

Reform of exchange policies applicable to export activities



On September 9, 2016, a reform of **Exchange Agreement N° 34** was published in **Official Gazette N° 40985**, establishing currency exchange policies applicable to export activities. This norm became effective from the date of its publication in Official Gazette.

The most significant aspects of said Exchange Agreement are as follows:

1. Individuals and private legal entities participating in the export of goods and services are allowed to withhold up to sixty percent (60%) of the income obtained in foreign currency in order to cover expenses derived from the export activity. They are allowed to use said currency freely, for the purpose of covering expenses, making payments or any other outlay needed to carry out export activities.
2. Additionally, individuals and private legal entities must sell the remaining amount in foreign currency to the Central Bank of Venezuela (BCV) at the complementary floating foreign exchange rate (DICOM, for its acronym in Spanish) that is applicable at the date of the transaction and reduced to zero point twenty five percent (0.25%).
3. Legal entities in the private sector involved in the export of goods may deduct from the mandatory percentage of foreign currency to be sold to the BCV, the amount in proprietary positions equivalent to the contributions in foreign currency by virtue of their own export activities, for the purpose of purchasing raw materials, supplies, fixed assets and other goods indispensable for the execution of said activities.
4. For that reason, entities must inform the People's Power Ministry for Foreign Trade and International Investment about the contributions they consider should be deducted in accordance with this disposition, following regulations established in the norm.
5. Legal entities opting for this option will not have access to foreign currency during the period in which deductions from the mandatory contributions to the BCV are made.

6. Amounts in foreign currency derived from commercial debt or borrowed from public financial institutions shall not be considered as valid contributions.
7. Legal entities which fail to comply with the dispositions stated in this Exchange Agreement must sell to the BCV the total amount in foreign currency obtained from their export activity.

The following aspects established in the derogated Exchange Agreement N° 34 shall remain in effect:

8. Individuals and private legal entities involved in the export of goods and services must receive payment for their commercial activities in foreign currency. Exempted from this norm are those that carry out transactions through the Payment Agreement and the Mutual Credits of the Latin American Integration Association (ALADI) and the Unitary System of Local Compensation of Payments (SUCRE).
9. Exporters must provide an export activity statement through a website specified by the BCV.
10. Registration of exporters in the Registry of Users of the Foreign Exchange Administration System (RUSAD) will not be required.
11. This regulation will apply to Financing Programs developed by Public Financial Institutions and the Foreign Trade Bank (BANCOEX).

This norm is applicable to all commercial activities carried out after this Exchange Agreement became effective, as well as those activities paid for at any moment after this regulation was issued.

The present Exchange Agreement derogates Exchange Agreement N° 34 dated February 11, 2016 and published in Official Gazette N° 40851 on February 18, 2016.

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