Bogota Foreign Investment Guide - 2025

Invest in Bogotá

Chapter 6.

Tax Regime

Preliminary stage

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1.1.

What corporate taxes should be considered to structure a business model?

The main taxes that must be considered while structuring a business model, involving the execution of trading or investment activities, by individuals or legal entities, either through investment vehicles or directly, can be classified into three categories (National, Departmental and District or Municipal), as shown below:

Taxes in Colombia

National

- Income Tax.
- Tax on Dividends.*
- Capital Gains Tax.**
- Value Added Tax (VAT).
- Financial Transaction Tax (FTT).
- Consumption Tax.
- Stamp Tax.
- Carbon Tax.
- Tax on Ultra-Processed Sugary Beverages, among others.

Departament

- Registration Tax.
- Tax on Cigarrete Consumption.
- Beer Consumption Tax.
- Tax o Motor Vehicles.
- Tax on Games and Shows, among other.
- Departmental Stamps.

District or Municipal

- Turnover Tax.
- Notices and Board Tax.***
- Property Tax.
- Firefighter Surtax.***
- Enviromental Surtax.***
- Surtax on Gasoline and Motor Fuel Oil.
- Visual Outdoor Advertising Tax.
- Urban Delineation Tax.
- Municipal Stamps, among others.

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* As part of the Income Tax: Dividends are subject to a differential withholding rate.
** Complementary to Income Tax.
*** Complementary to the Turnover Tax or the Property Tax.

Likewise, the main taxes can be classified into:

• **Direct taxes:** the ones that are levied on the individual or entity carrying out a business or investment activity, mainly regarding their income, wealth or profits, such as: Personal and Corporate Income Tax, Tax on Dividends, Capital Gains Tax and Industry and Commerce Tax / Industry and Commerce Tax (as per its acronym in Spanish, ICA).

• **Indirect taxes:** as opposed to Direct Taxes, Indirect Taxes are levied on the execution of a specific activity, generally on the trading of goods and the provision of services, regardless of who is carrying it out it. Some examples of those taxes include: Valued Added Tax (VAT), Consumption Tax, Financial Transaction Tax (FTT) and Tax on Ultra-Processed Sugary Beverages.

1.2. National Taxes

1.2.1. Income Tax

It is a periodic (annual) tax, which levies the income obtained during a taxable year.

Who is taxed under the Income Tax?

Generally, all individuals and legal entities, either national or foreign, and unsettled successions of nationals or foreigners, that have obtained income within a given taxable year are taxed under the Income Tax; regardless of their tax resident status (whether the individual or entity is a Colombian tax resident or a non-tax resident).

Additionally, other entities that are subject to the Income Tax are: (i) permanent establishments of non-resident entities and (ii) non-resident individual or legal entities who are deemed to have a significant economic presence in the country (as per its acronym in Spanish "PES"), meaning those who sell or provide digital services in Colombia.

Investors will be subject to the Tax, either carrying out their activity directly, as an individual, or through a legal entity or an investment vehicle.

How is income taxed under the Income Tax?

Individuals and legal entities that are tax residents in Colombia and unsettled successions of deceased individuals who, at the time of their death, where tax residents in the country, are taxed on their national and foreign source income (worldwide source income).

Individuals and legal entities that are non-tax residents in Colombia and the illiquid successions of deceased individuals who, at the time of their dead, where not tax residents in the country, are taxed only on national source income. In the case of non-tax resident entities that carry out their activities through a Permanent Establishment in the country, they will be taxed on their worldwide source income, attributable to Permanent Establishment.

How does the Corporate Income Tax work?

• The taxable base will be the “taxable income”, which is determined by deducting from the gross income, the rebates or discounts and the attributable costs and expenses; this, according to the requirements established by Law for each concept.

• Once the tax rate is applied and total tax is determined, tax discounts, withholdings and self-withholdings are subtracted from the total tax, which could result in a total tax payable or owed, or overpayment. The result will be deemed as the current corporate income tax.

• If the taxpayer is subject to the Tax Minimum Rate (TMR), they should keep in mind that the tax payable cannot be lower than the TMR. The TMR must be calculated with the mathematic formula established by law.

What legal entities are Colombian tax residents?

Those companies and entities that meet at least one of the following circumstances are Colombian tax residents:

• If they have their main domicile in the Colombian territory.

• Or if they have been incorporated in Colombia, in accordance to the laws in force.

Additionally, foreign companies and entities that, during the corresponding taxable year, have had their place of effective management in Colombian territory will also be considered Colombian tax residents.

It will be a place of effective management in Colombia, if the country is the area where the operational decisions required to carry out the day-to-day activities of the company or entity are made. The place where the managers of the company or entity exercise their responsibilities must also be considered.

What is the Corporate Income Tax rate?

For legal entities, the general rate is 35 %, which may vary according to the exceptions provided by Law (article 240 of the Colombian Tax Code), as shown below:

Activity / Concept	Rate
Industrial and commercial State Companies, in which the participation of the State is greater than 90%, and that perform monopoly activities such as gambling activities and the sale of liquors and alcohol.	9 %
Hotel services, theme parks, ecotourism and/or agrotourism, for a ten (10) year term, counted from the beginning of the provision of the corresponding service.	15 %
Publishing companies incorporated in Colombia as legal entities, whose economic activity and corporate purpose is exclusively the publishing of books.	15 %

For some economic fields there is a surcharge on the general Income Tax rate, which increases by additional percentage points depending on the economic field, as follows:

Field / Economic Activity	Surtax (Additional Points)
Financial institutions, insurance and reinsurance entities, stock exchange brokerage companies, agricultural brokerage companies, exchanges for agricultural, agro-industrial or other commodity goods and products, and stock market infrastructure providers.	5
Mining of stone coal and lignite coal.	From 0 to 10
Crude oil extraction.	From 0 to 15
Power generation through water resources.	3

How does Income Tax withholding work?

