



## SPOKESPERSON V CONSTITUTIONAL GOVERNMENT



## MEDIA RELEASE

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### **Timor-Leste clarifies international tax and customs obligations**

Given the successful international workshop conducted last week including one on private investment, it is important to clarify some confusion articulated in the local press regarding international companies and tax obligations.

There is no legal requirement for a company to be registered in Timor-Leste if they are simply supplying goods to the intended owner in Timor-Leste. If an international company is a supplier of goods to a local person, company, Government agency or Institution in Timor-Leste, the supplier is not required to be a registered company and is not required to have a Tax Identification Number (TIN). There is no legal requirement for a company to be registered in Timor-Leste to apply for an international tender and there is no legal requirement for a company to be registered in Timor-Leste to be awarded a tender.

All individuals, companies or Government agencies importing goods into Timor-Leste are required to pay customs and taxes to the State when the goods arrive. The party deemed responsible for these duties and taxes is identified by having their name on both the Bill of Lading and on the Customs Declaration.

National Parliament, in its infinite wisdom, ensured Government agencies procuring goods would pay taxes to create a level market playing field to the private sector. Many times it is a Government agency or institution in Timor-Leste which is procuring the goods and is therefor responsible for the taxes on receipt of goods. It can be the Education, Electricity, Health or any other Ministry or Institution procuring goods who have named themselves as the owner or receiver of the goods.

Individuals and companies registered overseas who supply goods and services are responsible for paying taxes either overseas or in Timor-Leste depending on the contract itself. However, taxes payable in Australia are 30%-40% as opposed to Timor-Leste's very competitive 10% tax rate. Timor-Leste has created one of the simplest, most effective and efficient tax systems in the world. Many doing business with Timor-Leste still must continue to pay large taxes in their country of origin unless they move the business to the shores of Timor-Leste. Timor-Leste encourages and hopes many more companies will look to doing so in the future.



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The domestic tax system in Timor-Leste was established to provide one of the most conducive environments for investment in the world, especially for a fragile nation to accelerate economic growth. Agio Pereira noted “While our system has been greatly simplified, it is still important for us all including media, civil society and the public to understand the legislation so that we can promote and socialize the correct messages to promote investment and trade.” **ENDS**



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