

Legal Update

Venezuela increases value added tax

September 2018

Tax

On August 17, 2018, the president of the Republic issued Decree No 3.584 (the Decree) through which the value added tax (VAT) was set at 16%. This Decree was published in the Official Gazette of the Bolivarian Republic of Venezuela, Special Issue No 6.396, dated August 21, 2018.

Rate

The VAT general rate of 16% represents an increase of four percentage points compared to the previous rate, which was set at 12% in accordance with the provisions of article 62 of the VAT Law.¹

Article 27 of the VAT Law authorizes the National Executive Government to revise the general rate between 8% and 16.5 %.

Effective date

Article 3 of the Decree set the effective date for September 1, 2018; therefore VAT taxpayers must apply the new rate of 16% for their operations levied from that date on.

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Footnote

¹ Law establishing Value Added Tax, published in Official Gazette No 6.152 Special, dated November 18, 2014.

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