

DECREE-LAW No. 6/2016

of 20 April 2016

LEGAL REGIME FOR LICENSING, OPERATION AND CONTROL OF THE ACTIVITY OF GAMES AND ENTERTAINMENT, GAMING MACHINES AND TRADITIONAL GAMES

The activity of traditional social games and entertainment undertakes an undeniable source of income for the State and can constitute, in parallel, a favorable factor for the creation and development of areas with tourist interest, provided it is sufficiently regulated and properly supervised.

The consecration and framing of traditional games in this legal diploma, with proper places for their practice, can be a good example, since, besides being an integral part of the Timorese culture, they arouse in most people a curiosity and attraction that can and should be used as a source of local income for the populations.

All matters related to games should be considered as of public interest, given their potential and social, administrative, and tax incidences, with the consequent repercussions on the real economy.

On the other hand, with the regulation of this matter, it is intended to contribute to the reduction and punishment of clandestine gambling, associated as a rule with marginal activities, which deserve the generalized repudiation of the Timorese society and should therefore be the object of the tutelage of law.

Also, with this diploma it is intended to reformulate and establish a more adequate system of control over the activity of games and thus contribute more efficiently to the fight against money laundering and the illegal exit of foreign currency.

The proposed regime, besides safeguarding the defense of the dealers, who intend to invest in this activity, ensures, by reserving the right of admission to the venues or places of play and the rights and obligations of their attendants, a significant improvement in the frequency of the venues that is intended to be reflected in better conditions of protection and safety for the players.

The access to these places is now properly regulated, there is a responsible for its operation and management and, among several measures, care has been taken, for example, with respect to access, whenever the family members of the frequenter of the game room have reasons to file a request to the explorer entity in writing.

With an innovative character, this legal diploma also includes the regulations to which the installation and operation of slot machines is subject, as well as the set of obligations to which the respective dealers are subject, with emphasis on the prohibition of the installation of this equipment in schools or educational establishments. It should be noted that for reasons of control and non-proliferation of machines, the operation of this type of games is only allowed by commercial companies, regularly constituted, whose specific corporate purpose is the operation of games.

The destination of the income generated by the games is also regulated, with a percentage of the income destined for social purposes.

It is, in short, a legal diploma that meets the existing reality, in this field, and intends to frame this activity in the current state of development of the country, without neglecting the responsibilities that the State holds in this matter.

Thus,

The Government decrees, under the terms of paragraph e) of Article 115(1) and paragraph d) of Article 116 of the Constitution of the Republic, to be enforced as law, the following:

CHAPTER I GENERAL PROVISIONS

Article 1

Object

This legal diploma establishes the rules and conditions to which the process of licensing, exploration and control of the activity of social and entertainment games, gaming machines and traditional games must obey.

Article 2

Scope

The provisions of this law shall apply to all activities related to the exploration and practice of the games referred to in the previous article.

Article 3

Definitions

1. For the purposes of this diploma, the activities that offer the possibility of earning goods, money or rights with economic value, on the basis of probability, randomness and luck, associated or not with certain skills or knowledge of the practitioner are considered as games and are grouped as follows:
 - a) **Social and entertainment games:** bingo, lotteries, totobola, lotto and related games, raffles, mutual bets, contests and virtual games, and also the sale of tickets, coupons or cards in establishments or street vendors;
 - b) **Gaming machines (slot machines):** any device, including gaming programs and associated software, memory slot, random number generator and means of storage of gaming programs operated wholly or partially by electrical, electronic or mechanical means, which can pay cash prizes, chips or things of economic value and develop games whose outcome depends exclusively or fundamentally on the luck of the player
 - c) **Traditional games:** cockfighting, also known as "*Futu Manu*" and other regional designations, "*Kuru Kuro*", "*Bola Guling*" and others practiced in spaces destined to them.
2. For the purposes of this document, places or venues where games or draws take place, including cockfighting, are considered places or venues.
3. The operation of casinos is excluded from the scope of this legal diploma.
4. This Decree-Law does not apply to tax matters, namely the tax on gambling prizes.

Article 4

Principles

1. Social and fun games must obey the following principles:
 - a) Probability, on the basis of which the possibility of winning or losing is a given for any of the participating players;
 - b) Randomness, according to which the ignorance and impossibility of knowing beforehand who, among the players participating in the game, is the winner or, among the possible bets foreseen in a given game modality, is the winning bet;
 - c) Objectivity, through which it is ensured that the rules governing the practice of the game cannot be influenced by the will of whoever is, participant or not in the game process;
 - d) Transparency, according to which all operations of the game practice process must be clearly visible or audible, perceptible and controllable by the participants and other interested parties, as well as by the controlling and inspection staff of the game process.

