

# 5 Reasons to Invest in Timor-Leste

TL Tourism Investment Forum

November 2024



# 5 Reasons to invest in Timor-Leste

## ➤ 1. Young & emerging economy with monetary stability & attractive investment opportunities

Despite its size, Timor-Leste achieved rapid growth, reaching 3.9% in 2022 outpacing East Asia and Pacific (3,4%) and World (3,0%). Its projected growth for 2024 (3,5%) also surpasses the World (2,4%)

## ➤ 2. Strategic export platform

Preferential market access to +2bn people in 56 countries with world class port infrastructure

## ➤ 3. Competitive labor cost with a young and vibrant working force

2<sup>nd</sup> most competitive salary in Southeast Asia (US\$115/month), with 66% of its population under 30 years old surpassing East Asia & Pacific (40%) & World average (49%)

## ➤ 4. Competitive tax regime with attractive investment incentives

Lowest tax regime in Southeast Asia (10% income tax), with incentives such as full tax exception up to 10 years, legal stability agreements, and land leasing agreements

## ➤ 5. Democratic and peaceful country

2<sup>nd</sup> most democratic and 4<sup>th</sup> best in political stability & absence of violence in Southeast Asia



# One of the most attractive tax incentives in the region



## Land Leasing Agreements

- 🏠 50 years contract to lease land state property.
- 🏠 Renewable for 25 years up to 100.
- 🏠 Free leasing costs up to 10 years.

## Declaration of Benefits (tax exemptions)

- 🏠 100% exemption in Income & Service tax.
- 🏠 100% exemption on Custom duties & Sales tax for capital goods & equipment used in the project.

## Special Investment Agreement

- 🏠 Legal agreement between investor & government to set a permanent legal framework applying to project.
- 🏠 Up to 50 years stability.

## Working visas

A minimum of five business visas for qualified employees with directing or technical functions.



**Location & time benefits:** Up to 5 years in Dili in administrative posts of Cristo Rei, Dom Aleixo, Na'i Feto and Vera Cruz (zone A). Up to 8 years outside urban area of Dili (zone B). Up to 10 years for special zones Oe-Cusse Ambeno and Atauro (zone C).



**Application procedure** through TradeInvest Timor-Leste. Up to 18 working days for Declaration of Benefits & 35 days for Special Investment Agreements.

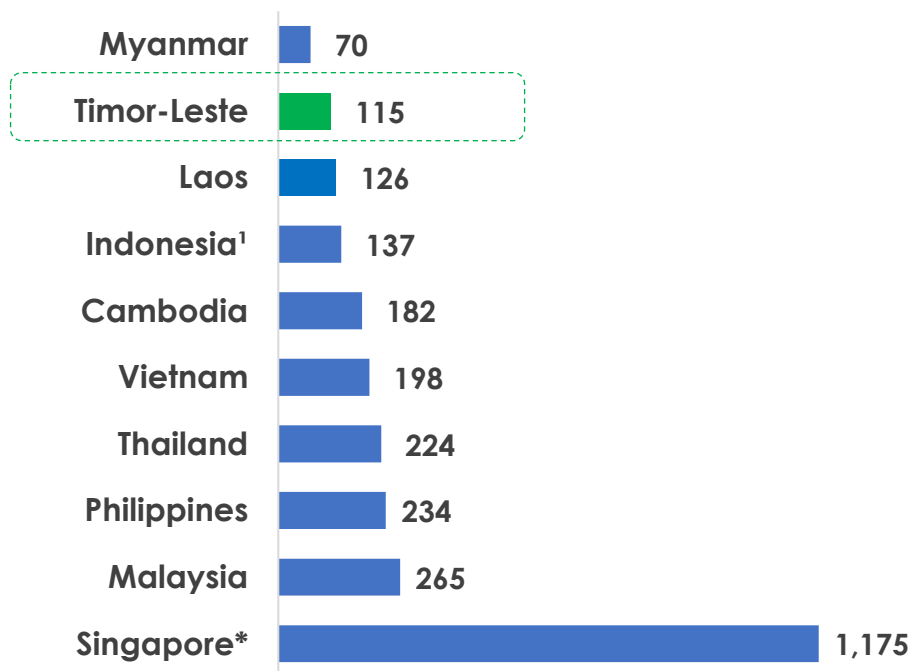


**Investment amount** of at least \$500K. It must be executed within 1 year counted from the issue of the Declaration of Benefits. If not, it shall be revoked.

