

TAX NEWS BULLETIN

N° III - JULY 2020



Decree by means of which the State of Alertness to attend the Sanitary Emergency of Coronavirus (COVID-19) is declared.

On July 10th, 2020, the State of Alertness to meet the Sanitary Emergency of Coronavirus (COVID-19) is declared, by means of Decree No. 4,247, published in Official Gazette Special Issue No. 6,554.

Considering the social circumstances that seriously jeopardize the public health and safety of the citizens of the Republic, so that the Venezuelan Government take urgent, effective and necessary measures to protect and preserve the health of the Venezuelan population, in order to mitigate and eradicate the epidemic risks related to Coronavirus (COVID-19) and its possible strains, guaranteeing timely, effective and efficient attention to the cases that arise (article 1).

Background

On March 13, 2020, the State of Alertness was declared in the whole country, in order to attend the sanitary emergency of the Coronavirus (COVID-19). Decree No. 4.160 - published in Official Gazette Special Issue No. 6.519.

On April 12, 2020, the State of Alertness is extended thirty (30) days nationwide, in order to attend the sanitary emergency of the Coronavirus (COVID-19). Decree No. 4,186 - published in Official Gazette Special Issue No. 6,528.

On May 12, 2020, the State of Alertness was declared in the whole country, in order to attend the sanitary emergency of the Coronavirus (COVID-19). Decree No. 4,198 - published in Official Gazette Special Issue No. 6,535.

On June 11, 2020, the State of Alertness is extended thirty (30) days nationwide, in order to attend the sanitary emergency of the Coronavirus (COVID-19). Decree No. 4.230 - published in Official Gazette Special Issue No. 6,542.

- The Executive Branch might command restrictions to the circulation in certain areas or geographical zones, as well as the entrance and exit of them, when it becomes necessary as a measure of protection or of holding back the spread of the Coronavirus (article 7).

These restrictions will have alternative measures that allow the movement of pedestrians and cars for the acquisition of essential goods: foodstuffs, medicines, medical products; the moving to health centers; the moving of doctors, nurses and other workers of the healthcare services; the moving and travelling of cars and people on the occasion of the activities that cannot be discontinued in accordance with the Decree in force, as well as the establishment of sanitary halls, should the need arise (article 7).

Whenever the movement of pedestrians and cars was necessary, it has to be done preferably by only one person of the family group, group of employees or of people related among them in terms of the activity they carry on, the premise where they work or the place where they live. In any case, mechanisms of organization shall be tackled in the levels in which they are feasible, in order to manage to get that in a particular group of people, the circulation is limited to the fewest number of occasions and number of people; and all the necessary precautions are taken to avoid exposing to Coronavirus (article 7).

The Executive Branch shall command the cease of activities in certain zones or geographical areas. Moreover, such cease implies the interruption of labor activities whose performance is not possible under at a distance modality, in which the worker was able to carry on his/her work from home (article 8).

The following activities cannot be interrupted:

1. The establishments or companies that produce and supply electric energy, telephony and telecommunication, handling and service of waste and, in general, the entities that provide home public services.
2. Retailing of fuel and lubricants.
3. Activities of the public and private sector that provide health services in the whole national health system: hospitals, outpatients' clinics, comprehensive care centers and other establishments that provide such services.
4. Drugstores on duty and, in this case, medicine retail stores duly authorized.
5. The moving and custody of valuables.
6. The companies that retail short-term medicines and medical supplies, carbon dioxide (dry ice: CO₂), oxygen (gases or liquids necessary for the operation of medical care centers).
7. The activities that are part of the supply chain and availability of perishable and non-perishable foods nationwide.
8. Activities related with the National Port System.
9. Activities connected with the transport of drinking water and the necessary chemical products for its purification (Liquid or solid aluminum sulfate), aluminum polychloride, calcium or sodium hypochlorite gas (up to 2,000 lb cylinders or 150 lb gas cylinders).
10. Companies of retail and transport of household gas and combustible intended for the supplying of service stations of ground shipping, ports and airports.
11. Activities of production, processing, transformation, distribution and commercialization of perishable and non-perishable foodstuffs, issue of sole mobilization guides, tracking and control of processed food, conditioned, transformed and finished foodstuffs, the transport and supply of consumables of farming use and of harvests of agricultural items, and those that guarantee the running of the Farming Comprehensive National System (article 9).

The Executive Vice-Presidency of the Republic, in consultation with the ministers with competence in matters of Health, Defense, Home Affairs, Transport, Trade and Home Public Services, shall command by means of a Resolution the cease of other activities, different from the ones appointed in this article, if necessary, in order to strengthen the actions for mitigating the risks of the epidemic related with the COVID-19 (article 9).

The Superintendence of Institutions of the Banking Sector (SUDEBAN, by its Spanish initials), without delay, will spread by all the available means the conditions of the provision of the services of public and private banks, as well as the rules for the interruption of the services, including the related ones, and the labor activities of its employees (article 9).

