



DOING BUSINESS IN VENEZUELA

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COUNTRY HIGHLIGHTS - VENEZUELA

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Venezuela offers potential in terms of banking services. And with governmental institutions still offering services that focus on establishing new businesses, this makes it possible to set up and start new ventures relatively simple. The banking system, although robust, is continuously coping with regulation changes, such as the sudden increase in multi-currency (US Dollar and local Bolívar) commercial transactions. Venezuela is considered however, a steadily stabilizing blue ocean for high risk/return investments.

Furthermore, Venezuela has a strong bilateral and multilateral system of agreements (Including Tax and Foreign Investment Protection).

THE BENEFITS OF DOING BUSINESS IN VENEZUELA

Some key elements that currently convert Venezuela in an attractive jurisdiction for new investments:

- ➔ Robust bilateral and multilateral net of agreements for both avoiding double taxation and promotion/protection of foreign investments
- ➔ A complete legal system that contains and regulates all the standard contractual structures and legal entities
- ➔ A sophisticated local banking system
- ➔ A recognized dollarized economy
- ➔ Some import processes are being simplified and some import tax exemptions are considered for certain essential goods
- ➔ Low operation and production costs (in terms of US Dollars)

Venezuela is on the verge of a complete restructuring era, with various essential investment opportunities to be developed, such as:

- ➔ Real estate
- ➔ Health and medicine services and infrastructure
- ➔ Telecommunications
- ➔ Fintech, digital economy and other collateral services for technological ventures
- ➔ Logistic and multinational transportation services
- ➔ Oil and energy, green energies and all related fields

The government has recognized the importance of diversification of the economy, especially in sectors that can already export, or sectors producing foreign currency. Based on this, more flexible regulations are yet expected to take place in certain economic sectors.

KEY ADVANTAGES

Venezuela represents an interesting market for inbound investments. The need for essential services and provisions for regular consumption, opens up various opportunities for international investors. And amid the global oil market crisis, Venezuela is seeking diversification to their source of income. The country has been moving forward slowly but steadily to deregulate the currency exchange control, and at present, there is an almost complete scheme for commercial and industrial transactions based on the US dollars. The more new and institutional players in each area of investment, the more effective the frame for pricing would be. There are also opportunities to acquire ongoing businesses in critical areas such as public services (health, food production and agroindustry, telecommunications, gas stations), which currently have assets capability and infrastructure in place.

There are even more opportunities available in other key areas, such as technology, data consumption and market analysis, retail of electronics, food distribution and delivery chains. Niches are seen in all of these areas including in cities outside Caracas.

STARTING A BUSINESS IN VENEZUELA

Venezuela has a very broad legal system, that allows almost all regular and standard forms of legal contracts, entities and schemes for investing and establishing new business. From standard share-based corporations (sociedad anónima), a limited liability and partnerships (comandita simple) or even contractual agreements, such as joint ventures or consortia, are common. There is also an important growth in funding processes through Venezuelan stock exchange listings and transactions. This has been effectively used as hedge against hyperinflation and devaluation. There are also a new rules that allows listings and IPOs in US Dollars for companies exporting or demonstrating exporting capabilities.

A standard corporation has to establish a nominal minimum capital of around USD 5,000, with a minimum paid-in capital of around USD 1,100 (for most of commercial or industrial activities), these requirements may change for certain activities. A stamp tax of 1% of the subscribed capital, applies. The registration process before the commercial registry may last 45 days, once the selected name of the company is granted. No digital or online process is established in this respect. The process of obtaining a registry before tax authorities may last 4 days and can be performed online. The process for opening a bank account may last 2 days. The process of registering the entity before all labor and social security authorities, may last in total 130 days, but does not impede the initiation of commercial activities.

This last may be performed on line and it is followed by an in situ inspection of the business premises by labor authorities. A business license before municipal authorities has to be obtained and the process may last 50 days (simultaneously with labor registration process).

In order to obtain a certification of foreign or mixed company (and hence, to be entitled to exercise rights derived from Foreign Investments Protection Agreements subscribed by Venezuela), a direct foreign investment has to be registered before Foreign Investments National Superintendence. All the documentation of the foreign investors has to be presented and certified by the authorities. This process is currently being converted to digital.

Complying with local accounting, tax and labor regulations relies for a large part on the constantly changing rules and administrative criteria. Therefore engaging services with local advisory from a recognized CPA and law firm is advisable.

KEY ADVANTAGES

- ➔ Even though some processes are not yet online there is a stable flow, provided that all requirements and documents are presented
- ➔ The overall initial expense for establishing a corporation is relatively low, compared to other LatAm countries.
- ➔ Most of the registration processes can be performed simultaneously and most do not affect the eventual initiation of commercial or industrial activities. If an ongoing business, a due diligence of these permits and licenses can be performed by Amicorp

WHAT AMICORP CAN DO FOR YOU

Amicorp can support clients with their new ventures and investors interested in doing business in Venezuela. We can assist with the full process, from company set up, the registration of commercial agreements, through to the more day-to-day legal tasks and compliance procedures.

Amicorp can also assist with inscriptions before legal and tax authorities and the opening of a bank account and also represent the client with other standard procedures before Venezuelan authorities. Interacting with private local associations and chamber of commerce is paramount in the current changing environment. Amicorp has access to key players in both public and private sectors, to obtain accurate and relevant information in most of the investment areas.

Amicorp could also provide, directly or through local specialist, various tax and accounting services, along with the coordination and implementation of management and secretarial services for the company.

For inbound transactions in Venezuela, Amicorp can provide professional support in establishing, managing and coordinating investments through private funds or even assist in a listing processes locally, or on one of the active stock exchange markets of the Caribbean.

AMICORP GROUP YOUR BUSINESS IS OUR BUSINESS

Amicorp is a boutique service provider with a dedicated network of international experts and specialists. We offer a wide range of customized solutions to help businesses grow and be successful. Our innovative solutions include cross-border structuring, corporate assurance and regulatory compliance support, and multi-facet business support alternatives for companies wanting to invest or expand locally or globally. In addition, we offer fund administration, financial services and global family office solutions, all addressing the distinct needs of our clients. We collaborate with and support clients in over 100 countries worldwide; we offer them solutions that they are looking for in today's ever-changing macro environment.

*International networking
and global experience by a team of 700+ knowledgeable experts*

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