



EVERYTHING MATTERS

TTN CONFERENCE MIAMI 2013

“Venezuelan Currency Translation Issues and Impact on US
Companies”

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1. Foreign Exchange Control Overview



- On February 5, 2003, foreign exchange controls (“FXC”) were established in Venezuela.
- The FXC restricted the free convertibility of Venezuelan local currency (“Bolivar” or “Bs”) as well as the access to foreign currency.
- Since the FXC was established, the Venezuelan Commission for the Administration of Foreign Currency and the Central Bank of Venezuela are the only governmental authorities entitled by law to regulate and administer the foreign currency market.
- Contravention of the FXC rules may lead to criminal penalties.

2. Goodyear Venezuela and the Foreign Exchange Control



During the twelve months ended December 31, 2012, Goodyear Venezuela settled \$69 million and \$11 million of U.S. dollar-denominated intercompany payables and accounts payable — trade, respectively, through the Venezuelan currency exchange board. For the twelve months ended December 31, 2012, substantially all of those payables were settled at the official exchange rate of 4.3 bolivares fuertes to the U.S. dollar.

At December 31, 2012, settlements of U.S. dollar-denominated liabilities pending before the currency exchange board were \$222 million. Due to the government's recent announcement of the devaluation of the bolivar fuerte and lack of a published decree, we are not currently able to determine the exchange rate at which these transactions will settle. At December 31, 2012, \$46 million of the requested settlements were pending up to 180 days, \$76 million were pending from 180 to 360 days and \$100 million were pending over one year. Amounts pending up to 180 days include imported tires and raw materials of \$46 million, amounts pending from 180 to 360 days include imported tires and raw materials of \$76 million, and amounts pending over one year include dividends payable of \$59 million, intercompany charges for royalties of \$17 million, and imported tires of \$10 million. Currency exchange controls in Venezuela continue to limit our ability to remit funds from Venezuela.

- Statement from GT Form 10-K, fiscal year ended December 31, 2012.

3. Transactions for Disposing of Bolivars



- A. Assignment of Invoices or Promissory Notes.
- B. Assignment of Dividends.
- C. Expansion of Group Back-Office or Support Activities in Venezuela.

3.A. Assignment of Invoices or Promissory Notes

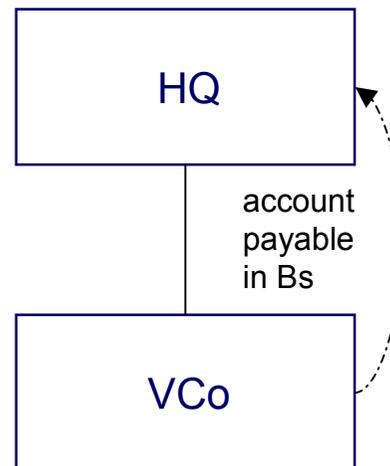


1. A Venezuelan company (“VCo”) has an account payable in Bs (invoices or promissory notes denominated in Bs) to its headquarters (“HQ”), which is outside of Venezuela.
2. HQ assigns the account payable to a foreign bank that pays HQ in USD.
3. Foreign bank assigns the account payable to an off-shore company (“FCo”) in exchange for a price in USD. This makes FCo the creditor of VCo.
4. FCo assigns the account payable to its Venezuelan subsidiary or to a Venezuelan factoring company in exchange for Bs.
5. VCo pays the account payable in Bs to the FCo subsidiary, or to the Venezuelan factoring company.

