

Ignacio J Andrade Cifuentes
Ponte Andrade Casanova, Caracas
ijandradec@epaclaw.com

National tax news report 2025: Venezuela

This report highlights the key tax developments to the Venezuelan tax system over the past year, including new laws, exemptions and other significant changes.

Brief overview of Venezuela's tax system and current situation

Venezuela's tax system operates at national, state and municipal levels, including the Capital District, each with distinct taxation powers. At the federal level, the Servicio Nacional Integrado de Administración Aduanera y Tributaria (SENIAT) serves as the primary tax authority, overseeing the administration and enforcement of national taxes. The national tax framework comprises income tax (residents are subject to a 34 per cent progressive tax rate worldwide, while activities conducted in Venezuela are taxed on a territorial basis), VAT (16 per cent general rate), a high net wealth tax, a large financial transactions tax (IGTF), a pensions protection tax, and sector-specific taxes.

At the regional level, municipal and state governments administer their own tax systems within a framework shaped by constitutional provisions, federal harmonisation laws and locally enacted regulations. For example, municipalities impose an economic activities tax, vehicle taxes and real estate taxes; states charge stamp duties on certain transactions and operations, and taxes on non-metallic minerals. While this structure is designed to balance national oversight with decentralised fiscal autonomy, recent legislative and regulatory changes introduced by the national government suggest a trend toward reducing the fiscal independence of municipalities and states.

Venezuela also maintains a complex system of parafiscal contributions, which are levies collected by various governmental institutions to finance specific programmes (eg, social security, sports, technology and drugs, among others). These contributions vary in scope: some apply universally to all legal entities, regardless of industry, while others are sector-specific, targeting agriculture, banking, and extractive industries.

Compliance obligations in Venezuela are extensive, largely due to the breadth of its taxes and parafiscal contributions. These obligations stem from general tax compliance as well as specific regulatory frameworks, such as the VAT withholding regime and IGTF regulations. Special taxpayers (*sujetos pasivos especiales*) bear a particularly heavy administrative burden, facing stringent reporting and procedural requirements aimed at reinforcing tax oversight.

On the international front, Venezuela's domestic tax laws integrate key international tax principles, including worldwide taxation for residents, provisions for foreign tax credits, international fiscal transparency rules, transfer pricing regulations and thin capitalisation rules. However, Venezuela does not participate in the Organisation for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS). The country has established a network of over 30 double tax treaties, the most recent of which

was signed in 2018 with the Republic of Türkiye. Its tax laws include provisions for preventing double taxation, rules for controlled foreign companies, and measures to counter tax avoidance.

Tax audits and enforcement actions have increased, targeting compliance and collection improvements, not only from the national tax authorities, but also from municipal tax authorities, who have enacted regulations to enhance their collection efforts.

The legislative agenda for 2025

Venezuela's basic legislative agenda for 2025 includes 22 proposed bills and a reform of the Constitution, which has been postponed until 2026. The 22 bills aim to implement reforms across various sectors, referred to as 'Transformation Areas'. These areas include the economy, taxation, living standards, security and defence, social protection and development, politics, ecosocialism, and international relations.¹

Major legislative and regulatory changes

Special Economic Zones

On 9 May 2025, the Ministry of Economy and Finance issued Resolution No 014-25 which established the Special Regime of Economic, Fiscal, and Customs Incentives applicable to Special Economic Zones (SEZs) in Venezuela, aiming to promote investment and productive development. The Resolution's key aspects include:

- **Tax refunds:** Includes reimbursement of income tax, import duties (draw back), and VAT for SEZ participants;
- **Accelerated depreciation:** Allows faster fiscal recovery of investments in machinery and equipment used in production processes;
- **Compliance certification:** Beneficiaries must request semi-annual certification to verify compliance with economic activity agreements;
- **Administrative simplification:** Government agencies must streamline procedures for tax and customs refund requests; and
- **Eligibility conditions:** Participants must meet specific requirements, including minimum export levels and certifications of non-domestic production to qualify for incentives.

National Emergency Decree

On 8 April 2025, the Executive Branch declared a National Economic Emergency in response to new US tariffs and their impact on Venezuela's economy. The National Economic Emergency is set to last for 60 days, with the possibility of extending it for an additional 60 days.