It is a mechanism to collect taxes in advance, its aim is that the National Tax Administration can collect the taxes in the year in which they are triggered and not in the year in which the tax return is filed. The withholding must be made at a rate that may vary between 2 % and 48 % according to the concept generating the payment or accrual.

In some cases, this is the only mechanism contemplated by Colombian tax regulations to tax non-tax residents, and in specific cases it will be the final tax. The withholding rates at source for payments or accruals made to non-tax residents are mainly found in article 408 of the Colombian Tax Code; and the withholding rate, as a rule, is 20 %, and it may vary depending on the nature of the income.

1.2.2. Tax on dividends

Tax on Dividends, as part of the Income Tax, is aimed to determine the withholding at source for profits distributed by: (i) Colombian tax resident entities, to their shareholders, or (ii) by a Permanent Establishment to the foreign company (Main Office).

How do withholdings for the Tax on Dividends work?

For applying or determining the Income Tax withholding, for distributed profits, there are 2 steps that should be considered: (i) Recapture Tax on Dividends and (ii) Additional Income Tax withholding for dividends.

• **Recapture tax:** the first withholding made on the profits distributed to the shareholder, known as the "Recapture" Tax, is only applicable if the profits have not been taxed with the Income Tax, at entity or Permanent Establishment level. If the tax resident company in Colombia, or the Permanent Establishment has paid Income Tax on the profits subject to distribution, those profits will be deemed as not constitutive of income or capital gain for the shareholder or the Main Office receiving them; and, consequently, the first withholding will not be applied. If that is not the case, the profits will be deemed as taxable income for the shareholder; and will be subject to the first withholding (recapture tax), which must be applied at the rate of 35 %, or the corresponding rate according with the provisions of article 240 of the Colombian Tax Code, regardless of the tax residence of the shareholder.

• **Additional Withholding Tax for dividends:** once the first withholding (recapture) has been made, an additional withholding will be applied on the remaining income, at the following rate:

Profit recipient	Rate
Entities or individuals that are not tax residents in Colombia.	20 %
Entities or individuals that are tax residents in Colombia.	10 %*

*Transferable to the foreign investor.

Subsequently, each shareholder will proceed with the settlement of their Income Tax, subtracting the withholdings made, and the filing of their Income Tax return.

There is a special regime in which the Tax on Dividends withholdings, the Income Tax on the distribution of dividends and on the sale of shares vary (Colombian Holding Companies Regime); which we will proceed to explain briefly, after the Capital Gains Tax section.

1.2.3. Capital Gains Tax

It is a Complementary Tax to the Income Tax, and its most relevant aspects will be depicted below:

How does the Capital Gains Tax work?

For the purposes of this tax, income obtained from inheritances, legacies, donations or any other gratuitous acts, from the sale of fixed assets held for more than two years and what is received as a marital portion, will be deemed as capital gain and taxed with the Capital Gains Tax. The general rate for this tax is 15 %, and it is applicable to the capital gains obtained by legal entities and tax resident individuals, even foreign non-tax resident individuals. There are some exemptions applicable, limited to a certain amount, such as: the compensation for life insurance and the sale of residential property. The withholding mechanism at source, for Income Tax is applicable to the Capital Gains Tax, and the associated costs and expenses could be deducted from the gross income, as long as they comply with the conditions set forth by the Law.

1.2.4. Preferential income tax regimes applicable to investors

Special Tax Regime (RTE, as per its acronym in Spanish)

What is the special tax regime, and what legal what entities can be subject to it?

This Regime mainly grants the following tax benefits to the entities eligible:

• Single Income Tax rate of 20 %.

• Tax exemption regarding the income obtained, if it is allocated to programs that execute their corporate purpose and meritorious activities, during the following year to the one the entity obtained such income.

Associations, foundations and corporations established as non-profit entities may be eligible to the Special Tax Regime whenever they: (i) submit the application for eligibility before the National Tax Administration, and (ii) have as their corporate purpose the performance of activities of general interest (best known as meritorious activities), as long as the community has access to them. Some examples of meritorious activities are the ones aimed for:

Education, health, culture, science, technology and innovation; social development, environmental protection, prevention regarding the use and consumption of psychoactive substances, alcohol and tobacco; promotion and support of sports activities, business development activities, promotion and support of human rights and the global objectives defined by the United Nations. As well as activities earmarked to promote and improve the Administration of Justice, promotion and support of non-profit entities that carry out direct actions in the national territory related to meritorious activities, and microcredit activities.

