



CUSTOMS AUTHORITY



Commissioner's Administrative Instruction



Standard Operating Procedure (SOP) for:

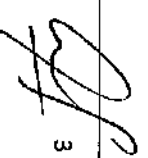
“Customs Broker Licensing and
Operation Rules - 2023”

SOP Number 002 of 04 / 12 / 2023

Table of Contents

1.	Standard Operating Procedure Title	5
2.	Scope	5
3.	Authorization	5
4.	Objectives	5
5.	Reference To International Standards	5
6.	Applicable Legislation	9
7.	Validity and Changes	13
8.	Procedure Owner	13
9.	Enforcing this Procedure	13
10.	Adherence to this Procedure	13
11.	Template Forms	14
12.	Process Narrative	16
A.	Current Licensed Customs Brokers	16
Rule 1:	Business Requirements	16
Rule 2:	Record Keeping	17
Rule 3:	Code of Ethics	17
Rule 4:	Tariff, Valuation, and Origin knowledge	18
Rule 5:	Access and Use of the ASYCUDAWorld system	18
Rule 6:	Preparation of Customs Documents	18
Rule 7:	Compliance with Customs laws and regulations	18
Rule 8:	Coordination with customs and other government agencies	19
Rule 9:	Management of Clients' Risks	19
Rule 10:	Disciplinary Actions	19
B.	New Customs Brokers licensing program	20
Rule 1:	Brokers admission course	20
Rule 2:	Applicant eligibility to apply for the selection process	20
Rule 3:	Training Course	21
Rule 4:	Final Examination	21
Rule 5:	Bond	21
Rule 6:	Identity Document	21
C.	Customs Brokers Monitoring Unit	22

Verify Business Requirements.....	22
Verify and Monitor Record Keeping.....	23
Confirm Correct Access and use of the asycudaworld system	23
Monitor Compliance with customs laws and regulations	23
Verify Management of Client Risks	23
Propose and apply Disciplinary Actions	24
Support New Brokers Licensing Program	24
Process and Issue Identity Document	25
13. Commissioner’s Approval, Directives and Dissemination	26
14. SOP Amendments Record	27



PART A: SOP INTRODUCTION

1. Standard Operating Procedure (SOP) Title
2. Scope
3. Authorization
4. Objectives
5. Reference to International Standards
6. Applicable Legislation
7. Validity and Changes
8. Procedure Owner
9. Enforcing this Procedure
10. Adherence to this Procedure
11. Template Forms

1. STANDARD OPERATING PROCEDURE TITLE

This Standard Operating Procedure (SOP) will be officially known as:

“Customs Broker Licensing and Operation Rules – 2023”

2. SCOPE

This SOP is limited to the formalities to be followed by Customs Brokers and Customs staff for the requirements to operate as a licensed Customs Broker and for Customs staff to regulate Customs Brokers as set out in the Decree Law 14/2017 – Customs Code.

3. AUTHORIZATION

This SOP is authorized by the Commissioner of the Customs Authority under the following provisions:

- a) the Customs Organic Law, Decree Law 2/2020 of 8 January 2020, Chapter III Organic Structure, Section 1 Organs, Article 9 (1c) “Commissioner of the Customs Authority”, that allows the Commissioner to: *“approve the administrative rules and/or instructions necessary for the operation of the Customs Authority, including the application of Customs legislation”*.

4. OBJECTIVES

The objectives of this SOP are to provide clear instructions on:

- a) How Licensed Customs Brokers will ensure their adherence to the regulatory requirements outlined in the Customs Code, enabling them to operate as Customs Brokers while meeting their obligatory responsibilities and demonstrating compliance with the established regulations.
- b) How the process for the application and selection of new Brokers for Licensing as Customs Brokers is applied in line with national legislation.
- c) How Customs officers will perform regulatory controls and audits to ensure the Licensed Brokers are in compliance with the rules and regulations.

5. REFERENCE TO INTERNATIONAL STANDARDS

There are relevant international standards that ensure that Customs and Customs Brokers follow best practices and promote compliance with international trade agreements. As well as setting out best practices for Customs administration and facilitating international trade, there are also specific guidelines and provisions relevant to Customs Brokers to promote ethical behavior, professional

conduct, and compliance with Customs laws and regulations and how they operate within the general clearance process.

The **WCO Revised Kyoto Convention (RKC)** provides standards for customs procedures and compliance with the RKC can help streamline the clearance process.

When the GoTL formerly accedes the RKC, the provisions of the General Annex become compulsory and part of the Customs Code DL 14/2017, as per Article 3 oo) Customs Legislation -paragraph iii – *“International agreements, containing customs provisions to which Timor-Leste is a contracting party”*.

The **WTO Trade Facilitation Agreement (TFA)** aims to simplify and harmonize Customs procedures. Compliance with the TFA principles can help reduce the time and cost of customs clearance and increase transparency.

The **ASEAN Trade In Goods Agreement (ATTIGA)** promotes trade liberalization and facilitates the movement of goods within the region within the region

A) ***The WCO Revised Kyoto Convention (RKC):***

General Annex Guidelines, Chapter 8, “Relationship Between Customs and Third Parties”.

This chapter specifically covers the interaction between Customs and Customs Brokers and sets out “Standards” to follow:

- 8.1 Persons concerned shall have the choice of transacting business with the Customs either directly or by designating a third party to act on their behalf.
- 8.2 National legislation shall set out the conditions under which a person may act for and on behalf of another person in dealing with the Customs and shall lay down the liability of third parties to the Customs.
- 8.3 The Customs transactions where the person concerned elects to do business on his account shall not be treated less favorably or be subject to more stringent requirements than those Customs transactions which are handled for the person concerned by a third party.
- 8.4 A person designated as a third party shall have the same rights as the person who designated him in those matters related to transacting business with the Customs.
- 8.5 The Customs shall provide for third parties to participate in their formal consultations with the trade.

https://www.wcoomd.org/en/topics/facilitation/instrument-and-tools/conventions/pf_revised_kyoto_conv/kyoto_new.aspx

B) *The WTO Trade Facilitation Agreement (Bali, 2013) in particular, in relation to:*

Article 10.6 - Use of Customs Brokers

10.6.1 Without prejudice to the important policy concerns of some Members that currently maintain a special role for customs brokers, from the entry into force of this Agreement, members shall not introduce the mandatory use of customs brokers.

