

Caracas, October 2, 2017

## **TAX REPORT**

**Decree that establishes a reduction to the Aliquot of Value Added Tax, applicable to transactions paid through electronic means, and Ruling that regulates the procedures for the issuance of invoices, declaration and payment for the sales that enjoy the reduction.**

In Official Gazette N° 41,239 dated September 19, 2017, Decree N° 3,085 is published within the framework of the State of Exception and Economic Emergency that establishes a reduction to the general tax Aliquot of Value Added Tax (VAT) applicable to transactions paid through electronic means.

In general terms, this Decree establishes the following:

1. It applies to sales of movable property and the provision of services performed to individuals and companies.
2. A reduction of 3% of the general tax aliquot of Value Added Tax will be applied to transactions of up to Two Million Bolivars (Bs. 2,000,000.00). If the transaction is above that amount, the discount is 5%.
3. The reductions will only apply if the transactions are paid through electronic means.
4. If they are not done through electronic means, the general tax aliquot of 12% will be applied.
5. If other means of payment coexist, the reductions will not be applicable.
6. The following transactions are excluded from this Decree:
  - a. Acquisition of goods and services with the perceived value added tax.
  - b. Definitive importation of movable property.
  - c. Acquisition of metals and precious stones.
7. This Decree will come into effect as of the five (5) working days following its publication in Official Gazette and will remain in force until December 31, 2017.

In addition, Official Gazette N° 41,244 dated September 26, 2017, issued Administrative Ruling N° SNAT/2017/0048, which is designed to establish the procedures for invoice issuance, declaration and payment for sales made under the Decree mentioned above. The Ruling merely states the following:

1. Taxable persons who make sales of personal property, or provide services to individuals and companies that enjoy a reduction of 3% or 5% of the general tax aliquot of Value Added Tax, shall indicate the deduction on the invoice as appropriate, when the consumer complies with the conditions established in the Decree.

2. Taxable persons may continue to use their adopted means of billing, as long as it can be adapted to what is established in the Decree and in this Ruling.
3. If the fiscal machine cannot be adapted, special forms prepared by authorized presses shall be used. These must reflect the reduction of 3% or 5%, indicating mechanically or manually that this has been done in accordance with the Decree that establishes the reduction.
4. The taxable persons must comply with the technical specifications indicated in the portal for the declaration and payment of the corresponding tax.
5. Suppliers or manufacturers of fiscal machines must adapt the authorized models within five consecutive days following the publication of this Administrative Ruling. Should the models lack the required technical capacity, the Auditing Department must be notified within two working days after this Ruling comes into force.
6. The Ruling will come into effect as of the date of its publication in Official Gazette and will remain in force until December 31, 2017.

We remain at your entire disposal for any inquiry you may have.

Very truly yours,  
**Benson, Pérez Matos, Antakly & Watts**

Ysabel Figueira

YFG/azl