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A joint Resolution of the Ministries of the Popular Power for Commerce and for Petroleum and Mining was published in Official Gazette of December 1, 2011. Said Resolution contains the Technical Regulations that will rule the minimum technical specifications for the materials, design, manufacture, and tests of the components of and accessories to the system of Natural Gas for Vehicles (GNV). The Resolution establishes that those who wish to import components and accessories that are part of the GNV system, either for their commercialization or for private use, must obtain the corresponding permits to be granted by the Ministry of the Popular Power for Petroleum and Mining. The National Autonomous Service of Standardization, Quality, Metrology and Technical Regulations (*Servicio Autónomo Nacional de Normalización, Calidad, Metrología y Reglamentaciones Técnicas* - SENCAMER) will supervise and control the application of the provisions of the said Regulations, which repeal mandatory COVENIN standard number 3227:1998. The Resolution became effective upon its publication in the Official Gazette.

The Partial Amendment to the Decree with the Status, Value, and Force of Organic Law that Reserves to the State the Activities of Exploration and Exploitation of Gold, as well as their Connected and Ancillary activities was published in Official Gazette, Extraordinary, of December 15, 2011. Through this amendment gold ore and gold mining areas are declared to be strategic for the Nation. As to the negotiations

with the Ministry of the Popular Power having competence over mining matters, it is established that a Commission will be designated to negotiate the matters relating to the incorporation of Mixed Companies with the holders of mining concessions and beneficiaries of gold exploration and exploitation contracts within 90 calendar days following the publication of the Amendment and with those authorized to perform small-mining activities within 180 calendar days following such publication.

Also, the article related to the termination of concessions and contracts for gold exploration and exploitation and authorizations to carry out small mining activities was amended; said concessions and contracts and authorizations will be terminated as a matter of law upon the elapsing of 90 and 180 calendar days, respectively, after the date of publication of the Decree. The aforesaid periods of time are applicable to the takeover of the property and control of the operations of the reserved activities by the Ministry of the Popular Power with competence over mining matters.

Finally, this Amendment changes the method of payment of the royalty, which may be demanded by the National Executive in kind or in cash, in whole or in part, and determines the competence of the Ministry of the Popular Power with competence over mining matters in order to audit, calculate, and collect the royalty and special advantages established in the Decree.

The Law on Rational and Efficient Use of Energy was published in Official Gazette of December 19, 2011. The purpose of this Law is

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to promote and provide guidance in the rational and efficient use of energy in the processes of production, generation, transformation, transportation, distribution, commercialization and end use of energy, in order to preserve natural resources and minimize environmental impact. The new Law is applicable in all of the National Territory to all national or foreign, public or private, natural and legal persons connected with the aforementioned processes. It establishes that the Ministry having competence over energy matters may conduct inspections in order to determine the degree of application of and compliance with the purposes and goals established in the energy efficiency plans. Finally, the Law provides for the possibility of implementing mechanisms to encourage the rational use of energy, such as: i) tax exemptions for the importation of equipment with systems tending to energy efficiency; ii) educational, and economic incentives, as well as incentives consisting in the replacement of equipment for the users of different energy sources; and iii) recognitions to persons who develop energy efficiency projects, systems, processes or campaigns. Said Law became effective upon its publication in the Official Gazette.

The Standards for Construction, Modification, and Operation of Integral Modules, which Modules are defined as the minimum necessary infrastructure for the supply of fuel and lubricants in areas of difficult access, low population density, bordering areas, special regime zones, fishing communities, and national parks, among other special zones, were established through Resolution issued by the Ministry of the Popular Power for Petroleum and Mining, published in Official Gazette of December 28, 2011. The purpose of said Resolution is to establish the technical, operative,

and safety requirements to be observed and complied with in relation to the minimum conditions for the design, construction, modification, operation, safety, and maintenance of the Integral Modules. The Resolution became effective upon its publication in the Official Gazette.

Banking and Finance

Through Official Notice published in Official Gazette of December 9, 2011, the Venezuelan Central Bank established the interest rates for the calculation of the indemnity for seniority (16,35% and 15,43%); the interest rate for the acquisition of vehicles under the "balloon payment" method (16,35%); the interest rates for transactions with credit cards (29% and 17%); and the interest rates for credit transactions intended for the tourism sector (12%).

The Superintendence of Institutions of the Banking Sector and the National Securities Superintendence issued a Resolution whereby they resolve to "Regulate the acquisition of shares through Public Offering of Shares (*Oferta Pública de Acciones* - OPA), Takeover Bid (*Oferta Pública de Toma de Control* - OPTC) and Public Offering of Exchange (*Oferta Pública de Intercambio* - OPI)". The Resolution establishes that any transactions sought to be made by means of OPA, OPTC, and OPI through the stock market in order for an individual, legal person, economic group, or representative of any of them to acquire a stock percentage exceeding 10% of the stock holding of any person/entity under the protection of the Superintendence of the Institutions of the Banking Sector must be

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previously authorized by said Superintendence. Said Resolution was published in Official Gazette of December 12, 2011 and became effective on said date.

