



## Venezuela Economic Outlook

By Arca Análisis Económico

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

- The start of 2023 has been characterized by a reduction in economic activity, after closing 2022 with positive figures in all productive areas. Consulting firm Ecoanalítica's metrics, show a drop in commercial sales in the country, reflecting a difference of 17 percent in volume compared to January last year.
- Chevron had an impact on Venezuela's crude oil production results in January. The production reflected Chevron's dynamic start of activities after the issuance of its general license 14 on Nov. 26, 2022. The monthly average increased from 63,000 barrels per day (bpd) to 732,000 bpd. This is the highest level since 801,000 barrels were achieved in December 2021.
- On March 14, 2023, the Organization of the Petroleum Exporting Countries (OPEC) will publish the data in its monthly bulletin and wait to see if a jump similar to that of January is repeated. February should show that the improvement is consolidated.
- International reserves closed in February at \$9.460 million (minus \$420 million in the month). There has not been such a significant decrease (minus \$416 million) since March 2020. Awaiting the publication of the general balance of the Central Bank of Venezuela (BCV) corresponding to February.
- This drop in the international reserves coincides with the increase in the BCV's foreign currency sales in defense of the bolívar. It is estimated that it sold around \$350 million in February (vs. \$150 million in January). As of March 2, 2023, international reserves stood at \$9.470 million. This month, the BCV will see less demand due to the greater demand for bolívares to pay income tax.
- The price figures estimated by the Venezuelan Finance Observatory, corresponding to February 2023, indicate that the monthly inflation rate reached 20.2 percent, the accumulated 67.7 percent and the annualized 537.7 percent, higher than the 440 percent in January.
- At the detail level, the items that experienced the greatest increase were services with 156.3 percent, health at 15.8 percent, clothing and footwear at 13.5 percent and home equipment at 15.1 percent.

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## Venezuela Issues Decree to Exempt Large Financial Transactions from Paying Taxes

By Holland & Knight

Decree No. 4,784 of 2023 (Decree) was published on Feb. 23, 2023, in the *Official Gazette* No. 459,925, which exempts all debits generated by large financial transactions from paying taxes through the purchase, sale and transfer of titles issued or guaranteed by the Republic or the Central Bank of Venezuela.

Likewise, the Decree establishes the tax exemption on debits or withdrawals related to the liquidation of the capital and interest of the mentioned titles, as well as the titles negotiated through the stock markets and the agricultural market that have been carried out in currency other than that of legal tender in Venezuela, or in crypto assets different from those issued in that country.

Thus, in order to be subject to tax exemption, the Decree establishes that the individuals must submit the following documents to the banks and other financial institutions:

- Document issued by the brokers authorized to carry out operations in the stock market indicating:
  - operation number assigned by the corresponding stock market
  - traded titles
  - intermediary broker intermediary of titles
  - amount of the operation
  - acquirer of the titles, accompanied by the document that supports the transaction
- Sworn statement stating that the debit is made exclusively for the acquisition of titles or bonds issued or guaranteed by the Republic or the Central Bank of Venezuela, accompanied by confirmation of the transfer of the titles.

Finally, it should be noted that the Decree will be valid for one year, starting Feb. 26, 2023.

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## Republic Publishes Exemption from Registration Fees for New Ventures

By Tinoco Travieso Planchart & Nuñez

Decree No. 4,783, issued by the Presidency of the Republic published on Feb. 23, 2023, in the *Official Gazette* No. 42,575, instructs the authorities of the Venezuelan Institute of Social Security (IVSS), National Institute for Training and Socialist Education (INCES), Mandatory Savings Fund for Housing (FAOV) and the Ministry of the Social Work Process (MPPT) to implement mechanisms to strengthen the productive development of new ventures duly registered with the National Entrepreneurship Registry (RNE), for which they must waive the payment of the Registry or registration as work entities in the aforementioned organizations.

The Ministry of People's Power with competence in economy, finance and foreign trade will provide technical assistance to the organizations indicated above for the purpose of implementing the mechanisms to support new ventures by waiving the payment obligation corresponding to inscription or registration as work entities, once their inscription or registration has been formalized.

For control purposes, new ventures must present the certificate of National Entrepreneurship Registry before the preappointed bodies to receive the benefit of the simplified and provisional regime for the payment of contributions for inscription or registration as work entities in accordance with the terms and conditions established by the applicable regulations.

This Decree entered into force on Feb. 23, 2023.

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