



Relevant Tax Aspects in Reform of the Organic Law of Science, Technology and Innovation

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In the *Official Gazette* No. 6,693 Extraordinary of April 1, 2022, the Organic Law of Partial Reform of the Decree with Rank, Value and Force of Organic Law of Science, Technology and Innovation (LOCTI) was published, verifying in it, relevant changes in terms of the tax contribution established in Article 28 of the aforementioned law. A look at the key changes:

1. Change in the definition of contributors: Article 30 provides that those legal persons, private or public entities, domiciled or not in the Republic, that carry out economic activities in the national territory and have obtained annual gross income greater than 150,000 times the official exchange rate of the currency of greater value established by the Central Bank of Venezuela (BCV) in the immediately preceding fiscal year are considered contributors. In the previous law, it was established that the aforementioned subjects were contributors when they had obtained income greater than 100,000 tax units.

2. Modification of the periodicity of the contribution: The contribution declaration and payment period is modified, for which legal persons, private or public entities, domiciled or not in the Republic that carry out economic activities in the national territory will contribute a monthly percentage of their gross income in the fiscal year starting with the immediately preceding month. Similarly, it is provided that the contribution will be liquidated, paid and declared monthly in bolívares before the National Fund for Science, Technology and Innovation (FONACIT). In the previous law, it was established that the declaration and payment of the contribution was annual, during the second quarter after the closing of the corresponding fiscal year.

3. Proportion of contributions:

- 2 percent when the economic activity is one of those contemplated in the Law for the Control of Casinos, Bingo Halls and Slot Machines
- 2 percent for activities related to the production, trade and sale of ethyl alcohol, alcoholic species and tobacco
- 1 percent in the case of private capital companies, when the economic activity is one of those contemplated in the Organic Law of Hydrocarbons, the Organic Law of Gaseous Hydrocarbons and the Decree with Rank, Value and Force of Organic Law that reserves to the state the activities of exploration and exploitation of gold and other strategic materials
- 0.5 percent in the case of public capital companies when the economic activity is one of those contemplated in the Organic Law of Hydrocarbons, the Organic Law of Gaseous Hydrocarbons and the Decree with Rank, Value and Force of Organic Law that reserves to the State the activities of Exploration and Exploitation of Gold and other strategic materials



- 0.5 percent of the gross income actually received, in the case of companies engaged in any other economic activity not provided for in the above assumptions

4. Expansion of the concept of gross income: Changes the concept of gross income, indicating that these will be understood as the income, proceeds and flows that, habitually, accidentally or extraordinarily, accrue to the contributors for any activity they carry out, including income from exchange rate differences, income obtained from interest, dividends, by placement of bonds whatever their denomination and operating income, among others, as long as they are not obliged to repay them for any reason, without admitting costs or deductions of any kind.

Validity: The partial reform of the law became effective as of its publication in the *Official Gazette*, that is, as of April 1, 2022.

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