

New sanctions for failure to comply with formal tax regulations issued by the Amendment to the Organic Tax Code



On November 18, 2014, Decree with the Range, Value and Force of Law for the Organic Tax Code Law was published in extraordinary Official Gazette N° 6152 of the Bolivarian Republic of Venezuela for the purpose of amending certain relevant sanctions related to transfer pricing, and the commission of non-

compliance with certain formal tax obligations. Such sanctions are related to the obligation of filing the returns and communications described hereunder.

Tax non-compliance related to the obligation of filing returns and communications

- Failure to file returns or file them with a delay of more than one (1) year shall generate the closure of the establishment for 10 continuous days and a fine of one hundred and fifty tax units (150 TU). Article 103, numeral 1.
- Failure to present the communications provided by law, a fine of fifty tax units (50 TU). Article 103, numeral 2.
- Failure to present complete returns or file them with a delay of not more than one (1) year shall generate a fine of one hundred tax units (100 UT). Article 103, numeral 3.
- Failure to file other communications in a complete manner or untimely filing, a fine of fifty tax units (50 TU). Article 103, numeral 4.
- Filing more than one amended return or untimely filing the first tax return, fine of fifty tax units (50 TU). Article 103, numeral 5.
- Filing the returns in forms, means or formats not authorized therefor, a fine of fifty tax units (50 TU). Article 103, numeral 6.
- Failure to file or untimely filing the information return of the investments in low-tax jurisdictions. In case of omission of the information return, closure of the establishment for ten continuous days and fine of two thousand tax units (2,000 TU), in case of untimely filing a fine of one thousand tax units (1,000 TU). Article 103, numeral 7.
- **Failure to keep the documentation supporting the transfer pricing calculation, closure of the establishment for 10 continuous days and a fine of one thousand tax units (1,000 TU). Article 104, numeral 12.**

The closure of the establishment is provided by this Article and shall apply to all the establishments or branches of the infringing entity. Article 103.

Other non-compliance with formal obligations

- Non-compliance with any other formal obligation without any specific sanction provided by laws and other tax regulations, a fine of one hundred tax units (100 TU). Article 108.
- When non-compliance with formal obligations is incurred by special taxpayers, fines applicable shall be increased in two hundred percent (200%). Article 108.

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