Colombian Holding Companies Regime (CHC, as per its acronym in Spanish)

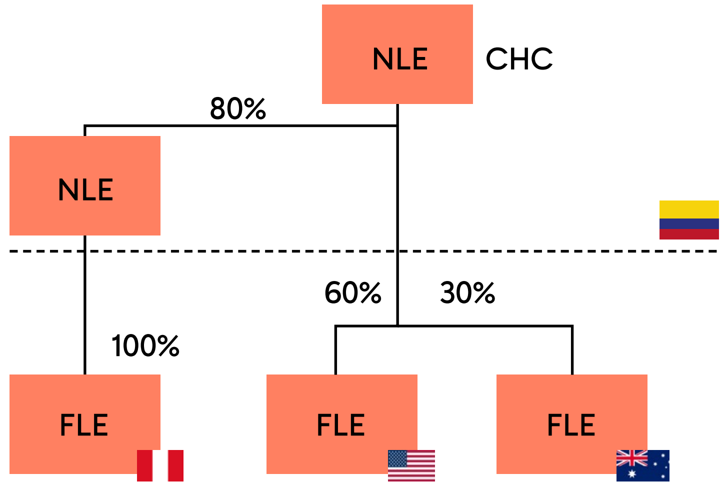
How does the CHC regime work?

The CHC regimen is a preferential tax regime to encourage foreign direct investment through holding companies, through the establishment of tax benefits related to the distribution of dividends and the purchase and sale of shares, meeting the following requirements:

• Being a Colombian tax resident.

• Having as one of its main activities the holding of securities, shares or interests in Colombian and/or foreign entities, and/or the administration of those investments.

• Having direct or indirect participation in, at least, 10 % of the capital of two or more Colombian and/or foreign companies or entities for a minimum period of 12 months.



***NLE:** National Legal Entity / FLE: Foreign Legal Entity

• Having human and material resources for the full execution of their corporate purpose[1].

• Informing the National Tax Administration, through the form established for these purposes, their intention of eligibility to the CHC. This being an essential requirement prior to starting to apply this regime.

What are the tax benefits applicable to CHC?

• Dividends distributed by non-tax resident entities in Colombia to a CHC will be exempt from the Income or Capital Gains Tax.

• Dividends distributed by a CHC to an individual or legal entity who is not a tax resident in the country will be deemed as foreign source income. Since the individual receiving the income is not a Colombian tax resident and the income is from a foreign source it will not be taxed in Colombia.

• Dividends distributed by a CHC to a tax resident individual or legal entity that is a taxpayer of the Income Tax, will be taxed at the general tax rate for dividends.

• The sale of CHC shares to non-tax resident entities will be deemed as an exempt capital gain. The transfer of CHC shares made by a tax resident will be exempt from the capital gain tax, unless they represent assets owned in Colombia. The sale of CHC shares made by a non-tax resident is deemed as foreign tax income, only on the proportion of the sale that can be attributed to activities carried out or assets owned by the non-tax resident.

[1] In light of the article 894 of the Colombian Tax Code, it is understood that a company meets the human and material resources necessary for carrying out a holding activity when the company has at least three (3) employees, its address is in Colombia and can demonstrate that the strategic decision-making regarding CHC's investments and assets is performed in Colombia, (the Annual Shareholders' Meeting will not be a reasonable proof).

• For the distribution of the share premium (which does not constitute a tax value), it will be deemed as:

• Exempt income when the beneficiary is a CHC.

• Income from a foreign source when a CHC distributes it to a non-tax resident individual or legal entity.

• Taxable income when the CHC distributes it to an individual or legal entity that is a tax resident in Colombia.

• Dividends received from investments in foreign entities will not be taxed with the Industry and Commerce Tax.

• A CHC is considered as a Colombian tax residents within the Double Taxation Agreements signed by Colombia.

• A CHC can deduct costs and expenses attributable to the taxable income obtained from taxable activities carried out in Colombia or abroad, through a permanent establishment.

• A CHC will be subject to the CFC (Controlled Foreign Corporation) regime and may apply the tax credit of taxes paid abroad2. However, income subject to the CFC regime will not have the benefits of the CHC regime.

Controlled foreign corporation (CFC) regime

How does the CFC regime work?

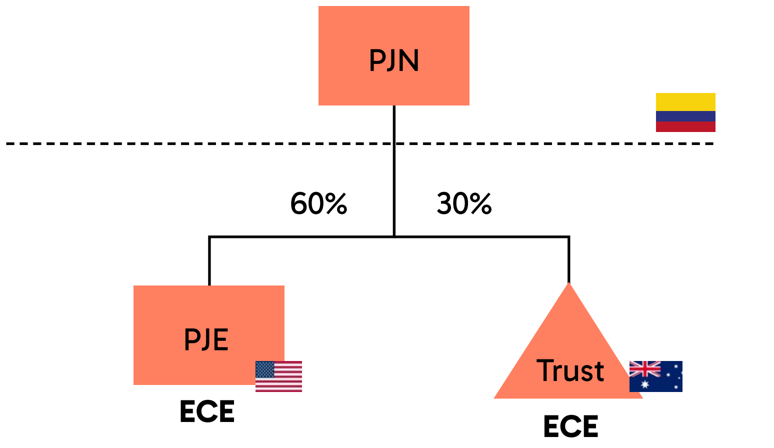
The CFC regime is mandatory for every tax resident who complies with the requirements to be deemed to own a foreign entity that is a Controlled Foreign Corporation, such as, owning 10 % or more of the shares.

When is it considered that there is a Controlled Foreign Corporation?

For the purposes of determining whether this Regime is applicable to a Colombian tax resident, it must be identified if the taxpayer has a Controlled Foreign Corporation, which will be deemed when the following situations occur:

• There is any vehicle or entity incorporated, domiciled, or operating abroad, regardless of its nature. It can be a company, any other entity, a stand-alone trust fund, trust, investment fund, another fiduciary business or a private interest foundation.

