

Reform: Organic Law on Science, Technology and Innovation



The amendment to The Organic Law on Science, Technology and Innovation (LOTCI, for its Spanish Acronym) (Decree No 1411), was published in Extraordinary Official Gazette No 6151 dated November 18th, 2014.

1. Effective Date

Current Decree and the amendments to the previous law will be effective from its publication date in Official Gazette of the Bolivarian Republic of Venezuela.

Decree No 1411, dated November 13th, 2014.

2. Legal authority of the National Fund for Science, Technology and Innovation regarding collecting and auditing contributions

The National Fund for Science, Technology and Innovation (FONACIT, for its Spanish acronym) is legally authorized regarding collecting and auditing contributions.

3. Amendments to the Gross Income definition

For the current reform purposes, it is established as Gross Income those benefits and revenues that are regularly, accidentally or extraordinarily earned by taxpayers from any activity performed, provided that they are not obliged to refund them for any reason, before deducting any type of cost or deductions.

In connection therewith, the definition included in the LOCTI Regulation was particularly derogated. This definition allowed excluding from the calculation basis, exemptions or exonerations established in other laws.

4. Incorporation of article regarding contribution payment

In this new reform, it is established that the contribution shall be settled, paid and declared before FONACIT during the second quarter subsequent to the end of the corresponding fiscal period.

The aforementioned article entitles FONACIT to designate those people participating in operations related to the activities levied by this Law as Withholding Agents.

5. Amendment to article referring to the fine system

An amendment of the article referring to the fine system is incorporated within this reform. In the previous law, this article stated that the provisions of the Income Tax Law would be applied to taxpayers breaching dispositions established in the Law. By means of the current reform, this article replaces the aforementioned sanctions for fines contemplated in the Organic Tax Code.

6. Incorporation of article referring to the infringement of formal and material duties

Pursuant to the reform, infringements due to the breaching of formal and material duties shall be regulated by Organic Tax Code.

7. Transitory Provision

The National Executive will have one year deadline from the current Decree publishing to pass the required regulations.

8. Derogation Clause

The Number 4 of articles 2 and 8 of the Partial Regulation of the Organic Law on Science, Technology and Innovation referring to its contributions, financing and its income, as well as ethics in research, technology and innovation is derogated.

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