2. In certain modalities of social games and entertainment, the principles listed in the previous paragraph may, complementarily, be associated with certain skills, expertise or mastery of knowledge by players.

Article 5
Objectives

This legal diploma has the following objectives:

- a) Indication of which entities are competent for the authorization and licensing of the activity of exploitation of social and entertainment games, gaming machines and traditional games;
- b) Ways of establishing the terms of authorization;
- c) Definition of the authorization process;
- d) Characterization of the enclosures and spaces of social and amusement rooms, traditional game machines and games;
- e) Establishment of rules for the operation of game rooms and their operation;
- f) Constitution, application, use, renovation, reinforcement and release of required guarantees;
- g) Definition of responsibilities of the operating entities and their management bodies;
- h) Contraventional regime and respective sanctions;
- i) Fiscal obligations, consignment, allocation and application of game revenues.

CHAPTER II
OVERSIGHT, AUTHORIZATION, ELIGIBILITY FOR
EXPLORATION AND LICENSING

Article 6
Oversight Power

For the purposes of this legal diploma, the oversight authority of the activity of exploitation of social games and entertainment, gaming machines and traditional games referred to in article 3, is incumbent on the Minister responsible for the area of Tourism, hereinafter referred to as "Minister" or "Oversight Minister".

Article 7
Authorization

1. It is the responsibility of the Oversight Minister to authorize the exploitation of social and entertainment games, gaming machines and traditional games.
2. The Oversight Minister shall also be in charge of the operation of the games listed in the preceding number by:
 - a) Granting, on behalf of the State, the administrative contracts for the concession of exploitation of social games and amusement, upon prior opinion of the General Inspection of Games, hereinafter referred to as IGJ;
 - b) Deciding on the appeals filed regarding social and entertainment games, after hearing the IGJ;
 - c) Exercising the authorization and licensing powers of the games provided for in this statute, as well as exercise, through the IGJ, the power to supervise, control, inspect, and audit the activities of exploration and practice of social and amusement games, gaming machines, and traditional games.

Article 8
Request for authorization

1. The request for authorization to explore the activity of social games and entertainment, gaming machines and traditional games is formulated by request signed by the applicant or by whomever legally represents him/her and is instructed with the following documents:
 - a) Proof of the legal existence of the requesting entity;
 - b) Specific indication of the intended mode of play;
 - c) Models of equipment and game material to be used;
 - d) Guarantee of the availability of financial resources for the payment of game prizes and the technicians who ensure their exploitation;
 - e) Investment plan for the acquisition, installation and equipping of the equipment and game material, in applicable cases.
2. The request for authorization is addressed to the IGJ, which issues an opinion within 15 days of the request for authorization.
3. The authorization order must contain the name of the entity authorized to explore the activity, the designation of the modality of social and amusement game, game machine or traditional game, the place authorized to explore the game activity and the period of validity of the authorization.

Article 9
Application

1. This decree-law presupposes the opening of contests for the award of concession contracts for the exploitation of social and entertainment games and traditional games, subsequent licensing and subject to the successive payment of taxes on gaming prizes and licensing and exploitation fees.
2. The regulation and discipline of the game of cockfighting does not require a competition for concession contracts, but only for licensing and the obligation to account for prizes and bets, under the terms of this legal diploma.
3. The “*Kuro Kuro*” and other traditional games only require an annual license and can only take place under the conditions and in places and venues previously approved by the IGJ.

Article 10
Eligibility for exploitation

Natural or legal persons, for profit, who prove to be suitable and demonstrate technical, economic and financial capacity for the exercise of the activity, may be authorized and licensed for the exploitation of social and entertainment games and traditional games, provided that they are legally constituted and domiciled in Timor-Leste.

Article 11
**Verification of suitability and technical,
economic and financial capacity**

1. The verification of the suitability and the technical, economic and financial capacity of the entities interested in exploiting the activity of social games and traditional games is made by the licensing entity, at their expense.
2. For the purposes of the preceding paragraph, the entities referred to shall submit the following documents:

- a) Criminal record;
- b) Tax discharge certificate,
- c) Report of accounts for the last two years, when companies are already incorporated;
- d) Bank references;
- e) References issued by the supervisory authorities of the game, in the countries of origin, where applicable.

Article 12
Licensing

1. When authorized the exploitation of the gambling activity or granted the concession contract, the respective license for the first year is considered granted, although without waiving the payment of the respective fees, according to the legal terms.
2. The mere sale of authorized lotteries and respective printed in establishments or by street vendors do not require a concession, are exempt from the payment of fees and are only subject to specific annual licensing.
3. Licensing for street lottery sales covers the entire national territory.

