



Bonded Warehouses and Temporary Storage Facilities

A Brief Guide for New Applicants

English version



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

This booklet includes the following parts:

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The purpose of this booklet is to help you understand what bonded warehouses and places of temporary storage are, and what is required should you want to apply operate this type of facility. You can find more information at www.customs.gov.tl

PART I

Customs Bonded Warehouses

Bonded Warehouse Process



What is a Bonded Warehouse?

A bonded warehouse is a building or other secured area where dutiable goods may be stored for up to one year without payment of duties or taxes. Following approval from the Customs Authority, this term can be extended to two years. These types of facilities are not only reserved for government control; you can also apply to operate a bonded warehouse, however; you must have several strict requirements to obtain the relevant license from the Customs Authority. Once approved, you will be designated as a "warehouse operator." These requirements are explained further in Part 3 of this booklet.

Types of Warehouse

There are two different types of bonded warehouse:

- Private: This means you can only store goods that you own.
- Public: You can offer your warehouse facilities to other importers, meaning you can charge fees for the ongoing administration and storage of those goods that remain under your control.

Types of Goods

Following appropriate approval from customs, you can store a wide variety of goods within your bonded warehouse, including alcohol, tobacco, and motor vehicles. Certain requirements apply including, the goods must be:

- New (excluding second-hand motor vehicles)
- Non-perishable
- Easily identifiable
- Not harmful to people or the environment
- Not flammable (except petroleum products)
- Not poisonous (unless stored in a special area)

Preserving Quality of Goods

With power outages commonplace in Timor-Leste, ensuring that your goods do not spoil while they await clearance in a port is always challenging. As a warehouse operator, you will be able to provide that reliable power and appropriate equipment is in place to preserve the quality of goods, including:

- dry containers;
- deep-freeze systems; and
- bulk storage facilities.

Benefits

Meeting the strict requirements needed to operate a bonded warehouse will likely require a financial investment from you, including the need to submit a security deposit lodged with the government. Once approved by customs, there are many advantages of being a warehouse operator, including:

- Duty deferment: In a bonded warehouse, the payment of duty and other taxes on various goods will be deferred until the owner is ready to remove them;
- Long Term Option: The goods can be stored for 12 months without payment of duties. This can be increased by a further two periods of 6 months upon approval from customs.
- Option to Re-Export: If you export the goods, no duties are payable
- Collection of Fees and Charges: If you operate a public warehouse, you can charge customers fees or other charges for the ongoing administration and storage of goods under your control.



PART II

Temporary Storage





What is Temporary Storage?

When commercial goods enter Timor-Leste, they do so by air or by sea, or via a land border. When the goods arrive, they are initially considered to be in "temporary storage." Following arrival, there is a legal requirement for the goods to be placed under a "customs treatment" within a specified time frame.

This simply means that the goods must be declared to customs 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 customs issuing you with a financial penalty:

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

Storage Facilities

These types of facilities are not only reserved for government control; you can also apply to operate a temporary storage facility, however; you must have several strict requirements to obtain the relevant license from the Customs Authority. Once approved, you will be designated as a "warehouse operator." These requirements are explained further in Part 3 of this booklet.

Types of Goods

Once approved by customs, you will be able to store any types of goods within your storage facility, including full container loads and partial container loads.

Preserve Quality of Goods

With power outages commonplace in Timor-Leste, ensuring that your goods do not spoil while they await clearance in a port is always challenging. As a warehouse operator, you will be able to provide that

reliable power and appropriate equipment is in place to preserve the quality of goods, including:

- dry containers;
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- bulk storage facilities.

