

GLOBAL HIRING GUIDE

Venezuela



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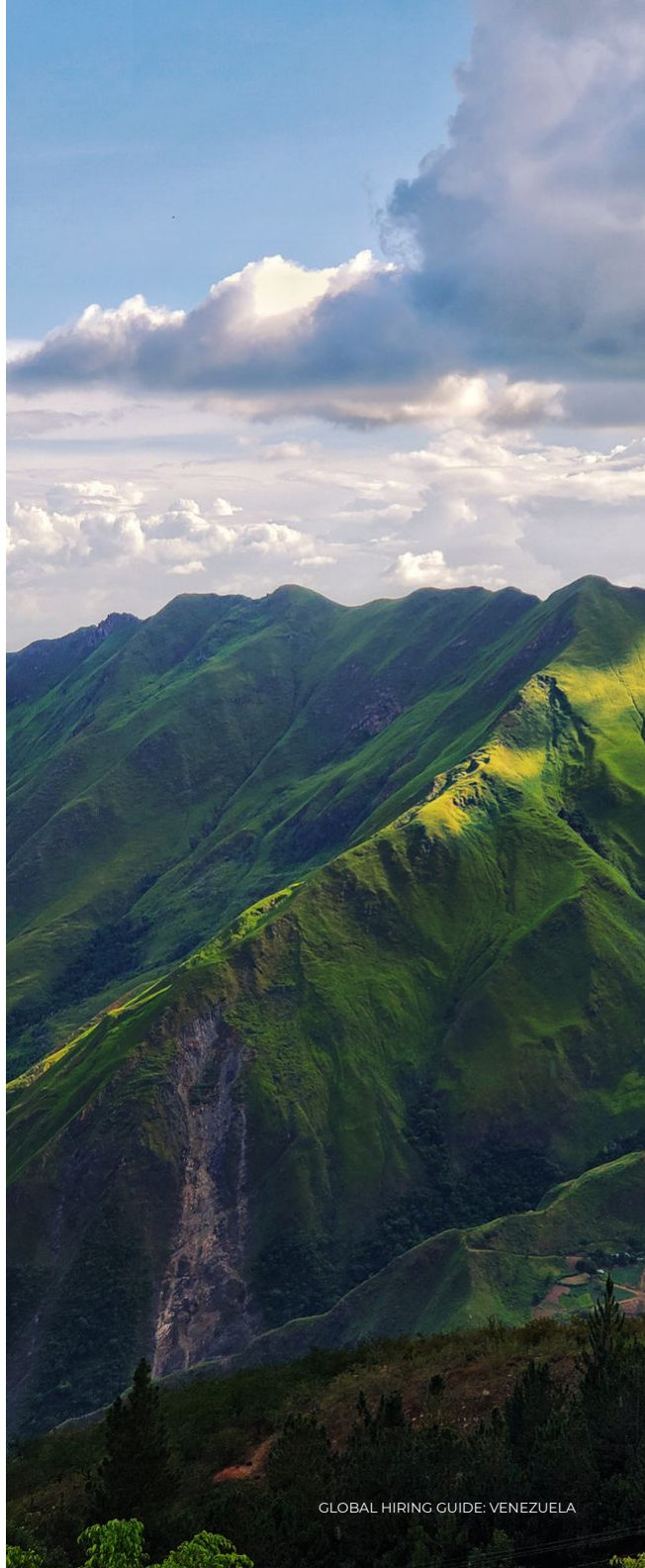
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01

BASIC COUNTRY FACTS

- **Full Name**
Bolivarian Republic Of Venezuela
- **Capital**
Caracas
- **Main Languages**
Spanish
Indigenous Languages
(E.G. Wayuu, Warao,
Piaroa)
- **Population**
28.2 Million
- **Monetary Unit**
Venezuelan Bolívar
Petro (Cryptocurrency)
- **Internet Domain**
.ve
- **International Dialing Code**
+58
- **Currency**
Venezuelan bolívar
Petro (cryptocurrency)



02

STATUTORY LABOR REQUIREMENTS

Probation Period

- The first 30 days of the employment relationship are deemed as a probation period.

