Public Practice of Accounting in the United States of Venezuela

Angela M. Lyons

Haskins & Sells Foundation

American Institute of Accountants

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PUBLIC PRACTICE OF ACCOUNTING IN

THE UNITED STATES OF VENEZUELA

Prepared for

AMERICAN INSTITUTE OF ACCOUNTANTS

Under the Auspices of

HASKINS & SELLS FOUNDATION, INC.

By

Angela M. Lyons

New York, N. Y., January 1951
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THE UNITED STATES OF VENEZUELA

General Information

Geography:

The United States of Venezuela, with an estimated area of 352,143 square miles, occupy the northernmost part of the South American continent. This republic is bordered by the Caribbean Sea on the north, by Colombia on the west, British Guiana on the east, and Colombia and Brazil on the south. The country is divided into a Federal District, twenty States, and two Territories. Caracas, with a population of 400,000 (1950 estimate), is the capital as well as the chief financial and commercial center. Maracaibo (160,000) is the second largest city; located in the western part of the country, it is important because of the petroleum industry. Other important towns are Ciudad Bolivar, the commercial center of the least developed region; Barquisimeto in the sugar district, in the western part of Venezuela; Valencia, and Maracay.

People:

According to estimates from official sources, the population of Venezuela on July 1, 1950 was 4,692,000, including about 100,000 tribal Indians. The majority of the inhabitants are mestizos, or mixed races, with Indians totaling about 7 percent of the population, Negroes making up 8 percent, and persons of European extraction (predominantly Spanish) accounting for 15 per-
cent. The latter three groups (totaling about 30 percent) constitute the principal minority segments of the people. Approximately two-thirds of the people live in rural districts.

In 1943 Venezuela had the highest illiteracy rate in South America, estimated at 70 percent. The Ministry of National Education has in recent years inaugurated a campaign to reduce this high rate, and millions of bolivars are being spent on new schools. By 1947 the illiteracy rate had been reduced to an estimated 56 percent.

**Economy:**

Venezuela is the second largest petroleum producing country in the world and the first in oil exports. Petroleum has greatly influenced the national economy, with the result that Venezuela is probably in the best financial condition of any Latin American country and the national budget is in balance. In 1949 exports of the oil industry made up about 95 percent in value of all exports. The chief oil regions are in the Lake Maracaibo basin in Eastern Venezuela. There are a number of pipelines in operation.

Agriculture, although overshadowed by petroleum, is the major single activity of the country, but it is not sufficient to supply the basic foods of the growing population. Coffee, cacao, rice, sugarcane, coconuts, and tobacco are produced, the first two being the principal agricultural export crops.

Venezuela also has large forest reserves, barely tapped, as well as important gold mines and large deposits of iron ore.
tin, asbestos, and mica deposits are being exploited. Extensive iron ore deposits have already been discovered and huge developments are now in progress. Shipments of iron ore commenced early this year (1951).

The country has few manufacturing industries and most finished articles needed are imported. Woodworking is probably the largest manufacturing industry, but there are factories producing for home consumption such articles as textiles, shoes, clothing, leather, beer, cement, nails, paper, containers, glass bottles, cigarettes, paints, pharmaceutical and toilet preparations, tires and tubes, furniture, soap, candles, tiles, fibers, rope, and some food products. With the possible exceptions of shoes and clothing, local industries are not large enough to supply the needs of the population.

In 1949 the United States furnished about 74 percent of Venezuela's imports, which represented about 19.28 percent of the total exports of the United States to the Latin American countries. In the same year, the United States took about 70 percent of the country's exports, exclusive of crude petroleum and refined products, which consisted principally of coffee and cacao with some hides, fruits, and vegetables. Venezuela is keenly aware of the country's dependence on oil income and her goal is to diversify her economy by developing other resources.
SECTION I

PUBLIC PRACTICE OF ACCOUNTING BY NATIONALS

Basic Laws and Regulations

The Constitution of 1936, as amended by the regulations May 5, 1945, is operative in Venezuela. This Constitution (Article 32) provides that professions which require a degree shall not be practiced without such degree and that the formalities demanded by the law must be satisfied. However, public accounting does not appear to be among the professions requiring a degree, and there is no organic law governing public practice in Venezuela.

