

Are you looking to expand your business to Timor-Leste? Globalization Partners offers an Employer of Record Platform to help you achieve international growth in compliance with local laws. Our Global EOR services equip you to efficiently and compliantly pursue global expansion.

With experience in over 180 countries, we offer the resources and expertise to provide the services you need. We manage the critical steps of business, including developing benefits packages, streamlining payroll, and assisting you with onboarding while ensuring compliance with Timor-Leste labor laws. When you partner with us, we take on the associated legal risks as your Employer of Record, enabling you to do business confidently around the world.

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Hiring, Negotiating, and Doing Business

The first new state of the 21st century and one of the newest in Southeast Asia, Timor-Leste became independent from Indonesia in 2002. It occupies the eastern half of the island of Timor in the region of Southeast Asia and Oceania. As the capital city, Dili is the hub of business for the country.

As a country formerly under the control of Portugal and Indonesia at different points in its

history, Timor-Leste has diverse cultural influences. With a rapidly-increasing population and a growing business sector, the nation has made significant progress over the past two decades. It holds the potential to continue expanding its economy with increasing investment in human capital.

Throughout the business process, being polite and thoughtful is essential in many countries, including Timor-Leste. One tip to keep in mind to help you hire, negotiate and do business successfully in Timor-Leste is to build strong professional relationships. Starting your conversations with some light, friendly topics and finding common interests will help you build rapport before moving to business discussions.

Employment Contracts

According to the 2012 Labour Code, employment contracts must be finalized in writing when a company hires a new employee. These agreements must include some essential information, incorporating clauses outlining these details of employment at a minimum:

- Position
- Work location
- Remuneration
- Workinghours
- Occupationalcategory

Contracts can establish either unlimited or fixed periods of employment. For fixed contract terms, the employer can institute a probationary period of eight to 15 days. For unlimited contract terms, the probationary period can be from one to three months.

Working Hours

The Labour Code stipulates that working hours must not exceed eight hours per day or 44 hours in a week. Employees are not to work more than 16 hours of overtime in a given week unless their additional overtime is essential to prevent or repair severe damage to the company. For every five hours of work, employees are entitled to have a one-hour break.

Overtime, work on public holidays and night work require additional compensation at these rates:

- Overtime: Time and a half wages
- Public holiday: Double wages
- Night work: Time and a quarter wages

Vacation Leave

Employers are to permit at least 12 working days of vacation leave each year. Employees can also take three days for justified absence, such as marriage, religious events, or bereavement. They are responsible for notifying their employer as soon as possible or in advance of their leave.

Sick Leave

Up to 12 days of justified absence are also available in the case of sickness or an accident certified with a medical attestation. The Labour Code stipulates that a medical certification must include the following details:

- Health professional's name
- Profession and specialty
- Ministry of Health registration number
- Identification and location of public or private practice

An employee is entitled to receive full pay for up to six days of sick leave. If they continue to take leave for another six days, they will receive half their daily wage.

Maternity Leave

Female employees may receive paid maternity leave for up to 12 weeks. There are special provisions for mothers that have a medical condition that prevents them from carrying out regular duties without endangering themselves or their child. These employees are also

entitled to prenatal leave without prejudice to after-birth maternity leave.

Male employees can take five days of paid paternity leave after a child's birth. In case of their partner's death during or within two weeks of childbirth, they are permitted a full twelve weeks of paid leave.

Termination and Severance

Employers and employees may terminate their contract if they give adequate notice. An employer may terminate the agreement only for the reasons stipulated by the Labour Code, which are as follows:

- Contract expiration for fixed agreement terms
- Mutual agreement between parties
- Termination on the employee's initiative
- Termination on the employer's initiative on fair grounds
- Termination for market, technological or structural reasons related to the company, with a minimum notice of 15 to 30 days by the employer

Taxes

Employers are responsible for deducting 10 percent of any wages earned above the amount of \$500. They must pay this money to the Timor-Leste Revenue Service. It is also the employer's responsibility to provide employees with Wage Income Tax information.

Health Insurance and Other Benefits

Timor-Leste's health care system is predominantly publically funded, so employer-provided health care is not required.

Individuals have access to a government-run social security system, and employers must register both the company and all employees in the system. Employers may include their own benefits and provisions for internal employees, but they have no additional benefit

requirements.

Bonuses

The Labour Code states that employees should provide one annual bonus on or before December 20 of each year. The bonus should be equivalent to one month's wages. No other bonuses are required, but your company can offer additional bonuses to provide an employment package that's more appealing to local talent.

Holidays

Employees do not have an obligation to report to work on public holidays in Timor-Leste. If they work on a holiday, they are entitled to receive the compensation of their daily wage plus an additional 100 percent. There are 17 national holidays each year.

The public holidays observed in Timor-Leste include:

- New Year's Day
- Good Friday
- Labor Day or May Day
- Restoration of Independence Day
- Eid ul Fitr
- Corpus Christi
- Eid ul Adha
- Popular Consultation Day
- All Saints' Day
- All Souls' Day
- Youth National Day
- Proclamation of Independence Day
- National Heroes Day
- Day of Our Lady of Immaculate Conception
- Christmas Day

Expand Your Business to Timor-Leste With Globalization Partners

If you're ready for global expansion in Timor-Leste, trust Globalization Partners to help you move forward. We have the resources to manage your requirements and streamline the hiring process so you can find the best candidate for your company's positions. With local expertise, we bring in-country insights to regulatory compliance, applications, permits, and various other processes you may need to address in the expansion process.

Do you want more information on the services we can offer for your business endeavors? [Contact us](#) to learn more about our Timor-Leste Employer of Record services.