

Guide to do business in

# EAST-TIMOR

**Chandrawat  
& Partners**







## ABOUT EAST-TIMOR

East Timor, officially known as Timor-Leste, is a small Southeast Asian nation with a unique economic landscape. Despite its relatively recent emergence as an independent country in 2002, it has shown remarkable resilience and potential in its pursuit of economic development.

East Timor has a diverse population of over 1.3 million people with a unique blend of cultures and languages, including Portuguese, Tetum, and various indigenous languages. The country's economy is underpinned by a mix of sectors, with oil and gas being the dominant players. East Timor boasts significant offshore oil reserves that have contributed substantially to its revenue. However, the nation has been actively exploring ways to diversify its economic base to reduce dependency on oil-related revenues.

East Timor is known for its natural beauty, with rugged mountains, pristine beaches, and diverse wildlife. The country's culture is also rich and vibrant, with traditional music, dance, and art still thriving in many communities.

East Timor's economy is a tapestry of challenges, opportunities, and potential. By leveraging its resources, investing in its people, and diversifying its economic base, the nation is charting a course toward a prosperous and sustainable future. As it navigates these waters, East Timor demonstrates resilience, determination and a commitment to securing a brighter economic horizon.

## ADVANTAGES

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### **Strategic location**

East Timor is located in Southeast Asia, with close proximity to major markets such as Australia, Indonesia, and Singapore. This makes it an attractive location for businesses looking to expand their operations in the region.

### **Rich natural resources**

East Timor is rich in natural resources, particularly oil and gas. This has helped to drive economic growth and presents opportunities for investment in the energy sector.

### **Investment incentives**

The East Timor government offers various investment incentives to encourage foreign investment, including tax breaks, reduced tariffs, and streamlined procedures for business registration.

### **Young and growing population**

East Timor has a young and growing population, which presents opportunities for businesses looking to tap into a growing consumer market.

### **Government support**

The East Timor government is actively working to improve the business environment in the country, including through investment in infrastructure, education, and healthcare.

### **Cultural diversity**

East Timor is home to a diverse population with a unique blend of cultures and languages. This presents opportunities for businesses to tap into local knowledge and expertise and to develop products and services that are tailored to the local market.

## **Income tax**

East Timor has a progressive income tax system, with tax rates ranging from 0% to 10% for individuals and 10% for companies.

## **Customs duty**

Customs duty is imposed on imported goods at rates ranging from 2.5% to 40%.

## **Excise duty**

Excise duty is imposed on certain goods, such as alcohol, tobacco, Arms and ammunition, Motor cars, small passenger vehicles (with an excise value exceeding USD 70,000) and petroleum products, at rates ranging from 12% to 200%.

## **Wage income tax**

Rate from 0% to 10%

## **Sales tax**

2.5% rate applied to imported taxable goods.

# EAST-TIMOR COMPANIES

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## **Sole Proprietorship**

This kind of business is simple and not expensive to set up with less obligation and requirement of compliance which is term a non-incorporated entity entirely liable for all debt and liabilities of the owner for business to the extent of the person's assets.

## **Partnership**

It is a company without limited liability, formed between two persons or modes under a specific name and in which partners assume joint responsibility, to the extent of all their entire personal assets, for the partnership debts and liabilities.

## **Limited Liability Company (LLC)**

An LLC is a business structure that provides the owners with limited liability protection. This means that the owner's personal assets are protected in case the business incurs any debts or legal issues.

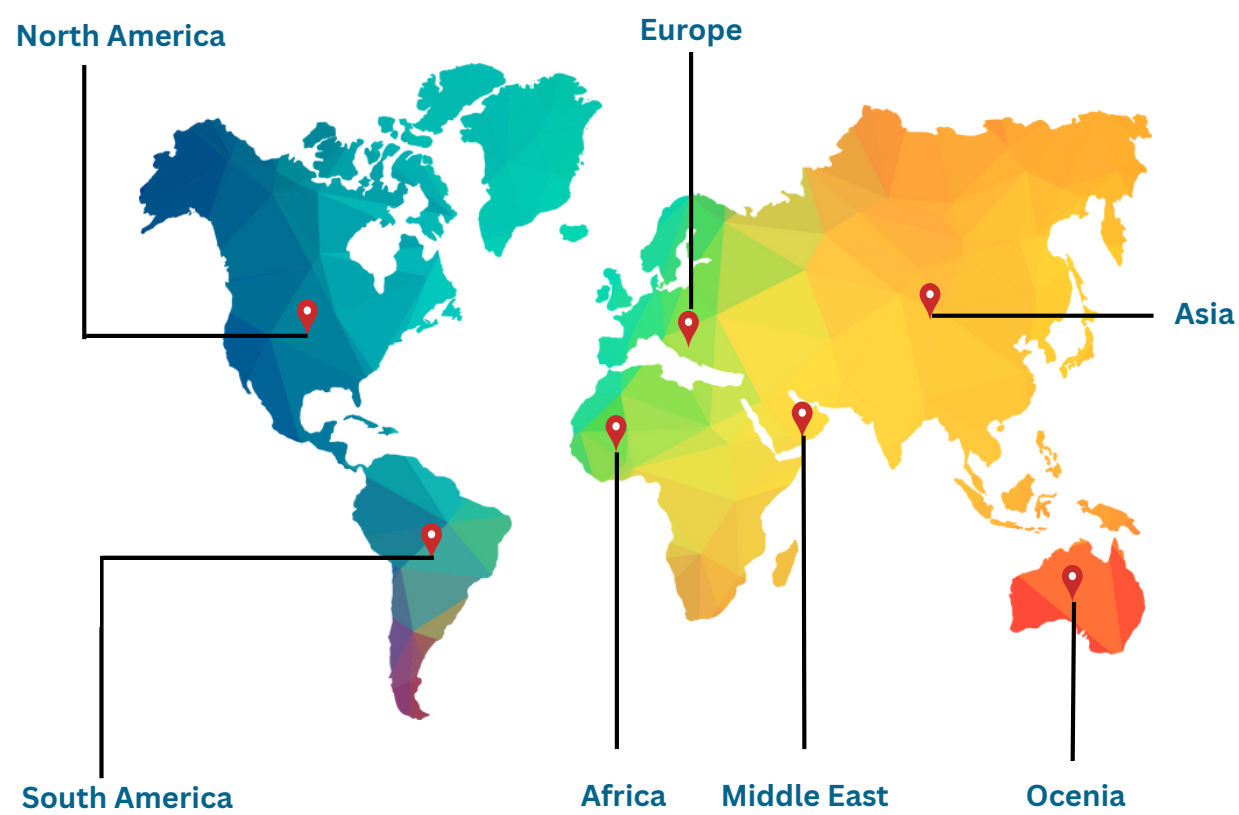
## **Branch/Representative Office/Subsidiary**

A foreign company can establish a Branch office, representative office, or Subsidiary in the country. It is a means provided by the government of East Timor to get the foreign entity in the country to explore and develop the infrastructure and resources of the country.

## **Company**

A company can be formed by an applicant subject to compliance with the regulatory framework. There are altogether three kinds of company i.e., Single Shareholder Limited Liability Company, Limited Liability Company and Joint Stock Company.

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