

Legal Update

Reform of Venezuela's Value Added Tax Law

September 2018

Tax

On August 17, 2018, the National Constituent Assembly issued a Constituent Decree for a Reform of the Value Added Tax Law (the Decree). This Decree was published in the Official Gazette of the Bolivarian Republic of Venezuela, Special Issue No 6.396, dated August 21, 2018.

Main modifications

- The exemption found in paragraph 4 of article 18 of the Value Added Tax Law (VAT) was removed. Such paragraph referred to the sale of “fuels from hydrocarbon byproducts, as well as additives used for the improvement of the quality of gasoline such as ethanol, methanol, methyl-ter-butyl-ether (MTBE), ethyl-ter-butyl-ether (ETBE) and their byproducts used for the above cited purpose.”
- An exemption was granted for the provision of goods for transportation services (Paragraph 2, Article 19 of the Decree).
- References to the tax unit were removed for the determination of operations levied with the additional rate of 15% set for luxury consumption goods and services.

Revoking provision

Paragraph 3 of article 48 of the Organic Law on Hydrocarbons¹ was revoked. Such paragraph set a general consumption tax between 30% and 50% of the price paid by the final consumer for each liter of hydrocarbon byproduct sold in the domestic market. Such tax should be withheld at the source and should be paid monthly to the Tax Administration.

Effective date

The effective date for this Decree was set for the first day of the second calendar month following publishing in the Official Gazette, that is, from October 1, 2018.

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Footnote

¹ Organic Law on Hydrocarbons, published in the Official Gazette issue N° 38.493 dated August 4, 2006.

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