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# Foreign Tax Law

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## VENEZUELA

### VALUE ADDED TAX LAW

Decree No. 126 of May 5, 1999.

#### TITLE I. CREATION OF THE TAX (Value Added Tax Law)

##### Article 1. (Value Added Tax Law)

A value added tax is hereby created, that shall be levied on the disposal of personal property, rendering of services and the import of goods, as specified in this Law, applicable in the entire national territory which must be paid by individuals or juridical persons, communities, irregular or de facto companies, consortiums and other juridical or economic entities, both public and private, which carry out activities defined as taxable events in this Law, under their situation as importers of goods, whether habitual or not, manufacturers, producers, assemblers, merchants or performers of independent services.

##### Article 2. (Value Added Tax Law)

The creation, organization, collection, audit and control of the tax provided in this Law shall be reserved to the National Government.

#### TITLE II. TAXABLE EVENTS (Value Added Tax Law)

##### CHAPTER I. SUBSTANTIVE ASPECTS OF TAXABLE EVENTS (Value Added Tax Law)

##### Article 3. (Value Added Tax Law)

The following activities, legal negotiations or transactions shall constitute taxable events for the purposes of this Law:

1. Sale of tangible personal property, including percentages in property rights thereon; as well as personal withdrawals or disassembly of personal property from its purpose, trade or activity by taxpayers of this tax;
2. Final imports of personal property.
3. The rendering of independent services performed or profited from in the country, for valuable consideration, in the terms of this Law. Personal consumption of services proper to the object, management or activity of the business, in the cases to which No. 3 of article 9 refers, shall also be considered as a taxable event.
4. The export sale of tangible personal property;
5. The export of services.

##### Article 4. (Value Added Tax Law)

For the purposes of this Law, the following shall be understood:

1. Sales: transfers of ownership of personal property carried out for valuable consideration, whatever the qualification that the interested parties shall grant, as well as sales with reserve of ownership; deliveries of personal property which grant rights similar to those of ownership and any other performances for valuable consideration in which obligations to give personal property are principal.
2. Personal Property: assets which may change their location, whether by themselves or by an exterior force, provided that they are tangible or corporeal, but excluding securities.
3. Withdrawal or disassembly of personal property: removal of personal property from the inventory of products intended for sale, made by ordinary taxpayers for the purpose of personal use or consumption of the partners, directors or personnel of the enterprise or for any other purposes, such as raffles, drawings or gratuitous distribution for promotional purposes and, in general, for any cause other than their normal disposal by means of the sale or delivery to third parties for valuable consideration. Inventory shortages and goods whose withdrawal

cannot be justified by the taxpayer in the judgment of the Tax Administration shall also be considered as withdrawn or disassembled, and therefore, taxable.

Withdrawals of personal property shall not be considered taxable events when they are intended to be utilized or consumed in the object, management or activity of the business, to be transferred to the fixed assets thereof or to be incorporated in the construction or repair of a building intended for the object, management or activity of the enterprise.

4. Services: Any independent activity in which the obligations to perform are principal. Contracts of movable and immovable works shall also be considered services, including when the contractor supplies the materials; supplying of water, electricity, telephone and sanitation services, leasing of personal property and any other assignments of use, for valuable consideration, of such goods or rights, leases or assignments of personal property destined to stock in trade situated in the country, as well as leases or assignments of intangible property such as trademarks, patents, copyrights, artistic and intellectual works, scientific and technical projects, studies, instructives, computer programs and other property included and regulated in the legislation on industrial, commercial, intellectual property or technology transfers.

5. Final import of goods: the introduction of foreign merchandise intended to permanently remain in national territory, with the payment, exemption or exoneration of customs duties, after fulfillment of the formalities established in the customs rules;

6. Export sale of tangible personal property: the sale in the terms of this Law, in which the exit of personal property from the national customs territory is produced, provided that such sale is final and is for use or consumption outside of said territory;

7. Export of services: the rendering of services in the terms of this Law, when the beneficiaries or receivers do not have a domicile or residence in the country, provided that such services are used or are profited from abroad.

## ***CHAPTER II. TAXPAYERS (Value Added Tax Law)***

### **Article 5. (Value Added Tax Law)**

Ordinary taxpayers of this tax are habitual importers of goods, industrialists, merchants, habitual suppliers of services and, in general, any individual or legal person who carries out the activities, legal negotiations or transactions that compose taxable events in accordance with article 3 of this Law as part of his trade, objective or occupation. In every case, the trade, objective or occupation to which the first sentence of this article refers, shall include the transactions and activities that said persons effectively carry out.

