



Income Tax (ISLR) Exemption Decree: Application to Cooperative Associations

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Decree No. 5,162, published on Sept. 4, 2025, in the *Official Gazette* No. 43,206 of the Bolivarian Republic of Venezuela, establishes the exemption from payment of income tax (ISLR) on net taxable income territorial source income earned by cooperative associations formed in accordance with the provisions of the Special Law Decree on Cooperative Associations.

Requirements to Access the Tax Benefit

To qualify for the exemption established in the decree, cooperative associations must update their Single Tax Information Registry (RIF) and present a valid compliance certificate issued by the National Superintendency of Cooperatives (SUNACOOB).

Determination of Exempt Income

The determination of exempt income will be carried out in accordance with the provisions contained in the Income Tax Law Decree, applicable to income, costs and deductions, as appropriate.

In cases where the beneficiary simultaneously carries out activities subject to and exempt from income tax under the decree, shared costs and deductions must be proportionally allocated based on the income attributable to each type of activity.

Formal Obligations of Beneficiaries

Beneficiaries of the exemption must file an annual declaration of global net income, including both taxable and exempt income, in accordance with the terms and conditions established in the Regulations of the Income Tax Law.

During the validity of the benefit, losses derived from exempt activities may not be applied, in any fiscal year, to income generated from activities subject to income tax.

Grounds for Loss of the Tax Benefit

The exemption will be revoked in the event of noncompliance with the requirements and obligations established in the decree, as well as the Income Tax Law, its regulations and other applicable tax regulations.

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Validity and Application

The decree entered into force upon its publication in the *Official Gazette* on Sept. 4, 2025, and will remain in effect for one year, renewable for an equal period. The exemption applies to the fiscal year in progress at the time the decree became effective.

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