

EXPATRIATES

Venezuela

Tax facts for international assignees



INCOME TAX: WHO IS LIABLE

The Venezuelan National Tax Legislation stipulates that every Venezuelan citizen, unless proven otherwise, is considered a Venezuelan tax resident and therefore must comply with final tax return (income tax) up to March 31 of each year.

Also, they are considered resident in Venezuela for tax purposes, those Venezuelans who carry out representation functions or official positions of the Republic, states, municipalities or functionally decentralized entities, and who receive remuneration from any of these public bodies.

Since 2001, the Law on Income Tax establishes the regime of World Income, which means that any individual resident in Venezuela, will pay taxes on income from any source, whether the cause or source of income is located within the country or outside of it.

The taxpayer must determine the taxable income from foreign sources, in accordance with the provisions of the Law on Income Tax.

BREAKING RESIDENCY - EXIT PROCEDURES

The Venezuelan citizen who is abroad would lose the tax residence of the country, if he/she were to stay outside Venezuela for more than 183 days and additionally certify to the SENIAT, at its request, the tax residence certificate issued by the tax authorities of the country where he or she now lives. It is of added importance to note, that the Venezuelan citizen who has lost Venezuelan tax residence, is not required to pay taxes in said country.

The taxpayer who is taxed on worldwide income must maintain audited financial statements, declarations and corresponding respective payments to income, costs and deductions from external sources duly proved, notwithstanding that the tax authorities may require any other information, contracts, invoices and documents it deems necessary to determine these enrichments.

For the calculation of enrichments from an external source, taxpayers, according to the provisions of the Act are required to compute their enrichments from national sources as well as their enrichments from external sources, showing separately the accounting of both enrichments.

INCOME TAX RATES AND SOCIAL SECURITY CONTRIBUTIONS

Income tax rates

Taxable income	Tax rate	Subtract (due to lower rate)
For the fraction up to 1,000 U.T.	6%	0
For the fraction exceeding 1,000 to 1,500 U.T.	9%	30
For the fraction exceeding 1,500 to 2,000 U.T.	12%	75
For the fraction exceeding 2,000 to 2,500 U.T.	16%	155
For the fraction exceeding 2,500 to 3,000 U.T.	20%	255
For the fraction exceeding 3,000 to 4,000 U.T.	24%	375
For the fraction exceeding 4,000 to 6,000 U.T.	29%	575
For the fraction exceeding 6,000 U.T.	34%	875

Social tax rates

In Venezuela payroll contributions are charges levied by certain public bodies to ensure their self-financing.

Social Security (SSO)

Type of company	% Employee	% Employer
Minimal Risk	4%	9%
Medium Risk	4%	10%
Maximum Risk	4%	11%

Loss of Employment Benefit System (RPE)

% Employee	% Employer
0.5%	2%

Mandatory Savings Fund for Housing (FAOV)

% Employee	% Employer
1%	2%

National Institute for Socialist Training and Education (INCES)

% Employee	% Employer
0.5%	2%

Registration/formalities

Tax Information Registry (RIF)

In Venezuela, the National Integrated Service of Customs Administration and Taxation (SENIAT), is a registry intended for tax control, which must register, individuals and non-legal entities that pay taxes - or that carry out proceedings before any agency or body of Public Administration. They must be registered with the Tax Information Registry (RIF), subjects or entities, non-resident or not domiciled in the Bolivarian Republic of Venezuela, which have no permanent establishment or fixed base when making economic activities in the country or that possess goods liable to be taxed in the same.

Individuals

Individuals should register in the Tax Information Registry (RIF), within a period of the following thirty(30) business days, counted from the constitution or the start of activities, whichever comes first.

Residents abroad without permanent or stable-based fixed foundation once the cause of enrichment is or occurs in the country during the first month from the start of operations of its first taxable year.

For further information and to register for future updates contact expat@bdo.global

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