# Competitive salary in Southeast Asia

- 🏠 **2<sup>nd</sup> most competitive salary** in Southeast Asia with a monthly minimum wage of US\$115
- 🏠 **Friendly and business-oriented labour regime**, fostering the creation of new employment

Monthly Minimum Wage in Southeast Asia, 2023 (US\$/Month)\*



**US\$ 115/month**  
Monthly  
minimum wage

- 10% social security rate: 6% employer & 4% employee
- 13 salaries per year
- US\$280/month average salary



\*Values may change according to exchange rate fluctuations. These figures are only for reference.

Note: Salaries do not include mandatory social benefits

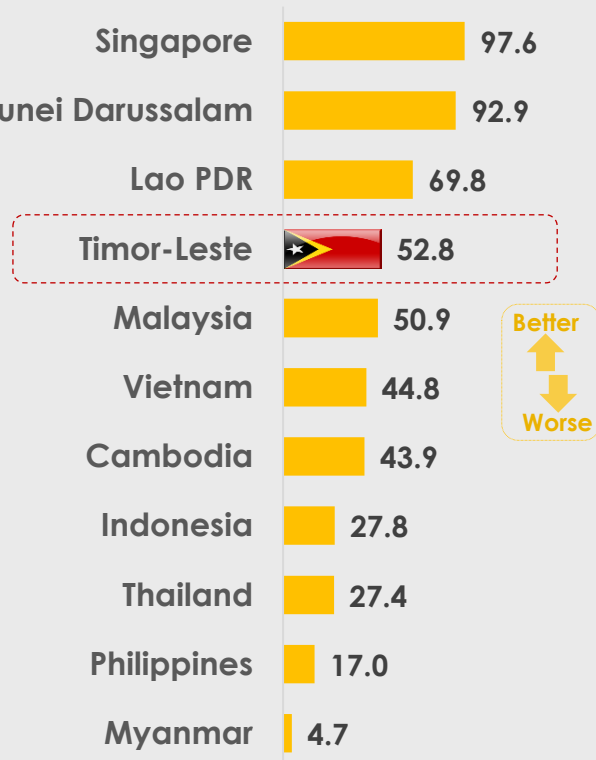
Source: <https://countryeconomy.com/national-minimum-wage/> / <https://tradingeconomics.com/country-list/minimum-wages?continent=asia>  
/ <http://www.salaryexplorer.com/> - <https://taxsummaries.pwc.com/new-zealand/corporate/other-taxes>



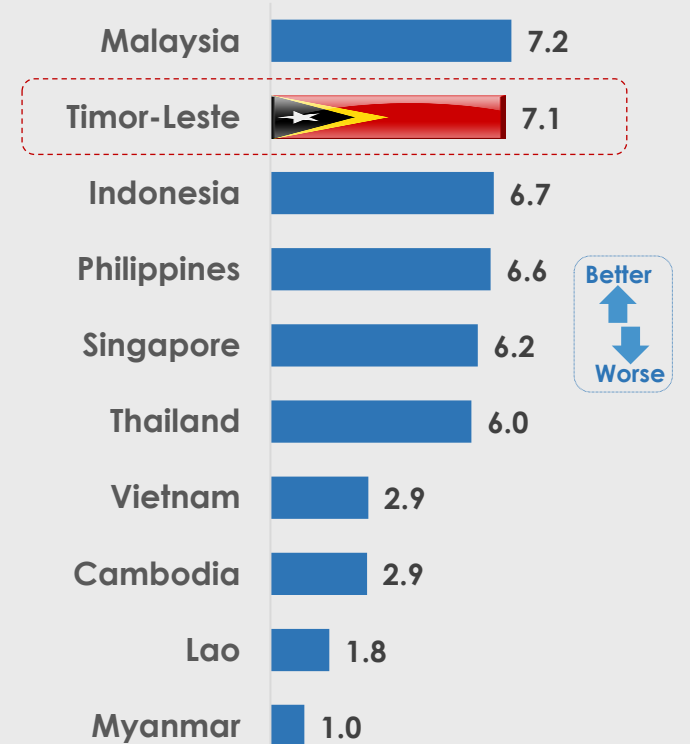
# Timor-Leste: Stable & democratic country in Southeast Asia

