



## Venezuela Economic Outlook

By Arca Análisis Económico

Here is our monthly summary of recent economic developments in Venezuela:

- During January 2023, there was a lot of discussion around a possible increase in the national minimum wage, which would pose a significant increase in public spending. However, to date, everything seems to indicate that the salary will not rise until May 1, 2023, the date on which announcements are traditionally made on salary issues because it is Venezuela's Labor Day. In the meantime, it has been proposed that income increase through the economic warfare bonus, which currently hovers between US\$15 and US\$30.
- On the other hand, it is expected that Chevron will soon start selling foreign currency at exchange desks of private banks. This new supply of currencies in the market will enter through transfers, and will give greater volume and fluidity to the operations of the exchange tables.
- In the national oil field, the new Petróleos de Venezuela S.A. (PDVSA) board of directors have already taken action. However, it seems that financial decisions are paralyzed until a general tonnage is concluded and there are decisions aimed at alleviating the recent deterioration in the supply of gasoline, facilitating its importation while affecting retail prices as little as possible.
- In this sense, Decree 4,767 of Jan. 13, 2023, exempts public and private entities from all taxes or fees on imports and sales in national territory of fuels and inputs for improving the quality of gasoline. Article 4 expressly exempts sales in the country of the same products from the Tax on Large Financial Transactions (IGTF) and Article 7 urges governments and municipalities to act in the same manner. The decree is valid for a maximum of one year.
- Additionally, on Jan. 19, 2023, PDVSA notified the service stations and gave them a period of 30 days to create companies that separate the management of convenience stores, which will not have the benefits of said exemption.

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## Republic Creates Special Functions Office to Handle Investment Projects

By Holland & Knight

Resolution 001, issued by the Vice Presidency of Venezuela (hereinafter the Resolution), was published on Jan. 13, 2023, in the *Official Gazette* No. 459,574, creating the Special Functions Office (hereinafter the Office) to take care of users involved in the processes developed by the International Center for Productive Investment. The International Center is in charge of registering, studying and monitoring international measures restricting trade with Venezuela and promoting investment and foreign trade.

The Office will have main, public, commercial and notary registry functions to facilitate the transactions. Likewise, it will include an assistant registrar, an administrator, a reviewing lawyer and three clerks. According to the Resolution, the Office serves only users who are involved in processes developed by the International Center for Productive Investment and responds to the need to support foreign investments, and achieve harmonious development, taking advantage of the production potential of the country.

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## Decree Establishes Customs Exemptions for 2023

By Tinoco Travieso Planchart & Nuñez

Decree No. 4,757, issued by the Presidency of the Republic published on Dec. 29, 2022 in the *Official Gazette* No. 6,727 extraordinary, established the exemption for Import Tax and Value Added Tax (VAT) on imports of certain goods and sectors until June 30, 2023, as indicated in the Decree.

### Exemptions:

- **Personal Property, New or Used:** Imports of tangible personal property, new or used, classified in the tariff codes indicated in Appendix I of the aforementioned Decree, carried out by the bodies and entities of the National Public Administration, are exempt from 90 percent of the import tax and VAT, as well as those carried out with its own resources by natural or legal entities. The items contained in Appendix I concern: food, rubber, cork, tools, wood, base metal manufacture, machinery and spare parts, electrical material, mineral metals, pharmaceutical products, chemicals, textiles, and transportation, among others.
- **Tangible Personal Property:** Imports of tangible personal property, classified in the tariff codes indicated in Appendix II of the aforementioned Decree and carried out by the bodies and entities of the National Public Administration, as well as those carried out with its own resources by natural or legal entities, are exempt from import tax and VAT. The items contained in Appendix II refer to the pharmaceutical sector.

The common requirements established by the Customs Administration that the beneficiaries must present to apply the exemption are:

1. a list describing the tangible personal property to be imported
2. commercial invoice issued in the name of the beneficiary in charge of acquiring the goods
3. the certificates, licenses, records and permits that are applicable to the type of merchandise must be recorded in accordance with the Customs Tariff

The required information must be supplied through the electronic format made available by the Ministry of Popular Power with proficiency in economy, finance and foreign trade.

As for the specific requirements established by the Customs Administration to apply the exemption, importers must present together with the Customs Declaration, based on their particular case, the following:

1. **Personal Property Indicated in Appendix II:** The Certificate of Non-National Production or Insufficient National Production (CNP or CPNI) must be previously obtained from the Ministry of Popular Power with jurisdiction over industries and national production.

Failure to comply with any of the conditions by the beneficiaries will cause the loss of the exemption benefit provided for in this Decree. In such circumstances, the imported goods subject to the benefit are considered taxed, without prejudice to the sanctions that may correspond, in accordance with the



provisions of the Constituent Decree through which the Organic Tax Code is issued and the Constituent Decree through which the Customs Organic Law is enacted.

Likewise, those who 1) fail to comply with the periodic evaluation according to the parameters of the National Integrated Customs and Tax Administration Service (SENIAT); 2) fail to comply with the obligations established in the Constituent Decree by which the Organic Tax Code and other tax regulations, as well as in the Constituent Decree of reform of the Decree with Rank, Value and Force of Organic Customs Law; and 3) incur in any of the cases indicated in Article 177 of the Constituent Decree of reform of the Decree with Rank, Value and Force of Customs Organic Law.

Finally, the Decree entered into force with its publication in the *Official Gazette* of the Bolivarian Republic of Venezuela, on Dec. 29, 2022, until June 30, 2023.

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