

Labour

Labour relations:

Labour relations are governed by [2012 Labour Code](#).

Employment contract – contracts must be concluded in writing and meet minimum content clauses (position, place of work, working hours, remuneration, occupational category). Contracts can be concluded for both fixed and unlimited period of time. The fixed term contract is limited for work substitution, seasonal work or temporary activity; its duration may not exceed 3 years (including renewals).

Probationary period – for fixed term contracts, the probation period is set for 8 – 15 days; for unlimited period of time contracts to 1 – 3 months.

Work time – work time should not exceed 8 hours a day or 44 hours per week. Overtime work must be compensated (50% surplus of normal hourly rate) as well as work on weekrest day or on public holidays (100 % surplus) and night work (25% surplus).

Shift work – there are no special provisions on shift work other the general work time limitations and extra compensation requirement for night work (from 9pm to 6 am).

Annual leave – the period of annual leave shall not be less than 12 working days. Employees are also entitled to 3 days of justified absence per year for reasons of marriage, bereavement, and community and religious events; and up to 12 days' justified absence in case of sickness or accident when substantiated by a medical certificate, (6 days paid in full, the remaining 6 days paid at 50% of the daily rate).

National holidays – there are 17 national holidays in a calendar year. National holidays falling on weekend days are not compensated by another day(s) off.

Remuneration – remuneration can be fixed or variable (performance based) and shall be paid in cash, by cash cheque or bank transfer. Remuneration is payable to the employee directly at fixed times, with interval between payment not exceeding one month. Employees are entitled to annual bonus of not less than one month's salary paid on or before 20 December of calendar year.

Employment contract termination – employment contracts can be terminated as a result of:

- contract expiration (fixed contracts)
- mutual agreement between the parties
- rescission on the employee's initiative
- rescission on the employer's initiative based on fair grounds
- Rescission for market related, technological or structural reasons concerning the company.

The employee may rescind the employment contract with immediate effect for reasons stipulated in the Labour Code or by giving a prior written notice of termination (30-day notice period).

The employer may rescind the employment contract with immediate effect only for reasons stipulated in the Labour Code and following the procedure prescribed by the law. Rescission made on market related, technological or structural grounds can be done only if it is indispensable for the economic viability or reorganisation of the company. Minimum notice period is 15-30 days depending on the length of employee's service.

Maternity / paternity leave – a female employee is entitled to a minimum period of 12 weeks of paid maternity leave without effect on the pay or duration of annual leave. A male employee is entitled to 5 working days paid paternity leave after the birth of a child.

Minimum age for work – the minimum age for admission to work is 15 years. A young person aged between 13 and 15 years may perform only light work under conditions prescribed by the law. Child and forced labour is prohibited.

Medical test – employers are prohibited to request that a job applicant or employee undergoes a medical test unless such a test is essential for the protection and safety of the employee. Medical test can be performed only with a written consent of the job applicant or employee.

Foreign workers - a citizen who is not a Timorese national but who lives and works in Timor-Leste is considered a foreign worker. Foreign workers are entitled to the same rights and subject to the same obligations as those applicable to national workers.

Industrial relations:

Timor-Leste operates on the principle of free establishment and competition of trade unions. Establishment of a trade union is not mandatory in companies. The Labour Code contains provisions on collective agreement bargaining conditions. Lockouts are prohibited. The role of trade unions in Timor-Leste is largely perceived as social – there is no history of large-scale strikes.

Legal compliance:

Monitoring and enforcement of labour law is at the responsibility of Labour Inspectorate. Labour disputes are handled by the Mediation and Conciliation Services and the Labour Arbitration Council which have representations in all districts.

Labour authorities:

Ministry of Social Solidarity and Inclusion (www.mss.gov.tl),
Secretariat of State for Vocational Training and Employment (SEPFOPÉ)
(www.facebook.com/sepfope).

Please contact TradeInvest for further information and we can help you work through corporate taxation processes in Timor-Leste.

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