## Perception Vs Reality

### Political Stability & Absence of Violence Index in Southeast Asia, 2021 (Rank)



### Democracy Index in Southeast Asia, 2021 (Score)



Rank: From 0 (lowest) to 100 (highest).  
 Political Stability and Absence of Violence/Terrorism measures perceptions of the likelihood of political instability and/or politically-motivated violence, including terrorism.  
 Source: The World Bank Database

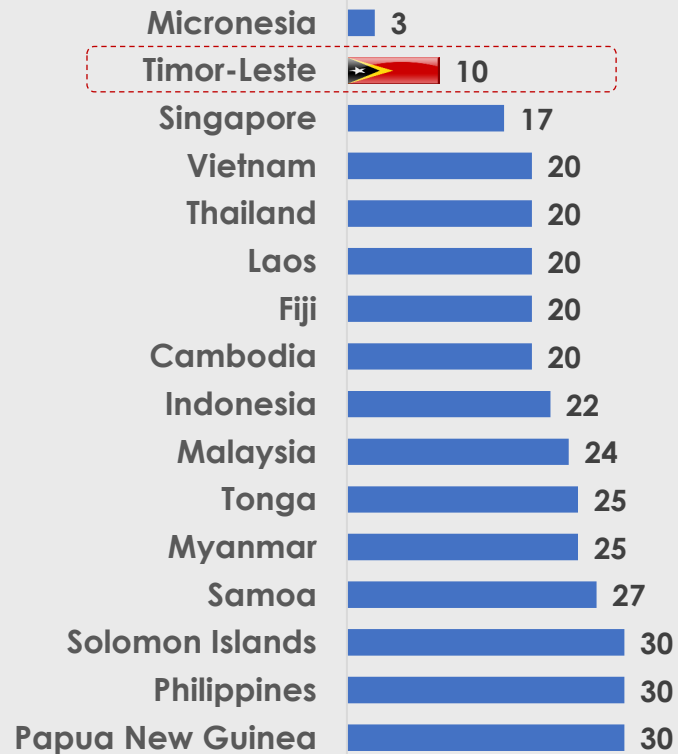
Score: From 0 (lowest) to 10 (highest).  
 The Democracy Index is based on five categories: electoral process and pluralism, functioning of government, political participation, political culture, and civil liberties.  
 Source: Economist Intelligence Unit (EIU)

