

**LAW NO. 8 /2021
of May 3rd**

**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 December 29.

Taking into account the evolution of the pandemic of COVID-19, it becomes necessary to increase the capacity to prevent and combat the pandemic, as well as to adopt measures to mitigate its economic impact, providing the budgetary appropriations to finance these measures.

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

Thus, Tables I, II and III of the Annex to Law 14/ 2020 of 29 December are amended, increasing the allocation for the COVID-19 Fund, with compensation in the increase in revenue from the integration of management balances not entered and the reduction in the budget appropriation for the Fund for Infrastructure and Government-wide Appropriations.

Consolidated revenues of the Public Administrative Sector now amount to \$2,245.6 million, while consolidated expenses of the Public Administrative Sector now amount to \$2,165.1 million.

Revenues from Central Government bodies and services amount to \$1,932.5 million.

Expenses of the Central Government's bodies and services now total \$1,932.5 million, broken down as follows, according to the economic classification

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

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

Regarding socio-economic measures to mitigate the socio-economic impact of the COVID-19 pandemic, whose funding also motivated the budget amendment operated by this 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 that have financial autonomy, contained in the articles of the law that approved the State Budget for 2021, as well as the activity to which the contingency reserve corresponds.

The National Parliament decrees, pursuant to Article 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 Object

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

CHAPTER II LEGISLATIVE AMENDMENTS

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

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 effects of no. 2, Autonomous Bodies, Services and Funds are the bodies and services that enjoy financial autonomy for constitutional requirements, such as the Presidency of the Republic, the National Parliament, the Courts, the Office of the Attorney General of the Republic, the Ombudsman for Human Rights and Justice, and the National Electoral Commission, the support services to the Presidency of the Republic, the National Parliament and the Courts, the Municipal Authorities and Administrations, the General Inspection of the State, the Human Capital Development Fund, the COVID-19 Fund, and the other organs and services of the direct administration that enjoy financial autonomy, such as the Scientific Police for Criminal Investigation, the National Intelligence Service, and the Council for the Definitive Delimitation of Maritime Borders, as well as the organs and services that make up the Indirect Administration.
5. [...]
6. [...]

Article 14 [...]"

1. In the event 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 subprogram "14801: Contingency Fund" of the program "148: Contingency" of the All Government Appropriations, to budgetary appropriations of the budgets of the organs and services of the Central Administration, at their request.

2. [...]
3. [...]"

Article 3

Amendment to the Annex to Law No. 14/2020, of 29 December

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

CHAPTER III

SUPPORT MEASURES

SECTION I

SUPPORT TO EMPLOYMENT

Article 4

Support

1. The following support is granted to employing entities and their workers, self-employed workers, sole proprietors, domestic service workers, and managers and directors who meet the eligibility conditions set forth in this Section:
 - a) Extraordinary allowance to employees;
 - b) Extraordinary allowance for self-employed persons, sole proprietors, homemakers, managers and directors;
 - c) Exemption from the obligation to pay social contributions;
 - d) Extraordinary unemployment allowance;
 - e) Extraordinary electricity allowance;
 - f) Extraordinary rent allowance.
2. Entitlement to any of the support provided for in this section depends on the cumulative verification of the following conditions:
 - a) Registration with the social security contribution regime, including, as for employers, registration of the respective workers when applicable;
 - b) Registration with the Tax Authority until the date of the application for the support in question.
3. For the purposes of the previous number, the following are considered to be registered in the contributory social security regime
 - a) Employers, employees, self-employed persons, sole proprietors, domestic service workers and managers and directors who are already registered on the date of entry into force of this law or who register within 15 days of the date of entry into force of this law;
 - b) Employees who, during the period in which this measure is in effect, are contracted and registered by employers who are already registered on the date this law comes into effect or who register within 15 days of the date this law comes into effect.
4. The support foreseen in this article shall be granted for three months, from March to May 2021.

5. The existence of tax debts or social security debts, at the date of the application, does not impede access to the support foreseen in this section.
6. The granting of support does not exempt the beneficiaries from the obligation of paying off the accumulated debts.
7. Outstanding social contributions may be paid in installments.
8. In cases where the social contribution debt is fully settled, even if in installments, by December 1, 2021, the legally prescribed penalties for failure to comply with the obligations of enrollment, delivery of Remuneration Statements and payment of contributions shall not be applied, as long as the debtor entity complies with the other legal obligations related to the social security system.

