

DEMOCRATIC REPUBLIC OF TIMOR-LESTE

DECREE LAW

24/2011

LICENSING OF COMMERCIAL ACTIVITIES

Commerce is a fundamental element for creating companies and jobs in a modern economic structure due to its significant influence on territorial and population structuring.

Thus, it is essential that mechanisms be implemented that both redress the sector's current weaknesses and allow for better organization and the convergence of all types of commerce, ensuring more discipline in this evolving activity, so as to respond to the growth that is taking place in this sector.

Therefore,

Pursuant to Article 115, item 1, sub-item e) and Article 116 sub-item d) of the Republic's Constitution, and so that it may have the force of law, the Government decrees the following:

**CHAPTER I
GENERAL PROVISIONS**

**SECTION I
OBJECT AND SCOPE OF APPLICATION**

**Article 1
Object**

The purpose of this statute is to set forth access rules regarding commercial activities and to contribute to establishing order and to modernizing existing commercial infrastructures, as well as protecting free and fair competition among merchants while safeguarding consumer rights established by law.

Article 2
Scope

1. This statute shall apply to the licensing of commercial activities regarding wholesale, retail, cumulative commerce, general commerce, imports, exports, services and other commercial activities not regulated by specific legislation.
2. The application referred to in the previous item extends to activities conducted by commercial agents and merchants.

Article 3
Regulation of Commercial Activities

Commerce and commercial service activities are subject to the regulations and procedures set forth in this statute, to wit:

- a) Licensing;
- b) Organization of a Commercial Registry;
- c) Inspection and supervision of establishments and of commerce and commercial service activities;

Article 4
Definitions

For the purposes of this statute:

- a) Commercial Agent is an individual/entity that owns a commercial organization for conducting business on behalf of one or more domestic or foreign entities through an agency agreement, acting as an attorney-in-fact for importers, producers or merchants;
- b) Commercial Registry is the file containing information on the identification and description of merchants and their establishments, including the location, number and qualification of employees, hypermarkets, economic and commercial activities and other information;
- c) Commerce is the economic activity that consists of purchasing goods to be sold in the same physical condition, as well as rendering commercial services in commercial premises and other places permitted by law;
- d) Retail Commerce is the commercial activity that consists of selling products to the public, final consumer, in own establishments or as street vendors;

- e) Street Vending is the commercial activity conducted by individuals, consisting of non in-store retail sales in a customary, occasional, periodic or continuous manner, within duly approved perimeters or locations, open markets or in dismantable or portable commercial installations, including those on wheels;
- f) Cumulative Commerce is the simultaneous involvement in wholesale and retail commercial activities;
- g) General Commerce involves non-specialized retail commercial sales of a variety of goods or classes;
- h) Wholesale is the commercial activity of selling wholesale to retailers;
- i) Exportation is the commercial activity involving sales and/or placement abroad of domestic products;
- j) Large Hypermarket is a retail or wholesale commercial establishment having a continuous exhibition and sales area of more than 2000 m² or which, where said continuous area does not exist, encompasses a sales area of more than 3000 m² in the same space;
- k) Importation is the commercial activity consisting of acquiring products in foreign markets intended for domestic consumption or for re-export.
- l) Medium Hypermarket is a commercial establishment with an exhibition and public sales area of at least 200 m² and not more than 2000 m²;
- m) Merchants are those who buy and sell without having an office, premises or warehouse, or any permanent employees;
- n) Small Hypermarket is a commercial establishment with an exhibition and public sales area of less than 200 m²;
- o) Rendering of Commercial Services is the obligation of one of the parties to provide the other party with the result of their intellectual or manual endeavor for remuneration.

Article 5 Illegal Commerce

Illegal commerce is the carrying on of any of the activities referred to in Article 2, without due authorization.

Chapter II
CONDITIONS FOR CARRYING ON OF COMMERCIAL ACTIVITIES

SECTION I
LICENSING

Article 6
Access to Commercial Activities

1. Under this decree-law, any individual or collective entity, whether domestic or foreign, who is legally capable, has the financial and commercial capacity and possesses commercial premises as owner or as leaseholder, may carry on commercial activities, excluding those exceptions anticipated in this statute.
2. In addition to fulfilling the requirements set forth in the previous item, foreign individuals or collective entities legally domiciled and resident in the country shall prioritize employment of domestic labor and provide adequate technical-professional training.
3. Carrying on of commercial activities in traditional markets or street vending is reserved for citizens of Timor-Leste.
4. For public interest reasons and upon an order issued by the Ministry of Tourism, Commerce and Industry, hereinafter referred to as MTCI, other specific types of commerce may be reserved for citizens of Timor-Leste.

