

**Democratic Republic of Timor-Leste**

**NATIONAL PARLIAMENT**

**Decree No. 34/V**

**FIRST AMENDMENT TO LAW NO. 14/2020, OF 29 DECEMBER, GENERAL STATE BUDGET FOR 2021 AND APPROVAL OF SOCIO-ECONOMIC SUPPORT MEASURES**

The General State Budget for 2021 was approved by Law no. 14/2020, of 29 December. Taking into account the evolution of the COVID-19 pandemic, it is necessary to increase the capacity to prevent and combat the pandemic, as well as to adopt measures to mitigate its economic impact, and the budgetary allocations are provided to fund such measures.

In view of the floods and inundations that occurred on 4 April this year, it is also necessary to provide additional budgetary appropriations to finance the reconstruction of public and private infrastructure, both public and private, and to provide socio-economic support to the affected populations.

Tables I, II and III of the Annex to Law 14/2020 of 29 December are therefore amended, reinforcing the appropriation for the COVID Fund in order to finance the reconstruction of public and private infrastructure. This will be offset by the increase in revenue resulting from the integration of unused management balances and in the reduction of the budgetary allocations for the Infrastructure Fund and the Appropriations for the Whole of Government.

The consolidated revenues of the Public Administrative Sector now amount to \$2,245.6 million while consolidated General Government expenditure will now amount to \$2,165.1 million.

Revenues from Central Government bodies and services amount to \$1,932.5 million. Expenses of the organs and services of the Central Administration will rise to \$1,932.5 million, divided as follows, according to economic classification

- a) \$229.7 million for Salaries and Wages;
- b) \$613.0 million for Goods and Services;
- c) \$696.7 million for Public Transfers;
- d) \$55.1 million for Minor Capital;
- e) \$338.1 million for Development Capital.

The budgets of the Special Administrative Region of Oe-Cusse Ambeno and Social Security are not affected.

Regarding the socio-economic measures to mitigate the socio-economic impact of the pandemic of COVID-19, whose financing also motivated the budgetary alteration operated by the present law, employment support measures, credit moratoria, student support measures and food security measures are approved.

Finally, the opportunity is taken to clarify the list of organs and services with financial autonomy, contained in the articles of the law that approved the State Budget for 2021, as well as which activity corresponds to the contingency reserve.

The National Parliament enacts, under Articles 95.3(d) and 145.1 of the Constitution of the Republic, to be valid as law, the following:

**CHAPTER I  
INITIAL PROVISIONS**

**Article 1  
Objective**

The present law proceeds with the first amendment to Law No. 14/2020, of 29 December, General State Budget for 2021, in the context of the COVID-19 pandemic and the floods of 4 April 2021, and approves socio-economic support measures.

**CHAPTER II  
LEGISLATIVE AMENDMENTS**

**Article 2  
Amendment to Law no. 14/2020, of 29 December**

Articles 2 and 14 of Law no. 14/2020, of December 29, are amended to read as follows:

**“Article 2  
[...]**

1. [...]
2. [...]
3. For the purposes of the previous number, Services Without Financial Autonomy are the Ministries, the Non-integrated Secretariats of State and the non-autonomous organs and services of the Direct Administration.
4. For the purposes of paragraph 2, Autonomous Organs, Services and Funds are organs and services that enjoy financial autonomy by constitutional requirement, such as the Presidency of the Republic, the National Parliament, the Courts, the Office of the Prosecutor General of the Republic, the Office of the Ombudsman of Human Rights and Justice and the National Electoral Commission, the support services to the Presidency of the National Parliament and the Courts, the Municipal Authorities and Administrations, the Inspectorate-General of the State, the Human Capital Development Fund, the COVID-19 Fund and the other organs and services of direct administration that enjoy financial autonomy, such as the Scientific Police for Criminal Investigation, the National Intelligence Service and the Council for the Definitive Demarcation of Maritime Boundaries, and the organs and services that make up the Indirect Administration.
5. [...]
6. [...]