Article 5

Extraordinary allowance to employees

1. In the case of workers exercising functions in employers in sectors of activity that are prevented, by legal provisions approved within the scope of the COVID-19 pandemic, from operating on a regular basis, the amount of the extraordinary allowance shall be equivalent to 70% of the worker's remuneration.
2. In the case of employees working for employers in sectors of activity that are not prevented by legal provisions approved within the scope of the COVID-19 pandemic from operating normally, the amount of the extraordinary allowance is equivalent to 50% of the employee's remuneration.
3. Without prejudice to that referred to in the previous numbers, whenever the worker 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 no. 7 of article 15 of Law No. 4/ 2012, of February 21, the Labour Law.
4. Whenever the value of the hours worked corresponds to an amount higher than the value of the overtime allowance referred to 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 the worker any additional sum up to the amount of his remuneration.
6. For the purposes of this article, remuneration is understood to be the gross monthly salary declared to the social security in the Remuneration Statement for February 2021 or, in its absence, in the last Remuneration Statement submitted to the social security system, without prejudice to the provisions of the following numbers.
7. In the case of workers registered in the contributory social security regime after this law comes into effect, the employer shall declare, at the time of the application for 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 has no information about the value of the workers' remuneration, the value of the gross remuneration considered is the value of the minimum wage in force.

Article 6

Extraordinary allowance to the self-employed, to sole proprietors, to domestic servants and to managers and directors

1. The amount of the extraordinary allowance is equivalent to 85% of the value of the conventional remuneration in force that constitutes the basis of assessment for social security contributions, according to the last bracket chosen by the beneficiary, without prejudice to the following number.
2. Workers enrolled in the contributory social security regime after this law comes into effect according to article 4, no. 3, may, regardless of age, opt for only the 1st or the 2nd scale of the contributory base in force, in the optional adhesion.

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 approved by Law No. 12/ 2016, of November 14.
2. Employers and their employees shall be exempt from the payment of social contributions on the amount of the extraordinary allowance to employees referred to in article 5.
3. In the situations set out in nos. 4 and 5 of article 5, the additional amount paid by employers to their employees constitutes a basis of assessment for social security contributions, and neither employers nor employees shall be exempt from the payment of social contributions at the legal rate in force.
4. Employers maintain the duty to submit the respective monthly Remuneration Statement, even if there are no remuneration amounts or time worked to declare, 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 number, the time actually worked and, if applicable, the additional remuneration earned must be declared for each worker.
6. Self-employed workers, sole proprietors, domestic servants, managers and directors shall be exempt from the payment of social contributions on the value of the global contractual remuneration corresponding to the optional membership bracket in which they are registered 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 an equal value, from the Central Administration Budget to the Social Security Budget.

Article 8

Extraordinary unemployment allowance

1. Persons registered with the contributory social security scheme, whether compulsory or optional, who are unemployed shall be entitled to an extraordinary unemployment allowance provided that, prior to the date on which this law comes into force, they have paid at least one month of social security contributions.

2. The amount of the extraordinary unemployment allowance shall be equal to 40% of the amount of the contractual remuneration related to the first social security contribution base for optional membership.

Article 9

Extraordinary electricity allowance

1. Employers, self-employed persons, sole proprietors, 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 the application, an invoice or receipt for electricity for the month of February 2021, the amount of the extraordinary electricity subsidy is equivalent to 50% of the value of that invoice or receipt, with a maximum limit of US \$5,000.00 per month.
3. When the beneficiaries referred to in paragraph 1, at the time of application, do not submit an electricity invoice or receipt for the month of February 2021, the amount of the extraordinary electricity allowance shall be equivalent to US \$15.00 per month.

Article 10

Extraordinary rent allowance

1. Employers, self-employed persons, sole proprietors, domestic service workers, and managers and directors shall be entitled to an extraordinary rent allowance to cover the costs of renting property 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, submitted at the time of application, with a maximum limit of US \$500.00 per month.

Article 11

Rights and obligations of the beneficiaries

1. Employees, self-employed workers, sole proprietors, domestic service workers and managers and directors, who benefit from the support granted under this section, are guaranteed all the social protection rights provided for in the contributory social security system, without prejudice to the following paragraphs.
2. The extraordinary allowance referred to in articles 5 and 6 of this Section cannot be accumulated with the social benefits that substitute income from work aimed at protecting the eventualities of parenthood, old age and absolute invalidity.
3. For all purposes, namely for the purposes of recording contribution careers and calculating social benefits, the INSS shall record remuneration by equivalence to the contributions received, during the period in which the extraordinary allowance referred to in articles 5 and 6 of this section is granted, this period being considered as a period of work actually carried out.
4. In situations where the employee, during the same period referred to in the previous number, also receives an additional amount paid by the respective employer, including in the situations set out in articles 5(4) and 5(5), that amount shall count for all purposes and shall be added to the extraordinary allowance when recording the contribution period and calculating the social benefits to which the employee is entitled.

