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TEHAR

Caracas

Edificio Atlantic, Piso 6,
Avenida Andrés Bello,
Los Palos Grandes.

Maracaibo

Unicentro Virginia, Piso 2,
Local
2-12. Avenida 3C con
esquina calle 67, Sector La
Lago.

Valencia

Torre Movilnet, Piso 7,
Oficina
No. 3. Avenida Paseo
Cabriales.

Puerto la Cruz

Torre Banco Venezolano
de Crédito (BVC), Piso 6,
Oficina 6-J, Avenida
Intercomunal,
Sector Las Garzas.

Maturín

Centro Comercial
Petroriente (CCP), Nivel
Oficinas 1,
Oficina 01-N, Ala Norte
Pasillo Amarillo,
Avenida Alirio Ugarte
Pelayo.

Introduction

After a mass black out affecting 18 of the 24 states of the country occurred last Thursday, news about the implementation of energy savings measures, rationing plans, and power cuts have spread again, leading us to recall the energy crisis that Venezuela faced in year 2010.

Energy

The resolution of the Ministry of the Popular Power for Petroleum that delimits a geographical area of 465.80 square kilometers, called Cardón Bloque IV, Sub Bloque Este, located in the Gulf of Venezuela, for PDVSA Petróleo, S.A. was published in the Official Gazette of March 25, 2011. PDVSA Petróleo, S.A. will exercise in said area the activities of exploration and exploitation of non-associated gas reservoirs.

Reportedly, the agreement on fuel supply to Colombia was revived, which consists in the shipment of up to 19 million liters of gasoline and diesel per month from Venezuela to Colombia. This represents an average of 3 thousand barrels per day.

PDVSA, through its affiliate, Corporación Venezolana del Petróleo (CVP), executed a contract for incorporating and administering the Oil Mixed Company Venangocupet, jointly with Angola (through the company Sonangol Pesquisa & Producao, S.A.) and Cuba (represented by Comercial Cupet S.A.).

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Banking and Insurance

The Venezuelan Central Bank published the “Credit and Debit Card Comparison Study” corresponding to January 2011 in the Official Gazette of March 1, 2011.

A resolution of the Superintendency of the Banking Sector Institutions that modified the Accounting Manual for Banks, Other Financial Institutions, and

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Savings and Loan Associations was also published in said Official Gazette of March 1, 2011. Said modification became effective upon its publication in the Official Gazette.

Decree No. 8.079 of the Presidency of the Republic was published in the Official Gazette of March 2, 2011. It contains the Partial Amendment to the Law of Banking Sector Institutions, enacted on December 28, 2010. This amendment includes some criminal penalties for natural persons who commit fraud or other unlawful acts established in the law.

The following Resolutions were published in the Official Gazette of March 2, 2011: (i) Joint Resolution of the Ministries of the Popular Power for Planning and Finances and for Agriculture and Lands that established the special terms and conditions to be applied by the entities of the public and private banking sector for restructuring and remitting debts, and the procedure and requirements for the presentation and notification of answer to requests for restructuring and remission of agricultural debts, thus complying with the Decree with the Status, Value and Force of Law on Attention to the Agricultural Sector, and (ii) Resolution of the Ministry for Agriculture and Lands that establishes the monthly minimum percentages and the conditions applicable to the mandatory agricultural portfolio for fiscal year 2011. This year, financial institutions must increase by at least 30% the number of beneficiaries of agricultural credits in relation to year 2010. Also, the minimum limit of portfolio that the banking sector will have to use for financing the agricultural portfolio was increased from 20% to 25%, which is to be completed within a period of six months from February to August. The banks that may not meet the minimum percentages of agricultural financing may, by means of agreements, place the relevant resources with the public banking sector, allocate them to the Socialist Agrarian Development Fund (*Fondo de Desarrollo Agrario Socialista - FONDAS*), or contribute them to the Corporation of Reciprocal Guarantees for the Agriculture and Livestock Sector (*Sociedad de Garantías Recíprocas para el Sector Agropecuario - SOGARSA*).

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The Superintendency of the Banking Sector Institutions issued the rules that establish the guidelines and requirements to be filed by the shareholders' meetings of Bank Institutions, Exchange Agencies, and Border Exchange Operators. Said rules were published in the Official Gazette of March 3, 2011, and they ratify Shareholders' Meetings as the highest authority of the regulated institutions.

Through Official Notice published in the Official Gazette of March 10, 2011, the Venezuelan Central Bank established the interest rates for the calculation of the indemnity for seniority (17.85% and 16.37%),

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the interest rate for the acquisition of vehicles under the “balloon payment” method (17.85%), the interest rates for transactions with credit cards (17% and 29%); and the interest rates for credit transactions intended for the tourism sector (13%).

