

New monetary expression

Official Gazette Nro. 42.185 dated August 6, 2021

The National Executive published the new Decree N° 4.553 in O.G. N° 42.185 on August 6, 2021, under which the new monetary expression is established. Likewise, the BCV issued the *“Rounding and technological guidelines for the implementation of the new monetary expression”*. We summarize herein the most important aspects of these regulations.

1. Effective Oct. 10, 2021, the unit of the national monetary system shall be expressed in the equivalent of current one million bolivars (Bs. 1,000,000). Therefore, any amount expressed before that date in local currency shall be divided by 1,000,000 to be converted into the new unit. The BCV is authorized to regulate and provide measures concerning rounding, execution of the new monetary expression, set technological guidelines and to carry out all activities required to put the new currency into circulation.
2. The amounts resulting from this new expression will continue to be represented with the symbol *“Bs.”* and will be divisible by 100 cents.
3. On Aug. 5, 2021, the BCV issued a communication referred to the monetary restatement and the modernization of payment methods to extend the use of the digital bolivar and thus facilitate transfers between customers of the banking system.
4. The *“Rounding and technological guidelines for the implementation of the new monetary expression 2021”*, issued by the BCV on Aug. 6, 2021, stipulate that rounding shall be applied only once, in order that the individual price or value of goods and services, as well as other monetary amounts become expressed with two decimals.
 1. Some prices and values could be exceptionally expressed with more than two decimals, in the following cases:
 - a) Automotive fuel.
 - b) Liquefied petroleum gas (LPG).
 - c) Water service.
 - d) Electricity service.
 - e) Urban cleaning service.
 - f) Domestic gas.
 - g) Telephony service.
 - h) Internet service.
 - i) Subway fares.
 - j) Mailing in the country.
 - k) Tax unit.
 - l) Balances of lending or saving operations in the national financial system.
 - m) Shares, even those unlisted on the stock market, as well as equity shares and other marketable securities.
 - n) Rates, taxes and other public prices.
 - o) Exchange rates.

6. Under the new monetary expression, as of 10/01/2021, any operation or reference expressed in local currency shall be expressed based on the bolivar in its new scale, including:
 - Obligations in national currency, which shall be settled by delivery, at their nominal value representing the bolivar in its new expression.
 - Prices, salaries and other labor benefits, taxes, and other sums in local currency contained in financial statements or other accounting documents, or in credit instruments.
 - The monetary expressions contained in any instrument, act or legal business concluded until 09/30/2021, shall maintain their legal effects after that date, and it will not be necessary to grant or execute a new instrument or carry out any procedure before the SAREN.
 - The monetary expressions contained in laws, regulations, decrees, resolutions, orders, communications, instruments or administrative proceedings, court decisions, marketable instruments or other documents with legal effects prior to 10/01/2021.
7. Those failing to apply the new monetary expression, affecting the normal operation of the national payment system, will be administratively sanctioned by the BCV, in accordance with the provisions of article 135 of the BCV Law, except for other provisions.
8. The payment of the Value Added Tax (VAT) is exempted from those activities or operations related to the production, distribution and launching of the new currency.
9. Net income obtained by those individuals providing goods and services exclusively for the execution of the new monetary expression is exempted from the payment of Income Tax (ISLR).
10. The current banknotes and coins issued by the BCV will circulate simultaneously with the new currency and will maintain their value, until the BCV determines otherwise.
11. The reference to the unit of account should be used in its new expression and in its former expression in all instruments for the supply of prices of goods and services and in others that express monetary amounts since 09/01/2021 and until the BCV determines so.
12. Official paper, tax stamps, stamps and / or postage stamps and any other species valued in current bolivars shall be used until they are sold out, and their value will also be adapted to the new monetary expression.
13. All individuals and legal entities shall adapt their computer systems and any mechanism for processing business or operations to the new monetary expression.
14. The regulatory and supervisory bodies of the financial system (SUDEBAN, SUDESEG, SUNAVAL, SUNDDE) will ensure compliance with this Decree in their respective areas.

Effectiveness

The decree becomes effective since its publication in the Official Gazette and the deadline to adjust to the new regulations is October 1, 2021, the date on which the monetary reconversion becomes effective.



Source: Presidential Decree N 4,553, GO N° 42,185 and Rounding and technological guidelines for the implementation of the new 2021 monetary expression of the BCV both dated 08/06/2021.

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