

## Starting a Business

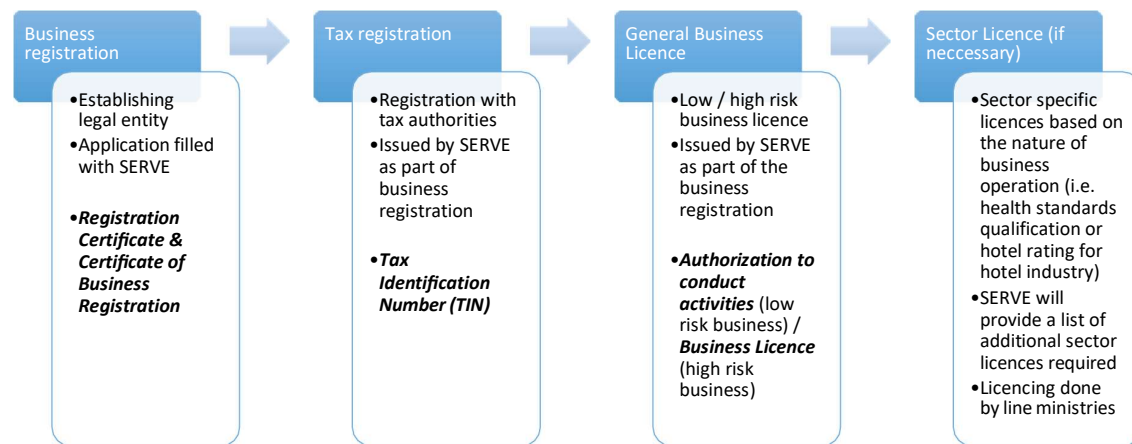
### Legal Framework:

Starting a business is based on the following laws:

1. Government Law 4/2004 (Commercial Companies)
2. Government Decree Law 7/2006 (Business Registration)
3. Government Decree Law 18/2010 (Company Incorporation)

### Setting Up Business:

**Setting up business** in Timor-Leste in general is not that complicated even though there is no one-stop- shop yet for business registration. SERVE is the Government Agency that is responsible for Business Registration and Verification.



The business registration process in Timor-Leste targets a maximum 5 processing days although it might take longer if any follow up questions rise. All registrations must be done offline (directly at SERVE's office) and there are plans for online registration in the near future. As for the company's capital, business owner are free to decide on the capital value (the minimum value of capital is USD 1).

### General Required Documents for business registration (SERVE):

1. Company Profile

Contains the following information:

- Firm (Commercial Name);
- Date of Establishment;
- Office Address;
- Shareholder (S);
- Share Capital;
- Social Object (Objective);
- Administration Council / Social Organ; And
- Approval Date And Signature of The Shareholder (S).

2. Identification Card (Electoral Card; Identity Card and Passport)
3. Map of locality
4. Act of deliberation (minutes or resolution of the company)
5. Power of attorney

Once the registration process is done, companies are required to obtain a certificate of Debts (Certidao de Dividas) by confirming their registration with the Ministry of Finance, after receiving the TIN from SERVE .

**The followings documents will be issued by SERVE:**

1. REGISTRATION CERTIFICATE (Certificado de Registo Comercial, CRC) - Summary of the Act of Association (AoA)
2. CERTIFICATE OF BUSINESS REGISTRATION (CBR) which indicates the company's registration number, the tax identification number (TIN)
3. AUTHORIZATION TO CONDUCT THE ACTIVITY (ACA) – refers to the Economic Activities with LOW RISKS
4. BUSINESS LICENSE (BL) – refers to the Economic Activities with high risks

The four documents are the primary documents that each company shall have with them when they have finished with the registration process at SERVE. There are some types of sectorial licenses (permits) that the investor has to obtain before they exercise their business activities. These sectorial permit may vary depends on the nature of the business (SERVE will advise the company on what type of sectorial permit will be needed). For example, a hotel investor will be required to obtain few sectorial licenses from the pertinent Ministries such as Ministry of Tourism (hotel rating) and Ministry of Health (health standard qualification).

**Types of Business entities** that are available in Timor-Leste:

- *Sociedade anonima* (S.A) company with joint stock. Minimum shareholder is 3 with minimum value for share capital is USD 50.000 no maximum value.
- *Sociedade Unipessoal (Unipessoal Lda)* Enterprise or company with single shareholder with limited liability.
- *Representação Permanente (R.P)* permanent representation or foreign branch. Share capital is limited or defined with the minimum value is USD 5,000.00 no maximum value.
- *Sociedade por quotas limitada (Lda)* Company with limited liability (Lda/Ltd). Minimum Number of shareholder is 2 and maximum is 30 with minimum value for share is USD 1.
- *Sole Trader*, share capital is unlimited or undefined there is no share capital for sole trader.

**Renewal of business License:**

The validity of Business license may vary depends on the each of the ministries whom issued the permit. For example the environment permit might take up to 6 months to be issued. Business license renewal done by MCIA (Ministry of Commerce Industry and Environment) companies is required to get the receipt to do the payment at the Bank for the renewal purpose.

**Foreign Exchange Policy in TL;**

Timor-Leste's Local currency is (US Dollar - USD) for banknote start from USD 5 and up and as for the coins (start from 10 cents up to USD 2) the country uses its very own national currency that is Centavos. Prior authorization from the Central Bank of Timor-Leste is required for amounts exceeding USD 10,000. Amounts between USD 5,000 and USD 10,000 must be declared on arrival.

**Financial Institutions currently operating in Timor-Leste;**

- Caixa Geral depositos (S.A) (Portugal) or known as BNU. The bank has branches all around 13 municipalities with service available as a VISA card, ATM Machines, online payment etc.
- Bank Mandiri (Indonesia) Services provides: ATM machines, VISA Card, Money changer, and basic financial services (website provided below) .
- Bank BRI (Indonesia) ATM machines, and basic financial services.
- BCTL (state owned commercial bank). ATM machines, loan/ fund for businesses, money changer, P24 (payment service) this service will allow customers to make transactions through any ATM or POS device connect the providers of e-wallet services (when such services become available, still in the progress of developing it) and settle taxes and other financial responsibilities to the government and to the private businesses.
- 2 insurances companies (Sinarmas Insurance, S.A, Indonesia and Federal Insurance Timor, S. A (originally from Samoa)
- 3 currency exchange bureaus (Money Gram, Western Union and BCTL).
- 9 money transfer operators

**Relevant Authorities:**

SERVE ([www.serve.gov.tl](http://www.serve.gov.tl))

SEFOPE ([www.facebook.com/sepfope](https://www.facebook.com/sepfope)).

Please contact TradeInvest for further information and we can help you work through corporate taxation processes in Timor-Leste.

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