The Venezuelan Commercial Code, as amended September 19, 1945, and the Civil Code, as published in the second edition of December 9, 1942, are the basic laws governing economic activities in Venezuela.

Concept of the Profession

As mentioned above, public accounting is not regarded as a profession in Venezuela. From information furnished, it appears that local ideas of public accounting are rather primitive. Local thinking seems to be based on bookkeeping and internal accounting, rather than on auditing and investigations according to United States standards.
Regulatory Authority

In the absence of any laws dealing with public accountants, there is no official regulatory authority for accountants engaged in public practice in Venezuela.

Who May Practice

Public accounting is unrestricted in Venezuela at the present time and anyone is free to engage in practice. There is no requirement that public accountants must be registered, or that public practice may be performed only by individuals or partnerships. At least one "corporation of accountants and fiscal experts specializing in income taxes," is listed as a member of the professional society of Venezuela.

Graduates of secondary schools, between the ages of 18 and 20, holding diplomas in accounting as well as university graduates with degrees of Licentiate and Doctor in Economic Sciences may engage in public practice.

Exercise of the Profession

Since there are no laws or regulations dealing with public practice of accounting, there is no precise definition of what constitutes practice of the profession.

The Colegio Nacional de Tecnico en Contabilidad is the accountants' association in Venezuela. Membership in this society is not limited to accountants in public practice. Therefore, the
rules of the association are general in scope and contain no specific reference to the functions of public accountants.

Education of Accountants

In Venezuela, the office of the President is the central authority for education. Special education is offered in the fields of commercial and industrial training and other types of instruction which the President may consider desirable to supply. General supervision of and planning for education are made by the Minister of National Education.

Although the first commercial schools in Venezuela were established in 1912, the Ministry of Education did little to develop this branch of education for the next quarter of a century. Since 1938, however, greater emphasis has been placed upon commercial education. Because of the economic development of the country business education has grown in importance in the last few years.

A special commission, established in 1948, is attempting to develop technical, industrial, and commercial education in order to minimize Venezuela's acute shortage in technicians.

Secondary education in commercial subjects is offered to students who have completed the primary course of 6 years' duration, and is divided into two cycles -- 4 years and 1 year. A certificate of business administrator is granted after 4 years and is prerequisite to enrollment in the second cycle of 1 year, which offers preprofessional specialization to the student who plans to
enter the university. Actually, the program of studies for the diploma of business administrator gives the student only the basic knowledge necessary for modern business practice.

Higher education for accountants is available in the Faculty of Economic and Social Sciences of the Central University of Venezuela, located in Caracas. This university was founded in 1696 as a seminary and was granted permission to award degrees in 1722. The Faculty of Economic and Social Sciences, established in 1938, was reorganized in 1946-1947 and now awards upon completion of studies, titles of Business Administrator and Accountant (4 to 5 years), Licentiate in Economic and Social Sciences (4 to 6 years) and Doctor in Economic and Social Sciences (5 years or more). This Faculty also awards certificates in Superior Commercial studies.

Admission requirements to the Faculty of Economic and Social Sciences are: a secondary school certificate of commercial education, two photographs, and birth, vaccination, and health certificates. No minimum age is indicated; students are probably 17 to 18 years of age.

The Faculty of Economic and Social Sciences does not have a uniform plan of studies, nor are all students required to finish the courses in the same length of time. Although recommended plans exist, each student has his own plan of studies, his own program, and takes the number of years best suited to his particular case. The Licentiate in any of the courses in this Faculty may be completed in not less than 4 nor more than 6 years; the doctorate in
not less than 5 years; and the title of business administrator and accountant in not less than 4 years nor more than 5 years.

The following is a typical course which is recommended by the Faculty of Economic and Social Sciences for the certificate in Superior Commercial Studies:

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Sixth Period:
- Cost Accounting II: 3 units
- Auditing II: 3 units
- Industrial Economy and Organization of Companies II: 3 units
- Public Finance II: 3 units
- Elective subjects: 6 units
- Total: 18 units

A minimum of 96 points is necessary for a student to receive the certificate in Superior Commercial Studies. Upon the completion of a year's practical experience, approved by the Faculty, the candidate may take a special examination for the title of Business Administrator and Accountant.

