

Law for the Promotion and Development of New Entrepreneurships

On Official Gazette Special No. 6.656 of October 15, 2021, the Law for the Promotion and Development of New Entrepreneurships was published. According to article 1, the Law is aimed at the promotion of new entrepreneurships in the country and their economic development (art. 1).

Definition of entrepreneurship. The law defines entrepreneurship as an “economic activity for profit exercised by one or more persons, which acquires legal personality with registration in the National Registry of Entrepreneurship”. According to the law, the legal personality conferred by said Registry has a duration of up to two years, after which entrepreneurships and ventures must follow the normal procedure to register with the Commercial Registry (art. 4.1).

Obligations of the Government. According to articles 6, 7, 8 and 11 of the law, the Government must take certain measures to promote new entrepreneurships, among which we find:

- Support through public policies that allow their development.
- Simplification of the procedures for the creation and development of new entrepreneurships and ventures.
- Facilitate access to the national market.
- Promote training plans, benefiting specific groups such as women, young people, disabled people, and those aiming to create sustainable projects.
- The Government will develop a National Comprehensive Training Plan to promote an entrepreneurial culture and vision in the country.
- The media must disseminate these public policies of the Government on new entrepreneurships.
- The Government must facilitate access to financing for new entrepreneurships, while banking institutions must establish products and services with favorable conditions in terms of term, rate and grace periods to promote new entrepreneurships.

Simplification of administrative procedures. Article 9 of the law indicates that the Government must:

- Eliminate unnecessary procedures for the constitution of new entrepreneurships and ventures.
- Simplify and improve existing registration and control procedures, under homogeneous forms by new digital means.
- Adopt monitoring and control mechanisms for this simplification of procedures.

Tax incentives. According to article 10 of the law, the Government may exempt enterprises and ventures, completely or partially, from the payment of direct taxes when said enterprises meet the requirements established by the law and as long as they do not exceed an annual sales total of ten thousand times the official exchange rate of the currency of greater value published by the Central Bank of Venezuela.

Supervisory organism. According to articles 13 and 14 of the law, the Ministry of the People's Power with competence in matters of economy and finance is responsible for:

- Designing and proposing the policies and the national strategy of entrepreneurship, aligned with the Economic and Social Development Plan of the Nation, the "Homeland Plan", and with the Plans of National Productive Development.
- Implementing the National Registry of Entrepreneurships for the application of public policies in relation with the development of the practice. According to articles 15, 16 and 17 of the law, this registration is:
 - ✓ Mandatory.
 - ✓ An indispensable condition for access to the benefits and incentives established in the law, as well as for their recognition before Government institutions.
 - ✓ Valid for a maximum of two years. After that period, the entrepreneurship must be registered in the corresponding Commercial Registry.
- Promoting and directing the National Network of Entrepreneurships.
- Coordinating the granting of loans by public bodies or financial entities of the Government.
- Managing the National Entrepreneurship Fund and approving the entrepreneurships that will be financed with its resources.

- Developing and articulating training programs aimed at the Venezuelan entrepreneurial sector, as well as managing alliances with the different sectors of society and international entities for the formation, training, and promotion of an entrepreneurial culture.
- Articulating the different organisms and institutions of the public sector responsible for (i) administrative procedures, (ii) financing, (iii) training, and (iv) other aspects relevant to the development of the entrepreneurial sector.
- Dictating sectoral regulations for the development of entrepreneurial initiatives.
- Any other power granted to it by law.

National Fund for Entrepreneurship. In accordance with article 20 of the law, the National Fund for Entrepreneurship is created to finance and support entrepreneurs registered in the National Entrepreneurship Registry. The Fund shall be financed by:

- The resources allocated by the National Executive.
- The resources from the reimbursable financing granted to entrepreneurs.
- The assets from the donations and other gifts that it receives.
- The assets obtained from its operations and the execution of its activities.

National Entrepreneurship Network. According to article 22 of the law, the network shall consist of “an open space for participation and encounter between the organs and entities of the State, entrepreneurs, organizations and any other person who has a vocation to support the generation and development of entrepreneurship”.

If you require our professional services you can contact us through the following email addresses:

Ponte Andrade Casanova
Francisco A. Casanova S.
Ignacio Ponte Brandt
Ignacio T. Andrade M.

pac@epac.com.ve
fcasanova@epaclaw.com
iponte@epaclaw.com
iandrade@epaclaw.com