



NEWSLETTER

DECEMBER 2019

JANUARY 2020

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A Presidential Decree declared the State of Emergency (including Economic Emergency) in all of the national territory. (Official Gazette No. 6.501 Extraordinary of 01/05/2020. Decree No. 4.090. Entry into force: Upon publication in the Official Gazette).

ENERGY AND PETROLEUM

The Ministry of the Popular Power for Petroleum issued a Resolution that will govern the prices of the royalty corresponding to the Republic for the extraction of liquid hydrocarbons by the companies that perform primary activities in the country, as well as the participation of the Republic in the coke and sulphur obtained from crude oil during the upgrading or refining process. All prior agreements relating to the prices of the royalties corresponding to the Republic for the production of hydrocarbons and for the participation in coke and sulphur are repealed, to the extent that they conflict with the Resolution (Official Gazette of 12/19/2019. Resolution No. 119. It repeals Resolution No. 003 of 01/08/2007 published in Official Gazette of 01/11/2007. Entry into force: Upon publication in the Official Gazette).

The Ministry of the Popular Power for Petroleum resolved to delimit the geographical area in which the Mixed Company Petrosur, S.A. will perform the primary activities prescribed in the Organic Hydrocarbons Law, after the National Executive transfers to it the right to the exercise of the same. (Official Gazette of 01/20/2020. Resolution No. 007. Entry into force: On the date of publication in the Official Gazette).



BANKING AND FINANCE

The Venezuelan Central Bank (VCB) established the interest rates applicable to transactions with credit cards (40.00% and 17.00% - December 2019, January 2020), to credit transactions intended for the tourism sector (15.00% - December 2019, January 2020) and to the obligations derived from employment relationships (37.06% and 30.53% - November 2019 and 35.85% and 29.92% - December 2019). (Official Gazette of 12/06/2019, 12/13/2019 and 01/10/2020. Official Notices. Entry into force: Upon publication in the Official Gazette).

Through an Official Notice, the VCB informed the bank institutions, currency exchange offices, and nonbanking providers of point-of-sale terminals about the maximum limits of the commissions, rates, and/or surcharges that they may charge for the operations and activities indicated in said Official Notice. Said Notice substitutes for the one issued by the VCB on 02/28/2019, published in Official Gazette of 03/14/2019. (Official Gazette of 12/19/2019. Official Notice. Entry into force: As from the fifth (5th) business day following its publication in the Official Gazette).

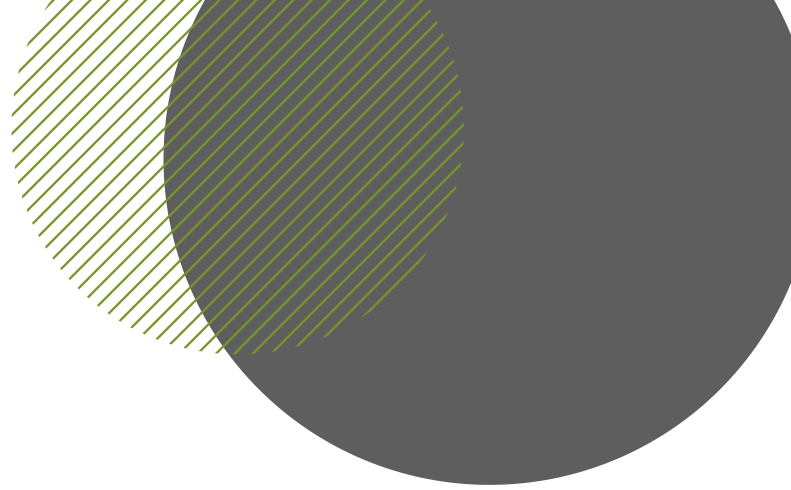
The National Superintendence of Cryptoassets and Connected Activities (Superintendencia Nacional de Criptoactivos y Actividades Conexas - SUNACRIP) issued a Ruling that Regulates the Recording in the Accounts of Economic Events and Transactions Stated in Cryptoassets. Said Ruling established the parameters for presentation of financial information, restatement of accounting records of economic events and transactions in Cryptoassets.



It will be applicable to the public and private, natural and legal persons that are under the obligation to keep accounting records in the territory of the Bolivarian Republic of Venezuela. Said natural and legal persons must comply with the dual presentation of the accounting, which has to be stated in both Sovereign Cryptoassets and legal currency, that is, Bolívares Soberanos. (Official Gazette of 12/26/2019. Ruling No. 098.2019. Entry into force: Upon publication in the Official Gazette).



