



Administrative Ruling Issued to Establish the Procedure of the Contribution to FONACIT

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In *Official Gazette* No. 42,813, dated Feb. 5, 2024, Administrative Ruling No. 015-004-2024 was published by the Ministry of Popular Power for Science and Technology, in which the regulations that establish the procedure for liquidation, self-assessment, payment and monthly declaration of the contribution for science, technology and their applications were issued.

It is established that legal persons, private or public entities, domiciled or not in the Republic that carry out economic activities in the national territory, must be registered in the System for the Declaration and Control of Contribution in Science, Technology and Innovation (SIDCAI) of the National Fund for Science, Technology and Innovation (FONACIT), following the steps established in the regulations contained in Administrative Ruling No. 015-029, dated April 15, 2021, published in the *Official Gazette* of the Bolivarian Republic of Venezuela No. 42,128 dated May 17, 2021, corrected for a material error on May 20, 2021, published in the *Official Gazette* No. 42,131, as long as it is applicable and does not differ with this Administrative Ruling (Article 2 of the Providence).

The guidelines are established to determine the status of contributors to FONACIT, stating in Article 3 that:

- in compliance with the provisions of the heading of Article 30 of the Organic Law of Science, Technology and Innovation, contributors will be considered those who have obtained gross annual income greater than 150,000 times the official exchange rate of the currency of highest value established by the Central Bank of Venezuela (BCV)
- legal entities, private or public entities, will determine their status as contributors, once they end their immediately preceding annual fiscal year and proceed to divide the gross income obtained between the official exchange rate of the highest value currency established by the BCV, of the day following the end of the immediately preceding annual fiscal year

In Article 4, it is specified that gross income is considered to be the income, proceeds and flows that the contributors habitually, accidentally or extraordinarily accrue for any activity they carry out, including income from exchange differentials, income obtained from interest and/or dividends, from the placement of bonds regardless of their denomination and operating income, among others, provided that they are not obliged to return them for any reason, without admitting costs or deductions of any kind, all in accordance with Article 31, First Section of the Law Organic Science, Technology and Innovation.

Regarding the deadlines for the liquidation, self-assessment, payment and declaration of the monthly contribution to FONACIT, Article 5 of the Administrative Ruling provides that:

- the obligated subjects will be required to estimate their annual gross income at the beginning of their fiscal year, and the monthly average of the corresponding rate of the estimate for said fiscal year will be settled, self-assessed, paid and declared within 15 days following the end of each month



- the estimates made by companies may be based on the final income tax declaration that they have submitted for the immediately preceding annual fiscal year to the National Integrated Customs and Tax Administration Service (SENIAT)
- estimates for the entire corresponding annual fiscal year will be made within a period of 30 days following the end of the immediately preceding annual fiscal year
- in the event that the contributors fail to comply with the deadline for the estimates for the entire corresponding annual year, they must make monthly estimates for each month until the end of their annual fiscal year and will incur fines and late payment interest calculations for the months whose estimate amounts were omitted

Regarding the verifications of the estimates, it is established that FONACIT will verify, during the second quarter, after the close of the immediately preceding annual fiscal year, the estimates made by the contributors.

In order to determine the final amount of the contribution from the companies that estimated their income, FONACIT will rely on the data self-assessed by them in Form DPJ 99026 Final Declaration of Legal Entity Income Tax (ISLR) presented to the SENIAT and will proceed to the sum of the following boxes:

- **711 denominated:** total net income (territorial source)
- **780 called:** net income (extraterritorial source)
- **970 called:** income from the activity (exempt/exonerated income)

The contributor will self-assess the monthly contribution through the SIDCAI system or by voluntary means other than the system, recording the payments of the contributions made electronically.

Contributions to the Telecommunications Research and Development Fund (FIDETEL) will be recognized by FONACIT in the second quarter after the close of the corresponding fiscal year.

Payment of monthly contributions will be accompanied by proof of payment. The electronic certificate of the solvency of the monthly contribution will be issued during the second quarter following the close of the immediately preceding annual fiscal year in which the estimate was made.

Articles 12 to 14, both inclusive, regulate the deadlines for declaring pending monthly contributions, both by companies with a regular period and by companies with an irregular period, as well as compliance with contributions in accordance with the previous law, establishing for this purpose the following:

- Contributors with regular fiscal periods beginning on Jan. 1, 2023, who have pending monthly contributions, whether partial or total, must declare the pending monthly contributions until June 30, 2024.
- Contributors with irregular fiscal periods beginning on April 1, 2022, who have pending monthly contributions, whether partial or total, must declare the pending monthly contributions until June 30, 2024, to declare them individually.



- Contributors who present annual contribution debts, in the application of the LOCTI 2014, who self-assess, pay and declare the monthly contribution, will be charged with payment by debiting the previous debts from the annual contribution in the following order: 1) fines, 2) default interest and 3) contribution.

The Providence came into effect on Feb. 5, 2024.

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