



Venezuela Economic Outlook

By Arca Análisis Económico

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

- In the oil field, news of losses due to corruption cases in Petróleos de Venezuela S.A. (PDVSA) are circulating in the range of \$3 billion to 8 billion. If these figures refer only to 2022, between 30 percent and 80 percent of the exported value would have stopped entering, excluding exchanges for payment of oil inputs and other obligations.
- PDVSA issued a statement announcing the suspension of the expiration and statute of limitations applicable to the bonds issued. It will be in force for a period of up to 90 days after the U.S. government withdraws all sanctions and any other measures that affect it or Dec. 31, 2028, whichever is earlier. The prescription of some bonds begins in six months. The statute of limitations defines the moment from which creditors can or must bring legal action against the debtor.
- In the meantime, a Committee of Creditors from Venezuela that brings together holders of US\$10 billion in bonds welcomed the announcement while raising the need for additional steps to provide greater security. They urged the members of the 2015 National Assembly to support the suspension and the U.S. government to recognize its validity. The agreement would prevent the Venezuelan government from "wasting money and resources on litigation," resources that can be better used in the current situation in Venezuela.
- The National Integrated Customs and Tax Administration Service (SENIAT) managed to collect a total of more than \$13.8 billion bolívares from the collection of income tax (ISLR) at the end of March 2023. This represents an increase of 2 percent, compared to the same period in 2022. The amount collected represents a total of more than \$563 million, showing an increase compared to the first quarter of last year, when the income was more than \$156 million, both calculated according to the type of exchange rate published by the Central Bank of Venezuela (BCV) for the closing dates (Bs. \$24.49 and Bs. \$4.38, respectively).
- In other instances, the government of Venezuela anticipates that the reopening of air traffic with Curaçao, materialized on April 3, 2023, after four years of closure, a relationship that is expected to boost trade and the bilateral economy.

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Venezuela Issues Decree for the Exemption of the Tax on Large Financial Transactions

By Holland & Knight

Decree No. 4,786 (the Decree) of the Presidency of the Bolivarian Republic of Venezuela was published on March 9, 2023, in the *Official Gazette* No. 42,585, which modifies the powers of the Ministry of Popular Power to Electric Energy and the Ministry of Popular Power for Science and Technology.

The objective of the Decree is to order the restructuring of the ministries in order to initiate an energy transition and promote the country's economic and social development.

The Ministry of Popular Power for Electric Energy was in charge of matters relating to the system and service of electric energy and other alternative energy. On the other hand, the Ministry of Popular Power for Science and Technology was in charge of matters relating to public policies on science and technology, as well as matters relating to regulations regarding peaceful use, application, and study and research related to atomic energy.

This last competence of the Ministry of Science and Technology will be delegated to the Ministry of Electric Energy. Thus, the latter will deal with matters relating to research into the generation of atomic energy.

Apart from this delegation, the Decree orders both ministries to propose the organization, operation and disposition in terms of resources, goods, human talent and necessary activities in order to guarantee the delegation and continuity of administrative management. The Decree orders a term of 180 days for the reorganization.

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Republic Releases New Regulation on Special Taxable Persons

By Tinoco Travieso Planchart & Nuñez

In Administrative Order No. SNAT/2023/00005 (La Providencia) of Feb. 14, 2023, published in the *Official Gazette* of the Bolivarian Republic of Venezuela No. 42,588 of March 14, 2023, issued by the National Integrated Customs and Tax Administration Service (SENIAT), the parameters to be classified as Special Taxable Subjects (SPE) were modified.

In this sense, special taxpayers are a category used by the National Tax Administration to designate and categorize a type of taxpayer. However, when the qualification as SPE is received, the taxpayer's tax regime varies substantially. This qualification is received through an administrative act emanating from the SENIAT, for which, from the notification thereof, the qualified entity or person must comply with the tax obligations associated with this category of taxpayers.

The Ruling issued in March has the purpose of regulating the SPE, establishing what is related to the rules for their appointment, obligations and control, modifying the regime established in Administrative Ruling No. 0685 of Nov. 6, 2006, published in the *Official Gazette* of the Bolivarian Republic of Venezuela No. 38,622 of Feb. 8, 2007.

Parameters for Its Qualification

The Providence in its Articles 2 and 3, modifies the unit of account used to determine the qualification of SPE, substituting the tax unit (UT) for the official exchange rate of the highest value currency, published by the Central Bank of Venezuela (BCV).

Quantification for Qualification

The Ruling quantifies the amounts of gross income to be classified as a special taxpayer, adopting the highest value official exchange rate published by the BCV, for which:

1. The following persons may be classified as SPE and notified by the Regional Management of Internal Taxes and Internal Tax Sectors of their tax domicile:



Concept Considered for Qualification	Natural People	Legal Persons
Annual gross income	Equal to or greater than 7,500 times the exchange rate of the highest value currency, published by the BCV.	Equal to or greater than 30,000 times the exchange rate of the highest value currency, published by the BCV.
Monthly sales or service provision	For amounts greater than 625 times the exchange rate of the highest value currency, published by the BCV.	For amounts equal to or greater than 2,500 times the exchange rate of the highest value currency, published by the BCV.
Income received exclusively under a dependency relationship	Net enrichment equal to or greater than 7,500 times the exchange rate of the highest value currency, published by the BCV.	

