

SOUTH AMERICA

VENEZUELA

Venezuela is located at the northern end of South America consisting of a continental landmass and many islands and islets in the Caribbean Sea. With around 28.3 million inhabitants, it ranks among the most urbanized nations in Latin America, boasting a population where roughly 85% reside in urban zones. It is a developing country having the world's largest known oil reserves and has been one of the world's leading exporters of oil.

SOUTH AMERICA

NATIONAL HOLIDAYS

The following are the current public holidays in Venezuela:

JAN 1	New Year
JAN 6**	Día de Reyes**(**This is a working day)
FEB 12	Youth Day
FEB 12-13*	Carnival* (*Date varies)
MAR 28-29*	Holy Week* (*Date varies)
APR 19	Declaration of Independence
MAY 1	Labor Day
MAY 25**	National Anthem Day** (**This is a working day)
JUN 24	Carabobo Battle
JUL 05	Sign the act of Independence
JUL 24	Simon Bolivar's Day
AUG 03**	National Flag Day**(**This is a working day)
OCT 12	Indigenous Resistance Day/ Day of the Race
DEC 17**	Death of the Liberator Day**(**This is a working day)
DEC 24	Christmas Eve
DEC 25	Christmas
DEC 31	New Year

OBSERVATION FOR DATES MARKED WITH (*):

The dates for these days vary each year. Monday and Tuesday of Carnival are usually set in the month of February, while Maundy Thursday and Good Friday can be designated in either March or April.

EMPLOYMENT CONTRACTS

The employment contract may be entered into for an indefinite period, for a fixed term, or for a specific project.

INDEFINITE TERM CONTRACT: The employment contract will be considered to have been entered into for an indefinite period when the parties' intention to only be bound on the occasion of a specific project or for a fixed term is not expressly stated in an unequivocal manner.

FIXED-TERM CONTRACT: The contract entered into for a fixed term will expire upon the expiration of the agreed term and will not lose its specific status if it is subject to an extension.

In the case of **two extensions**, the contract will be considered indefinite unless there are special reasons justifying such extensions and excluding the presumed intention to continue the relationship.

The provisions of this article will also apply when, after the term has expired and the service provision has been interrupted, a new contract is entered into between the parties within three



months following the expiration of the previous contract, unless there is clear evidence of the common intention to terminate the relationship. The employment contract will be considered indefinite if there is an intention on the part of the employer to terminate the employment relationship through mechanisms that prevent its continuity.

CONTRACT FOR A SPECIFIC PROJECT: The contract for a specific project must precisely specify the work to be performed by the worker. The contract will last for the entire time required for the execution of the project and will end upon its completion.

The project will be considered completed when the portion corresponding to the worker within the entirety projected by the employer has been finished.

If within **three months** following the termination of a contract for a specific project, the parties enter into a new contract for the execution of another project, it will be understood that they intended to be bound from the beginning of the relationship for an indefinite period.

In the construction industry, the nature of contracts for specific projects remains unchanged, regardless of the number of successive contracts.

CASES FOR FIXED-TERM CONTRACTS: The employment contract may be entered into for a fixed term only in the following cases:



- a) When required by the nature of the service;
 - b) When its purpose is to temporarily and lawfully replace a worker;
 - c) When it concerns Venezuelan workers who will provide services outside the territory of the Bolivarian Republic of Venezuela, in accordance with the provisions of this Law;
 - d) When the work for which the worker was hired has not ended, and the services are still required, either by the same worker or another.
- A fixed-term employment contract for reasons other than those mentioned above will be null and void; consequently, the worker will be entitled to the stability provided for in this Law.

WORKING HOURS

The maximum workweek in Venezuela shall not exceed **five days per week**, and the worker shall be entitled to two continuous and paid days off during each week of work.

The working hours shall be conducted within the following limits:

DAYTIME WORKDAY: between **5:00 AM - 7:00 PM**, shall not exceed **8 hours** per day or 40 hours per week.