• The foreign vehicle or entity is a non-tax resident in Colombia.



• The entity or vehicle is controlled by one or more Colombian tax residents under the terms of any of the following provisions: (i) It is a subordinate of a tax resident[3] or (ii) It is a foreign economic related company of a tax resident.[4]

What are the consequences of being subject to the CFC regime?

Colombian tax residents must include in their income tax returns the passive income[5], equivalent to their participation in the equity of the CFC or in its results. However, the tax residents will be able to access the tax credit for taxes paid abroad by the CFC, limited as provided by Law[6].

[3] Section 1 of article 260-1 of the Colombian Tax Code.
[4] Section 5 article 260-1 of the Colombian Tax Code.
[5] Identified under the provisions of article 889 of the Colombian Tax Code.
[6] As limited by article 259 of the Colombian Tax Code.

1.2.5. Transfer Pricing Regime

This regime is applicable when transactions are made between a tax resident and a non-tax resident that are considered as economically related entities, aiming that the price or commercial value of the operation can be verified, for tax purposes.

What does the transfer pricing regime consist of?

The transfer pricing regime seeks to protect the taxable base in cross-border transactions between economic related companies, through mechanisms that economic verify reality and the adequate allocation of prices of different transactions, in regard to the Arm's Length Principle.

What does the Arm's Length Principle consist of?

The Arm's Length Principle guarantees that operations between subjects that the regulations consider as "economically related" comply with the conditions that would have been used if the operations were concluded and executed between independent third parties (not economically related). This means that operations between related parties are entered into with market prices and not with unreasonable higher or lower prices, as if the operations had been carried out with an independent party.

Who is considered as an economic related party for transfer pricing purposes?

For the Income tax purposes, it is considered that a foreign or local entities are economic related party when they are in one or more of the following cases:

- Subordinated, when the decision-making power of the legal entity or entity is subjetc to the will of another legal entity or entity (Main Office or controlling entity).
- Branches, regarding their main offices.
- Permanent establishments, concerning the legal entity, whose activity they carry out as a whole or in part.
- Agencies, regarding the legal entities belong.
- Foreign entity, related to a permanent establishment in the country, that concludes an operation with another foreign entity.
- Operations between related parties within the Free Trade Zones.
- Operations between two subordinates of the same controlling entity.
- Parties involved in business collaboration contracts.

The foregoing applies to all companies and vehicles or non-corporate entities that form an economic group, even if their controlling entity is domiciled abroad.

What are the consequences of a taxpayer being under the transfer pricing regime?

In addition to having to determine income, costs and expenses under the Arm's Length Principle, the parties of the transaction must verify whether they must submit the country-by-country reports, the master report and the transfer pricing report, to the National Tax Administration. In these reports, the parties must reflect the economic reality of the operation, consistent with the income tax return of the corresponding taxable year. If the determination of income, costs and expenses does not comply with the Arm's Length Principle, the National Tax Administration may assign a price to the operation, and even redefine the transaction, and determine taxes according to the assigned price or redefinition.

1.2.6. Tax minimun rate (TMR)

Since Colombia is a member in the Organization for Economic Cooperation and Development (OECD), it implemented the TMR in the tax legal system, which mandates that legal entities and free zone users pay a minimum 15 % income tax on accounting profits. If the standard calculation yields less, the tax is topped up to meet this threshold. Otherwise, the regular tax applies.

The Adjusted accounting profit will be calculated according to a formula established by the legislation in paragraph 6 of article 240 the Colombian Tax Code.

1.2.7. Value added tax (VAT)

VAT is an indirect tax that levies the sale of goods that are in the national territory, prior to being sold, or rendering of services within national territory or from abroad, regardless of the subject who acquires the goods or is the beneficiary of the services.

Who is VAT-liable?

Unless they carry out excluded transactions, individuals or legal entities who are VAT-liable are:

- The merchants or the ones performing similar commercial activities.
- The ones rendering services in Colombian territory.
- The ones importing goods to the national territory.

When is VAT triggered?

Depending on the service provided, VAT is triggered as follows: for sales, what occurs first between the date of issuance of the invoice or equivalent document and the time of the delivery of the good; for the rendering of services, what occurs first between the date of issuance of the invoice or equivalent document, the date of termination of the rendering, or the date the payment or accrual is made; and for imports, at the time of nationalization of the goods and payment of customs duties.

What is the VAT rate?

The general VAT rate is 19 %. However, the Colombian legal system establishes special rates, exemptions and exceptions that make the rate vary depending on the good or service marketed or commercialized.

1.2.8. Wealth tax

How does the Wealth Tax work?

The tax is triggered by the possession of liquid equity (obtained by subtracting debts from the gross equity) equal or greater than 72.000 Tax-Value Units (UVT, as per its acronym in Spanish) -COP $3.388.680.000-, as of January 1st of each calendar year.

Who are the taxpayers of the Wealth Tax?

According to Law 2277 of 2022, the following are considered taxpayers of the Wealth Tax:

- Individuals and unsettled successions that are taxpayers of Income Tax, Capital Gains Tax or alternative income tax regimes.
- National or foreign individuals who are Colombian tax residents in the country, in relation to the equity directly owned in the national territory.

• National or foreign individuals who are non-tax residents, regarding their assets indirectly held through a permanent establishment[7] in the country.

• Unsettled successions of deceased individuals that at the time of their death were non-tax residents, only in relation to the assets owned in the country.

