



REGULATION NO. 2001/20

**TO AMEND REGULATION NO. 2000/18
ON A REVENUE SYSTEM FOR EAST TIMOR**

The Special Representative of the Secretary-General (hereinafter: Transitional Administrator),

Pursuant to the authority given to him under United Nations Security Council resolution 1272 (1999) of 25 October 1999, as reaffirmed in United Nations Security Council resolution 1338 (2001) of 31 January 2001,

Taking into account United Nations Transitional Administration in East Timor (UNTAET) Regulation No. 1999/1 of 27 November 1999 on the Authority of the Transitional Administration in East Timor,

After consultation in the National Council, and taking into account the National Council's resolution of 13 July 2001 that the present Regulation be executed on a provisional basis, subject to approval by the Constituent Assembly to be elected in accordance with UNTAET Regulation No. 2001/2,

For the purpose of amending UNTAET Regulation No. 2000/18 of 30 June 2000 on a Taxation System for East Timor, as amended by UNTAET Regulation No. 2000/32 of 29 September 2000, UNTAET Regulation No. 2000/35 of 20 December 2000, UNTAET Regulation No. 2001/16 of 21 July 2001 and UNTAET Regulation No. 2001/17 of 21 July 2001,

Promulgates the following:

Section 1
Definitions

- 1.1 Section 3 of Regulation No. 2000/18 is amended by
- (a) amending the definition of "person" by:

- (i) deleting the phrase “Chapters VIII, X and XI and Sections 5 and 6 of Schedule 1 of the present Regulation” and substituting the phrase “the present Regulation, other than Chapter VII”; and
 - (ii) deleting the phrase “the Transitional Administration in East Timor” and substituting the phrase “the East Timor Transitional Administration (ETTA) or its successor as may be provided in UNTAET regulations”; and
- (b) deleting the definition of “tax form” and substituting the following definition:

“tax form” means:

- (a) an annual income tax form;
- (b) an annual wage income tax withholding information form;
- (c) an excise tax form;
- (d) an income tax instalment form;
- (e) an income tax withholding form;
- (f) a sales tax form;
- (g) a services tax form;
- (h) a wage income tax withholding form;
- (i) any forms designated by the *Commissioner* for the purposes of *persons* applying for tax identification numbers and being registered for tax purposes;
- (j) any forms designated by the *Commissioner* under Section 45.1(c); or
- (k) any consolidated form designated by the *Commissioner* which includes the information from 2 or more of the above forms;

provided that where, in relation to any *person*, any consolidated form has been designated by the *Commissioner*, then the forms which that consolidated form has replaced shall no longer be “tax forms”;

1.2 Section 1.1(a) of this Section has effect from 1 July 2001.

Section 2

Delivering tax and wage income tax withholding form

Section 31.4 of Regulation No. 2000/18 is amended by deleting the words “the thirtieth day after the end of the *tax year*” and substituting the words “the last day of February following the end of the *tax year* to which it relates”.

Section 3

Withholding extinguishes an employee’s tax liability

Section 33 of Regulation No. 2000/18 is amended by deleting Sections 33.3 and 33.4 and substituting the following Sections:

“33.3 Any assessment of additional wage income tax by the *Commissioner* under Section 33.2 may be recovered from, or any refund of any overpayment of wage income tax under Section 33.2 may be paid to, the *employer* of the *employee* where the *Commissioner* is satisfied that the reason that *wages* were not correctly subject to wage income tax was due to the actions of, or the lack of action by, the *employer*.

33.4 Wage income tax assessed by the *Commissioner* under Section 33.2 is due and payable one month after the date on which the *person* assessed receives notice of the assessment.

33.5 A *person* assessed under Section 33.2 shall deliver payment of the tax assessed to the Central Payments Office or its nominated agent.”

Section 4

Non-Final Withholding Taxes Replaced by Income Tax Instalments

4.1 Section 38 of Regulation No. 2000/18 is amended by deleting Sections 38.1 to 38.4 and substituting the following Sections:

“38.1 Withholding tax rates under the *Law on Income Tax* shall be reduced to zero –
(a) for the period 1 January 2000 to 31 December 2000, for all income subject to withholding tax; and
(b) for the period commencing 1 January 2001, for all income listed in paragraph (a)(ii) of Part A of Section 6 of Schedule 1.