Assignment of Invoices or Promissory Notes

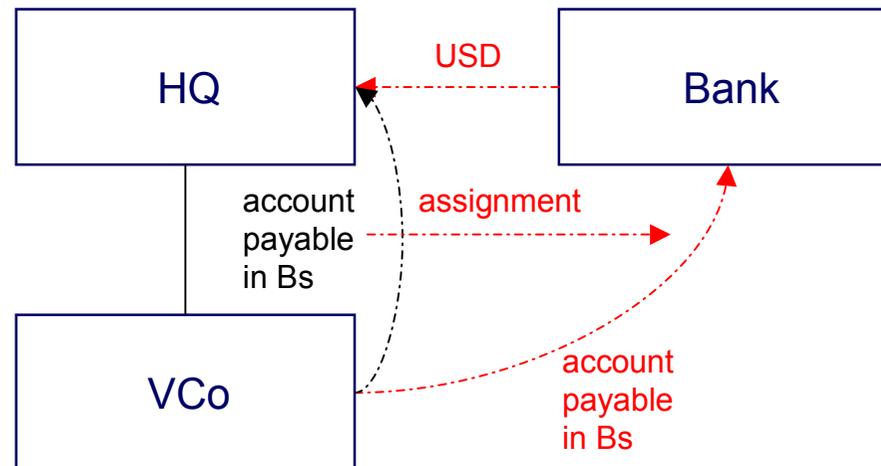


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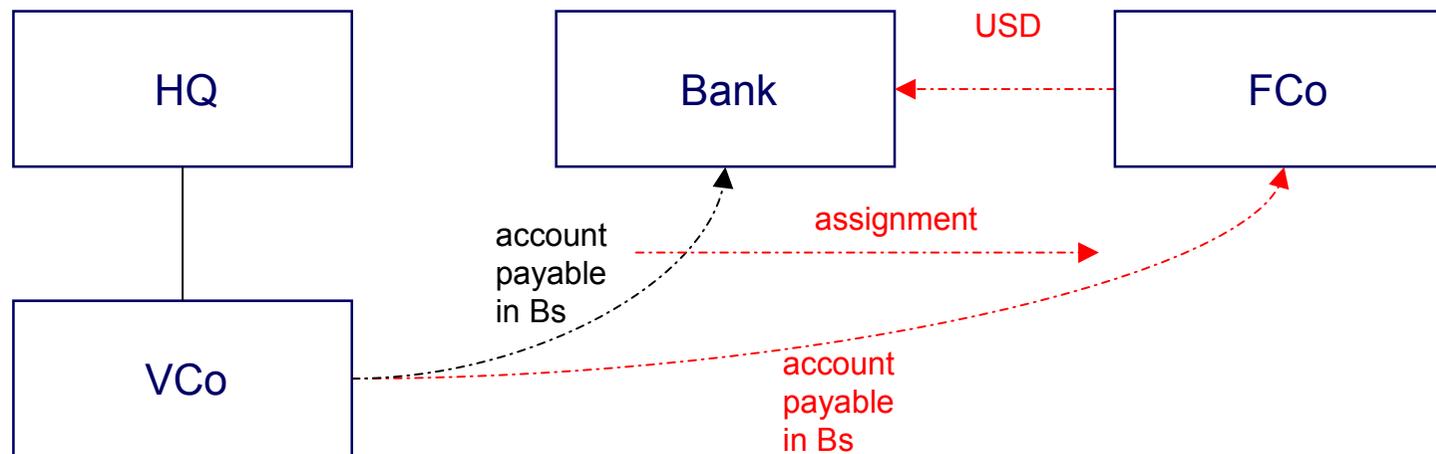
Assignment of Invoices or Promissory Notes

- 2. HQ assigns the account payable to a bank outside of Venezuela (“Bank”) that pays HQ in USD.



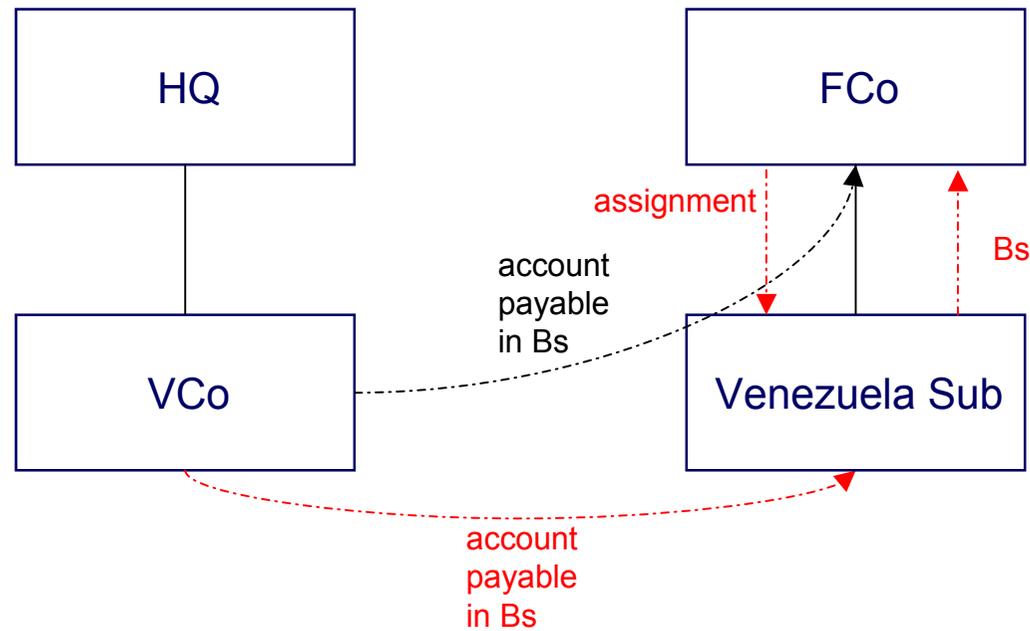
Assignment of Invoices or Promissory Notes

