



General Aspects of the Constitutional Law that Creates the Tax on Large Assets

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The National Integrated Service of Customs and Tax Administration (SENIAT) established that through Oct. 1 and Nov. 31, of each year, taxpayers qualified as special taxpayers will be required to determine and pay the Tax on Large Assets, a tax published on Aug. 16, 2019, by the former National Constituent Assembly in the *Official Gazette* No. 41.696. The following is a summary of the most relevant aspects of this tax.

- **Purpose:** It will tax the net worth of taxpayers' assets whose net worth value equals or is greater than 150 million tax units (U.T.), equivalent to approximately US\$600,000.
- **Taxpayers:** Special taxpayers will be understood as natural persons and legal entities whose assets value equals or exceeds 150 million U.T.
- **Taxable Event:** A taxable event will be understood as the ownership or possession of any patrimony attributable to special taxpayers. The taxable event will be enforced on Sept. 30 of each year.
- **Territoriality:** It will be understood as the patrimonies of special taxpayers domiciled in Venezuela, including the assets, rights and obligations situated in or outside of Venezuela. The patrimonies of special taxpayers located abroad will consist of the taxpayers' assets, rights and obligations situated in Venezuela. The patrimonies of Venezuelan citizens located abroad that qualify as special taxpayers will be constituted by the assets and encumbrances situated in Venezuela.
- **Tax Exemptions:** The following items and individuals will be exempt from this tax:
 1. The Republic and other territorial political entities
 2. The Central Bank of Venezuela
 3. Decentralized entities
 4. Primary registered residences
 5. Personal and household effects, household utensils and other personal property for the taxpayer's private use
 6. Social benefits and other benefits derived from labor relationships
 7. State property and rights
 8. Assets invested in agricultural, livestock, aquaculture, fish farming and fishing activities used as primary activities
 9. Artists' creative work as long as it's the author's property, and
 10. Assets located in the country, belonging to foreign diplomatic and consular missions, adhering to the limitations established by the applicable international agreements
- **Taxable Base:** The taxable base shall result from adding the total value of the assets, rights, obligations and debts.



- **Regulations on Property Valuation:** For real property located in Venezuela, its value will be the greater sum obtained from any of the following parameters:
 - the value assigned in the municipal cadastre
 - the market value
 - the value obtained after updating the acquisition price, as established by SENIAT

For property located abroad, the tax will be the highest value based on that country's tax rules or the current market price at the closing of each tax period.

Shares – including those issued in foreign currency – traded in stock exchanges will be valued at the end of each tax period according to their closing price. The share values not traded in stock exchanges will be divided between the number of shares and the amount of capital stock and reserves in the last approved balance sheet at the closing of the income tax period.

According to the regulations issued by the SENIAT, assets and rights with no special valuation rule will be taxed according to the higher value obtained from the current market price and the updated acquisition price.

- **Tax rate:** According to Article 23 of the Constitutional Law, the tax rate will be between 0.25 percent and 1.50 percent of the net worth value. However, the Second Transitory Provision of said regulation establishes that, for the entry into force of said tax, the applicable tax rate will be 0.25 percent, so long as the National Executive makes no modifications to this provision.
- **Taxation period:** The tax will be carried out annually every Sept. 30 based on the net worth value.
- **Declaration and Payment Date:** The tax declaration and payment must be carried out between Oct. 1 and Nov. 30 of each year.
- **Non-deductible from Income Tax:** The amount paid for Tax on Large Assets shall not be deductible from income tax.

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