**Article 14**

1. In case of urgent and unforeseen need, the member of the Government responsible for the area of finance may transfer funds from the budgetary allocation "Contingency Reserve", which corresponds to the activity "1480101: Emergency Response Fund" of sub-programme "14801: Contingency Fund" of the program "148: Contingency" within the Whole of Government Appropriations, for budget appropriations from the budgets of central government departments and agencies, at their request.
2. [...]
3. [...]"

**Article 3  
Amendment to the annex to Law no. 14/2020, of 29 December**

Tables I, II and III of the annex to Law no. 14/2020, of 29 December, are hereby amended in accordance with the wording contained in the Annex to the present law, of which it forms an integral part.

**CHAPTER III  
SUPPORT MEASURES**

**SECTION I  
EMPLOYMENT SUPPORT**

**Article 4  
Support**

1. The following support shall be granted to employers and their employees, to self-employed persons, sole proprietorships, domestic workers, and to managers and directors meeting the eligibility conditions set out in this Section:
  - a) Extraordinary allowance to employees;
  - b) Extraordinary allowance for self-employed persons, self-employed persons, domestic workers and managers and directors who satisfy the conditions of eligibility set out in this Section
  - c) Exemption from the obligation to pay social contributions;
  - d) Extraordinary unemployment allowance;
  - e) Extraordinary electricity allowance;
  - f) Extraordinary rent allowance.
2. The right to any of the support provided for in this Section depends on the verification of the following conditions
  - a) Registration in the contributory social security regime, including, for employers, registration of the respective workers when applicable;
  - b) Registration with the Tax Authority up to the date of the application for the support in question.
3. The following are considered to be registered in the social security regime for the previous purposes:
  - a) Employers, employees, self-employed persons, sole proprietorships, domestic servants, employees, managers and directors already registered on the date of entry into force of this law or who register within 15 days from the date of entry into force of this law;
  - b) Employees who, during the period of validity of this law, are hired and registered within 15 days from the date of entry into force of this law
4. The support foreseen in this article shall be granted for three months, from March to May 2021.
5. The existence of tax or social security debts at the date of submission of the application does not impede the access to the support foreseen in this section.
6. The granting of support does not exempt the beneficiaries from the obligation of paying off debts.
7. Outstanding social contributions may be paid in instalments.
8. In cases where the social security contribution debt is fully settled, even if in instalments, by 1 December 2021, the penalties provided by law for failure to comply with the obligations of enrolment, delivery of Remuneration Statements and payment of contributions shall not apply, provided that the debtor entity complies with all other legal obligations relating to the social security system.

**Article 5  
Extraordinary allowance to own-account workers**

1. In the case of workers exercising functions in sectors of activity that are impeded by legal provisions approved within the scope of COVID-19, from operating in the usual way, the amount of the extraordinary allowance is equivalent to 70% of the worker's remuneration.
2. In the case of workers exercising functions in employers in activity sectors that are not prevented from operating on a regular basis by legal provisions approved within the scope of the COVID-19

pandemic, the amount of the extraordinary subsidy is equivalent to 50% of the worker's remuneration.

3. Without prejudice to the previous numbers, whenever the employee is in a situation of suspension of the employment contract, the amount of the extraordinary allowance shall be equivalent to 70% of the worker's remuneration and the employer shall be exempt from the obligation established in article 15.7 of Law no. 4/2012, of February 21, Labour Law.
4. Whenever the value of the hours worked corresponds to an amount higher than the value of the allowance provided for in paragraphs 1 and 2, the employer shall pay the worker the amount corresponding to the difference between the overtime allowance and the value of the hours worked.
5. Notwithstanding the provisions of the preceding paragraphs, the employer may pay any additional amount up to the amount of his or her remuneration.
6. For the purposes of this article, remuneration is understood to be the gross monthly salary declared to social security in the Remuneration Statement of February 2021, or, in its absence, in the last Remuneration Statement submitted to social security, without prejudice to the following numbers.
7. In the case of workers registered with the contributory social security regime after the entry into force of the present law, the employer shall declare, at the time of the application of the support, the value of the workers' gross remuneration.
8. In situations where the employer has never submitted a Remuneration Declaration to social security, or whenever social security does not have information on the value of the value of the gross remuneration considered is the value of the minimum wage in force.

