


Venezuela

<p>This guidelines provide a general view regarding the Venezuelan Value Added Tax (VAT) system. They focus on how it affects foreign entrepreneurs who trade with Venezuela. They are general and will very unlikely cover the singularities of your case. They must be read as such general guidelines and must not be interpreted as professional advice. Should you need professional advice on how VAT affects your entrepreneurship, please contact a VAT specialist of Kreston Venezuela.</p>	 <p>Venezuela: VAT / Indirect Taxes</p> <p>CPC Jesus Brito Cazorla Jesus.brito@bdmkreston.com</p>
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What is the name of the tax?	VAT – Value Added Tax
Who is the Tax Authority?	National Integrated Service of Customs and Tax Administration (SENIAT by its acronym in Spanish)
What kind of tax it is?	Consumption tax: selling of movable goods, rendering of services, final import and export of goods and services, loan of real estate other than housing. Disposal of goods from inventory as well as fixed assets of the taxpayers
What causes the tax?	<p>Tax base –</p> <p>VAT is added to the value of:</p> <ol style="list-style-type: none"> 1. Selling of movable goods 2. Services 3. Leasing 4. Imports <p>Provided that the "place of rendering, supply or use" is Venezuela</p>
Which are the types of VAT?	<p>Tax rates:</p> <p>16% - Applicable to every sale of movable goods, services, leasing and imports, provided no other rate is specified.</p> <ul style="list-style-type: none"> • 8% – Imports and selling of the following food and products for human use: goats, sheep and minor species destined for slaughter and breeding. • Imports and selling of food to feed the aforementioned animals and species, as well as raw materials used for their manufacturing. • Services rendered to the State, whatsoever bodies or agencies, regarding the practice of professions that do not involve commercial trade, but prevalingly intellectual work or performance. • National air transport of passengers. <p>0% - Zero rate, for instance,</p> <ul style="list-style-type: none"> • Exports <p>VAT Exempt for example, Food and products for human use mentioned below:</p> <ul style="list-style-type: none"> • a) Products of the vegetal kingdom in their natural state, considered as food for human use • b) Poultry species

	<ul style="list-style-type: none"> • c) Rice. • d) Plant-based flour, including semolina. • e) Bread and pasta, Chicken eggs, Salt, Sugar, Roasted coffee, Bologna, Milk, and white cheese, And margarine and butter. • k) Canned and Sardines in natural presentation. 170 grs.
Withholding tax (total o partial)	Special taxpayers so appointed must withhold 75% to 100% VAT invoiced or paid.
How does a VAT number look like?	Individuals J-31416xxx or Entities J-11636xxx
Is there a limit on registration?	None
When does a non-based entity have to register?	When it imports or trades goods in Venezuela or if Venezuela is the place where the services are rendered.
When you must consider the services are rendered in Venezuelan Territory	<p>When a supply is carried out in Venezuelan territory.</p> <ul style="list-style-type: none"> • Renderings of services will be considered as taxable events when they are executed or used in the country, even though they have generated, hired, perfected or paid abroad, and although the renderer of the service is not domiciled in Venezuela. • Selling and removal of movable tangible goods shall be taxable when they are located in the country and in case of import, when the import procedure is carried out
Any special rule	Those who receive services rendered abroad from individuals or entities domiciled outside Venezuela are responsible for the VAT payment.
Does a non-based entity need a tax representative?	Not any non-based entity in Venezuela that renders services from abroad requires representative in Venezuela
How often must VAT returns be filed?	Fortnightly, for the Special Taxpayers so appointed, and monthly for the rest.
Are sanctions imposed for late registration?	Those who incur in late registration will be sanctioned with 5 days temporal closure of the office, local or establishment in case of having and fine equivalent to fifty (50) times the official exchange rate for the highest currency published by the Central Bank of Venezuela (BCV for its acronym in Spanish).
Are sanctions imposed in other circumstances?	Notwithstanding imprisonment, those who through action or omission, cause an illegitimate decrease in tax revenue will be sanctioned with fine from one hundred percent (100%) up to three hundred percent (300%) of the unpaid tax, i.e. a middle ground of 200%.
Is it possible to recover VAT paid by foreign entities?	Venezuela has no treaties of mutual reimbursement, reason why the VAT paid by a foreign entity can not be recovered.
Is it possible to claim tax credits?	VAT paid in purchases can be deducted from VAT generated in selling provided that said purchases VAT is related to the core business of the entity and invoices meet the criteria set forth by the Tax Administration.
Must invoices be issued?	Invoices must always be issued meeting the criteria set forth by the Tax Administration to include VAT.