


The NDDR Provides All Tax Information and Tax Forms Free of Charge to the Public

Further Information

Further information is available from:

- **Dili District Office:** Av. Pres. Nicolao Lobato - Receitas e Alfândegas Edeficio - Dili, Ph (670) 331 0059 / 60
- **Baucau District Office:** Villanova St, Baucau, and;
- **Maliana District Office:** Holsa St, Maliana

In addition, full copies of rulings, guides and other information may be downloaded from the MOF Website: www.mof.gov.tl/taxation



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NATIONAL DIRECTORATE OF DOMESTIC REVENUE

Dili District Office: Av. Pres. Nicolao Lobato - Receitas e Alfândegas Edeficio - Dili

Baucau District Office: Villanova St, Kota Baru, Baucau

Maliana District Office: Holsa St. Maliana

Phone: (670) 3310059 / 60
Website: www.mof.gov.tl/taxation



Ministry of Finance
National Directorate
of Domestic Revenue

Income Tax Payable
By Installments
(Income Tax Installments)

Taxes and Duties Act 2008
General Series Tax Information BR4-07/2008
Effective from: 07/2008

This brochure tells taxpayers about Income Tax Installments. The brochure explains how this tax type is administered by the National Directorate of Domestic Revenue (NDDR). This brochure will direct you to other information guides for more detailed information, if required.

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Income Tax Installments

What are Income Tax installments?

Income Tax installments are a ‘prepayment’ of income tax for that tax year.

ALL business enterprises are required to pay Income Tax installments.

Income Tax installments are paid to the NDDR either monthly or quarterly depending on the size of your business.

Why do You pay Income Tax installments?

The Income Tax installments that a business pays are later used as a credit for full or part payment of the business’ Income Tax Assessed when the business lodges its Annual Income Tax Form for the tax year.

How do You calculate Income Tax installments?

Income Tax installments are calculated as 0.5% of total monthly or quarterly business turnover (gross income).

| Income Tax Installment | | Tax Rate |
|------------------------------------|-------------------|----------|
| Monthly | TT=Total Turnover | 0.5% |
| TT (for 1 month) x 0.5% = Payment | | |
| Quarterly | TT=Total Turnover | 0.5% |
| TT (for 3 months) x 0.5% = Payment | | |

For more information about calculating Income Tax installments, ask your local NDDR Office for a copy of **Tax Guide G06 Income Payable by Installments (Income Tax Installments)**

What is Total Turnover (gross income)?

Total Turnover is the business’ total revenue (gross income) from business activities without deductions for any expenses.

Note: Income that has already been subject to ‘withholding tax’ is **NOT** included in total turnover to calculate Income Tax Installment payments

Which Businesses are required to pay Monthly and which Businesses are required to pay Quarterly?

Businesses that had a total turnover (gross income) of more than one million dollars (>\$1,000,000) in the previous tax year are required to pay Income Tax installments **monthly**.

ALL other businesses are required to pay **quarterly** but may pay monthly if they wish.

How and when do You make Income Tax Installment payments?

Monthly

The installment is paid by the 15th day of the month, after the month for which the Income Tax Installment is due. **For example**, the Income Tax Installment payment for January is paid on the January monthly taxes form. The payment must be paid no later than 15th February.

Quarterly

The installment is paid by the 15th day of the month following the **quarter** for which the Income Tax Installment is due. **For example**, the Income Tax Installment payment for January, February, March is paid on the March monthly taxes form. The payment must be paid no later than 15th April .

How are Tax Forms lodged and Income Tax installments paid?

You are required to complete three (3) copies of the **Consolidated Monthly Taxes Form** and deliver the form and the Income Tax Installment payment (and any other tax payments) to a branch of the Banco Nacional Ultramarino (BNU).

Where do You get Consolidated Monthly Taxes Forms?

Consolidated Monthly Taxes Forms are available from the NDDR district offices in Dili, Baucau and Maliana. They are also located on the MOF website at: ***www.mof.gov.tl/taxation***

What will happen if You don’t pay Income Tax installments?

If you do not pay Income Tax installments as required you may incur penalties or be prosecuted in court.

What Income Tax Installment records do You need to keep?

All businesses are required to keep records verifying all income received from business activities and all expenses incurred (such as receipts, invoices and cash books) and accounting records (such as sales and expenditure journals and ledgers).

You must keep these records for 5 years after the end of the calendar year in which the income was received or the expenses incurred.