• Foreign entities that are not obliged to file the Income Tax Return, but own assets in Colombia such as real estate, yachts, boats, artistic work, aircraft, mining or oil rights, excluding shares, accounts receivable and/or portfolio investments[8]. Foreign companies not filing income tax in Colombia and leasing assets to Colombian residents are exempt from the wealth tax.

What is the Wealth Tax rate?

As of 2027 the tax rate will be determined according to the following chart:

Ranges in UVT		Marginal Rate	Tax determination
From	To		
>0	72.000 ($COP 3.388.680.000)	0,0 %	0
>72.000 ($COP 3.388.680.000)	122.000 ($COP 5.741.930.000)	0,5 %	(Taxable base in UVT minus 72.000 UVT) x 0,5 %.
>122.000 ($COP 5.741.930.000)	239.000 ($COP 11.248.535.000)	1,0 %	(Taxable base in UVT minus 122.000 UVT) x 1,0 % + 250 UVT.
>239.000 ($COP 11.248.535.000)	Onwards	1,5 %	(Taxable base in UVT minus 239.000 TVU) x 1,5 % + 1.420 UVT.

Starting in 2027, the applicable rates will be the following:

Ranges in UVT		Marginal Rate	Tax determination
From	To		
>0	72.000	0,0 %	0
>72.000	122.000	0,5 %	(Taxable base in UVT minus 72.000 TVU) x 0,5 %.
>122.000	En adelante	1,0 %	(Taxable base in UVT minus 122.000 TVU) x 1,0 % + 250 UVT.

[7] In this case, permanent establishment is obliged to file de tax return.
[8] According to article 2.17.2.2.1.2 of the Decree 1068 of 2015 and article 18-1 of the Colombian Tax Code.

1.2.9. Financial Transaction Tax (FTT)

FTT will be collected by financial entities, and its taxable event is the disposition of resources deposited in checking or savings accounts by using the banking system, as well as the deposit accounts in the Central Bank, and cashier's check drafts.

What is the FTT rate?

The FTT rate is COP 4x1.000, which is equivalent to 0,4 %.

¿Cuál es la tarifa del GMF?

La tarifa del GMF es de cuatro pesos por cada mil tranzados (4x1.000).

1.2.10. Stamp Tax

It is a tax triggered by the granting and acceptance of public and private documents in Colombia– including securities –, or by the granting abroad but executed within the national territory. It applies to documents that exceed 6.000 UVT (COP $282.390.000), in which a public or private entity, or an individual who has the status of merchant takes part as a grantor, acceptor or subscriber of the document, whenever in the immediate prior year, they have obtained gross income or held assets representative of more than 30.000 UVT (COP $1.411.950.000). The Stamp Tax rate is 1.5 % of the value of the document granted or accepted.

1.2.11. Consumption Tax

It is a national tax that is triggered by the provision of some services and/or the sale of goods to the final user or the import of certain assets by the final user, such as:

• The provision of cellular phone services, internet, mobile browsing, and data services.

• The sale of some movable tangible assets domestically produced or imported.

• The service of dispensing food and beverages prepared in restaurants, cafeterias, self-service stores, fruit shops, pastry shops and bakeries for on-site consumption, to be taken away or delivered; food services under contract, including catering services, and the sale of food and alcoholic beverages for consumption within bars, taverns and nightclubs.[9]

• The sale of Family and camper type automobile vehicles; motorcycles with reciprocating piston engines with cylinder capacity greater than 200 c.c; yachts and other boats and vessels aimed for pleasure or sports, rowing boats and canoes.

• The sale of airships, gliders, and other aircraft not powered by engines, for private use.

• The sale of aircraft, space vehicles, launch and suborbital vehicles for private use.

[7] As provided by articles 426, 512-8, 512-9, 512-10, 512-11, 512-12 y 512-13 of the Colombia Tax Code.

What is the consumption tax rate?

The rate depends on the good sold or service rendered, some services such as cellular phone services, data and mobile navigation are taxed at 4 %, while some goods such as family type, campers or pick-ups motor vehicles, airships and other aircraft, are taxed at 16 %.

1.2.12. Gasoline and motor fuel oil tax

The taxable event is the sale, withdrawal, import of gasoline and motor fuel oil for self-consumption or its subsequent sale. The Gasoline and Motor Fuel Oil Tax will be settled every February 1st considering the inflation of the previous year, and in accordance to the rates listed below, which for the year 2024 are determined as follows:

• **Regular grade petrol:** $$724,70 per gallon.

• **Extra gasoline:** $1.375,46 per gallon.

• **Motor Fuel Oil:** $693,95 per gallon.

• **Other products that are defined as oil and Motor Fuel Oil, different from Extra Gasoline**: $724,70 per gallon.

• Blended Motor Fuel Oil– Biofuel for diesel engines use, will be:

Ratio		Tax
Motor Fuel Oil	Biofuel	
98 %	2 %	$679,77
96 %	4 %	$665.90
92 %	8 %	$638,15
90 %	10 %	$624,28

1.2.13. Carbon tax

It is a tax that levies the carbon content of all fossil fuels, including petroleum derivates and types of fossil fuel intended for energy purposes and used for combustion. If the fossil fuel is certified as carbon neutral, the tax will not be triggered. ICONTEC, as an organization credited by the National Accreditation Body of Colombia, is responsible for issuing the Carbon Neutral Certification to organizations or products that have a carbon footprint management policy or plan.

