THE PARLIAMENT OF LESOTHO

CUSTOMS BILL, 2026

STATEMENT OF OBJECTS AND REASONS

(Circulated by the authority of the Honourable Minister responsible for Finance, Dr Retšelisitsoe Matlanyane)

The main object of the Bill is to repeal current Customs and Excise Act, No.10 of 1982, as amended, in order to adopt best international practices and to comply with international instruments such as a Preferential Trade Agreement (PTA) between the Southern African Customs Union (SACU) and the Common Market of the South (MERCOSUR), known as the SACU-MERCOSUR PTA and Economic Partnership Agreement (EPA) between Southern African Development Community (SADC) and the European Union (EU), known as the SADC-EU EPA and Trade Facilitation Agreement (TFA) which entered into force on the 22nd February 2017, and other customs instruments such as the Revised Kyoto Convention (RKC) as well as the WCO SAFE Framework of Standards.

To align with TFA standards, the Bill gives the Commissioner General powers to hold stakeholder's engagements before any revenue related legislation is drafted and ultimately gazetted. The intention is to ensure that stakeholders are engaged on the proposed changes that are likely to affect their operations. The Bill further gives the Commissioner General powers to designate Revenue Services Lesotho (RSL) officials as customs officers or may, with the concurrence of an organ of state or other institution with whom the Commissioner General has concluded an agreement with, designate persons in the service of that organ of state or institution as customs officers and in a special case, designate any competent person to act as a customs officer for a specific purpose during a specific period. However, the Bill provides exceptions in case a person has a direct financial interest in the position of a customs officer. The Bill further grants the Commissioner General with powers to enter into agreements with other customs

administrations in order to, amongst others, provide for co-operation, including exchange of customs information and facilitation of customs processes.

To implement confidentiality clauses, the Bill provides for few exceptions. The Bill allows confidential information to be disclosed to organisations such as the Central Bank of Lesotho, Bureau of Statistics, Ministries of Trade and Industry and Finance, the Police as well as the Directorate of Corruption and Economic Offences.

The Bill further provides for appointment of places of entry such as customs airports, rail and road border crossings. It also gives the Minister responsible for finance powers to designate road border crossings for commercial traffic purposes. In order to implement international instruments such as the TFA, the Bill gives the Minister powers to enter into agreements with other countries for purposes of a joint one-stop shop for loading and off-loading of goods. The Bill further gives the Commissioner General powers to designate customs controlled places such as container terminals, air cargo terminals, warehouses and state warehouse.

The Bill proposes processes and procedures relating to treatment of goods that are imported or exported by air, train or vehicles. Where goods are imported or exported, the Bill provides for procedures to be followed for clearance of imported or exported goods, processing and release of such goods, persons who are allowed to submit clearance declarations, validity as well as withdrawal of clearance declarations. The Bill further provides for, goods which are excluded from clearance of goods requirements. Such exclusions are human remains, goods which have no commercial value such as letters, postcards or any other commodity that may be determined by the Commissioner General as having no value. The Bill further provides for processing of travelers, crew and personal effects.

In determining taxes due to the Commissioner General, the Bill proposes procedures regarding transportation, loading and off-loading of goods not in free circulation. For instance where goods not in free circulations are transported, broken, stored, sealed or packaged, loaded and off-loaded, they shall be treated in terms of the conditions provided for in the Bill.

In terms of RKC, a WCO blueprint on customs procedures, WCO Members have to align to all standards provided under this instrument. The Bill therefore provides for a

number of customs procedures. Though these are termed as "customs procedures" they are substantive in nature hence they are addressed in the Bill. Further details on these procedures will be specified in implementing regulations to this Bill. The Bill therefore outlines all thirteen (13) procedures in the following manner:

Customs Procedure	Explanatory note
Home Use	Goods not in free circulation are cleared and released for use in Lesotho.
National and International Transit	Goods not in free circulation are transferred from one place to another, e.g from Maseru to Maputsoe. International is when such goods transit Lesotho to another country. No formalities are applicable as goods are destined to another country.
Excise Warehouse Transit procedure	A customs procedure that allows goods to be transported, without first clearing the goods for home use from a place in Lesotho to a licensed excise warehouse for storage and manufacturing purposes.
Transshipment Procedure	A customs procedure where goods are off-loaded from the aircraft on board of which the goods are imported into Lesotho and then loaded on board aircraft that will transport the goods out of Lesotho.
Temporary Admission procedure	Goods not in free circulation are imported into Lesotho for a prescribed period without payment of duties and taxes and thereafter such goods re-exported

Warehousing procedure	Goods not in free circulation are stored in a warehouse pending another customs procedure for which such goods are intended
Tax-free shop procedure	A procedure that allows goods whether in free circulation or not in free circulation to be sold to persons entering or leaving Lesotho, tax free in retail quantities on premises situated within an airport or railway travellers terminal or border-post licensed as a tax free shop.
Stores procedure	Treatment of goods such as food, tobacco and drinks used in the plane and Crew personal effects
Export procedure	An outright export of goods
Temporary Export procedure	Goods not in free circulation is exported for a prescribed period and thereafter re-imported
Inward processing procedure	Goods not in free circulation imported in Lesotho without clearance processed and exported.
Home use processing procedure	A procedure that allows imported goods to be processed on home use processing premises without clearing the goods for home use.
Outward processing procedure	A procedure that allows goods to be exported from Lesotho under the procedure for processing abroad and then imported into Lesotho and cleared and released for home use.