The course which is recommended by the Faculty of Economic and Social Sciences leading to the degree of Licenciade places considerable emphasis on economics and related subjects, rather than on accounting and auditing. Four periods of accounting, two periods of statistics, and two periods of applied mathematics are among the subjects which must be taken by a candidate for this degree. In order to obtain the degree of Licenciade, a candidate must pass a comprehensive examination covering the entire course.

A doctorate in economic and social sciences is obtained after a further year's study and an examination in any one of the following 3-hour weekly subjects: (a) Industrial technique and organization, (b) agrarian economy, (c) money and banking, and (d) public finance. The candidate must present an original thesis and support it before an examining board.
Some Aspects of Practice
With Respect to Corporations

Annual Audits and Statutory Auditors:

The Commercial Code provides for the appointment of a comisario (auditor) at the annual shareholders' meeting of every corporation. This auditor has an unlimited right to examine all books, correspondence, and documents, and to supervise all the operations of the corporation. He is required to review the balance sheet and to issue a report thereon, to assist at meetings, and to perform any other functions attributed to him by law or by the company's by-laws.

While there is a provision in the law that a copy of the balance sheet together with the auditor's report must be filed with the Judge of Commerce, who is in charge of the Mercantile Register, in actual practice this provision is ignored. Publication in an official or other newspaper is not required, except for banks and insurance companies which must periodically publish their balance sheets and statements in a newspaper.

The Commercial Code specifies no qualifications for a comisario and usually the post is honorary with a specified retainer. The duties of a comisario are closely related with the functions of independent auditors and, under the rules of the Accountants Association of Venezuela, a person who acts in this capacity is eligible for membership in the association.
**Tax Returns:**

By Decree No. 105 of the Military Junta of the Government, dated April 25, 1949, new regulations for the income tax law of November 12, 1948, revoked the previous regulations which were issued under Decree No. 117 of November 12, 1948. Corporation returns must be filed ninety days after the end of the fiscal year. In general, no expert opinion is filed with a tax return. However, with regard to tax returns of international transportation companies, the tax regulations provide that the returns shall be accompanied by a balance sheet and profit-and-loss account "duly certified by a competent authority in the place where the company is domiciled or by authorized public accountants."

**Professional Accountants Engaged in Practice**

**Standards and Code of Ethics:**

It is reported that American standards are taken as a model by the members of the Colegio Nacional de Tecnicos en Contabilidad (National College of Technicians in Accounting). In view of the fact that local thinking is based on bookkeeping and internal accounting, considerable time must elapse before such standards are fully understood and appreciated.

The rules for professional conduct of the members of this association are said to be based upon those of the American Institute of Accountants.
Number Engaged in Practice:

No accurate statistics are available as to the number of Venezuelans engaged in public accounting, but the number is believed to be small. One national, a former auditor for a United States oil company, has a public accounting office. He advertises himself as **Contadores-Auditores-Promotores Cias Anonimas** (Accountants, Auditors, Promoters of Corporations). Another office operates under the style of **Contabilidad Legal**. This is a rather large local organization handling general accounting and systems work for the Government as well as private industry.

**Professional Accounting Society**

The Colegio Nacional de Tecnicos en Contabilidad (National College of Technicians in Accounting), also known as Asociacion de Contadores de Venezuela (Accountants Association of Venezuela), is a civil association which was formed in September 1942. This society has its office at Veroes a Jesuitas No. 26, in Caracas.

The association is a non-political organization without official standing. At November 23, 1950, it had 116 members including persons engaged in public and private practice of accounting as well as teachers and others in governmental employment. The principal purposes of the society are to effect the promulgation of national laws to regulate, in general, the activities of all accountants; to encourage the establishment and regulation of legal practice of public accounting in Venezuela;
to work for the attainment of high professional and moral standards for accountants; and to punish for the lack of probity in the performance of professional functions appropriate to accountants.

This association has five classes of members: Active founding members, active members, associate members, correspondent members, and honorary members. There are fifteen founding members, only one of whom is listed as a public accountant.