For the purposes of this Law, by industrialists shall be understood manufacturers, producers, assemblers, packers and those who normally carry out activities of transformation of goods.

First Paragraph: Industrialists, merchants, service providers and other persons who sell tangible personal property or render services as part of their trade, objective or occupation, shall be ordinary taxpayers provided that they had realized transactions for an amount over 6,000 tax units in the calendar year immediately prior to the current calendar year, or have estimated to do so during the current calendar year or for the year next to commencement of activities.

The minimum amount to tax established in this paragraph shall be reduced progressively automatically at the beginning of each calendar year, by an amount of 1,000 tax units per year, until reaching a minimum limit of 1,000 tax units.

Second Paragraph: Financial leasing enterprises and universal banks, both governed by the General Law of Banks and other Financial Institutions, shall be ordinary taxpayers, as service providers, for the transactions of financial lease or leasing, on the portion of the valuable consideration or quota that amortizes the price of the property, excluding the interest contained therein.

Third Paragraph: General deposit warehouses shall be ordinary taxpayers only for the provisions of the warehousing service, excluding the issue of securities that they issue with the guarantee of the property on deposit.

#### Article 6. (Value Added Tax Law)

Persons who are not habitual importers of tangible personal property are occasional taxpayers of the provided in this Law.

Occasional taxpayers must pay the corresponding tax for each import carried out to the customs, provided that tax credits shall not be generated on their behalf and that they are not obligated to comply with the other requirements and formalities established for ordinary taxpayers in the matter of issue of documents and of records, unless they qualify as such by virtue of carrying out taxable sales of personal property or providing taxable services.

#### Article 7. (Value Added Tax Law)

Public enterprises formed under the legal form of mercantile companies, autonomous institutes and other decentralized or deconcentrated entities of the Republic, the States or the Municipalities, as well as the entities that those may create, are ordinary or occasional taxpayers when they carry out the taxable events considered in this Law, even in the cases in which other laws or ordinances have declared them not subject to their provisions or benefits with the exemption or exoneration from the payment of any tax.

#### Article 8. (Value Added Tax Law)

Subjects who exclusively carry out activities or transactions exempt or exonerated from the tax are not taxpayers of this tax, without prejudice to that which is established in articles 43 and 51 of this Law.

#### Article 9. (Value Added Tax Law)

The purchaser or acquirer of the personal property and the receiver of the services, as the case may be, shall be liable for the payment of the tax, when the vendor or the service supplier is not domiciled in the country.

#### Article 10. (Value Added Tax Law)

Commission agents, agents, attorneys, mercantile factors, mandatees, consignees, auctioneers and any others who sell personal property or render services on behalf of third parties, are ordinary taxpayers of the tax on the amount of their commission or remuneration.

Third party representatives or mandators are ordinary taxpayers, as far as they are concerned, obligated to the payment of the tax for the amount of the sale or provision of services, excluding the commission or remuneration, duly proceeding to include the respective tax debits in the declaration corresponding to the period of taxation in which the taxable event occurred or was completed. Commission agents, agents, attorneys and other subject to which the first sentence of this article refers, shall be jointly and severally liable for the payment of the tax in case the party represented or principal does not make timely payment, taking action to repeat what is paid.

#### Article 11. (Value Added Tax Law)

Purchasers or acquirers of certain personal property and receivers of certain services shall be liable for the payment of the tax as withholding agents, to whoever the Tax Administration shall designate as such, in accordance with the provisions of the Organic Tax Code.

#### Article 12. (Value Added Tax Law)

The Tax Administration may designate any of the taxpayers to which article 5 of this Law refers, as collection agents of the tax which must be paid on the former sales, in which case the ways and means of application that are proper for each case shall be established. These agents shall also be liable for the payment of the tax established in this Law.

### ***CHAPTER III. TERM OF TAXABLE EVENTS (Value Added Tax Law)***

#### Article 13. (Value Added Tax Law)

Taxable events shall be understood as having occurred or completed and consequently the tax obligation engendered, as follows:

1. In sales of tangible personal property, when the invoice or equivalent document which shall serve as a voucher of the transaction is issued, or the price is paid; or when the actual delivery of the goods is made, whichever occurs first.

2. In the final import of personal property or services, at the moment in which the registration of the corresponding customs declaration takes place.