- 3. Bank assigns the account payable to an off-shore company (“FCo”) in exchange for a price in USD. This makes FCo the creditor of VCo.



Assignment of Invoices or Promissory Notes

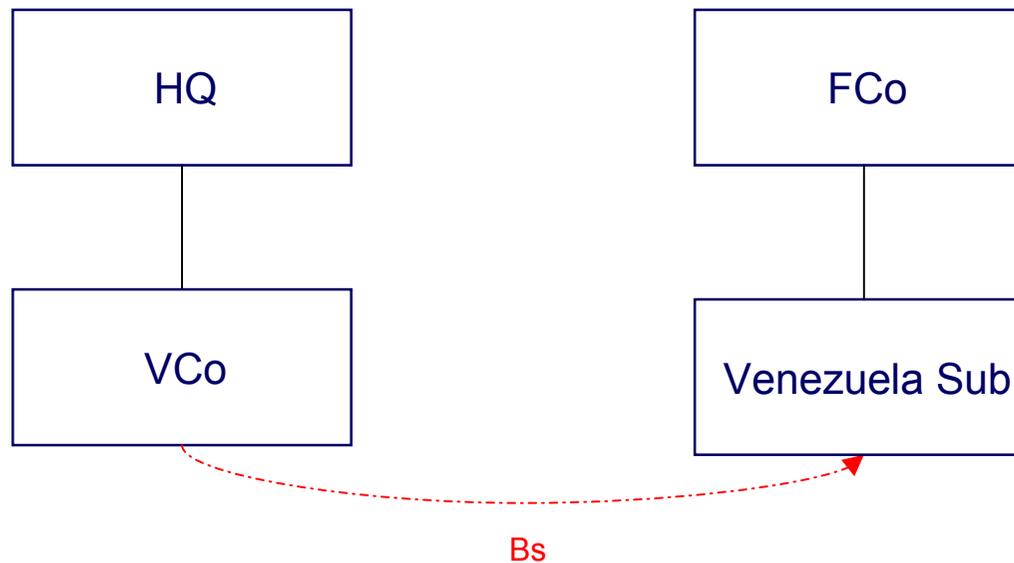
- 4. FCo assigns the account payable to its subsidiary in Venezuela or to a Venezuelan factoring company in exchange for Bs.



