



REPÚBLICA DEMOCRÁTICA DE TIMOR-LESTE
MINISTÉRIO DO PLANO E DAS FINANÇAS
SERVIÇOS DE IMPOSTOS DE TIMOR-LESTE

ETRS/SRTL DESIGNATION NOTICE 2004/1

PERSONS REQUIRED TO COMPLETE 2004 INCOME TAX FORMS

Introduction:

This is a designation notice issued by the Commissioner of the Timor-Leste Revenue Service under section 68 of UNTAET Regulation 2000/18. It designates those persons who are required to complete an income tax form in respect of the 2004 tax year (*i.e.*, the period 1 January 2004 to 31 December 2004, unless an alternative period has been granted by the Commissioner) and designates the time by which such tax forms must be delivered.

Designation:

The following persons (individuals, companies, partnerships, etc) are required to complete income tax forms in respect of the 2004 tax year:

- (a) All persons (taxpayers) who conducted business activities during the 2004 tax year.
- (b) All persons that have a Business Registration.
- (c) Persons who received income subject to final withholding taxes during the 2004 tax year, where the correct amount of tax on that income was not deducted and paid in respect of that tax year.

Such persons are generally required to complete and deliver their income tax forms, and pay their income tax if applicable, to the BNU (Banco Nacional Ultramarino) bank in Dili by **15 March 2005**. Persons who are not required to pay any income tax but who are required to complete an income tax form may alternatively deliver their tax forms direct to the ETRS Dili tax office located in the Justice Building on the corner of Don Fernando and Jacinto de Candido Streets (west of the Lyceum).

Taxpayers based outside Dili can deliver their income tax forms to the -

- ETRS Baucau office (Vilanova Street, Baucau) with payment to the Baucau District Finance Officer, or
- ETRS Maliana office (Holsa Street, Maliana) with payment to the Maliana District Finance Officer.

Payments may also be made electronically where prior arrangements have been made with the ETRS.

Mr Angelo de Almeida
Commissioner, Timor-Leste Revenue Service
15 December 2004

Background:

The text that follows does not form part of the designation notice, but provides background to it.

Section 42.1 of UNTAET Regulation 2000/18 requires all persons who are required to pay income tax to complete income tax forms and provides that the Commissioner may require other persons to complete income tax forms.

For the 2004 income tax year all persons conducting business activities are required to complete and lodge a 2004 income tax form unless all income received by that person has been correctly subject to “final” withholding tax. Also all business enterprises that have a Business Registration are required to lodge a 2004 income tax form. For those businesses lodging Consolidated Monthly Taxes Forms and paying instalments of income tax for the 2004 year, the final income tax payable for the 2004 tax year will be reduced by all instalment payments made, and any overpayment will be held against any other tax due or will be refunded.

Where a person has no taxable income or makes a taxable loss, then previously no income tax would have been payable. However, all taxpayers earning business income may be liable to a minimum income tax that is calculated as 1% of gross income.

Regulation 2000/18 provides that certain types of income are required to have income tax withheld as it is earned during the tax year. Wages are subject to wage income tax. Rents, interest, dividends and royalties are also subject to withholding taxes. Similarly, income from certain industries (e.g. construction) is subject to withholding taxes. The tax withheld and paid to the ETRS is “final” where the income is received by an **individual**. There is no need to include income from these sources in the calculation of taxable income in the individual’s 2004 income tax form. It is further noted that for all persons (individuals, companies, partnerships, etc) expenditure incurred in earning income tax **that has been subject to final withholding tax** is not an allowable income tax deduction.

However, the tax withheld is not ‘final’ where the income is received by a business enterprise other than an individual (eg a company, partnership, etc) and the income is rent, interest, dividends or royalties. In this situation, that entity will need to include the income from these sources in the calculation of taxable income in their 2004 income tax form but will be allowed a credit for any amounts previously withheld and paid to the ETRS.