5. In the case of self-employed workers, sole proprietors, domestic servants, managers and directors, the amount that counts for the purposes of recording the insurance period and calculating the social benefits foreseen by law, is the global value of the chosen contractual wage.
6. During the period in which the support foreseen in this section is applied, as well as in the 90 following days, only the modalities of termination of the work contract by termination by initiative of the worker and by initiative of the employer with just cause, foreseen respectively, in paragraphs c) and d) of article 46 of Law no. 4/2012, of February 21st, Labour Law, are valid in relation to the employers and their workers, beneficiaries of that support.
7. Self-employed workers, sole proprietors, domestic service workers and managers and directors who enroll in the contributory social security regime after the entry into force of this law pursuant to article 4, paragraph 3, and who benefit from support granted under this section, shall be obliged to maintain their enrollment and pay the respective social contributions for a period of 90 days after the date on which the last support was granted.
8. The provisions of this article do not apply to persons receiving the extraordinary unemployment benefit referred to in article 8.

Article 12

Implementation

1. Access to the support foreseen in the present section is made through the submission of a request addressed to the INSS, in the proper form, signed by the applicant, accompanied by the following documents, depending on the type of support required
 - a) Nominal list of workers active in the month of March 2021, with indication of the respective social security identification number;
 - b) Information about the date of termination of workers' contracts until March 2021
 - c) Information on the gross remuneration that constitutes the basis for the contribution of new enrolled workers;
 - d) Remuneration Statement for the month of February 2021, if it is missing;
 - e) Information about the contribution career, if any;
 - f) Invoice or receipt of electricity for the month of February 2021;
 - g) Invoice or receipt of rent 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 and other documents presented.
2. The INSS is the entity responsible for implementing and executing the measures that determine the granting of the support foreseen in this section.
3. The payment of the support foreseen in the present 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 to pay the support to an account managed by the INSS, which shall make the payments as off-budget treasury operations, which shall be recorded, for accounting and budgetary purposes, as expenditure by the COVID-19 Fund.

5. Beneficiaries are obliged to return the entire amount of the 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 establishment of any applicable liability.

SECTION II CREDIT MORATORIUM

Article 13 Moratorium

1. A moratorium is established on the payment of the capital arising from credit concession agreements, regardless of their purpose, entered into before April 1, 2021, in which the lender is a bank or other deposit taking institution, as defined in Board Resolution no. 11/2010, of the then Banking and Payments Authority of Timor-Leste, now Central Bank of Timor-Leste, published in the Official Gazette, Series I, No. 49, of December 29, 2010, on the approval of Public Instruction No. 06/2010, on the licensing and supervision of Other Deposit Taking Institutions (ODTIs).
2. The following categories of debtors shall benefit from the moratorium:
 - a) Natural persons of Timorese nationality;
 - b) Non-profit legal persons with head office in Timor-Leste;
 - c) Individual businessmen, duly registered;
 - d) Commercial companies incorporated and registered under Timorese law.
3. Even if integrated in any of the categories referred to in the previous number, debtors whose object is to carry out 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 meet, cumulatively, the following conditions:
 - a) Be the credit classified as "standard" or "under supervision";
 - b) In the two months prior to April 2021, there is no record of default in the Credit Registration Information System for any credit granting agreement to which the debtor is or has been a party.

Article 14 Deferment of the maturity of the debtor's obligations

1. Maturity of the debtor's obligations to repay the principal arising from credit agreements occurring within nine months following the date on which this law comes into force shall be deferred for nine months.

2. During the period referred to in the previous number, the debtor shall only pay 40% of the agreed interest, and 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 provided for in paragraph 1 and the end of the duration of the credit agreement shall also be deferred for nine months.
4. For the purposes of calculating remuneratory interest for the period mentioned in the preceding paragraph, the principal obligations shall be considered to have been honoured without any deferral, and 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, shall apply.
5. The provisions of the preceding paragraphs are applicable to any other pecuniary obligations ancillary to those or arising from contracts ancillary to the credit granting agreement, namely guarantee or insurance contracts.
6. When the debtor fully performs his obligation within the extended period of time resulting from the deferral provided for in the preceding numbers, he shall, for all purposes, be deemed to have discharged his obligation on time and not to be in default.
7. In the situation provided for in the previous number, the lender may not
 - a) Rescind the contract;
 - b) Denounce the contract;
 - c) Make use of the provisions of article 715 of the Civil Code
 - d) Activate any code debtor or guarantor of the debtor.
8. In the event provided for in paragraph 4, the provisions of other agreements to which the debtor is a party, entered into with the debtor or with third parties, which provide for the repercussion of any default under the credit agreement, shall be ineffective.
9. In addition to the provisions of the following Article, the moratorium established in this Article shall not result in any claim for indemnity or compensation by the lender.

