



MINISTERIO PLANO E FINANÇAS AUTORIDADE TRIBUTARIA

DIREÇÃO NACIONAL DE GESTÃO DECLARATIVA, LIQUIDACÃO E COBRANÇA

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Web: [www.mof.gov.tl/Taxation/Petroleum Tax/Tax forms](http://www.mof.gov.tl/Taxation/Petroleum%20Tax/Tax%20forms)

“Seja um bom cidadão, seja um novo herói para a nossa Nação”

SUB-CONTRACTORS 2017 INCOME TAX RETURN FORM GUIDE

GENERAL INFORMATION

This is a brief guide for taxpayers who derive income as a sub-contractor or providing supporting services regarding petroleum activities in the JPDA of the Timor Sea and in Timor Leste exclusive area and is designed to help you complete your 2014 annual Income Tax Return. It is **NOT** a guide to the income tax law. If you need more information you can contact the National Directorate of Petroleum and Mineral Revenue (NDPMR) for assistance. Contact details for the NDPMR are provided at the end of this guide.

What Laws should be followed for computation of taxable income and tax?

- (a) **For JPDA Annex F taxpayers:** The sub-contractors operating in the JPDA Annex F area, such as Bayu-Undan, EKKN and Greater Sunrise must follow the Indonesian Law on Income Tax (10/1994) as of 24 October 1999 for computation of taxable income and tax liability. For tax administration purpose the taxpayer must follow the provisions of Chapter IX-XIII of the UNTAET Regulation 2000/18.
- (b) **For other taxpayers:** The sub-contractors operating in the non-Annex F JPDA or in Timor-Leste Exclusive Area must follow the Taxes and Duties Act 2008. For tax administration purpose all taxpayers must follow the provisions of Chapter IX-XIII of the UNTAET Regulation 2000/18.

What is the effect of Timor Sea Treaty reduction percentage in relation with the calculation of Timor-Leste petroleum tax?

Timor Sea Treaty reduction percentage is only applicable to JPDA taxpayers. All JPDA taxpayers should prepare income statement and balance sheet in USD amount. All income and expenses in the income statement should be reduced by 10% (Timor Sea Treaty reduction percentage). Therefore, 90% of the JPDA income is effectively taxable in Timor-Leste pursuant to the provision of the Timor Sea Treaty. This Timor Sea Treaty reduction percentage is not applicable for Timor-Leste exclusive area taxpayers.

What Revenue and Expenses should be excluded in the annual income tax return?

If you derive income that is subject to final withholding tax and income that is subject to ordinary assessment, you may only claim those expenses that relate to the income that is subject to ordinary assessment in this return.

- (a) **For JPDA Annex F taxpayers:** Income from (i) Construction services (ii) Construction consulting services (iii) Shipping services and (iv) Air transportation services performed in Bayu-Undan, EKKN and Greater Sunrise areas are subject to final withholding tax. Therefore, these revenues and expense that had been incurred to earn these revenues should not be included in this income tax return.
- (b) **For other taxpayers:** Sub-contractors services activities, within non-Annex F JPDA and Timor-Leste exclusive area, are subject to final withholding tax under Section 81 of the Taxes and Duties Act 2008. Therefore, the services income on which withholding tax under Section 81 applied and expense that had been incurred to earn such services income should not be included in this income tax return.

When is my return due and when do I have to pay my tax?

The annual income tax return form for 2017 tax year is due for lodgement on or before the 31st March 2018. Any annual residual income taxes for 2017 tax year are due for payment on 25th March 2018.

Page 1. Taxpayer Identification Details

Taxpayer Identification Number, taxpayer name, address and contact details: Please print your correct details in first page.

If you do not have a tax identification number (TIN), you will need to complete a Tax Identification Number (TIN) Registration Form. This form is available from the National Directorate of Petroleum and

Mineral Revenue (NDPMR) web site <https://www.mof.gov.tl/taxation/petroleum-tax/?lang=en>

. You should lodge your completed TIN Registration Form with your income tax return. When your TIN Registration Form has been processed the NDPR will forward a letter to you advising you of your TIN. Income tax returns that are lodged without a TIN may experience delays in processing.

Description of main business activity: Please describe as accurately as possible the business activity from which you derived **MOST** of your gross income in 2014.

Line 45- Bad Debts:

A bad debts expense is allowable if:

- the debt was previously included in taxable income
- the debt is written off in the accounts during the year, and
- there are reasonable grounds for believing that the debt will not be recovered

Accounting provisions for bad debts are not tax deductible and should not be included.

Lines 65 & 70- Contractor, sub-contractor and commission expenses: These are expenses for labour and services provided under contract other than those in the nature of salaries and wages.