What is the carbon tax rate?

The tax rate in 2024 is $25.799,56 per ton of carbon equivalent (CO2eq).

The value of the tax rate per fuel unit is established every February 1st, considering the taxable base inflation of the previous year. For 2024 the tax rate is:

Fossil Fuel	Unit	Rate/Unit
Carbon	Ton	$65.713,38
Fuel oil	Gallon	$299,53
Jet fuel	Gallon	$254,22
Kerosene	Gallon	$247,93
Motor Fuel Oil	Gallon	$210,63
Gasoline	Gallon	$186,37
Liquified Petroleum Gas	Gallon	$168,64
Natural gas	Cubic meter	$39,70

For carbon, a gradual rate is applicable:

• By 2024 it is 0 %.

• By 2025 it will be 25 % of the full rate value.

• By 2026 it will be 50 % of the full rate value.

• By 2027 it will be 75 % of the full rate value.

• Starting 2028 the full rate value will apply.

Is the carbon tax deductible from Income Tax?

It is deductible from income tax under the terms of articles 115 and 115-1 of the Colombian Tax Code.

1.2.14. National tax on single-use plastic products

How does the National Tax on Single-Use Plastic products work?

• **Taxable event:** the sale, withdrawal or import for self-consumption of single-use plastic products used to packing products.

• **The tax is triggered:** for sales made by producers, it is triggered on the date of the invoice issuance; for withdrawals, on the date of withdrawal; and for imports, in the date of nationalization.

• **Taxpayer:** the producer or importer, as applicable.

• **Taxable base:** the weight in grams of the single-use plastic container.

• **Rate:** 0.00005UVT (COP $2) per gram (container weight).

1.2.15. Tax on ultra-procesed sugary beverages

How does the tax on ultra-processed sugary beverages work?

It taxes production, sale, inventories withdrawal or any other act that involves the transfer of ownership, as well as the import of ultra-processed sugary beverages, powders and syrups that, after their mixing or dilution, allow the production of sugary beverages. Those liable for the tax are individuals of entities that produce, sell, remove inventories carry out acts that involve the transfer of ownership or the import of any of the taxable goods.

What is the tax rate on ultra-processed sugary beverages?

The rate is calculated based on the sugar content in grams per one hundred milliliters (100 ml) of each beverage, as shown below:

By 2024:

Content per 100 milliliters	Rate (per 100 milliliters)
Less than 6g of added sugar.	$0
From 6g to 9,9g of added sugar.	$28
10 or more grams of added sugar.	$55

By 2025:

Content in 100 milliliters	Rate (per 100 milliliters)
Less than 5g of added sugar.	$0
Greater than or equal to 5g and less than 9g of added sugar.	$38
Greater than or equal to 10g of added sugar.	$65

• **Starting in 2026:** The National Tax Administration will establish the value of the tax rates every January 1st, in accordance to the increase of the UVT.

1.2.16.

Taxes on industrially ultra-processed food products and/or with a high content of added sugar, sodium or saturated fats

How does the tax on industrially ultra-processed food products and/or with a high content of added sugar, sodium or saturated fats work?

This tax is triggered by production, sale, inventories withdrawal or acts that involve the transfer of ownership of ultra-processed food products and/or with a high content of added sugar, sodium or saturated fats, which content in the nutritional table exceeds the following values:

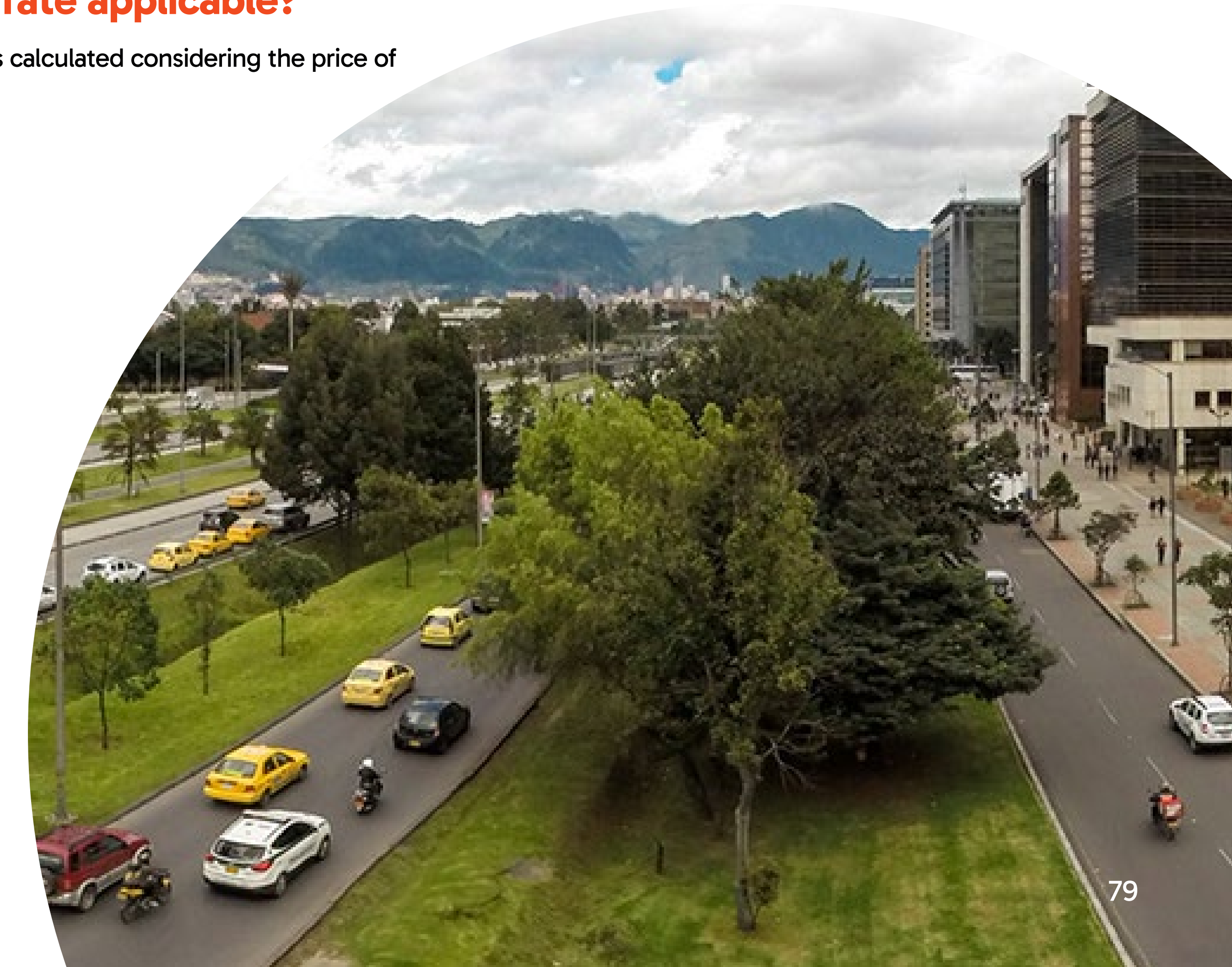
Nutrient	Per 100g
Sodium	>= 1mg/kcal and/or >= 300 mg/100 g
Sugar	>= 10% of total energy from sugar
Saturated fats	>= 10% of total energy from saturated fats

