



REGULATION NO. 2000/35

**TO AMEND REGULATION NO. 2000/18
ON A REVENUE SYSTEM FOR EAST TIMOR
(as amended by UNTAET Regulation 2000/32)**

The Special Representative of the Secretary-General (hereinafter: Transitional Administrator),

Pursuant to the authority given to him under United Nations Security Council resolution 1272 (1999) of 25 October 1999,

Taking into account United Nations Transitional Administration in East Timor (UNTAET) Regulation No. 1999/1 of 27 November 1999 on the Authority of the Transitional Administration in East Timor,

Upon the recommendation of the National Council,

For the purpose of amending UNTAET Regulation No. 2000/18 of 1 July 2000 on a Taxation System for East Timor, as amended by UNTAET Regulation No. 2000/32 of 29 September 2000,

Promulgates the following:

Section 1
Definitions

Section 3 of Regulation No. 2000/18 is amended by:

(a) deleting the definition of “exempt wages” and substituting the following:

“exempt wages” means *wages* that are specified in Part B of Section 5 of Schedule 1 as exempt from wage income tax;

(b) inserting the following definitions after the definition of the term “Law on Income Tax”:

“non-resident” in respect of a natural person means a natural person who is not a *resident of East Timor*”

“non-wage benefits” means any reward for services provided by an *employer* to an *employee*, including:

(a) the market value of any non-cash benefit provided by an *employer* to an *employee*;

(b) the value determined by the *Commissioner* of the provision by the *employer* to an *employee* of the use of a motor vehicle wholly or partly for private purposes of the *employee*;

(c) the value determined by the *Commissioner* of the provision by the *employer* of accommodation or housing;

(d) the value determined by the *Commissioner* of the provision by an *employer* to an *employee* of a housekeeper, driver, guard, gardener, or other domestic assistant; and

(e) the cost to the *employer* of providing an *employee* with any meal, refreshment, or entertainment except in the course of providing a *good* or service for the *employer* where the *Commissioner* considers that the cost of provision for the *employer* is reasonable;

(c) inserting the following definitions after the definition of the term “person”:

For purposes of Chapters VIII, X and XI and Sections 5 and 6 of Schedule 1 of the present Regulation, *person* also includes any body incorporated, formed, organized or established in East Timor or elsewhere as a limited company, limited or other partnership, any enterprise owned by or a political or administrative subdivision of a government (including the Transitional Administration in East Timor), any public international organization, non-governmental organization, cooperative, association, affiliation, foundation, trust or similar organization and other forms of business.

From a date to be determined by a Directive, and for purposes of Chapter VII of the present Regulation, *persons* also includes the East Timor Transitional Administration (ETTA) or its successor as may be provided in UNTAET regulations.

“private aircraft” means an aircraft imported by or for a natural person who will use aircraft mainly for private or recreational purposes;

“private yacht” means a yacht of any type imported by or for a natural person who will use it mainly for private or recreational purposes;

“resident” in respect of a natural person means a natural person who is present in *East Timor* for more than 182 days in a *tax year* unless the person’s permanent place of abode is not in *East Timor*;

(d) inserting the following definition after the definition of the term “tax year”:

“taxable wages” means *wages* less *exempt wages* and any allowances set out in Part A of Section 5 of Schedule 1;

(e) deleting the definition of “wages” and substituting the following:

“wages” means any reward for services provided by an *employer* to an *employee*, including:

(a) any salary provided to the *employee*, including leave pay, overtime payments, commissions, and bonuses;

(b) director’s fees;

(c) the value of gifts provided by an *employer* to an *employee*;

(d) any allowance provided by the *employer* for the benefit of an *employee*;

(e) any payment provided by the *employer* in respect of loss or termination of employment;

(f) any payments however described made on termination of employment in respect of entitlements outstanding at the time of termination;

(g) the reimbursement or discharge by an *employer* of any expense of the *employee* including utilities expenses;

(h) the amount of any reimbursement or discharge by an *employer* of an *employee*’s medical expenses;

(i) the amount of any waiver where any *employer* waives an obligation of the *employee* to pay an amount owing to the *employer*; and

(j) *non-wage benefits* greater than \$20 provided in a calendar month to *employees* of an *employer* that is exempt from income tax.

