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VENEZUELA - LEGAL AND ECONOMIC NEWSLETTER

JULY 2019

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Banking and Finance

The Venezuelan Central Bank (VCB) established the interest rates applicable to the obligations derived from employment relationships (28.82% and 26.41%), to transactions with credit cards (40% and 17%), and to credit transactions intended for the tourism sector (15%). (Official Gazette of 07/09/2019. Official Notice. Entry into force: Upon publication in the Official Gazette).

Tax

The Constitutional Law that Creates the Tax on Large Patrimonies, issued by the Constituent National Assembly, was published in Official Gazette No. 41.667 of 07/03/2019. The tax will be imposed on the net worth of special taxpayers with a patrimony equal to or higher than 36 million Tax Units (T.U.) for natural persons and 100 million T.U. for legal persons. The natural and legal persons will be under the obligation to pay the tax for the portion of the patrimony exceeding the aforesaid amounts. In our web page you will find a summary of said Law.

The National Integrated Service of Customs and Tax Administration (*Servicio Nacional Integrado de Administración Aduanera y Tributaria* - SENIAT) established the rate applicable to the calculation of late payment interest accrued during May 2019. It was established 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 May 2019 is 35.49% which rate is to be increased 1.2 times for the calculation of late payment interest accrued during May 2019. (Official Gazette of 07/12/2019. Administrative Ruling No. SNAT/2019/00169).

A Decree issued by the President of the Republic, established an exemption from Income Tax for the net income from Venezuelan source deriving from the primary exploitation of agricultural activities, in the vegetable, livestock, forest, fishery, and aquaculture sub-sectors of the persons who are registered as beneficiaries at the Office of Statistics and Economic, Customs, and Tax Studies (*Oficina de Estadística y Estudios Económicos Aduaneros y Tributarios*) of the National Integrated Service of Customs and Tax Administration (*Servicio Nacional Integrado de Administración Aduanera y Tributaria* - SENIAT). (Official Gazette of 07/19/2019. Decree No. 3.920. Effectiveness: From 01/01/2019 to 12/31/2023).

Labor

The Constitutional Chamber of the Supreme Tribunal of Justice issued a decision that interprets the sense and scope of article 95 of the National Constitution and establishes the interpretation of the Constitutional Chamber of articles 387, numbers 1 and 7, and 426, number 5, of the Organic Law on Labor and Workers. It also established, among others, the limits of the constitutional protection of trade union rights in contrast to its not absolute character versus the



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general interest. (Official Gazette of 07/26//2019. Decision No. 0170).

Miscellaneous

The Constitutional Chamber of the Supreme Tribunal of Justice issued a decision that modifies the jurisprudential criterion established in Decision No. 245 of 04/09/2014 (case: *Salas & Agentes Aduaneros Asociados, C.A. y otros versus Vicencio Scarano Spisso*). Said Decision establishes, with a binding character, that the complaints for breach or contempt of orders derived from actions for protection of constitutional rights issued by any court of the Republic have to be previously heard by said Constitutional Chamber. Therefore, the original file must be immediately forwarded to it, in order for the Constitutional Chamber, within a non-renewable period of sixty (60) calendar days, to pronounce on the feasibility of the complaint, through a brief decision, in terms of likelihood and not of full certitude, so that the grounds of the such complaint may be controlled, prima facie. (Official Gazette of 07/03/2019. Decision No. 0145).

The Ministry of the Popular Power for Health established the guidelines for the total prohibition

against advertisement, promotion and sponsorship, and regulation of the sale of tobacco products in the national territory. (Official Gazette of 07/19/2019. Resolution No. 071. Entry into force: Upon the elapsing of 60 calendar days after its publication in the Official Gazette).

The Comptroller General's Office of the Republic resolved to extend from 08/01/2019 to 08/31/2019 the period of time for filing the updated sworn declaration of property owned (*declaración jurada de patrimonio*) required to the highest authorities and officers that hold top and managerial positions at the agencies and entities indicated in numbers 1 through 11 of article 9 of the Organic Law of the Comptroller General's Office of the Republic and of the National System of Fiscal Control and established in Resolution No. 01-00-000160 of 02/23/2016, published in Official Gazette of 05/17/2016. The extension is valid solely and exclusively for this fiscal period. (Official Gazette of 07/30/2019. Resolution No. 01-00-000420. Entry into force: Upon publication in the Official Gazette).

Caracas, August 23, 2019.

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.



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