Assignment of Invoices or Promissory Notes



5. VCo pays the account payable in Bs to the FCo subsidiary, or to the Venezuelan factoring company.



- Result:
- VCo expends Bs to cover account payable and HQ receives

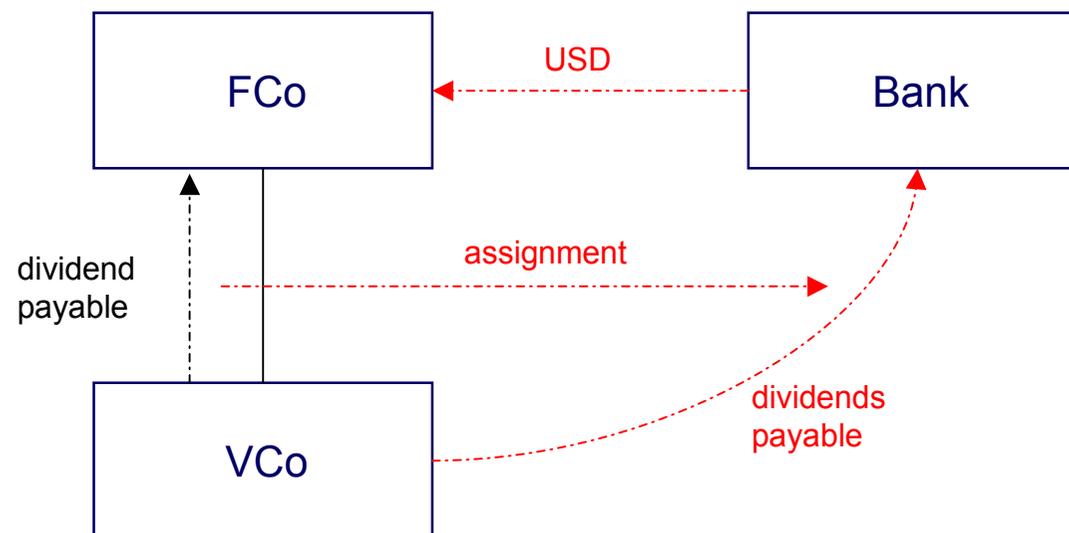
3.B. Assignment of Dividends



1. A foreign company (“FCo”) as shareholder of a Venezuelan company (“VCo”) assigns to bank outside of Venezuela (“Bank”) its unpaid dividends. Assignment occurs outside of Venezuela, in compliance with foreign law.
2. Foreign bank pays for the assigned dividends in USD.
3. VCo, following instructions of FCo, pays the dividend in Bs to foreign bank (or an assignee of foreign bank) by transferring the Bs to foreign bank (or its assignee) bank account in Venezuela.

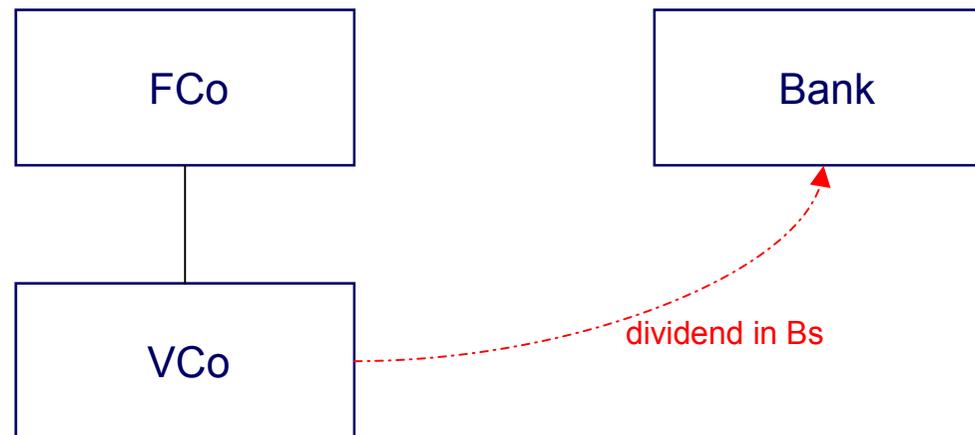
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2. Foreign bank pays FCo for the assigned dividends in USD.



Assignment of Dividends

3. VCo, following instructions of FCo, pays the dividend in Bs to foreign bank (or an assignee of foreign bank) by transferring the Bs to foreign bank (or its assignee) bank account in Venezuela.



- Result:
- VCo disposes of Bs and FCo receives USD.

3.C. Expansion of Back-Office or Support Activities in Venezuela for Group



- Some multinational corporations relocated call centers, education centers and other support activities to Venezuela to support their global Spanish-speaking operations/customers using excess Bs to cover local expenses.
- The main concern for this transaction is Venezuelan labor regulations, which may be modified in the near future and increase labor costs as a result.
- Another concern is the intercompany billing, since proceeds from exportation of services are subject to repatriation. In this regard, consider if intercompany receivables arising from repatriation of fees for exporting services can be offset by intercompany payables.

4. Contact Information



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