Annual Leave

- Workers are entitled to take 15 working days per year of paid vacation upon completion of one uninterrupted year of service, plus one additional working day for each subsequent year of service, up to a maximum of 15 additional working days.

Public Holidays

The official public holidays are as follows:

1. New Year's Day
2. Carnival
3. Maundy Thursday
4. Good Friday
5. Declaration of Independence Day
6. Labor Day
7. Anniversary of the Battle of Carabobo
8. Independence Day
9. Simón Bolívar's birth
10. Assumption of Mary
11. Indigenous Resistance Day
12. Rafael Urdaneta's Birthday
13. All Saints' Day
14. Christmas Eve
15. Christmas Day
16. New Year's Eve

Maternity Leave

- Pregnant employees are entitled to take six weeks' leave before giving birth and 20 weeks' leave after giving birth (Article 336, New OLL).
- During this period, pregnant employees receive 66.66% of their monthly salary from social security.

Paternity Leave

- A father is entitled to paid paternity leave from the social security system of 14 continuous days from the date of birth (Article 339, New OLL).
- The father (regardless of marital status) cannot be dismissed for up to two years after the child's birth (Article 339, New OLL).

Sick Leave

- The employer must pay salary only for the first 3 days of sickness; after this period the employee will receive an indemnity from the social security in lieu of salary.

Work Hours

- In general, the maximum number of working hours without overtime pay for a day shift is 8 hours per day and 40 hours per week.
- The official work week is only 2 days for the public sector.

Overtime

- Overtime must be paid with a surcharge of at least 50% over the normal salary value for the corresponding ordinary shift.
- An employer may not require its workers to work more than 10 hours' overtime per week or more than 100 hours' overtime per year.

Notice Period

- There is no statutory notice period in Venezuela, this is usually something that is agreed upon in the employment contract.

Severance

- Where termination is not attributable to the employees, they are entitled to an indemnity equivalent to the amount of seniority payments.

13th Month

- It is mandatory in Venezuela and is paid at the end of the year.



03

INCOME TAX

- Taxable net employment income consists of all compensation or profit, regular or accidental, resulting from the provision of personal services under a dependence relationship, regardless of the character of the wages.
- Resident individuals are subject to tax on their worldwide income.
- Individuals are considered resident for tax purposes if they are physically present in Venezuela for more than 183 days in the current or immediately preceding calendar year.
- Residents are subject to tax if their annual worldwide gross income exceeds 1,500 tax units or if their annual worldwide net income exceeds 1,000 tax units.
- Foreign resident individuals with a fixed base in Venezuela must pay taxes on their income of national or foreign source attributable to said base.
- Non-resident individuals pay taxes on their income whenever the cause or origin of such income lies within Venezuela.
- Non-resident individuals are subject to a final withholding tax at a flat rate of 34% on income derived from Venezuelan sources.

TAX RANGE OF TAXABLE INCOME IN TAX UNITS (TU)		TAX RATE (%)	DEDUCTION (TU)
Over	Not Over		
0	1,000	6	0
1,000	1,500	9	30
1,500	2,000	12	75
2,000	2,500	16	155
2,500	3,000	20	255
3,000	4,000	24	375
4,000	6,000	29	575
6,000		34	875

04

SOCIAL SECURITY

- The social security system provides the following benefits:
 - Medical assistance for the worker and the worker's spouse, parents and children
 - Indemnities for temporary disability and death
 - Pensions for disability, old age and dependent survivors
- Employers and employees are required to make social security contributions in accordance with the following table.

