Current Legal and Institutional Situation in Venezuela

By Tinoco Travieso Planchart & Nuñez

In recent weeks, several legal, institutional and international developments have taken place in Venezuela that could affect the country's legal and business environment. Among the most relevant are:

- the new tax rules under the Organic Hydrocarbons Law taking effect and the deadline ending for mixed companies and older contracts to comply with the updated law
- the U.S. Department of the Treasury's issuance of a temporary supervisory policy intended to facilitate certain authorized financial transactions related to economic recovery and reconstruction efforts in Venezuela
- the gradual reactivation of Venezuela's consular relations with Chile, Peru and the Dominican Republic
- the launch of a dialogue process between the National Assembly and representatives elected in 2015
- Venezuela's denunciation of the Rome Statute

Hydrocarbons Sector

The national government continued implementing the Organic Hydrocarbons Law by putting new rules into effect. These rules help define the economic and tax requirements for core oil and gas activities, as well as upgrading, refining, industrial production, sales and specialized oilfield services. Regarding primary activities, the new regulations provide that the specific rates for royalties and the integrated hydrocarbons tax will be established on a project-by-project basis and may be paid, in whole or in part, in cash or in kind. For downstream activities, the regulations establish a specific tax regime with integrated hydrocarbons tax rates of 5 percent for upgrading and refining activities, 3 percent for industrialization, zero percent for domestic commercialization and 5 percent for specialized oilfield services. These activities are also exempt from the large wealth tax, state and municipal taxes, and certain special contributions established under the Organic Hydrocarbons Law.

In addition, on July 28, 2026, the deadline established in the second and third transitory provisions of the Organic Hydrocarbons Law expired for the adaptation of mixed companies and contracts executed prior to the reform of that law. This marked the conclusion of the transition period established by the new legal framework and the beginning of the full implementation phase of the legal and tax regime applicable to the sector.

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Financial Matters

The Treasury Department's Financial Crimes Enforcement Network (FinCEN) issued a temporary policy announcing that, from July 27, 2026, through January 29, 2027, it will not initiate supervisory or sanctioning actions against U.S. financial institutions for certain failures to comply with anti-money laundering and transaction reporting requirements. This policy applies where such deficiencies arise in connection with authorized financial services provided in Venezuela in support of economic recovery and reconstruction efforts following the earthquakes that occurred on June 24, 2026.

International Relations

In the area of international relations, Venezuela and the governments of Chile, Peru and the Dominican Republic announced the gradual reactivation of their consular relations. According to official statements, the measure aims to restore consular services and gradually advance toward the normalization of bilateral relations.

Institutional Developments

Representatives of the National Assembly and those elected in 2015 established a dialogue table to address various issues of national interest. According to information released by the parties, the first meeting resulted in agreement on the working methodology, meeting cycles and an agenda that will guide the process, including institutional, electoral and governance-related matters. The first round of discussions is scheduled to take place between August 6, 2026, and August 12, 2026.

Finally, the Venezuelan government notified its denunciation of the Rome Statute – the treaty that established the International Criminal Court. Pursuant to Article 127 of the Rome Statute, the denunciation will take effect one year after receipt of the notification by the secretary general of the United Nations and will not affect obligations assumed while Venezuela was a party to the statute, nor proceedings initiated before the denunciation becomes effective.

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