Through an Official Notice published in Official Gazette of December 13, 2011, the Venezuelan Central Bank ratified that the former group of bills and coins would circulate up to and including December 31, 2011. Therefore, as from January 1, 2012, the former coins and bills may no longer be used as legal currency. However, the exchange of the former bills and coins will continue to be made up to the time to be determined by the Board of Directors of the Venezuelan Central Bank. Then, as from January 1, 2012, those who still have in their possession bills and coins of the former group may exchange them at the offices of public or private banks.

A Resolution of the Superintendence of Institutions of the Banking Sector was published in Official Gazette of December 15, 2011. Said Resolution establishes the temporary measures of ‘Deferral of Expenses derived from the completion of Works of Real Estate Projects by Bank Institutions, which were expropriated, occupied and intervened by the Venezuelan State’. These measures are directed at the public and private Bank Institutions subject to the control of the Superintendence that granted mortgage credits to dwelling complex construction companies, whose real property has been subject to expropriation, occupation or intervention by the State, and which undertook the completion of said works as stated in the *Acta de Compromiso* issued by the Government of the Bolivarian Republic of Venezuela, the *Movimiento Contralor por la Vivienda y la Vida* (MOVIDA) and the Venezuelan Banking Association, dated May 6, 2011. According to the aforesaid Resolution, the Bank Institutions

that undertook the completion of said projects and have no source of repayment derived from the sale of the real property may defer within a period no shorter than ten (10) years and no longer than fifteen (15) years the expenses, charges or losses that the termination of said works may cause. However, for the purposes of such deferral, the Superintendence will previously evaluate each case individually.

Also, on the same date, another Resolution of the Superintendence of Institutions of the Banking Sector was published. Said Resolution refers to the instructions for the payment of the installment of the contribution to be paid by the institutions subject to the supervision of the Superintendence and by the banks governed by special laws. The Resolution establishes that the Superintendence will notify each contributing institution of the amount of the installment to be monthly paid, during the relevant semester. Said Resolution became effective on January 1 of this year and it repealed Resolution 131.11 of May 2, 2011.

The temporary measures for creation of reserves for credits or microcredits granted to natural or legal persons whose property was subject to expropriation, occupation or intervention by the Venezuelan State, issued by the Superintendence of Institutions of the Bank Sector, were published in Official Gazette of December 22, 2011. These rules establish that the Bank Institutions must exert their best efforts in order to recover/restructure the credits or microcredits granted. The Resolution became effective upon its publication in the Official Gazette.

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The National Integrated Service of Customs and Tax Administration ("SENIAT") issued Ruling N° SNAT/2011/0077, which establishes that the weighted average interest rate on loans of the 6 principal commercial and universal banks of the country with the highest volume of deposits, excluding the portfolios with prime rates, set by the Venezuelan Central Bank for November 2011 is 18.59%, which rate is to be increased 1.2 times for the calculation of late payment interest accrued during November 2011. The Ruling was published in Official Gazette of December 14, 2011.

The Schedule of Special Taxpayers and Withholding Agents for Obligations to be performed in Year 2012 was published in Official Gazette of December 15, 2011. This schedule is to be used as the basis for filing the special taxpayers' Value Added Tax (VAT) returns, Final and Estimate Income Tax (IT) returns, and returns of Tax on Gambling Games and Games of Chance; as well as for the delivery of the amounts withheld by IT and VAT Withholding Agents.

Labor

The Presidential Commission for the Creation and Drafting of the New Organic Labor Law was created through Presidential Decree published in Official Gazette of December 12, 2011.

Likewise, through Presidential Decree published in Official Gazette of December 26, 2011, the fire freeze that protects workers of the public and private sector was extended up to December 31, 2012. On our web page www.traviesoevans.com, there is a summary of the most significant aspects of said Decree.

Insurance and Reinsurance

A Ruling of the Superintendence of the Insurance Activity was published in Official Gazette of December 22, 2011. Said Ruling issues the Rules to Regulate the Alternative Methods of Dispute Resolution in the Insurance Activity. The aforesaid rules govern both the conciliatory proceeding and the arbitral proceeding. They will become effective upon the elapsing of 30 business days following their publication in the Official Gazette.

Consumer Protection

A Ruling of the National Superintendence of Costs and Prices was published in Official Gazette of December 13, 2011. Said Ruling extended up to December 30, 2011 the period of time allowed for the purposes of the registration with the National Registry of Prices of Goods and Services. For further information, please access www.travieso.evans.com.

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Through a Ruling of the *Servicio Nacional de Contrataciones* (SNC), the validity of the Certificates of Registration issued by the SNC expiring between January and February 2012 was extended up to February 28, 2012. This Ruling was published in Official Gazette of December 5, 2011 and became effective as from January 1, 2012.

The Temporary Instructions to rule the procedure of the National Registry of Four-Stroke Engine Motorcycles with engine displacement of up to two hundred and fifty cubic centimeters (250cc), issued by the National Institute of Ground Transportation (*Instituto Nacional de Transporte Terrestre* - INTT), was published in Official Gazette of December 7, 2011.