SOCIAL SECURITY CONTRIBUTIONS

CONTRIBUTION	EMPLOYER	EMPLOYEE
Social Security Contributions On Monthly Salary Of Each Employee, Up To A Ceiling Of Five Minimum Salaries.	9%/ 10%/11%	4%
Unemployment Insurance Regime Contributions On Monthly Salary Of Each Employee, Up To A Ceiling Of Five Minimum Salaries.	2%	0.5%
Housing Regime Contributions On Total Monthly Salary.	2%	1%
National Socialist Training Institute Contributions (Required If Employer Has Five Or More Employees); Paid By Employer, On Total.	2%	0.5%

- Venezuela has entered into social security treaties with Chile, Ecuador, Greece, Italy, Portugal and Spain.
- Under the above treaties, nationals of the treaty countries who are working in Venezuela or Venezuelans who are working in the treaty countries may rely on the treaties to avoid double social taxation for the time period stated in the treaties.
- However, according to the Social Security Institute, the only treaty that is in effect for Certificates of Coverage is the Spain treaty.

05

DEDUCTIBLE EXPENSES

Personal Deductions

- Educational payments made in Venezuela for the taxpayer and for dependent children under 26 years of age are deductible. The age limit does not apply in cases of special education.
- Life, surgery, hospitalization, and maternity insurance premium payments to entities domiciled in Venezuela are deductible.
- Medical, dental and hospitalization payments to entities domiciled in Venezuela are deductible.
- Rent or interest payments on loans granted for the acquisition or enlargement of the taxpayer's home are deductible.
- The authorized deduction cannot exceed TU 1,000 for the fiscal year in the case of interest on loans, or TU 800 for the fiscal year in the case of payments associated with the leasing of main or permanent housing.

Standard Deductions

- Resident taxpayers have the option to claim a special (single) deduction of TU 774.
- No documentation is necessary.
- Taxpayers who choose the special deduction cannot claim the itemized personal deductions.

Personal Allowance

- Generally, personal allowances take the form of tax credits, i.e. deductions from tax payable.
- Residents are entitled to a personal tax credit of TU 10 for the taxpayer, spouse, and any dependent under legal age unless they are not capable for work or are studying and are under twenty-five years of age.

Business Deductions

- Resident individuals who are not employees can deduct expenses allowed by law, using the same guidelines applicable for corporations
- Thus, business deductions include depreciation and amortization, goodwill, interest expenses, bad debt, charitable contributions, municipal, state and local taxes.

DEDUCTIBLE EXPENSES

Personal Deductions:

Educational Expenses

- Educational payments made in Venezuela for the taxpayer and for dependent children under 26 years of age are deductible.
- The age limit does not apply in cases of special education.

Life Insurance Premium

- Life, surgery, hospitalization, and maternity insurance premium payments to entities domiciled in Venezuela are deductible.

Medical Expenses

- Medical, dental and hospitalization payments to entities domiciled in Venezuela are deductible.

Mortgage Deductions

- Rent or interest payments on loans granted for the acquisition or enlargement of the taxpayer's home are deductible.
- The authorized deduction cannot exceed TU 1,000 for the fiscal year in the case of interest on loans, or TU 800 for the fiscal year in the case of payments associated with the leasing of main or permanent housing.

Standard Deductions:

- Resident taxpayers have the option to claim a special (single) deduction of TU 774.

Personal Allowance

- Residents are entitled to a personal tax credit of TU 10 for the taxpayer, spouse, and any dependent under legal age unless they are not capable for work or are studying and are under twenty-five years of age.

