
Venezuela

Local stock exchange

Bolsa de Valores de Caracas

<http://www.caracasstock.com/>

Rules for listed filings

IFRS required or permitted for listed companies?

Required for consolidated and standalone/separate financial statements

All listed companies are required to use IFRS.

Version of IFRS

IFRS as adopted by IASB. However, recently the local regulator (Superintendencia Nacional de Valores) issue a communication permitting the use of financial statements without including the effects of the inflation, which represents a difference from IFRS.

Are subsidiaries of foreign companies or foreign companies listed on local exchanges subject to different rules?

No

Rules for statutory filings

Is IFRS or IFRS for SMEs required, permitted or prohibited for statutory filings?

IFRS or IFRS for SMEs is required.

Initially in April 2008, IFRS was adopted by the local standard setter (Federación de Colegios de Contadores Públicos de Venezuela) for big companies for the year ending December 31, 2008 and for small companies' adoption was required in 2010 (mandatory adoption for small companies was subsequently delayed until 2011). Big companies were defined by the local standard setter, based on the number of employees and revenue depending on the type of industry. In March 2010, the local standard setter also indicated that the small companies have to apply IFRS for SMEs

In August 2010, the local standard setter issued a new standard modifying the definition of small companies for local GAAP purposes. The new definition indicates that a small company is an entity with the objective of generating profits and not subject to local regulation such as public companies and financial institutions. With the new definition a formerly defined big company could become a small company.

A formerly defined big company that becomes a small company has two options: (1) Continue to apply IFRS for big companies or (2) Adopt IFRS for SMEs as indicated in the transition section (section No. 35) of IFRS for SMEs. A small entity could also use IFRS for big companies when such decision has been approved by the highest ranking decision making authority of the company (usually the shareholders). Local IFRS are called Ven NIF.

In April 2011, the local standard setter amended some of the previous standards and modified the definition of SMEs. The current definition indicates that a SME is a formally incorporated, profit-oriented entity \ that issues financial statements for general information for its users, including debtors, employees and the general public.

Version of IFRS

IFRS or IFRS for SMEs as adopted locally

In November 2013, the local standard setter issued a modification on a previous standard indicating that for the periods beginning December 1, 2013 on, the IFRS version approved for local purposes is IFRS as published by the IASB in 2013. This adoption of the 2013 IFRS version can be accelerated for the periods beginning January 1, 2013. For SMEs the version of IFRS for SMEs is the version approved by the IASB (2009 version). Other differences between IFRS and Ven NIF are:

- For both Ven NIF and Ven NIF for SMEs, recognition of the inflation is mandatory when the inflation exceeds 10% in a year, even if the hyperinflation test of 100% over three years in IAS 29 *Financial Reporting in Hyperinflationary Economies* is not met.
- For both Ven NIF and Ven NIF for SMEs, the presentation of the other comprehensive income must be done separated from the income statement. In both IFRS there is the option to present the other comprehensive income in one statement (together with the income statement) or in two separated statements.
- For the initial adoption of the Ven NIF for SMEs, an entity can use the option of using the fair value as attribute cost at the date of transition for its fixed assets, intangible assets and investment properties if under the previous GAAP used those assets have been revaluated. In the case of an initial adopter of IFRS for SMEs the option of using fair value for fixed assets, intangible assets and investment properties at the date of transition is not restricted only to entities that previously have revaluated such assets.

In addition to local GAAP statutory financial statements, are there any other regulatory financial statement requirements that permit or require the use of IFRS?

No

IFRS conversion plans

Plans for converging

Not applicable

Other useful websites

Federación de Colegios de Contadores Públicos de Venezuela (Local standard setter for unlisted companies)

<http://www.fccpv.org/>

Superintendencia Nacional de Valores (Local regulator and standard setter for listed companies)

<http://www.cnv.gob.ve/>

Tax information

Type of tax regime

Quasi-dependent. Taxable profit is principally based on the legal entity statutory accounts, with a number of adjustments provided in the tax law.

Comments on tax regime

Determination of local taxable profit in practice is based on historical statutory accounts before the accounting inflation adjustment required by local GAAP. Local tax regulations has its own rules to recognize the inflation for tax purposes which is part of the adjustments made in the reconciliation to calculate the taxable income. After that additional adjustments are made based on the specific requirements of the local tax law.

Plans for IFRS converging as the basis of tax reporting

Not applicable