



## Venezuela Publishes New Organic Law on Special Economic Zones

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The Organic Law of Special Economic Zones (Law) was published in the *Official Gazette* No. 6,710 Extraordinary, dated July 20, 2022, the essential aspects of which are summarized below.

**Objective:** The purpose of this Law is to regulate the creation, organization, operation, administration and development of the Special Economic Zones (hereinafter SEZs), as well as the economic, tax and other incentives that may be applicable.

**Scope of Application:** This Law is applicable to legal entities, public, private, mixed and communal, national or foreign, that participate in SEZs, as well as state bodies and entities, directly and indirectly linked to their development.

**Purposes:** The purposes of the SEZs are to: 1. develop a new national production model; 2. promote national and foreign productive economic activity in the national territory; 3. diversify and increase exports; 4. participate in innovations, productive chains and international markets; 5. boost the industrial development of the nation; 6. promote the selective substitution of imports; 7. contribute to the diversification of the country's economy; 8. guarantee technology transfer; 9. ensure the full use of comparative advantages; 10. promote the development of competitive advantages; 11. create new sources of employment; 12. increase the generation of income for its fair distribution in the nation; and 13. ensure environmental sustainability in production processes.

**Creation or Suppression:** The creation and suppression of SEZs is the exclusive competence of the Presidency of the Republic, through a Decree approved by the Council of Ministers, following a report presented by the Ministry of People's Power with competence in matters of economy and finance, and others as the case may be.

**Items and Activities of the SEZ:** The SEZ will be limited to the development of the following sectors and activities:

- **Industrial:** includes the sectors of production of goods, manufacturing, strategic agro-industry, export and re-export, aeronautics and energy in any of their categories
- **Technological:** includes the installation of technological parks for the development and production of systems, parts, components and pieces of telecommunications, information technology and telematics, applications and computer systems, recycling of solid and technological waste, research activities and scientific development for the matter of outer space, development of military science and technology
- **Financial Services:** includes the installation of banking and financial services under the preferential tax regime modality
- **Non-Financial Services:** includes the installation and production of the logistics sectors for the provision and export of tourist, hotel, recreation and entertainment services



- **Primary Agrifood Production:** includes primary production activities in the agricultural, livestock, fishing and aquaculture sectors for export purposes and to achieve the country's food sovereignty

**National Superintendence of SEZs:** The National Superintendency of SEZs is created as a public institute of a technical and specialized nature, with legal personality and its own assets, attached to the Office Vice Presidency of the Republic. It will have the authority, privileges and exonerations granted by the law to the Republic and shall be headquartered in the city of Caracas.

**Beneficiaries of Incentives:** The beneficiaries of incentives are considered to be legal entities that carry out participation projects in SEZs and that have signed the respective Economic Activity Agreement.

**Tax and Customs Incentives:** Persons operating in SEZs may benefit from the tax and customs incentives described below:

1. The Import Tax Refund (*draw back*), according to the criteria determined by the National Executive in the Decree of Creation, whose procedure for determination, verification, certification, payment and competent authority to perform it, shall be governed in accordance with the provisions of the legislation on customs matters, the regulation on Regimes of Release and other Special Customs Regimes, as well as the resolutions governing the matter issued by the Ministry of People's Power with competence in economy, finance and foreign trade.
2. The Tax Refund on other national taxes, according to the criteria determined by the National Executive in the Decree of Creation, whose procedure for determination, verification, certification and payment shall be made in accordance with the provisions of the Organic Tax Code, as well as the resolutions that, for such purposes, are issued by the Ministry of People's Power with competence in matters of economy, finance and foreign trade, for tax refunds of the SEZs.

**Single Window for SEZ:** The management of the procedures required by the competent authorities related to the functioning and operation of the SEZ will be carried out through a system integrated to the Single Window. The Ministry of People's Power with competence in matters of economy, finance and foreign trade, must incorporate, within the system of the Single Window for foreign trade, an exclusive technological platform for the SEZs.

**Temporary Admission for Inward Processing:** People who operate within the SEZ, at the time of importing into the national territory those inputs, raw materials, parts or pieces that, due to their nature or their duly justified urgency, are basic and indispensable to achieve the execution of their economic activity project, they will have the greatest benefits provided by the legislation on customs and its regulations regarding temporary admission for inward processing.

**Banking Entities and Financial System in the Zone:** The organization and operation of banking entities and financial system, whose installation is authorized in the SEZ, will be subject to an exceptional and preferential tax regime, in accordance with the regulations dictated by the Ministry of People's Power with competence in matters of economy, finance and foreign trade.



**Free Convertibility:** The economic activity that takes place in the SEZ, without prejudice to guaranteeing the monetary unit of the Bolivarian Republic of Venezuela, will be governed by a system of free convertibility, as well as by financing plans offered by specialized banking institutions for the development of the real and productive economy, in accordance with the regulations issued by the Central Bank of Venezuela (BCV) and the Ministry of People's Power with competence in matters of economy, finance and foreign trade.

**Future of the Current SEZs:** The SEZs created prior to the entry into force of this Law must be evaluated by the National Executive in order to determine their viability and, if applicable, suppress or adapt them, through successive decrees to the system of organization, administration and operation provided for in this Law, within a period not exceeding 180 days.

**Validity:** This Law entered into force as of its publication in the *Official Gazette* of the Bolivarian Republic of Venezuela on July 20, 2022.

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