NIGHTTIME WORKDAY: between **7:00 PM - 5:00 AM**, shall not exceed **7 hours** per day or 35 hours per week. Any extension of the nighttime workday into daytime hours shall be considered as nighttime hours.

MIXED WORKDAY: When the workday includes periods of both daytime and nighttime work, it is

considered a mixed workday and shall not exceed **seven and a half hours** per day or **thirty-seven and a half hours** per week.

When the mixed workday includes a nighttime period of more than **4 hours**, it shall be considered a nighttime workday in its entirety.

BONUS REQUIRED BY LAW

GUARDERÍA (NURSERY): Employers who employ **more than 20 workers** must maintain an early childhood education center equipped with a lactation room, ensuring appropriate care and education for the children of workers aged three months to six years.

Payment of enrollment fees and monthly fees to the guardería (nursery) or early education services must be made, duly registered with the competent authorities. In this case, the employer's obligation is considered fulfilled by paying an amount equivalent to **40% of the minimum wage**, for enrollment and each monthly fee.

Employers must guarantee this benefit to workers whose monthly cash remuneration does not exceed the equivalent of 5 minimum wages.

CESTATICKET SOCIALISTA (SOCIALIST FOOD BASKET): A benefit provided to protect and defend the purchasing power of workers in terms of food.

Currently, the monthly Cestaticket Socialista (Socialist Food Basket) for workers in the public and private sectors is set at 1,000 Bolivars.

VACATIONS

VACATIONS: LOTTT Article 190. When the worker completes **one year** of uninterrupted work for an employer, they shall enjoy a period of paid vacation of **15 business days**.

In subsequent years, they shall also be entitled to **one additional paid day** for each year of service, up to a maximum of **15 business days**.

VACATION BONUS: LOTTT Article 192. Employers shall pay the worker at the time of their vacation, in addition to the corresponding salary, a special bonus for their enjoyment equivalent to a minimum of **15 days** of normal salary, plus **one day per year of service**, up to a total of **30 days** of normal salary.

This vacation bonus is considered part of the salary.

ACCUMULATION OF VACATION PERIODS:

LOTTT ARTICLE 199: LOTTT Article 199. The enjoyment of an annual vacation may be postponed at the request of the worker to allow the accumulation of up to **two periods** when such accumulation is convenient for the requester.

The vacation period may also be postponed or advanced to coincide with school vacations. If the worker does not make such a request, the employer must ensure the effective enjoyment of the paid vacation period.

TIMING OF VACATION ENJOYMENT: LOTTT Article 200. The period in which the worker must

take their annual vacation will be agreed upon between the worker and the employer. If they fail to reach an agreement, the Labor Inspector will determine the timing.

Annual vacations cannot be postponed beyond **three months** from the date the right arose, except in the case of accumulation and family postponement provided for in the previous article.

SICK LEAVE

In Venezuela, the employment relationship may be suspended under the following circumstances:

- a) Occupational illness or work-related accident incapacitating the worker from performing duties for a period not exceeding **twelve months**;
- b) Non-occupational illness or accident incapacitating the worker from performing duties for a period not exceeding **twelve months**;
- c) Maternity or paternity leave;
- d) Fulfillment of the constitutional obligation to render civil or military service;
- e) Declaration of a collective conflict in accordance with applicable law;
- f) Detention in criminal proceedings, provided there is no conviction;
- g) Permission for the care of spouse, parents, or children up to the first degree of consanguinity, as necessary and agreed upon by both parties;
- h) Leave granted by the employer for the worker to pursue studies or other personal interests;
- i) Unforeseen events or force majeure



necessitating immediate and direct temporary suspension of work.

In such cases, authorization must be sought from the Labor Inspectorate within forty-eight hours of the occurrence of events leading to the suspension, which cannot exceed sixty days.

In such cases, authorization must be sought from the Labor Inspectorate within **48 hours** of the occurrence of events leading to the suspension, which cannot exceed **60 days**.

