



## **BANKING AND FINANCE**

### **Credit Classification and Regulatory Provisions**

In order to ensure that banks promptly identify and monitor their non-performing credit products, and that they take appropriate measures to manage credit risk in their portfolios, the CBTL, through Instruction No. 17/2022, of 25 February 2022, approved rules on credit classification and regulatory provisions and reserves.

### **Credit Risk Management**

BCTL Instruction No. 16/2022, of 25 February 2022, aims to contribute to creating a safe and efficient banking system and financial stability, by establishing a solid and consistent standard of credit risk management, applicable to all banks, including branches of foreign entities licensed to operate in Timor-Leste. Banks are hereafter required to have a Credit Risk Management system in place that is proportionate to the nature, volume and complexity of the Bank's activities, and that provides an overall view of the Bank's Credit Risk exposure as a whole.

## External Audits of Banks

Through Instruction No. 15/2022, of 25 February 2022, the CBTL has established the rules for the external auditing of the Financial Statements of Banks, covering also subsidiaries of foreign entities, including, namely, the obligation of accreditation of External Auditors and the obligation of publishing of Financial Statements.

## Presentation of Reports by Financial Institutions

Through Instruction No. 14/2022, of 25 February 2022, the Central Bank of Timor-Leste (CBTL) intends to automate the supervisory function of the financial system, the promotion of data quality for prudential analysis and the harmonization of supervisory functions within the scope of its supervision authority. Under this regulation, financial institutions, licensed and supervised by the CBTL must now submit mandatory financial information on a bi-monthly, monthly and quarterly basis, using a single individual or group reporting template (the "Report"), through the Banking Supervision Application.

## **LABOR**

## Amendment of the Legal Framework on Certification and Registration of Civil Construction and Civil Technical Consultancy Companies

Following the evolution of the pandemic and at a time when the national economy is recovering, the Government, through Decree-Law no. 7/2022, of 16 February 2022, and with a view to maintaining employment and ensuring the survival of companies, has created and regulated a temporary and extraordinary financial support measure for employers and individual workers who do not work as employees registered in the social security regime.

## STATE

### Approval of the New State Budget for 2022

The General State Budget for 2021 was approved by the National Parliament through Law No. 1/2022, of 3 January 2022. According to this statute, the State of Timor-Leste foresees a total of USD 2,106,860,231\$ in revenues to finance State expenses, of which USD 1,311,387,267\$ are petroleum revenues and USD 548,090,680\$ are nonpetroleum revenues. The budget also includes rules applicable to the Social Security Budget for 2022.

### Credit Line “Fasilidade Garantia Crédito Suave”

Through Decree-Law No. 8/2022, of 16 February 2022, the Government approved the credit line "*Fasilidade Garantia Crédito Suave*". This support measure comes as a response to the challenges faced by national business structures in some key sectors. The credit line aims to allow micro, small and medium enterprises to overcome difficulties in obtaining financing, and to promote the growth and sustainability of the business sector, in compliance with the rules and implications on the use of public funds.

### Execution of the General State Budget for 2022

Following the approval of the State Budget for 2022, and in order to ensure an effective and strict budgetary control and simplify budget execution procedures, the Government, through Government Decree No. 13/2022, of 18 January 2022, approved the rules regarding the execution of the State Budget for 2022. The new rules apply to the Central Administration Budget, to the Budget of the Special Administrative Region of Oe-Cusse Ambeno and to the Social Security Budget.

## Framework of the General State Budget and Public Financial Management

The National Parliament approved, through Law No. 2/2022, of 10 February 2022, a new legal framework for the State Budget, the State General Account and the budgets and accounts of the subsectors that integrate them. This law is aimed at facilitating public management and increasing transparency, responsibility, accountability and control of services and entities of the public administrative sector.

## Judiciary Organization Law

Law No. 25/2021, of 2 December 2021, of the National Parliament, approved the Judicial Organization Law to govern the organization and functioning of the courts, and creating conditions for the establishment of the courts foreseen in the Constitution. Under this law, the judicial system adopts a flexible organization, with the composition, organization and structure of the courts being adjusted according to circumstances, demand and availability.

## **REAL ESTATE AND CONSTRUCTION**

### Rules on Construction and Urbanization

Decree-Law No. 9/2022, of 24 February 2022, establishes the legal framework for the licensing and supervision of urban planning operations, namely allotment operations, urbanization works and construction and use of edifications. This statute foresees the set of procedures indispensable for the prior and successive control of new private construction and urbanization works.

## **SOCIAL SECURITY**

### Amendment to the Old Age and Disability Pensions Regime and the Death Benefits Regime

In the context of the social security regime, the Government approved,



through Decree-Law no. 28/2021, of 1 December 2021, the first amendment to the legal regime for old age and disability pensions and the legal regime for death benefits. This decree-law also establishes the method for calculating benefits aimed at protecting the beneficiaries of the transitory social security regime, in the event of disability, old age and death.

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