10.6.2 Each Member shall notify the Committee and publish its measures on the use of customs brokers. Any subsequent modifications thereof shall be notified and published promptly.

10.6.3 With regard to the licensing of customs brokers, Members shall apply rules that are transparent and objective.

More information on Article 10.6 can be found on the link below:

https://www.wto.org/english/res_e/publications_e/ail17_e/tfa_art10_oth.pdf

Additionally, there are additional articles within the TFA that set out a number of specific provisions that are appropriate to Customs Brokers that they should be familiar with: Articles 1, 2, 7, 10, 12, 23 and 25

More information on these Articles can be found on the WTO Trade Facilitation Agreement Database under the link below:

<https://tfadatabase.org/en/tfa-text>

C) *The ASEAN Trade in Goods Agreement (ATIGA) in particular, about:*

The ASEAN Trade in Goods Agreement (ATIGA) does not have specific provisions that pertain to customs brokers. However, it sets out rules and procedures related to customs and trade facilitation that customs brokers need to be familiar with, including provisions related to customs valuation, rules of origin, and customs procedures. Customs brokers play an important role in ensuring compliance with these provisions and helping businesses navigate the customs and trade regulations in ASEAN countries.

For more information on this please use the link below:

<https://asean.org/asean-trade-in-goods-agreement-atiga/>

D) *The ASEAN Agreement on Customs (AAC):*

The ASEAN Agreement on Customs (AAC) sets out a range of provisions related to customs procedures and trade facilitation in ASEAN countries. While it does not have specific provisions that pertain to customs brokers, it does establish requirements and standards for customs administrations, including the need for transparency, accountability, and effective communication with stakeholders.

More information on this Article can be found on the ASEAN main portal under the link below:

<https://asean.org/wp-content/uploads/2020/12/ASEAN-Agreement-on-Customs-3.pdf>

E) *Other information that is relevant to this Procedure can be found on the WCO website and the links below:*

i. WCO Customs Brokers Guidelines

<https://www.wcoomd.org/->

[/media/wco/public/global/pdf/topics/facilitation/instruments-and-tools/tools/customs-brokers/customs-brokers-guidelines.pdf](https://www.wcoomd.org/-/media/wco/public/global/pdf/topics/facilitation/instruments-and-tools/tools/customs-brokers/customs-brokers-guidelines.pdf)

ii. WCO Study Report on Customs Brokers

<https://www.wcoomd.org/->

[/media/wco/public/global/pdf/topics/facilitation/instruments-and-tools/tools/customs-brokers/wco-study-report-on-customs-brokers.pdf](https://www.wcoomd.org/-/media/wco/public/global/pdf/topics/facilitation/instruments-and-tools/tools/customs-brokers/wco-study-report-on-customs-brokers.pdf)

F) *The International Federation of Customs Brokers Associations (IFCBA):*

The International Federation of Customs Brokers Associations (IFCBA) is a global organization that represents customs brokers and other trade facilitation professionals. The IFCBA was established to promote the interests of customs brokers and facilitate international trade by providing a forum for collaboration and cooperation between its member organizations.

Another important function of the IFCBA is to promote best practices in customs brokerage and trade facilitation. This includes sharing information and expertise among its members, developing codes of conduct and ethical guidelines, and advocating for the adoption of international standards and conventions to improve the efficiency and transparency of customs procedures.

Further information can be found via the links below:

i. International Federation of Customs Brokers Associations

<https://ifcba.org/>

ii. Best Practices Model for the Licensing of Customs Brokers

https://ifcba.org/sites/default/files/ctd_files/BestPracticesModelLicensingCustomsBrokersENGLISH.pdf

6. APPLICABLE LEGISLATION

The following legislation applies to this procedure. **Organic Structure of the Customs Authority, DL 2/2020, 8 January 2020**

Article 9, 1c:

Power of the Commissioner to “approve administrative rules and/or instructions.”

Summary of applicable Articles in the Customs Code Decree Law 14/2017 – 5 April 2017.

The full applicable Articles of the Customs Code 14/2017 below can be found in **ANNEX – 1** for further reference.

Specific provisions are, as follows:

Article 18, paragraph 1 to 6 –

Anyone performing activities connected the Customs Clearance process for international trade must preserve, all documents and records for a period of five years.

The persons upon the request of the Customs Authority make available all documents and records, provide copies of those records and respond to any questions relating to those documents and inspection.

If the information relating to the customs operations is electronic records, or any other type of medium, by the decision of the Customs Authority, must provide access to the data storage and processing device or platform, the format it was sent, when and who it was sent to, all additional documents or records.

Records must be presented when requested and electronic records must be presented in the form of a printed copy, or any other format specified by the Customs Authority.

Anyone who obstructs or restricts the presentation of the documents shall incur a customs offense and be subject to an administrative sanction.

Article 30, paragraph 1b and 3 –

Official brokers to whom the owners or consignees of the goods grant power of attorney to act in their name or on their behalf.

Declarations cannot be made by those who are insolvent or who are prohibited or are serving a suspension.

Article 31, paragraph 1 –

All persons intending to make declarations, provide an irrevocable bond, to the value of not less than USD 10,000.

Article 32, paragraph 1 –

Requirement of a valid official broker's license issued by the Commissioner to make a Customs Declaration.

Article 33, paragraphs 1 to 4.-

3 different phases for admission (application/training/final test).

Calls for invitation for the selection examination by order of the Minister and disclosed on MoF & Customs websites 30 days before training commences.

Regulations for the selection examination and training course are regulated by Ministerial Diploma.

Minster decision on timelines when to open public selection examinations for new Brokers.

Article 34, paragraphs 1 and 2.-

Requirements to submit an application –

- Established in TL with ID card/commercial registration/TIN
- Over 21 years
- educational qualifications equal to Grade 9 of compulsory schooling
- a debt certificate
- no criminal convictions or tax offences

Accepted candidates shall be from the Minister and published on the official website of the Minister of Finance and the Customs Services.

Article 35, paragraphs 2 and 3 –

A Training Course of a minimum of 70 hours and a schedule with dates included in the Ministerial order approving list of candidates.

At the end of a training course, there will be a selection examination and list of candidates that pass the final phase shall be published.

Article 36, paragraphs 1 to 4.-

The candidates who pass the training course shall take the final examinations for admission as an official broker.

