

# Building Capacity Through Governance and Transparency

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# Background

- Timor Leste (East Timor) voted for independence from Indonesian in September 1999
- Wide-spread civil disturbances followed resulting
  - Very significant destruction of infrastructure
  - Significant displacement of the population
  - The complete breakdown or loss of all administrative institutions
  - There was NO Government Administration
- This led to the intervention of
  - Foreign Nations (notably Australia and new Zealand) to restore peace and security
  - International organisations to assist in the reconstruction not only of infrastructure but important “Administrative Institutions”



# Background (cont.)

- From late 1999 to May 2002 Timor Leste was governed by the United Nations Transitional Administration in East Timor (UNTAET)
- It was under this UN administration that the Institutions necessary for Government were reestablished
- The establishment and structure of the governing institutions was by way of UNTAET Regulations and Directives




# Collection of Tax Revenues

- One of the first institutions established early in 2000 was the East Timor Revenue Service (ETRS) for the administration of Domestic and Petroleum taxes.
- The governing legislation establishing the ETRS and imposing taxes were UNTAET Regulation 2000/18 and UNTAET Directive 2001/2 as well as the carry over of some Indonesian Tax Laws for Petroleum Taxes. These laws have been modified and are now administered by the:
  - National Directorate of Domestic Revenue, and
  - National Directorate of Petroleum Revenue
- These 2 Directorates along with the National Directorate of Customs make up the General Directorate of Revenue and Customs one of the 4 General Directorates of the Ministry of Finance



# Our Mission Statement

- Effectively and efficiently administer the collection of tax revenue and other financial contributions in favor of the state
  - Encourage voluntary compliance
  - Ensure taxpayers understand their legal and fiscal obligations through taxpayer education and dissemination of information
  - Execute its mandate with integrity, professionalism, fairness and transparency
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# TLTA Governance Framework Includes

- Internal Audit
- Tax Justice Directorate
- Legal Unit
- International Tax Affairs Unit
- Human Resource Unit
- Admin & Finance Unit
- Information system and registration Unit



# TLTA Transparency



Tax Laws and information easily accessible by taxpayers

Website



Communication channels available for taxpayers that seek information

Taxpayer Services Counter  
Information requests by email or letter  
Enquires by telephone



Taxpayer Rights and Obligations currently under development



# Seminars and workshops provided to educate Taxpayers

- Role of the tax system
- Benefits of paying tax
- Who should register
- Tax obligations
- How to be compliant





# TLTA going through a modernization program

- New IT SIGTAS system currently being rolled out
  - E-registration
  - E-filing
  - E-Payment
  - E-Tax clearance
  - Dashboard management etc.





# SIGTAS 3.0

## Business Process Improvements

- E-services will reduce paper processing
- Staff will be migrated to more value-added work
- Reduction of Compliance Costs
- Simplification for taxpayers
- Services available 24/7





# Key Challenges Facing the TLTA

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- Taxpayer Registration base needs to be cleansed
- Implementation of E-Tax and OTR.
  - Progress being made
  - Pilot project in place for e-services (Petroleum Sector)
- Tax non-compliance remains an issue
  - High volumes of outstanding tax
  - High number of tax returns outstanding



# Enhancing tax compliance

- Focus on Petroleum Sector which generates 52 percent of total tax revenue
  - Improved Taxpayer Services
  - Project to register taxpayers for e-services
  - Ensuring the Petroleum Sector fully utilizes the new IT system
    - Communication
    - Seminars and Workshops





# Tax Policy changes

- Implementation of VAT
  - Draft laws in place
- Intended implementation date target for 2026

# Implementation of VAT

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Nov 22 – Sept 23	Oct 23 – May 24	July 24 – Aug 24	Sept 24 – Dec 24	Jan 25 – Sept 26	Oct 26
Project start	VAT design and Draft VAT legislation	External Consultations	Finalize Legislation and consequential changes to other tax laws	Preparations for Implementation – Tax Education, IT system, Training and Structure	VAT Launch



# Technical Assistance provided by

- IMF (Pacific Financial Technical Assistance Centre)
  - Improving Communication
  - Building Taxpayer Services Capability
  - Improving the tax audit function
  - Improving taxpayer registration
  - Strengthening tax arrears management
  - Strengthening the legal framework
- Other Assistance
  - ADB
  - JICA (International Taxation Workshop)
  - OECD
  - THAILAND EMBASSY (VAT Training)





Thank you  
Obrigada  
Arigato