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06

IMMIGRATION

Immigration

- Under the Immigration Law, foreign citizens who intend to render services in Venezuela for more than 90 days must obtain a labor permit (authorization) and a labor visa (Working Transient Visa; known as “TR-L”).
- The company that intends to employ the foreign citizen requests the labor permit.
- If a foreign citizen will not be in Venezuela for more than 90 days, neither a labor permit nor a labor visa is required.
- To obtain a TR-L, the foreign citizen must have a passport that had been issued by the respective authority at least 6 months before the request for the TR-L, as well as an employment contract with a Venezuelan entity.
- The visa has a term of one year and may be renewed for an additional term of one year.
- The holder of the TR-L may make multiple entries into Venezuela or may stay in Venezuela for the entire period of the visa.
- To obtain a labor visa and work permit, the company must file an application with the Office of Migration and the Ministry of Labor, which will issue the labor visa and the labor permit respectively, within 15 business days following the request.
- In practice, the period for the issuance of the visa may be extended for an additional 15 days.
- Work visa
 - To obtain a work visa, the following documents must be submitted to the Office of Migration (Dirección de Extranjería):
 - Proof of payments by the employer to the National Socialist Training Institute (Instituto Nacional de Capacitación y Educación Socialista, or INCES)
 - Proof of last three payments by the employer to the social security system
 - Copy of municipal license of the company
 - Copy of last income tax return of the company
 - Authorization letter
 - Justification letter (providing reasons for requesting labor visa)
 - Entry request form, issued by the Administrative Service Office for Identification, Immigration and Foreign Purposes (Servicio Administrativo de Identificación, Migración y Extranjería, or SAIME)
 - Two wallet-sized photos of the foreign worker
 - Copy of the entire passport (including blank pages)
 - Notarized employment contract (original)
 - University or college or technical or associate degree, translated into Spanish if in another language, and legalized in the country of residence before the Venezuelan consulate, or annotated
 - Résumé, translated into Spanish if in another language, and legalized in the country of residence before the Venezuelan consulate, or annotated

- Work permit

To obtain a work permit, the following documents must be filed with the Ministry of Labor:

- Copy of the document of incorporation and bylaws of the contracting company
- Copy of notarized employment contract
- Employment declaration form and hours worked (this form is issued by the Ministry of Labor)
- Justification letter (providing reasons for requesting labor permit)
- Format of job offer issued by Ministry of Labor (original and two copies)
- Information filed with the Labor Inspector Office (Inspectoría del Trabajo), including a copy of the Tax Identification Number (Registro Unico de Información Fiscal, or RIF) of the contracting company, company name, number of employees and workers and authorization letter



TYPE OF VISA	DOCUMENTATION	VALIDITY	ELIGIBILITY
<p>Working Transient Visa (TRL)</p>	<ul style="list-style-type: none"> • Proof of payments by the employer to the National Socialist Training • Proof of last three payments by the employer to the social security system • Copy of municipal license of the company • Copy of last income tax return of the company • Authorization letter • Justification letter (providing reasons for requesting labor visa) • Entry request form, issued by the Administrative Service Office for Identification, Immigration and Foreign Purposes • Two wallet-sized photos of the foreign worker • Copy of the entire passport • Notarized employment contract (original) • University or college or technical or associate degree, translated into Spanish if in another language, and legalized in the country of residence before the Venezuelan consulate, or annotated • Résumé, translated into Spanish if in another language, and legalized in the country of residence before the Venezuelan consulate, or annotated 	<p>1 year (can be renewed)</p>	<p>Foreign citizens who intend to render services in Venezuela for more than 90 days must obtain a labor permit (authorization) and a labor visa (Working Transient Visa; known as "TR-L").</p>

TYPE OF VISA	DOCUMENTATION	VALIDITY	ELIGIBILITY
Work Permit	<ul style="list-style-type: none"> • Copy of the document of incorporation and bylaws of the contracting company • Copy of notarized employment contract • Employment declaration form and hours worked (this form is issued by the Ministry of Labor) • Justification letter (providing reasons for requesting labor permit) • Format of job offer issued by Ministry of Labor (original and two copies) • Information filed with the Labor Inspector Office), including a copy of the Tax Identification Number (Registro Unico de Información Fiscal, or RIF) of the contracting company, company name, number of employees and workers and authorization letter 	1 year (can be renewed)	Foreign citizens who intend to render services in Venezuela for more than 90 days must obtain a labor permit (authorization) and a labor visa (Working Transient Visa; known as "TR-L").