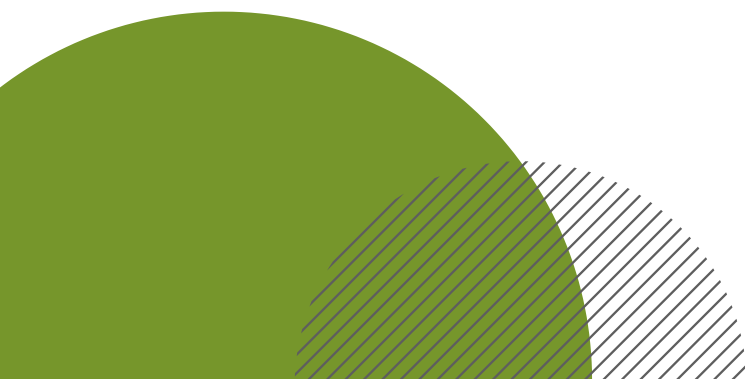
A Decree issued by the Presidency of the Republic established that as from the publication of said Decree in the Official Gazette, the deconcentrated services and functionally decentralized entities of the Bolivarian Republic of Venezuela, with or without entrepreneurial purposes, that are creditors of payments in foreign currency on account of fees, contributions, rates, commissions, surcharges, and public prices will proceed to determine and charge such monetary obligations in Sovereign Cryptoassets Petro (PTR). Likewise, it was established that the deconcentrated services and functionally decentralized entities of the Bolivarian Republic of Venezuela, with or without entrepreneurial purposes, that sell goods and services abroad must charge at least 15% of the relevant price exclusively in Sovereign Cryptoassets Petro (PTR). (Official Gazette No. 6.504 Extraordinary of 01/14/2020. Decree No. 4.096. Entry into force: Upon publication in the Official Gazette).




TAX

A Decree issued by the President of the Republic fixed the general tax rate of the Value Added Tax at 16%. (Official Gazette of 12/26/2019. Decree No. 4.079. Entry into force: As from January 1, 2020).

The National Integrated Service of Customs and Tax Administration (Servicio Nacional Integrado de Administración Aduanera y Tributaria – SENIAT) established the Schedule of Special Taxpayers and Withholding Agents for the obligations to be performed for year 2020. (Official Gazette of 12/26/2019. Administrative Ruling No. SNAT/2019/00339. Entry into force: Upon publication in the Official Gazette).





The SENIAT established the Schedule of Taxpayers not Categorized as Special Taxpayers for activities of games of chance to be complied with in year 2020. (Official Gazette of 12/26/2019. Administrative Ruling No. SNAT/2019/00340. Entry into force: Upon publication in the Official Gazette).

The SENIAT established the rate applicable to the calculation of late payment interest accrued during October 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 October 2019 is 35.61%. which rate is to be increased 1.2 times for the calculation of late payment interest accrued during October 2019. (Official Gazette of 01/17/2020. Administrative Ruling No. SNAT/2020/00001).

A Presidential Decree exempts Petróleos de Venezuela (PDVSA), the affiliates, and the mixed companies domiciled or not domiciled in the Bolivarian Republic of Venezuela from payment of income tax for the territorial or extraterritorial, annual, net, and available income, derived or not derived from the activities of hydrocarbon production.


The period of duration of the exemption benefit will be one (1) year as from the date of its entry into force. Said exemption will be applied to the fiscal year from 01/01/2019 to 12/31/2020. (Official Gazette of 01/28/2020. Decree No. 4.106).



The National Constituent Assembly issued the Constituent Decree whereby the Organic Tax Code was issued. (Official Gazette No. 6.507 Extraordinary of 01/29/2020. Entry into force: Upon the elapsing of thirty (30) calendar days following the publication of the same in the Official Gazette).

The National Constituent Assembly issued the Constituent Decree of Partial Amendment to the Decree with the Status, Value, and Force of Law that establishes the Value Added Tax. (Official Gazette No. 6.507 Extraordinary of 01/29/2020. Entry into force: Upon the elapsing of sixty (60) calendar days following its publication in the Official Gazette).

The National Constituent Assembly issued the Constituent Decree of Partial Amendment to the Decree with the Status, Value, and Force of Organic Customs Law. (Official Gazette No. 6.507 Extraordinary of 01/29/2020. Entry into force: Upon the elapsing of twenty “calendar” days as from the day following that of its publication in the Official Gazette).