Article 7
Carrying on of Commercial Activities

-- The set-up or amendments to activities, changes in location and the permanent closure of an establishment intended for the purposes of commercial activities as provided for in Article 2 requires authorization from the Ministry of Tourism, Commerce and Industry, hereinafter referred to as MTCI, or from someone to whom the Minister may so delegate, as provided for in this statute.

Article 8
Licensing Request for Other Activities

1. Individuals or collective entities intending to apply for a commercial license shall address their requests to the MTCI.
2. Licensing requests for insurance or financial activities are not accepted by MTCI and are immediately forwarded to the Banking Payments Authority / Central Bank.

3. Licensing requests related to activities normally supervised by other Ministries or Secretariats are not accepted by the MTCL unless an authorization to operate from the supervising authorities is presented.

Article 9
Requests for Commercial Licensing

A request for licensing shall be in the form of an application addressed to the licensing entity and shall include:

- a) for individuals: name, age, nationality, place of birth and domicile or for commercial companies: trade name and head office;
- b) commercial activity being requested, as per Attachment to this statute and integral part hereof;
- c) evidence of commercial registration by the pertinent entity and respective by-laws;
- d) location of the premises or the address of the requesting party in the case of street vending or merchant.

Article 10
Other Required Documents

- 1. A layout drawing of the facilities intended for carrying on the commercial activity shall be attached to the commercial activity licensing request.
- 2. Those applicants, who on the date this statute is enacted are already engaged in a licensed commercial activity and wish to carry on ancillary activities in the same facilities, are exempt from submitting the documents referred to in the previous item.

Article 11
Elimination of Deficiencies

- 1. Where discrepancies are identified in the application documentation, the licensing entity shall request the applicant to make the respective correction, establishing a time frame for such purpose which shall be of at least 5 days and not more than 15 days.
- 2. After the elapse of the established deadline, if the discrepancies have not been corrected, the request is refused and the applicant shall not be entitled to any reimbursement for fees or paperwork.

Article 12
Assistance Provided and Paperwork

1. The MTCI provides all necessary paperwork required by interested parties and, to the best of its ability, those required by other legal authorities.
2. To the best of its ability, the MTCI shall provide the necessary assistance to applicants having problems in filling out the forms.

Article 13
Assessment

1. The assessment process for licensing commercial activity rests with the entity responsible.
2. The assessment service shall set forth the conclusions on which it based its decision in the licensing requests to be submitted to the licensing entity.
3. In those cases where the licensing request is refused, the refusal shall mandatorily include statement of facts and the legal basis for the decision taken.
4. If the licensing request is refused, the interested party may repeat the request provided the reasons that determined the refusal have been remedied, without prejudice to the right to complain.
5. A licensing request shall be considered as a repeat in those cases where there is a coincidence as to grounds, applicant's identity and intended purposes.

Article 14
Reference Timeframes

The reference timeframes for examination and decision after the delivery date of commercial licensing requests, whether favorable or not, are as follows:

- a) up to 5 business days, for entities wishing to start activities but with no premises;
- b) up to 10 business days, for requests submitted by entities that already have premises and wish to start activities;
- c) up to 15 business days, for requests submitted by entities whose situation is irregular but who have already started their activities and have premises.

Article 15
Notice to Applicant

1. The notice of decision to the applicant is made by the licensing entity within 5 days as of the date the decision is issued.
2. If the request is approved, the applicant is notified regarding the date on which an inspection will be carried out in those cases requiring inspection, according to the provisions of this statute.

Article 16
Inspection of Premises

1. Authorization for any commercial establishment to operate shall depend on prior inspection of the premises, the purpose of which is to verify operating, safety, sanitary and public health conditions.
2. The inspection is carried out within the time frames established in Article 14 and is conducted by the following entities:
 - a) one representative from the licensing entity, who shall be the chair;
 - b) one representative from the local administrative authorities;
 - c) one representative from the local health authority;
 - d) one representative from the fire department;
 - e) other legal authorities depending on the specific operating area.
3. Observations and recommendations shall be included in the inspection report to be drawn up on the date said inspection is carried out.
4. In order for an adequate inspection be carried out, the applicant shall cooperate as necessary.