Section 2
Goods subject to excise tax

Section 20 of Regulation No. 2000/18 is amended by substituting the following table in place of the table included in Section 20.1:

<i>Harmonized Classification System Item</i>	<i>General Description of Goods</i>
1704, 1806	sugar confectionery and chocolate confectionery
2009	fruit juices
2105	ice cream and other edible ices
2106	other food preparations (including soft drink concentrates)
2202	soft drinks and other flavored waters
2203	Beer
2204-2206	wine, vermouth and other fermented beverages (for example, cider, perry)
2207, 2208	ethyl alcohol (other than denatured) and other alcoholic beverages
2401-2403	tobacco and tobacco products

2710	gasoline, diesel fuel and other petroleum products
3303	Perfumes
3304	beauty or make-up preparations (including sunscreens)
3305	hair preparations (i.e., shampoos)
3307	shaving preparations, deodorants, other toilet preparations, etc.
3604	fireworks, signal flares, rain rockets, etc.
3701-3707	photographic films, paper and chemicals, cinema films
4203	leather apparel
4301-4304	raw and treated furs, fur apparel and artificial furs
7101-7112	pearls, precious stones and precious metals
7113-7118	jewellery, articles of gold and silver, and coins
8412	razors and blades
8415	air conditioners
8418	Refrigerators
8422	Dishwashers
8519-8524	audio electronic <i>goods</i>
8525 20 100	mobile phones
8528	televisions and video monitors
8529 10 8529 90	satellite dishes
8703	motor cars principally designed for the transport of persons
8707	bodies of cars
8711	Motorcycles
9005	Binoculars
9006	Cameras
9101-9114	clocks, watches and their cases, straps and parts
9301-9307	arms and ammunition
9501-9508	toys, games and sports accessories and parts
9601	worked ivory, bone, shell, horn, coral, etc
9613	cigarette lighters
9614	smoking pipes
9616	scent sprays, powder puffs and pads
9701-9706	works of art, collectors' pieces and antiques
	<i>private yachts and private aircraft</i>

Section 3 Imposition of import duty

Section 27 of Regulation No. 2000/18 is amended by deleting Section 27.2 and substituting the following Sections:

27.2 Where a *person* who imports *goods* into *East Timor* that are exempt from import duty transfers ownership or possession of the *goods* to another *person* and import duty would have been payable by the other *person* had the other *person* imported the *goods*, the transfer of ownership or possession of the *goods* to the other *person* will be treated as an import of the *goods* by the other *person*.

27.3 Liability to pay import duty as a result of the operation of Section 27.2 is imposed jointly on the *person* transferring ownership or possession of the *goods* and the *person* to whom ownership or possession is transferred.

27.4 This Chapter does not apply to imports covered by the Memorandum of Understanding dated 10 February 2000 between UNTAET, acting on behalf of East Timor, and the Government of Australia on arrangements relating to the Timor Gap.

Section 4
Wage income tax

4.1 The reference in the Contents of Regulation No. 2000/18 to “Chapter VII Wages Tax” is changed to “Chapter VII Wage Income Tax”.

4.2 The title to Chapter VII of Regulation No. 2000/18 is amended by deleting the current title and substituting the following title:

VII. Wage Income Tax

Section 5
Imposition of a wage income tax

Section 28 of Regulation No. 2000/18 is amended by deleting the current Section and substituting the following Section:

Section 28
Imposition of a wage income tax

A wage income tax at the rates set out in Part A of Section 5 of Schedule 1 is imposed on *persons* who receive *taxable wages* in respect of *employment in East Timor* on or after the date specified in Part C of Section 5 of Schedule 1.

Section 6
Substituted tax year

Section 35 of Regulation No. 2000/18 is amended by deleting the current Section and substituting the following:

35.1 With the prior permission of the *Commissioner*, a *person* may substitute a 12 month period (known as a “substituted tax year”) for the *tax year* that would otherwise apply for the purpose of calculating the liability of the *person* to pay tax under the *Law on Income Tax*.

35.2 The *Commissioner* may only give a *person* permission to use a substituted tax year where the *Commissioner* believes it is necessary to the efficient operation of this Regulation and the *Law on Income Tax*.

35.3 Where the *Commissioner* has permitted a *person* to use a substituted tax year, all references in the present Regulation or in the *Law on Income Tax* to a particular

tax year shall be read as references to the 12 month period ending in the *tax year* in which the substituted tax year ends.

35.4 The *Commissioner* may specify by means of a designation notice transitional rules that are appropriate for the application of the present Regulation and the *Law on Income Tax* to a part of a *tax year* when a *person* commences to use a substituted tax year or ceases to use a substituted tax year.