# Second lowest tax regime in Southeast Asia & Pacific

## Timor-Leste tax regime comparison



### Corporate income tax rate in Southeast Asia & Pacific, 2022 (%)

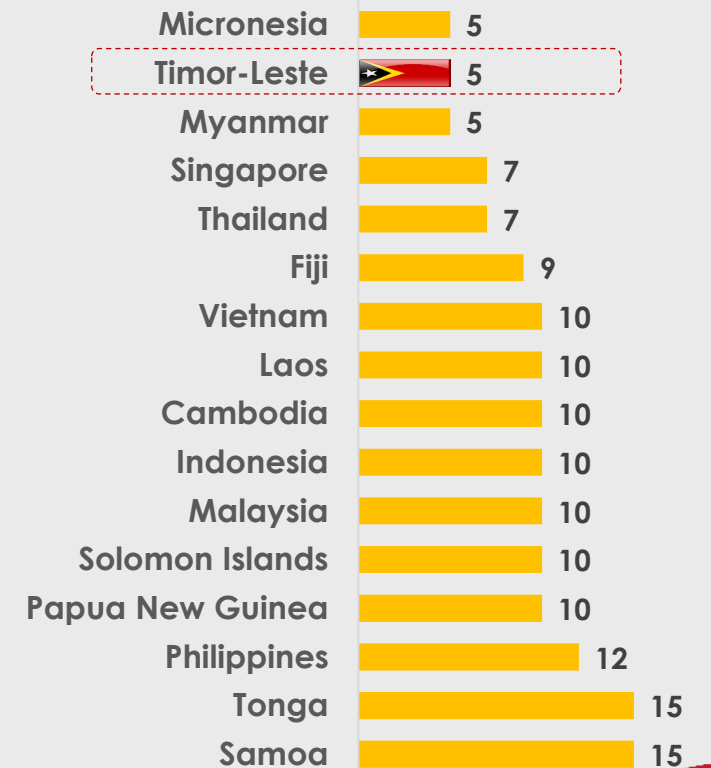


Note: income may vary according to the company size revenues and sales tax according to the products.

Source: TradingEconomy (<https://tradingeconomics.com/country-list/sales-tax-rate>)