The examinations shall be sat in Dili, within thirty (30) days of publication of the list and shall cover classifying goods for customs tariffs.

The examination panel of three (3) members and chaired by the Commissioner of the Customs Authority.

The final classification of the candidates shall be published in the Journal of the Republic, approved by an order of the Minister.

Article 37

Applicants who provide a bond to engage in the activity (as per Article 31) shall be considered approved and issued an identity document.

Article 38, paragraph 2.-

Prior to engaging in the activity, a person licensed (as per Article 32) shall submit a guarantee of USD \$10,00 minimum to USD \$150,000

Article 39, paragraph 1 and 2.-

The official Broker Identity Document shall be issued by the Customs Authority

The Customs Authority may demand at any time, the Broker provides evidence of their activities in the name and on behalf of the owner.

Article 40, paragraph 1 -

Commissioner will issue an ID card upon payment of the charges and the Customs Authority shall issue the Identity Card.

Article 41 paragraphs 1 and 2.-

Commissioner may suspend or revoke license in the following cases:

- Broker has tried to defraud, mislead or threaten a current or prospective client.
- The performance of the broker is considered as unsatisfactory on the basis of mistakes committed in the Customs declarations.
- It is determined the Broker does not actively exercising his or her activity.

Article 42.

The authorized official broker must maintain, and present books and records whenever requested by the Customs Authorities.

Customs Brokers Association of Timor-Leste

Article 43, paragraphs 1 to 2.-

The association representing the official brokers shall be the professional association.

Membership of the professional association is obligatory and a necessary condition for the official broker to exercise their profession.

Article 44, paragraph 1.-

The association representing the official brokers shall be structured depending on the territorial division of the Country and the definition of its bodies, competencies, operation, and composition.

Article 45, paragraphs 1,2,4 and 5.-

Official brokers may exercise their activity as an individual or as a company in which they are partners.

The sole object of the companies of official brokers shall be the exercise of the corresponding professional activity.

The companies of official brokers currently in existence shall continue to be valid until they are wound up.

The companies referred to in the previous paragraphs shall only be managed by partners who are official brokers.

7. VALIDITY AND CHANGES

This SOP comes into effect on the date the Commissioner signs it in **Section 13** of this SOP. Any changes to this SOP must be approved by the Commissioner, and the SOP properly updated and circulated to relevant staff.

8. PROCEDURE OWNER

The owner of this procedure is the National Director of Customs Compliance and Management (NDCCM), in close cooperation with National Director Operations, who will be responsible for:

- a) The implementation and standardized application of all the provisions within this SOP, in all Customs areas under his/her control.
- b) Ensuring that the Customs Brokers Licensing Unit to fully adhere to this SOP.
- c) Ensuring that officers in the operational areas under his/her control have access to a written copy and training on this procedure.
- d) Obtain monthly statistics, and submit them with his/her comments and/or recommendations to the Commissioner, on the following matters:
 - Any declarant that tried to mislead, deceive, or threaten a client to defraud that client.
 - The professional performance of the declarant has been considered unsatisfactory based on mistakes committed in the Customs Declarations.
 - The declarant was not actively exercising his or her activity.
- e) Taking corrective measures if this SOP is not followed; and
- f) Proposing to the Commissioner, any changes, or amendments to this SOP when operational circumstances so demand.

9. ENFORCING THIS PROCEDURE

This procedure should be applied and enforced by all Customs staff members, including but not limited to:

- a) All staff working within the Brokers Monitoring Unit.
- b) All staff working within the Customs Revenue and Entry Processing (CREP).

10. ADHERENCE TO THIS PROCEDURE

This procedure must be strictly adhered to by all parties, and at all times. Failure to follow the provisions contained within this SOP may include, but shall not be limited to:

- a) Customs Brokers: from temporary blockage of your access to AW, up to removal of your license to operate as a Customs Broker by the Customs Authority.
- b) Customs Staff: Disciplinary action, from suspension without salary payment to dismissal, or other appropriate punitive action being taken against you.

11. TEMPLATE FORMS

Template forms are attached at **ANNEX – 2** to provide a quick reference for Customs and Brokers in complying with the Customs code to meet the requirements to hold a license as a Customs Broker and a “road map” for the licensing of new Brokers. These documents are:

- Licensed Customs Brokers Policy and Operation Business Rules 2023
- Customs Brokers Licensing Program 2023 – Road Map
- Applicants Self-Assessment

PART B: PROCEDURE DETAILS

- 12. Process Narrative
- 13. Commissioner's Approval, Directives, and Dissemination
- 14. SOP Amendments Record

Annex 1 – Relevant Customs Legislation

Annex 2 – Template Forms

12. PROCESS NARRATIVE

This SOP is broken down into three (3) different key parts:

- A. Current Licensed Customs Brokers
- B. New Customs Brokers Licensing Program
- C. Customs Brokers Monitoring Unit

The CA is committed to recognizing the role of Customs Brokers in facilitating international trade and ensuring compliance with the laws and regulations in Timor-Leste. This SOP establishes the framework for the licensing and monitoring of Customs Brokers. The policy is guided by the principles of transparency, accountability, professionalism, and ethics.

This policy will ensure compliance with Customs Laws and Regulations as well as international standards and best practices and provide a framework for regulation and future licensing and control, ensuring Brokers have the necessary qualifications and skills to help businesses facilitate international trade.

With Timor-Leste close to accession to ASEAN and WTO, these international organizations as well as the WCO, provide regulations and standards that Timor-Leste will adopt which are relevant for the Customs Brokers to be aware of these provisions to provide a professional service to the clients, comply with the Customs Regulations, and facilitate the efficient clearance of goods through the Customs clearance procedure without delays or infractions.

A. CURRENT LICENSED CUSTOMS BROKERS

Current Customs Brokers must be compliant with Customs licensing rules as set out in the Customs Code DL 14/2017.

The companies of official brokers currently in existence shall continue to be valid until they are wound up, and the assignment of shares shall only be made to official brokers.

RULE 1: BUSINESS REQUIREMENTS

1. The person must be established in Timor-Leste and must hold a:
 - Has a physical address for the main office.
 - Business Registration Certificate.
 - Tax Identification Number (TIN).
 - Are not tax debtors to the state.
 - Have not been convicted in criminal proceedings or of a tax offense.
2. The Licensed Broker must have a good personal record of honesty, respect, and compliance with TL Laws, particularly Customs and Tax Laws.