#### **Article 6**

##### **Extraordinary allowance for self-employed persons, own-account workers, domestic servants and individual entrepreneurs, domestic servants, managers and directors**

1. The amount of the extraordinary allowance is equivalent to 85% of the value of the conventional remuneration which constitutes the basis of the contribution to social security, according to the last bracket chosen by the beneficiary, without prejudice to the following number.
2. The workers enrolled in the contributory social security regime after the entry into force of this law in accordance with paragraph 3 of article 4 may, regardless of age, choose only the 1st or 2nd classes of the contributory base in force, on voluntary membership.

#### **Article 7**

##### **Social Contributions and Exemption from Contributions**

1. The extraordinary allowance referred to in Articles 5 and 6 shall be considered, for all purposes an extraordinary social benefit, even if not foreseen in the contributory social security regime social security approved by Law no. 12/2016, of 14 November.
2. Employers and their workers shall be exempt from the payment of social contributions on the amount of the extraordinary subsidy to employees referred to in Article 5.
3. In the situations envisaged in Nos. 4 and 5 of Article 5, the additional amount paid by employers to the additional amount paid by employers to their employees constitutes a basis of assessment for social security, and neither the employers nor the respective workers shall be employees shall be exempt from the payment of social contributions at the legal rate in force.
4. Employers maintain their duty to submit a monthly Remuneration Declaration, even if there are no remuneration values or time worked to be declared, and, when applicable, to withhold the normal contribution payable by their employees under the general terms.

5. In the monthly remuneration statement referred to in the previous paragraph, the time actually worked and, if applicable, the additional remuneration earned must be declared for each worker.
6. Self-employed workers, sole proprietors, domestic service workers and managers and administrators are exempt from the payment of social contributions on the value of the total contractual remuneration corresponding to the of the optional membership to which they are affiliated as long as they receive the extraordinary allowance referred to in Article 6.
7. The amounts corresponding to the exemption from contributions shall be compensated by transfers, of the same value from the Central Administration Budget to the Social Security Budget.

#### **Article 8**

##### **Extraordinary unemployment allowance**

1. The persons registered in the contributory social security regime, in compulsory or voluntary affiliation, who are unemployed, shall be entitled to an extraordinary unemployment benefit provided that, before the date on which this law enters into force, they have paid at least one month of social security contributions.
2. The amount of the extraordinary unemployment allowance is equal to 40% of the amount of the contractual 1st level of the social security contribution base for voluntary affiliation.

#### **Article 9**

##### **Extraordinary electricity allowance**

1. Employers, own-account workers, businessmen, individual entrepreneurs, domestic service workers and managers and directors are entitled to an extraordinary subsidy to cover electricity costs.
2. When the beneficiaries referred to in the previous number present, at the time of application, an invoice or receipt of electricity for the month of February 2021, the amount of the extraordinary electricity allowance is equivalent to 50% of the value of that invoice or receipt, with a maximum limit of maximum of US \$5,000 per month.
3. Where the beneficiaries referred to in no. 1, at the time of application, do not present an invoice or receipt of electricity for the month of February 2021, the amount of the extraordinary electricity allowance shall be equivalent to US \$15 per month.

#### **Article 10**

##### **Extraordinary rent allowance**

1. Employers, self-employed persons, individual workers, domestic service workers and individual entrepreneurs, domestic service workers, and managers and directors are entitled to an extraordinary subsidy to cover the costs incurred with the renting of real estate for professional activity.
2. The amount of the extraordinary rent allowance is equivalent to 30% of the value of the invoice or receipt for the month of February 2021, presented at the time of the application, with a maximum limit of \$500 per month.

#### **Article 11**

##### **Rights and obligations of beneficiaries**

1. Workers, self-employed workers, individual workers, domestic service workers and individual entrepreneurs, domestic service workers and managers and directors, who benefit from the support granted under the present Section are guaranteed all the social protection rights provided for under the contributory social security regime, without prejudice to the following paragraphs.