The Rules Relating to the Protection of Users of Financial Services, issued by the Ministry of the Popular Power for Planning and Finances, were published in the Official Gazette of March 16, 2011. Said rules prescribe limitations on contractual clauses, as well as basic guidelines for attention to the clients and provision of banking services. Failure to comply with said rules may give rise to administrative penalties. They specifically establish a prohibition against clauses that i) empower the Banking Institution to unilaterally modify the contract or rescind the same; ii) establish the payment of or increase in commissions for benefits not provided, services not requested or not expressly accepted by the user, and iii) totally or partially exclude the Banking Institution’s liability for damages. The role of Defender of Banks’ Clients and Users is created and the following restrictions on account transactions are established: i) establishment of minimum amounts for opening and maintaining savings accounts; ii) disabling accounts for absence of transactions, deposits or withdrawals; iii) making deductions from payroll, pension and retirement accounts, without the express authorization of the holder; and iv) making deductions for services not expressly requested by the user.

A resolution issued by the Superintendency of Banks and Other Financial Institutions was published on March 18, 2011. Said Resolution refers to Resolution No. 227.101 of May 6, 2010, relating to the date of half-yearly submission of the consolidated or combined financial statements according to the VEN-FRS, as complementary information. According to this resolution, the submission of the consolidated or combined financial statements with their notes and the external auditors’ report, corresponding to the half-yearly closing, prepared as complementary information according to the VEN-FRS, is deferred to the date to be indicated by said Superintendency. However, the institutions that by the date of issue of the resolution have prepared their combined or consolidated financial statements according to the VEN-FRS, as complementary information at the closing of the semester ending December 31, 2010, may submit them without prejudice to the aforesaid deferral.

The Rules Relating to the Time at which the Technical Reserves will be Created and Maintained were published in the Official Gazette of March 30, 2011, as well as the manner in which Insurance and Reinsurance Companies must report it to the Superintendency of the Insurance Activity and the terms under which such reporting will be made.

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The Administrative Ruling that contains the Set of Rules for paying and distributing the contributions established in the Organic Law on Drugs (OLD) and the Organic Law against Unlawful Traffic and Consumption of Narcotics and Psychotropic Substances (OLUTCN) was published on March 28, 2011. Said Ruling states that the OLD will be applicable to the fiscal years that began after September 15, 2010. The provisions of the OLUTCN and of the Organic Tax Code will be applicable to the other cases. Said contributions will be paid by the legal persons that have at least 50 workers and the calculation of the same will be based on the operating profits of the fiscal year.

Through Administrative Ruling No. 0013, published in Official Gazette of March 23, 2011, the Venezuelan Central Bank fixed at 19.90% the weighted average interest rate for loans of the 6 principal commercial and universal banks in the country with the largest volume of deposits, for February 2011, which is to be increased 1.2 times for the calculation of late payment interest. The rate for March 2011 was fixed at 19.88 % as per Ruling published in the Official Gazette of April 11.

Telecommunications

The National Telecommunications Commission (CONATEL), through an Administrative Ruling published in Official Gazette of March 11, 2011, issued the list of brands and models of telecommunications equipment and apparatuses approved during year 2010.

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Miscellaneous

The Resolution on Smoke-Free Environment issued by the Ministry of the Popular Power for Health was published again in the Official Gazette of March 2, 2011. This Resolution prohibits smoking in the inside areas of public places and work places, and in hallways, elevators, stairs, lobbies, cafeterias, restrooms, halls, dining halls, and appurtenances. This Resolution establishes that the owners or managers of the places where smoking is prohibited must place a notice with the following text: "This is a 100% Smoke-Free Environment as per Resolution of the Ministry of the Popular Power for Health." The dimensions of

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the notice must be 80 cm width and 50 cm length and the notice must include the international no-smoking symbol. Said Resolution will become effective on May 31, 2011.

A Joint Resolution of the Ministries of the Popular Power for Planning and Finances, for Commerce, for Basic Industries and Mining, for Agriculture and Lands, for Health, for Energy and Petroleum, for Science, Technology, and Intermediate Goods Industries, for Food, for Electric Energy, for Transportation and Communications, and for Housing and Habitat was published in the Official Gazette of March 9, 2011. Said Resolution declares that the entities of the

National Public Administration that perform operations of exportation and importation of goods will not be subject to the obtainment and presentation of Import Licenses, Certificates of Insufficiency or Certificates of No National Production, and other documents prescribed in the customs legislation. Said Resolution will be in effect for a period of 12 months after its publication in the Official Gazette.

Through a Joint Resolution of the Ministries of the Popular Power for Planning and Finances, for Commerce, for Agriculture and Lands, and for Science, Technology, and Intermediate Goods Industries, published in Official Gazette of March 21, 2011, an adjustment was made to the Maximum Price for Sale to the Public (PMVP) of salty wheat bread sold at bakeries (Bs. 5.52) and pasta made with mixed wheat (Bs. 5.52).

Through Decision No. 114 of February 25, 2011, published in the Official Gazette of March 25, 2011, the Constitutional Chamber of the Supreme Tribunal of Justice imposed on the Courts of the Republic the obligation to stay all cases involving private companies transferred to the State or in which the State has a significant interest if the General Attorney's Office of the Republic has not been notified for purposes of the continuation of the respective proceedings.

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Caracas, April 12, 2011.

NOTE: THIS NEWSLETTER 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.

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