Line 85- Repairs and Maintenance:

This is expenditure (other than capital expenditure) on repairs and maintenance of plant, machinery, equipment and property used for producing assessable income or in carrying on a business for that purpose. Expenditure on repairs to property used partially for business or income producing purposes must be apportioned. Where items are newly acquired, the costs of repairs to remedy defects in existence at the time of acquisition are generally of a capital nature. Expenditure incurred in making alterations, additions or improvements is of a capital nature and is not deductible as repairs and maintenance but depreciation can be claimed.

Line 105 Losses from Sale/Transfer of Property:

These are losses due to sales or transfer of property owned and used in business or owned for the purposes of earning, recovering or securing income. Any gains from the sale or transfer of property should be included as income in Line 5.

Line 110 –Other tax-deductible expenses

This is all other tax-deductible expenses that have not been included in Lines 10 to 105.

Line 135- Total Expenses:

Total all expense items shown at lines 30 to 110.

Line 175 – Income Tax Payable

- (a) **JPDA Annex F Taxpayers:** Sub-contractors and supporting service providers within JPDA Annex F areas (Bayu-Undan, EKKN and Greater Sunrise areas) should calculate tax payable as follows:

On first \$ 3,368 of annual income subject to income tax	10%
On next \$ 3,368 of annual income subject to income tax	15%
On remaining amount of annual income subject to income tax	30%

- (b) **Other Taxpayers:** For all other non-Annex F JPDA and Timor-Leste exclusive area taxpayers, 30% income tax rate is applicable on their income from petroleum operations (other than the services income on which final withholding tax under Section 81 applied).

Taxpayer's Declaration: You are legally responsible for the accuracy of the information in your return, even if somebody else helps you to prepare your tax return. You must sign and date the *Taxpayer's Declaration* on your tax return to confirm that it is true, complete, and correct.

MESSAGES

Self assessment and what it means to you

The National Directorate of Petroleum and Mineral Revenue (NDPMR) has prepared publications that will provide you with the information and guidance you need to complete your income tax return. It is your responsibility to lodge a tax return that is complete and correct. The NDPMR does not check everything in the return and will accept the information in the return as lodged. At a later date we may check some of the details more thoroughly.

What if there is a mistake on my return

Mistakes may be made by either the NDPMR or by you.

If the NDPMR makes a mistake that affects the amount of tax payable by you, or the amount of tax refundable to you, you will receive an amended assessment notice and an explanation about the mistake.

If you realise that there is an error in your return, you should correct it as soon as possible by requesting an amendment. You can request an amendment by writing a letter to the Commissioner or submitting an amended tax form.

If you submit an amended tax form, please remember to write 'AMENDED' on the top of the first page. You should also include a covering letter containing an explanation of why the amendment is necessary. It is important that you provide an explanation of why you made the mistake so that we can assess any additional tax correctly.

If you write to the Commissioner requesting an amendment your letter should include the following details:

- TIN
- Your full name and address
- Information about what you want to amend
- An explanation of why an amendment is necessary

How I make a payment using Electronic Funds Transfer (EFT)

Pursuant to the Timor-Leste Petroleum Fund Act all Timor-Leste petroleum taxpayers must pay petroleum taxes to the Timor-Leste 'Petroleum Fund'. You should pay your tax debt electronically, by transferring USD funds to the Timor-Leste Petroleum Fund designated bank account with Federal Reserve Bank of New York. Each payment instruction must clearly:

- show the 'Banking & Payment Authority of East Timor –Petroleum Fund Account' as the beneficiary
- mention the Name, TIN of the taxpayer, and type of tax- such as monthly instalment, annual income tax, withholding tax, wages tax or VAT etc.

The following particulars will assist you to make your electronic payment

Bank	:	The Federal Reserve Bank on New York 33 Liberty Street New York, New York 10045, U.S.A
Swift Code	:	FRNYUS33
Account Name	:	Banking & Payment Authority of East Timor- Petroleum Fund Account
Account Number	:	021080973

Retention of records

- All records should be kept and be readily accessible by, or be produced to, the National Directorate of Petroleum and Mineral Revenue (NDPMR) if required.

Where do I send my return?

Returns should be sent electronically to all of the contacts below, original paper return also should be sent to the following postal address:

The National Director
National Directorate of Petroleum Revenue
P.O. Box 18, Dili, East Timor

Penalties

Penalties may apply if you:

- Lodge a return after the due date
- Fail to deliver a tax payment by the due date
- Understate the amount of tax owing on your tax form
- Fail to create and retain records

Further Information:

If you require assistance in relation to this form, please telephone National Directorate of Petroleum Revenue (NDPR) at +(670) 3339542, or send us an email at hsarmento@mof.gov.tl , or aramos@mof.gov.tl, mofsoares@mof.gov.tl, or urodriques@mof.gov.tl