Article 17
Exemption from Inspection

1. Exemption from inspection, however, may be granted extraordinarily and upon presenting acceptable reasons specifically related to the type of
2. commerce to be carried on, location of the premises and its importance in the socioeconomic context in which it finds itself.

3. The exemption from inspection provided for in the previous item shall be replaced by an affidavit from the interested party stating how the premises and the commercial activity carried on or intended meets operating, sanitary, safety and public health conditions required to function properly and in a normal manner.

4. Licensing of street vending and merchant activities does not require inspection; however, all other legal requirements herein established must be met.

SECTION II BUSINESS PERMIT

Article 18

Time Frame for Issuing and Granting of Business Permit and License

1. The permit qualifies the holder to carry on a commercial activity on the terms under which the request was authorized and under no circumstance shall it be substituted or modified without prior authorization from the licensing entity.

2. If the inspection of the commercial premises determines that it is in accordance with legal requirements as to operability, safety, public health and habitability, or in those cases contemplated in the previous article, the assessment entity shall forward the process to the licensing entity so that a permit or license is granted and issued.

3. The permit or license shall mandatorily include:

a) full identification of the holder, with name, marital status, occupation, residence or head office;

b) location of the premises, if applicable;

c) a list of the class of goods and economic activities to be carried on;

d) registered trade name;

e) holder's signature or that of their legal representative;

f) Taxpayer I.D. number

g) term of validity.

4. It is incumbent on the Minister of Tourism, Commerce and Industry or on whomsoever they delegate, to issue the permits and licenses which shall have a validity of five years.

5. The activities of merchants and street vendors are legitimized through a personal and nontransferable license with a one-year validity period.

6. The business permit or the license shall be granted no later than 15 days after the date of inspection date or of the receipt of the affidavit referred to in item 2 (*sic*) of Article 17.

Article 19 Supervening Alterations

1. A reference to the previous business permit must be attached to any request for carrying on activities that are not specified in the business permit.

2. A reference to the previous business permit must be attached to any request for registering an authorization enabling the marketing of different goods, with or without altering those already authorized.

Article 20 Causes for Suspension and Seizure of Business Permit

Suspension of activities and seizure of the business permit occurs under the following circumstances:

a) Conviction with prohibition on carrying out any of the activities mentioned in Article 2 of this statute.

b) Repeated perpetration of the violations described in Decree-Law No. 23/2009, dated August 5, which approved the Regime Concerning Administrative Violations Against the Economy and Against Food Safety;

c) Failure to fulfill tax obligations inherent to the commercial activity undertaken;

d) Carrying out construction work on the commercial premises that substantially alter their architectural structure or insertion in the urban landscape.

Article 21 Reasons for Canceling a Business Permit

The canceling of the business permit and the closure of the respective premises occurs under the following conditions:

a) Where the activities do not commence within 180 days as of the business permit concession date, with the exception of cases involving a confirmed impediment;

b) Death or interdiction making it impossible to carry on the business;

- c) Dissolution or termination of the collective entity;
- d) Whenever an inhibitory condition occurs as a result of declaration of bankruptcy;
- e) As a result of voluntary closure of the commercial premises for a period of more than 30 consecutive days or 60 alternate days during a one-year period without prior authorization from the licensing entity or when the object and corporate name are modified;
- f) Whenever the commercial activity and the commercial services are carried on by entities other than the holder of the business permit;
- g) Where the reasons that led to it being issued no longer exist;
- h) In the event the corporate of object the commercial infrastructure is altered to a destination other than its original vocation, without the licensing entity's prior authorization;
- i) As a result of sub-leasing of the premises or assignment of its contractual status to third parties, without prior authorization from the landlord.

Article 22
Lifting of Suspension or Cancellation

Once the reasons that determined enforcement of Articles 20 and 21 have been remedied, the suspension or cancellation shall be lifted within five days at the most after receipt of the interested party's petition.

