In compliance with the Vienna Convention of April 18, 1961 on Diplomatic Affairs and the Vienna Convention of April 24, 1963 on Consular Affairs, ratified by National Parliament Resolution No. 24/2003, and for enforcement purposes;

Whereas the granting of tax benefits must be transparent and timely for the process of legalizing automotive vehicles to be used by diplomatic missions accredited in East Timor and its staffs;

In compliance with the fair application of the principle of reciprocity;

Assuming that the current regimen may be extended, in full or in part, to other types of international organizations and their respective branches, as well as to other multilateral or bilateral agreements of which the Democratic Republic of East Timor is a party;

With the conviction that greater clarity of criteria and greater certainty of applicable concepts will be provided, mainly in the cases of alienation of vehicles to favor third parties not covered by the Conventions,

Thus:

By the power foreseen in item c) of no. 1 of article 97 and item d) of article 116 of the Constitution of the Republic, the government orders the following:
Article 1
(By Laws and Quantification)

1. All diplomatic and career consular missions accredited in East Timor and their respective staffs are authorized to have fast or mixed, passenger and cargo, automotive vehicles at their service or for their use. These vehicles will enjoy import duty exemption and other applicable tax exemptions and will be imported under a temporary import regimen, with the following limitations:

   a) Each diplomatic or career consular mission will have a reasonable number of automotive vehicles as deemed necessary for its official services, at the discretion of the Ministry of Foreign Affairs and Cooperation (MNEC), in accordance with the principle of reciprocity;

   b) Up to three automotive vehicles for Chiefs of diplomatic missions;

   c) One automotive vehicle for career Consuls, or up to two automotive vehicles, if they have family aggregates under their charge;

   d) One automotive vehicle for each one of the remaining employees, as listed in the diplomatic corps list, who are not East Timor nationals and do not have permanent residence in East Timor, may have one automotive vehicle or up to two automotive vehicles, in the case of an employee with family aggregates under his or her charge, free of duties and other applicable taxes;

   e) Administrative and technical staffs of diplomatic missions and career consular offices who are not nationals of East Timor and do not have permanent residence in East Timor may have one automotive vehicle, free of custom duties and other applicable taxes, and this vehicle must be imported in up to six months after the date of their arrival, following the regimen of reciprocity.

2. All automotive vehicles imported under the terms of this statute will be registered with the appropriate services by way of a recommendation by the Ministry of Foreign Affairs and Cooperation (MNEC) in the name of the employees or the missions to whom they belong.

3. Except as otherwise stated in the following articles, automotive vehicles temporarily allowed into the country cannot be assigned, donated or alienated without having been previously introduced to the marketplace with the payment of all applicable taxes.

4. All automotive vehicles contemplated with the regimen stated in item e) of number 1 will be exclusively driven by the beneficiary of the regimen, his or her spouse, or family members who live with him or her under the same economic system.

5. With no detriment to the provisions of the previous number, the national director of Customs may authorize other persons to use the vehicle in exceptional circumstances or
if those persons are obligated to the owner or legitimate withholder of the vehicle by way a professional service agreement, as drivers.

6. The Minister of Plan and Finances may authorize Honorary Consuls to have one single vehicle under the conditions and general terms of this statute, with a proposal by the Ministry of Foreign Affairs and Cooperation, provided that the principle of reciprocity is observed.

**Article 2**
(Customs Regimen)

1. All automotive vehicles will be deemed as under temporary import regimen with customs while at actual service of the entities referred to in the previous article.

2. Customs will release all temporarily imported automotive vehicles against submittal of a certified copy of the privilege sample form issued by the NMEC services and attached to this statute, in up to five business days, except in exceptional circumstances.

3. The period of time to complete all necessary formalities before the various Services for the final importation and legalization of these automotive vehicles in the general services will be 45 days, except in duly justified exceptional cases.

4. The automotive vehicles mentioned in article 1 of this Executive Order can only be definitively imported by their owners without the payment of duties and other applicable taxes once five years have passed from the date of their entry or their purchase in East Timor, except in the cases when the reciprocity regimen establishes a different term.

5. The term resulting from the application of regimen of reciprocity referred to in the previous number cannot be less than two years.

**Article 3**
(Transfers between Regimen Beneficiaries)

1. The property transfer of the vehicles imported under this statute to favor one of the entities mentioned in article 1 above will not be subject to the payment of any taxes, provided that the respective statutes and temporary import regimen are maintained.

2. All transfers referred to in the previous number must be communicated to the MNEC services within five business days following their effective date.
3. Article 4  
(Replacement and Legalization of Vehicles by Beneficiaries)

1. The replacement or definitive importation of vehicles imported temporarily under this statute will only take place once every five years, except in cases when the reciprocity principle allows for a lesser time span.