38.2 Income that has been subject to a zero withholding tax rate as a result of Section 38.1 shall be subject to income tax at the rates set out in paragraph (b) of Part A of Section 6 of Schedule 1.

38.3 A *person* who receives amounts, other than amounts referred to in Section 38.1, that have been correctly subject to withholding tax under the *Law on Income Tax* as modified by paragraphs (a)(i) and (a)(iii) of Part A of Section 6 of Schedule 1 has no further liability with respect to income tax imposed on those amounts.

38.4 Income tax otherwise payable on income derived by a *person* in a *tax year* shall be reduced by tax on coffee exports imposed under Section 36 after 1 January 2001 and if the reduction exceeds the income tax otherwise payable, the *Commissioner* shall refund the excess to the *person*.”.

4.2 Part A of Section 6 of Schedule 1 to Regulation No. 2000/18 is amended by substituting the word "zero" for the figure "5" in both places where it occurs in the right hand column of paragraph (a)(ii).

4.3 This Section has effect from 1 January 2001.

Section 5
Modifications of the *Law on Income Tax*

Section 40 of Regulation No. 2000/18 is amended by deleting Section 40.1 and substituting the following Section:

“40.1 Article 14 of the *Law on Income Tax*:

- (a) Does not apply to the 2000 *tax year*;
- (b) Applies in the 2001 *tax year* as if the time period referred to in Article 14 (2) was extended from three months to six months.”

Section 6
Commissioner’s assessments of tax due

Section 51 of Regulation No. 2000/18 is amended by deleting Section 51.8 and substituting the following Sections:

“51.8 Where tax that has been overpaid by a *person* is dealt with under Section 51.7, the *Commissioner* shall pay to the *person* interest at the rate prescribed by the Head of the Central Fiscal Authority in respect of each whole calendar month between:

- (a) the later of:
 - (i) the date of payment by the *person*; and
 - (ii) the date the *Commissioner* first became aware that an overpayment has arisen; and
- (b) the date of the application of the overpayment to other taxes due, or its refund.

51.9 Notwithstanding any other provision in this Section or in this Regulation, where the amount of tax payable under an assessment, or the amount of tax to be refunded arising from an overpayment, is \$5 or less, then the *Commissioner* shall treat the tax payable, or as the case may be, the amount to be refunded as NIL.”

Section 7
Payment of tax on appeal

Section 70 of Regulation No. 2000/18 is amended by deleting Section 70.2 and substituting the following Section:

“70.2 Where a *person* becomes entitled to a refund of tax following an appeal to the Appeals Office or *Board* of Tax and Customs Appeals, the *Commissioner* shall refund the tax and interest calculated at the rate prescribed by the Head of the Central Fiscal Authority in respect of each whole calendar month between the date of payment by the *person* to the date of refund.”

Section 8
Tax on Transportation Services Clarified

Section 6 of Schedule 1 to Regulation No. 2000/18 is amended by deleting from the table in Part A the following segment:

Income from the provision of air, land or sea transportation services	5%
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and substituting the following segment:

Income from the provision of air or sea transportation services	2.64%
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Section 9
Tax on Coffee Exports Abolished

Section 6 of Schedule 1 to Regulation No. 2000/18 is amended by deleting Part B and substituting the following Part:

“Part B: Exemptions

The following amounts are exempt from income tax:

- (a) amounts exempt under Article 4(3) of the *Law on Income Tax*, as modified by Section 39 of the present Regulation.

The following amounts are exempt from tax under Section 36.1:

- (a) up to five (5) kilograms of coffee beans exported in accompanied baggage by a *person* departing from *East Timor*; and
- (b) coffee beans exported after 31 May 2001.”

Section 10
Entry into force

10.1 The present Regulation shall enter into force upon signature.

10.2 The Transitional Administrator shall, in recognition of the resolution of the National Council of 13 July 2001, refer the present Regulation to the Constituent Assembly for its consideration, including its possible amendment pursuant to UNTAET Regulation No. 2001/2 of 16 March 2001.

Sergio Vieira de Mello
Transitional Administrator