3. In cases of rendering of services:

a. In the cases of services of electricity, telecommunications, city sanitation, television transmission by cable or any other technological means, provided that they are performed for valuable consideration, from the moment in which the invoices or equivalent documents are issued by whoever renders the service;

b. In the cases of services based on successive intervals, other than those mentioned in the preceding letter, when the invoices or equivalent documents are issued by whoever renders the service or when payment is made or the valuable consideration is totally or partially requirable;

c. In the cases of services rendered to public entities, when the issue of the corresponding payment order is authorized.

d. In the cases of services deriving from abroad, such as technological services, instructions and any other services susceptible to being licensed or protected by special legislation that is not an object of administrative customs procedures, the tax obligation shall be considered engendered from the moment of receipt by the beneficiary or receiver of the service;

e. In all other cases other than those mentioned in the preceding letters, when invoices or equivalent documents are issued by whoever renders the service, when the service is rendered, when the valuable consideration is paid or becomes requirable, or the good which had been the object of the service is delivered to or placed at the disposal of the acquirer, whichever occurs first.

#### ***CHAPTER IV. TERRITORIALITY OF TAXABLE EVENTS (Value Added Tax Law)***

##### **Article 14. (Value Added Tax Law)**

Sales and withdrawals of tangible personal property shall be taxable when the goods are situated in the country, and in cases of imports, when the tax obligation has been engendered.

##### **Article 15. (Value Added Tax Law)**

Performances of services shall constitute taxable events when they are executed or utilized in the country, even when they have been generated, contracted, completed or paid abroad.

Sole Paragraph: The service of international transport shall be considered partially rendered in the country and, consequently the rate corresponding to the tax established in this Law shall be applied on 25% of the value of the passage or freight, sold or issued in the country, for each trip the departs from Venezuela.

#### **TITLE III. NOT SUBJECT TO THE TAX AND TAX BENEFITS (Value Added Tax Law)**

##### ***CHAPTER I. NOT SUBJECT TO THE TAX (Value Added Tax Law)***

##### **Article 16. (Value Added Tax Law)**

The following shall not be subject to the tax provided in this Law:

1. Imports of personal property which are not final, in accordance with the customs rules;
2. Sales of intangible or incorporeal personal property, such as government bonds, shares of stock, debentures, mortgage bonds, commercial paper, accepted invoices, bonds issued by corporations and other deeds and securities in general, whether public or private, representative of cash, credit or rights other than the right of ownership on tangible personal property, and any other deed representative of acts which are not considered as taxable events by this Law. The preceding shall be understood without prejudice to that which is provided in No. 4

of article 4 of this Law.

3. Cash loans;
4. Transactions and services in general carried out by banks, credit institutions or enterprises governed by the General Banking and Other Financial Institutions Law, including financial leasing enterprises and funds of the monetary market, without prejudice to that which is established in the second paragraph of article 5 of this Law, and likewise those carried out by credit banking or financial institutions governed by special laws, savings institutions and funds, pension funds, retirement and social welfare funds, cooperative societies, securities exchanges and savings and loan entities;
5. Insurance or reinsurance transactions carried out by insurance and reinsurance enterprises, insurance agents and brokers and brokerage enterprises in accordance with that which is established in the Law governing the matter;
6. Services rendered under an employment relationship in accordance with the Organic Labor Law;
7. The activities and transactions carried out by entities created by the National Executive Branch in accordance with the Organic Tax Code, with the purpose of assuring the efficient administration of taxes under its jurisdiction; as well as those carried out by the entities created by the States or Municipalities for the same purposes.

## **CHAPTER II. EXEMPTIONS (Value Added Tax Law)**

### **Article 17. (Value Added Tax Law)**

The following shall be exempt from the tax established in this Law:

1. Imports of goods and services mentioned in article 18 and in No. 4 of article 19 of this Law.
2. Imports brought in by diplomatic and consular agents accredited in the country, in accordance with the international conventions signed by Venezuela. This exemption is subject to the condition of reciprocity.
3. Imports effected by international institutions or organizations of which Venezuela is a member and by their officials, when the exemption shall proceed in accordance with international conventions signed by Venezuela.
4. Imports which are made by institutions or organizations which are exempt from all tax by virtue of international treaties signed by Venezuela.
5. Imports made by travelers, passengers and crews of ships, airplanes and other vehicles, when they are under the system of travelers' baggage.
6. Imports made by officials of the National Government who render services abroad, provided that they are goods of strictly personal or family use acquired during the exercise of their functions, and that they fulfill the requirements established in the national provisions applicable to the matter. Likewise, those which are brought in by immigrants, in accordance with the special legislation, insofar as they are granted customs exemptions.
7. Imports of goods donated from abroad to non-profit institutions, corporations and foundations and to universities, for the fulfillment of their proper purposes, after approval by the Tax Administration.
8. Imports of notes and currency made by the Central Bank of Venezuela.
9. Imports of scientific and educational equipment required by Public institutions dedicated to investigation and study, as well as imports of medical equipment for use in both ambulances and hospitals of the public sector.

### **Article 18. (Value Added Tax Law)**

Transfers of the following goods shall be exempt from the tax provided in this Law:

1. The following foods and products for human consumption:
  - a) Live animals intended for the abattoir.
  - b) Bovine, caprine, ovine and porcine livestock for breeding;
  - c) Species of fowl; fertile hen eggs; and baby chickens and fowls for breeding, reproduction and production of chicken meat and eggs;
  - d) Meats in their natural state, refrigerated, frozen, salted or smoked;
  - e) Mortadela, sausage and deviled ham;
  - f) Products of the vegetable kingdom in their natural state, which are considered foods for human consumption and certified seeds in general, for the agricultural and livestock sector;
  - g) Rice.
  - h) Flour of vegetable origin, including semolina;
  - i) Bread and dietary pastas.

- j) Chicken eggs.
  - k) Packaged or canned tuna and sardines.
  - l) Pasteurized or powdered milk; modified, maternalized or humanized milk and milk in infant formulas, including soya milk.
  - m) White cheese;
  - n) Margarine and butter;
  - o) Salt;
  - p) Sugar and raw sugar;
  - q) Toasted or ground coffee or coffee beans;
  - r) Edible oil;
  - s) Non-carbonated water bottled in the country;
  - t) Lards and vegetable oils, whether or not refined, utilized exclusively in edible oil manufacture;
2. Fertilizers;
  3. Minerals and liquid or concentrated feed for animals or species to which letters a) and b) of No. 1 of this article refer, as well as the raw materials utilized exclusively in their manufacture;
  4. Medicines and the active ingredients utilized exclusively for their manufacture, including vaccines, serums, plasma and human or animal substances, prepared for human and animal therapeutic or prophylactic use.
  5. Fuels derived from hydrocarbons, as well as the ingredients and additives intended to improve the quality of the gasoline, such as natural gas, butane, ethane, ethanol, methane, methanol, MTBE, ETBE and their derivatives intended for the stipulated purpose;
  6. Wheelchairs for handicapped and walkers, catheters, valves, artificial organs and prostheses;
  7. Newspapers, periodicals, and the paper for their editions;
  8. Books, reviews or pamphlets, whatever their origin, and the materials utilized in the editorial industry, provided that the latter are not produced in the country.
  9. Automotive vehicles, ships, airplanes, locomotives and busses intended for the public transport of persons;
  10. Agricultural machinery and equipment in general necessary for primary agricultural production, as well as their respective parts.

#### Article 19. (Value Added Tax Law)

The following services shall be exempt from the tax regarded in this Law:

1. National land, aquatic and air transportation of passengers.
2. Educational services rendered by institutions recorded or registered with the Ministry of Education.
3. Services of lodging, food and their accessories, to students, aged persons, handicapped persons, exceptional or infirm persons, when they are rendered within an institution intended exclusively to serve those users.
4. Services rendered to the Public Government, in any of its manifestations, in the practice of professions which do not imply carrying out commercial acts and which imply work or actions which are predominantly intellectual.
5. Medical assistance services and odontological services, rendered by public or private entities, including those furnished by titled health professionals;
6. Entrance fees to National Parks, zoos, museums, cultural centers and similar institutions, in the case of non-profit entities exempt from income tax;
7. Entrance fees to artistic, cultural and sports events;
8. Food service rendered to alumni and workers in restaurants, cafeterias and cantinas of schools, educational centers, enterprises or similar institutions, on their own premises;
9. The service of supplying electricity for residential use;
10. Fixed telephone service for residential use up to 1,000 impulses, as well as the national telephone service rendered through public telephones;
11. The service of residential water supply;
12. The service of urban residential sanitation.



