringe benefit).
- Bad debts. A deduction is allowed when the debt is written off in the company's accounts.
- Approved training expenses. If the company is carrying on a business in Lesotho, it is allowed to deduct 125% of the expenses approved by the Commissioner Domestic Taxes and incurred for training or tertiary education of a citizen of Lesotho it employed in a business the income from which is subject to tax in Lesotho.
- Prepaid expenses, Expenses not of a capital nature that relate to a service or other benefit extending beyond 3 months after the end of the year of assessment are allowed proportionately over the years of assessment to which the service or other benefit relates.

Part A, Line 2a

Cost of sales or operations. If the company maintains stocks of goods in process or of finished goods, it must establish and maintain inventories of such stocks. Enter on this line the deduction for cost of goods sold.

The deduction for the cost of goods sold is determined by adding to the opening trading stock the cost of goods acquired during the year, and subtracting the closing trading stock.

If the company is a cash-basis Taxpayer, it may calculate the cost base of trading stock on the prime-cost or absorption-cost method. If it is an accrual-basis Taxpayer, it must calculate the cost base of trading stock on the absorption-cost method.

The value of trading stock on hand at the end of the year of assessment is the lower of its cost base or market value at that date. Where particular items of trading stock are not readily identifiable, the company may account for the trading stock on the first-in-first-out method or the average-cost method.

Part A, Line 2d

Interest expense. Generally, interest incurred on a loan used by the company in the production of income subject to tax is deductible. However, if the company is a resident company not principally engaged in the money-lending business, interest paid on that part of the debt in excess of a 3 to 1 debt-to-equity ratio is not allowed.

Part A, Line 2e

Depreciation. A deduction is allowed for depreciation of the company depreciable assets, other than an asset with a cost of less than M 50, for which the cost is treated as an expense. The rules for calculating depreciation are as follows:

1. Depreciable assets are classified into five groups with depreciation rates shown below in the **Declining Balance Depreciation Rates Table**.

Declining Balance Depreciation Rates Table		
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%

2. Where an election under (4) below is not made, the depreciation allowed for each asset is –
   A x B x C/D where –
   A is the relevant depreciation rate specified above; and
   B is the adjusted cost base of the asset; and
   C is the number of days in the year of assessment during which the asset was used in the production of income subject to tax; and
   D is the number of days in the year of assessment.

3. Where a depreciable asset to which (2) above applies is only partly used for the purpose of producing income subject to tax, only so much of the deduction

allowed under (2) above as relates to that use is allowed as a deduction.

4. If the company so elects, the assets in groups 1, 2, and 3 are placed into separate pools for each group, and the depreciation deduction for each pool is determined under (5) through (10) below.

5. An election under (4) above -
   a. Applies only to assets wholly used in the production of income subject to tax; and applies to all such assets acquired during the year of assessment for which the election is made and subsequently; and
   b. Must be made by the due date for the return of income for such year; and
   c. Is irrevocable.

6. The depreciation deduction for each pool is calculated by applying the rate of depreciation specified above against the balance of the pool at the end of the year of assessment.

7. The balance of the pool at the end of the year of assessment is the total of -
   a. The balance of the pool at the end of the preceding year of assessment after allowing for the deduction under (6) above for the preceding year of assessment; and
   b. Half the cost of assets added to the pool in the preceding year of assessment; and
   c. Half the cost of assets added to the pool in the current year of assessment,

   Reduced, but not below zero, by the consideration received from the disposal of assets in the pool during the year of assessment.

8. Where the consideration received from the disposal during a year of assessment of assets in a pool exceeds the balance of the pool at the end of the year of assessment (disregarding those amounts), the excess is included in gross income.

9. If the balance of the pool at the end of the year of assessment, after allowing for the deduction under (6) above, is less than M 500; and no assets have been added to the pool in the current year of assessment, a deduction is allowed for the amount of the balance.

10. Where all the assets in a pool are disposed of, a deduction is allowed for the balance of the pool at the end of the year of assessment.

