



**Tax and Legal Services**

February 2026

# Legal Update

## **16 Most Relevant Aspects of the new Master Hydrocarbons Law**

**Official Gazette N° 6.978 Extraordinary, dated January 29, 2026**

The new Master Hydrocarbons Law was published in Official Gazette No. 6.978 Extraordinary, dated January 29, 2026. Below are the 16 aspects we consider most relevant to this reform:

- 1. Dispute resolution:** Disputes may be resolved in Venezuelan courts or through alternative mechanisms such as conciliation or arbitration.
- 2. Direct commercialization:** State commercialization remains the general rule. However, the Government may authorize oil joint venture entities or private operators to directly sell all or part of their production, following specific conditions and requirements such as prices higher than those achieved by State-owned companies and their subsidiaries.

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3. **Companies that carry out primary activities:** In addition to being carried out by state-owned companies, subsidiaries, and oil joint ventures, primary activities may also be performed by private companies domiciled in Venezuela through contracts with State-owned companies or its subsidiaries. The Ministry related to hydrocarbon matters is the entity responsible for granting the corresponding authorizations.
4. **Establishment of Oil Joint Venture entities:** Prior approval by the National Assembly for the establishment of oil joint ventures and their conditions is eliminated, as such establishment and the terms governing the conduct of primary activities shall be authorized by the National Executive and subsequently notified to the National Assembly.
5. **Minority shareholder in oil joint ventures:** Powers granted to a minority shareholder in an oil joint venture are expanded, subject to prior authorization from the Ministry related to hydrocarbon matters, allowing them to:
  - Directly market all or a portion of the oil joint venture's production.
  - Open and manage bank accounts in any currency and jurisdiction.
  - Exercise the technical and operational management of the company, directly or through specialized providers, under criteria of reasonable costs and operational efficiency comparable to or exceeding those of state-owned enterprises.
6. **New contracts:** Provisions are incorporated to regulate contracts signed between state-owned companies or its subsidiaries and private companies domiciled in Venezuela for the carrying out of primary activities. The operating company will assume comprehensive project management at its own expense, account, and risk, subject to prior approval of a business plan, while maintaining state ownership of the deposit.
7. **Special advantages in favor of the Republic:** Special advantages may be agreed upon, such as 1) economic compensation for access to hydrocarbon reserves, 2) the use or transfer of new and advanced technologies, 3) the granting of scholarships, technical training opportunities or other human resource development activities, and 4) the creation or strengthening of research and study centers in hydrocarbon matters.
8. **Remuneration of operating companies:** Operating companies may be compensated with 1) a percentage share of the volumes of controlled hydrocarbons or 2) any other form of profit sharing determined by the Ministry related to hydrocarbons matters. They may also be granted the right to use assets and materials and the right to use the operational area, in exchange for which the operating company will pay a percentage of the volume of controlled hydrocarbons stipulated in the contract. Upon termination of the contract, the company must return the assets and data to the corresponding state-owned company, free of encumbrances and without compensation.

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- 9. Royalties:** The State shall retain the right to receive royalties on the volumes of hydrocarbons extracted and not reinjected, with a participation of up to thirty percent (30%), the applicable percentage to be determined by the National Executive for each project.
- 10. Integrated hydrocarbons tax:** A new integrated hydrocarbons tax is created, calculated on gross monthly income, with a rate of up to 15%, adjustable on a project basis. The following taxes contained in the previous law are eliminated:
  1. Surface tax
  2. Own consumption tax
  3. General consumption tax
  4. Extraction tax
  5. Export registration tax
  6. Special contribution for extraordinary and exorbitant prices in the international hydrocarbon market.
- 11. Tax and contribution Exemptions:** Public and Private operators shall not be subject to state or municipal taxes, nor to payment of the social responsibility contribution contained in the Public Procurement Law. Said taxpayers will also be exempt from the payment of the following taxes and contributions:
  1. Wealth Tax.
  2. Special contribution under the Master Law on Science, Technology and Innovation.
  3. Special contribution under the Master Law on Sport, Physical Activity and Physical Education.
  4. Special contribution under the Master Law on Drugs.
  5. Contribution under the Law on the Protection of Social Security Pensions.
- 12. Reduction of rates and/or percentages:** The Executive, through the Ministry with competence in financial matters, after consulting the Ministry related to hydrocarbon matters, may reduce the rate for Income Tax and Integrated Hydrocarbon Tax, as well as the percentage of royalties, provided that such reduction is necessary to guarantee the economic balance of the project.
- 13. State-owned companies as withholding or collecting agents:** State-owned companies, or their subsidiaries, shall act as withholding or collection agents for royalties and the Integrated Hydrocarbons Tax arising from contracts for the development of primary activities.

