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## VENEZUELA - LEGAL AND ECONOMIC NEWSLETTER OCTOBER - NOVEMBER 2019

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**A** Decree issued by the President of the Republic extended for sixty (60) days the period of time established in Decree No. 3.980 of 09/07/2019, published in Official Gazette No. 6.478 Extraordinary of the same date, which declared the State of Emergency (including Economic Emergency) in all of the national territory. (Official Gazette No. 6.487 Extraordinary of 11/06/2019. Decree No. 4.019. Entry into force: Upon publication in the Official Gazette).

### Banking and Finance

**T**he Venezuelan Central Bank (VCB) established the interest rates applicable to transactions with credit cards (40.00% and 17.00% - October and November 2019), to credit transactions intended for the tourism sector (15.00% - October and November 2019) and to the obligations derived from employment relationships (30.67% and 27.33% - October 2019; 27.95% and 25.97% - November 2019). (Official Gazette of 10/04/2019, 10/09/2019, 11/11/2019, and 11/12/2019. Official Notices. Entry into force: Upon publication in the Official Gazette).

A Resolution of the VCB established that as from the entry into force of said Resolution, the commercial credits in national currency granted by the bank institutions will be expressed solely through the *Unidad de Valor de Crédito Comercial* (UVCC) (Commercial Credit Value Unit). Excluded from the application of said Resolution are: (i) credit transactions related to credit cards, (ii) microcredits, (iii) payroll credits granted to natural persons, (iv) loans to employees and

directors of bank entities, and (v) financing regulated by special laws. (Official Gazette of 10/21/2019. Resolution 19-09-01. Entry into force: On the second business day following its publication in the Official Gazette).

The VCB resolved that it may automatically make transactions of sale of foreign currency with universal and microfinancial banks governed by the Law of Institutions of the Banking Sector and by special laws, by means of the debit from the single account held by the respective bank institutions with the VCB. Resolution No. 19-05-03, published in Official Gazette of 05/24/2019, is repealed. (Official Gazette of 10/21/2019. Resolution No. 19-09-03. Entry into force: Upon publication in the Official Gazette).

Through an Official Notice, the VCB informed that as from the second business day following the publication of said Official Notice in the Official Gazette, the maximum limit of the flat commission that the bank institutions may charge by reason of the credits granted under Resolution No. 19-09-01 of 09/05/2019 will be of up to zero point fifty percent (0.50%) of the amount of the credit. (Official Gazette of 10/21/2019. Official Notice).

The VCB resolved that the interest rate for loans to which articles 128, 130, 142 y 143 of the Organic Law of Labor and Workers refer will be determined by the VCB taking the six (6) principal banks of the country as a reference, excluding the interest rate for loans to which article 3 of Resolution 19-09-01 of 09/05/2019 refers. The average rate between the interest rate for loans and



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the interest rate for borrowings referred to in article 143 of said Law will be determined by the VCB, excluding the interest rate for loans referred to in the aforementioned article 3. (Official Gazette of 10/21/2019. Resolution No. 19-09-04. Resolution No. 12-05-01, published in Official Gazette of 05/11/2012, is repealed. Entry into force: Upon publication in the Official Gazette).

The VCB issued the Rules that will govern the Formation of the Legal Reserve. (Official Gazette of 10/21/2019. Resolution No. 19-09-02. It repeals Resolution No. 19-04-02 published in Official Gazette of 04/25/2019. Entry into force: Upon publication in the Official Gazette).

A Decree issued by the President of the Republic, imposed on natural and public and private legal persons the obligation to record the information and economic events in the accounting in Sovereign Cryptoassets (*Criptoactivos Soberanos*), without prejudice to the recording of the same in bolivars, as appropriate. The National Superintendence of Cryptoassets and Connected Activities (*Superintendencia Nacional de Criptoactivos y Actividades Conexas - SUNACRIP*) will issue the applicable rules in a period of 60 days after the entry into force of the Decree. (Official Gazette of 11/19/2019. Decree No. 4.025. Entry into force: Upon publication in the Official Gazette).

## Energy and Petroleum

The Ministry of the Popular Power for Petroleum resolved that: 1. The price of the fuel for private aircraft, with the national flag and on domestic routes, will be paid to PDVSA at international price and collection will be made in Bolivars at the daily rate of exchange fixed by the VCB or its equivalent value in

cryptoassets or cryptocurrency. 2. The price of the fuel for private aircraft, with national flag and on international routes, will be paid to PDVSA at international price and collection will be made in foreign currency, cryptoassets, cryptocurrency or bolivars, at the daily rate of exchange fixed by the VCB. 3. The price of the fuel for private aircraft, with international flag and on national or international routes, will be paid to PDVSA at international price and the collection will be made in foreign currency or its equivalent value in cryptoassets or cryptocurrency (Official Gazette of 11/12/2019. Resolution No. 106. Entry into force: Upon publication in the Official Gazette).

## Tax

The Ministry of the Popular Power for Planning and the Ministry of the Popular Power for Economy and Finance fixed at Bs. 5,000.00 the Unit for Arithmetical Calculation of the Maximum and Minimum Threshold (*Unidad para el Cálculo Aritmético del Umbral Máximo y Mínimo - UCAU*). The value of the UCAU may be periodically updated. (Official Gazette of 10/22/2019. Joint Resolution No. 012/2019 and No. 756/2019. Entry into force: Upon publication in the Official Gazette).

According to a Presidential Decree, the net taxable income of territorial source obtained by the Cooperatives organized under the provisions of the Decree with the Force of Special Law of Cooperatives was exempted from Income Tax. (Official Gazette of 10/24/2019. Decree No. 4.015. Entry into force: Upon publication in the Official Gazette).





