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The President of the Republic of Venezuela, Hugo Chávez Frías, died on March 5, 2013. On March 8, 2013, Nicolás Maduro Moros was sworn in before the National Assembly as acting President of the Republic. The National Electoral Council **recently called presidential elections to be held on April 14, 2013**, at which Nicolás Maduro Moros and Henrique Capriles Radonski will be the main candidates to run for the office of President of the Bolivarian Republic of Venezuela.

Energy and Mines

The President of the Republic issued Decree No. 9,368, whereby the right to develop the activities of **exploration and exploitation of gold**, during a period of twenty (20) years as from the date of publication of the Decree, is **transferred to Petróleos de Venezuela S.A. ("PDVSA")** or the affiliate designated by it. This prerogative causes PDVSA or the affiliate designated by the same to be under the obligation to preserve and protect the lands where said activity is to be developed and the permanent works. The Decree became effective on February 13, date on which it was published in the Official Gazette.

The Law of Partial Amendment to Decree No. 8,807, with Rank, Value and Force of Law that creates a Special Contribution for Extraordinary Prices and Exorbitant Prices in the International Market of Hydrocarbons (the "Decree"), was published in the Official Gazette of February 20, 2013. The Decree **repeals** Decree No. 8,807 with Rank, Value and Force of Law of Partial Amendment to the Law that creates a Special Contribution for Extraordinary Prices and Exorbitant Prices in the International Market of Hydrocarbons, published in Official

Gazette No. 39,871 of February 27, 2012. Likewise, the Decree **repeals** the provisions of the Law of the Venezuelan Central Bank, published in Official Gazette No. 39,419 of May 7, 2010, which regulate the contribution of Petróleos de Venezuela to the National Development Fund ("FONDEN"), and any other provision conflicting with the same. The Decree **defines "extraordinary prices" and "exorbitant prices"**. Likewise, it establishes the **new percentages** applicable to the special contribution for extraordinary and exorbitant prices, **the exemption from the contributions** established therein, and **the maximum price** for the calculation and liquidation of Royalties, Extraction Tax, and Export Registration Tax provided in the Organic Hydrocarbon Law.

Banking and Finance

An Official Notice issued by the Venezuelan Central Bank ("VCB") was published in the Official Gazette of February 8. It establishes the **interest rates** applicable to obligations derived from employment relationships (14.82% and 14.65%); to the acquisition of vehicles under the "balloon payment" method (14,82%); to transactions with credit cards (29% and 17%); and to the credit transactions intended for the tourism sector (10%).

Resolution No. 16 issued by the Ministry of the Peoples' Power for Housing and Habitat was published in the Official Gazette of February 13, 2013. Said Resolution provides that the **Institutions of the Banking Sector, which are obliged to grant mortgage loans for purposes of construction, acquisition, enlargement, improvements and self-construction of principal dwellings units, must place from their own resources at least twenty percent (20%) of the annual gross credit portfolio**. The Institutions of the Banking Sector **will distribute the resulting amount of the aforementioned percentage**, as set forth in the provisions contained in

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the Resolution. The Institutions of the Banking Sector **must file** with the National Bank of Housing and Habitat ("BANAVIH") a **monthly report** about the compliance with the mandatory mortgage loan, within the first five (5) business days of each month. The Resolution **repealed** Resolution No. 050 of March 23, 2012, published in Official Gazette No. 39,890 of the same date. The Resolution became effective as of the date of its publication in the Official Gazette.

Resolution No. 10 issued by the Ministry of the Peoples' Power for Housing and Habitat was published in Official Gazette dated February 21, 2013. Said Resolution establishes the **financing conditions applicable to the granting of loans** for construction, acquisition, self-construction, enlargement and improvements of principal dwellings units, with resources derived from the mandatory credit portfolio for principal dwellings units, which must be complied with by the Institutions of the Banking Sector on an annual basis. The Resolution entered into effect on the date of its publication in the Official Gazette and it **repealed** Resolution No. 153, published in the Official Gazette of July 20, 2012.

Resolution No. 11 of the Ministry of the People's Power for Housing and Habitat was also published in the Official Gazette of February 21. Said Resolution issues the **rules referred to the formulation and implementation of policies** that allow favoring methods of payment, financing, and credits that are accessible to all sectors of the society, in order for the construction, self-construction, acquisition, improvement and enlargement of dwelling units. The Resolution became effective on February 21, date on which it was published in the Official Gazette.