Who are the taxpayers of this tax?

Individuals or entities producing, selling, withdrawing from inventories, transferring ownership or importing industrially ultra-processed food products and/or with a high content of added sugar, sodium or saturated fats.

What is the tax rate applicable?

For 2024, it is 15 %, and it is calculated considering the price of each product.



1.3. Departmental taxes

1.3.1. Registration tax

The taxable event of this tax is the registration of documentary acts, contracts or legal transactions that must be registered before the Public Instruments Registry Office and/or the Chambers of Commerce, according to the commercial Law. By a way of example, this tax is triggered in the incorporation of legal entities, its merger, in the transfer of real estate or motor vehicles.

Who are the taxpayers of the registration tax?

The parties to the legal act that is subject to registry before the Public Instruments Registry Office and/or the Chambers of Commerce.

What is the registration tax rate?

The Departmental Assemblies set the rates for different types of legal acts, as shown below:

Concept	Rate range
Onerous acts, contracts or legal transactions subject to registry before the Public Instruments Registry Office.	0.5 % - 1 %
Onerous acts, contracts or legal transactions subject to registry before the Chambers of Commerce.	0.3 % - 0.7 %
Onerous acts, contracts or legal transactions subject to registry before the Chambers of Commerce, implying the incorporation of a legal entity.	0.1 % - 0.3 %
Acts, contracts or legal transactions with no assigned value subject to registry before the Public Instruments Registry Office and/or in the Chambers of Commerce.	2 Current Legal Daily Minimum Wages (CLDMW)[10] – 4 Current Legal Daily Minimum Wages (CLDMW)

[10] For 2024 the CLDMW is equivalent to COP $43.333.

1.3.2. Tax on cigarette consumption

This tax is different from the national consumption tax, it taxes the consumption of cigarettes and tobacco manufactured within the territory of the Departments (Colombian geopolitical sub-division).

Who are the taxpayers of the tax on cigarette consumption?

The producers, importers and cigarette distributors. Likewise, transporters are liable when they cannot duly justify the origin of the products they transport or sell.

When is the tax on cigarette consumption triggered?

• **National product:** the tax is triggered at the time the producer delivers the product to the factory or production facility for its distribution, sale in Colombia, or for advertising, promoting, donating, or self-consumption.

• **Foreign product:** it is triggered at the time they enter the country, except when they are in transit to another country.

What is the rate for the tax on cigarette consumption?

The rate is updated annually according to the percentage equivalent to the growth of the Consumer Price Index (CPI) certified by the National Administrative Department of Statistics, plus four (4) points. For 2024, the rate was certified as follows:

• For cigarettes and tobacco per pack of 20 units: COP $3.725.

• For each gram of chimú: COP $297.

1.3.3. Beer consumption tax

The beer consumption tax is a national tax, collected by the Departments, for the consumption of beer, beer siphons and refajos (a mix of beer with non-alcoholic beverages) in their jurisdictions.

It is important to keep in mind that this tax is not triggered by the export of the products, but by their consumption.

Who are the taxpayers of the beer consumption tax?

The producers, importers and distributors. Likewise, transporters, when they cannot duly justify the origin of the products they transport or sell.

What is the tax rate for beer consumption tax?

The tax rate is 48 % for beers and 20 % for refajos. For 2024, the rate was certified as follows:

For beers

COP **$331,83**

per unit of 300 cubic centimeters

Beer containers/siphons

COP **$348,94**

Refajo

COP **$115**

1.3.4. Tax on motor vehicles

How does the tax on motor vehicles work?