## **TITLE IV. DETERMINATION OF THE TAX OBLIGATION (Value Added Tax Law)**

### **CHAPTER I. TAXABLE BASE (Value Added Tax Law)**

#### **Article 20. (Value Added Tax Law)**

The taxable base of the tax in the cases of sales of personal property, whether computed or credited, is the invoiced price of the good, provided that the price is no less than the current market price, in which case the taxable base shall be the current market price.

For the purposes of this Law, the current market price of a good shall be that which normally must be paid for similar goods on the day and in the place where the taxable event occurred as a consequence of a sale made under conditions of free competition between a purchaser and a vendor not related between themselves.

In the cases of sales of alcohol, liquors and other alcoholic varieties or of cigarettes and other manufactured tobacco, in the case of industrial taxpayers, the taxable base shall be in accordance with the sales price of the product, excluding the amount of national taxes, arising as from the effective date of this Law, in accordance with corresponding taxation laws.

#### **Article 21. (Value Added Tax Law)**

In the case of the import of goods taxable by this Law, the taxable base shall be the customs value of the goods, plus the taxes, surcharges, compensatory duties, antidumping duties, late interest and other expenses which originated from the importation, with exception of the tax established by this Law and of the national taxes to which the preceding article refers.

In cases of modification of any of the elements of the taxable base established in this article, as a consequence of adjustments, remedies or any other administrative action in accordance with the Laws on the matter, said modification shall be taken into account for the purposes of calculation of the tax established in this Law.

#### **Article 22. (Value Added Tax Law)**

In the performances or imports of services, the taxable base shall be the total invoiced price of the valuable consideration, and if said price includes the transfer or supply of personal property or the adherence thereof to real property, the value of the personal property shall be added to the taxable base in each case.

In the case of imported intangible assets included or attached to supporting material, the latter shall be valued separately for the purposes of the application of the tax in accordance with the rules established in this Law.

When in the transfer of goods or furnishing of services the payment is not made in cash, the price of the good or service transferred shall be considered as that which the parties have assigned thereto, provided that it is not less than the current market price as defined in article 20 of this Law.

#### **Article 23. (Value Added Tax Law)**

Without prejudice to that which is established in Title III of this Law, in order to determine the taxable base corresponding to each taxation period, all the concepts which were charged or collected in addition to the price agreed upon for the taxable transaction must be computed, whatever they shall be, and especially the following:

1. Adjustments, up-dating for inflation or establishments of prices or values of any kind by prior agreement or upon conclusion of the convention or contract; commissions; corresponding interest, if applicable; and other similar accessory considerations; expenses of all kinds or their reimbursement, except in the case of sums paid on behalf of the purchaser or receiver of the service, by virtue of an agent thereof; excluding readjustments of values which have already been taxed previously by the tax which this Law establishes.

2. The value of personal property and services accessory to the transaction, such as packaging, freight, transportation expenses, cleaning, insurance, guarantee, placement and maintenance, when they do not constitute the rendering of an independent service, in which case the latter shall be taxable separately.

3. The value of containers, even when invoiced separately, or the amount of the deposits in guarantee constituted by the purchaser in order to insure the return of the containers utilized, unless said deposits are constituted permanently in relation to a certain determined volume of containers and the deposit is adjusted with a frequency no greater than six months, even though there are variations in the inventories of said containers.

4. Taxes which are incurred by the taxable transactions, with exception of the tax established in this Law and those to which articles 20 and 21 of this Law refers.

#### **Article 24. (Value Added Tax Law)**

Normal commercial price rebates, bonuses and discounts, granted to purchasers or receivers of services in relation to certain facts, such as advance payment, the amount or volume of the transactions, etc., shall be deducted from the taxable base. Such deductions must be evidenced on the invoices which the vendor must issue in each case.

#### **Article 25. (Value Added Tax Law)**

If the taxable base of the sale or performance of a service is expressed in foreign currency, the equivalence thereof shall be established in national currency at the current rate of exchange on the market on the day on which the taxable event occurred, provided that the latter did not occur on a non-working day for the financial sector, in which case the rate in force on the working day immediately following the sale shall be applied to the transaction.

In cases of the import of goods, the conversion of the values expressed in foreign currency that define the taxable base shall be made pursuant to that which is provided in the Organic Customs Law and its Regulation.

