

Venezuela: National Executive decrees the creation and amendment of Special Economic Zones

In brief

Pursuant to the Organic Law of Special Economic Zones,¹ the National Executive issued on 10 August 2023 Decree Nos. 4,838; 4,839; 4,840; and 4,841 ("**Decrees**").² The Decrees create the Special Economic Zone (SEZ) of the Federal Dependency La Tortuga Island, adapt the Special Military Economic Zone No. 1 of the State of Aragua³ and SEZ of Peninsula Paraguaná of the state of Falcón, and create the SEZ of the State of La Guaira, respectively.

The Decrees became effective on 10 August 2023.

In detail

The most relevant aspects of the Decrees are as follows:

	SEZ - La Guaira State	SEZ - Peninsula Paraguaná of Falcón State	SEZ - Federal Dependency Isla La Tortuga	SEZ - Special Military Economic Zone No. 1 of Aragua State
Productive sectors of development	<ul style="list-style-type: none"> - Industrial Sector⁴ (the defined areas of the Parroquias Catia La Mar, Urimare, Carlos Soublete, Maiquetía and La Guaira). - Non-Financial Services Sector⁵ (Parroquias Macuto, Caraballeda, Naiguatá) 	<ul style="list-style-type: none"> - Industrial Sector - Technological Sector⁷ - Non-Financial Services Sector 	<ul style="list-style-type: none"> - Non-Financial Services Sector 	<ul style="list-style-type: none"> - Industrial Sector - Technological Sector

¹ Organic Law of Special Economic Zones, published in the Official Gazette No. 6,710 on 20 July 2022. For more information click here: <https://insightplus.bakermckenzie.com/bm/international-commercial-trade/venezuela-domestic-and-foreign-investment-opportunities-in-special-economic-zones>

² Published in the Official Gazette No. 6,756 on 10 August 2023.

³ The Special Military Economic Zone No. 1 of the State of Aragua differs from the Special Military Economic Zone for Forestry Development "ZEEMDEF" created by the Decree No. 4,392 published in Official Gazette No. 42,034 on 22 December 2020, mainly in the productive sectors of development as ZEEMDEF is limited to forestry activities without a defined incentive system, while the Military SEZ No. 1 focuses on several sectors with a structured incentive system. In addition, both have different governing bodies, competent authorities and organizational structures.

⁴ Aimed at the production of goods, manufacturing, strategic agribusiness, export and re-export, aeronautics and energy in any of its categories.

⁵ Aimed at the installation and production of logistics sectors for the provision and export of tourist services, hotels, recreation and entertainment.

⁷ Aimed at the installation of technological parks for the development and production of systems, parts, components and pieces of telecommunications, informatics and telematics, computer applications and systems, recycling of solid and technological waste, scientific research and development activities for the matter of outer space, and development of military science and technology.



	- Primary Agri-Food Sector ⁶ (Carayaca and El Junko Parishes)			
Military Productive Development Center	N/A	Participating entities will be subject to exceptional conditions linked to their production model, which must be related to the defense area.	N/A	N/A
Economic, tax, customs, and other benefits	<p>- Reimbursement of declared and paid Income Tax:</p> <p>a) Up to 100% for a period of 4 years from the beginning of operations in the SEZ by means of the Economic Activity Agreement</p> <p>b) From year 5 to year 6, up to 100% refund if the export levels of production are higher than 60%; otherwise, a 25% refund will be applied.</p> <p>c) From year 7 onwards, reimbursement of up to 75% if the export levels of production are higher than 60%; otherwise, no reimbursement will be applied.</p> <p>- Reimbursement for up to 10 years from the date of signature of the Economic Activity Agreement of customs duties on imports of conamountables, raw materials, parts, pieces or components used for goods subject to export</p> <p>- Benefits for accelerated depreciation of machinery, equipment or infrastructure in accordance with the estimates established in the Economic Activity Agreement</p> <p>- Preferential rate for the use of port logistics services related to the export process</p> <p>- Additional deduction from the income to be declared for the concept of the annual enrichment of territorial source equivalent to 50% of certain contributions made to the construction, operation and development of training, research, promotion and training centers for human talent (deduction cannot exceed 10% of the amount of its net income)</p>	<p>- Reimbursement of declared and paid income tax:</p> <p>a) Up to 100% for a period of 20 years from the beginning of operations in the SEZ through means of the Economic Activity Agreement</p> <p>b) From year 21 to year 25, up to 50% refund will be applied.</p> <p>c) From year 26 onwards, all entities will be subject to declare and pay Income Tax.</p> <p>- Reimbursement for up to 10 years from the date of signature of the Economic Activity Agreement of customs duties on imports of conamountables, raw materials, parts, pieces or components used for goods subject to export</p> <p>- Benefits for accelerated depreciation of machinery, equipment or</p>	<p>- Reimbursement of declared and paid Income Tax:</p> <p>a) Up to 100% for a period of 4 years from the beginning of operations in the SEZ by means of the Economic Activity Agreement</p> <p>b) From year 5 to year 6, up to 100% refund if the export levels of production are higher than 60%; otherwise, a 25% refund will be applied.</p> <p>c) From year 7 onwards, reimbursement of up to 75% if the export levels of production are higher than 60%; otherwise, no reimbursement will be applied.</p> <p>- Reimbursement for up to 10 years from the date of signature of the Economic Activity Agreement of customs duties on imports of conamountables, raw materials, parts, pieces or components used for goods subject to export</p> <p>- Benefits for accelerated depreciation of</p>	

⁶ Intended for the development of primary production activities in the agricultural, livestock, fishing and aquaculture sectors for export purposes. Establishment of legal entities, national or foreign, public, private, mixed or communal for these purposes.