11. Where a company has incurred costs in more than one year of assessment for a depreciable asset, depreciation is calculated as if the costs incurred in different years of assessment were for different assets.

12. Where an industrial building is bought or sold together with land, you must apportion the total consideration reasonably to arrive at a separate value of the building.

Amortisation. Intangible assets, other than business start-up costs, having an ascertainable useful life and used for the production of income subject to tax, are amortised on a straight-line basis over the life of the asset. Costs to start up a business to produce income subject to tax are amortised as if the costs were incurred for a depreciable asset subject to a 20% declining balance depreciation rate.

Mineral extraction expenditures. Such expenditures incurred in the production of income subject to tax, in the nature of exploration, drilling, development, or the acquisition of rights, are recovered as if the costs were incurred for a depreciable asset subject to a 10% declining balance depreciation rate.

Part A, Line 2f

Foreign exchange losses. Losses of an accrual-basis Taxpayer must be taken into account on the last day of each year of assessment.

Part A, Line 2g

Other expenses and losses from business assets. Attach a schedule detailing each expense or loss included on this line.

Business losses. Except as otherwise stated below, the loss on the disposal of a business asset is allowed in determining chargeable income and is the excess of the adjusted cost base over the consideration received. See the instructions for Part A, line 1, for the definitions of cost base and consideration.

No loss is allowed on the:

- Disposal of an asset directly or indirectly to an associate of the company, or
- Disposal of a depreciable asset for which an election under rule (4) in the instructions for Part A, line 2e, has been made (other than as provided in the election rules), or
- Involuntary conversion of an asset, where the proceeds are reinvested in an asset of like kind.

Include on this line the business portion of donations paid to the Lesotho Sports and Recreation Commission. The company may deduct a charitable deduction of M 1,000 or more in cash or the value of goods and services to:

- Support sport and recreation development through the provision of sports equipment and facilities, and
- Provide sponsorship of different sports codes and sport competitions and tournaments at different levels of the sports development continuum.

The donation must be paid to the Lesotho Sports and Recreation Commission for distribution to the beneficiary sporting association body, team, or individual athlete as stipulated by the donor in a letter of donation. The donation may be disallowed if it was indirectly meant to benefit the company, the company's employees, members of their families, or the company's associates. Include the amount paid from business income on Part A or B, line 2g; the amount paid from commercial farming income on Part A or B, line 2g; and the amount paid from property income on Part E, line 3h or line 6.

Part B – Foreign-Source Business Income and Expenses

See the instructions for Part A. Enter all foreign-source business (including manufacturing) income in this part. Do not enter foreign-source rental, investment, or other income and expenses reportable in Part C.

Part C – Property and Other Income & Expenses

Lesotho-source income and foreign-source income. See the instructions for Part A.

Part C, Lines 2a through 2h

Expenses. See the instructions for Part A, lines 2a through 2g, for additional instructions that also apply to Part C. The instructions that apply to business income and expenses also apply to rental income and expenses. Do not include losses on investment assets on line 3h; instead, include such losses on line 6.

Part C, Line 5a

Interest, dividends, and royalties. Include taxable interest income, dividends, and royalties on this line, but only if it is from a non-business investment. If the income was earned in the course of the company's business or commercial farming activity, include it in Part A or B, whichever applies.

For a Lesotho resident company, **do not** include on this line dividends paid to the company by another Lesotho resident company.

For a Lesotho resident company that is also an exempt organisation, **do not** include on this line interest from which Lesotho tax was deducted at the source.

For a non-resident company, tax is withheld at 25% on the gross amount of a Lesotho-source dividend, interest, or royalty, and the tax is considered a final tax not reportable on this return. But the company must report this income if it files an income tax return. By doing so, it elects to be taxed at 40% on such income (less any deductible expenses that constitute Lesotho-source income to the person the company paid).

Part C, Line 5b

Gains on the disposal of investment assets. Attach a schedule detailing each gain included on this line.

The gain on the disposal of an asset is the excess of the consideration received over the adjusted cost base of the asset. See the instructions for Part A, line 1, for the definitions of consideration and adjusted cost base.