Article 13
Drawings and dissemination of lottery results

1. The extraction of the numbers drawn is public and takes place at least once a week in the presence of at least one IGJ inspector.
2. The results of the raffles are disclosed through the media and at least in a national newspaper.
3. The games and raffles carried out through the use of technological media, mobile communications services and other means of communication, are subject to the authorization of the IGJ, through the payment of a fee to be fixed by ministerial dispatch.

Article 14
Term

1. The validity of the authorizations and licenses granted for the exploitation of social and entertainment games and traditional games shall not exceed five years, unless the authorization has been granted by an administrative concession contract, in which case the validity is that stated in the respective contract.
2. The validity of the authorizations depends on the amount of the proposed investment but may not exceed fifteen years.

Article 15
Extinction of authorization and licenses

1. The authorization and license to operate the games is extinguished by expiration or revocation.
2. The expiration occurs with the expiry of the period set in the authorization or license.
3. The revocation of the authorization and operating license shall be decided by the entity that granted it, namely in the following situations:
 - a) Denial of gaming revenue;
 - b) Failure to establish or reinforce the guarantees required by law or by the licensing entity;
 - c) Deficient exploration of the activity;
 - d) Repeated non-compliance with legal or contractual obligations;

- e) Serious violation of the rules of gambling;
- f) Failure to comply, within the legal or contractual deadlines, with the payment of fees, rents or other obligations.

Article 16

Name and characterization of games

The operator must assign to the specific mode of authorized game, a detailed name and characterization, according to the following principles:

- a) Not to be offensive to morals, uses and customs;
- b) Not be susceptible to confusion with other game names;
- c) Not to constitute a form of political propaganda;
- d) Not to adopt names or use registered trade names, brands or symbols, except when authorized by the respective legal holder.

CHAPTER III FROM CONCESSIONS

Article 17

Concession regime

1. The right to operate social and entertainment games, including lotteries, is reserved to the State and may only be exercised by companies incorporated in the form of companies to which the Government awards the respective concession through the execution of a public administrative contract.
2. Concession may only be granted for the exploitation of lotteries and social and entertainment games and the like up to a limit of two in the whole national territory.
3. The concession for the exercise of the lottery exploitation activity is preceded by a public contest, presided over by the Inspector General of Games.
4. Without prejudice to the provisions of the previous number, the Minister may, under proposal of the Inspector General of Games and in duly justified cases, award the games concession, regardless of public tender, by means of a proposal of eminent national interest, establishing and publishing in a ministerial document the obligations of the concessionaire entity.

Article 18

Opening of contest

1. The contest for the concession of the exploitation of lotteries and other social and entertainment games shall be held through a public contest open to all national and foreign candidates, under the terms of this diploma.
2. The contest is open under the terms and conditions of the Notice of Contest, published in the Official Gazette:
 - a) The general and special requirements to be demanded from the competitors;
 - b) Indication of the headquarters and collection of goods related to the concession;
 - c) Award criteria and conditions of preference;
 - d) Obligatory amount of the deposit to be given in cash or through an autonomous bank guarantee (first demand), in order to fulfill the assumed obligations;
 - e) Indication of the place of extraction of the lottery numbers.

Article 19

Awarding of concessions

1. The award of the social games and entertainment concessions is made by order of the Oversight Minister on the date of granting of the concession contract.
2. The concession contract has as an essential formality the public deed, to be drawn up before the Inspector General of Games, who acts as a public official, and is granted by the Minister on behalf of the State.

Article 20

Assignment of the contractual position

1. The transfer to a third party of the concession to operate social games and entertainment and the respective contractual obligations may be permitted with the authorization of the Oversight Minister, who may demand new obligations from the transferee.
2. The assignment of the contractual position without observing the provisions of the preceding paragraph are void, constitute grounds for termination of the contract and inhibit the failure to apply for future contests.

Article 21

Tourist Usefulness

The signing of the contract for the concession of social and entertainment games confers tourist utility to the activity and may be subject to the incentives provided for in general law.

CHAPTER IV

**LOTTERY DEALERS AND OTHER SOCIAL
AND ENTERTAINMENT GAMES**

Article 22

Dealers

1. The companies referred to in article 17 must have a minimum share capital of USD \$400,000.00 (four hundred thousand US dollars), as well as a permanent bank account balance of not less than USD\$ 250,000.00 (two hundred and fifty thousand US dollars).
2. For the purpose of awarding the concession contract, eligible companies and their partners must prove that they are not debtors to the State, nor have they been convicted of crimes punishable in Timor-Leste, under penalty of not being awarded the concession.
3. Any and all forms of disposal of quotas or shares of the concessionaire company, namely assignment, sale or pledge, of a value equal to or greater than 10% of the share capital, must be communicated in writing to the IGJ, within five working days, without prejudice to the other registration obligations.