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**Labor**

**A** Presidential Decree increased the mandatory minimum monthly salary in all of the national territory. The minimum salary was established as follows: Bs. 150,000.00 per month for workers of the private sector and the public sector and Bs. 112,500.00 per month for adolescents and apprentices. Also, a Presidential Decree fixed the amount of the monthly Socialist *Cestaticket* for the workers of the private sector and the public sector at the amount of Bs. 150,000.00 per month. (Official Gazette No. 6.484 Extraordinary of 10/11/2019. Presidential Decrees Nos. 3.997 and 3.998. Entry into force: 10/01/2019).

**Telecommunications**

**T**he Ministry of the Popular Power for Communication and Information established the maximum rates for the basic telephony services provided by the *Compañía Anónima Nacional Teléfonos de Venezuela* (CANTV) to residential and non-residential users. (Official Gazette of 10/29/2019. Resolution No. 022. Entry into force: Upon publication in the Official Gazette).

**Miscellaneous**

**T**he Ministry of the Popular Power for Mining Ecological Development corrected, due to an error in the form, Resolution No. 0007 of 08/28/2019, published in Official Gazette of 09/11/2019, which created on a permanent basis a Ministerial Board of the Ministry of the Popular Power for Mining Ecological Development, with the purpose of

executing, controlling, safeguarding, defining, and performing actions and plans between the Ministry and the other actors involved in mining matters. (Official Gazette of 10/14/2019. Official Notice).

The Ministry of the Popular Power for Internal Affairs, Justice, and Peace issued a Resolution with the purpose of establishing the mandatory dissemination of the single number of the integrated system of coordination for emergency attention “911” or Single Emergency Number (*Número Único de Emergencias*) “911”, through the display or placement of the same in all public and private establishments, commercial premises, educational, recreational, and sport institutions, work entities, public transportation units, and in any other place in which people circulate. The Resolution will be obligatorily applied in all of the national territory. A period of ninety (90) calendar days, after publication of the Resolution in the Official Gazette, is allowed for complying with the same. (Official Gazette of 10/15/2019. Resolution No. 169. It repeals Resolution No. 146 published in Official Gazette of 09/06/2019. Entry into force: Upon publication of the same in the Official Gazette).

The National Institute of Ground Transportation (*Instituto Nacional de Transporte Terrestre - INTT*) extended for one (1) year Administrative Ruling No. 028/2018, published in Official Gazette of 08/28/2018 (already extended as per Administrative Ruling published in Official Gazette of 06/28/2019), which established on a temporary basis the special procedure for carrying out the registration with the Registry of the Ground Transportation National System, solely in the cases in which the owners of the motor vehicles do not meet all the requirements prescribed in the Law of Transportation and its Regulations in order to





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evidence in an authentic manner the ownership of the vehicle before the INTT. Said extension will be valid from 10/30/2019 up to and including 10/30/2020. (Official Gazette of 10/22/2019. Administrative Ruling No. 027-2019. Entry into force: Upon publication in the Official Gazette).

The National Securities Superintendence issued the Rules on the Establishment and Operation of Produce Exchanges. The Rules relating to the establishment of Produce Exchanges issued through Resolution No. 439-98, published in Official Gazette of 11/17/1998, are repealed. (Official Gazette of 10/22/2019. Ruling No. 094. Entry into force: Upon publication in the Official Gazette).

The National Securities Superintendence issued the Rules on the Offer, Placement, and Publication of the Issue of Securities. The Rules are directed to the legal persons that seek to make a public offer of stock and other securities. (Official Gazette of 10/24/2019. Ruling No. 095. Entry into force: Upon publication in the Official Gazette).

The Ministry of the Popular Power for Productive Agriculture and Lands issued an Administrative Ruling that establishes the phytosanitary rules, measures, and procedures for the adaptation and operation of plant nurseries, plant shops, and protected environments in Venezuela, in order to reduce the risk of introduction or dissemination of plagues in the national ambit. (Official Gazette of 11/06/2019. Administrative Ruling INSAI No. 06/2019. Entry into force: Upon publication in the Official Gazette).

The Ministry of the Popular Power for Ecological Mining Development determined the geographical area in which the Corporación Venezolana de Minería S.A. (CVM) will carry out the activities prescribed in the Decree with the Status, Value, and Force of Organic Law that Reserves to the State the Activities of Exploration and Exploitation of Gold and other Strategic Minerals. (Official Gazette of 11/11/2019. Resolution No. 0014. Entry into force: Upon publication in the Official Gazette).

The Specialized Service for Administration and Transfer of Frozen or Seized, Attached and Confiscated Property issued the Rules that Regulate the Procedures for the Administration and Transfer of Property Frozen or Seized, Attached and Confiscated in relation to the crimes defined in the Organic Law against Organized Crime and Terrorism Financing and the Rules that Regulate the Use and Disposition of Foreign Currency Attached and Confiscated in relation to the Organic Law against Organized Crime and Terrorism Financing. (Official Gazette of 11/14/2019. Administrative Rulings Nos. SEB-ONCDOFT-001-2019 and SEB-ONCDOFT-002-2019. Entry into force: Upon publication in the Official Gazette).

The Ministry of the Popular Power for Ecosocialism established the rules on design, issue, use, and exchange of electronic guides for circulation of forest products derived from forest utilization authorized by said Ministry. (Official Gazette of 11/21/2019. Resolution No. 1548. Resolution No. 1.349 published in Official Gazette of 09/19/2019 is repealed. Entry into force: Upon publication in the Official Gazette).

Caracas, December 26, 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