According to the by-laws, to become an active member, a person must be twenty-five years of age or over and he must be, or have acted as, chief accountant in Venezuela and have had not less than two consecutive years' experience in such capacity. He must pass a final examination given by the association before he is admitted to membership. The regulations of the society provide that accountants in public practice have the right to take the final examination for active membership.

Candidates for associate membership must be at least twenty-three years of age, with not less than two years' experience as assistant in an accounting department, and must pass a preliminary examination given by the society. Nowhere in the rules is there a requirement that a candidate must hold a degree, diploma, or certificate in accounting.

An active member of the association is entitled to use the initials CTC and to call himself Contador tecnico colegiado. An associate member may use the initials CTA and call himself Contador tecnico asociado. These titles are, of course, unofficial and have no legal standing in Venezuela.
A United States CPA, engaged in practice in Venezuela -- either public or private -- should be eligible for membership. If he were engaged in public practice and at least twenty-five years of age, he would be eligible to become an active member upon passing the final examination. If he were practicing outside of Venezuela, he would be eligible to become a correspondent member.

As has already been indicated, the society requires applicants for membership to pass examinations. The preliminary examination for associate membership is based upon accounting, business arithmetic, business practice (correspondence, typing, filing, machine operations, etc.), general knowledge of economics, customs laws, commercial laws, income taxes, and so on. The final examination for active membership covers advanced accounting; business practice; business arithmetic; general knowledge of prices, credits, finance; laws relative to bankruptcies, corporations, customs, income taxes, etc.; and general subjects such as economic geography and elements of logic, sociology, and psychology.

No reference is contained in the by-laws or internal rules to a Code of Ethics, but it is our understanding that rules for professional conduct have been adopted. The by-laws do provide for procedures against members for lack of probity in the performance of their professional functions, dishonest conduct proved with relation to the interests of the society, contempt which is proved against resolutions duly adopted by the assembly or the Directive Board; incompetence proved in the performance of professional duties; and infamous crimes punished by the laws of the country.
Since July 1947 the College has published a monthly journal entitled Revista del Colegio Nacional de Tecnicos en Contabilidad (Magazine of the National College of Technicians in Accounting).

A representative of the College attended the First Inter-American Conference on Accounting which was held in Puerto Rico in May 1949. The College does not appear to be a member of the Pan-American Union of Technicians in Economic Sciences.
The National Constitution of Venezuela establishes absolute equality between nationals and aliens with respect to civil rights. Article 21 of the Constitution declares that, without prejudice to the provisions contained in international agreements, foreigners in Venezuela shall have the same rights and duties as those accorded to nationals of the country. The Constitution (Article 73) also provides that all persons may freely engage in commerce or industry, subject to no other restrictions than those established by law for reasons of public health or security.

The principles of equality are also embodied in other legislation. The Civil Code declares that aliens shall enjoy the same civil rights as are enjoyed by Venezuelans. The Law Concerning Aliens (July 31, 1937 and regulations of May 7, 1942) reaffirms the same principle. The only restriction under the law concerns the exercise of rights and activities of a political nature.

The Code of Commerce prescribes the legal system applicable to commercial transactions as well as to business corporations, without discriminating against persons of foreign nationality or companies organized abroad with agencies or branches in Venezuela.
As stated in Section I, there is no basic law governing the public practice of accounting in Venezuela. United States citizens and accounting firms are free to engage in public practice at the present time.

**Qualification of a United States CPA**

Because Venezuela has no laws governing public accounting it is not necessary for a United States CPA to pass any examination or to have his certificate or degree recognized in Venezuela.

Membership in a professional association is not compulsory. If a United States CPA were engaged in public practice in Venezuela and desired to become a member of the professional society of accountants, he would be required to take an examination given by the society.

While revalidation of foreign degrees is not presently necessary in order that foreign accountants may engage in practice, it should be noted that the Central University grants revalidation of degrees awarded by foreign universities as well as the equivalence of subjects followed in such institutions, to Venezuelans as well as foreigners, in accordance with certain laws and regulations. Anyone seeking revalidation by this University of studies taken in recognized foreign institutions must prove to the Technical Council of Education, the University Council, or the Ministry of National Education, by a properly attested certificate that the studies are the equivalent of those given in Venezuela. The candidates must take examinations in the subjects which they lack for
the corresponding course in Venezuela. Venezuelans who have studied abroad may have their degrees revalidated by taking a comprehensive examination. Degree revalidation is generally restricted to nationals of those countries in which Venezuelans have the same prerogative.