Article 23

Obligations of dealers

1. The concessionaires are responsible for operating the lotteries and other social and amusement games, in full compliance with the contractual clauses entered into, in an efficient manner so as to guarantee the satisfaction of the gamblers and to create added value for the financing of social expenses.
2. Failure by the concessionaires to comply with their legal and contractual obligations constitutes an administrative offence punishable by a fine and termination of the contract.

3. The provisions of the preceding paragraph shall apply to the concessionaires when the infractions are committed by their employees or agents, unless communicated by the companies or their representatives to the inspection services before being verified by them.
4. Concessionaires are liable for the payment of fines and, subsidiarily, when they arise from facts occurred during the respective management period, the managers or directors of such companies even if dissolved.

Article 24

Representation of the concessionaire

1. The holders of the management bodies of the concessionaires are, for all purposes, legal representatives of the concessionaires in their relations with the IGJ and the notifications or communications made to one of them are considered as made to the concessionaire itself.
2. In the event of a change in the holders of the managing bodies of a concessionaire, this fact must be communicated to the IGJ within 15 days of their election or appointment.

Article 25

Content of proposals for the operation of lotteries and other social games

1. The proposals to be submitted by competitors for the operation of lotteries and other social games and entertainment must contain in addition to the complete identification of the company and all its managing partners or administrators the following:
 - a) Bylaws, duly approved;
 - b) Term of the start of activity and, if applicable, description of the investments to be made from the point of view of tourism interest;
 - c) Foreseeable number of jobs created or to be created, discriminated by nationals and foreigners;
2. In addition to the general minimum requirements, the proposals must also contain:
 - a) Availability for the provision of the deposit, of at least USD \$400,000.00 (four hundred thousand American dollars), up to the fifth day before the contract is signed;
 - b) Indication of the place where the public extraction of the numbers drawn will take place, mentioning the respective number of places.

Article 26

Bond

1. The advance deposit shall be made through a bank deposit, constituted in any existing bank in Dili, to the order of the Ministry responsible for the Tourism area.
2. The deposit referred to in the previous paragraph may be replaced by an autonomous bank guarantee (first demand) or irrevocable guarantee insurance.
3. In case the deposit that by any circumstance becomes insufficient to guarantee the amount guaranteed, it must be reinforced within 30 days from the notification of the IGJ for that purpose.

Article 27

Restitution and loss of bond

1. The security, if any, shall be returned to the bidders at the time of the provisional award of the concession, except for the contractor to whom it is returned at the end of the concession period.
2. The loss of the security shall be grounded:

- a) The non-granting of the concession contract for cause attributable to the adjudicator;
- b) The rendering of false declarations by the competitors;
- c) If the concessionaire does not start the game within the established period, or interrupts it without a justifiable reason.

Article 28

Provisional award of the concession

The provisional award of the operation of lotteries and the like is made by order of the Minister and can be made the definitive award as long as the suitability of the winner, his/her financial capacity, the guarantees offered and the underlying public interest so determine.

Article 29

Final adjudication

1. The final award is made by public contract, in which the Oversight Minister and the adjudicator or whoever legally represents them, are the granting parties, to be celebrated within a maximum period of 45 days after the publication of the provisional award dispatch.
2. If there is no provisional award, the deadline to conclude the contract is 30 days after the award.

Article 30

Fees

The final award shall be subject to the payment of a fee corresponding to 10% of the value of the security, or, in the case provided for in Article 17(4), that which would have been payable had there been an open invitation to tender.

CHAPTER V

BOOKS AND BOOKKEEPING

Article 31

Books and bookkeeping

1. The concessionaires of the exploitation of social games and entertainment are, in addition to the obligations provided for in the general laws, obliged to own and keep books and accounting printed matter, according to a model to be approved by IGJ.
2. The books, with numbered and initialed sheets, have weekly opening and closing terms, signed by the IGJ Inspector and each operation is registered in them at the time of their execution.
3. The books, printed matter and other documentary supports provided for in this statute and in complementary legislation, may be replaced by computer records, in terms to be established by the IGJ, after hearing the dealers.

CHAPTER VI

SELLING LOTTERIES ON THE MOVE

Article 32

Licensing

1. The itinerant sale of lotteries and the like is subject to a free license to be issued by IGJ.
2. Each street vendor carries an identification card, valid for two years, with an updated photograph of its holder and according to the model to be approved by the IGJ.
3. All licenses are registered in the IGJ's own book, in chronological order, to which a number is assigned and where there is an identification card of the seller and his photograph.

Article 33
Rules of conduct

1. Street vendors are required:
 - a) To use and display the identification card in a very visible way;
 - b) To return the identification card when the license has expired;
2. Street vendors are prohibited:
 - a) To sell the game after the fixed time, prior to the beginning of the lottery extraction;
 - b) To advertise games in a way that is contrary to legal and public morality restrictions regarding advertising.