3. That there is a bond in place to ensure compliance with the Customs legislation.
4. Companies shall only be managed by partners who are official Brokers.
5. All personnel working for the company involved in the clearance process have received relevant training with respect to their role within the organization.
6. All licensed Brokers working for the company should have an official broker identity document (or certificate) issued by the Customs authorities who must ensure the holder of that identity document is registered within the ASYCUDAWorld system.
7. Has been authorized and has access and use of the ASYCUDAWorld system and does not allow unauthorized use of the system by their staff.
8. It is the obligation of the holder to communicate to Customs, any change of the details in the aforementioned sections.

RULE 2:

RECORD KEEPING

1. Brokers performing activities connected to international trade or another activity subject to the jurisdiction of the Customs Authority must preserve all documents and electronic records relating to the customs operations performed, for a period of five years.
2. Records to show power of attorney is granted by the owners or consignees of the goods for the Broker to act on their behalf.
3. The authorized Broker must maintain, and present books or records whenever requested by the Customs Authority.
4. Customs may demand, at any time, that the official Broker provide evidence of his or her activities in the name and on behalf of the owner or consignee of the goods.

RULE 3:

CODE OF ETHICS

While it is the Customs Brokers Association's responsibility to develop their own Code of Ethics, the following minimum principles should be observed and included in their Code.

1. The Broker shall be a member of the professional association representing the official brokers.
2. Nobody can make a Customs declaration in the name or on behalf of another person unless he or she has a valid official Broker license issued by the Commissioner of the Customs Authority.
3. Membership of the professional association is obligatory and a necessary condition for the official Broker to exercise their profession.
4. The Broker should have a good knowledge of the Customs Code as well as International Standards provided by organizations such as the World Customs Organization, the World Trade Organization, and ASEAN that ensure Customs Brokers follow best practices and promote compliance with international trade agreements. There are also specific

guidelines and provisions relevant to Customs Brokers to promote ethical behavior, professional conduct, and compliance with Customs laws and regulations and how they operate within the general clearance process.

5. Brokers are responsible for ensuring their clients comply with all relevant Customs laws and regulations.

6. Brokers should provide guidance and advise their clients of any changes to Customs regulations that may affect their operations.

RULE 4: TARIFF, VALUATION, AND ORIGIN KNOWLEDGE

1. The Broker and personnel have a working knowledge of:
 - Tariff classification.
 - Valuation.
 - Rules of Origin.

The Broker must be able to advise and resolve any client questions on Tariff, Valuation, and Origin of the goods.

RULE 5: ACCESS AND USE OF THE ASYCUDAWORLD SYSTEM

1. The Broker has been authorized by the Customs Authority to access and use the AW system to submit the Customs DAU for clearance processes.
2. Does not allow any unauthorized use of the AW system by his or her staff.

RULE 6: PREPARATION OF CUSTOMS DOCUMENTS

1. The Broker prepares and submits Customs declarations on behalf of their clients to the Customs authority, ensuring that all relevant information within the DAU is accurate, complete, and compliant with Customs laws and regulations as well as any other Government Agencies' laws and regulations that apply to the importing of certain goods as a requirement of the clearance procedure.

2. Attach all supporting documentation that is required as part of the clearance procedure.

RULE 7: COMPLIANCE WITH CUSTOMS LAWS AND REGULATIONS

1. The Broker is responsible for ensuring their clients comply with all relevant Customs laws and regulations as well as any other Government Agencies' laws and regulations that apply to the importing of goods as a requirement of the clearance procedure.
2. Advises their clients of any changes to Customs or other Government Agencies regulations that may affect their operations.

RULE 8: COORDINATION WITH CUSTOMS AND OTHER GOVERNMENT AGENCIES

1. The Broker liaises with Customs and other Government Agencies to ensure that the goods are cleared without problems.
2. Address any queries, issues, concerns, or infractions that may arise during the clearance process.

RULE 9: MANAGEMENT OF CLIENTS' RISKS

1. The Broker identifies and mitigates risks associated with Customs clearance, including compliance with Customs regulations, managing currency risks, and addressing potential delays or disruptions in the supply chain.
2. Report to Customs any unusual activity or requests by the client to submit information or supporting documents that do not comply with the Customs laws and regulations or are misleading as to the correct goods being imported, not declaring the entire contents of the container, or are undervalued to fraudulently avoid paying the correct taxes and duty on imported goods.

RULE 10: DISCIPLINARY ACTIONS

1. The Commissioner of the Customs Authority may suspend or revoke a license issued to an official Broker in the following circumstances:
 - a) It is determined that the official broker, in performing his or her business activity, tried in some way to mislead, deceive, or threaten a current client or prospective client with the objective of consciously and deliberately defrauding that client.
 - b) The professional performance of this official broker has been considered unsatisfactory based on mistakes committed in the Customs declarations delivered to the Customs Authority, in accordance with the guidance published by the Commissioner.
 - c) It is determined that the official broker was not actively exercising his or her activity.
2. The Commissioner must revoke the official broker license issued in the name of a legal person when it is determined that it has not employed for a continuous period of one hundred and twenty (120 days) at least one officer or other person with responsibility for managing the business operations licensed under article 32.

B. NEW CUSTOMS BROKERS LICENSING PROGRAM

The need for new Customs brokers is determined by Order of the Minister of Finance, who would call for applications, selection and attendance to a training course and sitting for a final examination.

The formalities for the admission and nomination of Customs Brokers are set out in the Customs Code DL 14 /2017, Articles 30 to 42. The following Rules encapsulate this legislation and are provided as a further guidance for its application.

RULE 1: BROKERS ADMISSION COURSE

1. The Ministry of Finance will determine the need and timing for opening public selection examinations to admit new official Brokers of the Brokers Admission Course.
2. Admission to exercise the profession of official Broker shall be by means of a public selection examination organized in three (3) distinct phases:
 - Application.
 - Training course to become an official Broker.
 - Final admission examination.
3. The call for applications for the selection examination shall be determined by order of the Minister and published on the official website of the Minister of Finance and Customs Authority during the thirty (30) days preceding the start of the training course.
4. The list of accepted candidates shall be the subject of an order from the Minister of Finance and published on the official website of the Minister of Finance and Customs Authority.
5. The regulations for the selection examination and the training course to become an official broker shall be regulated by Ministerial decree.