CHAPTER III
COMMERCIAL REGISTRY

Article 23
Registry of Commercial Establishments and Activities

1. Upon licensing the commercial activity and the rendering of services, the licensing bodies shall simultaneously register the premises and the activity.
2. In addition to other legal requirements, for registration purposes, the following shall be communicated to the licensing entity:
 - a) transfer of the commercial premises through conveyance and assignment of the establishment's business operations;
 - b) termination of commercial companies;

- c) amendments to the articles of association;
- d) change in name or logo of the premises;
- e) temporary closure of the commercial premises.

Article 24
Temporary Closure

1. The temporary closure referred to in sub-item a) of the previous Article, shall not exceed ninety days as of the notification date.
2. The time frame mentioned in the previous item may be extended for an equal period of time where so justified with the proper reasons.
3. After one hundred and eighty days have elapsed, if the extension provided for in the previous item has been granted and if the temporary closure is maintained, the licensing entity, upon an opinion report issued by the supervisory commission, shall make the decision it sees fit.

CHAPTER IV
SUPERVISION, PENALTY AND FEES

Article 25
Supervisory Agencies

1. It shall be incumbent on the competent service of the MTCl to supervise commercial establishments and activities.
2. The supervision shall also be carried on by other agencies legally competent to do so.
3. The service referred to in item 1 of this Article may, when carrying out its duties, request the cooperation of police or administrative authorities.

Article 26
Record of Notice

Whenever the civil servants in charge of supervision become aware of the occurrence of any violation involving licensing according to or arising from the provisions hereof, they shall prepare the corresponding notification in accordance with Decree-Law No. 23/2009, dated August 5, that approved the Regime Concerning Administrative Violations Against the Economy and Against Food Safety.

Article 27
Sanctions

Should the provisions hereof be violated, Decree-Law No. 23/2009, dated August 5 shall, with due adaptations, shall apply.

Article 28
Competence for Enforcing Sanctions

Competence for enforcing the sanctions arising from violation of this provisions hereof shall be incumbent on the Minister of the MTCl or whomsoever they delegate.

Article 29
Fees

1. Fees are payable in relation to all acts subject to licensing in accordance with the provisions of this statute.

2. The amounts of the fees applicable under this statute are, with due adaptations, those specified in Attachment I of Ministerial Statute No. 1/2008, dated February 6.

Article 30
Updating of Fees and Fines

The amounts corresponding to fees and fines shall be restated whenever necessary through a joint ministerial statute issued by the Ministers of Finance and the MTCl.

Article 31
Claims and Appeals

1. The enforcement of any sanction shall be preceded by a hearing of the alleged perpetrator who shall, in any case shall be entitled to counsel.

2. In determining the sanction to be applied, all circumstances that gave rise to the violation shall be taken into consideration, whether the perpetrator is an individual or a collective entity, the extent of the blame, the benefits intended and obtained from the violation and the losses resulting from it.

3. The perpetrator may file a claim or appeal the sanction decision in accordance with the laws in force.

CHAPTER VII
(Translator's Note: The document jumped from Chapter IV to Chapter VII)
FINAL AND TRANSITORY PROVISIONS

Article 32
**Provisional Licensing Documents Issued in Accordance with Previous
Legislation**

The provisional licenses for carrying on commercial activities and commercial services issued under previous legislation shall remain in force and effect throughout the period for which they were issued. After said period has elapsed, they shall abide by the regime imposed by this statute.

Article 33
Doubts and Omissions

Doubts and omissions arising from the interpretation and enforcement of this statute shall be resolved through a ministerial statute issued by the MTCI.

Article 34
Revocation Rule

Without prejudice to the provisions of Article 24, item 2 and Article 27, Ministerial Statute No. 1/2008 dated February 6, is hereby revoked.

Article 35
Classification of Commercial Activities

The designation and classification of the Commercial Activities set forth in the Attachment to this statute shall be updated and adapted whenever necessary through a ministerial statute issued by the MTCI.

Article 36
Effective Date

This statute shall be effective on the date following its publication.

Approved by the Cabinet/ Council of Ministers on May 4, 2011.

The Prime Minister

Kay Rala Xanana Gusmão

The Minister of Finance

Emília Pires

Enacted on May 31, 2011

Publish.