### Sales tax rate in Southeast Asia & Pacific, 2022 (%)







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# Tourism at a glance



TradeInvest Timor-Leste

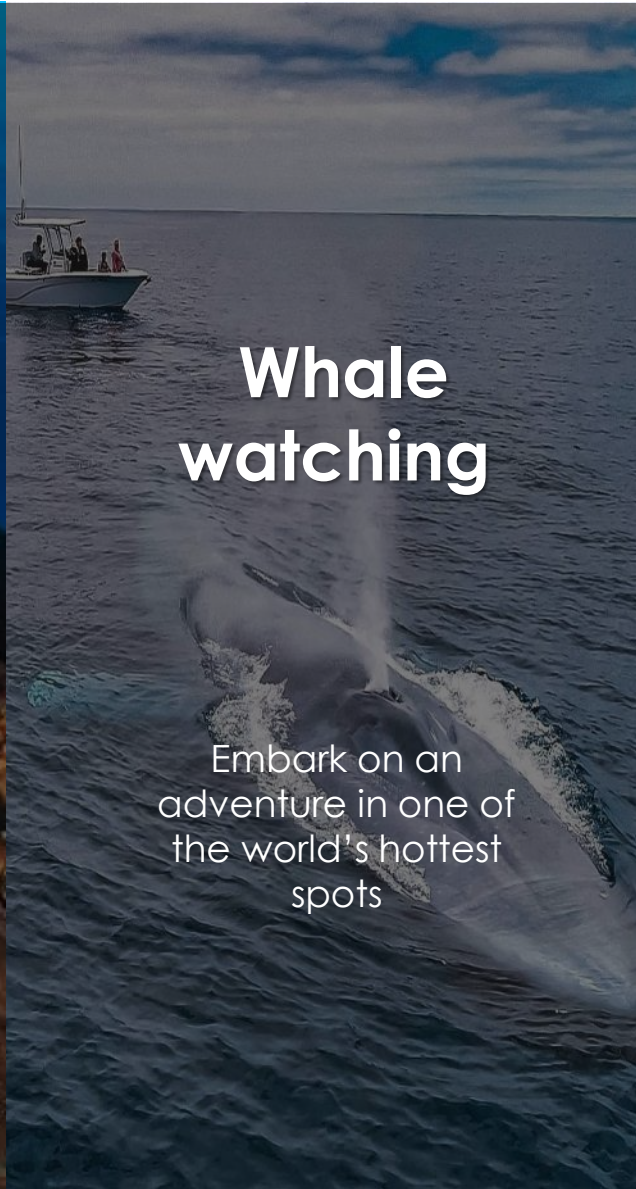


# Prioritized Tourism Subsectors



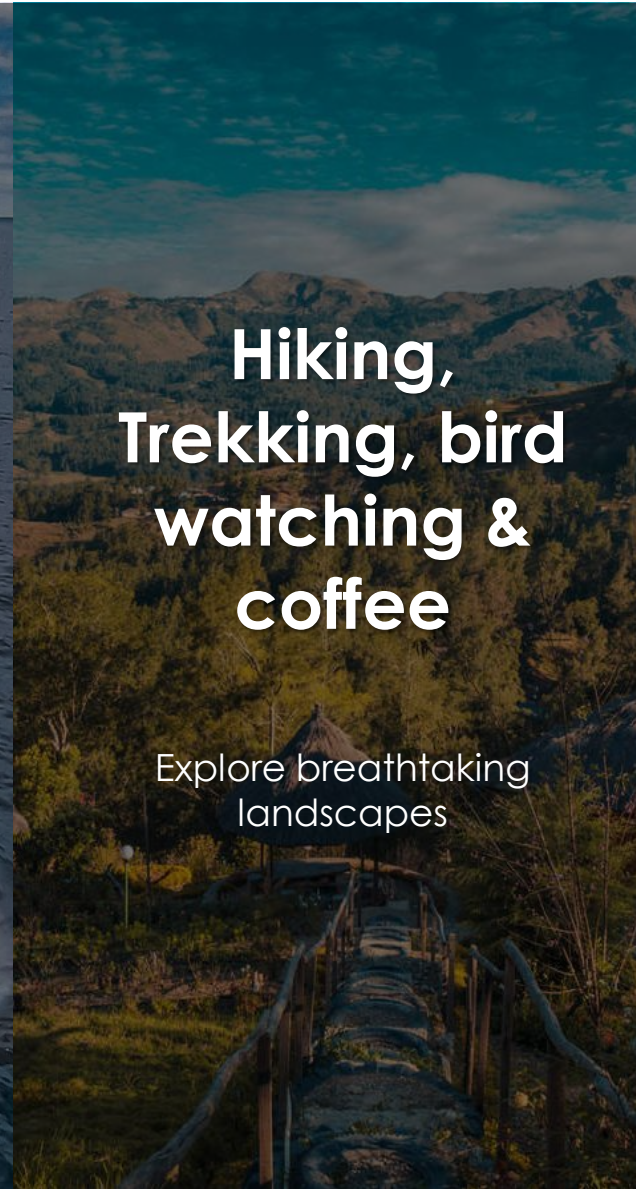
## Scuba diving & snorkel

Immerse yourself in the most biodiverse waters in the world



## Whale watching

Embark on an adventure in one of the world's hottest spots



## Hiking, Trekking, bird watching & coffee

Explore breathtaking landscapes



## History, culture & heritage

Explore a country where culture & traditions are suspended in time



# Investment opportunities (8)



## Medium scale investments



### International vocational training institutes in tourism

#### Tour operators

- Local wholesaler to coordinate with local operators and develop tourism packages meeting professional standards, for delivery to international outbound operators
- + Whale watching operators with larger boats
- Live aboard cruise ships



### Quality/hygienic/affordable restaurants & bars

#### Local mobility

- Inter island fast/safe private transport service (Dili-Atauro/Jaco)
- Luxury land transportation services
- Car, motorcycle & bike rentals



## Large scale investments

### Accommodation



- High-end luxury accommodation (Ecolodges – Business)
- Medium-end (3-4 stars) business hotel
- Budget ecolodge
- Historical Portuguese pousadas (concessions)

### Real Estate



- Shopping malls & amusement parks
- High-standards expat housing complexes

## Enabling investments & infrastructure

### Infrastructure & connectivity



- +Frequencies & new aerial routes
- Jetties for small boats
- Cruise/yacht terminals (marina facilities)

### Health



- Private hospital & wellness facilities with international standards
- Decompression chambers for divers



# TradeInvest Timor-Leste (TITL)

Investment & Export Promotion Agency: Non-profit public institution, offering free professional & confidential services to investors & exporters



1



Market analysis & tailored information



2



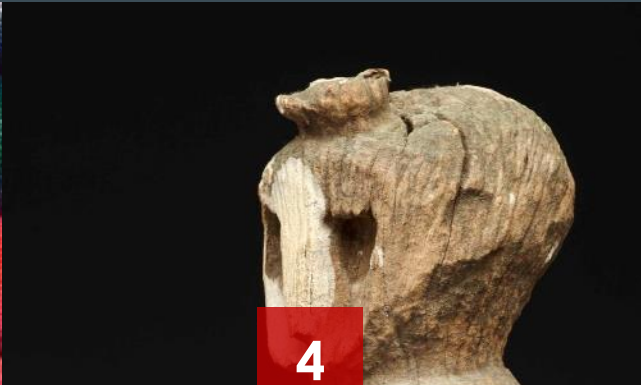
Institutional & commercial linkages (agendas)



