

# Global Tax Alert

News from Americas Tax

## Venezuela reissues equity tax law

---

### EY Tax News Update: Global Edition

EY's Tax News Update: Global Edition is a free, personalized email subscription service that allows you to receive EY Global Tax Alerts, newsletters, events, and thought leadership published across all areas of tax. Access information about the tool and registration [here](#).

---

### EY Americas Tax

EY Americas Tax brings together the experience and perspectives of over 10,000 tax professionals across the region to help clients address administrative, legislative and regulatory opportunities and challenges in the 33 countries that comprise the Americas region of the global EY organization. Access more information [here](#).

---

In *Official Gazette No. 41.696*, published on 16 August 2019, the Venezuelan Government reissued the Constitutional Law Creating the Equity Tax (the Law) because of substantive errors. This Alert discusses the modifications. For more information on the new equity tax, see EY Global Tax Alert, [Venezuela enacts equity tax](#), dated 8 August 2019.

### Applicability

Before the modifications, the tax would have been levied on the net equity of certain taxpayers with equity over 36 million Tax Units (or US\$144,000) for individuals and 100 million Tax Units (or US\$400,000) for entities. The modifications to Article 1 of the Law eliminate the different threshold amounts for individuals and entities to create one threshold amount. Under Article 1, the tax will be levied on individuals and entities qualified as special taxpayers with equity over 150 million Tax Units (or US\$360,000).

Under amended Article 11, the tax will be determined on 30 September of each year.

### Exempt entities

Article 13, numeral 4 is amended to clarify that the home registered as the principal residence with the Tax Administration is exempt from the tax, regardless of its value. Article 13, numeral 10 is modified to exempt from the

tax assets located in Venezuela that are relevant to foreign diplomatic and consular missions, to the extent international conventions and reciprocity apply.

### Tax base

Article 15 is amended to clarify that liabilities must be excluded from assets to determine the net equity for the tax base calculation.

### Tax imposition date

Under amended Article 24, the tax will be determined annually on the value of the net equity on 30 September.

### Transitional provisions

The modifications delete Article 25, which contained provisions for tax declarations. Article 26 is now renumbered as Article 25 and incorporates the sixth and seventh transitional provisions, which includes tax declarations.

The sixth transitional provision requires taxpayers that are subject to the equity tax to declare the equity value to the Tax Administration in accordance with Article 16, numeral 3, Article 20, Article 22 and the other transitional provisions contained in the Law.

The seventh transitional provision establishes that the first period to which the equity tax applies will end on 30 September 2019.

A complementary regulation, Administrative Order # SNAT/2019/00213, was published by the Tax Administration in *Official Gazette No. 41.697*. Under the Administrative Order, (i) the parameters to determine the updated acquisition price of assets will be published by the Tax Administration on its website and (ii) the tax return for this tax must be filed electronically from 1 October through 30 November each year.

---

For additional information with respect to this Alert, please contact the following:

#### EY Venezuela, Caracas

- |                       |                                   |
|-----------------------|-----------------------------------|
| ▶ Saul Medina         | saul.medina@ve.ey.com             |
| ▶ Rodrigo Lepervanche | rodrigo.lepervanche@ve.ey.com     |
| ▶ Diana Socorro       | diana.c.socorro.marquez@ve.ey.com |

#### Ernst & Young LLP (United States), Latin America Business Center, New York

- |                        |                            |
|------------------------|----------------------------|
| ▶ Ana Mingramm         | ana.mingramm@ey.com        |
| ▶ Enrique Perez Grovas | enrique.perezgrovas@ey.com |
| ▶ Pablo Wejcmán        | pablo.wejcmán@ey.com       |

#### Ernst & Young LLP (United Kingdom), Latin American Business Center, London

- |                |                    |
|----------------|--------------------|
| ▶ Jose Padilla | jpadilla@uk.ey.com |
|----------------|--------------------|

#### Ernst & Young Tax Co., Latin American Business Center, Japan & Asia Pacific

- |                            |                         |
|----------------------------|-------------------------|
| ▶ Raul Moreno, Tokyo       | raul.moreno@jp.ey.com   |
| ▶ Luis Coronado, Singapore | luis.coronado@sg.ey.com |

**About EY**

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit [ey.com](https://ey.com).

Americas Tax Center

© 2019 EYGM Limited.  
All Rights Reserved.

EYG no. 001134-19Gbl

1508-1600216 NY  
ED None

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to your advisors for specific advice.

**[ey.com](https://ey.com)**