Section 7 Tax on Coffee Exports

Section 36 of Regulation No. 2000/18 is amended by deleting the current section and substituting the following Section:

36.1 Subject to Section 36.2, every exporter of coffee beans, whether processed or unprocessed, shall pay at the time of export on or after 20 March 2000 a tax on the export value of those coffee beans at the rate set out in Part A of Section 6 of Schedule 1.

36.2 Exports of coffee beans described in Part B of Section 6 of Schedule 1 are exempt from the tax imposed under Section 36.1.

36.3 The export value of coffee beans is the arm's length free on board value of the beans.

36.4 Using the *harmonized classification system*, the owner, exporter or licensed customs broker shall present all relevant documentation on all exported coffee beans to an *officer of the Border Service*.

Section 8 Withholding tax changes

Section 38 of Regulation No. 2000/18 is amended by deleting the current section and substituting the following Section:

Section 38 Withholding tax and direct tax liability

38.1 Withholding tax rates under the *Law on Income Tax* shall be reduced to zero for the period 1 January 2000 to 31 December 2000.

38.2 Income that would have been subject to withholding tax under the *Law on Income Tax* had Section 38.1 not applied shall be subject to income tax at the rates set out in paragraph (b) of Part A of Section 6 of Schedule 1.

38.3 A *person* who receives amounts that have been correctly subject to withholding tax under the *Law on Income Tax* as modified by paragraphs (a)(i) and (a)(iii) of Part A of Section 6 of Schedule 1 has no further liability with respect to income tax imposed on those amounts.

38.4 Income tax otherwise payable on income derived by a *person* in a *tax year* shall be reduced by:

(a) any withholding tax imposed on income described in paragraph (a)(ii) of Part A of Section 6 of Schedule 1; and

(b) tax on coffee exports imposed under Section 36 after 1 January 2001;

and if the reduction exceeds the income tax otherwise payable, the *Commissioner* shall refund the excess to the *person*.

38.5 The *Commissioner* may make an assessment of any additional income tax owed by a *person* or refund any overpayment in accordance with Section 51.7 where that *person* receives amounts that have not been correctly subject to withholding tax.

38.6 Payment of tax assessed under Section 38.5 is due and payable one month after the date on which the *person* assessed receives notice of the assessment.

38.7 Payments of tax under the Law on Income Tax are required on the fifteenth day or, if the fifteenth day is not a business day, on the next business day of the relevant calendar month. Payments of tax required under Articles 21 and 25 of the *Law on Income Tax* may be deferred until 15 March 2001.

38.8 Article 25(1) of the *Law on Income Tax* shall be read as requiring four payments of tax on 15 February, 15 May, 15 August and 15 November for *persons* with a turnover of \$1 million or less in the preceding *tax year*.

38.9 All payments of tax required under this Section shall be made to the Central Payments Office or its nominated agent.

Section 9

Modifications of the *Law on Income Tax*

Section 40 of Regulation No. 2000/18 is amended by deleting the current Section and substituting the following Section:

Section 40

Modifications of the *Law on Income Tax*

40.1 Article 14 of the *Law on Income Tax* does not apply to the 2000 *tax year*.

40.2 Paragraph 8 of Article 25 of the *Law on Income Tax* ceases to apply after 24 October 1999.

Section 10

Restrictions on deductions and carried-forward losses

Section 41 of Regulation No. 2000/18 is amended by deleting the current Section and substituting the following Section:

Section 41

Restrictions on deductions and carried-forward losses

41.1 No deduction shall be allowed under Article 6(1) of the *Law on Income Tax* in respect of *non-wage benefits* exceeding \$20 provided in a calendar month by an *employer* to an *employee*.

41.2 Any credits for taxes paid or entitlements to refunds of tax for any reason that existed on 25 October 1999 shall be treated as nil on that date.

41.3 Losses calculated under Article 6(2) of the *Law on Income Tax* shall be treated as nil on 31 December 1999.

41.4 Any provisions in regulations or other instruments subsidiary to the *Law on Income Tax* that have the effect of providing concessional treatment for tax purposes of income derived in *East Timor*, including but not limited to regional investment allowances, remote area concessions, and other administratively approved allowances, shall be treated as expiring immediately prior to 1 January 2001.

