



Complying with Regulations

A brief guide on how doing so will
benefit your business



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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, the Customs Authority plays a pivotal role in protecting the country from the import and export of illegal and restricted goods and ensuring that all appropriate duties and taxes are collected on behalf of the government

This booklet explains what voluntary compliance is and how it could benefit you as a business owner or a member of the trading community. Applying the measures outlined within this booklet will result in us processing your declarations faster, meaning quicker release of your or your clients' goods. This translates to savings in both time and money for your business, giving you a competitive edge over those that choose not to follow the rules.

This booklet includes the following parts:

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Understanding why these requirements exist and how they should be applied is important. Failure to follow the relevant regulations may result in your goods being delayed, and in some cases, financial penalties being applied, or other legal action being taken against you. You can find further information at:

www.customs.gov.tl

PART I

Our Responsibilities



Customs Authority

Our mission is to ensure that we can:

- Secure our nation's borders, and stop illegal or restricted goods from entering or exiting the country
- Ensure that all appropriate duties and taxes are collected in a fair and transparent way
- Prevent major losses in revenue caused by inefficiencies or illegal activities
- Facilitate trade, and attract investment by making it easier for businesses to import and export goods
- Identify and eradicate corruption from within our workforce.

Customs Controls

Under provisions contained within the Customs Code (Decree Law 14/2017), we are legally entitled to search any goods, person, vehicle or other conveyance that enters or exits the territory of Timor-Leste.

This is a power that we take very seriously, and our aim is to only stop and search those persons or consignments (goods) that we consider could pose some level of risk. When making this assessment, we take into account a number of factors, including:

- Your previous compliance history with us and other relevant government agencies
- The type of goods, and where they are arriving from or going to
- Information received from other partner agencies

On some occasions, we may stop and search your consignment to confirm that you are still following the rules.

After you have lodged your declaration within ASYCUDA World, your consignment will be routed one of three different ways:

- **Red Lane:** Your consignment will be physically inspected by a customs officer. In some cases, and depending upon the type of goods, this examination may include a representative from another government agency. For example, if your consignment includes live animals, it is likely that an official from the Ministry of Agriculture and Fisheries will also be present.
- **Yellow Lane:** Your declaration, and the documents that you submitted with, it will be examined by a customs officer. In the event that irregularities are identified, then your consignment may be routed to the red lane for physical examination. As with the red lane, these checks may be undertaken on behalf of other government agencies.
- **Blue Lane:** Your consignment will be immediately released upon payment of the relevant duties and taxes, however, we will examine the documents at a later date to confirm that everything was in order.

Any consignment not selected by one of the three lanes above, is sent to the Green Lane. This means that once you have paid the relevant duties and taxes, your goods are immediately released without the need for any type of inspection.

In some cases, we may still want to inspect goods that have been sent Green lane, however; this should not happen on a regular basis, and if it does, you should ask to speak with a customs manager or supervisor.

Types of Compliance

In general terms, we classify your compliance using four different levels. When making this assessment, we also take into account your previous compliance with other relevant government agencies when importing certain goods, such as Ministry of Health, Ministry of Agriculture and Fisheries, etc.

- **Voluntary Compliance:** This means that you carefully follow the relevant rules and regulations, and actively take measures to ensure that you comply with regulatory requirements.
- **Assisted Compliance:** This means that you are trying to comply, but you do not always succeed, and you could do better with appropriate guidance and help.
- **Directed Compliance:** This means that you do not take any effective measures to try and comply, and you resist trying to do better. In more simple terms, you would avoid complying if you thought you could get away with it.
- **Enforced Compliance:** This applies to those that deliberately avoid following the rules, such as those that purposefully try and smuggle, under-value or misclassify their goods.

Voluntary Compliance: “The act of obeying a particular rule or law, or of acting according to an agreement, without being forced to.”

If we determine that you are being voluntarily compliant then we will try and ensure that most of your goods are routed Green lane. This means that your goods will be released quickly, thereby saving you both time and money, providing you with a competitive edge in the marketplace.

If you are trying to comply, we can offer you or your broker assistance by providing access to written guidance or information booklets, and by delivering appropriate training or workshops. If you are unsure on any aspect of the import or export process or other related activities, you should always speak to us first. Once we are satisfied that you are following the rules correctly, we will inspect less of your consignments.

