



REPÚBLICA DEMOCRÁTICA DE TIMOR-LESTE
MINISTÉRIO DO PLANO E DAS FINANÇAS
DIRECÇÃO NACIONAL DOS IMPOSTOS DE TIMOR-LESTE

DESIGNATION NOTICE 2008/1

PERSONS REQUIRED TO COMPLETE 2007 INCOME TAX FORMS

Introduction

This is a designation notice issued by the Commissioner of the Timor-Leste Revenue Service (TLRS) under section 68 of UNTAET Regulation 2000/18, as amended by Law Number 5/2002. It designates those persons who are required to complete an income tax form in respect of the 2007 tax year (i.e. the period 1 January 2007 to 31 December 2007, 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 2007 tax year:

- (a) All persons (taxpayers) who conducted business activities during the 2007 tax year;
- (b) All persons that have a business registration; and
- (c) Persons who received income subject to final withholding taxes during the 2007 tax year, where the correct amount of tax on that income was not deducted and paid in respect of that tax year.

Generally, income tax forms are required to be delivered and income tax payments made by **15 March 2008**. Details of where to deliver incomes tax forms and make income tax payments are contained in the Annual Income Tax Form Instructions which are available from the following TLRS offices:

- **Dili District Office** – located in the Justice Building on the corner of Don Fernando and Jacinto de Candido Streets (west of the Lyceum).
- **Baucau District Office** – Vilanova St., Kota Baru, Baucau
- **Maliana District Office** – Holsa St. Maliana

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

Mr Angelo de Almeida
Commissioner
Timor Leste Revenue Service
8 January 2008

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, as amended by Law Number 5/2002, 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 2007 income tax year all persons conducting business activities are required to complete and lodge a 2007 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 2007 income tax form.

Those businesses lodging Consolidated Monthly Taxes Forms and who have paid instalments of income tax for the 2007 year are advised that the instalments paid will be credited against the final income tax payable for the 2007 tax year. Any overpayment will be held against any other tax due or will be refunded.

Regulation 2000/18 provides that certain types of income are required to have income tax withheld as it is received 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 TLRS is “final” where the income is received by an **individual or individual business enterprise**. Where income received by an individual or individual business enterprise has been correctly subject to withholding tax they are not required to include that income in the calculation of taxable income in their 2007 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 (e.g. 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 2007 income tax form but will be allowed a credit for any amounts of withholding tax that has previously been withheld and paid to the TLRS.