The Bill empowers the Commissioner General to impose import duty on goods cleared for home use or any other customs procedure. The Bill provides for deferment regime, which is a regime that allows a trader to pay what is due to the Commissioner General on deferred payment method and such payment shall not attract interest. The

Commissioner General may however, suspend, withdraw or cancel deferment benefit where an importer fails to comply with terms and conditions of the regime.

Where duties are applicable on imported goods, the Bill gives the Commissioner General powers to assess such goods and demand payment thereof. For determination of duty payable by the importer, the Bill allows the importer or exporter to make tariff classification of goods and where necessary, the Commissioner General may make re-determination on such goods.

In determining the value of goods, the Bill provides for self-determination by an importer and where Commissioner General is not satisfied with such determination, the Bill further provides for re-determination. The Bill further gives the Commissioner General powers in determining the origin of goods, to consider rules of origin as provided for under SACU-MERCOSUR PTA and SADC-EU EPA agreements. In case an importer intends to import or export goods, the Bill provides for advance ruling on tariff, valuation or origin of goods of a specific class or kind prior to an intended importation or exportation of goods.

The Bill grants the Commissioner General with powers to request all persons entering Lesotho to declare all personal effects which such persons have at the place of entry. Any person who fails to unreservedly declare commits an offence.

The Bill obliges a person who import international postal articles that are not exempt from clearance requirements for imported goods shall declare such international postal articles in accordance with home use or permissible customs procedure. The Bill further provides that an importer or exporter may have access to the goods, that is to take samples of the goods or perform any other action in relation to the goods for purposes of testing for verifying the following amongst others the nature or characteristics of the goods, the quality or content of the goods, the tariff classification, customs value or origin of the goods, and for presentation as evidence in a court of law.

The Bill empowers the Commissioner General to waive clearance requirements in cases where a person who wishes to submit a clearance declaration, but does not have all the necessary information or documents at hand to submit an application to the Commissioner General for the clearance and release of goods for home use or a customs procedure pending submission of all clearance requirements.

Where goods are destroyed, damaged or abandoned, the Bill requires a person in physical control of such goods to notify the Commissioner General. Failure to notify the Commissioner General makes it an offence. The Bill further requires an owner of damaged goods that are not in free circulation and the owner chooses not to obtain release of damaged goods for home use or any other customs procedure and wishes to abandon the goods, to apply to the Commissioner General for abandonment.

The Bill provides that a person who is in physical control of goods imported into Lesotho that are not cleared and released, to remove the goods to a state warehouse for storage pending compliance. The Bill further provides that a person who wishes to manage, operate or use premises or facilities which are customs controlled areas to make an application for a license to the Commissioner General. Persons who are eligible to operate facilities which are licensed premises are carrier of dutiable goods; customs broker; stores supplier; persons importing goods for home use; persons importing goods for inward processing; or exporting inward processed goods for compensating products.

The Bill makes provisions for new and modern customs initiative, namely Preferred Trader Scheme or commonly known as Accreditation. It is a scheme meant to promote compliance by reducing inspection cost to trade and minimising delays associated with import and export inspection and other processes. It provides for a process of issuance of a certificate from registration of applicants who qualify up to a stage where the Commissioner General may suspend or cancel the certificate. As an incentive to compliant traders, the Commissioner General shall provide benefits that may be revised from time to time.

The Bill empowers the Commissioner General to request from a person who is registered as an importer, a security in respect of any goods on which tax is or may become payable if, for any reason, the payment or recovery of the tax on the goods is or will be at risk, including to cover any tax risk in relation to the goods. The Bill further empowers the Commissioner General to recover any debt such as administrative fines, any costs or expenses or proceeds of the sale due, from any person liable.

The Customs and Excise Act of 1982, as amended, provides enforcement functions, amongst others, search, arrest, examination of records and inspection of goods. This Bill seeks to propose more functions such as power to arrest without a warrant if any person obstruct customs officers from executing their functions. The law further gives customs

officers' powers to use firearms in self-defense from imminent death or grievous bodily harm.

Where a person fails to comply with requirements of the proposed law the Bill grants the Commissioner General with powers to detain any goods or documents for purposes of investigating and determining tax due.

The Revenue Services Lesotho as an agency of other government agencies at ports of entry is mandated by the Government of Lesotho to control importation or exportation of restricted or prohibited goods. For implementation of international instruments related to control of counterfeit goods, the Bill grants the Commissioner General with powers to detain or seize upon importation any counterfeit goods. For determination of disputes, the Bill establishes dispute resolution committee which shall consist of representatives from the Commissioner General`s office, Commissioner responsible for border control and Legal Unit and customs technical officers. In an endeavor to align with best practices, the Bill further introduces new initiative on voluntary disclosure relief .This scheme allows a person who has paid or is liable for the payment of duty or interest or who received or is entitled to receive a refund or drawback on duty paid, to apply to the Commissioner General for voluntary disclosure relief if the person knows or suspects that such duty, interest, refund or drawback is incorrect because of a faulty duty determination.

The Bill introduces administrative penalty concept, where the Commissioner General may impose penalties to traders that have committed minor offences that are not necessarily provided for in the Bill as offences, but are non-compliances acts that would not necessarily grant prosecution in the courts of law.

The Commissioner General is powered to establish a computer system for processing of declarations at ports of entry. The system shall be used by registered users only. It provides for a process of issuance of certificate from registration of applicants for those who qualify up to a stage where the Commissioner General may suspend or cancel the certificate in case of non-compliance or abuse of issued certificate.