CHAPTER VII
GAMING MACHINES (SLOTMACHINES)

Article 34
Technicians and places of exploitation and entities

1. Only the technicians referred to in Article 36 e) may install, program, repair, adapt, modify, provide technical assistance or perform the maintenance of the licensed gaming machines.
2. The gaming machines may only be installed and put into operation within appropriate premises or establishments previously licensed for the practice of lawful games with gaming machines, and must contain:
 - a) A resistant exterior structure;
 - b) Manufacturer's identification;
 - c) Serial number;
 - d) Model or model number;
 - e) Date of manufacture not less than three years;
 - f) Contain in a visible or accessible way to the player, the respective prize table and, even if succinctly, the instructions about its operation and the practice of the game;
 - g) Be equipped with a lock system or an opening control system capable of preventing unauthorized access to its interior;
 - h) Ensure an expected value for the player between a minimum of 80% and a maximum of 98%;
 - i) The detailed functions of all buttons, switches and other commands;
 - j) The instructions related to the practice of each game and the conversion of monetary denominations.
3. The exploitation of the activity of the game machines can only be exercised by commercial companies regularly constituted, whose object is specifically the exploitation of games.

Article 35
Registration

1. The operation of gaming machines requires registration with the IGJ and the provision of a deposit of no less than USD 5,000 (five thousand US dollars) for each machine.
2. The registration is required by the owner of the machine who must indicate its location and where he/she wants it to be exploited.
3. The registration request is formulated, for each machine, by means of a proper form approved by the Minister.

Article 36

Process

The IGJ organizes an individual process for each registered machine, which must include the following elements:

- a) Registration number, which will be assigned sequentially;
- b) Type of machine, manufacturer, brand, manufacturing number, model, year of manufacture;
- c) Classification of the theme or themes of fun game;
- d) Owner and respective address;
- e) List of technicians provided by the owner, authorized to assemble, install, program, repair, adapt, provide technical assistance or perform the maintenance of the game machines under approval;
- f) Location where the machine is in operation.

Article 37

Operating License

1. Each gaming machine can only be put into operation as long as it has the corresponding operating license valid for one year.
2. The exploitation license is required from the Inspector General of Games through a proper form, approved by the Oversight Minister.

Article 38

Exploration conditions

Gaming machines may not be put into operation in places that are less than 500 meters from primary and secondary schools.

Article 39

Renewal of license

The renewal of the operating license must be requested up to thirty days before the end of its initial term or its renewal.

Article 40

Expiry of the license

The operating license expires:

- a) On the expiry date;
- b) In the case of transfer of the machine's operating site to another location without authorization from the IGJ.

Article 41

Awards

Without prejudice to the provisions of Article 34(2)(h), the allocation of prizes on gaming machines by dealers shall be subject to an amount to be defined by ministerial order.

Article 42

Fees

1. Fees are due, either for the issue or for the renewal of the license, under the terms of the legislation in force, which may be updated annually by ministerial order, according to the inflation index determined by the Central Bank of Timor-Leste.
2. The fees charged revert to the Treasury.

CHAPTER VIII
SITES AND PERIODS OF EXPLORATION

Article 43

Authorized Locations

The enclosures and rooms for the exploitation of social and amusement and traditional games may only be located in appropriate places to be defined by ministerial diploma under the terms of the authorization granted by the competent authority and must have, among others, the following characteristics:

- a) Possess land or space with appropriate facilities that offer adequate technical conditions for the practice of the game;
- b) Have prior approval from the Fire Department and the General Inspection of Games about the water, electricity and gas installations;
- c) Have sanitary facilities for the public, separated by sexes, in the case of enclosed spaces;
- d) Have safety and protection conditions for players and workers;
- e) Have an entrance door and an emergency exit permanently unobstructed, in case of closed rooms;
- f) Ensure security personnel during the whole period of operation and one hour after closure.

Article 44

Cock fighting

1. The rules, inscriptions, procedures and tariffs to be practiced in the "Cockfight", are approved by ministerial diploma.
2. The places and venues for the practice of "Cockfighting" are approved by ministerial decree, upon proposal of the IGJ, after consultation with the respective police and local authorities.
3. Such consultations are for the verification of public security conditions and must be carried out within a maximum period of five days after the date of your request, after which it is presumed that there is nothing to oppose.

Article 45

Working hours of the playground or room

1. The operating hours for the public of the social and entertainment and traditional venues or rooms are approved by the licensing entity, upon proposal of the operating entity.
2. The venues authorized for the practice of "Cockfighting" may operate during periods and times to be defined by the licensing entity.

