

Options of investment in Venezuela's Tourism Sector

We are pleased to introduce investment options in the Venezuelan's tourism sector, through which, any businessmen in the world can see the investment opportunities in the tourism area, in the Bolivarian Republic of Venezuela, showing his immense potential and opportunities to locate their investment in the country.

Venezuela is a country that offers multi-destinations and a mega diversity of ecosystems, that characterizes it as a nation with great potential for the development of tourism activity, with a regulatory framework aimed at the protection and promotion of investments, an institutional framework for tone with the demands of investors, facilitating mechanisms for the establishment of investments in the country, with fiscal and financial incentives, that stimulate and develop productive foreign investments.

LEGAL REGIME FOR FOREIGN INVESTMENT

Constitutional Law of Foreign Investment Productive (*Published in Extraordinary Official Gazette of the Bolivarian Republic of Venezuela No. 41.310, December 29, 2017¹*)

In Venezuela we have sought through the enactment of the Constitutional Law of Foreign Productive Investment of 2017, a series of favorable conditions that invites foreign investors to consider Venezuela As an attractive investment destination, the object of said Law is based on:

- Guarantee economic sovereignty and contribute to the well-being of the people.
- Promote, favor and grant legal security to the investment.

¹Available on: <https://app.box.com/s/I04k1wjdq5wou4xyjvdd58vjsu6nb0tp>

- Promote a productive and diverse contribution of foreign origin that contributes to develop the productive potentials existing in the country.

Purpose of the Constitutional Law of Foreign Investment Productive:

1. Promote productive foreign investment, to promote the integral development of the Nation, the Supreme Happiness of the People and the strengthening of the productive and diversified economy.
2. Ensure that productive foreign investment generates technology transfer, value added chains, diversification of the productive matrix, import substitution and promotion of exports, in response to the Nation's Economic and Social Development Plan.
3. Guarantee that the productive foreign investment is developed in respect to the independence and national sovereignty, the integrity of the territory, human rights, the integral protection of the environment and the preservation of life on the planet.
4. Generate decent, fair and productive work.
5. Increase and improve access to foreign financing, obtaining foreign currency and access to new markets.

Favorable Conditions for investment

Our Law contemplates certain conditions to favor productive foreign investments, established through:

1. Deductions.
2. Accelerated amortization.
3. Purchase of the production by the entities of the public sector.
4. Bonus in taxes.
5. Tariff exemptions.
6. Tax exemptions.

7. Special credit conditions.
8. Special rates in public services.
9. Preferential access to inputs and / or raw materials administered by the State.
10. Term of duration in tax stability.
11. Any other arranged by the President of the Bolivarian Republic of Venezuela

(Explanatory Scheme)

-	Reinvestment of profits or dividends (Article 30): Investors will have the right to fully or partially reinvest the profits obtained, for the purpose of being considered foreign investment.
-	Remission of profits or dividends (Article 28): Investors will have the right to remit annually up to 100% of their profits or dividends.
-	Remittances abroad (Article 31): Investors will have the right to remit to the country of origin, totally or partially, the monetary income obtained from the sale within the national territory of their shares.

ADVANTAGES TO INVEST IN VENEZUELA

Preferential Access to International Markets

Venezuela enjoys multiple tariff preferences to increase exports and lower the cost of imports. The country lives mainly in the Latin American Integration Association (ALADI), PETROCARIBE and the Bolivarian Alliance for the Peoples of Our America (ALBA), among other integration mechanisms. Likewise, we have Economic Complementation Agreements (ACE), Partial Scope Agreements (AAP), customs agreements, treaties and other agreements in commercial and economic matters with countries in the region and the world.

In addition to this, the Venezuelan economy is a widely attractive option in terms of incentives for foreign investment. The incentives offered by our country are the following:

- Exoneration of income tax on enrichment from the primary exploitation of agricultural, forestry, livestock, poultry, fishing, aquaculture and fish farming activities.
- Exemption from the Value Added Tax established in the Decree with the corresponding Rank, Value and Force of Law, the following activities or operations:
 - Imports, as well as sales of goods and services, carried out in the Free Ports, Free Zones, Free Zones and Special Economic Zones.
 - Sales of food and products for human consumption.
 - The national land and water transport of passengers.
 - Educational services provided by registered or registered institutions.
 - Companies engaged in export activity can use the draw back.
 - The exporting companies will be able to use the mechanism

In this sense, it is important to take into account those spaces where the tourism sector finds its place in a special way; namely:

FREE PORTS

One of the Venezuelan preferential regimes is that of the Free Ports since they have a flexible jurisdiction with respect to the other ports of the country, such as: The Free Port of Santa Elena de Uairén and the Free Port of the Nueva Esparta State.

The Free Port of Santa Elena de Uairén is located in the Bolivar State and a border city with the Federative Republic of Brazil, this area is subject to a preferential tax regime to stimulate and favor the socioeconomic development of the region. For this reason, the merchandise that enters under the regime of free port to this one, will not cause the payment of taxes of import, but they will be subject to the payment of the rate for customs services (1% ad valorem); nor will they be subject to the payment of internal taxes, as long as they are released for consumption in the free port.

