

IV. Principal Taxes

A. Sources of Authority in Tax

1. Organization of Tax Law

The provisions governing the Colombian tax system are primarily contained in the Constitution of 1991, which sets forth the general rules and principles and is the base for the Colombian Tax Code (*Estatuto Tributario Nacional* — Col. Tax C. or Tax Code), codified in Decree 624 of 1989.⁴¹⁴

The Tax Code governs the principal taxes at a national level and represents the compilation of a series of laws and decrees, including the most recent tax reform, Law 2277 of 2022. At the local level, municipal authorities have restricted autonomy to regulate certain taxes, within their respective territories and limited only to such territories.

The Constitutional Court and the Council of State, two of the highest courts in the country, have the capacity to render decisions related to the interpretation of the tax system. Likewise, the Colombian Tax Authority (DIAN) issues official opinions regarding the tax regime (only binding for the DIAN and not for taxpayers), which are considered fundamental to interpreting tax collection requirements in Colombia.

2. Advance Tax Rulings

The DIAN does not issue private rulings to taxpayers, but individuals may request general opinions from the tax administration, which are made public. While taxpayers may choose to disregard the opinion of the DIAN, if they believe the interpretation is incorrect, opinions are not binding on them, but it is binding on the officials of the tax administration.

B. Income Tax

Income tax is a national tax levied on ordinary income and extraordinary income received during a tax year that produces a net increase in a person's (individual or legal entity) net wealth and is not otherwise exempted by law, minus costs, deductions and other items specifically allowed by law.⁴¹⁵

The calculation of a person's income tax starts with the determination of ordinary and extraordinary gross receipts, excluding those receipts expressly established as not constituting income or capital gains, such as those referred to in articles 36 and 57-2 of the Tax Code. Refunds, rebates and discounts are then subtracted from gross receipts to obtain the person's net receipts. Net receipts are then reduced by subtracting the costs incurred in obtaining such receipts, if any, to arrive at gross income. Net income is obtained by subtracting from gross income the deductible expenses related to the production of that income. The result constitutes the base for income tax purposes (except when the law provides otherwise).

Far-reaching reforms pertaining to Colombian income tax were implemented under Law 2100 of 2019, enacted on December 27, 2019, which are effective from January 1, 2020,

and, afterwards, modified by Law 2155 of 2021. Colombian income tax consists of two main components:

(i) Basic income tax: the basic income tax rate for national and foreign corporations and similar entities and foreign corporations that derive income through permanent establishments (PEs) located in Colombia is 35% for fiscal year 2022 onwards.⁴¹⁶

The income tax surcharge for financial entities that was introduced by Law 2100 of 2019, was modified and extended until 2027 at a tax rate of 5% by Law 2277 of 2022. It is applicable to certain taxpayers in the financial industry sector (e.g., financial, insurance and reinsurance entities, stockbrokers, agricultural brokers, among others) that have a taxable income equal to or higher than 120,000 UVT. This surcharge should be paid in advance and is calculated based on the income tax base of the preceding taxable year.⁴¹⁷

Additionally, Law 2277 of 2022 introduced a new surcharge for Colombian companies, PEs, and foreign companies that develop one or more of the following economic activities:⁴¹⁸

a) Hard coal and lignite coal mining: at a rate of 0%, 5% or 10%, depending on the average price over the last 120 months, without including the months that have passed in the year of the tax return, in accordance with Art. 240 of Col.Tax.C., provided the taxpayer has a taxable income equal to or higher than 50,000 UVT;

b) Crude oil extraction: at a rate of 0%, 5%, 10% or 15%, depending on the average price over the last 120 months, without including the months that have passed in the year of the tax return, in accordance with Art. 240 of Col.Tax.C., provided the taxpayer has a taxable income equal to or higher than 50,000 UVT; and

c) Hydroelectric power generation: at a rate of 3% for fiscal years 2023, 2024, 2025 and 2026, provided the taxpayer has a taxable income equal to or higher than 30,000 UVT. This threshold shall be calculated on an aggregate basis for the activities carried out by related parties determined by Art.260-1 of Col.Tax.C.

(ii) Capital gains tax: this complementary income tax is levied on income such as that arising from the sale of fixed assets held for at least two years, donations, legacies and bequests. The capital gains tax rate is generally 15%, regardless of whether the taxpayer is a legal or natural person, and whether they are resident or nonresident.⁴¹⁹ For capital gains derived from lotteries, raffles, betting and the like, the rate is 20%.⁴²⁰ Gains arising from the sale of fixed assets held for less than two years are subject to the general income tax rate. Net capital gains are calculated by subtracting capital gains that are expressly exempt and

⁴¹⁶ Col. Tax C., art. 240. The definition of a permanent establishment (PE) for tax purposes can be found in Col. Tax C., art. 20-1.

⁴¹⁷ Col. Tax C., art. 240. Par.2.

⁴¹⁸ Col. Tax C., art. 240. Par.3.

⁴¹⁹ Col. Tax C., arts. 313, 314, 316.

⁴²⁰ Col. Tax C., art. 317.

⁴¹⁴ Available at http://www.secretariassenado.gov.co/senado/basedoc/estatuto_tributario.html.