Given the heavy and recurring raining during the month of December, the state of emergency for the States of Falcón, Miranda, Vargas, Distrito Capital, Zulia, Mérida, Trujillo, and Nueva Esparta was extended for a period of ninety (90) days. Said extension was established through Presidential Decrees published in Official Gazette of December 8, 2011.

The Ministry of the Popular Power for Health issued a Resolution whereby it establishes the Regime of Charges to be Paid to the *Instituto Nacional de Higiene "Rafael Rangel"*, on account of evaluations and analyses for purposes of registration and control of products for human use and consumption. Said Resolution was published in Official Gazette of December 13, 2011 and became effective on the same date. It repealed Resolution SG-216-98 of June 18, 1998.

The Law of Amendment to the Law on Practice of Medicine was published in Official Gazette of December 19, 2011. This amendment repeals the Law on Practice of Medicine published in Official Gazette of August 23, 1982. Among the principal changes made there is the inclusion of Community Integral Physicians (*Médicos Integrales Comunitarios*) as professionals legally authorized to practice medicine, as well as the recognition of associations of physicians other than the Medical Associations.

The Organic Law against Racial Discrimination was published in Official Gazette of December 19, 2011, with the purpose of establishing mechanisms to prevent, attend to, eradicate, and penalize all forms of racial discrimination. The obligations prescribed in said Law include: (i) the mass media must include contents in their programs that are aimed at preventing and eradicating racial discrimination; (ii) employers must have means to make their workers sensitive to, and raise consciousness about, racial discrimination with the purpose of preventing it; (iii) commercial and recreational establishments, auditoriums, bars, restaurants, and establishments in general must exhibit in their premises a notice with the text of article 8 of the Law referred to every person's right to the protection of his/her honor, dignity, morals, and reputation, as well as to the prohibition against any act of racial discrimination. Also, the National Institute against Racial Discrimination (*Instituto Nacional contra la Discriminación Racial* - INCODIR) was created, which will be assigned to the Ministry of the Popular Power with competence over Internal Affairs and Justice. This Law became effective upon its publication in the Official Gazette.

Through Presidential Decree published in Official Gazette of December 26, 2011, a standing Presidential Commission was created. It

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is called: High Council for International Defense and Sovereignty of the Bolivarian Republic of Venezuela ("*Consejo Superior de Defensa Internacional y Soberanía de la República Bolivariana de Venezuela*"). The purpose of this Commission is to set the guidelines and strategies for planning, articulating, organizing, and coordinating the procedures to be followed by the State agencies and entities in order to defend the Republic before the several international levels of authority and agencies, specially in regard to arbitration proceedings, and to issue the strategic guidelines to achieve the greatest efficacy possible in the judicial and extrajudicial defense of the Republic's property, rights, and interests.

Also, the Presidential Decree that created the temporary Presidential Commission called: High Strategic Council for Expropriation Matters ("*Consejo Superior Estratégico en Materia de Expropiaciones*") was published in said Official Gazette of December 26. The purpose of such Commission is to establish the guidelines and strategies for planning, articulating, organizing, and coordinating the efficacious and efficient exercise of the expropriating power by the State agencies and entities, in a frame of respect and guarantee of the constitutional rights of the natural or legal persons that may be affected by such measures. The powers of this Commission include, among others, to make recommendations to the National Executive to decree the expropriation of property, establish the guidelines to determine the fair price, create a database with all expropriation procedures, and recommend to the President of the Republic the amendment to the rules on expropriation.

The new base prices of cement sacks and the corresponding range of prices for the end sale of

the same were adjusted through a Resolution of the Ministry of the Popular Power for Industries published in Official Gazette of December 27, 2011.

A joint Resolution of the Ministries of the Popular Power for Commerce, for Industries, and for Internal Affairs and Justice was published in Official Gazette of December 27, 2011. Said Resolution contains the Technical Regulations that establish the procedures and methodology for the assignment, conformation, and suspension of the Vehicle Identification Number (*Número de Identificación Vehicular* - NIV) and the requirements to be met by it. Said Resolution prescribes that the NIV must be incorporated into all motor vehicles, incomplete vehicles, trailers and semi-trailers assembled or manufactured in the national territory or imported into the Bolivarian Republic of Venezuela. This Resolution became effective upon its publication in the Official Gazette. Among other things, it prescribes that in the case of vehicles manufactured or assembled in the country, the NIV must be placed before the vehicle leaves the manufacturing or assembling plant and in the case of imported vehicles, it must be placed in the country of origin.

A Ruling issued by the National Telecommunications Commission (CONATEL) was published in Official Gazette of December 30, 2011. Said Ruling determines the portions of the radio spectrum mentioned in the same that are available and will be subject to a procedure of public offering, at the time set by CONATEL. The availability of these portions may be partial because some parts of some of them may be assigned to telecommunications operators or may be assigned in a part of the national geographic space. This Ruling repeals Ruling N° 1.156 of

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Caracas, January 189 2012.

*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.