Based on the above considerations, for its part, the Free Port of Margarita located in the State of Nueva Esparta, also has the preferential regime, also carrying out customs operations, and the goods that enter will be exempt from the payment of import taxes, tax added value, taxes on cigarettes and manufactured tobacco, alcohol and alcoholic beverages, matches and others of the same nature, and for cases of imported products for which COVENIN Standards have been established, may enter the country without crediting the respective certificate when these do not have commercial purposes to the rest of the territory of the country.

SPECIAL ECONOMIC ZONES

The Venezuelan Special Economic Zones (ZEE, spanish) are aimed at developing by sectors the specialization to which each of them is focused, in order to increase productive capacities, foreign trade and regional development where they are located. These zones have attractive economic and fiscal incentives aimed at promoting the exploitation of goods and services, with the participation of foreign capital.

Venezuela has large Special Economic Zones, strategically located throughout the national territory, such as:

- Ureña
- Paraguaná
- Tinaquillo- San Carlos
- Guarenas - Guatire
- Puerto Cabello - Morón
- Orinoco Oil Belt "Hugo Chávez".

Each of them specialized by industrial sectors. These zones are focused on sharing strategies of national economic complementarity with the leverage of foreign investment, in order to cover the needs of final goods needed and strategic for the nation, as well as the promotion of an export base.

FREE ZONES

The Free Zones in Venezuela offer attractive investments, since it has the Free Zone oriented to the Promotion of Tourism Investment of the Peninsula of Paraguaná, an area comprised by the territory of Carirubana, Falcón and Los Taques Municipalities of the Falcón State, and in by virtue of its status as a preferential regime, it guarantees the exemption of customs and internal taxes, provided that the goods are consigned in favor of a tourist service provider and related to the Free Zone.

On the other hand, and not less important, the Free Cultural, Scientific and Technological Zone of the Mérida State (ZOLCCYT, in spanish), in the territory of the Libertador, Campo Elías, Sucre and Santos Marquina Municipalities, created with the objective of stimulating production, dissemination and distribution of cultural, scientific and technological goods and activities in the Region, so that goods and their parts coming from abroad that enter Venezuela for this Zone will be subject to the preferential regime that:

- They will not cause customs duties.
- They will be exempt from the Value Added Tax (VAT). As well as of any other national tax that, directly or indirectly, serious its importation or sale.
- They will not cause fees for customs services.
- They will not be subject to tariff and para-tariff rates, except those of a sanitary nature.

PRIORITIZED TOURIST DESTINATIONS OF THE BOLIVARIAN REPUBLIC OF VENEZUELA

LOS ROQUES

The Los Roques Archipelago National Park, located near the Venezuelan coast, contains more than 300 islands and cays that surround a 400 square-km lagoon.

The archipelago's coral reef is popular with snorkellers and scuba divers. The park is famous for its secluded white sand beaches, sailing, fishing and sailing.

Investment opportunities

- Small-scale accommodation establishments, tourist transport, water sports.

Investment Modality

- Private and mixed.
- Commercial Alliance.

ISLA LA TORTUGA

Part of the Federal Dependencies and is under the administration of the National Navy. This natural attraction, located south of the Caribbean Sea, is the second largest island in Venezuela, after Margarita.

A virgin territory that gives the visitor unforgettable landscapes. Natural refuge, variety of aquatic fauna. It is made up of mangroves, reefs, islets and cays. Presence of archaeological remains. Ideal for sport fishing and diving.

Opportunities for the development of tourism

- Infrastructure development.
- Investment in low impact hotel facilities.
- Sport fishing.
- Diving.
- Tourist transport.

Administration and permitting

The development of activities by natural and legal persons, public or private will require the authorization of occupation of the territory

granted by the Ministerie of Popular Power for Tourism prior approval of the Ministry of Eco socialism.

Investment Modality

- Private and mixed.
- Business Alliance.

MARGARITA ISLAND

Venezuela's most important tourist attraction, its beaches are suitable for surfing, diving, windsurfing, kite surfing and other water sports.

The International Tourism Fair of Venezuela has its permanent headquarters in the modern facilities of the Hugo Chávez Center with more than 4,000 m2, which makes Margarita an ideal place for convention tourism.

Opportunities for tourism development:

- Infrastructure development.
- Investment in low impact hotel facilities.
- Sport fishing.
- Diving.
- Tourist transport.

Investment modality:

- Private and mixed.
- Business Alliance.

ISLA LA BLANQUILLA

It has approximately 64.53 km² and a coastline length of 25 km, is known for its white sand beaches. The Island is totally virgin, almost uninhabited, in its purest natural state. It has shallow coral reefs with a lot of biodiversity and great wealth of underwater life, which is why it is

ideal for snorkeling and diving. In its calm waters it is possible to observe dolphins, small pilot whales or golfinos, sharks, giant rays and blankets.

Investment opportunities:

- Infrastructure development.
- Investment in hotel facilities.

