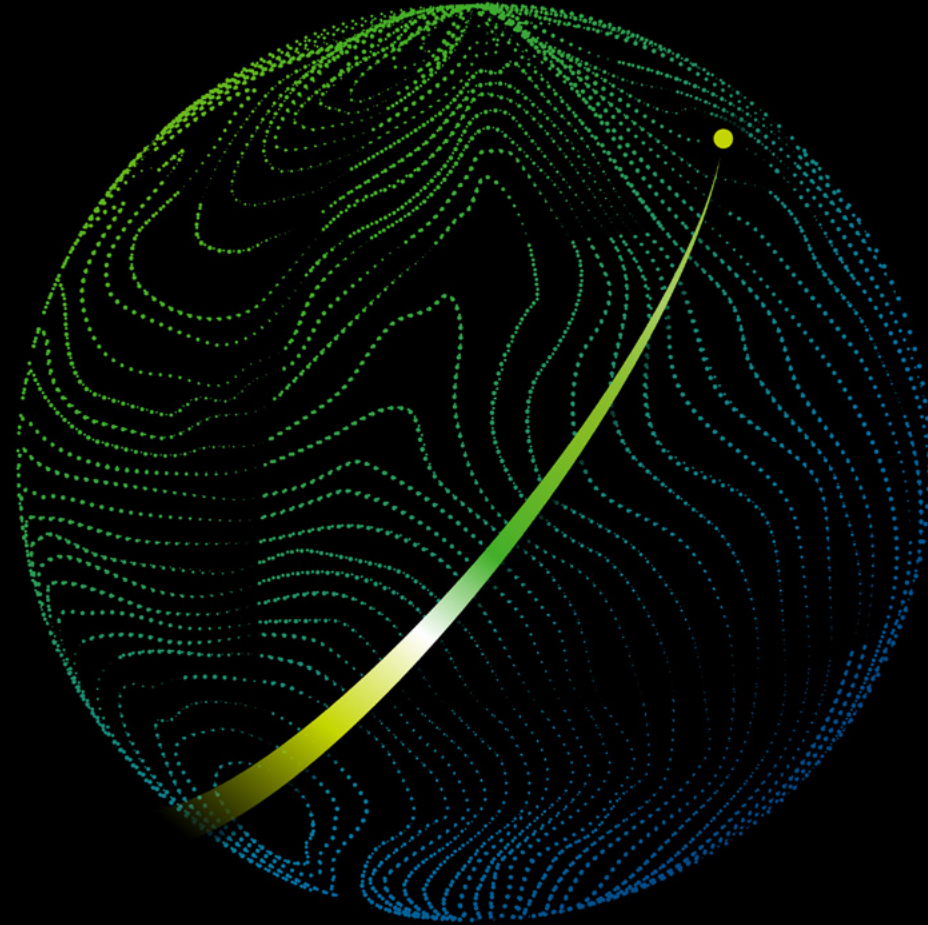


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Tax and Legal
Newsletter

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Presidential Decree No. 4.816

Income Tax payment exemption for cooperatives

The net taxable income from territorial source obtained by cooperative associations is exempted from income tax payment.

Presidential Decree of the Bolivarian Republic of Venezuela No. 4.816 was published in Official Gazette No. 42.661, dated June 29, 2023. The Decree provides for an income tax payment exemption for net taxable income from territorial source obtained by cooperative associations incorporated in accordance with provisions set forth in Cooperative Associations Special Decree Law.¹

Relevant aspects

- The net taxable income from territorial source, obtained by cooperative associations are exempted from payment of income taxes.
- Exempted income will be determined by applying the standards set forth in Income Tax Decree-Law ², as to income, costs and deductions is concerned.
- Common costs and deductions applicable to revenue, where income is taxable or exempted, shall be proportionally distributed.

¹ Cooperative Associations Special Act. Published in Official Gazette No.37.285, dated September 18, 2001.

² Decree No.2.163 provide for the Partial Amendment to Income Tax Decree-Law. Extraordinary Official Gazette No.6.210, dated December 30, 2015.

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- Losses generated for exempted activities cannot be attributed, for any fiscal period, to income generated by activities subject to income tax.

Requirements

- The exemption beneficiaries shall update their tax ID certificate; therefore, they shall submit current Compliance Certificate, issued by the National Superintendence of Cooperatives.
- The exemption beneficiaries shall submit the corresponding annual filing of global net taxable and exempted income, under the terms and conditions established in the income tax law regulations.
- Those failing to comply with obligations and requirements established in the exemption decree, the income tax law, its regulations, and other applicable standards, will lose the referred-to benefit.

Effective date

- The decree is effective for one (1) year as from its publication in Official Gazette; i.e., as from June 29, 2023.
- The exemption will be applied to current fiscal year, as from the decree's effective date.



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