07

VALUE ADD TAX

Value Added Tax

- VAT is due on all goods and services supplied domestically or imported.
- Exports are exempted.
- Under Venezuela's budget law, it must set its standard VAT rate between 16.5% and 8%.

VAT	
Luxury Rate	15%
Standard Rate	16%
Reduced Rate	8%
Zero Rate	0%
Exempt Rate	0%

08

WITHHOLDING TAX

Withholding Tax

Dividends

- Dividends paid to both resident and non-resident individuals and legal entities generally are exempt.
- However, if dividend distributions exceed the payer company's net taxed income, a 34% withholding tax applies.

Interest

- Interest paid to a nonresident legal entity is taxed at the standard corporate income tax rate (i.e. 15%, 22%, and 34%) applied to 95% of the gross payment, resulting in effective rates of 14.7%, 20.9% and 32.3%, provided certain requirements are met.
- Interest paid to nonresident banks or financial institutions is subject to a 4.95% withholding tax.
- Interest paid to a nonresident individual is subject to a 34% withholding tax.

Royalties

- Royalties paid to a nonresident company or a resident individual are subject to withholding tax at a maximum rate of 34% applied to 90% of the gross payment, resulting in an effective maximum rate of 30.6%

Technical Service Fees

- Technical assistance fees paid to a nonresident company or a resident individual are subject to withholding tax at a maximum rate of 34% applied to 30% of the gross payment, resulting in an effective maximum rate of 10.2%

Branch Remittance Tax

- Technical assistance fees paid to a nonresident company or a resident individual are subject to withholding tax at a maximum rate of 34% applied to 30% of the gross payment, resulting in an effective maximum rate of 10.2%

WHT		
Dividends	34%	
Interest	Interest paid to a nonresident legal entity	14.7%, 20.9%, 32.3%
	Interest paid to nonresident banks or financial institutions	4.95%
	Interest paid to a nonresident individual	34%
Royalties	34%, Effective maximum rate of 30.6%	
Technical Service Fees	34%, Effective maximum rate of 10.2%	
Branch Remittance Tax	34%	

09

TERMINATION

- Employees may either be subject to so-called job stability (estabilidad), or protected by the bar against dismissal (inamovilidad), both of which significantly limit the scope for termination.
- Job Stability
 - Employees covered by the stability procedure might be dismissed with justified cause, but after the dismissal, the employer must file a "participation of dismissal" before a labor judge, explaining the facts and legal causes for the dismissal.
 - Legal cause might include, among others reasons: misconduct; defamation of the employer; lack of due care or negligence, affecting health and safety at work; unjustified absence during 3 working days in a month; material damage to working machines or tools, caused intentionally or by lack of due care; disclosure of professional or trade secrets; serious failure of employment obligations; or sexual or workplace harassment.
 - In general, all employees are protected by job stability, except upper-management employees.
- Bar against dismissal
 - Protected employees shall not be dismissed without justified cause and previous authorization of the Labor Inspector.
 - An employee is entitled to claim reinstatement and back pay when dismissed without authorization.
- There is no statutory notice period in Venezuela, this is usually something that is agreed upon in the employment contract.

10

STATUTORY BENEFITS

- These are mandatory benefits as postulated by law.
- These include probationary period, annual leave, public holidays, maternity leave, paternity leave, sick leave, overtime pay, notice period, severance pay, and 13th month pay.
- Statutory benefits also include social security benefits.

STATUTORY BENEFITS

- Probationary Period
- Annual Leave
- Public Holidays
- Maternity Leave
- Paternity Leave
- Sick Leave
- Overtime Pay
- Notice Period
- Severance Pay
- 13th Month Pay
- Social Security Benefits



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