

Venezuela

The country profile includes data on the income taxes paid by workers, their social security contributions, the family benefits they receive in the form of cash transfers as well as the social security contributions and payroll taxes paid by the employers. Results reported include the average and marginal tax burdens for eight different family types.

It also describes the personal income tax systems, all compulsory social security contribution schemes and universal cash transfers as well as recent changes in the tax/benefit system.

Venezuela 2013

Tax / benefit of single persons

	Wage level (% of average wage)	67	100	167	67
	Number of children	0	0	0	2
1. Gross wage earnings		36 508	54 490	90 998	36 508
2. Standard tax allowances		82 818	82 818	82 818	82 818
Basic allowance		82 818	82 818	82 818	82 818
Married or head of family		0	0	0	0
Dependent children		0	0	0	0
Deduction for social security contributions and income taxes		0	0	0	0
Work-related expenses		0	0	0	0
Other		0	0	0	0
3. Tax credits or cash transfers included in taxable income		0	0	0	0
4. Central government taxable income (1-2+3)		0	0	8 180	0
5. Central government income tax liability (exclusive of tax credits)		0	0	491	0
6. Tax credits		1 070	1 070	1 070	3 210
Basic credit		0	0	0	0
Married or head of family		0	0	0	0
Children		0	0	0	2 140
Other		1 070	1 070	1 070	1 070
7. Central government income tax finally paid (5-6)		0	0	0	0
8. State and local taxes		0	0	0	0
9. Employees' compulsory social security contributions					
Gross earnings		2 010	3 001	5 011	2 010
10. Total payments to general government (7+8+9)		2 010	3 001	5 011	2 010
11. Cash transfers from general government		0	0	0	0
For head of family		0	0	0	0
For two children		0	0	0	0
12. Take-home pay (1-10+11)		34 498	51 489	85 987	34 498
13. Employer's compulsory social security contributions		5 278	7 878	13 156	5 278
14. Average rates					
Income tax (7 / 1)		0.0%	0.0%	0.0%	0.0%
Employees' social security contributions (9 / 1)		5.5%	5.5%	5.5%	5.5%
Total payments less cash transfers [(10-11) / 1]		5.5%	5.5%	5.5%	5.5%
Total tax wedge including employer's social security contributions [(10+13-11) / (1+13)]		17.4%	17.4%	17.4%	17.4%
15. Marginal rates					
Total payments less cash transfers: principal earner		5.5%	5.5%	5.5%	5.5%
Total payments less cash transfers: spouse		N.A.	N.A.	N.A.	N.A.
Total tax wedge: principal earner		17.4%	17.4%	17.4%	17.4%
Total tax wedge: spouse		N.A.	N.A.	N.A.	N.A.

Venezuela 2013

Tax / benefit of married couples

	Wage level (% of average wage)	100-0	100-33	100-67	100-33
	Number of children	2	2	2	0
1. Gross wage earnings		54 490	72 471	90 998	72 471
2. Standard tax allowances		82 818	165 636	165 636	165 636
Basic allowance		82 818	165 636	165 636	165 636
Married or head of family		0	0	0	0
Dependent children		0	0	0	0
Deduction for social security contributions and income taxes		0	0	0	0
Work-related expenses		0	0	0	0
Other		0	0	0	0
3. Tax credits or cash transfers included in taxable income		0	0	0	0
4. Central government taxable income (1-2+3)		0	0	0	0
5. Central government income tax liability (exclusive of tax credits)		0	0	0	0
6. Tax credits		4 280	4 280	4 280	2 140
Basic credit		0	0	0	0
Married or head of family		1 070	1 070	1 070	1 070
Children		2 140	2 140	2 140	0
Other		1 070	1 070	1 070	1 070
7. Central government income tax finally paid (5-6)		0	0	0	0
8. State and local taxes		0	0	0	0
9. Employees' compulsory social security contributions					
Gross earnings		3 001	3 991	5 011	3 991
10. Total payments to general government (7+8+9)		3 001	3 991	5 011	3 991
11. Cash transfers from general government		0	0	0	0
For head of family		0	0	0	0
For two children		0	0	0	0
12. Take-home pay (1-10+11)		51 489	68 480	85 987	68 480
13. Employer's compulsory social security contributions		7 878	10 478	13 156	10 478
14. Average rates					
Income tax (7 / 1)		0.0%	0.0%	0.0%	0.0%
Employees' social security contributions (9 / 1)		5.5%	5.5%	5.5%	5.5%
Total payments less cash transfers [(10-11) / 1]		5.5%	5.5%	5.5%	5.5%
Total tax wedge including employer's social security contributions [(10+13-11) / (1+13)]		17.4%	17.4%	17.4%	17.4%
15. Marginal rates					
Total payments less cash transfers: principal earner		5.5%	5.5%	5.5%	5.5%
Total payments less cash transfers: spouse		5.5%	5.5%	5.5%	5.5%
Total tax wedge: principal earner		17.4%	17.4%	17.4%	17.4%
Total tax wedge: spouse		17.4%	17.4%	17.4%	17.4%

The national currency is the Bolivar. In 2013, the average exchange rate was VEF 6.28 to USD 1. In that year, the average worker earned VEF 54 489.74 and the Tax Unit (Unidad Tributaria – UT) was VEF 107.