RULE 2: APPLICANT ELIGIBILITY TO APPLY FOR THE SELECTION PROCESS

1. For a candidate to qualify for the selection process, he or she must meet the following criteria:
 - Must be established in Timor-Leste and hold a civil identification card.
 - Business registration document.
 - Tax Identification Number (TIN).
2. Must be over 21 years of age.
3. Must have a minimum academic qualification of 9th year of compulsory schooling or equivalent.
4. Provide evidence they are not tax debtors to the state by means of a clearance certificate.

5. Have not been convicted in criminal proceedings or of a tax offense.

RULE 3: TRAINING COURSE

1. The candidates accepted in the first phase shall be eligible to join the training course to become an official broker.
2. The training course shall have a minimum duration of seventy (70) hours and its dates shall be included in the order from the Minister approving the list of candidates admitted in the first phase.
3. At the end of the training course, there shall be a selection examination to test understanding, in which the candidates shall be assessed and classified individually.
4. The list of candidates who pass the final phase shall be published on the official website of the Minister of Finance and Customs Authority.

RULE 4: FINAL EXAMINATION

1. The candidates who pass the training course referred to in the previous rule shall be eligible to take the final examination for admission as an official broker.
2. The examinations shall be sat in Dili, within 30 (thirty) days of publication of the list referred to in the previous rule and shall cover practical customs issues, including a practical part involving classifying goods for customs tariffs.
3. The examination panel shall have 3 (three) members and be chaired by the Commissioner, who shall appoint the other two members, one of whom may represent the Customs Brokers' Association of Timor-Leste.
4. The final classification of the candidates shall be published in the Journal of the Republic, in a list that shall be approved by an order of the Minister of Finance.

RULE 5: BOND

1. Before starting to operate as an official broker, the successful candidate must provide a bond between the minimum sum of USD 10,000 and the maximum sum of USD 150,000, as stipulated by the Commissioner, to ensure compliance with the customs legislation.
2. The persons who have passed and have been included in the classification list and have provided the bond to the Customs Authority shall be considered approved and receive the associated Professional Identity Document.

RULE 6: IDENTITY DOCUMENT

1. The official broker identity document shall be issued by the customs authorities, who must ensure that persons holding identity documents are registered, it being the obligation of the holder to communicate any change to the details included in the aforementioned registration.

2. In the case of legal persons, the identity card shall be issued to the natural person who represents it or the person whom they designate, provided that he or she is a partner or managing partner in its exclusive service.
3. Upon application by an authorized official broker and payment of the stipulated charges, the Customs Authorities shall issue an identity card.
4. The Commissioner must issue the declarant with an identity card, upon request and payment of the stipulated charges, in the name of a person who regularly makes customs declarations in his or her name, or who, as a regular officer or employee of the legal person, is authorized to make customs declarations in the name of this legal person.
5. Membership of the professional Brokers association is obligatory and a necessary condition for the official Broker to exercise their profession.

C. CUSTOMS BROKERS MONITORING UNIT

The Customs Brokers Monitoring Unit, within the National Directorate of Customs Compliance Management, will be responsible for completing background checks on licensed Brokers to confirm that the requirements for holding the license are in place, completing audits of Brokers' records to ensure they are retaining documentation as required under Rule 2 – Record Keeping and there is no unauthorized use of the AW system by his or her staff.

The Unit will also be responsible for investigating any reported malfeasance, fraud, breach of regulations, unsatisfactory behavior, or poor performance, and as directed by the Commissioner in relation to any disciplinary action that may lead to the suspension or revocation of a Broker's license.

VERIFY BUSINESS REQUIREMENTS

1. The Broker Unit will confirm that current licensed Brokers are continuing to comply with the Business Requirements to operate and confirm the following requirements are still valid:
 - Has a physical address for the main office.
 - Business Registration Certificate.
 - Tax Identification Number (TIN).
 - Are not tax debtors to the state.
 - Have not been convicted in criminal proceedings or of a tax offense.
 - Are members of the professional association representing the official Brokers.
2. All licensed Brokers working for the company have received an official broker identity document (or certificate) issued by the Customs authorities who must ensure the holder of that identity document is registered within the ASYCUDAWorld system.
3. Record any changes in the afore-mentioned information for each Broker company. (An initial baseline of data will need to be gathered for those Brokers already licensed by the Customs

Authority to create individual records so that the Customs Authority can monitor and record any changes in the future from that initial data.)

VERIFY AND MONITOR RECORD KEEPING

1. The authorized Broker must maintain, and present books or records whenever requested by the Customs Authority. The Broker Unit shall undertake audits to confirm that the Broker is complying with the following requirements in relation to the retention of records:
 - a. Brokers performing activities connected to international trade or another activity subject to the jurisdiction of the Customs Authority must preserve all documents and records relating to the customs operations performed, for a period of five years.
 - b. Records to show power of attorney is granted by the owners or consignees of the goods for the Broker to act on their behalf.

CONFIRM CORRECT ACCESS AND USE OF THE ASYCUDAWORLD SYSTEM

1. Create and maintain a record of all staff registered in the AW system for each Broker company and cross-check they are Licensed Brokers.
2. Ensure that ASYCUDA User I.Ds provided to the Broker, personally or as a company, are not used other than by the personnel duly authorized by Customs. Brokers to be reminded that any illegal use of a Customs system is a Customs offence.
3. Register new Brokers in the AW system when they have passed the new Customs Brokers Licensing program.

MONITOR COMPLIANCE WITH CUSTOMS LAWS AND REGULATIONS

1. Monitor the penalty procedure and records of infractions by Brokers to ensure there are no serious breaches of Customs Laws and Regulations that could lead to disciplinary actions by the Commissioner.
2. Provide reports to the Commissioner if any serious offenses have been identified for possible disciplinary action as a result of non-compliance.
3. Provide guidance and advice to Brokers who are regularly incurring penalties (HS Code, additional goods, Country of Origin, etc.) for minor infractions, to ensure better compliance in the future.

VERIFY MANAGEMENT OF CLIENT RISKS

1. Report regular procedure offenders or unusual activity that has been identified to the Risk Management team so that the Broker can be monitored for future DAU submissions using AW selectivity to ensure future compliance with the regulations and laws.