2. The extraordinary allowance referred to in articles 5 and 6 of this Section cannot be combined with the social benefits which aim to provide protection in the event of parenthood, old age and total invalidity.
3. For all purposes, namely for recording contributory insurance and calculating social benefits, the INSS shall record remunerations by equivalence to the contributions received, during the period in which the extraordinary allowance referred to in articles 5 and 6 of this section, such period being deemed to be time effectively worked.
4. In situations where the employee, during the same period referred to in the previous number, also receives an additional amount paid by his employer, including the situations set out in Nos. 4 and 5 of Article 5, this amount shall be relevant for all purposes, it shall be added to the extraordinary allowance when the worker's insurance history is recorded and when the social benefits to which the worker is entitled are calculated.
5. In the case of self-employed workers, sole proprietors, domestic servants, managers and directors, the amount that counts for the purposes of the insurance history and contribution period and for calculating the social benefits provided for by law, is the overall value of the chosen contractual remuneration.
6. During the period of application of the support foreseen in this section, as well as during the following 90 days, only the following modalities of termination of the employment contract by at the initiative of the worker and at the initiative of the employer based on just cause as provided, respectively, in paragraphs c) and d) of Article 46 of Law No. 4/2012 of 21 February, the Labour Law.
7. Self-employed workers, sole proprietors, workers in domestic service and managers and managers and directors who join the contributory social security regime after the entry into force of social security after the entry into force of this law under the terms of paragraph 3 of article 4, and who benefit from the support granted under the present section, shall be obliged to maintain their registration and to pay the respective social contributions for a period of 90 days after the date of granting of the last support.
8. The provisions of this article shall not apply to persons receiving extraordinary unemployment benefit referred to in Article 8.

## **Article 12 Implementation**

1. Access to the support provided for in this Section is made through the submission of a request submitted to the INSS, using the appropriate form, signed by the applicant and accompanied by the following documents, according to the type of support requested:
  - a) Nominal list of active workers in the month of March 2021, with indication of the respective social security identification number;
  - b) Information on the date of termination of contracts of workers until March 2021;
  - c) Information on the gross remuneration that constitutes the basis for the contribution of new registered workers;
  - d) Remuneration Statement for the month of February 2021, if it is missing;
  - e) Information about the contributory portfolio, if it exists;
  - f) Invoice or receipt of electricity for the month of February 2021;
  - g) Invoice or receipt of rent or lease for the month of February 2021;
  - h) Legible copy of the bank details and details for payment purposes;
  - i) Declaration, under oath, of the veracity of the information contained in the application form and other application and remaining documents presented. granting of the support foreseen in the present section.
2. The INSS is the entity responsible for the implementation and execution of the measures that determine the granting of the support foreseen in this section

3. The payment of the support foreseen in this section is made by the INSS by bank transfer to an account held by the beneficiary or his/her representative.
4. The support provided for in this section is financed by the COVID-19 Fund, which shall transfer the amount necessary for the payment of the support to the account managed by the INSS, which shall make the payments as off-budget treasury operations, which are registered, for accounting and budgetary purposes, as COVTD-19 Fund expenditure.
5. The beneficiaries are obliged to return all the amount of support received if it is determined that:
  - a) The beneficiary has made false statements in substantiating the application;
  - b) The documents presented were falsified
  - c) There was an error in the granting of support.
6. The return of the support does not preclude the assessment of any liability that may be incurred.