The President of the Republic

José Ramos-Horta

ATTACHMENT

CLASSIFICATION OF COMMERCIAL ACTIVITIES

A) WHOLESALE COMMERCE

001 Wholesale commerce of agricultural, silviculture, cattle-raising, live animals, live plants, medicinal plant and ornamental plant products.

002 Wholesale commerce of medicines, surgical and hospital materials, chemical and pharmaceutical products and medicinal oils.

003 Wholesale commerce of construction materials, timber and its derivatives, drugstore items, paints and varnishes, ironwork and tools.

004 Wholesale commerce of industrial and agricultural machinery including tractors, trailers and aircraft, their respective attachments, spare parts and components as well as their respective accessories. Automotive vehicles, including motorcycles and

mopeds, their respective attachments, spare parts and components as well as their respective accessories.

005 Wholesale commerce of electrical, radio and television articles, household appliances of any type, lanterns, light bulbs and dry batteries, electrical and decorative chandeliers, audio articles, cassettes and cinema, sound and image materials, information technology materials and respective attachments, spare parts and components as well as their respective accessories.

006 Wholesale commerce of office furniture, computer equipment and consumables, furniture, carpets and household utilities.

007 Wholesale commerce of textiles, clothing, rugs, blankets, trinkets and similar costume ornaments, shoes and footwear, belts, wallets, bags, travel luggage and others. Leather, Napa leather and parchment artifacts.

008 Wholesale commerce of foodstuffs and fresh foods, including fruits and vegetables, beverages and tobacco.

009 Wholesale commerce of fuels, lubricant oils and other combustibles.

010 Wholesale commerce of nonspecific goods.

B) RETAIL COMMERCE

010 Retail commerce of foodstuffs, fresh food, including fruits and vegetables, beverages and tobacco.

011 Retail commerce of meats and beef-based products.

012 Retail commerce of fish, crustaceans and shellfish.

013 Retail commerce of breads, pastries and confectioneries.

014 Retail commerce of porcelain, cutlery and similar goods for household use, retail commerce of books, newspapers, magazines and stationery articles.

015 Retail commerce of timepieces and other goldsmith articles.

016 Retail commerce of household use combustibles.

017 Retail commerce of secondhand goods.

018 Retail commerce of medicines, surgical and hospital materials, including chemical and pharmaceutical products and medicinal oils.

019 Retail commerce of textiles, clothing, rugs, blankets, trinkets and similar costume ornaments, shoes and footwear, belts, wallets, bags, travel luggage and others. Leather, Napa leather and parchment artifacts.

020 Retail commerce of office furniture, equipment, information technology materials and consumables, furniture, carpets and household utilities.

021 Retail commerce of construction materials, timber and its derivatives, drugstore items, paints and varnishes, hardware items and tools.

022 Retail commerce of automotive vehicles, bicycles, mopeds and motorcycles, their respective attachments and spare parts, industrial and agricultural machinery, including tractors and trailers, aircraft and their respective attachments, spare parts and components as well as their respective accessories.

023 Retail commerce of fuels and lubricants for motor vehicles, their repair and maintenance.

024 Retail commerce of electrical and lighting, radio and television articles, household appliances of any type, lanterns, light bulbs and dry batteries, electrical and decorative chandeliers, audio articles, cassettes and cinema, sound and image materials.

025 Retail commerce of photographic and optical articles and image, sound, cinema and video instruments, communication equipment and materials and their respective attachments, spare parts and components as well as their respective accessories.

026 Retail commerce of tools, hardware items, construction materials, sanitary equipment, tiles and similar, drugstore items, including paints, varnishes, glasses, brushes and similar, woods and derivatives.

027 Retail commerce of nonspecific goods.

C) RENDERING OF SERVICES

100 Commissions, consignments, agency arrangements, mediation and commercial intermediation, marketing, advertising and the like.

101 Accounting and auditing.

102 Consulting, advisory services and technical assistance.

103 Repair of shoes and other leather articles.

- 104 Repair of electrical articles and household appliances.
- 105 Repair of timepieces and jewelry.
- 106 Repair of personal and household property.
- 107 Repair and maintenance of office machines and informatics material.
- 108 Repair of nonspecific goods.
- 109 Commercial representation.
- 110 Laundries and dry cleaners.
- 111 Barber shops, hair salons and beauty parlors.
- 112 Spas and gymnasiums.
- 113 Other personal services.
- 114 Nonspecific services rendered.