

## INTERNATIONAL

**Lesotho trims tax rate on textile exporters**

Johannesburg - The government of Lesotho has announced a zero tax rate on certain of its clothing exporters. The cut was to diversify the country's export range, Lesotho finance minister Timothy Thahane said yesterday.

Commark Trust, a regional development agency, said Lesotho was the largest sub-Saharan exporter of clothing to the US.

"Lesotho's tax cuts mean that any manufacturer supplying the US or Europe from within Lesotho will be free from company tax," Commark Trust spokesperson Andy Salm said.

However, Thahane said only those firms that were up to date on tax payments and had a valid tax clearance certificate from the Lesotho Revenue Authority would be eligible for the zero rate.

"Lesotho's move to lower its tax was in a bid to increase investments and sustain the industry in the country," said Salm.

"Lesotho is trying to garner support for its textile industry and lowering the taxes across the board is just one way of doing so."

Further tax decreases included "income generated from farming and manufacturing", from 15 percent to 10 percent.

Thahane said: "Lesotho is trying to market itself as a country that upholds strong labour ethics. By lowering the tax rate, Lesotho is trying to maintain the capacity of the industry in order to attract the larger international buyers."

Thahane's statement was in response to investors who opted for South Africa's lower general company tax rate, instead of Lesotho's.

"To put an end to firms taking advantage of the lower tax rate in South Africa and to further improve [Lesotho's] competitiveness, Lesotho is cutting the general company tax rate from 35 percent to 25 percent effective from April 1," Thahane said.