PARENTAL LEAVE

SPECIAL PROTECTION: A pregnant worker shall enjoy special protection from displacement from the beginning of pregnancy until **two years** after

childbirth, as provided by law. Special protection against displacement shall also apply to the worker during the **two years** following the family placement of children under three years of age.

PRENATAL AND POSTNATAL REST: A pregnant worker shall be entitled to **six weeks** of rest before childbirth and twenty weeks thereafter, or for a longer period due to illness that, according to a medical opinion, prevents her from working. before childbirth and twenty weeks thereafter, or for a longer period due to illness that, according to a medical opinion, prevents her from working.

PATERNITY LEAVE: All workers shall be entitled to **14 consecutive days** of paid leave for paternity,

starting from the birth of their child or from the date the child is placed in their family by the competent authority in matters of children and adolescents.

PROBATIONARY PERIOD

There is no statutory probation period in Venezuela; this is usually agreed upon in the employment contract.

TERMINATION

The termination of the employment contract may occur through dismissal, resignation, mutual agreement of the parties, or circumstances beyond the control of both parties.

TYPES OF DISMISSAL: Dismissal refers to the unilateral expression of the employer's will to terminate the employment contract with one or more employees.

Dismissal can be categorized as:

a) Justified, when the employee has committed an offense as outlined by this Law;

b) Unjustified, when it is executed without a legal cause justifying it.

Dismissals that contradict this Law are considered null and void.

DEFINITION OF RESIGNATION: Resignation is understood as the unilateral expression of the employee's will to terminate the employment relationship, provided it is done voluntarily and without coercion.

TAXES

In Venezuela, there are a total of 4 main taxes that employers and employees must pay, each with its own respective rates:

EMPLOYERS

INCES	2%
FAOV	2%
IVSS	9% to 11%
RPE	2%

EMPLOYEES

INCES	0.5%
FAOV	1%
IVSS	4%
RPE	0.5%

INCES: National Institute of Socialist Training and Education (Instituto Nacional de Capacitación y Educación Socialista, in Spanish). Its mission is to design, coordinate, assess, lead, and implement technical training programs for the social work sphere.

Employers are mandated to allocate an amount equivalent to **2%** of the total monthly normal salary paid to workers to INCES. This contribution should be remitted within five days following the end of each quarter, as stipulated in the

corresponding article of the INCES Law.

Employees are required to contribute an equivalent of **0.5%** of their profits, bonuses, or year-end bonuses provided by employers.

Employers are responsible for deducting and depositing this contribution into INCES collector accounts at banks selected by the Institute.

FAOV: Mandatory Housing Savings Fund (Fondo de Ahorro Obligatorio para la Vivienda, in Spanish).

It encompasses **3%** of the **employee's** monthly total salary, with **2%** contributed by the **employer** and **1%** by the **worker**.

Employers are required to make this contribution within the first five days of each month through a financial institution approved by BANAVIH. The calculation of the total salary includes the basic salary plus overtime, commissions, profits, and vacation bonuses, constituting the employee's total salary for FAOV contributions.

IVSS: Venezuelan Institute of Social Security (Instituto Venezolano del Seguro Social, in Spanish).

It's a Venezuelan public institution dedicated to safeguarding the social security of all beneficiary workers. Its primary focus is on providing care for maternity, old age, survival, illness, accidents, disability, death, retirement, and involuntary unemployment.

For the computation of Mandatory Social Security in Venezuela (SSO), **employees** are required to

contribute **4%**, while **companies** contribute an additional **9% to 11%** based on risk classification.

The upper limit for SSO calculation is **5 minimum wages**.

RPE: Employment Benefits Regime (Régimen Prestacional de Empleo, in Spanish).

It ensures comprehensive support for the workforce during periods of unemployment and administers the benefits guaranteed by the Employment Benefits Regime to its beneficiaries.

Additionally, it facilitates their productive reintegration.

