

PROVISIONS

- I. Decree No. 4.602, by means of which the mandatory monthly Minimum Salary is increased, as well as the amount of Pensions, in the amount of Bs. 7,000,000.00.
- II. Decree No. 4.603, by means of which the benefit of the Socialist Ticket (food voucher) is increased in the amount of Bs. 3,000,000.00.
- III. Decree No. 4.604, by means of which the tax exemptions of Import Customs Tariff, Value-added tax (VAT) and Fee for Calculation of the Customs Regulations are established for the merchandise and sectors contained in the Decree.



This document is of informative nature and it does not express an opinion from BDO Martínez, Perales & Asociados. Certainly, all the precautions have been taken in the preparation of this material, but the Firm does not take responsibility for errors and omissions, and neither it assumes responsibility for damages and losses arising from the use of the information herein.

I. MINIMUM WAGE INCREASE

On May 1, 2021, Decree No. 4,602 was published in Official Gazette No. 6,622 Special Issue, by means of which the mandatory monthly minimum wage and pensions are increased. The provision contemplates that as of May 1, 2021, the following shall be increased:

- ▶ The minimum monthly salary nationwide for workers in the public and private sectors to the amount of Seven Million Bolivars with zero cents (Bs. 7,000,000.00).
- ▶ The minimum wage for apprentices (adolescents between 14 and 18 years old who participate in the systematic process of training, updating, personal growth and scientific, technical and technological improvement within the framework of the social process of labor) to the amount of Five Million Two Hundred and Fifty Thousand Bolivars with zero cents (Bs. 5,250,000.00).
- ▶ The pensions of the pensioners and retirees of the Public Administration and of the pensioners of the Venezuelan Institute of Social Security (I.V.S.S.) are set at the amount of Seven Million Bolivars with zero cents (Bs. 7,000,000.00).
- ▶ Salaries must be paid in cash and payment in kind is forbidden.
- ▶ The minimum wage, when the working day has been agreed as a part-time job, will be considered as being observed when the respective rate is met.
- ▶ In the case of payment of a minimum salary lower than that provided by Decree No. 4,602, the employer will be obliged to pay the difference between the salary paid and the minimum salary, and its impact on other benefits. Moreover, the employer will be penalized with a fine between 120 and 170 tax units.
- ▶ The rule became effective as of May 1, 2021.

II. INCREASE OF THE BENEFIT OF THE SOCIALIST CESTATICKET (FOOD VOUCHER)

On May 1, 2021, Decree No. 4,603 was published in Official Gazette No. 6,622 Special Issue, by means of which the benefit of the Socialist Ticket (Food Voucher) is increased. The provision establishes the following:

- ▶ The food voucher is set at the monthly amount of Three Million Bolivars with zero cents (Bs. 3,000,000.00) for workers in the public and private sectors nationwide. The entities of the public and private sectors have to adjust this benefit to their workers.
- ▶ The food voucher shall be paid in full, without deductions, unless the worker authorizes its discount for the acquisition of goods and services set in the social programs and missions to satisfy their needs.
- ▶ The adjustment of the food voucher is mandatory nationwide, the employer is in the duty to comply with it, regardless of the number of workers that the work entity has.
- ▶ The rule became effective as of May 1, 2021.

III. TAX EXEMPTIONS OF IMPORT CUSTOMS TARIFF, VALUE-ADDED TAX (VAT) AND FEE FOR CALCULATION OF THE CUSTOMS REGULATIONS

On May 1, 2021, Decree 4,604 was published in Official Gazette No. 6,623 Special Issue, by means of which the tax exemptions of Import Customs Tariff, Value-added Tax (VAT) and Fee for Calculation of the Customs Regulations are established for the following merchandise and sectors:

- ▶ Definitive imports of tangible personal property, new and used, are exempted until May 31, 2021, as applicable, carried out by the National Public Administration, as well as those imports carried out with own resources by natural people and legal entities, classified in the codes tariffs of Appendix I of the Decree, which operates *ipso jure*.
- ▶ The payment of the Value-Added Tax (VAT) is exempted, instead the aliquot of 2% or 0% will be applied Ad Valorem, by virtue of the provisions of articles 8, 10, 11 and 12 of the Customs Tariff, to imports of capital goods from IT and telecommunications, their parts, spare parts and accessories which are not produced or have insufficient production in the country, identified as BK or BIT.
- ▶ Until May 31, 2021, payment of Import Duty, Value-Added Tax (VAT) and the calculation fee of Customs Regulations is exempted for imports of legal entities in the automotive sector, classified in the tariff codes in Appendix II of the Decree, according to the provisions of the respective "Certificate of Exemption of the Automotive sector" or "Import Authorization under the Rules of Imported Assembly Material for Vehicles".
- ▶ The payment of Import Duty, Value-Added Tax (VAT) and Calculation Fee of the Customs Rules is exempted, as well as any other applicable tax, including the Value-Added Tax (VAT) applicable to sales in the national territory, to definitive imports of body movable property made by the Bodies and Entities of the National Public Administration, aimed at preventing the spread of Covid-19 classified in the tariff codes in Appendix III of the Decree, in the terms provided by the "Exemption Document" issued by the SENIAT .
- ▶ Goods classified in the tariff codes in Appendix IV of the Decree may be exempted, or totally or partially deducted from the Import Duty, Value-Added Tax (VAT) and Calculation Fee of the Customs Rules, in the amounts and terms indicated in the "Exemption Certificate under the Tariff Contingent Rules" granted by the People's Power Ministry with powers in matters of economy, finance and foreign trade.

III. TAX EXEMPTIONS OF IMPORT CUSTOMS TARIFF, VALUE-ADDED TAX (VAT) AND FEE FOR CALCULATION OF THE CUSTOMS REGULATIONS

- ▶ In the cases in which the Decree does not establish the length of the validity of the exemption, this will be from the date of coming into force until 31 December 2021.
- ▶ Within the common requirements to enjoy the exemption benefit established in the Decree, at the time of filing the declaration, the beneficiaries must submit the descriptive record of the body movable property to be imported and the commercial invoice issued in the name of the beneficiary in charge of the execution of the body movable property. The specific requirements for each exemption benefit in the Decree are established.
- ▶ Failure to comply with the conditions by the beneficiary will cause the loss of the exemption benefit provided by the Decree.
- ▶ Decree No. 4,412 on December 29, 2020, published in Official Gazette No. 6,608 Special Issue dated December 29, 2020, and the resolutions for its execution are repealed.
- ▶ The validity of this Decree is as of May 1, 2021.

Contact us if you wish to know about the scope and content of this Decree.

Consult with BDO experts about the standing review service, in order to assist you in dealing with revision and audit procedures, e-mail and phone enquiries, law reforms, effect on the entity of the different laws, fiscal projections and other current issues.



CONSULT OUR ADVISORS

We build lasting relationships, that is why our commitment is to provide an exceptional service to our client. Contact us.

Víctor E. Aular B.
Management Consultancy Partner/
Managing Partner
vaular@bdo.com.ve

José J. Martínez P.
Audit Partner /
ILP (International Liaison Partner)
jmartinez@bdo.com.ve

José G. Perales S.
Audit Partner
jperales@bdo.com.ve

Helí S. Chirino H.
Audit Partner
hchirino@bdo.com.ve

Lenin J. Fuentes D.
Audit Partner
lfuentes@bdo.com.ve

Yelitza C. Coll F.
Audit Partner
ycoll@bdo.com.ve

Edgar A. Osuna D.
Audit Partner
eosuna@bdo.com.ve

Miguel A. Romero D.
Tax Partner
mromero@bdo.com.ve

Iraima C. Núñez G.
Tax Partner
inunez@bdo.com.ve

Roderick J. Lárez L.
BSO Partner
rlarez@bdo.com.ve

BDO Martínez, Perales & Asociados is a Venezuelan general partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

BDO International, a global network of audit firms called Member Firms, each of which constitutes an independent legal entity in their country. The network is coordinated by BDO Global Coordination B.V., incorporated in the Netherlands through the bylaws BASISd on Eindhoven (registration number 33205251) and offices in Boulevard de la Woluwe 60, 1200, Brussels, Belgium, headquarters of the International Executive Office.

Our Offices

CARACAS. Blandin Avenue. Mata de Coco Shopping Centre. Floor 3. Office E-3. La Castellana. Chacao. ZIP Code 1060. Caracas, Venezuela. Phone number: +58-212-264-0637.

VALENCIA. Juan Uslar Avenue c/c Av. Carabobo, Corporate Centre La Viña Plaza, Floor 9. Office 15, Urb. La Viña, Valencia, Carabobo State, Zip Code 2001, Venezuela. Phone numbers: +58 241 613 9069 / 9066 / 9067.

WWW.BDO.COM.VE

WWW.BDOINTERNATIONAL.COM