## **Section II MORATORIUM OF CREDIT**

### **Article 13 Moratorium**

1. A moratorium is established for the payment of the capital arising from credit agreements, irrespective of their purpose, entered into before 1 April 2021, where the lender is a bank or other deposit-taking institution, as defined in Board of Directors Resolution no. 11/2010, of the Banking and Payments Authority of Timor-Leste, now Central Bank of Timor-Leste, published in the *Jornal da República*, Series 1, no. 49, of 29 December 2010, on the approval of Public Instruction No. 06/2010, on the Licensing and Supervision of Other Deposit Taking Institutions (ODTI).
2. The following categories of borrowers will benefit from the moratorium:
  - a) Individuals of Timorese nationality;
  - b) Non-profit legal persons with headquarters in Timor-Leste;
  - c) Commercial entrepreneurs under individual name, duly registered;
  - d) Commercial companies incorporated and registered under the laws of Timor-Leste.
3. Even if they are included in any of the categories referred to in the previous subsection, debtors whose object is the exploitation of any of the following activities shall not benefit from the moratorium established in this Section:
  - a) Telecommunications
  - b) Extractive industries;
  - c) Financial services, namely deposit taking, credit granting and payment services.
4. The beneficiaries must satisfy, cumulatively, the following conditions:
  - a) The credit is classified as "standard" or "under supervision";
  - b) In the two months prior to April 2021, there is no credit contract in the Credit Register Information System, in relation to any credit granting contract to which the debtor is or has been a party, in which there is record of default.

### **Article 14 Postponement of maturity of debtor's obligations**

1. The maturity of principal repayment obligations arising from agreements granting credit which occurs within nine months following the date on which this Law enters into force shall be deferred for nine months.
2. During the period referred to in the preceding paragraph, the debtor shall only pay 40% of the conventionally due interest; the remaining 60% shall be borne by the State, under the terms set forth in the following article.

3. The maturity of principal and interest obligations occurring between the end of the nine-month period months period provided for in paragraph 1 and the end of the duration of the credit agreement shall also be postponed by nine months.
4. For the purposes of calculating interest for the period referred to in the preceding paragraph, the capital obligations shall be deemed to have been discharged without any such deferral, the interest rate, when variable, in force at the time when the interest obligation would have fallen due if it were not for the deferral.
5. The provisions of the preceding paragraphs are applicable to any other pecuniary obligations accessory to those or arising from contracts ancillary to the credit agreement, namely guarantee or insurance contracts,
6. When the debtor fully complies with the extended time limit resulting from the provided for in the preceding paragraphs, the debtor shall be deemed, for all purposes, to have timely complies with its obligation and does not incur any penalty.
7. In the situation provided for in the preceding paragraph, the lender may not
  - a) Rescind the contract;
  - b) Renounce the contract;
  - c) Make use of the provisions of Article 715 of the Civil Code;
  - d) Claim against any code debtor or guarantor of the debtor.
8. in the case provided for in paragraph 4, the stipulations of other contracts to which the debtor is a party, entered into with the debtor or with third parties, which provide for the repercussion of any non-performance of the credit agreement shall be ineffective.
9. In addition to the provisions of the following Article, the moratorium established in this Article shall not give rise to any claim for indemnity or compensation.

#### **Article 15 Implementation**

1. Access to the moratorium set forth in this Section is made by means of a petition to the lender, using the appropriate form defined by the Central Bank of Timor-Leste.
2. It shall be incumbent upon the lender to verify, at the request of the interested debtor, whether the latter is a member of the universe of beneficiaries and whether the eligibility conditions have been met.
3. The State shall pay to the lender the amount equivalent to 60% of the interest that, according to the credit granting contract, the latter would be entitled to receive in each of the months included in the moratorium period referred to in subsection 14.1.
4. The Central Bank of Timor-Leste shall determine the amount of compensation due to the lenders on a monthly basis based on the information submitted by them, and make the payment by bank transfer to an account held by the financier.
5. The payment of the compensation shall be made within five working days from the last of each of those months.
6. The Central Bank of Timor-Leste may establish limits in relation to the number and value of credits that may benefit from the moratorium provided for in this Section, taking into account the provisions of the following paragraph and with a view to ensuring the highest possible number of beneficiaries
7. The compensation provided for in this article is financed by the COVID-19 Fund, up to the limit of the appropriation established for this purpose, which shall transfer the amount necessary to the account managed by the Central Bank of Timor-Leste, which shall consider the payments as extra-



budgetary treasury operations, which are registered, for accounting and budgetary purposes, as an expense of the COVID-19 Fund.

