



Cooperative  
associations  
exempted from  
payment of income  
taxes



JUNE, 2022

### Income tax payment exemption applicable to cooperative associations' net taxable income from territorial source.

Bolivarian Republic of Venezuela's Presidential Decree N°4695 was published in Official Gazette N°42399 of June 15, 2022 setting forth an income tax (ISLR) payment exemption applicable to net taxable income from territorial source obtained by cooperative associations incorporated in accordance with provisions contained in the Decree with the Force of Special Act on Cooperative Associations <sup>1</sup>.

#### Requirements and conditions to enjoy this benefit

- Cooperative associations that expect to enjoy the benefit shall update the Tax Information Registration Certificate (RIF), submitting their current compliance certificate issued by the National Superintendency of Cooperatives.
- The exemption beneficiaries shall submit the corresponding annual filing of net global taxable and exempted income under the terms and conditions established in the income tax regulations.
- Those failing to comply with obligations and requirements established in such exemption decree, in the income tax law, its regulations and other applicable standards will lose the referred-to benefit.

#### Other relevant aspects

- Determining exempted income requires the application of standards contained in the Income Tax Decree-Law relating to revenue, costs and items deducted from taxable income.

- Costs and common deductions applicable to taxable or exempted income shall be proportionally distributed.
- Losses arising on exempted activities cannot be attributed in any fiscal year to income generated by activities subject to income taxes.
- The exemption will be applied for current fiscal year, as from the decree's effective date.

#### Effective date

- The decree is effective for one (01) year as from the date of its publication in Official Gazette; i.e., June 15, 2022.

<sup>1</sup> Cooperative Associations Special Act, published in Official Gazette N°37285 of September 18, 2001.

<sup>2</sup> Decree N°2163 setting forth the Partial Amendment to Income Tax Decree-Law. Extraordinary Official Gazette N°6210 dated December 30, 2015.

## Tax and Legal Newsletter

Edition 14. June de 2022

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