3



Soft-landing support



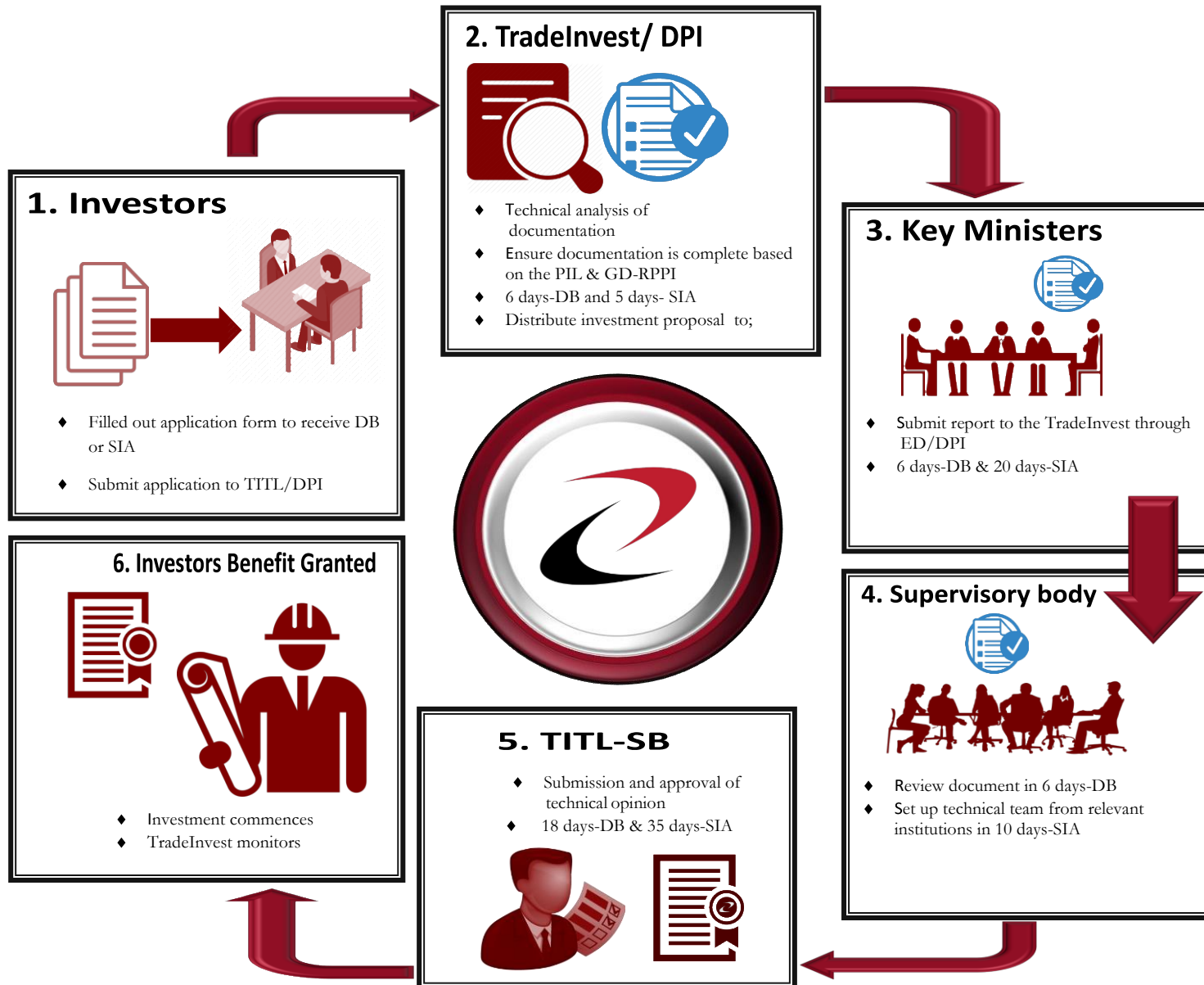
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Tax incentives certificates



# How Do We Facilitate and Promote Investment & Trade?









# Thank you! Obrigadu wa'in!

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