		<p>infrastructure in accordance with the estimates established in the Economic Activity Agreement</p> <p>- Preferential rate for the use of port logistics services related to the export process</p> <p>- Additional deduction from the income to be declared for the concept of the annual enrichment of territorial source equivalent to 50% of certain contributions made to the construction, operation and development of training, research, promotion and training centers for human talent (deduction cannot exceed 10% of the amount of its Net Income)</p>	<p>machinery, equipment or infrastructure in accordance with the estimates established in the Economic Activity Agreement</p> <p>- Preferential rate for the use of port logistics services related to the export process</p> <p>- Additional deduction from the income to be declared for the concept of the annual enrichment of territorial source equivalent to 50% of certain contributions made to the construction, operation and development of training, research, promotion and training centers for human talent (deduction cannot exceed 10% of the amount of its Net Income)</p>	
Tourism development benefits	<p>Entities will enjoy the categories and conditions of benefits granted by the Organic Law on tourism services⁸ (e.g., tax exemptions and state and municipal benefits).</p> <p>The Income Tax benefits established by the Organic Law on tourism services do not accrue with respect to those established in the Decrees.</p>		N/A	
Temporary Admission for Active Improvement⁹	Applicable			
Common provisions for incentive schemes	<p>- When the amount of the percentages established for the benefits granted for Income Tax purposes exceeds 100%, this value will be taken as the maximum limit, without the possibility of</p>	<p>- When the amount of the percentages established for the benefits granted for Income Tax purposes exceeds 100%, this value will be taken as the maximum limit, without the possibility of</p>	<p>- When the amount of the percentages established for the benefits granted for Income Tax purposes exceeds 100%, this value will be taken as the maximum limit, without the possibility of</p>	<p>- When the amount of the percentages established for the benefits granted for Income Tax purposes exceeds 100%, this value will be taken as the maximum limit, without the possibility of</p>

⁸ Decree No. 1,441, by means of which the Decree with Rank, Value and Force of the Organic Law of Tourism, published on 18 November 2014 in Official Gazette No. 6,152, and Partial Regulation of the Organic Law of Tourism on Incentives Applicable to Companies Providing Tourism Services, published on 18 January 1999 in Official Gazette No. 36,623, are issued.

⁹ The entities, national or foreign, public, private, mixed or communal, authorized to develop economic activities in the SEZs, that import consumables, raw materials, parts or pieces that by their nature or by their duly justified urgency are basic and indispensable to install and start operating their economic activity project, shall have the greatest benefits provided by the national customs legislation in matters of temporary admission for inward processing, according to the ruling issued by the national tax administration in this regard. The nature and urgency referred to in this article for imported inputs shall be determined by the competent tax authority.



	<p>accumulating benefits for subsequent fiscal years.</p> <ul style="list-style-type: none"> - When entities have, as of the 7th year, an export level lower than 60%, they will no longer be beneficiaries of the totality of the scheme in the present Decree. - When entities fail to comply with any of the aspects established in the Decree or the Economic Activity Agreement, they will cease to be beneficiaries of the totality of the scheme in the present Decree. - For the primary agri-food sector, only the drawback provided for in Article 28.1 of the Law of SEZ will be guaranteed as an exclusive incentive.¹⁰ 	<p>accumulating benefits for subsequent fiscal years.</p> <ul style="list-style-type: none"> - When entities have, as of the 7th year, an export level lower than 60%, they will no longer be beneficiaries of the totality of the scheme in the present Decree. - When entities fail to comply with any of the aspects established in the Decree or the Economic Activity Agreement, they will cease to be beneficiaries of the totality of the scheme in the present Decree. 	<p>accumulating benefits for subsequent fiscal years.</p> <ul style="list-style-type: none"> - When entities fail to comply with any of the aspects established in the Decree or the Economic Activity Agreement, they will cease to be beneficiaries of the totality of the scheme in the present Decree. 	<p>accumulating benefits for subsequent fiscal years.</p> <ul style="list-style-type: none"> - When entities have, as of the 7th year, an export level lower than 60%, they will no longer be beneficiaries of the totality of the scheme in the present Decree. - When entities fail to comply with any of the aspects established in the Decree or the Economic Activity Agreement, they will cease to be beneficiaries of the totality of the scheme in the present Decree.
Change of destination	<p>When the goods entered in the SEZ are extracted to be introduced into the national territory, the respective customs declaration must be made by means of which they are destined to the definitive import customs regime, triggering the corresponding taxes.</p> <p>When the legal entity has extinguished the tax obligation when importing in the EEZ and the products are destined to the national territory for its definitive consumption, it cannot be beneficiary of the benefit established in the ordinal 2 of the "Economic, tax, customs and other benefits" section.</p>			
"Sole Window" (Ventana Única) Platform	<p>An exclusive platform for each SEZ will be incorporated into Venezuela's Foreign Trade Sole Window Platform for all the procedures related to the Decrees.</p>			

¹⁰ Drawback is the regime through which the customs taxes that have been charged on the goods used in the production process of exported goods and which have been paid directly by the exporter, or whose payment has been assumed by the exporter in the purchase price of such goods, are refunded. This customs regime is included despite the fact that this drawback mechanism has not yielded results for some time. It does not apply to final consumption goods, to those that displace national production (it will require a CNP certificate), or those that affect the objectives of the import substitution plan.



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