The Ministry of the People's Power for Tourism issued Resolution No. 005, whereby it establishes that the **universal banks must allocate**, for year 2013, **four percent (4%)** of the average of the closing of the gross credit portfolio as of December 31, 2011 and as of December 31, 2012, **to the financing of**

tourism operations and projects, according to the schedule indicated in said Resolution. The contribution will be intended for the financing operations indicated in the Law of Credit for the Tourism Sector and subject to the provisions of the Law of Institutions of the Banking Sector. The Resolution **repealed** Resolution No. 006 published in the Official Gazette of February 23, 2012. It became effective on February 27, date on which it was published in the Official Gazette.

The Superintendency of the Institutions of the Banking Sector ("SUDEBAN") issued Resolution No. 018-13, whereby it established the **rules for the application and recording of net benefits resulting from the entry into force of Exchange Agreement No. 14, dated February 8, 2013**. All Circular Letters and Resolutions issued by SUDEBAN to regulate the aspects related to the fluctuations of the official rate of exchange established by Exchange Agreements that contravene the provisions of Resolution No. 018-13 are **repealed**. These provisions **will be considered** for the closing of the financial statements of **February 2013**. The Resolution became effective on February 27, date on which it was published in the Official Gazette.

Tax

The National Integrated Service of Customs and Tax Administration ("SENIAT") issued Ruling No. SNAT/2013/0009, which readjusts the **Tax Unit from Bs. 90.00 to Bs. 107.00**. Likewise, it establishes that in the cases of taxes that are paid by annual periods, the applicable tax unit will be the one in effect during at least one hundred and eighty-three (183) calendar days of the relevant period and for the taxes that are paid by periods other than annual periods, the applicable tax unit will be the one in effect at the beginning of the period, all in accordance with Paragraph Third of article 3 of the Organic Tax Code. The Ruling was published in the Official Gazette of February 6, 2013.

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The SENIAT issued Ruling No. SNAT/2013/0012, which establishes the **rate** applicable to **the calculation of late payment interest** accrued during **January 2013**. Said Ruling provides that the weighted average interest rate for loans of the six (6) principal commercial and universal banks of the country with the highest volume of deposits, excluding portfolios with prime rates, set by the VCB for January 2013 is **16.30%** which rate is to be increased 1.2 times for the calculation of late payment interest accrued during January 2013. Said Ruling was published in the Official Gazette of February 25.

Labor

The Ministry of the People's Power for Labor and Social Security, through Resolution No. 8,146, published in the Official Gazette of February 13, 2013, formally **convoked** the representatives of CANAMEGA (Venezuelan Chamber of Generic Drugs), CAVEME (Venezuelan Chamber of the Drug Industry), CIFAR (Venezuelan Chamber of the Pharmaceutical Industry), on behalf of all of their affiliate work entities, and the entities indicated in the Resolution, to a **Regulated Labor Meeting**. Said representatives must be present at the Conference Room of the Directorate of National Inspectors' Offices and other Labor Collective Issues of the Private Sector, located in *Centro Simón Bolívar, Edificio Norte, Piso 2, El Silencio*, Caracas, on the thirtieth (30th) calendar day following the publication of the call in the Official Gazette, at 10:00 a.m., or at the same time of the following business day if said 30th day were not a business day. The Resolution advises that the publication of the call **immediately suspends** the processing of the draft collective bargaining agreements or lists of demands in progress to which any of the employers convoked is a party. Finally, it is established that until the Meeting is held, no employer may dismiss, transfer or worsen the employment conditions of any worker without a cause duly certified by a Labor Inspector.

Presidential Decree No. 9,386 was published in the Official Gazette of February 15. Said Decree issues the Partial Amendment to the Regulations to the Law on Nourishment for Workers. The Decree modifies article 5 of the Regulations in order to define the concept of "**Specialized Service Company**" ("*Empresa de Servicio Especializada*") and establish its characteristics and limitations.

Exchange Control

The President of the Republic issued Decree No. 9,381 that creates the **Superior Entity for Optimization of the Foreign Exchange System**, the purpose of which will be to design, plan, and execute the strategies of the State on foreign exchange matters. The Decree became effective on February 8, 2013, date of its publication in the Official Gazette.