Inasmuch as there is no treaty between the United States and Venezuela providing for reciprocity with respect to professional degrees or accounting titles, United States citizens who desire to have their degrees recognized by the Central University would probably be required to pass examinations given by the university.

**Permanent Practice**

Under the Constitution of 1936, as amended, United States citizens or accounting firms may establish an office in Venezuela for the public practice of accounting. An office already established may be continued. There are no legal requirements as to residence or citizenship of partners or managers of a firm, and there are no restrictions of any kind to prevent a Venezuelan accountant from engaging in practice with a United States CPA or accounting firm.

Practice may be conducted under a trade or firm name, and there is no limitation as to size of staff. However, under the Labor Law at least 75 percent of all workers (including employees and workers) must be Venezuelans, unless for technical reasons, as determined by the Labor Inspection Service, it may be necessary to reduce the proportion temporarily. The law defines an employee as
any person who works for another and in whose work the intellectual predominates over physical work. Accountants would appear to fall in this category, but whether or not this 75 percent provision would apply to a professional firm of accountants has not been tested, so far as is known.

The Labor Law creates a special status for managers and other higher employees of enterprises. The present staff of any accounting firm established in Venezuela could be replaced with United States citizens.

There are no restrictions as to types of engagements that may be undertaken by United States citizens or accounting firms. Generally, Venezuelan businessmen have no idea of the functions of United States CPAs and do not employ auditors except in rare cases where bank credits or foreign connections may make it desirable to have an independent name on their accounts. They do, however, sometimes require systems services in cases where a business has grown so rapidly that the proprietor finds difficulty in controlling it. Venezuelan government organizations are also frequently interested in systems work but not audits. Therefore, most of the auditing performed by independent public accountants in Venezuela is in connection with branches or subsidiaries of United States or English companies. Such examinations are, of course, based on United States and English standards of accounting control.
Isolated Engagements

Inasmuch as United States citizens and accounting firms are freely permitted to engage in permanent practice of accounting in Venezuela, it follows that there are no prohibitions against the performance of isolated engagements in connection with reports for use or publication in Venezuela or in the United States.

Immigration Requirements

Permanent Residence:

Any foreigner going to Venezuela must obtain a visa on his passport from a Venezuelan Consul abroad before entering the country. Resident visas will be issued only on the strength of a previous permit issued by the Ministry of Foreign Relations at Caracas.

United States citizens, as a general rule, experience no difficulty in obtaining such approval. Residents must apply at the Identification Office in their locality for the Cedula de Identidad (Identity Card), and must appear in person during the first week of arrival before the local Office of National Security and before the highest Civil Authority of the locality.

Temporary Entry:

Business visas of two types are issued. One is a commercial visa good for up to six months' stay. The applicant must be an authorized representative doing business solely on behalf of an
established North American or other foreign concern and shall refrain from lucrative activities by or for any person or enterprise. The following documents are required: Valid passport; smallpox vaccination certificate (issued within past five years); certificate of general health (issued within past six months); certificate of good conduct issued by police authorities at place of residence (issued within past six months); letter from concern on whose behalf the trip is being made, stating clearly the purpose and length of the trip; and three front view photographs (2" long by 1-1/2" wide).

The other type of business visa is a conditional visa, good for up to one year's stay. The applicant must be under contract to or be employed by, or on a technical mission for a concern established in Venezuela or with an affiliate therein. He must have the same documents mentioned in the preceding paragraph, including a letter from his employer or, in the absence of such letter, a copy of his contract.

Without exception, visas will take twenty-four hours to expedite, and a personal appearance is necessary to obtain any visa. Applicants who present a valid cedula of identity issued in Venezuela during a previous trip will not require a provisional cedula.