Section 11

Modification of taxation laws to which Regulation No. 1999/1 applies

Section 45.1 of Regulation No. 2000/18 is amended by:

- (a) deleting the word “and” at the end of paragraph (d);
- (b) deleting paragraph (e) and substituting the following in its place:
 - (e) references to Indonesia shall be read as references to *East Timor*; and
 - (f) references to Indonesian citizens shall be read as references to natural persons who are *residents of East Timor*.

Section 12

Failure to deliver tax payment

Section 73.1 of Regulation No. 2000/18 is amended by deleting the words “fifteen percent (15%) of the amount of the tax that remains unpaid per annum, calculated on a daily basis, for the period from the due date until the date on which payment is made and:” and substituting the following in its place:

5% of the tax not paid by the due date plus an additional 1% of the tax that remains unpaid on the 15th day of each month following the due date; and:

Section 13

Schedule 1– Rates of Tax and Import Duty, Exemptions and Dates of Effect

Schedule 1 to Regulation No. 2000/18 is amended by deleting the current Sections 2 to 6 of that Schedule and substituting the following Sections:

Section 2
Excise Tax

Part A: Tax Rates

The rates of excise tax for the purposes of Section 17 are set out in the following Table:

<i>Harmonized Classification System Item</i>	General Description of <i>Goods</i>	
1704, 1806	sugar confectionery and chocolate confectionery	10% of the <i>customs value</i>
2009	fruit juices	10% of the <i>customs value</i>
2105	ice cream and other edible ices	10% of the <i>customs value</i>
2106	other food preparations (including soft drink concentrates)	10% of the <i>customs value</i>
2202	soft drinks and other flavored waters	US\$ 0.50 per liter
2203	beer	US\$ 1.50 per liter
2204-2206	wine, vermouth and other fermented beverages (for example, cider, perry)	US\$ 2.00 per liter
2207, 2208	ethyl alcohol (other than denatured) and other alcoholic beverages	US\$ 7.00 per liter
2401-2403	tobacco and tobacco products	US\$ 15.00 per kg
2710	gasoline, diesel fuel and other petroleum products	US\$ 0.05 per liter
3303	perfumes	15% of the <i>customs value</i>
3304	beauty or make-up preparations (including sunscreens)	10% of the <i>customs value</i>
3305	hair preparations (i.e., shampoos)	10% of the <i>customs value</i>
3307	shaving preparations, deodorants, other toilet preparations, etc.	10% of the <i>customs value</i>
3604	fireworks, signal flares, rain rockets, etc.	100% of the <i>customs value</i>
3701-3707	photographic films, paper and chemicals, cinema films	10% of the <i>customs value</i>
4203	leather apparel	10% of the <i>customs value</i>
4301-4304	raw and treated furs, fur apparel and artificial furs	10% of the <i>customs value</i>
7101-7112	pearls, precious stones and precious metals	10% of the <i>customs value</i>
7113-7118	jewellery, articles of gold and silver, and coins	10% of the <i>customs value</i>
8412	razors and blades	10% of the <i>customs value</i>

8415		air conditioners	10% of the <i>customs value</i>
8418		refrigerators	10% of the <i>customs value</i>
8422		dishwashers	10% of the <i>customs value</i>
8519-8524		audio electronic <i>goods</i>	10% of the <i>customs value</i>
8525 20 100		mobile phones	10% of the <i>customs value</i>
8528		televisions and video monitors	10% of the <i>customs value</i>
8529 10 8529 90		satellite dishes	10% of the <i>customs value</i>
8703		motor cars principally designed for the transport of persons	the greater of: (a) 30% of the <i>customs value</i> ; and (b) US\$ 400 per vehicle; plus 30% of the <i>customs value</i> in excess of US \$ 20,000
8707		bodies of cars	10% of the <i>customs value</i>
8711		motorcycles	10% of the <i>customs value</i>
9005		binoculars	10% of the <i>customs value</i>
9006		cameras	10% of the <i>customs value</i>
9101-9114		clocks, watches and their cases, straps and parts	10% of the <i>customs value</i>
9301-9307		arms and ammunition	100% of the <i>customs value</i>
9501-9508		toys, games and sports accessories and parts	10% of the <i>customs value</i>
9601		worked ivory, bone, shell, horn, coral, etc	10% of the <i>customs value</i>
9613		cigarette lighters	10% of the <i>customs value</i>
9614		smoking pipes	10% of the <i>customs value</i>
9616		scent sprays, powder puffs and pads	10% of the <i>customs value</i>
9701-9706		works of art, collectors' pieces and antiques	10% of the <i>customs value</i>

	<i>private yachts and private aircraft</i>	30% of the <i>customs value</i> in excess of US \$ 20,000
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Part B: Exemptions

The following *goods* shall be exempt from excise tax:

- (a) *Goods* that are exempt from import duty under Part B of Section 4 of Schedule 1 are exempt from excise tax on importation; and
- (b) *Goods* referred to in Section 20.2

Part C: Date of Effect

Excise tax is imposed on *goods* imported into *East Timor* and on *goods* produced in *East Timor* on or after 20 March 2000.