Incidentally, on July 12, 2020, SUDEBAN issued Notice N ° SIB-DSB-CJ-OD-03582, which states: “as of July 13, 2020, complying with what the Executive Branch establishes thereafter, banks will work under the execution of the following Relaxation Levels.

First Level: RADICAL QUARANTINE

At this first level, the network of branches of the Banking Institutions that are located in the areas below this level will be exempt from regular working activities.

Second Level: PARTIAL RELAXATION AND UNDER SUPERVISION

At this second level, the network of branches of the Banking Institutions that are located in the areas below this level will have limited working activities.

Third Level: RELAXATION 7+7

At this third level, the network of branches of the Banking Institutions that are located in the areas below this level will have regular working activities.

ABOUT THE BUSINESS HOURS

The network of banking branches will provide customer service between 9:00 am and 1:00 pm, during the development of the phase of easing the quarantine, which includes a span of seven (7) working days that start according to the banking calendar on July 13, 2020.

Customer Service must be provided during all the days of the week that corresponds to the span of working activity, both for individuals and legal entities”.

The compulsory use of masks that cover mouth and nose is commanded:

1. In all kind of ground shipping, by air or by sea, including the systems of subway, railway-bus, overhead railway, wire train and the railway systems.
2. On air, ground and sea terminals.
3. At public areas that, because of the nature of the activities that are carry on there, a considerable amount of people must meet there, in case such activity is not cancel off.
4. At clinics, hospitals, dispensaries, outpatients clinics, doctor´s offices, labs, and other establishments that provide public or private services of health, as well as in the spaces adjacent to them.
5. At supermarkets and other non-described public places (article 10).

The competent authorities in the matter of public safety, health and comprehensive defense of the nation are instructed to take the necessary precautions so this regulation is obeyed (article 10).

The school and academic activities are kept suspended in the whole nation, with the purposes of protecting the health of children and adolescents, as well as the health of the teaching, academic and administrative staff of private and public education centers. To that effect, some rights remain in order to regulate, by means of a Resolution, what is stated in this paragraph (article 11).

All kind of public entertainments, exhibitions, concerts, conferences, shows, sport performances and, in general, all kind of events of public capacity or that represents the build-up of people are suspended nationwide.

The establishments dedicated to the activities mentioned in the headlines of this article will remain closed. They are, among others, cafes, restaurants, pubs, bars, taverns, ice-cream parlors, theaters, cinemas, auditoriums, assembly halls, concert halls, exhibition halls, party halls, banquet halls, casinos, children's parks, amusement parks, aquatic parks, fairs, zoos, fields, and other facilities for sport performances with public capacity of all sorts (article 12).

Any kind of parks, beaches, spas, public or private, will remain closed to the public (article 14).

The Executive Branch shall cancel all the flights towards Venezuelan territory or from such territory the length of time that he considers it appropriate, when there is risk of the arrival of passengers or merchandise carrying the Coronavirus, or that such transit represents risks for holding back the virus (article 15).

The conditions of the quarantine or isolation of the suspicious people of having been infected with Coronavirus, and those who have been exposed to patients (suspicious or confirmed) suffering from Coronavirus, will be develop by the People's Power Ministry for Health and spread widely nationwide (article 25).

It is mandatory the observance of the quarantine, the isolation and the physical distancing that the previous articles are referring about, and each individual will be required to comply with it voluntarily, in order to protect the right to the health of all the citizens.

In any case, in the presence of a refusal to comply with voluntarily the quarantine, the isolation or the physical distancing on the part of a person obliged to do so, the competent authorities in the matter of public safety, health and comprehensive defense of the nation must take all the necessary precautions to keep him/her in the medical premises or those arranged for that purpose, in their houses or under special alternative measures, in case they were authorized, or transfer him/her to any of the said places if they were in none of them (article 26).

The bodies of public safety are authorized to carry on inspections in establishments, people or vehicles that they consider necessary when there is a justified suspicion of the breach of the dispositions of this Decree (article 27).

This decree will enter into force upon its publication in the Official Gazette (July 10,2020) and will be valid for 30 days, renewable for the same period, until the containment status of the epidemic disease Coronavirus is deemed adequate (COVID-19) or its possible strains, and controlled its contagion factors (8th and 10th 2nd Final Provision).

Relaxation Schedule by levels according to the States under the 7 + 7 Methodology

LEVEL 1. RADICAL QUARANTINE FROM JULY 13 TO JULY 19, 2020



INCORPORATED STATES: Zulia (all Municipalities). Mérida (Alberto Adriani municipality). Sucre (Sucre municipality only). Amazonas (Atures, Autana, Atabapo, Maroa, Rio Negro, Alto Orinoco and Manapiare municipalities). Apure (Páez, Rómulo Gallegos and Pedro Camejo municipalities). Bolívar (Gran Sabana municipality). Táchira (García de Hevia, Ayacucho, Lobatera, Pedro María Ureña, Bolívar and Rafael Urdaneta municipalities). Nueva Esparta (Villalba municipality - Coche Island).

ONLY public services, foodstuffs and pharmacies WILL BE ALLOWED to be open.

