

## PAYING TAXES

### What are the details?

The indicators reported here for Lesotho are based on the taxes and contributions that would be paid by a standardized case study company used by *Doing Business* in collecting the data (see the section in this chapter on what the indicators cover). Tax practitioners are asked to review a set of financial statements as well as a standardized list of assumptions and transactions that the company completed during its 2nd year of operation. Respondents are asked how much taxes and mandatory contributions the business must pay and how these taxes are filed and paid.

#### LOCATION OF STANDARDIZED COMPANY

**City: Maseru**

The taxes and contributions paid are listed in the summary below, along with the associated number of payments, time and tax rate.

Table 8.2 Summary of tax rates and administration

Tax or mandatory contribution	Payments (number)	Notes on payments	Time (hours)	Statutory tax rate	Tax base	Total tax rate (% of profit)	Notes on total tax rate
Corporate income tax	4		70	10%	taxable profits (paid only if higher than ACT)	10.8	
Property tax	1		0	2.75%	property value	2.7	
Tax on interest	0		0	10%	interest income	0.3	withheld
Vehicle taxes	1		0	M 921	fixed fee	0.1	
Land tax	1		0	9c per square meter	property area	0	
Fuel tax	1		0		included into the fuel price	0	small amount
Personal income tax	12		104	22-35%	taxable salaries	0	withheld
Value added tax (VAT)	12		150	14%	value added	0	not included
Capital gains tax	0	paid jointly	0	25%	capital gains	0	included in other taxes

Tax or mandatory contribution	Payments (number)	Notes on payments	Time (hours)	Statutory tax rate	Tax base	Total tax rate (% of profit)	Notes on total tax rate
Totals	32.0		324.0			13.6	

Source: *Doing Business* database.