The Report includes estimates of the tax wedge over the whole of the income distribution ordered by deciles of total labour income of formal wage earners derived from the household surveys.

	Deciles of Incomes									
	1	2	3	4	5	6	7	8	9	10
Local currency (VEN)	29 289	35 075	38 300	41 892	45 342	48 664	53 738	59 857	73 294	131 171
USD ¹	4 661	5 581	6 095	6 666	7 215	7 744	8 551	9 525	11 663	20 873
Dollars in PPP ²	7 365	8 819	9 630	10 534	11 401	12 236	13 512	15 051	18 430	32 982
Ratio to the minimum wage ³	0.9	1.1	1.2	1.3	1.4	1.5	1.7	1.8	2.3	4.0

1. Average official exchange rates published by the central bank.

2. Calculated using the implied conversion rate (National currency per current international dollar in purchasing power parity) published by the IMF in the World Economic Outlook dataset.

3. Ratio of the income decile to the official minimum wage of the country.

1. Personal income tax system

The fiscal year for the income tax is the calendar year.

1.1. Central government income tax

The personal income tax is levied on wages, salaries or compensation for work received from employment plus income and gains received from self-employment or from professional activities. It is also levied on any investment income or capital gains.

The main exemptions for the income tax are:

- Compensations and indemnities relating to work injuries that are paid to the worker or his/her beneficiaries.
- Pensions or retirement income.
- Interest received on fixed income deposits, bonds, savings certificates or any other savings instruments specified by the laws relating to banks and other financial institutions.
- Interest paid on national bonds and any other debt instruments issued by the national government.

1.1.1. Tax unit

Members of the family are taxed separately.

Individuals who are residents of Venezuela are liable for personal income tax on their worldwide income. Non-residents are taxed on their Venezuelan-sourced income.

1.1.2. Tax allowances and tax credits

1.1.2.1. Standard tax allowances and tax credits

- A standard allowance of 774 tax units.¹
- An allowance for each child aged 25 or less of 10 tax units.
- A tax rebate of 10 tax units when couples file separately. Only one of the spouses can claim this credit.

1.1.2.2. Main non-standard tax allowances and tax credits

- The amounts paid to training institutes in the country in respect of the education of taxpayers and their dependents aged 25 or less.
- Insurance premiums paid to resident companies to cover hospitalisation, surgery and maternity.
- Medical, dental and hospital service expenses incurred by the taxpayer, spouse, and children.
- Interest paid on loans to purchase the main residence, up to 1 000 tax units per year.
- Payments of rent on the taxpayer's main residence up to 800 tax units per year.

1.1.3. Tax schedule

The annual income tax liability was calculated on the taxable income according to the following schedule in 2013:

Income (tax units) up to	Income (VEF) up to	Marginal rate (%)
1 000	107 000.00	6
1 500	160 500.00	9
2 000	214 000.00	12
2 500	267 500.00	16
3 000	321 000.00	20
4 000	428 000.00	24
6 000	642 000.00	29
above	above	34

1.2. State and local taxes

No state or local taxes are levied on wages.

2. Compulsory social security contributions

2.1. Employee contributions

Program	Marginal rate (%)
Pensions, old age and survivor's program	4.0
Unemployment insurance	0.5
Housing and Habitat Subsystem	1.0
National Institute for Educational Cooperation*	0.5

The employee contributions are levied on gross wages excluding the end-year bonus (equivalent to a month's wage). There is an upper ceiling on the contributions of 5 times the annual minimum wage (VEF 162 665 in 2013).

The contributions to the national institute for educational co-operation are paid on profits distributed by companies. For this exercise the assumption is that the distributed profits amount to 30 days of the employee's wage, which equals the minimum set by the Organic Law of the Workers (LOTTT due to its initials in Spanish) in Articles 131 and 132.

2.2. Employer contributions

Employers are required to contribute to the following public programs.

Program	Marginal rate (%)
Pensions, old age and survivor's program	9.0
Work injury	0.75
Unemployment insurance	2.0
Housing and Habitat Subsystem	2.0
National Institute for Educational Cooperation	2.0

The employers' contributions are levied on the payroll.

3. Universal cash transfer

3.1. Amount for spouse and for dependent children

None.

4. Main changes in tax/benefit since 2013

The value of the tax units is adjusted each year. In 2015, the tax unit was VEF 150.

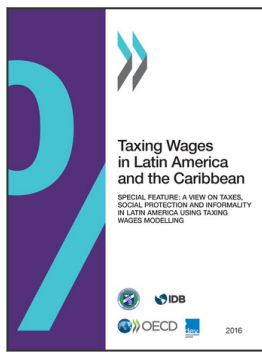
5. Memorandum items

5.1. Identification of an AW

The data refer to the earnings of workers within the formal sector. The average worker's wage was calculated using microdata from the national household surveys.

Note

1. Taxpayers are entitled either to itemise the main non-standard allowances described or opt for the 774 tax unit standard allowance. This Report uses the latter.



From:
**Taxing Wages in Latin America and the Caribbean
2016**

Access the complete publication at:
<https://doi.org/10.1787/9789264262607-en>

Please cite this chapter as:

OECD/Inter-American Development Bank/Inter-American Center of Tax Administrations (2016), "Venezuela", in *Taxing Wages in Latin America and the Caribbean 2016*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/9789264262607-26-en>

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