



Judgment Enables Payment of Contractual Obligations in Foreign Currency

By Tinoco Travieso Planchart & Nuñez

The Civil Cassation Chamber on Sept. 29, 2021, published judgment number 4642, reiterating its criterion that enables the payment of obligations in foreign currency, provided that it is not expressly prohibited by law, specifically in Article 128 of the Law of the Central Bank of Venezuela (BCV).

With Francisco Ramón Velázquez Estévez presiding, the Chamber reviewed a claim for collecting professional fees in U.S. dollars. The claim discussed the validity of whether or not the collection of professional fees in foreign currency was appropriate.

Therefore, the Chamber considers that the obligation that gave rise to the litigation in which the lawyer rendered his services has a different source from the one that results in the obligation to pay fees, costs and legal fees.

"In effect, the obligation discussed in the lawsuit that gave rise to the fees claim was established by the parties through an agreement that also included a special provision, which transformed the legal framework so that the monetary obligation can be made in a currency other than the currency of legal tender in the Bolivarian Republic of Venezuela, which may be exceptionally established in those agreements if it is not expressly prohibited by law, under Article 128 of the Law of the Central Bank of Venezuela.

Consequently, the scope of application of the aforementioned Article 128 of the Law of the Central Bank of Venezuela is restricted to obligations arising from a legal act that includes a provision through which the obligor previously accepts the payment method in a foreign currency (as a unit of account or as an effective payment clause). It is also indispensable that the currency used be established by the parties before or when the obligation arises."

Therefore, the above criterion ratified that obligations in foreign currency are valid so long as they are expressly established and are permitted by law, provided that such currency is the same for the account and payment.

Learn more about our [Venezuela Focus Team](#).

Information contained in this newsletter is for the general education and knowledge of our readers. It is not designed to be, and should not be used as, the sole source of information when analyzing and resolving a legal problem, and it should not be substituted for legal advice, which relies on a specific factual analysis. Moreover, the laws of each jurisdiction are different and are constantly changing. This information is not intended to create, and receipt of it does not constitute, an attorney-client relationship. If you have specific questions regarding a particular fact situation, we urge you to consult the authors of this publication, your Holland & Knight representative or other competent legal counsel.