8. The Central Bank of Timor-Leste reports monthly to the Minister of Finance on the implementation of the moratorium, providing updated information on the number of interested parties admitted, the contracts covered and the amounts subject to deferral, and reporting on the calculation and payment of compensation to the financiers.

### **SECTION III STUDENT SUPPORT MEASURES**

#### **Article 16 Exemption from payment of fees**

1. Students enrolled in higher education institutions will be exempt from paying tuition fees for the first semester of the 2021 academic year, up to a limit of US \$150.
2. The exemption of payment also applies to the second semester of the 2021 academic year, up to \$150, in case the suspension of school activities extends beyond the first semester.
3. The Government shall compensate higher education institutions for the amount of tuition fees they no longer receive due to the exemption established in the present article.
4. Higher education institutions shall reimburse students for any amount, up to the limits referred to in paragraphs 1 and 2, which they have already paid, related to the exempted tuition fees.
5. The member of the Government responsible for the area of higher education shall establish, by ministerial statute, the procedure for payment of compensation to higher education institutions.
7. The compensation provided for in paragraphs 3 and 5 of this article shall be financed by the COVID-19 Fund.

#### **Article 17 Access to the Internet**

1. The Government shall provide free Internet *pulsa* to students of higher education in the municipalities, administrative posts and in municipalities, administrative posts or sucos subject to confinement measures that prevent face-to-face teaching, so as to enable them to benefit from distance learning.
2. The measure referred to in the previous number shall be financed by the COVID-19 Fund.
3. The Ministry of Higher Education, Science and Culture, through the higher education institutions shall create the conditions so that the students affected by the confinement measures may benefit from distance learning for as long as they are maintained.

#### **Article 18 Acquisition of foodstuffs**

1. The National Logistics Centre shall, during the year 2021, acquire foodstuffs from national producers, up to the limit of the appropriation established for that purpose, and may import foodstuffs only when there is no proven supply from national producers available on the domestic market.
2. The measure referred to in the previous number shall be financed by the COVID-19 Fund.
3. In the operations for acquiring foodstuffs from national producers, the National Logistics Centre must assess the existing market conditions, avoiding provoking an increase in the consumer prices of these products.

4. The National Logistics Centre shall make agreements throughout the year with non-governmental organisations, local authorities, the bishops' conference and higher education institutions, among others, to distribute these products to people and families in need.

#### **CHAPTER IV FINAL PROVISIONS**

##### **Article 19**

##### **Carryover of the Balance from the COVID-19 Fund**

The COVID-19 Fund, established by Law No. 2/2020 of 6 April, amended by Law No. 5/2020 of 30 June and by Law no. 10/2020, of 19 October, is authorized to carry forward the balance in the fiscal year 2021, to integrate that balance in the following budget year and apply it to expenditure.

##### **Article 20**

##### **Carrying over of the balance from the Infrastructure Fund program**

The Infrastructure Fund, established by Law no. 1/2016, of 14 January, is hereby authorised to carry forward the management balance of the programme "977: Rehabilitation, Maintenance and response to structures damaged by calamities" in the fiscal year 2021, to integrate that balance in the following fiscal year and to apply it in expenditure.

##### **Article 21**

##### **Regulation**

The Government and, with respect to the provisions of Section 15.1, the Central Bank of Timor-Leste, shall approve within 15 days, the necessary regulations for implementing the present Law.

##### **Section 22**

##### **Republishing**

Law No. 14/2020 of December 29, with its present wording, is hereby republished in the Appendix II to the present law, of which it forms an integral part.

##### **Article 23**

##### **Taking effect**

1. The provisions of Section 2 shall come into effect on 1 January 2021.
2. The provisions of Articles 4 to 12 shall take effect on 1 March 2021.

##### **Article 24**

##### **Entry into Force**

The present law shall enter into force on the day following its publication.

Approved on 23 April 2021.

The Speaker of the National Parliament,  
/s/  
Aniceto Guterres Lopes

Promulgated on