2. Completion of the APR1 document to submit to the Risk Management team for changes to the AW selectivity process to monitor Brokers compliance.
3. Ensuring any Broker that has been suspended or had their license revoked as a result of disciplinary action has had AW access frozen or removed and is not continuing to practice as a Broker and submit Customs declarations.

PROPOSE AND APPLY DISCIPLINARY ACTIONS

1. Support the Commissioner in any investigations and disciplinary actions that have been identified and commenced which may result in suspension or revoking of the license.
2. Provide information and background reports on previous compliance with the laws and regulations concerning the Broker, as requested, to the Commissioner to support the disciplinary procedure.
3. Any serious offences identified, or breaches of regulations must be reported to the Commissioner through the line management structure with an accompanying report following investigation for a decision as to whether disciplinary action will be started.

SUPPORT NEW BROKERS LICENSING PROGRAM

1. Provide support to the public selection process by completing checks on the applicants' criteria to ensure they meet the necessary requirements to apply for the process and identify those that do not for rejection.

Applicants must meet the following criteria:

- Must be established in Timor-Leste and hold a civil identification card.
 - Business registration document and:
 - Tax Identification Number (TIN).
 - Must be over 21 years of age.
 - Must have a minimum academic qualification of 9th year of compulsory schooling or equivalent.
 - Provided evidence they are not tax debtors.
 - Have not been convicted in criminal proceedings or a tax offense.
2. Before operating as an official Broker, the designated bond, as stipulated by the Commissioner has been provided by the successful candidate, and a record of the submission noted by the Broker Licensing Unit.
 3. Notify those Brokers that have provided the bond that they are now "approved" and eligible to make an application to receive the Associated Identity Document.

PROCESS AND ISSUE IDENTITY DOCUMENT

1. Process applications for approved Brokers for the issue of the associated Professional Identity Document and payment of the stipulated charges.
2. Confirm that the applicant is a member of the professional Brokers Association, which is obligatory and a necessary condition for the official Broker to exercise their profession.
3. When payment has been confirmed, and the application has been processed, the Commissioner should be notified so that the Commissioner can issue the declarant with the identity card, so they are authorized to make Customs declarations in the name of that legal person.
4. The AW system is updated with the Broker's details to show they are officially registered.

END OF CUSTOMS PROCESS

13. COMMISSIONER'S APPROVAL, DIRECTIVES AND DISSEMINATION

By 9 (1c) of Decree-law 2/2020 that allows the Commissioner to: *"approve the administrative rules and/or instructions necessary for the operation of the Customs Authority, including the application of Customs legislation"*, I hereby:

- a) **Approve** this Standard Operating Procedure (SOP) known as, "SOP – Customs Broker Licensing Rules - 2023."
- b) **Direct** that this SOP be communicated to all relevant CA staff, and for all CA staff to implement, apply and enforce all parts of this SOP as described; and
- c) **Direct** that this SOP shall come into effect the day after the signed date below.



The image shows a handwritten signature in blue ink over a circular official stamp. The stamp contains the text 'AUTORIDADE ADUANEIRA' at the top, 'MINISTERIO DA ECONOMIA' on the right, and 'TIMOR-LESTE' at the bottom. In the center of the stamp is a national emblem featuring a sun, a star, and a traditional Timorese house (torre). The signature is written in a cursive style across the stamp.

Approved by:

Jose Antonio Fatima Abilio

Commissioner

Customs Authority

Timor-Leste

Date.....*4/12/2023*.....

14. SOP AMENDMENTS RECORD

Approval Date	Version Number	Developer(s) name	Reviewer(s) name

ANNEX 1 Customs Code Decree Law 14/2017 – 5 April 2017

Specific provisions are, as follows:

Article 18, paragraphs 1 to 6

1. Without prejudice to the provisions relating to the expiration and lapsing of the customs debt, anyone in the Country performing activities connected to international trade or another activity subject to the jurisdiction of the Customs Services must preserve, in an organized way in accounting terms, all documents and records relating to the customs operations performed, for a period of five years.
2. The period referred to in the previous paragraph shall begin at the moment at which, in terms of the procedure or process in question, the declarant or interested party has performed or should have performed the actions that conclude the procedure or process.
3. The persons mentioned in paragraph 1 of this article must, upon the request of the Customs:
 - a) Make available to the Customs Services all documents and records relating to the customs operations performed;
 - b) Provide the Customs Services, in accordance with the terms they specify, with copies of those documents and records;
 - c) Respond to any question regarding the customs inspections and the associated documents and records.
4. Whenever the information relating to the customs operations performed is given in electronic records, as described in Heading V, or any other type of medium, the persons mentioned in paragraph 1 of this article, by decision of the Customs Services, must activate or allow to be activated the data storage and processing device or platform, so as to enable access to all the necessary information, specifically:
 - a) The electronic record in the format in which it was sent;
 - b) The information that enables the origin, destination, and date and time of sending to be identified;
 - c) All documents, records and information, in their original format, sent by means of, or used in the preparation of, the electronic record.
5. Records that have to be kept on the basis of this article must be presented when requested by the Customs Services for the purpose of customs control. Electronic records must be presented in the form of a printed copy or any other format specified by the Customs Services.
6. Anyone who obstructs or in any way restricts the prompt presentation of the documents mentioned in this article, shall incur a customs tax offence and be subject to an administrative sanction.

Article 30, paragraph 1b and 3 –

- 1b. The request for any customs shall be made exclusively; To official brokers to whom the owners or consignees of the goods grant power of attorney to act in their name or on their behalf and;
3. Declarations to the Customs Services cannot be made by those who are insolvent or who are prohibited from making declarations while they are serving the disciplinary penalty of suspension.

Article 31, paragraph 1

The Director-General requires that all persons intending to make declarations to the Customs Service provide an irrevocable bond, to the value of not less than USD 10,000 as a precondition to the performance of this activity.

Article 32, paragraph 1

Nobody can make a customs declaration in the name or on behalf of another person, unless he or she has a valid official broker license issued by the Director-General.

Article 33, paragraphs 1 to 4.