**Accountants Established in Practice**

Information is not available as to whether there are any United States citizens engaged in practice as individuals in
Venezuela. The following United States or international firms are established in Venezuela:

Arthur Young & Co., Apartado 12, Caracas
Price, Waterhouse & Co., Apartado 1789, Caracas and Apartado 490, Maracaibo
Sparrow, Waymouth & Co., a firm with headquarters in Puerto Rico, acting as correspondents for Haskins & Sells and Deloitte, Plender, Griffiths & Co.
Hunter, Smith & Earl and Fitzpatrick, Graham & Co. Firms with headquarters in Trinidad examining accounts of certain local British companies.

Other United States firms such as Arthur Andersen & Co. and Lybrand, Ross Bros. & Montgomery, send men to Venezuela from time to time but maintain no offices there. Undoubtedly many other United States firms send men to Venezuela to perform isolated engagements but no attempt has been made to obtain a comprehensive list of such firms.
TREATIES AND LEGISLATION PENDING

Treaties Between the United States and Venezuela:

Although there is a Reciprocal Trade Agreement between the United States and Venezuela which has been in effect since 1939, there is no treaty between the two countries providing for reciprocity with respect to the practice of public accounting or any other profession. In view of the fact that the traditional policy of Venezuela towards aliens has been based on equality and Venezuela has preserved the doctrine of equal economic opportunity for foreign and domestic capital, a treaty would appear to be unnecessary at the present time to protect the rights of United States investors. It has already been shown that United States citizens and accounting firms are freely permitted to make audits and investigations of enterprises established in Venezuela which have been financed by United States investors.

However, in the event of the enactment of restrictive legislation which might come about in the not too distant future, protection of the rights of United States investors and of the United States accountants to continue practice already established will be necessary.
Legislation Pending:

So far as is known at this time, there is no legislation actually pending which is aimed at regulating the profession of public accountant, but there is considerable interest on the part of the Accountants Association as well as the Government in obtaining such legislation.

Prior to the change in government which took place in 1948 the Accountants Association was quite active in promoting legislation which would have materially restricted practice by foreign accountants. Since that time the matter has been in abeyance, but late in 1950 the Government set up a new Ministry of Justice which controls the legal profession. In other Latin American countries (Argentina being an example), control of public accounting, company accounts, and related matters falls under such a ministry. It is possible that in the relatively near future there may be developments emanating from the new ministry which will affect the profession.

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In conclusion, it should be stated that the foregoing study of Public Practice of Accounting in the United States of Venezuela has been prepared from a review of information obtained from sources which are believed to be reliable. A list of such sources is furnished in the attached appendix.
Sources of Information

American Institute of Accountants, New York, N. Y.

Colegio Nacional de Tecnicos en Contabilidad, Caracas, Venezuela; Estatutos and Reglamentos, 1942.

Consul of Venezuela, New York, N. Y.


Facultad de Ciencias Economicas y Sociales, Universidad Central de Venezuela, Caracas, Venezuela.


Pan American Union, Washington, D. C.


United States Department of Commerce, American Republics Branch, Washington, D. C.


Venezuela Up-to-date, April to December 1950, The Embassy of Venezuela, Washington, D. C.
MEMORANDUM RE PUBLIC PRACTICE OF ACCOUNTING IN
THE UNITED STATES OF VENEZUELA

Status of Profession:

The profession of Contador Publico (Public Accountant) is not included among the university or "liberal" professions of Venezuela. Venezuelan ideas of public accounting (contabilidad publico) are said to be rather primitive. Venezuelan businessmen have no comprehension of the functions of public accountants and do not employ auditors except in rare cases when bank credits or foreign connections may make it desirable to have an independent auditor sign their accounts.

Members of the Colegio Nacional de Tecnicos en Contabilidad (National College of Technicians in Accounting), also known as Asociacion de Contadores de Venezuela (Accountants Association of Venezuela) use the initials C.T.C. and call themselves Contador Tecnico Colegiado, indicating only that they are active members. Associate members use the title Contador Tecnico Asociado, or C.T.A. These titles are unofficial, since the College is a non-governmental body.

Regulatory Laws:

Venezuela has no laws governing public practice of accounting, and anyone is free to practice. Economic activities in general are governed by the Commercial and Civil Codes.