While no specific measures have been announced yet, the decree outlines several potential actions regarding public finances and taxation at national, state and municipal levels. These include:

- suspending the application of national, state and municipal taxes;
- centralising tax collection in the National Treasury;
- establishing mechanisms to combat tax evasion;
- setting a percentage of national purchases to substitute for imports;

- permitting expenditures not included in the annual budget; and
- issuing regulations to authorise credit operations and rescheduling not covered by existing debt law.

On 10 April 2025, the Legislative Branch approved the decree. The Judicial Branch confirmed its constitutionality on 11 April 2025. The only remaining step is its publication in the *Official Gazette*, which had not yet occurred as of 26 May 2025.

Oil-related tax exonerations

Decree No 5,079, effective 12 January 2025, grants total tax exemptions on hydrocarbon fuel imports and sales, covering VAT, import duties, financial transaction taxes and other levies for both state-owned and private enterprises. The decree also includes a provision urging state and municipal authorities to take measures to extend these exemptions to local taxes, fees, contributions and other levies under their purview.

Income tax exemption for investments in Venezuelan central bank securities

Decree No 5,127, effective 8 May 2025, exonerates individuals and legal entities from income tax on investments in securities issued by the Central Bank of Venezuela.

Introduction of a new digital invoicing system

SENIAT has introduced a new digital invoicing system through Administrative Ruling SENIAT/2024/000102, published on 19 December 2024. This ruling outlines the guidelines for digitally issuing invoices and related documents, including debit notes, credit notes, delivery orders, dispatch notes and withholding vouchers.

Public and private legal entities authorised by SENIAT that are not required to use fiscal machines can choose to adopt this digital system. Entities that must use fiscal machines can utilise digital means exclusively for transactions conducted through web portals. Notably, individuals and legal entities that conduct transactions through electronic means or web portals are required to implement these digital invoicing methods.

To use the new system, entities must obtain authorisation from SENIAT. SENIAT retains the authority to revoke this authorisation if an entity fails to comply with its duties or tax obligations or if it issues false documents.

Digital invoices and documents must adhere to specific formal requirements, including a unique consecutive numbering system with a ‘series’ prefix if there is no centralised system in place. Additionally, during internet outages or service disruptions, contingency measures must be employed, such as using offline applications or documents from certified tax printers marked as ‘contingency’.

Municipalities and their efforts in tax collection

Municipalities have taken steps to enhance the collection of the municipal tax on economic activities. One such measure is the introduction of tax withholdings. Although the specifics may vary depending on each municipality’s regulations, designated withholding agents are generally required to withhold 100 per cent of the tax when making payments to service providers or

construction contractors. Two municipalities that have adopted these measures are Sucre Municipality (2025) and Libertador Municipality (2024).

Recent judicial interpretations have also bolstered municipal authorities in their collection efforts. For instance, a Supreme Court ruling on 2 May 2024 upheld the action of a municipal tax administration to restrict a company's online access due to non-payment of taxes. As a result, many municipalities across the country have started to adopt similar measures.

Exoneration of cooperative associations from income tax

Decree No 4,976, effective 12 August 2024, exonerates cooperative associations from income tax for one year, provided they comply with tax registration certificate (RIF) updates and annual net income returns. Non-compliance leads to loss of benefits.

Changes to the tax on large financial transactions (IGTF)

The IGTF is generally imposed on debits to bank accounts and the settling of debts without the intervention of the financial system. Significant changes to the IGTF rate have been announced by Decree No 4,972, taking effect on 15 July 2024. This decree establishes a 0 per cent tax rate for certain transactions that were previously subject to a 2 per cent rate. The 0 per cent rate applies to:

- transactions conducted by special taxpayers (*sujetos pasivos especiales*) when making payments from their bank accounts or without the involvement of a financial institution;
- transactions by legal entities legally related to a special taxpayer for such payments; and
- transactions by legal entities and individuals who are not related to a special taxpayer for payments made on their behalf.

However, transactions conducted in currencies other than the national legal tender or in cryptocurrencies not issued by the Venezuelan State will still be taxed at a 3 per cent rate. This 3 per cent applies to:

- payments made through the national banking system without foreign intermediary banks; and
- payments made directly to large taxpayers in foreign currency or non-Venezuelan cryptocurrencies without the involvement of a financial institution.

In addition, Decree 4,924, which took effect on 26 February 2024, was valid for one year and expired in February 2025. As of today, the Decree has not been renewed. This decree provided an exoneration from the IGTF for payments related to the purchase, sale and transfer of custody of securities issued or guaranteed by the Republic or the Central Bank of Venezuela. It also covered payments associated with the liquidation of capital and interest on these securities, as well as transactions conducted through stock exchanges and the agricultural stock exchange, provided they were made in foreign currency.

