

Tax on Large Financial Transactions



Decree Law of **Tax on Large Financial Transactions** was published in Official Gazette Nr. 6210 issued on December 30, 2015. This Decree Law **will come into effect from February 1 2016** ("Law of Tax on Large Financial Transactions").

Important aspects of the Large Financial Transactions Tax are the following:

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1. **Taxable event:** (i) debits or deposits carried out in banks or financial institutions, (ii) the assignment of checks, escrow paid in cash and any other negotiable financial instrument, as of the second endorsement (iii) The acquisition of cashier's checks in cash, (iv) operations performed among bank and financial institutions with terms no less than 2 business days, (v) The transfer of securities held in custody between different holders, (vi) payment of debt without mediation of the financial system through payment or any other mean of obligation payment, (vii) Debits to accounts that are part of a private corporate organized payment system, not controlled by the Central Bank of Venezuela or any another National Payments System, (viii) debits for payments beyond borders, and (ix) elimination of the obligation due to compensation, debt condonation from legal and economic entities without legal entity status, qualified as special tax payers.

other negotiable instruments, (v) credits generated by operations related to securities issued and validated by the Republic, (vi) operations carried out among accounts under more the same entity, except accounts under more than one entity, (vii) debit to accounts of consular and diplomatic missions, (viii) debits related to tax payments whose main beneficiary is the National Treasury, (ix) debits or withdrawals related to clearing house, clearing accounts of credit cards, national correspondence accounts, operational clearing accounts of the banks, (x) cash trade operations in the only account held by the Central Bank of Venezuela and by banks and financial institutions.
2. **Taxpayers:** (i) legal and economic entities without legal entity status qualified as special tax payers by the Tax Administration, (ii) those legal entities qualified as such related to the previously mentioned entities; as well as those who carry out payments for them or with charges to their accounts in banks or financial institutions or without using said institutions, and (iii) individuals without any relation to economic or legal entities without being classified as such and qualified as special tax payer which carry out payments on their behalf such payments charged to their accounts in the national banking system.
3. **Exemptions:** (i) the Republic and other territorial entities, (ii) public entities qualified as special taxpayers, (iii) Central Bank of Venezuela, (iv) first endorsement of checks or any
 4. In case of bank accounts opened for work dependence relationship and pension, debtors and payers will not be able to charge the tax amount to workers.
 5. **Time considerations:** it is understood once the taxable event occurred at the moment the debit is carried out or the debt is cancelled.
 6. **Territoriality:** debit or debt cancellation will be taxed in Venezuela when: (i) any of the causes of the tax occur in the territory of the Republic, even in the cases of services rendered, hired, perfected or paid abroad and the provider were also abroad, (ii) it is related to activities in connection of import of goods, technical assistance or services used in the Republic; or (iii) the activity which generated the service is located in the country.
 7. **Tax Basis:** the total amount of every debit or tax operation, check amount in case of cashier's check.

8. **Tax rate:** 0.75% of the tax operation.
9. **Tax Period:** tax will be determined on a daily basis.
10. **Time of the Tax Return:** (i) every day tax is charged to debits to accounts in banks and other financial institutions and (ii) in accordance to VAT Withholding Payments for Special Taxpayers, the tax applies for debt cancellation without using banks or o other financial institutions.
11. **Tax Return Mechanism and Payment:** at the place, manner and

conditions established by the Tax Administration following technical specifications from the tax website.

12. The Tax on Large Financial Transactions is not deductible from Income Tax.

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