

## **“*Venezuela en Movimiento*”, a plan to boost the automotive industry**



**Decree N° 2787** was published in Official Gazette N° 41122 of March 27th, 2017 creating a **plan to boost the automotive industry** called “*Venezuela en Movimiento*”; this plan involves internal sales of vehicles and motorcycles, import of components for their production, as well as an exemption to pay the Value-added Tax (VAT) and the related import tax.

The most relevant aspects of this Decree includes:

- 1.** The plan to boost the automotive industry involves internal sales of vehicles and motorcycles, and the import of components for their production relating to the Regime on Imported Assembling Material for Vehicles (MEIV, for its acronym in Spanish).
- 2.** In order to participate in the boost plan contained in this Decree, companies engaged in the assembling of vehicles and motorcycles shall sign the respective agreement of registration with the different programs established, within a period of 60 continuous days effective March 27, 2017.
- 3.** Exempted Operations:
  - Imports of parts and components for the assembling of vehicles relating to the MEIV regime, carried out by vehicle assembling companies with their own resources.
  - Internal sales of vehicles by assembling companies that have entered into the registration agreement.
  - Sales of units by car dealers authorized by vehicle assembling companies to individuals and companies meeting the requirements set forth in this decree.
- 4.** Beneficiaries:
  - Assembling companies that have entered into the agreement for registration with each program established.
  - Car dealers that have been authorized by assembling companies for the internal sale of units produced within the framework of programs belonging to this decree.

**5. Exempted vehicles:**

- Vehicles for private use with engine cylinder capacity of up to 2,000 cc.
- Production motorcycles with engine cylinder capacity of up to 250 cc.
- Vehicles for transportation of goods with engine cylinder capacity of up to 14,900 cc.

**6. Exemption of payment of additional 15%-VAT rate for transactions involving the sale of vehicles assembled in the national territory.**

**7. Formal Duties:**

- The statement "Exempted Transaction" as well as the number, date and publication data of this Decree shall be indicated in the invoice.
- No debts for local tax obligations liquid and due by the date of the administrative pronouncement, unless there is a payment agreement with the tax administration.

**8. Exclusions:**

Import and sale of spare parts.

**9. Loss of benefit:**

- For failure to conduct the periodical evaluation established in the decree that considers quality variables, end use of goods and compliance with destination purpose, subject to the parameters determined by SENIAT.

- For failure to meet obligations established in the COT, the VAT Law and other tax standards, as well as the Customs Law and its regulations.

Further, such decree provides for the conditions for acquisition of vehicles within the framework of this program; the most important conditions include:

- 1.** Individuals have the right to acquire one (1) vehicle every three (3) years from the issuance of the invoice for such acquisition.
- 2.** Companies may acquire vehicles of this plan, but priority will be given first to individuals or family groups.
- 3.** Those selling the vehicles acquired within the framework of the programs before the end of a period of 3 years from the date of issuance of the acquisition date shall have an obligation to pay the exempted taxes, which shall be filed and paid without deductions and without detriment to interests and sanctions applicable in conformity with the COT.

This Decree is effective March 27th, 2017 and will be valid up to March 27th, 2020.

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