However, if an investment asset is an interest in immovable property held for more than 12 months, the adjusted cost base is indexed for inflation using the following formula:

$$CB \times \frac{CPI\text{-}D}{CPI\text{-}A}$$

Where:
CB = *Cost or expense of each item included in the cost base of the asset;
CPI-D = Consumer price index number (CPI) published for the quarter that ended immediately prior to the asset's disposal date;
CPI-A = CPI published for the quarter that ended immediately prior to the date the cost or expense of the item was incurred.

*Note: If the company owned the item on 1 April 1993, substitute the market value of the asset on that date.

The CPI is published by the Bureau of Statistics (BOS). You can contact BOS at:

Bureau of Statistics
PO Box 455, Maseru 100, Lesotho
Tel: +266 22 323 852 Fax: +266 310177
E-mail: itpd@bos.gov.ls

Indexing for inflation does not apply if the asset was disposed of at a loss.

Part C, Line 5c

Other income. Include taxable natural resource payments and any other taxable income not reportable on another line. If the income was earned in the course of the company's business or commercial farming activity, include it in Part A or B, whichever applies.

Net investment income or loss from partnerships. A partnership is required to make a separate return of partnership income. Include on this line the company's share of investment income or loss. Attach a schedule detailing the name, address, TIN, and amounts allocated to the company for each partnership. If the company is claiming a loss, you must also calculate the company's adjusted cost base in the partnership and show the amount of any loss carried forward from a prior year.

The company's distributive share of partnership loss is allowed only to the extent of the adjusted cost base of the company's partnership interest at the end of the assessment year in which the loss occurred, and any excess of such loss over such base may be carried forward. At the end of each assessment year, the company's adjusted cost base is increased by the sum of the company's distributive share of both taxable and tax-exempt income and decreased (but not below zero) by the company's distributive share of distributions, losses, and non-deductible expenses.

Net investment income from trusts and estates. A trust or estate is required to make a separate income tax return. Include on this line the company's share of the trust or estate net investment income. No beneficiary is allowed a deduction for a loss from a trust or estate. Attach a schedule detailing the name, address, TIN, and amounts allocated to the company for each trust or estate.

Part C, Line 6

Expenses and losses from investment assets and donations paid to the Lesotho Sports and Recreation Commission. Attach a schedule detailing each expense or loss included on this line.

Investment losses. Except as otherwise stated below, the loss on the disposal of an investment asset is allowed in determining chargeable income and is the excess of the adjusted cost base over the consideration received. An investment asset is an asset that is neither a business asset nor an asset held primarily for personal use. See the instructions for Part A, line 1, for the definitions of cost base and consideration.

The losses the company includes on this line cannot be more than the gains you enter on Part C, line 5b. If the losses exceed the gains, the excess is treated as incurred in the following year.

No loss is allowed on the:

- Disposal of an asset directly or indirectly to an associate of the company, or
- Involuntary conversion of an asset, where the proceeds are reinvested in an asset of like kind.

Include on this line the investment portion of certain donations paid to the Lesotho Sports and Recreation Commission (see the instructions for Part A, line 2g).

Part D – Chargeable Income

Part D, Line 1e

Manufacturing losses brought forward from prior years (for income taxed at 10%). A net loss from manufacturing (for income taxed at 10%) is allowed only against manufacturing income taxed at 10% and any amount not allowed in the current assessment year is carried forward to the next assessment year. If the company had such a net loss carried forward from the previous assessment year, enter that amount on line 1e.

Part D, Line 2e

Lesotho-source commercial farming, business, property, and other losses brought forward from prior years. A net Lesotho-source loss from commercial farming, business, property, and other sources is allowed only against income from the same sources and any amount not allowed in the current assessment year is carried forward to the next assessment year. If the company had such a net loss carried forward from the previous assessment year, enter that amount on line 2e.

