



Venezuela Eliminates VAT for School Supply Plan, Distribution of School Kits and Backpacks

By Holland & Knight

Decree No. 4,744 (the Decree) on Oct. 25, 2022, was published in the *Official Gazette* No. 42,490, which exempts national sales operations carried out within the school supply plan and school kits and backpacks distribution from paying value added tax (VAT) of for the 2022-2023 school year in the Bolivarian Republic of Venezuela.

Within this new guideline, commercial operations with items such as backpacks, school uniforms, scissors, pencil sharpeners, notebooks and geometry materials, among other items listed in Article 1 of the Decree, are excluded from the aforementioned tax. In this way, the commercial sales operations that are carried out with the exonerated articles and materials, will be titled in the respective sales invoice as "*Exonerated Operation*."

Also, Article 6 of the Decree declares the exemption of income tax payment to territorial enrichment of legal entities from the commercialization of exempted goods. For these purposes, the Decree establishes that the provisions contained in the Decree with Rank, Value and Force of Income Tax Law and other applicable tax regulations regarding deductions, income and costs of taxable enrichments must be applied.

Notwithstanding the foregoing, in order for the benefit provided in the Decree to be appropriate, the National Integrated Customs and Tax Administration Service (SENIAT) must evaluate to make sure that commercial operations within the framework of the school supply plan and distribution of school kits and backpacks for the 2022-2023 period comply with the following variables: 1) quality of the good included in the exonerated operation, 2) destination of the goods, and 3) compliance with the purpose for which the goods were used.

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