2. The following persons may be classified as SPE and notified by the Internal Taxation Management of Special Taxpayers of the Capital Region residing in the Capital Region:

Concept Considered for Qualification	Natural People	Legal Persons
Annual gross income	Equal to or greater than 15,000 times the exchange rate of the highest value currency, published by the BCV.	Equal to or greater than 120,000 times the exchange rate of the highest value currency, published by the BCV.
Monthly sales or service provision	For amounts greater than 1,250 times the exchange rate of the highest value currency, published by the BCV.	For amounts equal to or greater than 10,000 times the exchange rate of the highest value currency, published by the BCV.
Income received exclusively under a dependency relationship	Net enrichment equal to or greater than 15,000 times the exchange rate of the highest value currency, published by the BCV.	



Natural or legal persons who are partners, directors, managers or administrators are also classified as SPE subject to the control and administration of the Regional Management of Internal Taxes of Special Taxpayers of the Capital Region, with tax domicile in the jurisdiction of the Capital Region or representatives of companies and other entities qualified as SPE by the Regional Management of Internal Taxes of Special Taxpayers of the Capital Region.

Other Taxpayers that Can Be Classified as Special

The following taxpayers may be classified as SPE, subject to the control and administration of the Regional Management of Internal Taxes of Special Taxpayers of the Capital Region, regardless of the location of their tax domicile:

1. Those dedicated primarily to industrial and hydrocarbon transport activities, or to the commercialization of hydrocarbons and their derivatives for export; those that, by virtue of the transition of the Operating Agreements to mixed companies, have assumed the operations of the oil fields; and those constituted in mixed companies that are created in accordance with the provisions of the Organic Law of Hydrocarbons.
2. The shareholders of the mixed companies that are dedicated to the primary, industrial activities and transportation of hydrocarbons or to the commercialization of hydrocarbons and their derivatives for export.
3. Those who carry out operations in the field of hydrocarbons or related activities by virtue of Operating Agreements, Exploration and Exploitation at Risk under the Shared Profits Scheme or Strategic Associations, entered into in accordance with the provisions of the Law that Reserves to the State the Industry and the Hydrocarbons Trade. Those who, due to their activity, become the main suppliers, contractors and service providers, of the subjects mentioned in Subparagraphs a, b and c of Article 4 of the Ruling.
4. Those who become holders of shares of the subjects mentioned in Subparagraphs a and c of Article 4 of the Ruling.
5. Those who carry out operations of exploration, exploitation, processing, industrialization, transportation, distribution and internal or external trade of natural gas.
6. Those dedicated to mining exploitation activities or related activities.

Exclusion as Special Taxable Persons

The taxpayers mentioned below cannot be classified as SPE:

1. Those that are constituted within the framework of new ventures, registered with the National Registry of Enterprises, this exclusion will apply for two years from the registration in the Registry.
2. Those who are dedicated exclusively to the primary exploitation of agricultural activities, in the plant, poultry, livestock, forestry, fishing and aquaculture subsectors.
3. Community organizations, organized communities and all instances of People's Power duly constituted in communes, in accordance with the Organic Law of Communes and registered in the Single Tax Information Registry with the letter C.
4. Taxpayers who are less than one year after having started duly verified commercial operations, taxpayers who start activities such as financial institutions, insurance, reinsurance and those who execute works and construction projects are excluded.



Duties of Special Taxpayers

The declarations related to income tax, value added tax, tax on large estates, tax on large financial transactions or any other tax administered by SENIAT, as well as those related to withholdings or perceptions, must be presented and the respective payments, on the dates indicated in the calendar that will be published annually by SENIAT, without prejudice to the establishment of the declaration and payment mechanism by electronic or other means provided by the Tax Administration.

Loss and Revocation of Qualification

Those persons who will lose the qualification of special, include: 1) the Passive Subjects Natural Persons, with their death and; 2) Taxpayers Legal Entities with the cessation of operations and liquidation.

The Regional Internal Tax Offices, prior authorization from the National Internal Tax Administration, may revoke the classification of special taxpayers indicated in Subparagraphs a and b of Articles 2 and 3 of the Providence, in the cases that have been registered during the last two annual exercises, gross income below the minimum, established for its qualification, carrying out the necessary verifications and inspections, unless they have been subject to inspection with respect to the last two annual exercises.

Subjects qualified and notified as such prior to the entry into force of this Administrative Order will not lose their status as special taxpayers, except for taxpayers indicated in Articles 5 and 15 of this Order.

Repealing Provision

Ruling No. 0685 of Nov. 6, 2006, published in the *Official Gazette* of the Bolivarian Republic of Venezuela No. 38,622 of Feb. 8, 2007, is repealed.

Validity

The Providence entered into effect on March 14, 2023.

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