2. When the owner of the automotive vehicles intends to import them definitively before the end of the reciprocity period, a percentage of duties and other applicable taxes will be required, based on the following table:
   Years after importation into East Timor:
   During the 1st and 2nd years - the total of all due taxes;
   3rd year - 75%;
   4th year - 50%;
   5th year - 25%

3. If the general term of five years is modified due to application of the reciprocity principle, the table with custom duty percentages and other taxes to be applied to the definitive importation will be readjusted proportionally to the number of years that has been established, in the most favorable way. For example, if three years were to be established, the proportionality would then be the following:
   During the 1st year - the total;
   2nd year - 50%;
   3rd year - 25%

4. In the event of death of the owner of the imported vehicle before the expiration of the stated terms or, still, as a result of accident or theft resulting in the impossibility to recover the vehicle, the Minister of Plan and Finances can waive the payment of import duties and other applicable taxes, with a proposal of the Minister of Foreign Affairs and Cooperation.

Article 5  
(Sales to Third Parties)

1. At the end of the mission or work, all beneficiaries wishing to sell or donate their vehicles within the country to third parties not covered by the Conventions may do so under the conditions explained in the following numbers.

2. The sale of vehicles which are temporarily imported under this statute, to third parties not covered by the benefit stated in article 1, implies in transferring their property and consequently, the need to start using normal series registration.

3. All sales entities have to pay customs duties, as well as other taxes eventually due under the terms of the previous article, to the Office of the Director of Customs. The temporary importation regimen ceases and becomes definitive importation.
4. All terms stated in numbers 2 and 3 of article 2 are applicable for the purpose of regularization of the vehicles and all entities mentioned in article 1 must return the registration plates to the MNEC Service which has assigned them and initially registered them.

5. Any individual or institutional buyers who are not beneficiaries of this regimen and are not included in the provision of article 1 are restricted from driving their vehicles with the special series plates attributed by MNEC, under the penalty of immediate seizure of the vehicle and investigation of customs tax violation, under the terms of Executive Order no. 10/2004 of May 11.

Article 6
(Donations to Third Parties)

All donations favoring philanthropic entities, charities, firefighting corps, eligible non governmental organizations (NGOs) or the government, may be exempted upon a request submitted to MNEC, to be approved by the Minister of Plan and Finances or delegated authority.

Article 7
(Privilege Sample Form)

1. The attached privilege sample form is an integral part of this statute and will be signed by the person in charge of the Mission, career Consul or similar entity as stated in the law, before being submitted to MNEC.

2. The attached privilege sample form may be altered by a joint communication from the Ministry of Foreign Affairs and Cooperation and the Minister of Plan and Finances.

3. All vehicles will have to carry a certified copy of this document.

Article 8
(Effective Date)

This statute will be in effect on the day following its publication.

Approved by the Council of Ministers on July 26, 2007

The Prime Minister

(Signature)

(Estanislau Aleixo da Silva)
The Minister of Plan and Finances

(Signature)

(Maria Madalena Brites Boavida)

The Minister of Foreign Affairs and Cooperation, in replacement

(Signature)

(Maria Madalena Brites Boavida)

The Minister of Transportation and Communications

(Signature)

(Inácio Moreira)

Enacted on August 13, 2007

To be published.

The President of the Republic

(Signature)

(José Ramos-Horta)
Privilege Form

No ___________________

Request for temporary importation of one automotive vehicle to be registered under privileged series:

(1) ......................, undersigned, requests hereby, under the title of reciprocity, the necessary authorization for temporary importation/ duty- and tax-free entry/ duty-free exit for the following automotive vehicle selected for privileged series registration and belonging to (2) .............., nationality __________, title __________, carrier of driver’s license/permit (3) ___________, no. __________, dated ______, resident at ________________.

The features of the automobile in question are the following:
Category (4) ______ Make _________ Model _________ Year of manufacturing ______, Chassis no. __________, Number of cylinders _________, Fuel __________, Number of doors _________, Number of seats _________, Color __________ Entered through the border/ Port of _______ on __/__/ ___

Date: ___/___/_____

(Signature with Mission seal)

<table>
<thead>
<tr>
<th>Decision by the Ministry of Foreign Affairs and Cooperation</th>
<th>Date</th>
<th>Registration</th>
<th>Title and identification of the entity in charge of the decision</th>
</tr>
</thead>
</table>

(1) Name and category of the Chief of Mission or career Consul
(2) Name of recipient.
(3) Diplomatic, consular or driving license
(4) Passenger or mixed

(MNEC signature, seal or stamp)