The contribution to the Employment Benefits Regime is set at **2.50%** of the worker's normal salary, with eighty percent (**80%**) borne by the **employer** and the remaining twenty percent (**20%**) by the **worker**.

HEALTH INSURANCE

The Venezuelan Institute of Social Security (**IVSS**) is a public institution in Venezuela dedicated to safeguarding the social security of all its beneficiary workers. Access the IVSS website to know more: <http://www.ivss.gov.ve>.

Private insurance (**HCM**) is an option that a high percentage of organizations in Venezuela provide to their employees as part of the package to attract personnel.

EMPLOYEE BENEFITS

a) Vacation;

b) Vacation Bonus;

- c) Profits;
- d) Health Insurance;
- e) Food Allowance Bonus;
- f) Daycare (guardería);

g) Guarantees of Social Benefits.

The benefits established in the current LOTTT (Organic Law of Labor, Workers, and Workers) are the following:

- a) Daycare (**Guardería**);
- b) Food Ticket (**Cestaticket**);
- c) Vacation;
- d) Profits;
- e) Guarantee Of Social Benefits.

PROFITS: Employers must distribute among all their workers, at least, **15%** of the net benefits obtained at the end of their annual exercise. For this purpose, net benefits shall be understood as the sum of taxable net enrichments and those exempted in accordance with the Income Tax Law.

This obligation shall, regarding each worker, have as a **minimum** limit the equivalent of **30 days'** salary and as a **maximum** limit the equivalent of **4 months'** salary. When the worker has not worked throughout the year, the bonus will be reduced to the corresponding proportional part for the complete months of service rendered. When the termination of the employment relationship occurs before the end of the exercise, the settlement of the corresponding part for the served months may be made at the end of the

relationship occurs before the end of the exercise, the settlement of the corresponding part for the served months may be made at the end of the exercise.

GUARANTEE OF SOCIAL BENEFITS: All workers have the right to social benefits that reward their seniority in service and protect them in case of cessation. The social benefits regime regulated in this Law establishes the payment of this right proportionally to the length of service, calculated with the last salary earned by the worker at the end of the employment relationship, guaranteeing the intangibility and progressiveness of labor rights.

Social benefits are labor credits of immediate enforceability. Any delay in their payment generates interest, which constitutes debts of value and enjoys the same privileges and guarantees as the main debt.

And, last but not least:

HC: It is not a mandatory benefit in the legislation; however, the majority of employers provide this benefit to their employees so they can have medical support in case of any eventuality. In this country, the public health sector collapsed many years ago, and the health condition in Venezuela is unfortunate.



LABOR LAW - NUMBER AND VALID PAGE

The primary source of labor law in Venezuela is the **LOTTT** (Ley Orgánica del Trabajo, los Trabajadores y las Trabajadoras). The following link belongs to the portal of the Ministry of Popular Power for the Social Process of Labor:

LOTT/LEY ORGÁNICA DEL TRABAJO, LOS TRABAJADORES Y LAS TRABAJADORAS:

http://www.mpppst.gob.ve/mpppstweb/wp-content/uploads/2014/03/LEY_ORGANICA_DEL_TRABAJO_LOS_TRABAJADORES_Y_LAS_TRABAJADORAS.pdf

HOME OFFICE / HYBRID WORK - LAW - GUIDANCE

Currently, there is no special law that regulates this modality.

FOREIGN EMPLOYEES: WHICH PAPERS DO THEY NEED TO HAVE TO BE CONTRACTED BY THE LOCAL LAW? MAXIMUM QUOTA ALLOWED.

At least **ninety percent** of the employees working for an employer, constituting a minimum of ten, must be Venezuelans. Moreover, the compensation for foreign personnel should not surpass **20% of the total compensation** paid to the rest of the workers.

Venezuelan citizenship will be a prerequisite for assuming specific roles, such as industrial relations managers, personnel managers, ship

captains, aircraft captains, foremen, or equivalent positions, without this being deemed discriminatory.

