

Reform of the Law for the promotion and development of small and medium-sized industries and social property units



The Reform of Decree-Law for the Promotion and Development of Small and Medium-sized Industries and Social Property Units (Decree N° 1413) was published in Extraordinary Official Gazette N° 6151 dated November 18, 2014.

1. Effective Date

Effective from November 18, 2014.

Additionally, within the 180 days following the publication of this Decree, the National Government shall dictate Regulations developing provisions set forth in this Law.

2. Objective

This Decree is aimed at supporting the development of small and medium-sized industries and social property units by offering training, funding and follow-up, and by regulating the coordination and supervision functions of the National Institute for the Development of Small and Medium-sized Industries (INAPYMI, for its acronym in Spanish), thus encouraging the industry's comprehensive development.

3. Scope of Application

The set of standards contained in this Law and its regulation are mandatory for the funding, training

and comprehensive assistance of those subject to its application and referred-to in the Law, incorporated as small and medium-sized industry or as social property unit, mainly and exclusively domiciled in the country.

4. Definitions

Article 5 of this Law, which was reformed, provides for the following definitions for a better understanding of the Law's contents:

Small and Medium-sized industry: Any unit legally organized in order to develop a productive economic model *through activities involving the transformation of raw materials into supplies, finished or semi-finished industrial goods*, for the purpose of meeting the community's needs.

Small Industries are those with average annual payrolls of up to fifty (50) workers and with an annual billing of up to 200,000 TU.

Medium-sized industries are those with average annual payrolls of fifty-one (51) workers, up to one hundred (100) workers and annual billing of 200,001 TU up to 500,000 TU.

In both types of industry, parameters are concurrent.

Social Property Units: Groups of persons working in a social and participatory manner, such as:

- Community socio-productive organizations;
- Communal or direct social ownership companies;
- Indirect social ownership companies, and;
- Any other form of association within the community aimed at conducting any type of lawful productive, financial or commercial economic activity through planned, coordinated and voluntary work as an expression of consciousness and commitment at the service of the people, thus contributing to communal development, where collective benefit will prevail over production of capital and distribution of benefits of their members with a positive impact on the sustainable development of communities.

Clean Technology: Set of *production mechanisms* leading to the manufacturing of products with the incorporation of equipment, machinery, instruments,

procedures and methods in compliance with the current environment protection legislation.

Development hubs: *Specific areas within the Venezuelan territory where local potential is exploited* for local, cultural, political, managerial, ethical, technological and economic transformation through self-management, co-management, utilization, mobilization, administration and sustainable and rational planned use of their potential and natural and human resources.

5. National Institute for the Development of Small and Medium-sized Industries

INAPYMI is a public institute with own equity separated from the Republic, attached to the People's Power Ministry for industries, which is aimed at executing development policies and financing investment projects in this production sector from conception through commercialization stage.

6. INAPYMI functions

- INAPYMI's most relevant functions, as set forth in article 17 of this Law, include: Design, execution and supervision of National Strategic Plan for the Development of Small and Medium-sized Industries and social property units, which shall contain objectives to be met in the short, medium and long-term in each one of the priority development areas for the beneficiary sector.
- Identification and attention of financial, technical and comprehensive assistance needs for improvement of productive efficiency of small and medium-sized industries and social property units, including those not funded by the institute.
- Preparation of diagnosis, technical and feasibility and credit risk evaluation studies required by the small and medium-sized industries and social property units sector for financing and sustainability of their development projects.
- Granting funds for acquisition of machinery assembly and industrial equipment for investment plans in technological innovation projects, signature of funding contracts in order to grant loans to small and medium-sized industries and social property units; as well as promotion of preferential funding programs for

activities of the sector regulated by his law to the extent that the purpose of such loan operations will be meeting the objectives established in the Institute's resource management program, in accordance with provisions set forth in the National Strategic Development Plan of Small and Medium-sized Industries and Social Property Units.

7. Rescue of assets

In case the industries governed by this Law will face the risk that their assets obtained by means of funding will be lost or damaged, preventive measures will be applied to protect such goods and guarantee funding.

8. Disposition of assets

INAPYMI, as part of payment, may dispose of goods obtained by industries regulated by this Law in accordance with the Board of Directors' powers, as set forth in article 15.

9. Single Reception Window System

A Single Reception Window System nationwide is created for administrative procedures through which businessmen, citizens, entrepreneurs, innovators and any interested party will be able to carry out any procedure required for their operations through a processing and information network that will be connected to Public Administration entities involved in the promotion and development of industries regulated by this Law.

10. Exemption

Notarial and register procedures carried out by INAPYMI are exempted from payment of taxes, fees and contributions established in the Law of Public Registry and Notaries Public and other related laws.

11. Sanctions

Sanctions involving the prohibition of obtaining new funding are established for failure to comply with obligations and for recurrence.

Contacts

Alejandro Gómez
algomez@deloitte.com

Aníbal Veroes
averoes@deloitte.com

Marketing Department
vmercadeo@deloitte.com

Offices

Caracas
Avda. Blandín, Torre B.O.D,
Piso 18. La Castellana.
Phone +58 (212) 206 8502
Fax +58 (212) 206 8740

Pto. La Cruz
Avda. Principal de Lechería,
Centro Comercial Anna,
Piso 02, Ofic. 41, Lechería.
Phone +58 (281) 286 7175
Fax +58 (281) 286 9122

Pto. Ordaz
Avda. Guayana, Torre Colón,
Piso 2, Ofic. 1, Urb. Alta Vista.
Phone +58 (286) 961 1383
Fax +58 (286) 962 7234

Valencia
Torre Venezuela, Piso 3,
Oficinas A y D, Av. Bolívar
Norte, Urb. La Alegría.
Phone +58 (241) 824 2790
Fax +58 (241) 823 4119

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