Section 3
Sales Tax

Part A: Tax Rates

The rates of sales tax for the purposes of Section 22 are as follows:

- (a) in respect of *goods* imported into *East Timor* 5%
- (b) in respect of sales of *goods* or the provision of services in *East Timor* **[to be decided later]**%

Part B: Exemptions

The following *goods* shall be exempt from sales tax:

- (a) in respect of *goods* imported into *East Timor*:
 - (i) *Goods* that are exempt from import duty under Part B of Section 4 of Schedule 1 are exempt from sales tax on importation.
 - (ii) *Goods* referred to in Section 25.2
- (b) in respect of sales of *goods* or the provision of services in *East Timor*:
 - (i) **[to be decided later]**
 - (ii) *Persons* whose monthly turnover from sales and provision of services does not exceed \$**[to be decided later]**

- (iii) *Goods* and services referred to in Sections 25.3 and 25.4

Part C: Date of Effect

Sales tax is imposed on *goods* imported into *East Timor* on or after 20 March 2000.

Sales tax on sales of *goods* and the provision of services in *East Timor* has not come into effect. It applies to sales of *goods* and the provision of services on or after **[to be decided later]**.

Section 4
Import Duty

Part A: Tax Rate

The rate of import duty for the purposes of Section 27 is 5% of the *customs value* of the *goods*.

Part B: Exemptions

The following imported *goods* shall be exempt from import duty:

(a) where the *goods* accompany a *person* arriving in *East Timor* from another territory:

(i) two hundred (200) cigarettes and two and one half (2.5) litres of excisable beverages per *person*;

(ii) *goods* up to a value of US \$300 of a non-commercial nature that are exclusively for the personal use or enjoyment of travellers or *goods* intended as gifts, where the nature and quantity of the *goods* indicate that they are not imported for, or intended to be imported for, commercial purposes;

(iii) *goods* of a non-commercial nature, other than jewellery, that are exclusively for the personal use or enjoyment of travelers and that are brought into *East Timor* by travelers in accompanying luggage or carried on or about the travelers' bodies; and

(iv) household effects accompanying former residents of *East Timor* returning to reside in *East Timor* on a permanent basis;

(b) imports of the type:

(i) exempted under the Vienna Conventions on Diplomatic Relations of 1961 and Consular Relations of 1963;

(ii) exempted under the Convention on the Privileges and Immunities of the United Nations; and

(iii) exempted under the Convention on the Privileges and Immunities of the Specialized Agencies;

- (c) *goods* re-imported in the same condition in which they were exported;
- (d) *goods* other than alcohol or tobacco imported by registered charitable organizations, being charitable organizations that have registered under an UNTAET directive that has been promulgated for that purpose, where the *goods* are to be used for charitable purposes of humanitarian assistance and relief, education or health care;
- (e) *goods* for temporary admission, where the importer has provided security for import duty in the prescribed manner;
- (f) *goods* for consumption by international staff of UNTAET or members of the Peace Keeping Force from contingent countries, where the *goods* are sold in conformity with prescribed rules of sale;
- (g) baby formulas that are specially designed for babies under one (1) year of age so that after preparation they are consumed in a liquid form and provide the health benefits of human milk that would normally be provided to a baby that suckles from its mother;
- (h) tampons and sanitary napkins; and
- (i) *goods* not described in previous paragraphs where:
 - (i) the *goods* are imported into *East Timor* other than as personal *goods* accompanying a traveler; and
 - (ii) the import duty that would be imposed on the import if not for this paragraph would be U.S. \$10 or less.

Part C: Date of Effect

Import duty is imposed on *goods* imported into *East Timor* on or after 20 March 2000.