Regulatory Authority:

There is no regulatory authority for public accountants.

Registration:

Public accountants are not required to be registered.

Requirements for Practice:

Citizenship is not a condition. There are no requirements as to education; diplomas in commercial studies taken in secondary schools are sufficient qualifications for public accountants.

In the absence of any laws dealing with public accountants, there is no requisite as to age. Graduates of commercial schools between 18 and 20 years of age are eligible to practice, but active members of the Accountants Association must be 25 years of age.
No experience is required of persons who wish to engage in public practice. However, to become an active member of the Accountants Association and to use the designation of Contador Técnico Colegiado a person must have two years' experience as chief accountant in Venezuela. For associate membership and the right to use the title Contador Técnico Asociado, a candidate must have not less than two years' experience as an assistant in an accounting department.

Examinations are not given by any official body but the Accountants Association requires applicants for membership to pass examinations.

Professional Accountants in Practice:

Accurate statistics are not available as to the number of Venezuelans in public practice, but the number is believed to be small. The Accountants Association had 116 members in November 1950, which figure includes persons in public and private practice as well as teachers and others in governmental service.

No opinion is available as to the standards of practice of Venezuelan Public Accountants. The standards prevailing in the United States are said to be used as a model by the members of the Accountants Association, and the code of ethics of this society are said to be based upon the rules for professional conduct applicable to members of the American Institute of Accountants. However, one national accountant advertises himself as Contadores, Auditores, Promotores de Cías Anonimas (Accountants, Auditors, Promoters of Corporations). Another office operates under the style of Contabilidad Legal (Legal Accounting). The latter is a rather large local organization handling general accounting and systems work for the Government and for private industry.

As previously indicated, Colegio Nacional de Técnicos en Contabilidad (National College of Technicians in Accounting), also known as Asociación de Contadores de Venezuela (Accountants Association of Venezuela) is the association which represents the accountants of Venezuela. Its headquarters are in Caracas. It is a non-governmental body and membership is voluntary. Members must use the title corresponding to their class of membership, i.e., active members use Contador Técnico Colegiado, or the initials C.T.C., and associate members use Contador Técnico Asociado, or the initials C.T.A. However, as indicated above, these titles are unofficial.

The society publishes a monthly journal called Revista del Colegio Nacional de Técnicos en Contabilidad. A delegate from the College attended the First Inter-American Congress on Accounting which was held in Puerto Rico in 1949.
Practice by United States Citizens or Firms:

There is no present legal restriction against the establishment of an office by a United States citizen or accounting firm. There are no requirements as to citizenship or residence in Venezuela of partners or managers. Practice may be conducted under a firm name.

It is possible that under the Labor Laws, 75 percent of the staff personnel of an accounting firm might have to be Venezuelans, but this point has not been tested so far as is known at this time.

United States citizens and accounting firms are freely permitted to engage in temporary practice in Venezuela and are not limited to enterprises in which United States capital is invested. Actually, most auditing by independent public accountants in Venezuela is in connection with branches or subsidiaries of United States or English companies with respect to which examinations are based upon United States standards, or English standards, of accounting control.

Treaties and Legislation Pending:

There is no treaty between the United States and Venezuela providing for reciprocity with respect to the public practice of accounting.

Prior to a change in government which took place in 1948, the National College of Technicians in Accounting was quite active in promoting legislation which would have materially restricted practice by foreign accountants. Since that time the matter has been in abeyance, but late in 1950 the Government set up a new Ministry of Justice which controls the legal profession. It is possible that in the relatively near future there may be developments emanating from the new Ministry with respect to control of company accounts, public accounting, and related matters. Moreover, according to recent advice from the National College there is considerable interest on the part of the accountants and the Government in obtaining the enactment of legislation to regulate the profession.

Higher education for accountants is now available at the Central University of Venezuela. Its Faculty of Economic and Social Sciences (established in 1938 and reorganized in 1946-47) now awards the titles of Business Administrator and Accountant, Licenciate in Economic and Social Sciences, and Doctor in Economic and Social Sciences. It is the university group in most Latin American countries which succeeds in obtaining restrictive accounting legislation. However, no information is available as to whether or not the university graduates (probably few in number) are active in this respect.