

**LAW ON REGULATION AND CONTROL OF PROGRAMMED SALES SYSTEM  
MEMORANDUM**

The **Law on Regulation and Control of Programmed Sales System** (the “Law”) was published in Official Gazette N° 39.912, dated April 30, 2012, and entered into force on the same date. The Law establishes the juridical regime to regulate, control, and supervise all companies or persons that participate in or carry out the activity of programmed sales of personal property in Venezuela. Its most relevant aspects are the following:

**Scope of Application:**

- It will be applied to all persons, manufacturers, assemblers, importers, distributors, and marketers and to buyers with a legitimate interest in the activity of programmed sales of personal property in all of the national territory.

**Regulating or Controlling Entity:**

- The Institute for the Defense of Individuals in the Access to Goods and Services (INDEPABIS) is the official entity in charge of regulating, controlling, and supervising the activity of the programmed sales system.

**Companies engaged in Plans of Programmed Sales of Personal Property:**

- They are all juridical persons that are authorized to participate in the activity of programmed sales of personal property.
- All manufacturers, assemblers, importers, distributors, and marketers of personal property legally organized and installed in the country must be registered with the Ministry of the Popular Power with competence over the matter (we understand that such Ministry is the Ministry of the Popular Power for Commerce) and with the competent regulating or controlling entity (INDEPABIS), in order to participate in the mode of personal property programmed sales (“Programmed Sales”), in accordance with the guidelines and regulations contained in the Law and other provisions.
- All assemblers or importers of motor vehicles installed in the country that wish to participate in the mode of programmed sales of vehicles are under the obligation to organize, register, and operate companies in the field of programmed sales of motor vehicles, in accordance with the guidelines and regulations contained in the Law and other provisions.
- The companies engaged in Programmed Sales of goods other than vehicles will have an initial minimum capital of Two Million Bolivars (Bs. 2,000,000.00) paid in cash.
- The companies engaged in programmed sales of motor vehicles (“Programmed Sales of Vehicles”) will have an initial minimum capital of Twenty Million Bolivars (Bs. 20,000,000.00), paid in cash.
- All assemblers or importers of motor vehicles that participate in the activity of Programmed Sales of Vehicles must set aside at least the same number of vehicles as that offered in the plans of their affiliate companies for the companies defined in article 26, number 3 of the Law.

**Types of Companies engaged in Programmed Sales:**

Article 25 of the Law prescribes that the companies engaged in programmed sales of personal property may be of the following types:

- 1.- Company created with the purpose of participating in the mode of Programmed Sales, which is part of another company engaged in the assembly of personal property in the country, duly registered and installed in the national territory, and which supports the former and is jointly and severally liable with the former.
- 2.- Companies created and registered in the country with the purpose of participating in the mode of Programmed Sales.

**Types of Companies engaged in Programmed Sales of Vehicles:**

Article 26 of the Law prescribes that the companies engaged in programmed sales of vehicles may be of the following types:

- 1.- Company created with the purpose of participating in the mode of Programmed Sales of Vehicles, which is part of another company engaged in the assembly of vehicles in the country, duly registered and installed in the national territory, and which supports the former and is jointly and severally liable with the former.
- 2.- Company created and registered in the country with the purpose of participating in the mode of Programmed Sales of Vehicles, which is part of another company engaged in the direct and mass importation of vehicles with an assembler installed abroad, and which supports the former and is jointly and severally liable with the former.
- 3.- Companies created with the purpose of commercializing under the mode of Programmed Sales, which guarantee a supply that is sufficient to assure performance of the plan. (**Article 26 number 3**).

**Plans of Programmed Sales of Personal Property:**

- The duly authorized companies engaged in the activity of programmed sales of personal property will create the sales plans to be presented to buyers.
- The plans must be approved by INDEPABIS.

**Agreements for Programmed Sales of Personal Property:**

The Law establishes a group of requirements to be met by said agreements. The most significant are the following:

- Buyers' complete data.
- Method, form, date, and place of payment of installments. Date of beginning and completion of the plan and date of delivery of the good.
- Sales price of the personal property, which will not be modified.
- The installments will not accrue interest, except for the reimbursements.
- Clause establishing that in the event of voluntary termination of the agreement by buyer, there will be a period of time not exceeding 15 calendar days for the delivery of all of the installments.

Following are some of the general conditions established in the Law to be met by the agreements:

- The agreement will be previously submitted to the consideration and approval of INDEPABIS.
- The agreement has to be delivered to buyer at least 30 calendar days in advance of its execution.
- The following has to be established: duration of the plan, assignment mechanisms, voluntary or involuntary termination, mechanisms for awarding, method, form, date, and place for the payment of the corresponding installments.

#### **Economic Guarantee of Commercial Liability:**

- The companies engaged in Programmed Sales and Programmed Sales of Vehicles must grant a bond of a financial institution, in an amount equivalent to 100% of the value of the goods offered, in order to guarantee the delivery of the good on the date established in the agreement.
- The companies currently operating with Programmed Sales must meet this requirement at the time of their registration and updating in order to be able to continue to operate.

#### **Penalties and Fines:**

The Law establishes a group of specific administrative penalties, including the imposition of fines ranging from 1,000 Tax Units to 5,000 Tax Units, depending on the relevant administrative-law-related unlawful act. Also, other penalties are established such as: temporary shutdown for 90 calendar days; definitive shutdown of the company, suspension of the activity; revocation of the authorization, and intervention of the companies. Likewise, in some specific cases, a penalty is established of triple the value of the goods not delivered in the period of time established in the agreement.

#### **Transitory Provisions:**

- The competent entities, within 15 calendar days following the entry into force of the Law, will begin the registration of the companies that are performing activities of Programmed Sales.
- The companies engaged in Programmed Sales already operating must adjust their requisite minimum corporate capital in a period of 60 calendar days after the entry into force of the Law in order to obtain the respective authorization.
- After the entry into force of the Law, the companies that perform activities of Programmed Sales and Programmed Sales of Vehicles will cease to offer goods while they carry out their registration with the competent Ministry and become authorized to operate.



**NOTE:** THIS MEMORANDUM SHOULD NOT BE CONSTRUED AS LEGAL ADVICE ON ANY SPECIFIC MATTER, AND ITS CONTENTS ARE INTENDED AS A MANAGEMENT ALERT AS TO CURRENT DEVELOPMENTS IN VENEZUELA. ANY SPECIFIC LEGAL QUESTIONS REGARDING THE POSSIBLE APPLICATION OF NEW OR PROPOSED LEGISLATION TO PARTICULAR SITUATIONS SHOULD BE ADDRESSED TO TRAVIESO EVANS ARRIA RENGEL & PAZ.