Section 5
Wage Income Tax

Part A: Tax Rates

(a) The rates of wage income tax imposed on *wages* for the purposes of Section 28 are as follows:

(i) if the *employee* is a *resident* and has provided the *employer* with the *employee's* tax identification number or is treated as having provided the *employer* with the *employee's* tax identification number under Section 29:

MONTHLY TAXABLE WAGES	RATE
0 - \$100	0%
in excess of \$100 - \$650	10%
in excess of \$650	30%

(ii) if the *employee* is a *non-resident*, 20% of the *wages* received by the *employee*;

(iii) in all other cases, 30% of the *wages* received by an *employee*.

(b) Where an *employee* receives *wages* for a period of less than one month, the rates of wage income tax set out in paragraph (a) are imposed on a pro-rata basis.

Part B: Exemptions

The following *wages* shall be exempt from wage income tax:

(a) *wages* received for official duties that are exempt from taxation under Section 20 of Regulation No. 2000/31;

(b) *wages* received in the territory covered by the Memorandum of Understanding dated 10 February 2000 between UNTAET, acting on behalf of East Timor, and the Government of Australia on arrangements relating to the Timor Gap;

(c) *wages* of an *employee* who is a citizen of a foreign country received in the *employee's* capacity as a public servant of the government of a foreign country where the income is subject to income tax in that country;

(d) *wages* of an *employee* who is an *employee* of the United Nations or its specialized agencies; provided, however, that from a date to be determined by a Directive, this exemption shall not be construed to include *wages* of an *employee* of the East Timor Transitional Administration (ETTA) or its successor as may be defined by UNTAET regulations; and

(e) *wages* of an *employee* who is a *non-resident* of *East Timor* and who derives the *wages* in respect of services provided in *East Timor* under a contract of employment entered into prior to 30 September 2000 to provide services for a project approved by UNTAET and funded by a foreign government where the *wages* are received before the earlier of:

(i) the expiry of the contract of employment that existed at 30 September 2000; and

(ii) 1 July 2001.

Part C: Date of Effect

Wage income tax is imposed on *wages* received on or after 1 January 2001.

Section 6
Income Tax

Part A: Tax Rates

(a) For the purposes of the application of the *Law on Income Tax*, the rates of income tax that must be withheld by a *person* making payments described in this Section are as follows:

(i) amounts that are payable to *residents* or that are payable to *non-residents* who have a permanent establishment in *East Timor*:

TYPE OF INCOME	RATE
Dividends	15 %
Interest	15 %
Royalties	15 %
rent from land and buildings	10 %
income from prizes and lotteries	15 %
income from construction and building activities	2 %
income from construction consulting services including project management, engineering design and site supervision services	4 %
income from the provision of air, land or sea transportation services	5 %
income from petroleum and geothermal drilling and drilling support services	4.5 %
income from mining and mining support services	4.5 %

(ii) amounts that are payable to *residents* or that are payable to *non-residents* who have a permanent establishment in *East Timor*:

TYPE OF INCOME	RATE
income from hiring or lease of movable property	5 %
income from the provision of the following services: technical management interior and landscape design accounting and book-keeping cleaning pest eradication forest clearing film dubbing appraisal actuarial architectural surveying legal automated data processing advertising marketing secretarial stevedoring	5 %

shipping and customs agent		
travel agent		
storage and warehousing		

(iii) amounts payable to *non-residents* who do not have a permanent establishment in *East Timor*:

TYPE OF INCOME		RATE
all income		20 %

(b) For the purposes of the application of the *Law on Income Tax* and Chapter VIII of the present Regulation, the rates of income tax imposed on income other than income described in paragraph (a)(i) and (a)(iii) are as follows:

AMOUNT OF INCOME		RATE
0 –\$3,368		10%
in excess of \$3,368 - \$6,737		15%
in excess of \$6,737		30%

(c) The rate of tax imposed on coffee exports under Section 36.1 is 5%.

Part B: Exemptions

The following amounts are exempt from income tax:

(a) amounts exempt under Article 4(3) of the *Law on Income Tax*, as modified by Section 39 of the present Regulation.

The following amounts are exempt from tax under Section 36.1:

(a) up to five (5) kilograms of coffee beans exported in accompanied baggage by a *person* departing from *East Timor*.

Part C: Date of Effect

As a result of UNTAET Regulation No. 1999/1, an income tax has been imposed on taxable income determined for the period from 25 October 1999 and applies in the 2000 and subsequent *tax years*.

The tax on coffee exports applied from 20 March 2000.

Section 14
Entry into force

The present Regulation shall enter into force on 1 January 2001.

Sergio Vieira de Mello
Transitional Administrator