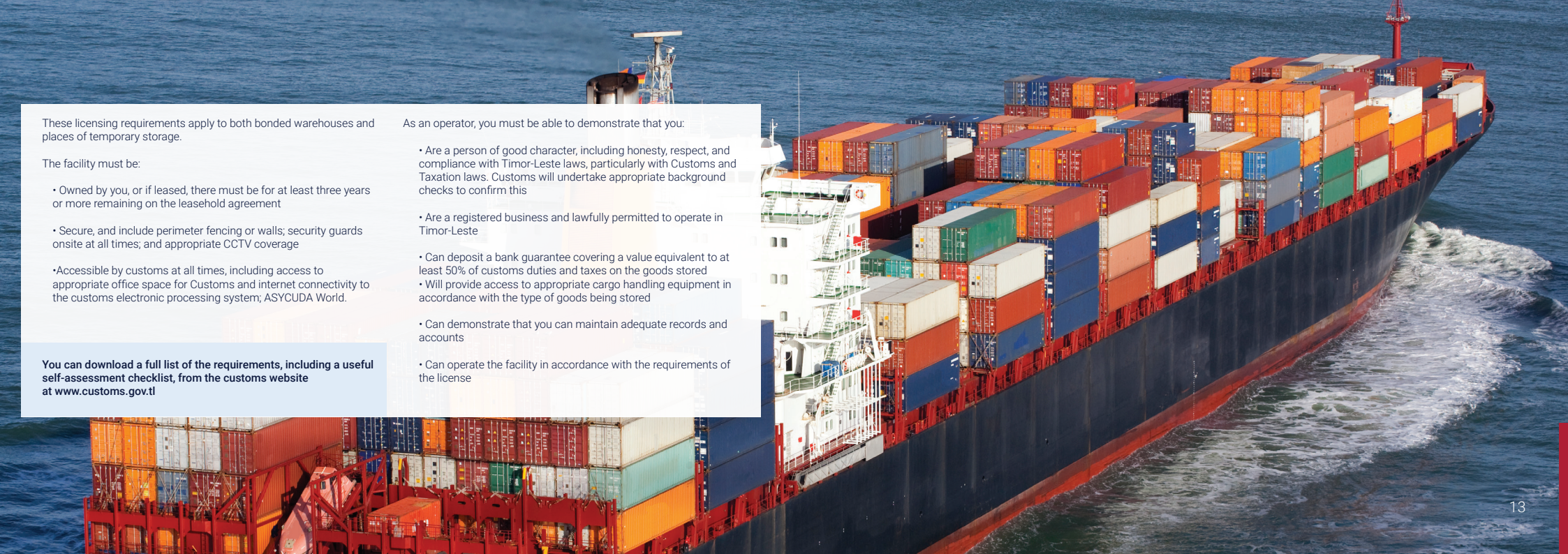
Benefits

Meeting the strict requirements needed to operate a temporary storage facility will likely require a financial investment from you, including the need to submit a security deposit lodged with the government. Once approved by customs, there are many advantages of being a facility operator, including:

- Goods can be transported to your facility as soon as they have arrived in the country. This means you will not have to pay port storage fees and can ensure the goods are kept in a secure and appropriate environment;
- You can charge your customers appropriate fees for the ongoing administration and storage of goods under your control
- You can offer and charge for other services as well, for example, Customs Brokerage, or supply of workers to assist with customs examinations etc.

PART III

License Requirements and Application



These licensing requirements apply to both bonded warehouses and places of temporary storage.

The facility must be:

- Owned by you, or if leased, there must be for at least three years or more remaining on the leasehold agreement
- Secure, and include perimeter fencing or walls; security guards onsite at all times; and appropriate CCTV coverage
- Accessible by customs at all times, including access to appropriate office space for Customs and internet connectivity to the customs electronic processing system; ASYCUDA World.

You can download a full list of the requirements, including a useful self-assessment checklist, from the customs website at www.customs.gov.tl

As an operator, you must be able to demonstrate that you:

- Are a person of good character, including honesty, respect, and compliance with Timor-Leste laws, particularly with Customs and Taxation laws. Customs will undertake appropriate background checks to confirm this
- Are a registered business and lawfully permitted to operate in Timor-Leste
- Can deposit a bank guarantee covering a value equivalent to at least 50% of customs duties and taxes on the goods stored
- Will provide access to appropriate cargo handling equipment in accordance with the type of goods being stored
- Can demonstrate that you can maintain adequate records and accounts
- Can operate the facility in accordance with the requirements of the license

Application Process

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Visit the customs website at www.customs.gov.tl and carefully read the available guidance available. You should also download and complete the self-assessment checklist to see if you are likely to be eligible. You can also obtain a copy of these documents by visiting the Warehouse Team at Customs HQ building in Dili.

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If you believe you can meet the requirements, you should download and complete the application forms from the Customs website and then submit a physical copy to the Customs Authority's Commissioner. If you need help, please speak to us to help guide you through this process.

03



After you have submitted your application, we will arrange a mutually convenient time to conduct an onsite visit of the facility to confirm if it meets the necessary requirements. We will also check that you have the appropriate records and accounting systems in place. During this visit, you can clarify any further details or raise any questions with us. This is intended to be a consultative process, and we will provide practical guidance to you on what may be required to bring you up to compliance with the operating requirements.

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After we have completed the review, we will assess your application and provide you with a decision within **10-working days**.

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