Law for promoting non-oil exports

This law, enacted on 18 July 2024, aims to stimulate the non-oil export sector.

- The law grants the National Executive Branch the authority to implement new tax benefits and incentives to reduce tax obligations for exporters involved in activities deemed to be of national interest.
- The Executive Branch is authorised to establish procedures for the refund of customs duties (drawback) on non-hydrocarbon exports.
- The law creates the National Export Fund, which will be partially financed by a new import tax/contribution of up to 0.5 per cent of the value of imported goods.
- Importers are required to pay this contribution at the time of import tax determination. The effectiveness of this import tax is contingent upon the Ministry of Economy and Finance issuing and publishing a Resolution that details its terms, which will take effect 30 days after the Resolution's publication. To the best of our knowledge, the Ministry of Economy and Finance has not yet issued the Resolution.
- Additional provisions include unifying export tariffs into a single decree, simplifying export processes, establishing a Foreign Commerce One-Stop Shop, standardising logistics and creating a credit insurance mechanism for export risks.

Social Security pensions protection tax

The Social Security Pensions Protection Law, established by the national government and administered by SENIAT (instead of Venezuela's Institute of Social Security), imposes a tax of up to 15 per cent on employee 'minimum income' to fund the national pension system. This tax can be deducted from the base of the income tax. Since 16 May 2024, the tax rate is set at 9 per cent.

Customs tariff adjustments

Decree No 5,103 (effective 6 March 2025) introduced flexible customs tariff rates, including 0 per cent ad valorem for certain capital goods (BK) and technology goods (BIT). Preferential rates now apply to pharmaceutical goods, food sectors, chemicals and textiles, including a significant 0 per cent rate for many goods in the pharmaceutical sector; rates have also been modified for sectors such as dairy, cereals, prepared foods, chemicals, textiles vehicles, and machinery parts. The decree also specifies sanitary requirements for certain cleaning products, establishes a maximum age limit of five years for imported vehicles, and amends criteria for exempting CET and/or VAT for companies in the automotive sector.

New VAT and customs exemptions

Decree No 5,104 (effective 13 March 2025 to 30 June 2025) grants up to 100 per cent exemptions on import taxes and VAT for certain imported goods, contingent upon production insufficiency certificates and government import controls. These exemptions include:

- a 90 per cent exemption from import tax and VAT for definitive imports of new or used goods listed in Appendix I (1,550 goods) by the National Public Administration, individuals, or companies using their own resources;

- a 100 per cent exemption from import tax and VAT for definitive imports of new or used goods listed in Appendix II (441 goods) by the National Public Administration, individuals, or companies using their own resources;
- a 100 per cent exemption from import tax and VAT for definitive imports of specific new or used goods listed in Appendices III and IV exclusively by the Corporación Venezolana de Guayana (166 goods) and the Ministry of Water Services (260 goods), respectively; and
- a 100 per cent exemption also applies to specific goods imported exclusively by the Corporación Socialista del Cemento and the Corporación Venezolana de Comercio Exterior (CSC).

Tax administration and enforcement

Tax audits and enforcement actions have increased, targeting compliance and collection improvements.

¹ Law for the Simplification of Special Contributions, Reform of the Organic Law of the Communal Economic System, Law of the *Banco de la Comuna*, Law for the Protection of Socioeconomic Rights, Law for Mines and Minerals, Coffee Law, Law for the Promotion of National Production, Law of the Tax and Royalty System of the Capital District, Law of the Plan of the Homeland for the Seven Transformations (2025–2031), Partial Reform of the Law for the Protection and Defence of Cultural Heritage, Artificial Intelligence Law, Law on the Right to the City and Habitat, Law for the Creation of the Aristóbulo Istúriz Award, Law Against Fascism, Neo-Fascism, and Similar Expressions, Special Law for the Integral Defence Management Bodies, Law for the Integral Protection of Children and Adolescents in Virtual Environments, Law for the Equality of Women, Law for the Integral Attention to Deaf and Hearing-Impaired Persons, Reform of the Popular Communication Law, Electoral Laws Proposed by the Special Dialogue Commission for the Revision of Electoral Laws, Reform of the Integral Solid Waste Management Law, Renewable and Alternative Energies Law and the International Cooperation Law.