Article 46

Announcements and mandatory notices

1. At the entrance of the venues, authorized enclosures for social and entertainment and traditional games rooms, ads are posted with the following notices:
 - a) Opening and closing times;
 - b) Prohibition of entry to people without identification documents;
 - c) Prohibition of entry to banned and disabled people;
 - d) Prohibition of entry to military or police officers, with or without weapons;
 - e) Prohibition of entry of firearms or sharp objects;
 - f) Prohibition of entry to minors under 18 years of age, in social games;
 - g) Other information regarding rules of play and conduct.

2. The announcements are submitted to the approval of the licensing entity that pronounces itself within a maximum of 5 working days.

Article 47

Access to playgrounds and venues

1. The operators of social and entertainment and traditional games may charge entrance fees to the respective places and venues, but the price of tickets may not exceed a maximum amount to be fixed annually by Ministerial Diploma.
2. Access to venues and venues is reserved the right of admission and the explorer must refuse it to individuals whose presence is considered inconvenient, particularly when they show a state of drunkenness, are under the effect of drugs or suffer from psychic anomaly, as well as all those who in some way disturb the order.
3. The explorer may also refuse access to the gaming venues and enclosures, provided that for reasons attributable to the family members of the frequenter of the gaming room or enclosure, up to the first degree of the straight line or second degree of the collateral line, request it in writing to the explorer.
4. Without prejudice to the provisions of the preceding paragraph, it is expressly forbidden access to the venues and playgrounds of "Cock fighting" and the public extraction of the winning numbers of lotteries and related games, to individuals who
 - a) Are carrying weapons or explosives;
 - b) Are members of police, armed forces or militarized corporations, except in pursuit of suspects for crimes committed in the act;
 - c) To whom access to gambling sites and venues has been forbidden.
5. Access to and permanence in gambling places and venues is conditioned to the possession of an identification document.
6. Access to places and venues is also conditioned to the maximum capacity to be set by the licensing entity, at the proposal of the operating entity.

Article 48

Direction

Each of the gaming sites or venues is directed by a responsible person who must be present during the entire period of operation and is the interlocutor with the licensing entity.

CHAPTER IX

VENUES AND GAMING ROOMS STAFF

Article 49

Duties of staff

The following constitute the main duties and special obligations of the workers who serve in the gaming venues or places:

- a) Comply with and enforce the legal provisions, regulations, circulars and instructions of the licensing and supervising entity regarding the exploitation and practice of social, entertainment and traditional games;
- b) Exercise their functions with zeal and diligence towards all the frequenters, as well as use diligence the correction towards their hierarchical superiors and employees of the licensing and inspecting entities;

- c) Keep secret the information they hold, resulting from the exercise of their functions, except for police authorities or the people of the licensing entity in the exercise of their respective powers;
- d) Not take part in the game either directly or through an intermediary;
- e) Not to practice loans or usury, sale, pledge, promise of sale or pledge, for the purpose of gambling;
- f) Not to ask for gratuities or manifest the purpose of obtaining them.

**CHAPTER X
TAX OBLIGATIONS AND DISTRIBUTION OF
GAMBLING REVENUES**

**Article 50
Tax obligations**

1. All game activity is subject to the applicable tax law on prize taxation.
2. The operator is obliged to withhold and deliver the taxes levied on the taxable amount, in accordance with the applicable tax law.
3. Without prejudice to the powers of the tax authorities, the IGJ's agents are responsible for verifying and examining the writings of the operators, as well as verifying the settlement and delivery of taxes due, in applicable cases.

**Article 51
Distribution of revenues and payment of premiums**

1. The percentage destined for social purposes, bonuses, as well as to cover the development and operation expenses of the IGJ's supervisory capacity, in relation to the net revenue to be collected is the following:
 - a) 10% tax on gaming premiums;
 - b) 15% of social contribution, from the concessionaire's net revenue for social purposes, except for slot machines where the percentage is 25%.
2. If the payment of lottery and related games prizes exceeds the amount of the deposit, the concessionaire shall be responsible for the respective payment.
3. The amount resulting from the calculation is rounded up to ten cents.

**Article 52
Delivery and application of revenues**

The concessionaires of lotteries and other social and entertainment games are faithful depositaries of the revenue for the pursuit of social purposes, making their deposit, in an account to be indicated by the Ministry of Finance until the 5th day of each month in relation to the previous month, sending to the IGJ the copy of the payment deposit slip, within three days after its implementation.

**CHAPTER XI
INSPECTION**

**Article 53
Powers**

1. It is incumbent upon the IGJ and other entities to whom the law attributes power in this field, to inspect and supervise the games and gaming machines provided for in this legal diploma.