Exchange Agreement No. 14 was issued by the Ministry of the People's Power for Planning and Finances. Said Exchange Agreement **modified the official rate of exchange** as follows: **Bolivars 6.28/ USD 1.00** for purchase and **Bolivars 6.30/ USD 1.00** for sale, applicable as from February 9, 2013. Also, the Agreement establishes the variation of the official rate of exchange for the different activities and operations that involve the acquisition of foreign currency, as well as the dates on which the application of the new rates would take place. The Agreement establishes the **cases** in which the foreign currency may be provided **at the former rate of exchange** of Bolivars 4.28/ USD 1.00 and Bolivars 4.30/USD 1.00. The private natural or legal **persons engaged in the exportation of goods and services may withhold and administer up to forty percent (40%)** of the income received in foreign currency by reason of the exportation made, in order to cover the expenses incurred for such activity, other than

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financial debt, and for the purposes prescribed in article 2 of Exchange Agreement No. 20 of June 14, 2012, Exchange Agreement No. 14 of December 30, 2010, Exchange Agreement No. 15 of January 10, 2011, and article 5 of Exchange Agreement No. 12 of July 15, 2010, are **repealed**.

An Official Notice issued by the VCB was published in the Official Gazette of February 13, 2013. Said notice informs the institutions authorized to process transactions of purchase and sale in Bolívars, in the secondary market, of securities denominated in foreign currency, according to Article No. 5 of Resolution 11-11-02 of November 3, 2011, which determines the General Rules of the System of Transactions with Securities in Foreign Currency (*Sistema de Transacciones con Títulos en Moneda Extranjera* – SITME), as well as the general public, that after February 9, 2013, **no offers for sale of securities will be processed and no securities purchase orders will be awarded through the SITME of the VCB**. The Official Notice establishes that the Authorized Institutions must continue with the pertinent operative processes for clearing the balances of the securities negotiated in foreign currency, according to the instructions of the ordering client, by reason of the bids for purchase of securities assigned through the SITME up to February 8, 2013.

The VCB issued Resolution No. 13-02-01, whereby it established that without prejudice to the provisions of VCB's Resolution No. 12-09-01, dated September 4, 2012, the **natural persons** of legal age, residing in the national territory and the **legal persons** domiciled in the country **may hold funds in foreign currency** in call deposit accounts or time deposit accounts with universal banks, deriving from transfers ordered from abroad. The **funds** derived from the clearing of transactions assigned until February 8, 2013, through the SITME, **may remain in said accounts** in the conditions established in the Resolution. The Resolution repeals the Sole Paragraph of article 2 and articles 8 and 10 of Resolution No. 12-09-01 of

September 4, 2012; it became effective on February 13, date on which it was published in the Official Gazette.

Resolution No. 018-13, issued by the VCB was published in the Official Gazette of February 27. Said Resolution issues the rules relating to the application and recording of the net benefits due to the entry into force of Exchange Agreement No. 14 dated February 8, 2013. The Resolution establishes that the **balance of the net benefits** generated at the Bank Institutions because of the application of Agreement No. 14 **must be recorded**, for the closing of the financial statements corresponding to February 2013, in account 352.00 "gain or loss due to exchange fluctuations for having assets and liabilities in foreign currency". The Resolution **repeals** all circular letters and resolutions issued by the Superintendency of the Institutions of the Banking Sector ("SUDEBAN") that contravene its provisions. The Resolution became effective upon its publication in the Official Gazette.

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Extension for Requirement of Single Guide

A Resolution of the Ministry of the People's Power for Nourishment was published in the Official Gazette of February 4, 2013. The Resolution **extends for forty-five (45) business days** the period of time established in order for the military authorities to refrain from requiring the "**Single Guide** for Transportation, Monitoring, and Control of Medicines and other pharmaceutical products". This period of time is established in article 16 of the Joint Resolution of the Ministries of the People's Power for Health, for Commerce, for Science, Technology, and Innovation, and for Nourishment, dated July 25, 2012, whereby the Integral System of Control of Medicines (*Sistema Integral de Control de Medicamentos* – "SICM") and the Single Guide for Transportation, Monitoring, and

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Control of Medicines and other pharmaceutical products intended for commercialization and distribution in all the national territory were implemented. The Resolution became effective on February 5, 2013.

Authorization for Free Sale of Products

Resolution No. 022 was issued by the Ministry of the People's Power for Health. Said Resolution **authorized the free sale and consumption** in the national territory of the **food and beverages** therein listed with their respective health registry number. The Resolution became effective on February 28, date on which it was published in the Official Gazette.

Prohibition against disposal of scrap

A Joint Resolution of the Ministries of the People's Power for the Environment and for Housing and Habitat was published in the Official Gazette of February 28. Said resolution **prohibits the disposal of scrap and debris** in areas not set up to that end. The persons who fail to comply with said Resolution will be **penalized** with the detention of the transportation units used for said activity. The Resolution became effective upon its publication in the Official Gazette.

Caracas, March 22, 2013.

NOTE: THIS NEWSLETTER SHOULD NOT BE CONSTRUED AS LEGAL ADVICE ON ANY SPECIFIC MATTER AND ITS CONTENT 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.