1. Admission to exercise the profession of official broker shall be by means of a public selection examination organized in three (3) distinct phases: application, training course to become an official broker, and sitting of a final admission examination.
2. The call for applications for the selection examination referred to in the previous paragraph shall be determined by order of the Minister and published on the official website of the Minister of Finance and Customs Services during the thirty (30) days preceding the start of the training course.
3. The regulations for the selection examination and the training course to become an official broker shall be regulated by Ministerial decree.
4. The need and the timing for opening public selection examinations to admit new official brokers shall be the responsibility of the Minister.

Article 34, paragraph 1 and 2.-

- 1a. The person must be established in Timor-Leste and must hold a civil identification card or business registration certificate and a tax identification number;
 - Must be over 21 years of age;
 - Must have minimum academic qualifications of 9th year of compulsory schooling or equivalent;
 - Prove they are not tax debtors to the State by means of a clearance certificate;
 - Have not been convicted in criminal proceedings or of a tax offence.

2. The list of accepted candidates shall be the subject of an order from the Minister (of Finance) and published on the official website of the Minister of Finance and the Customs Authority.

Article 35, paragraph 2 and 3 –

2. The training course shall have a minimum duration of seventy (70) hours and its dates shall be included in the order from the Minister approving the list of candidates admitted in the first phase.
3. At the end of the training course, there shall be a selection examination to test understanding, in which the candidates shall assessed and classified individually, and the list of candidates who pass the final phase shall be published.

Article 36, paragraphs 1 to 4.-

1. The candidates who pass the training course referred to in the previous article shall be eligible to take the final examinations for admission as an official broker.
2. The examinations shall be sat in Dili, within 30 (thirty) days of publication of the list referred to in the previous article and shall cover practical customs issues, including a practical part involving classifying goods for customs tariffs.
3. The examination panel shall have 3 (three) members and be chaired by the Director-General, who shall appoint the other two members, one of whom may represent the Customs Brokers' Association of Timor-Leste.
4. The final classification of the candidates shall be published in the Journal of the Republic, in a list that shall be approved by an order of the Minister.

Article 37

The persons who have passed and been included in the classification list referred to in the previous item and have provided the bond to the Customs Services for exercise of the activity as mentioned in article 31 shall be considered approved and receive the associated Professional Identity Document.

Article 38, paragraph 2.-

Before starting to operate as an official broker, the person licensed under article 32 must provide a bond between the minimum sum of USD 10,000 and the maximum sum of USD 150,000, as stipulated by the Commissioner, so as to ensure compliance with the customs legislation.

Article 39, paragraph 1 and 2.-

1. The official broker identity document shall be issued by the customs authorities, who must ensure that persons holding identity documents are registered, it being the obligation of the holder to communicate any change to the details included in the afore mentioned registration.
2. The Customs Services may demand, at any time, that the official broker provide evidence of his or her activities in the name and on behalf of the owner or consignee of the goods.

Article 40, paragraph 1 -

Upon application by an authorized official broker and payment of the stipulated charges, the Customs Authorities shall issue an identity card.

Article 41 paragraph 1 and 2.-

1. The Director-General may suspend or revoke a license issued to an official broker in the following cases:
 - a) It is determined that the official broker, in performing his or her business activity, tried in some way to mislead, deceive or threaten a current client or prospective client with the objective of consciously and deliberately defrauding that client;
 - b) The professional performance of this official broker has been considered unsatisfactory on the basis of mistakes committed in the customs declarations delivered to the Customs Services, in accordance with the guidance published by the Commissioner;
 - c) It is determined that the official broker was not actively exercising his or her activity.
2. The Director-General must revoke the official broker license issued in the name of a legal person when it is determined that it has not employed for a continuous period of one hundred and twenty (120 days) at least one officer or other person with responsibility for managing the business operations licensed under article 32.

Article 42:

The authorized official broker must maintain, and present books and records whenever requested by the Customs Authorities, as well as prepare the reports stipulated by the Director-General found to be necessary to protect the represented persons, ensure the adequate collection of receipts and compliance with the customs legislation, as well as the application of the provisions of this Section.

CUSTOMS BROKERS ASSOCIATION OF TIMOR-LESTE

Article 43, paragraphs 1 to 3.-


1. The association representing the official brokers shall be the professional association and shall represent the holders of the corresponding professional identity document.
2. Membership of the association is obligatory as a necessary condition for the official broker to exercise their profession.
3. The By-laws of the association and, likewise, the associated amendments shall be approved by its own decree and published in the Journal of the Republic.

Article 44, paragraph 1.-

The association representing the official brokers shall be structured depending on the territorial division of the Country and the definition of its bodies, competences, operation and composition will be set forth in the associated By-laws.

Article 45, paragraph 1,2,4 and 5.-

1. Official brokers may exercise their activity as an individual or as a company in which they are partners.
2. The sole object of the companies of official brokers shall be the exercise of the corresponding professional activity.
4. The companies of official brokers currently in existence shall continue to be valid until they are wound up, and assignment of shares shall only be made to official brokers.
5. The companies referred to in the previous paragraphs shall only be managed by partners who are official brokers.

 Customs Authority Licensed Customs Brokers Policy and Business Rules 2023 Summary (v1)	
1. Compliance with Customs licensing requirements	<ul style="list-style-type: none"> • Has registered office. • Has trained personnel. • Tax Identification Number (TIN) • Business Registration Certificate. • Has not been convicted of Criminal or Tax Fraud Offences.
2. Record Keeping	<ul style="list-style-type: none"> • Keeps electronic and/or hard records of transactions. • Records of all Customs operations performed kept for Five (5) years. • Records show Power of Attorney granted by the owners.
3. Code of Ethics compliance	<ul style="list-style-type: none"> • Obligatory membership of the Professional Association. • Broker complies with their association's Code of Ethics. • Broker's employees comply with the Code of Ethics.
4. Tariff, Valuation and Origin Knowledge	<ul style="list-style-type: none"> • Broker & personnel have a working knowledge of Tariff classification, valuation and Rules of Origin. • Broker is able to resolve client questions on Tariff, valuation and Origin
5. Access and use of Customs System	<ul style="list-style-type: none"> • Has been authorized by CA to access and use ASYCUDA World • Does not allow unauthorized use of the Customs system by his/her staff.
6. Preparation of Customs Declarations:	<ul style="list-style-type: none"> • Customs brokers prepare and submit customs declarations on behalf of their clients to customs authorities, ensuring that all relevant information is accurate, complete, and compliant with customs laws and regulations.
7. Compliance with Customs Laws and Regulations	<ul style="list-style-type: none"> • Brokers are responsible for ensuring that their clients comply with all relevant customs laws and regulations. • Advises their clients on any changes to customs regulations that may affect their operations.
8. Coordination with Customs and other Authorities	<ul style="list-style-type: none"> • Brokers liaise with customs and other Government Agencies to ensure that goods are cleared without problems. • Address any issues, concerns or infractions that may arise during the clearance process.
9. Management of Client Risks	<ul style="list-style-type: none"> • Brokers identify and mitigate risks associated with customs clearance, including compliance with customs regulations, managing currency risks, and addressing potential delays or disruptions in the supply chain. • Report any unusual activity or requests by the client to submit supporting documents that do not comply with the Customs Laws or Regulations.
10. Disciplinary Actions	<p>The Commissioner of the CA may suspend or revoke a license if:</p> <ul style="list-style-type: none"> • The Broker tried to mislead, threaten, or deceive a current or perspective client. • The professional performance of this official broker has been considered unsatisfactory based on mistakes committed in the Customs declarations. • The official broker was not actively exercising his or her activity