Part D, Line 3e

Foreign-source commercial farming, business, property, and other losses brought forward from prior years. A net foreign-source loss from commercial farming, business, property, and other sources is allowed only against income from the same sources and any amount not allowed in the current assessment year is carried forward to the next assessment year. If the company had such a net loss carried forward from the previous assessment year, enter that amount on line 3e.

Part E – Credit for Foreign Tax Paid

A Lesotho resident company is entitled to a foreign tax credit against Lesotho income tax for any foreign income tax imposed directly or indirectly on that resident on foreign-source income taxed in Lesotho.

Part E, Column (b)

Foreign tax paid on the amount in column (a). Enter the amount of foreign tax paid on the income shown in column (a). The company must keep in its records for 4 years evidence of any foreign tax paid, such as dividend warrant counterfoils, certificate of tax deducted, or statement from the company's partnership. Do not attach it to the company's tax return.

Part E, Column (c)

Lesotho tax on the amount in column (a). To calculate the amounts to enter on lines 1c and 1f of column (c), you must multiply the foreign source net income in column (a) of line 1c or 1f by the average rate of Lesotho tax.

If the company had no chargeable commercial farming income for the assessment year, the average rate of Lesotho tax is 25%.

If the company had no chargeable income other than chargeable commercial farming income, the average rate of Lesotho tax is 10%.

If the company had both chargeable commercial farming income and other income, you must complete the **Lesotho Tax Computation Worksheet for Part E, Column (c), Line 1c** below to calculate the amount to enter on line 1c of column (c). To calculate the amount to enter on line 1f of column (c), you must multiply the foreign source net income on line 1f of column (a) by 25% (which is the average rate of Lesotho tax on property and other income).

Lesotho Tax Computation Worksheet for Part E, Column (c), Lines 1c and 1f	
1. Enter the amount from Part E, line 1c in column (a)	
2. Multiply line 1 above by 10%. Enter the result here and on Part E, line 1c, column (c)	
3. Enter the amount from Part E, line 1f in column (a)	
4. Multiply line 3 above by 25%. Enter the result here and on Part E, line 1f, column (c).	

Part F – Tax Computation

Part F, Line 1g

Branch profits tax on repatriated income. This tax applies only to a Lesotho branch of a non-resident company. To calculate the tax, complete the worksheet below. Attach it (or a similar statement) to the tax return.

Worksheet - Branch Profits Tax on Repatriated Income	
1. Enter the amount from Part F, line 2, column (a) (chargeable income)	
2. Enter the amount from Part F, lines 1a through 1e, column (c) (tax on chargeable income)	
3. Subtract line 2 from line 1 above	
4. Enter the part of the amount on line 3 reinvested in the branch (**Caution:** Any funds transferred by the branch outside of Lesotho are treated as used **before** determining how much was reinvested, regardless of the accounting treatment by the branch)	
5. Subtract line 4 from line 3 above	
6. **Branch profits tax on repatriated income.** Multiply line 5 by 25%. Enter this amount in Part F, line 1f.	

Part F, Line 3b

Tax withheld on payments to Lesotho resident contractors. For a Lesotho resident company in the construction business, Lesotho income tax may have been withheld at a rate of 5% from the payments received. Enter the amount of such tax withheld and attach the tax withholding certificate the company received from the payer.

Part F, Line 3c

Tax withheld on interest income paid to Lesotho residents. For a Lesotho resident company, Lesotho income tax may have been withheld at a rate of 10% from the interest income received. If the company is not an exempt organisation, enter the amount of such tax withheld and attach the tax withholding certificate the company received from the payer. For an exempt organisation, the interest income is excluded from income and no credit is allowed for the tax withheld.

For a company or exempt organisation that is a partner in a Lesotho resident partnership, Lesotho income tax may have been withheld at a rate of 10% from the interest income received by the partnership. Enter the company's or exempt organisation's distributive share of the amount of such tax withheld. Also attach a statement from the partnership that shows the company's or exempt organisation's distributive share.

Part F, Line 3d

Tax withheld on service income payments to non-residents. For a non-resident company that received payments under a Lesotho-source services contract, Lesotho income tax may have been withheld at a rate of 10% from the payments received. Enter the amount of such tax withheld and attach the tax withholding certificate if the company is filing this return because it has elected to be taxed by assessment at a rate of 40% on the company's net income. If the company does not file a tax return, the withheld tax is a final tax.