Failure to follow the rules or regulations will not be tolerated, and we will take firm action against you where appropriate. This may include:

- Inspecting all of your consignments every time
- Issuing you with penalties that can range from \$250 to \$10,000
- Taking legal action and prosecuting you at court
- Suspending or revoking your customs broker operating license

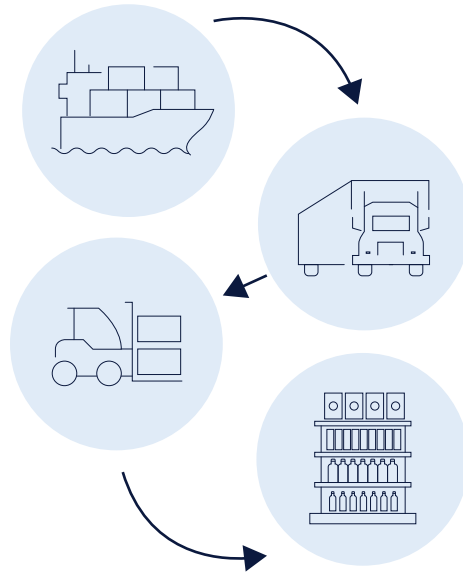
CATEGORIES		BEHAVIOURS	CUSTOMS ACTION	Costs of Doing Business
Risk level	Low	Voluntary compliance People who want to comply	- Voluntary compliance - Informed clients	
	Medium	Assisted compliance People who try to comply, but don't always succeed	- Attempting to comply - Uninformed clients	
		People who will avoid complying if they can	- Resistance to compliance - Will avoid if possible	
		Directed compliance	- Deter by detection - Comprehensive audits - Extensive cargo examination - Prosecution	
	High	People who deliberately do not comply	- Criminal intent - Illegal activity	
	High	Enforced compliance	- 100% intervention - Comprehensive audits - 100% cargo examination - Prosecution	High

PART II

Your Responsibilities

Investing in Compliance leads to:

- Less penalties
- Less Customs intervention
- Increased trade facilitation
- Goods released quicker
- Lower business costs
- Better business



When commercial goods enter Timor-Leste, they do so by air, by sea, or via a land border. Following arrival, there is a legal requirement for those goods to be placed under a "customs treatment" within a specified time frame. This simply means that the goods have to be declared to us as an import, re-exported, or placed in an approved bonded warehouse facility.

Importantly, this must be completed within a strict timeframe, as failure to do so will result in us automatically applying a financial penalty:

- Arrival by sea: 30 business days
- Arrival by air or land: 20 business days

Voluntarily Report Errors

We all make mistakes. If you notice that you have made an error on a declaration please tell us so we can make the appropriate amendment. By telling us, it shows that you are committed to being voluntarily compliant. Even if your consignment has already been cleared by us, we can still make a post-release amendment although in this case, a fine may be applicable.

Maintain Accurate Records

Under the law, you are required to maintain and preserve any records relating to your trading activities for a period of five years. Please ensure you maintain accurate documentation, and keep these documents properly filed so they can be easily accessed by you. In some cases, we may want to view these documents to confirm your level of compliance.

Submit Accurate Declarations and Supporting Documents

It is your responsibility to ensure that you submit a true and accurate

import or export declarations, and include the correct supporting documents, such as:

- Invoice (pro-forma invoice will not be accepted)
- Packing List
- Bill of Lading/ Airway Bill
- License/ Permit from another Agency (where relevant)

Invest in Your Own Compliance

Ensuring that you are following the correct rules and regulations is your legal responsibility, and failure to do so will result in action being taken against you. In some cases, this may mean that you have to invest time and money in training your staff, upgrading your facilities or keeping better accounts or records. Wherever possible, we will try and assist you in becoming voluntarily compliant as this means lower operating costs for you as a business, and for us as a government agency.

Being voluntarily compliant requires you to proactively check that your own internal systems or processes are working correctly. This should include:

- Keeping up-to-date with any new or revised regulations, policies or procedures. You can find these by visiting our website
- Developing your own internal processes or procedures which help you or your staff to ensure they are following the rules and regulations
- Ensuring your staff are properly trained and apply these types of procedures
- Adopting and applying internal controls to ensure any mistakes are quickly identified and reported to us.

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