MOCHIMA NATIONAL PARK

It has spectacular islands, beaches, bays and inlets belonging to the territories of Anzoátegui and Falcón, some practically virgins, that embrace with the mountains that take you on the road through these states.

The Mochima National Park has a category of protected area that enjoys a certain legal status that requires protecting and conserving the richness of its flora and fauna. It is characterized by being representative of a phytozoogeographic region and having scientific interest.

Investment Modality

- Private and mixed.
- Business Alliance.

MORROCOY NATIONAL PARK

Located in the central-western region of Venezuela, its territory is bordered to a large extent by attractive blue and turquoise beaches belonging to the state of Falcón, the country with the greatest tourist and historical wealth. Here you can enjoy varied geographical features: desert, mountainous and beach landscapes, as well as a good part of our national historical legacy.

Opportunities for tourism development:

- Infrastructure development.

- Investment in hotel facilities.
- Sport fishing.
- Diving.
- Tourist transport.
- Watersports.

Investment Modality:

- Private and mixed.
- Business Alliance.

CANAIMA NATIONAL PARK

Canaima is one of the largest natural parks on the planet, with 30,000 km² and a place of great ecological interest due to its variety and the exotic nature of its plant species.

This natural temple is divided into two sectors, the oriental, which encompasses the Gran Sabana, and the western, conformed by Canaima.

This Venezuelan park was declared a World Natural Heritage of Humanity in 1994 by UNESCO.

Opportunities for the development of tourism

- Natural refuge, variety of fauna and flora.
- Adventure tourism, scientific tourism.
- Bird watching.
- Development of low impact infrastructure.
- Investment in camps and inns.
- Ecological developments
- Tourist transport.

Investment Modality

- Private and mixed.
- Commercial alliance.

MERIDA

In this territory sits the Venezuelan Andean mountain range, crowned by enchanting snow-capped peaks. It is the highest and longest cable car seat in the world, with unique architecture in the country, its history, culture, traditions, economy and endless tourist attractions, its people full of hospitality, very simple, soft and delicious gastronomy perfect for the cold weather.

The city is one of the most visited destinations in the country, for the beauty of its páramos, the magic of its parks and towns. It has 5 large internal road corridors and two national roads connect it with other cities in the country. It has an International airport located in Vigía.

Investment Modality:

- Private and mixed.
- Business Alliance.

Investment Opportunities in Accommodation:

- *Hotel Venetur Amazonas:*

The Hotel Venetur Amazonas is located on Avenida Bella Vista, 4 star category. Constructed area 3,600 m2, is considered one of the most occupied in the area.

Facilities:

- It has 52 rooms
- 1 meeting room
- 2 restaurants

- Swimming pool
- Wide green areas.

Investment opportunities:

- Rehabilitation
- Operation.

Investment Modality:

- Mixed

- Hotel Venetur Margarita:

It has an impressive view of the Caribbean Sea; It has everything you need to spend a vacation filled with fun and entertainment in the beautiful Pearl of the Caribbean.

Facilities:

- 470 comfortable rooms and suites.
- 3 excellent restaurants, lobby bar and the Pergola. Convention center with 13 rooms for groups up to
- 1,500 people, La Perla VIP lounge, modern cinema-style auditorium with 140 seats.
- 2 swimming pools, one of them river style with fountains and waterfalls 180 meters long facing the sea, 2 tennis courts, playground, gym, shopping area; The hotel also offers 24-hour room service, WiFi, parking area for 200 vehicles, laundry, ATMs in the hotel lobby, taxi service, nursing and medical 24 hours, heliport.

Investment opportunity:

- Rehabilitation
- Operation.

Investment Modality:

- Mixed
- Business Alliance.

- Hotel Venetur Mar Caribe:

The Hotel Venetur Mar Caribe is located on the boulevard of the town of Río Caribe, 22 kilometers from Carúpano.

Facilities:

- 53 rooms.
- Parian typical food restaurant. Meeting rooms and parties.
- Swimming pool. Playground.
- **Investment opportunity:**
- Rehabilitation, possibility of expansion to 53 rooms and Operation.

Investment Modality:

- Mixed
- Business Alliance.

- Hotel Venetur Mérida:

Under a mountain climate, the Hotel Venetur Mérida is characterized by being the center of social, cultural, economic and religious activities of the Merida entity. Its facilities have as guardian the 5,700 meters of the majestic Pico Bolívar, accompanied by the cordial and affectionate familiarity of its people. It is located just 5 minutes from the city center of Mérida, a large hotel with different spaces and green areas, 15 minutes from the passenger terminal and 1 hour and 15 minutes from the Vigía airport.

Facilities:

- 70 comfortable cabins
- 113 comfortable rooms

- Buena Vista Restaurant
- Pub
- 2 rooms for the organization of meetings and banquets,
- Churuata with a capacity of up to 50 people.
- Sports fields,
- Wifi
- Swimming pool
- Large recreational areas
- Playground
- Room service
- Laundry
- Taxi 24 hours
- Private surveillance
- Ample parking
- Beauty salon
- Massage room
- ATMs

Investment Modality:

- Business Alliance.
- Mixed