LEVEL 2. PARTIAL RELAXATION AND UNDER SUPERVISION FROM JULY 13 TO JULY 19, 2020



INCORPORATED STATES: Aragua. Anzoátegui. Aragua. Bolívar. Carabobo. Capital district. Falcon. Merida. Miranda. Sucre. Táchira. Trujillo. Yaracuy.

ACTIVATED SECTORS: construction, hardware stores, building materials and locksmiths, chemical raw materials, banking branches, auto repair shops and auto parts, medical and dental offices, textile and shoe industries, hairdressers and personalized services, public transport.

LEVEL 3. EXTENDED RELAXATION FROM JULY 13 TO JULY 19, 2020



INCORPORATED STATES: Amazonas. Barinas. Cojedes. Delta Amacuro. Guarico. Lara. Monagas. Nueva Esparta. Portuguesa. La Guaira.

ACTIVATED SECTORS: Construction, hardware stores, building materials and locksmiths, chemical raw materials, banking branches, auto repair shops and auto parts, medical and dental offices, textile and shoe industries, hairdressers, personalized services, public transport, car washes, optics, electronic repairs, industry and commercialization of stationery and bookstores, ice cream parlors and coffee shops (takeaway only), laundries and dry cleaners, shopping malls (Only shops that have been relaxed), factory and assembly of electronic equipment and household appliances, parcel services, marketing of the textile and footwear sector, sewing, repair and haberdashery workshops, business registers and notaries, gyms and sporting events (without audiences), veterinary care and drive-ins.

► QUARANTINE REMAINS IN FORCE TO:

Public employees, education sector, distilleries, bars and clubs, tourism sector, restaurants and public events.

► SANITARY REGULATIONS:

Wear masks, alcohol disinfection, temperature taking, keep 1.5 meters distance between people.

► SANITARY REGULATIONS IN MEANS OF TRANSPORTATION:

Distance signaling at stops (1.5 m), internal distancing in the means of transportation, keep an empty seat in between, temperature control, only three (3) people on board in cars and taxis, maintain the distance allowed.

The Central Bank of Venezuela published the National Consumer Price Index (CPI)

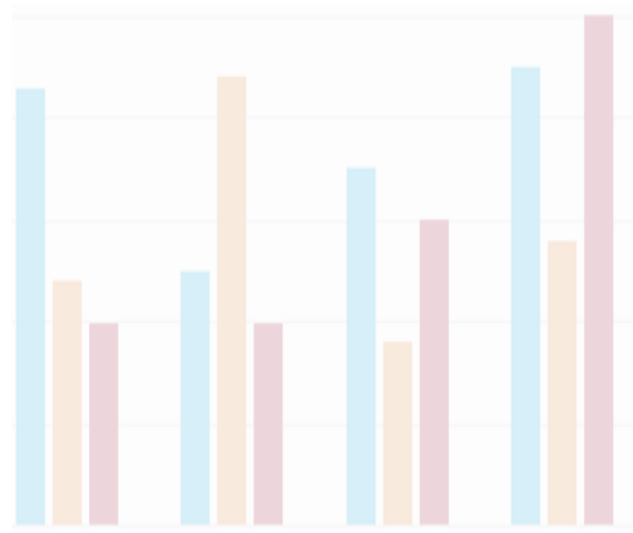
By its official website: www.bcv.org.ve, the Central Bank of Venezuela (BCV) published the National Consumer Price Index (CPI) for the months April and May of the year 2020. The accrued inflation as at May 2020 is 295,9 %.

NATIONAL CONSUMER PRICE INDEX (NCPI)

YEAR 2020	INDEX	VAR% Monthly	VAR% Annual
January	17.3773625.281,2	62,2	5.197,0
February	21.174.462.628,9	21,8	2.910,9
March	23.995.112.795,7	13,3	2.430,6
April	30.594.008.765,7	27,5	2.311,8
May	42.404.519.909,6	38,6	2.296,6

* VAR% Monthly: Monthly Variation

* VAR% Annual: Annual Variation



On the occasion of the measures ordered by the Government by means of Decree No. 4,247, related to COVID-19, at BDO Martínez, Perales & Asociados (BDO Venezuela) we have implemented the Home Office modality during the span of this Decree. We are very attentive to your requirements, in order to continue providing you an exceptional service, and complying with the measures for the health care of all before the COVID-19.

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. Larez L.
BSO Partner
rlarez@bdo.com.ve

The contents of this news bulletin is informative.

BDO Martínez, Perales & Asociados, a civil partnership of Venezuelan people, it is a member of BDO International Limited, a limited company by UK guarantee and part of the BDO international network of independent partner companies.

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 based 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. Av. Marino, Centro Comercial Mata de Coco, Floor 3 Office E-3, Urb. San Marino, Caracas, (Chacao), Miranda, Zip Code 1060, Venezuela. Phone number: +58 212 2640637.

VALENCIA. Av. Juan Uslar c/c Av. Carabobo, Centro Corporativo 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