Part F, Line 3e

Tax withheld on dividends, interest, royalties, management charges, and other income paid to non-residents. For a non-resident company that received Lesotho-source dividends, interest, royalties, or natural resource payments, or that provided management or administrative services used solely in the production of manufacturing income subject to a reduced tax rate, Lesotho income tax may have been withheld at a rate of 15% or 25% from the payments received. Enter the amount of such tax withheld and attach the tax withholding certificate if the company is filing this return because it has elected to be taxed by assessment at a rate of 40% on the company's net income. If the company does not elect file a tax return, the withheld tax is a final tax.

> ***Caution:*** A Lesotho resident company cannot claim a credit for Lesotho income tax withheld on interest income because the withheld tax is a final tax and the interest income is excluded from gross income.

Part F, Lines 3f through 3h

Income tax paid in advance installments. Enter on the applicable line each installment of Lesotho income tax paid in advance for the assessment year. If the company was required to pay its tax in installments, the installments should have been paid no later than 30 September 2015, 31 December 2015, and 31 March 2016 (or, if a different assessment year was approved by the Commissioner Domestic Taxes, on the last day of the 6th, 9th, and 12th months after the date that year commenced). Also include advance corporation tax paid on dividends to shareholders (under Income Tax Act 1993 section 87) on the line for the first installment due after each dividend was paid.

Part F, Line 3i

Advance corporation tax payments. If the company paid dividends during the assessment year, it was required to make advance corporation tax payments and file Form S87, Advance Corporation Tax Return. The company may set off these payments against a liability for installment tax payments arising after the dividend was paid or a final income tax liability after set off of the income tax installments. Enter the amount the company elects to set off against its income tax liability (after deducting the income tax installments reported on lines 3f through 3h) for this assessment year.

Part F, Line 5

Tax due. The amount on line 5 is the amount the company must pay when you file the return. You may file the return at any of the following locations:

- First National Bank (FNB), Nedbank, or Standard Lesotho Bank, or
- Tax Advice Centre, Finance House, Maseru, or
- Regional Tax Advice Centre, Leribe, or
- Regional Tax Advice Centre, Mohale's Hoek.

You may also send the return by post to the Commissioner Domestic Taxes, PO Box 1085, Maseru 100.

The company may pay by cash, cheque, or banker's draft if you bring the return to a bank or the Tax Advice Centre. If you send the return by post, the company may pay by cheque or banker's draft made payable to "Commissioner Domestic Taxes." **Do not send cash.**

Part F, Line 6

Tax overpaid. The amount on line 6 is the amount that will be refunded to the company if it has ticked the box on line 6, has no outstanding tax liabilities, and has made no errors in completing its return. See the Part F, line 5 instructions to find out how to file the return.

Normally, the refund will be sent to the company within 46 calendar days of filing the return.

Part G – Statement of Financial Position

Enter the amounts as shown on the company's accounting books and records for the years ended 31 March 2015 and 31 March 2016 (or such other 12-month periods ending after 31 March 2015 and 31 March 2016 as the Commissioner Domestic Taxes granted in response to a written application). Attach a copy of any explanatory notes to the company's financial statements, but you do not have to attach a complete copy of the financial statements.

Part H – Reconciliation of Book Income (Loss) to Chargeable Income

On line 1, enter the income or loss shown in the company's accounting books and records. Do not enter the company's chargeable income. Include both business and property income or loss. Attach a copy of any explanatory notes to the company's financial statements, but you do not have to attach a complete copy of the financial statements.

Declaration of Paid Preparer

Before you file the company's return, you must be sure the person the company paid to prepare its tax return signed the declaration in the middle of page 7.

Declaration of Nominated Officer

Before you file the company's return, the nominated officer must sign the declaration at the end of page 7. If the company gave false information or concealed any part of its income, the nominated officer can be prosecuted.