



Fake Venezuelan Tax News: Invoicing in Foreign Currency

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The hyperinflation that Venezuela suffers, and the collapse of the purchasing power of the bolívar soberano (successor of the bolívar fuerte, which was the successor in turn of the bolívar without qualification), have provoked a de facto dollarization of the economy. It is common for retail commercial transactions to be traded in foreign currency, in particular, in U.S. dollars. In this context, several news portals have circulated the alleged news that the Venezuelan Tax Administration (SENIAT) would have admitted or authorized the issuance of invoices in foreign currency.

In this context, some companies have raised the possibility of issuing invoices in foreign currency, as if it were a novel situation. In this respect, it is worth highlighting the following:

1. Under the strict exchange regime established in Venezuela in 2003 – made flexible in recent months with the reform of Foreign Exchange Agreement No. 1, and the establishment of the currency purchase and sale mechanism through the exchange tables operated by banks – and the validity of Venezuela's Law against Illicit Exchange and its successive reforms, it was never prohibited to invoice in foreign currency.
2. In effect, it was prohibited to stipulate operations in foreign currencies, and consequently to invoice in said currency, only in the cases of real estate leases, adhesion contracts and for the granting of mortgage loans. Except for these exceptions, it was perfectly legal to negotiate transactions in foreign currencies and to invoice in a foreign currency.
3. Perhaps part of the confusion in relation to the alleged prohibition of billing in foreign currency originated from the fact that the Law against Illicit Exchange criminalized the public offering of goods and services in foreign currency. However, this type of crime did not sanction private transactions agreed in foreign currency, nor the billing in said foreign currency.
4. It should be noted that the Exchange Regime Law and its offenses – a normative instrument that repealed Venezuela's Anti-Money Laundering Law – was repealed in 2018, decriminalizing the provision of goods and services in foreign currency.
5. From the fiscal point of view, the law that established the Value Added Tax and its regulations provide for the possibility of issuing invoices in foreign currency, establishing the obligation of the issuer of the invoice to express its equivalent in bolívares at the official exchange rate. Currently, this exchange rate corresponds to the derivative of the operations of the exchange tables carried out by the banks under the protection of the Central Bank of Venezuela.

Without detriment to the confusions in relation to the alleged authorization to invoice in foreign currency, the changes implemented by the National Executive branch point to a progressive



dismantling of the control over such invoicing. The conclusion is that in Venezuela you can issue invoices in currencies other than the bolívar.

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