Customs Authority Customs Brokers Licensing Program - 2023 Road Map

1. MoF determines the timing of the Brokers Admission Course	<ul style="list-style-type: none">• Customs Code Article 33 (4) - Admission• The CA Commissioner announces intended dates and calls for applications.• The CA Commissioner issues Broker application forms.• Announcement published on the website of the MoF and Customs Trade Portal.
2. Announcement of Broker Admission Course by MoF	<ul style="list-style-type: none">• Customs Code Article 33 (2) - Admission• Call for applications 30 days preceding the start of the training course.• Ministry of Finance issues Despacho announcing the training course.• Published on the website of the MoF and Customs Trade Portal.
3. MoF issues Diploma with Rules for Candidate Selection and Training	<ul style="list-style-type: none">• Customs Code Article 33 (3) - Admission• MoF issues Decree Law regulation for selection examination course.
4. List of Accepted Candidates published.	<ul style="list-style-type: none">• Customs Code Article 34 (2) – Application• Ministry of Finance issues Despacho with a list of accepted candidates and training course details.• Published on the website of the MoF and Customs Trade Portal.
5. Brokers training course.	<ul style="list-style-type: none">• Customs Code Article 35 – Training Course• The training shall be a minimum duration of 70 hours.• The dates of the course will be included in the list of candidates for the first phase.• Candidates shall be assessed and classified individually.• Approved list of candidates who pass shall be published.
6. Final Admission Examination for Official Broker	<ul style="list-style-type: none">• Customs Code Article 36 (1), (2), (3) & (4) – Final Admission Examination• Candidates who passed the training course eligible for the final examination.• The examination will be in Dili within 30 days of publication.• The examination panel shall have 3 members and chaired by the Commissioner of the CA.• The final classification of the successful candidates shall be published in the Journal of the Republic as approved by an order of the Minister.
7. Bond	<ul style="list-style-type: none">• Customs Code Article 38 – Bond• Before starting to operate as an official Broker the successful candidates must provide a bond to the Customs Authority between the minimum sum of USD \$10,000 and the maximum sum of USD \$150,000.
8. Approval as Broker	<ul style="list-style-type: none">• Customs Code Article 37 – Approval• Successful candidates who have provided the bond are considered approved and can receive the associated Professional Identity Document.
9. Issuance of License and Professional Identity	<ul style="list-style-type: none">• Customs Code Article 40 (1) – Identity Card• Upon application by an authorized official Broker, the Commissioner of the Customs Authority shall issue an Identity Document.



CUSTOMS AUTHORITY

LICENSING AND OPERATION RULES FOR CUSTOMS BROKERS APPLICANT'S SELF ASSESSMENT

Important: This Self-Assessment checklist is provided to guide applicants through the licensing process and operation rules. It should be completed by the Applicant.

It is highly recommended that you conduct this self-assessment and attach it to your Application.

Name _____ Date ____/____/____

SELF ASSESSMENT				
Nr	CONDITION	Complies		Supporting Information
		YES	NO	
1.	Is over 21 years of age.			Date of Birth:
2.	Copy of the identity document attached.			Type of Document:
3.	Educational Qualifications equal to Grade 9 of compulsory schooling.			Certificate attached:
4.	Physical address for the main office. Copy of ownership title or lease.			Copy Attached:
5.	Provision for securely storing and archiving all client clearance documents, in an orderly fashion, for a period of 5 years, regardless of any electronic records.			
6.	Business Registration Certificate.			Copy Attached:
7.	Evidence they are not Tax Debtors to the State. (DIVIDAS)			Copy Attached:
8.	Tax Identification Number			TIN:
9.	Good Behaviour Certificate to show there are no convictions in criminal proceedings or tax offenses.			Copy Attached:
10.	Membership of the Professional Brokers Association.			Certificate Attached:
11.	Candidate published in the Journal da Republica after Final Examination (New Brokers Licensing Program)			Date:

12.	Bond provided to Customs: Minimum USD 10,000 to Maximum USD150,000			Amount:
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For Customs Use Only

Documentary Verification					
Date Self-Assessment Received	Name and Signature of Customs Brokers Monitoring Unit receiving:			CBMU Reference Number:	
	Name:				
	Date:				
CBMU Evaluation Officer	Name:				
	Date:				
Application Evaluation					
Is the application and supporting documentation complete and correct?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	If No Give Details:
Evaluator Recommendation					
Are requirements met for granting Identity Card?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	
Details of requirements not being met:					
Application granted/rejected:					
I recommend an Identity Card be: GRANTED <input type="checkbox"/> REJECTED <input type="checkbox"/> (Give details below for rejection)					
Reasons for Rejection:					
Evaluator Name, Signature and Date:					
Name:		Signature:		Date:	

National Director Customs Compliance Management - Approval/Rejection

Based on the recommendation of the BMU Evaluator I hereby:

- ☐ Approve the granting of an Identity Card
- ☐ Reject the granting of an Identity card (see reasons below)

Reasons for rejection:

Name:..... National Director Customs Compliance Management		Signature and Stamp:	Date:
Applicant Informed of the Result			
CBMU Evaluator: To inform Applicant of Result	Applicant Informed: By Email: By Phone:	Date:	