



TIMOR-LESTE
Customs
Authority



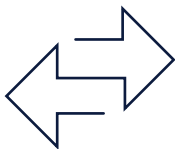
Import Duties and Taxes for 2023

A Brief Guide on Customs Duty,
Excise Tax and Sales Tax

English version

This information booklet is made possible by the generous support of the American People through the United States Agency for International Development (USAID). International Business Initiatives (IBI) prepared this information booklet's contents for the USAID/Timor-Leste Trade Governance Activity under task order 72047222F00001. The views expressed herein are the sole responsibility of IBI and do not necessarily reflect USAID or the United States Government's views.

Information provided within this guidance manual is correct at the time of publication; however, rules and regulations may be subject to change. If you are in any doubt, please visit the Customs Trade Portal for further information at: **www.customs.gov.tl**



Why should you read this guide?

The Government of Timor-Leste is committed to supporting the national economy by encouraging and facilitating legitimate commercial trade. As the government agency charged with the movement of goods across our borders, we play a pivotal role in protecting the country from the import and export of illegal or restricted goods, and we help to ensure that we collect the correct duties and taxes on behalf of the government.

The duty and tax rates shown in this booklet are in accordance with the 2023 State Budget (Law 15/2022), which cover the period **January 1, 2023 to December 31, 2023**.

This booklet includes the following parts:

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This booklet aims to help you better understanding the current duty and tax rates, and the methodology behind their calculation which will help you to avoid any unexpected expenses. You can find more helpful information about this process and the other changes that we are making by visiting the Customs Trade Portal at: **www.customs.gov.tl**

PART I

About Us

About Us

At the Customs Authority, we are responsible for helping the Government of Timor-Leste control the movement of goods, vehicles, ships, and aircraft that enter and leave the country. As well as protecting our borders from those that try and import or export illegal or restricted goods, we also help collect duties and taxes, which is an essential source of national revenue.

In 2017, the Customs Authority was established under Decree-Law 9/2017, succeeding the National Directorate of Customs. In January 2020, Decree-Law 9/2017 was replaced with a New Organic Structure of the Customs Authority (Decree-Law 2/2020). This new law, which came into effect in April 2020, will act as a basis to help us further professionalize our workforce and to ensure that our service is client-focused. In addition, we are now a semi-autonomous agency, meaning that we report hierarchically to the Ministry of Finance, but we have autonomy over our administrative functions

Our Mission

Our primary mission is to ensure that we can:

- Secure our nation's borders, and stop illegal or restricted goods from entering or exiting the country;
- Collect appropriate duties and taxes fairly and transparently;
- Prevent significant losses in revenue caused by inefficiencies or illicit activities;
- Make procedures more efficient and better comply with international standards;
- Facilitate trade, and attract investment by making

it easier for businesses to import and export goods; and

- Identify and eradicate corruption from within our ranks

ASYCUDAWorld

The total amount of Customs Duty, Sales Tax and Excise Tax owed will be automatically calculated when you officially submit your customs declaration, which we call a Declaração Aduaneira Única (DAU), in our our electronic processing system, ASYCUDAWorld.

The purpose of this booklet is to provide with a better understanding of the current duty and tax rates, and the methodology behind their calculation. With this information, you will be able to plan and budget for any associated costs before submitting your DAU to us which will help you to avoid any unexpected expenses.

Harmonized System

When you import or export your goods, which we call commodities, you must utilize the Harmonized Commodity Description and Coding System. In Timor-Leste, we use 8 numerical digits, which we call the HS Code. The first two digits categorize the product (chapter), the second two define this classification further (heading), and the final set of four digits specify the product in more detail. This HS Code is important as this is used to determine which duties or taxes apply and at what rates.

Tax Calculator

What Type of Goods are you Importing ?

Select value

What was the cost of the Goods? *

0.00

How much did you pay for Freight ? *

0.00

How much did you pay for Insurance ? *

0.00

Quantity

The Number of Items, or the Weight in Kg, or in Liters

1.00

What Type Of Goods Are You Importing ?

What Was The Cost Of The Goods? \$ 0.00

How Much Did You Pay For Freight ? \$ 0.00

How Much Did You Pay For Insurance ? \$ 0.00

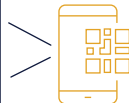
Quantity 1

Import Tax \$ 0.00

Excise Tax \$ 0.00

Sales Tax \$ 0.00

Total Amount Payable \$ 0.00



You can access our free Tax Calculator that will help you to calculate your Customs Duty, Sales Tax and Excise Tax by visiting the Customs Trade Portal at: www.customs.gov.tl/tax-calculator/

PART II

Customs Duty

Overview

If you import goods commercially into Timor-Leste, you must pay the following duties and taxes that are applicable by law:

- Customs Duty
- Sales Tax
- Excise Tax

National legislation sets forth these duties and taxes per the Taxes and Duties Act (Decree Law: 8/2008). These rates are then regulated annually by the government as part of the State Budget.

In accordance with the 2023 State Budget (Law 15/2022) which covers the period January 1, 2023 to December 31, 2023, Customs Duty is set at **5%** and the Sales Tax rate is set at **2.5%**.

Customs Duty

The Customs Duty is the tax that the government levies on goods when they are imported into Timor-Leste from another country. We collect Customs Duty on behalf of the government which is used to help protect domestic industries and to generate revenue. To identify the Customs Duty owed we need to calculate 5% of the cost of the goods plus the cost of freight plus the cost of the insurance. We call this the CIF value (Cost, Insurance and Freight).

