

## TIWB Programme N° F2015-0003

Host Administration:  
**Lesotho Revenue Authority (LRA)**

Expert Source:  
**Her Majesty's Revenue and Customs (HMRC), United Kingdom**

Programme Dates:  
***December 2015 – January 2019***

TIWB tax audit assistance in transfer pricing (TP) and international taxation issues was provided to Lesotho by HMRC experts. Eleven on-site missions, including ad-hoc remote assistance, was delivered from December 2015 to January 2019. A total of seven audit cases were progressed in the manufacturing, mining and banking sectors. The main tax issues covered included intangibles, intra-group financing and intra-group services, risk assessment, and TP. The LRA and the TIWB Experts rated the support provided by the TIWB Secretariat highly.

### **Impact of the practical audit assistance programme**

The TP audit assistance programme helped Lesotho achieve the following results:

- **Human Resource Development - Skill and Knowledge Transfer:** Ten trained tax officials from the Host Administration learned to effectively conduct functional and ratio analysis, allocate risks, and develop legal arguments. Further improvements were observed in their communication skills with the taxpayer relating to interviewing techniques: the officials better prepared for meetings, conducted stronger post-interview assessments and strengthened their case governance and planning. They also gained substantial knowledge in various TP transactions.
- **Institutional Development – Legislative changes, tools, process and procedures:** Together with the TIWB Experts, the LRA developed an internal audit manual and recommended changes to the draft TP legislation, regulations, and general audit processes.
- **Lessons Learned:** A clear structure of the TIWB programme, along with an agreed work plan, leads to more effective and impactful capacity building. Effective legislation can have a significant impact on taxpayer compliance and tax administration organisational culture.