

## Timor-Leste's Investment Incentives

**Timor-Leste has one of the most attractive investment incentives packages in Southeast Asia and the Pacific in order to contribute to the country's sustainable economic development.**

### **Legal Framework:**

Timor-Leste's investment incentives are based on the Private Investment Law No. 15/2017, and Government Decree No. 2/2018.

### **Incentive Eligibility**

- All legal investments and reinvestments carried out in Timor-Leste by national and foreign investors who wish to benefit from the guarantees and incentives provided, and are likely to contribute to the socio-economic development of the country.

### **Exclusions**

- Investments made by the state and by public entities.
- Investments made by legal persons where more than 50% of their capital is held by the State or by another public legal person are excluded from the scope of tax and customs benefits.

### **Incentive Benefits**

All investors need to apply for either a Declaration of Benefit or a Special Investment Agreement to access a set of incentive benefits provided by the Private Investment Law. All investors holding a Declaration of Benefit are entitled to the following incentives when investing in the Government's priority sectors:

#### ***Employment of foreign workers***

- A minimum of five working visas for qualified employees, with directing or technical functions appropriate to the investment project are guaranteed.

### **Tax Incentives**

- An enterprise associated with an investment or reinvestment project, may enjoy an income tax exemption of up to 100% for a period of time, depending on the economic sector and geographical location of the project.
- It can also enjoy an exemption of up to 100% on sales and services tax for the goods and services used for the construction and management of the investment.

## Customs Incentives

- An enterprise associated with an investment or reinvestment project may enjoy an exemption from import duties of 100% on all capital goods and equipment used in the construction or management of the investment or reinvestment project.

Periods of time for the tax and customs incentives based on the geographical location of the project are show below:

Zone	Tax and customs duties exemption period
Zone A	Tax exemptions granted for a period up to 5 years for the municipality of Dili, corresponding to the administrative posts of Cristo Rei, Dom Aleixo, Na'i Feto and Vera Cruz
Zone B	Tax exemptions granted for a period up to 8 years for areas corresponding to those located outside the boundaries of the urban area of the municipality of Dili
Zone C	Tax exemptions granted for a period up to 10 years for special zones Oe-Cusse Ambeno and Ataúro

## Special Benefits

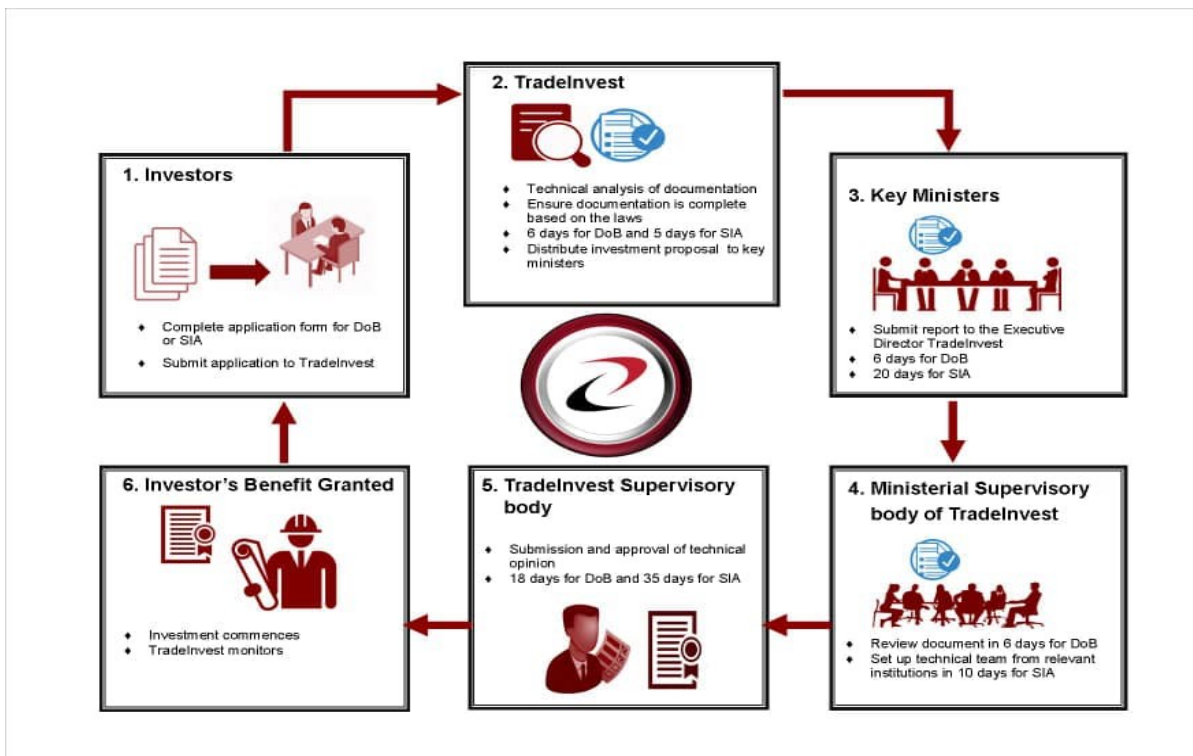
- Contract to lease state property for implementation of the investment project. Maximum term of 50 years, renewable for periods of 25 years up to a total of 100 years.

### Special Investment Agreements

- The Government of Timor-Leste may also enter into a Special Investment Agreement with an Investor in line with its Strategic Development Framework.  
Incentives for investments or reinvestments that fall under a Special Investment Agreement are subject to negotiation.
- Contact TradeInvest for more information about Special Investment Agreements.

## Investment Incentive Application Process

The following diagram is the investment incentive application process for a Declaration of Benefit (DoB) and Special Investment Agreement (SIA);



The investor must submit the request for a written concession to investment and export promotion agency, directly or through a legal representative. The application must be accompanied by the following documents:

- Completed form;
- Photocopy of the passport or identification document of all-natural persons who by themselves or incorporated in a commercial company, participate in the investment, in the case of a national investor;
- Power of Attorney, if the request is submitted by a legal representative;
- Photocopy of an up-to-date commercial registration certificate where the investor is a legal person already established;
- Request for a maximum of 5 working visas and all documents required by law;
- Business Plan that proves the amount of the investment planned or in the execution phase.