Cost of Goods + Cost of Insurance + Cost of Freight x 5% = Customs Duty

Here are a few examples:

Cost of Goods	Cost of Insurance	Cost of Freight	CIF Total	Customs Duty (5%)
\$10,000	+ \$500	+ \$1,000	= \$11,500	\$575
\$20,000	+ \$700	+ \$1,200	= \$21,900	\$1,095
\$58,000	+ \$1,200	+ \$5,000	= \$64,200	\$3,210

PART III

Excise Tax

Tarif #	General Description of Goods	Applicable Tax (USD)
1701-1704	Sugars and confectionery	\$1.00 per Kilogram
2202	Waters, including mineral waters and aerated waters, containing added sugar or other sweetening matter or flavored and other non-alcoholic beverages, other than fruit or vegetable juices, falling under heading 20.09	\$3.00 per Liter
2203.00.10	Beer with alcohol content less than 4.5%	\$2.70 per Liter
2203.00.20	Beer with alcohol content of 4.5% or more	\$4.50 per Liter
2204-2206	Wine, Vermouth and other fermented beverages (e.g. cider, perry)	\$4.50 per Liter
2207,2208	Ethyl alcohol (other than denatured) and other alcohol beverages	\$8.90 per Liter
2401-2403	Tobacco and Tobacco Products	\$100.00 per Kilogram
2710	Gasoline, diesel fuel products, and other petroleum products	\$0.06 per Liter
8703	Passenger cars whose value is less then \$10,000.00	0%
	a. Of a Value that Exceeds \$10,000.00	10% of the value
	b. Of a Value that Exceeds \$25,000.00	20% of the value
	c. Of a Value that Exceeds \$50,000.00	30% of the value
9301-9307	Arms and ammunition	200% of the value
9303.90.00	Captive bolt guns for slaughtering animals	10% of the value
9613	Cigarette lighters	12% of the value
9614	Smoking pipes	12% of the value
9706	Private boats and aircraft	20% of the value

Excise Tax

Excise Tax is imposed by the government on certain goods and services, typically those that are considered luxury or harmful to society. The purpose of this tax is to raise revenue for the government and/or to discourage the consumption of the taxed goods or services. Excise Tax is different from Customs Duty or Sales Tax as it is only imposed on specific commodities. A full list of these commodities is available in the adjacent table.

In accordance with the 2023 State Budget (Law 15/2022), the government has applied Excise Tax to the goods (commodities) shown in the adjacent table for the period January 1, 2023 to December 31, 2023.

In some cases, the Excise Tax is calculated as per kg or per liter.

Here are a couple of examples:

Type of Goods	Quantity	Excise Rate	Excise Duty
Sugars and Confectionary	1,000 kgs	x \$1.00 per kg	= \$1,000
Beer with alcohol content less than 4.5%	750 liters	x \$2.70 per Liter	= \$2,025

In some cases, the Excise Tax is calculated as a percentage of the value of the goods. Here is an example:

Type of Goods	Cost of Goods	Excise Rate	Excise Duty
Cigarette Lighters	\$15,000	10%	= \$1,500

Vehicles

The calculation for vehicles is a little more complex, as different percentage excise rates apply to different value bands. For example, if your vehicle costs more than \$50,000 then three different rates of tax will apply. Here is an example:

Value of Vehicle	Cost of Vehicle	Excise Rate	Sub-total	Total Excise Tax
\$65,000	Less than \$10,000.00	0%	\$0+	= \$11,000
	More than \$10,000	10%	\$1,500 +	
	More than \$25,000	20%	\$5,000 +	
	More than \$50,000	30%	\$4,500	

PART IV

Sales Tax

Sales Tax

The Sales Tax is the tax that the government levies on goods when they are imported into Timor-Leste from another country. We collect this tax on behalf of the government which is then used to help fund various public services and to generate revenue.

To calculate the Sales Tax, we need to calculate 2.5% of the CIF value (Cost of the Goods + Insurance + Freight) plus the Customs Duty plus the Excise Tax:

$$\text{CIF} + \text{Customs Duty} + \text{Excise Tax} \times 2.5\% = \text{Sales Tax}$$

Remember: Excise Tax may be zero as it may not apply to your particular type of goods (commodity).

Here are a few examples:

CIF Total	Customs Duty (5%)	Excise Tax	Total	Sales Tax (2.5%)
\$11,500	+ \$575	+ \$10,000	= \$22,075	\$551.88
\$8,000	+ \$400	+ \$0	= \$8,400	\$210.00
\$25,000	+ \$1,250	+ \$5,200	= \$31,450	\$786.25

Total Amount Payable

Now you just need to add the three amounts together to calculate the total amount payable:

$$\text{Customs Duty} + \text{Excise Tax} + \text{Sales Tax} = \text{Total Amount Payable}$$

Exemptions

In some cases, you may be exempted from paying duties or taxes. For example, you may be exempt if you are an official representative of an accredited Diplomatic Mission, or if you are the official representative of a foreign state donating goods to Timor-Leste. If you're unsure, please contact us !

Remember: You can access our free Tax Calculator that will help you to calculate your Customs Duty, Sales Tax and Excise Tax by visiting the Customs Trade Portal at: www.customs.gov.tl

Tax Calculator

What Type of Goods are you Importing ?

✓ Select value

Sugars and confectionery

Waters, including mineral waters and aer

Beer with alcohol content less than 4.5%

Beer with alcohol content of 4.5% or m

Wine, Vermouth and other fermented

Ethyl alcohol (other than denatured)

Tobacco and Tobacco Products

Gasoline, diesel fuel products

Passenger cars

Arms and am

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