



Firm

Areas of Practice

Members

Offices

CONSTITUTIONAL LAW THAT CREATES THE TAX ON LARGE PATRIMONIES

The Constitutional Law that Creates the Tax on Large Patrimonies, issued by the Constituent National Assembly, was published in Official Gazette No. 41.667 of July 3, 2019 (the “Law”).

The tax will be imposed on the net worth of special taxpayers with a patrimony equal to or higher than 36 million Tax Units (T.U.) for natural persons and 100 million T.U. for legal persons. The natural and legal persons will be under the obligation to pay the tax for the portion of the patrimony exceeding the aforesaid amounts. The administration, control, and collection of this tax are entrusted exclusively to the National Government.

The taxable event is constituted by the ownership or possession of the patrimony attributable to the payers of this tax. The taxable event is deemed to have occurred on the last day of the relevant taxation period. The tax will accrue on an annual basis on the value of the net worth at the end of each period.

The taxpayers categorized as special taxpayers will pay the tax according to the following territorial criteria:

1. The natural and legal persons categorized as special taxpayers, as well as the unincorporated entities, residing in the country, for the total patrimony, whatever the place may be where the property is located or where the rights that form the same are to be exercised.
2. The foreign or national, natural and legal persons categorized as special taxpayers, not residing in the country, as well as the unincorporated entities, for the property located in the national territory and for the rights that may be exercised in the country.

In the cases prescribed in number 2, when the persons or entities have a permanent establishment in the country, they will be taxpayers also for the total patrimony attributable to said establishment, whatever the place may be where the property is located or where the rights that form the same are to be exercised.

The Law also established that:

1. The following are considered to be located in the national territory:

- a. The *in rem* rights constituted on real property located in the national territory.
- b. The ships, aircraft, vessels, navigation accessories, and motor vehicles with national registration number, as well as those with foreign registration number, that have actually remained in the national territory for at least 10 consecutive or non-consecutive days during the taxation period.



- c. The certificates, shares, quotas or interest, and other securities representing the corporate capital or an equivalent, issued by Venezuelan companies.
- d. The property expressed in precious stones, minerals, works of art, and jewels.

2. A natural person is considered to reside in the country when:

- a. He/she remains in the country for a continuous or discontinuous period exceeding 183 days in a calendar year, or in the year immediately preceding the period for which the tax is to be determined.
- b. The principal core or base of his/her activities or economic interests is directly or indirectly in the country.
- c. He/she is a Venezuelan and a public officer or worker at the service of the State, even if the principal core or base of his/her activities or economic interests is located abroad.
- d. He/she is a Venezuelan and provides evidence of his/her new residence for fiscal purposes in a country or territory categorized as low-tax jurisdiction, except if a broad tax information exchange agreement has been entered into with Venezuela.

3. A legal person or unincorporated entity is considered to reside in the country when:

- a. It was organized under the laws of Venezuela.
- b. It has its domicile for fiscal purposes or statutory domicile in the country.
- c. It has its actual management office (*sede de dirección efectiva*) in the country.

The Law establishes that, unless there is evidence to the contrary, a natural person is presumed to have his/her residence in the country when;

- a. He/she has established his/her residence, or has a principal dwelling unit, in the country.
- b. He/she is a Venezuelan.
- c. His/her not legally separated spouse or his/her dependent minor children are considered to be residents in the country according to the criteria established in letters a and b above.

In the cases prescribed in letters a and b the only evidence to the contrary to be admitted will be a certificate issued by the competent authorities of another country.

Also, housing units registered as principal dwelling units with the Tax Administration ("TA"), for up to a value of 64 million T.U, the household furniture and effects and other personal property of private use of the taxpayer, the termination benefits and other benefits derived from employment relationships, the assets and rights of communal property, among others, will be exempt from payment of this tax.

The taxable base of the tax will be the result of the addition of the total value of the property and rights determined according to the Law, excluding the value of the charges and encumbrances on the property, as well as the exempt and exonerated property. The tax rate applicable to the value of the net worth



determined according to the Law is 0.25% and it may be modified by the National Executive (“NE”) up to a maximum limit of 1.50%. The NE may establish progressive rates as per the value of the patrimony.

The natural and legal persons that have assets with a value equal to or higher than 150 million T.U. must declare them in the periods of time and in the manner determined by the TA. Payment of the tax must be made also in the period of time, in the manner, and through the methods established by the TA.

The TA may designate withholding and collection agents for this tax. The judges, registrars, notaries, financial institutions, insurance and reinsurance companies, brokerage firms, currency exchange offices, depositaries, museums, galleries, jewelry shops, and other public or private entities with which personal or real property is registered, recorded, or deposited must send to the TA the general or particular information required.

The TA will bring the action for enforced collection of the amounts determined by it that have not been paid by the taxpayers or the responsible persons/entities, in accordance with the provisions of the Organic Tax Code.

Finally, it was established that this tax will not be deductible from the Income Tax and that the TA, within a period of 60 days following the entry into force of the Law, will issue the rules and instructions that are necessary for restating the value of the property and implementing the tax.

The Law entered into effect upon publication of the same in the Official Gazette.

In order to access the Law, please click [here](#).

Should you have any question or comment or require further information, please contact the partner in charge of your account via e-mail.