2. The IGJ's inspection and surveillance competence includes the assessment and sanctioning of administrative infractions of concessionaires, as well as the application of preventive measures to inhibit access to gaming venues, under the terms of this diploma.
3. It is incumbent on the Oversight Minister, upon proposal of the IGJ, to set the deadline for compliance with the legal and contractual obligations of the concessionaires when it is not established by law or contract.

Article 54
Inspection Functions

For the purposes of this statute and without prejudice to the powers attributed by the statute that approved the organic structure of the IGJ, the functions of the IGJ include inspection of:

- a) The fulfillment of the obligations assumed by the concessionaires;
- b) The correct functioning of the machines and the remaining structure used for the games;
- c) The practice of the games;
- d) Special accounting of games, namely revenue books and bookkeeping;
- e) The other powers granted by law or applicable regulations.

Article 55
Cards and forms of lotteries and other social and amusement games and the like and their price

1. The cards and printed matter of lotteries and other social games and related are under the responsibility of the IGJ that controls the quantitative and qualitative veracity of them.
2. The production, import, export, destruction and sale of lottery cards and other social and amusement games printed matter require the authorization of the IGJ.
3. Dealers declare, under a pledge of honor, that the place of manufacture of the cards and lottery and other social and amusement games printed matter is located at a distance of more than 2 thousand kilometers from Dili and that they respect the veracity of the declared quantities.
4. Lottery and other social and entertainment cards and forms are numbered sequentially by series and with sufficient recognition marks to prevent counterfeiting.
5. The price of cards and forms for lotteries and other social games and related games shall be determined by order of the Minister of guardianship.

CHAPTER XII
ADMINISTRATIVE RESPONSIBILITY

Article 56
Responsible Entities

1. The following entities shall be considered responsible for the conduct that violates this law:
 - a) The concessionaire or operator of the games or their substitutes;
 - b) The employees of the gaming venues;
 - c) Street vendors of lottery and other social and entertainment games, without a license;
 - d) Those responsible for irregular access to gaming venues;
 - e) Those responsible for accounting books;
 - f) Those who cause disturbing acts of the games;
 - g) Inspectors who prove to abuse the powers granted to them.

2. In cases of gaming machines in operation, without proper licensing and other illegal games, when for any circumstance it proves impossible to identify the owner or his legal representative, the owner or operator of the establishment where they are located shall be held responsible.

Article 57

Responsibility of the concessionary companies

1. The non-fulfilment by the concessionaires, even without fault, of the legally and contractually established obligations, constitutes an administrative infraction, subject to a fine and termination of the contract, according to the following articles.
2. The provisions of the preceding paragraph shall apply to the concessionaires when the infractions are committed by their employees or agents.
3. The responsibilities of the concessionaires shall not prejudice the criminal or administrative liability of the respective employees or agents for the infractions committed.
4. Concessionaires are liable for the payment of fines and, subsidiarily, when they arise from facts occurred during the respective management period, the directors or officers of such companies, even if dissolved.
5. Without prejudice to the provisions of the preceding subsection, the directors or officers shall not be liable when they prove that neither the infraction committed nor the insufficiency of the company's assets to pay the fine are attributable to them.

Article 58

Cases of termination or suspension of the concession contract

1. Concessionaires that violate or vitiate the rules of the games or others related to the exploitation and practice of the game, beyond what is established in criminal law, are subject to termination or suspension of the concession contract and closure of establishments.
2. The termination of concession contracts or their suspension shall be decided by order of the Minister.
3. Behavior likely to determine, in addition to administrative fines, the termination of the concession contract or the closure of establishments, for up to six months, namely:
 - a) The withholding of revenues from the games;
 - b) Non-compliance or false declarations to the provisions regarding the share capital and equity in general;
 - c) The non-constitution or integration of deposits or guarantees to which the concessionaires are obliged;
 - d) The cession, abandonment or deficient exploitation of gambling or essential activities that constitute contractual obligations;
 - e) The fraudulent game.
4. Behaviors that may determine, besides the payment of administrative fines, the suspension of the concession contract:
 - a) The repeated violation of the gambling legislation;
 - b) Continued non-performance of contractual obligations assumed by the concessionaire;
 - c) Defaulting constitution of the concessionaire, for debts to the State, related to contributions or taxes or social security.

5. Once the contract is terminated, the state is invested in the ownership of the reversionary property and in the possession of its property attached to the concession, without the concessionaire being entitled to any compensation.
6. In cases of rescission, the Minister's dispatch may determine the conditions under which the exploitation of the concession is continued, on a transitional basis.
7. In the event of suspension, all the obligations of the concessionaires are maintained, namely those arising from labour relations.
8. If criminal proceedings are initiated, whether on the initiative of the IGJ or not, the concession is suspended immediately, unless the Court decides otherwise.