Every vehicle owner must pay, annually, the tax on motor vehicles. This tax has a progressive nature, so the higher the value of the vehicle is, the higher the final tax will be. For 2024 the rate is established as follows:

Vehicle value	Rate
Up to COP $54.057.000	1,5 %
From COP $54.057.001 to COP $121.625.000	2,5 %
More than COP $121.625.000	3,5 %

1.4. District or municipal taxes

1.4.1. Industry and commerce (ica) tax

How does the Industry and Commerce Tax work?

The taxable event is constituted by the execution of all commercial, industrial and service activities in the Capital District of Bogota, by individuals, legal entities or de facto companies, whether carried out directly or indirectly, permanently or occasionally, with or without commercial establishments.

For the purposes of this tax, Industrial activities are those aimed at the production, extraction, fabrication, confection, preparation, transformation, repair, manufacturing and assembly of any type of materials or goods. And, service activities are referred as those that imply the compliance of doing obligations.

Commercial activities are deemed as those intended for the sale or distribution of goods or merchandise, both wholesale and retail, and the other defined as such by the Colombian Commercial Code.

In some municipalities or districts, withholding or self-withholding systems are implemented. To determine whether an individual or entity is a withholding or self-withholding agent, the municipal or district regulations must be reviewed. Bogota has a withholding system, but it does not have a self-withholding one.

Additionally, the complementary taxes of the Industry and Commerce Tax are: (i) the Notices and Boards Tax, which taxes the fact or having visual elements (Notices, Banner Boards, Announcements, among others) installed on physical infrastructure or in automobiles, with an area of less than 8 square meters; and (ii) the Firefighter Surtax, which is triggered when the taxable event of the Industry and Commerce Tax occurs.

What is the Industry and Commerce Tax rate?

The tax rate may vary per jurisdiction, within the following ranges:

- **For industrial activities:**
From 2 to 7 x 1.000.

- **For commercial and service activities:**
From 2 to 10 x1.000.

Financial activities, as a rule, have a higher tax rate (14 x 1.000). There are some municipalities that are authorized by law to exceed those ranges, such as the capital cities of Departments, this being the case for Bogota.

For the complementary taxes the rate will be: (i) For Notices and Boards, 15% on the value of the settled Industry and Commerce Tax; and (ii) For the firefighter Surtax, 1% on the value settled for the Industry and Commerce Tax.

What is the taxable period for the Industry and Commerce Tax?

Generally, the taxable period of the Industry and Commerce Tax is annual, however, municipalities and districts that are capitals of Departments may establish different taxable periods. For example, in Bogota, the taxable period is bimonthly.

Regarding the tax return and payment of this tax, each municipality has the autonomy to sign agreements with the financial entities supervised by the Financial Superintendence of Colombia, with national coverage. In that way, taxpayers can comply with their tax obligations from anywhere in the country and even through electronic means; notwithstanding sending the proof of the tax return and payment to the territorial entity that is collecting the tax.

1.4.2. Property tax

It is a real estate tax that levies the fact of being the owner or possessor of a specific real estate asset, and it is triggered annually.

When is the property tax triggered?

In Bogota, the tax is triggered on January 1st of each taxable year and is collected through an invoice issued by the Secretary of the Treasury, which will be available on their website.

If the taxpayer disagrees with the content of the invoice, they must proceed with the filing of a property tax return and its payment. On the contrary, if the taxpayer agrees with the content of the invoice or with the settlement made by the Secretary of the Treasury, the taxpayer must only proceed with its payment.

What is the property tax rate?

Limits are established by the municipal councils to set the rate applicable to this tax, ranging between 5 x 1.000 and 16 x 1.000 of the respective real estate appraisal or self-appraisal.

1.4.3. Urban delineation tax

This tax is triggered by the building of new properties or making improvements to existing properties. Taxpayers must submit and pay the tax return within the month following the completion of the construction, the last payment or accrual of the costs and expenses attributable to it, or the expiration date of the license including its extension.

Who are the taxpayers of the urban delineation tax?

The taxpayers of this tax are the owners of the properties where construction projects with an issued and notified license are carried out, as well as the holders of the building licenses. The taxable base is the total amount of the construction project budget.

What is the rate of the urban delineation tax?

The urban delineation tax rate in Bogota is determined as follows:

- When the advance payment for the construction is informed, the rate will be 2.6 % of the initial budget for the construction project.

- When submitting the tax return, once the construction is completed, the rate will be 3 % of the positive difference between the budget of the construction project and the executed value.

- For acts of acknowledgment of the buildings existence for exclusively housing solutions developed in lower social classes (1 and 2), the applicable rate is 1 %, and for other acts of acknowledgement the rate is 2.6 %.

1.4.4.

Participation on immovable property valuation

How does the participation on Immovable property valuation work?

It is the increase on the value of the land generated by the urban planning actions that regulate its use, and it's seen as the right that public entities have to participate in the benefits generated by urban planning actions.

In Bogota, the taxable events for this tax are:

- The incorporation of rural land into urban expansion land.
- The establishment or modification of the land use regime or zoning.
- The authorization of the exploitation of land in construction projects, either by raising the occupancy rate or the construction rate, or both simultaneously.
- When public works considered as "macro infrastructure projects" and foreseen in the Territorial Organizing, are carried out.

Its rate may vary, between 30 % and 50 % of the highest value per square meter, depending on the Municipality or District.

Download the guide, here:

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