#### **Article 26. (Value Added Tax Law)**

The tax administration may proceed to determine the tax established in this Law ex officio in any of the cases provided in the Organic Tax Code, and, additionally, in any case in which for any reason, the amount of the taxable base declared by the taxpayer was not accurate or obviously inferior to the results of applying current market prices to the goods or services whose sale or delivery generated the tax, if invoices or equivalent documents have not been issued, or the value of the transaction was not determined or shall not or cannot be known or determined.

### ***CHAPTER II. TAX RATES (Value Added Tax Law)***

#### **Article 27. (Value Added Tax Law)**

The rate of the tax applicable to the corresponding taxable base, shall be established annually in the Budget Law and shall be between a minimum limit of 8% and a maximum limit of 16.5%.

Without prejudice to that established above, the tax rate of 0% shall be applied to export sales of personal property and to exports of services.

### ***CHAPTER III. DETERMINATION OF THE TAX AMOUNT (Value Added Tax Law)***

#### **Article 28. (Value Added Tax Law)**

The tax obligation derived from each of the taxable transactions shall be determined by applying in each case the rate of the tax on the corresponding taxable base. For the purposes of the calculation of the tax amount of the taxpayer for each taxation period, said obligation shall be called the fiscal debt.

#### **Article 29. (Value Added Tax Law)**

The amount of the fiscal debt must be transferred by ordinary taxpayers to whoever purchases the goods or services sold or the receivers or beneficiaries of the services rendered, who are obligated to pay it.

For this, the fiscal debt must be indicated on the invoice or equivalent document issued by the vendor taxpayer separately from the price or valuable consideration.

The Tax Administration may authorize that the mention "tax or Value Added Tax included" be established in the sales price to the public for certain goods and services, without separating the amount of the corresponding fiscal debt. In these cases the tax shall make up part of the price.

The fiscal debt so invoiced shall constitute a fiscal credit for the acquirer of the goods or receiver of the services, only when they are ordinary taxpayers registered as such in the respective Taxpayers' Registry.

The fiscal credit, in the case of importers, shall be constituted by the amount that they pay for the purposes of nationalization for the concept of the tax established in this Law, provided that they are ordinary taxpayers registered as such in the respective Taxpayers' Registry.

The amount of the fiscal credit shall be deducted or applied by the taxpayer in accordance with the rules of this Law, for the purposes of the determination of the corresponding tax amount.

#### **Article 30. (Value Added Tax Law)**

Taxpayers who have invoiced a fiscal debt greater than that which corresponds in accordance with the Law, must abide by the amount invoiced in order to determine the fiscal debt of the corresponding taxation period, unless they have corrected the error within the said period.

Taxes included in false or incorrect invoices, or in those which do not comply with the legal or regulatory requirement or have been granted by those who are not ordinary taxpayers registered as such, shall not generate a tax credit, without prejudice to the penalties established for fraud in the Organic Tax Code.

#### **Article 31. (Value Added Tax Law)**

Given the nature of the indirect taxation of the tax established in this Law, the tax credit shall only constitute a technical element necessary for the determination of the tax in the Law and shall only be applicable for the purposes of deduction or subtraction from the fiscal debts to which this Law refers. Consequently, said concept shall not have the juridical nature of credits against the National Treasury for taxes or their accessories to which the Organic Tax Code refers, nor of any credit against the National Treasury for any other concept other than that provided in this Law.

### ***CHAPTER IV. TAXATION PERIOD (Value Added Tax Law)***

#### **Article 32. (Value Added Tax Law)**

The tax owed to the National Treasury in the terms of this Law, shall be determined by taxation periods of one calendar month, in the following manner: to the amount of the fiscal debts, duly adjusted if necessary, which legally correspond to the taxpayer for the taxable transactions corresponding to the respective taxation period, shall be deducted or subtracted the amount of the fiscal credits to which the same taxpayer has a right to deduct or subtract, in accordance with that which is provided in this Law. The result shall be the amount of the tax to pay corresponding to that taxation period.

### ***CHAPTER V. DETERMINATION OF DEBITS AND CREDITS (Value Added Tax Law)***

#### **Article 33. (Value Added Tax Law)**

Only the activities defined as taxable events of the tax established in this Law that generate a fiscal debit or that are subject to the 0 tax rate shall have a right to the deduction of the fiscal credits supported by ordinary taxpayers for the purpose of the acquisition or import of tangible personal property or services, provided that they correspond to costs, expenses or expenditures proper to the normal economic activity of the taxpayer, and that the other requirements provided in this Law are fulfilled. This article shall be applied without prejudice to that which is established in other provisions contained in this Law.