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- 14. Production Sharing Contracts:** Entered into in accordance with Anti-Blockade Law remain valid and enforceable. Must be adjusted to the provisions contained in the new law within a timeframe to be set by the Ministry related to hydrocarbon matters. Under no circumstance said adjustments may result in impairment of the contractual conditions contained in said Contracts.
- 15. Economical and Financial Balance:** The Law contains provisions ensuring the economical and financial balance in upstream activity contracts throughout the term of said contracts. In the event of legal, fiscal or regulatory changes that negatively impact the profitability of the project, the Ministry related to hydrocarbon matters shall approve amendments on variables such as royalties, taxes, tariffs or term-periods. These adjustments shall apply immediately, in order to re-establish the previous financial situation of operators.
- 16. Entry into force:** As of its publication in the Venezuelan Official Gazette. The new royalty and tax regime shall enter into force only days 60 after enactment of the Law<sup>1</sup>.

Within the first 180 days after entry into force of the Law, the Ministry related to hydrocarbon matters shall evaluate all oil joint venture entities incorporated before amendment of the Law and may approve measures for their adjustment to the new provisions of the Law. The previous tax regime will continue to apply during such period. Likewise, and within this timeframe, all Production Sharing Contracts entered into under provisions of the Anti-Blockade Law must adjust to the new Law. Under no circumstance said adjustment may result in worsening of previous conditions contained in such Contracts.

Within the 30-day period following enactment of the Law, the Ministry related to hydrocarbon matters shall issue all provisions ruling on assessment, filing of tax return and payment of the new Hydrocarbons Integrated Tax.

<sup>1</sup> The new Hydrocarbons Law repeals the following Acts:

- Law on Regulations on Private Investment in Upstream Activities contained in Decree N° 1,510 (Official Gazette of the Bolivarian Republic of Venezuela No. 38,419 of 18 April 2006).
- Master Law that reserves to the State assets and activities connected to the exercise of Primary Activities in Hydrocarbons (Official Gazette of the Bolivarian Republic of Venezuela No. 39,173 of 1 May 7, 2009).
- Law of creation of contribution on Extraordinary and Exorbitant Prices in the Hydrocarbons International Market (Windfall Profits Tax Law)
- Decree N° 5,200 ruling on migration of the Orinoco Oil Belt Agreements to Oil Joint Venture entities, as well as the Risk and Profit-Sharing Exploration Agreements.
- Any other provisions colliding with the provisions contained in the new Law.

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If you require further information, please contact us at the following address: [ve\\_pwclegal@pwc.com](mailto:ve_pwclegal@pwc.com) and/or the following individuals:

**José Javier García P.**  
[jose.j.garcia@pwc.com](mailto:jose.j.garcia@pwc.com)  
+58 (212) 700.60.83

**César A. Montes Gil**  
[cesar.a.montes@pwc.com](mailto:cesar.a.montes@pwc.com)  
+58 (212) 700.60.00

**Lismar García**  
[lismar.c.garcia@pwc.com](mailto:lismar.c.garcia@pwc.com)  
+58 (212) 700.60.00



Tax and Legal Services

## Contacts

## Partners



**José Javier García P.**  
jose.j.garcia@pwc.com  
+58 212 7006083



**Elis Enrique Aray O.**  
elys.aray@pwc.com  
+58 241 824 2321  
+58 212 700 6139



**Verónica Cariello H.**  
veronica.cariello@pwc.com  
+58 212 7006076



**Ana Azevedo P.**  
azevedo.ana@pwc.com  
+58 212 7006982



**Anna Rita Restaino I.**  
anna.restaino@pwc.com  
+58 212 7006217



**Deivis Rojas**  
deivis.rojas@pwc.com  
+58 212 7006109