MISCELLANEOUS

The Ministry of the Popular Power for Health resolved that medical gases industrially manufactured or in the manufacture of which an industrial process is involved are subject to the Integral System of Medicine Control (Sistema Integral de Control de Medicamentos - SICM). (Official Gazette of 01/09/2020. Resolution No. 206. Entry into force: Upon publication in the Official Gazette).



The National Service of Contracting (Servicio Nacional de Contrataciones) resolved to establish the rates that the National Service of Contracting will charge to the natural and legal persons for the provision of its services and publications. (Official Gazette of 12/19/2019. Ruling No. DG-2019-012. It repeals Administrative Ruling SNC/DG/201008 of 09/10/2019. Entry into force: As from 11/01/2019).

The National Superintendence of Securities issued the Rules relating to the Administration and Monitoring of the Risks Related to Money Laundering, Terrorism Financing, and Financing of Proliferation of Weapons of Mass Destruction applicable to the Individuals/Entities Regulated by the National Superintendence of Securities. The Rules relating to the Administration and Monitoring of the Risks Related to Money Laundering and Terrorism Financing applicable to the Institutions Regulated by the National Superintendence of Securities, published in Official Gazette of 06/08/2011, are repealed (Official Gazette of 12/26/2019. Ruling No. 074. Entry into force: Upon publication in the Official Gazette).

A Decree issued by the Presidency of the Republic created the Special Economic Zones of the Sovereign Cryptoasset (Petro), in the State of Bolivar, intended for the exploration, exploitation, preparation, and commercialization of gold, diamonds, and other minerals, for purposes of connecting them with the use of the Sovereign Cryptoasset (Petro) as structural elements of the diversification of resources for national development. (Official Gazette of 12/27/2019. Decree No. 4.083. Entry into force: Upon publication in the Official Gazette).



The Central Planning Commission of the National Service of Contracting (Servicio Nacional de Contrataciones) established the criteria for presentation of financial statements as a requirement for registration with and enablement at the National Registry of Contractors (Registro Nacional de Contratistas - RNC). (Official Gazette of 01/09/2020. Ruling No. GG-2019-016. Entry into force according to the Ruling: As from 06/01/2019).

The company Conglomerado Agrosur S.A., assigned to the Ministry of the Popular Power for Productive Agriculture and Lands, authorized the creation of a State-owned company, under the form of a corporation, called Empresa Nacional de Sistemas de Silos y Almacenaje, S.A. (ENASA). (Official Gazette of 01/17/2020. Administrative Ruling No. 001/2020. Entry into force: Upon publication in the Official Gazette).



A Presidential Decree established a Special Temporary Regime for the Operational and Administrative Management of the Iron, Steel, and Aluminum National Industry. (Official Gazette of 01/22/2020. Decree No. 4.102. Effectiveness: From the date of publication in the Official Gazette to 12/31/2020, extendible for 1 year).

The Presidency of the Republic issued the decrees that authorized the creation of the State-owned companies, under the form of corporations, called Empresa CVG Logística, C.A. and Empresa CVG Naviera del Orinoco C.A. Also, Corporación Venezolana de Guayana CVG was ordered to create, under the form of a corporation, the company “Complejo Industrial Fábrica de Fábricas Hugo Chávez Frías, C.A.” (Official Gazette of 01/22/2020. Decrees Nos. 4.100, 4.103, and 4.101. Entry into force: Upon publication in the Official Gazette).

The National Constituent Assembly issued the Constituent Decree that creates the National Sole Productive Portfolio (Cartera Productiva Única Nacional), with the purpose of promoting and supporting the increase in production and commercialization of goods and services in the different sectors of the national productive system, through financing transactions granted by the public and private institutions that operate within the national banking sector. The beneficiaries of said financing are the natural or legal persons or companies related to the national productive sectors indicated in the Decree. (Official Gazette No. 6.507 Extraordinary of 01/29/2020. Entry into force: Upon publication in the Official Gazette).



TRAVIESO EVANS

ARRIA RENGEL & PAZ

CARACAS - VALENCIA - BARQUISIMETO - MARACAIBO - PUERTO LA CRUZ

CARACAS

VALENCIA

BARQUISIMETO

MARACAIBO

PUERTO LA CRUZ

Telephone: (+58 212) 918 33 33

Telephones: (+58 241) 825 64 56
/ 826 28 21 / 825 47 93

Telephones: (+58 251) 233 75 37
/ 233 65 52

Telephone: (+58 261) 792 02 61

Telephones: (+58 281) 286 86 83
/ 286 78 98



www.traviesoevans.com



legal@traviesoevans.com



[traviesoevans](https://www.instagram.com/traviesoevans)



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