Article 15

Implementation

1. Access to the moratorium foreseen in the present section is made upon presentation of a request to the financier, in a specific model defined by the Central Bank of Timor-Leste.
2. It is the responsibility of the financier to verify, at the request of the interested debtor, whether the latter is part of the universe of beneficiaries and whether the eligibility conditions have been met.
3. The State shall pay to the lender an amount equivalent to 60% of the interest that, according to the credit granting agreement, the lender would be entitled to receive in each of the months included in the moratorium period referred to in number 1 of article 14.
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 the lenders, and shall make the payment by bank transfer to an account held by the lender.

5. The payment of the compensation shall be made within five working days from the last day of each of those months.
6. The Central Bank of Timor-Leste may establish limits to the number and value of credits that may benefit from the moratorium provided for in this section, taking into account the amount provided for in the following paragraph and with a view to ensuring the greatest 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 make the payments to an account managed by the Central Bank of Timor-Leste, which shall make the payments as off-budget treasury operations, which shall be recorded, for accounting and budgetary purposes, as an expense of the COVID-19 Fund.
8. The Central Bank of Timor-Leste shall present monthly reports to the Minister of Finance about the implementation of the moratorium, providing updated information about the number of interested parties admitted, the contracts covered and the amounts subject to deferment and reporting on the calculation and payment of the compensations to the financiers.

SECTION III

STUDENT SUPPORT MEASURES

Article 16

Exemption from paying tuition fees

1. Students enrolled in higher education institutions shall be exempted from paying tuition fees for the first semester of the 2021 academic year, up to US \$150.00.
2. The tuition waiver shall also apply to the second semester of the 2021 academic year, up to a limit of US \$150.00, if the measures of suspension of academic activities extend 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 this article.
4. Higher education institutions shall reimburse students for any amount, up to the limits provided for in paragraphs 1 and 2 above, that they have already paid in relation to exempted tuition fees.
5. The member of the Government responsible for higher education shall establish by ministerial statute the procedure for paying compensation to higher education institutions.
6. The compensation provided for in paragraphs 3 and 5 of this article shall be financed by the COVID-19 Fund.

Article 17

Internet access

1. The Government shall distribute free internet credits in 2021 to higher education students in municipalities, administrative posts or *sucos* subject to confinement measures preventing face-to-face education, so as to enable them to benefit from distance learning.
2. The measure referred to in the preceding paragraph 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 students affected by confinement measures may benefit from distance learning for as long as these measures are maintained.

SECTION IV FOOD SAFETY MEASURE

Article 18

Acquisition of food

1. The National Logistics Center shall, during the year 2021, purchase foodstuffs from national producers, up to the limit of the appropriation established for this purpose. It may resort to the importation of foodstuffs only when there is no proven supply from national producers available in the national market.
2. The measure referred to in the previous number shall be financed by the COVID-19 Fund.
3. In food acquisition operations from national producers, the National Logistics Center shall evaluate existing market conditions, avoiding any increase in consumer prices for these products.
4. The National Logistics Center shall enter into agreements throughout the year with non-governmental organizations, local authorities, the Episcopal conference and higher education institutions, among others, in order to distribute these products to the neediest individuals and families.

CHAPTER IV FINAL PROVISIONS

Article 19

Carryover of the Balance from the COVID-19 Fund

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

Article 20

Carryover of the program management balance of the Infrastructure Fund

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

Article 21

Regulation

The Government and, with respect to the provisions of subsection 15.1, the Central Bank of Timor-Leste shall approve, within 15 days, the regulations necessary for the execution of this law.

Article 22
Republishing

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

Article 23
Effective Date

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

Article 24
Entry into force

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

Approved on April 23rd, 2021.

The Speaker of the National Parliament

Aniceto Longuinhos Guterres Lopes

Be it published.

The President of the Republic,

Francisco Guterres Lú Olo

ANNEXES (...)
(referred to in Article 3)

Tables - [...]