CHAPTER XIII MISDEMEANOR REGIME

Article 59 Misdemeanor proceedings

1. Any action or omission contrary to the provisions of this law constitutes an administrative offence.
2. The misdemeanor proceedings are initiated by agents of the inspection entity and decided by the Inspector General of Games.

Article 60 Independence of the misdemeanor process

The misdemeanor proceeding referred to in this chapter is independent of any other civil, criminal or disciplinary proceeding.

Article 61 Administrative offences

The following constitute misdemeanors, in the field of social games and amusement and exploitation of gaming machines:

- a) Unauthorized exploitation or practice of gambling;
- b) Obstacles to State Inspection and Surveillance;
- c) Vacillation or falsification of gaming equipment or material;
- d) Violation of rules of exploitation or practice of gambling;
- e) Failure to comply with the obligations assumed under the concession or contract;
- f) Fraudulent gambling;
- g) Disturbance of the environment or gameplay;
- h) Concession or loan requests for gambling;
- i) Irregularities in the access to venues or game rooms;
- j) Practice in the playgrounds or rooms or within the scope of exploitation and practice of games, of any act considered a crime under criminal law;
- k) Requesting gratuities;
- l) Violation of other rules contained in the present statute whose misdemeanors are not expressly contemplated in the previous precepts or in the regulations and instructions issued and published.

Article 62
News Autos

1. The agents of the supervising entity are granted the competence to collect news reports for infractions foreseen in the legislation on social and entertainment games.
2. The news reports drawn up by the agents of the supervising entity shall be binding on the courts.

Article 63
Main Sanctions

1. For the commission of the offences referred to in paragraphs a) to f) of article 61 of this statute, fines ranging from USD 1,000.00 (one thousand US dollars) to USD 20,000.00 (twenty thousand US dollars) are imposed.
2. For the commission of the offences referred to in paragraphs g) to l) of article 61 of this statute, fines are imposed ranging from USD 500.00 (five hundred US dollars) to 10,000.00 (ten thousand US dollars).

Article 64
Accessory Sanctions

In any of the situations referred to in the previous article, the supervising entity shall apply the following accessory penalties:

- a) Seizure of equipment, material, values and other goods that constitute an instrument or product of the administrative offence;
- b) Suspension of the exploitation of the right of access to playgrounds or rooms, for a period not exceeding one year;
- c) Suspension of the exploitation of the game for a period not exceeding six months;
- d) Definitive closure of the holding, in the case of unauthorized holding.

Article 65
Punishment of attempt and frustration

The attempt and the frustration are punished with penalties corresponding to half of the penalties provided for in article 63 of this law.

Article 66
Special Aggravation

The penalty for unauthorized gambling is increased by one-third when under 16 years of age are found on the farm.

Article 67
Determination of the measure of fines

Without prejudice to the general system of administrative offences, the determination of the measure of the fine shall be made according to the seriousness of the offence, the guilt of the defendant and his economic situation, whether or not there has been a repeat offence, and the results and reasons for the offence.

Article 68
Appeal

Decisions of the Inspector General of Games imposing fines or accessory sanctions are subject to appeal under the general terms of law.

Article 69

Voluntary payment and enforced collection

1. The voluntary payment of the fines corresponding to the infractions foreseen in the present diploma is admitted.
2. Fines may be paid voluntarily, before the proceeding authority, immediately or within a maximum of ten working days following notification or, if there has been a hierarchical appeal, within five working days following notification of the corresponding decision, if the appeal has not been granted.
3. The voluntary payment is 25% of the maximum of the applicable fine, without prejudice to the accessory sanctions.

Article 70

Destination of seized goods and valuables

It is up to the supervising entity to propose to the Minister's decision the destination of the money, equipment and gaming material seized within the framework of the misdemeanor proceedings.

Article 71

Destination and distribution of misdemeanors

The importance of the fines and the assets lost to the State reverts to the Treasury.

Article 72

Limitation period

The administrative offence procedure for infractions provided for in this law shall expire three years after the date on which the facts occurred.

Article 73

Supplementary regime

For anything not specifically provided for in this law, the rules established in the Code of Criminal Procedure shall apply in addition.

CHAPTER XIV

FINAL AND TRANSITORY PROVISIONS

Article 74

Repeal

Decree-Law No. 6/2009 of January 15 is repealed.

Article 75

Entry into force

This legal diploma shall come into force after the date of its publication in the Official Gazette.

Approved by the Council of Ministers on October 20, 2015.

The Prime Minister,

Rui Maria de Araújo

The Minister of Tourism, Arts and Culture

Francisco Kalbuadi Lay

Enacted on April 11, 2016

Be it published.

The President of the Republic,

Taur Matan Ruak