⁴¹⁵ Col. Tax C., art. 26.

occasional losses, as set forth by law, from gross capital gains.⁴²¹

For the purposes of the basic income tax, the tax base for corporations and individuals could not be lower than the applicable presumptive income, which for fiscal years up to and including 2020 is set at 0.5% of net wealth on the last day of the previous taxable year.⁴²² The applicable rate has been reduced to 0% as from January 1, 2021.⁴²³

In addition to the foregoing, with regard to the calculation of the income tax, the law allows offsets (e.g., (i) the carry forward of losses within the next 12 fiscal years⁴²⁴ and (ii) the excess of presumptive income over the income determined according to the ordinary system may be offset against the ordinary income within the following five years);⁴²⁵ discounts (e.g., the discount of 100% of the VAT paid for the acquisition, construction or import of productive fixed assets);⁴²⁶ and deductions (e.g., the deduction of 100% of all paid taxes, rates and contributions when they have been effectively paid, excluding income tax, wealth tax and tax paid under voluntary disclosure introduced by Law 2010 of 2019 and by Law 2155 of 2021),⁴²⁷ which result in a reduction of the tax due. It is important to note that 50% of the financial transaction tax may be deducted from the income tax.

Deductions reduce the gross income while credits reduce the income tax to be paid by the taxpayer.

Law 1943 of 2018 and Law 2010 of 2019 introduced the *Régimen de Tributación Simple* ("simple tax regime"). The purpose of the simplified regime is to reduce the formal and substantive obligations of taxpayers in order to simplify compliance. The regime is optional and requires the filing of an annual tax return and payment of bi-monthly advances. Under article 907 of the Tax Code, the tax to be paid under this alternate regime integrates the Income Tax, the Consumption Tax, and the Industry and Commerce Tax (Turnover Tax).⁴²⁸

Individuals and entities that meet the following conditions may opt for the simple tax regime:

- (i) Individuals developing an enterprise or companies of individuals that have Colombian tax residents as shareholders;
- (ii) Individuals or legal entities with gross income (including both ordinary and extraordinary income) of less than 100,000 UVT in the prior tax year. For new entities, this requirement will be determined according to the gross income of the current fiscal year;
- (iii) Individuals that render professional consulting and scientific services in which the intellectual factor predominates over the material factor, including liberal professions, may only be subject to the simplified tax regime if they have obtained for these concepts a gross income (in-

cluding both ordinary and extraordinary income) of less than 12,000 UVT in the previous year;

(iv) If a shareholder has one or more enterprises or companies registered as taxpayers under the simplified regime, the gross income ceiling must be determined based on the consolidated gross income of all the enterprises or companies in proportion to their participation;

(v) If shareholders that are individuals own more than 10% in one or more companies that are not registered as taxpayers under the simplified regime, the gross income ceiling will be based on a consolidated basis in proportion to the participation;

(vi) If a shareholder is a manager in other companies, the gross income ceiling will be determined on a consolidated basis with the other companies that the shareholder manages.

The following taxpayers are not eligible for the simple tax regime:

- (i) Foreign legal entities or their Colombian permanent establishments;
- (ii) Individuals who are non-residents in Colombia or their permanent establishments.
- (iii) Individuals residing in Colombia with an active employment contract;
- (iv) Entities that are affiliates, subsidiaries, agencies or branches of foreign and domestic legal entities, or of non-resident individuals;
- (v) Companies that are shareholders, subscribers, participants, settlors or beneficiaries of other Colombian companies or their entities abroad;
- (vi) Financial entities; and
- (vii) Individuals or legal entities engaged in any of the following activities: micro-credit activities; asset management, intermediation in the sale or leasing of assets, and/or activities generating passive income equal to or greater than 20% of their total gross income; factoring; financial advisory and/or credit structuring services; generation, transmission, distribution or commercialization of electric energy; vehicle manufacturing, importing or commercialization activity; fuel import activities; production or commercialization of firearms, ammunition and gunpowder, explosives and detonators; the companies that are the result of a spin-off, which has occurred in the five years prior to the time of the application for registration to the regime, and (j) individuals or legal entities engaged in waste collection, processing, and commercialization activities, obtaining net profits exceeding three percent of their gross income.

Furthermore, individuals and legal entities opting for the simplified tax regime must be registered as payers of the single tax in the National Tax Registry (RUT) until January 31 of the taxable year in which they wish to apply this regime.⁴²⁹ Foreign companies that have their effective management headquarters

⁴²¹ Col. Tax C., art. 311.

⁴²² Col. Tax C., art. 188.

⁴²³ Col. Tax C., art. 188.

⁴²⁴ Col. Tax C., art. 147.

⁴²⁵ Col. Tax C., art. 189.

⁴²⁶ Col. Tax C., art. 258-1.

⁴²⁷ Col. Tax C., art. 115.

⁴²⁸ Col. Tax C., arts. 905, 907.

⁴²⁹ Col. Tax C., arts. 904 and 909.

in Colombia may opt to be taxed under the simple taxation regime, provided they meet the requirements set out above. When a foreign company ceases to have its effective management headquarters in Colombia, it will cease to be a Colombian tax resident and, to that extent, it will not be able to benefit from the simplified tax regime.⁴³⁰ The amount to be paid depends on the business activity and its gross ordinary and ex-

traordinary income accrued during the taxable period, ranging between 1.2% and 8.3%.⁴³¹

⁴³⁰ Col. Tax and Customs Admin. Ruling 673/2023.

⁴³¹ Col. Tax C., arts. 908 nums. 1 through 54, covering small shops, min-markets, micro markets, and hairdressers (Activity 1); wholesale and retail business activities, technical and mechanical services, among others (Activity 2); food and beverage dispensing activities and transportation (Activity 3); professional, consulting, and scientific services where intellectual expertise takes precedence over material factors, including services rendered by liberal professions (Activity 4).

Gross Annual Income		Consolidated Rate Under Simple Tax Regime				
Equal to or over (UVT)	Less than (UVT)	Activity 1	Activity 2	Activity 3	Activity 4	Activity 5
0	6,000	1.2%	1.6%	3.1%	5.9%	7.3%
6,000	15,000	2.8%	2.0%	3.4%	7.3%	8.3%
15,000	30,000	4.4%	3.5%	4.0%	12%	N/A
30,000	100,000	5.6%	4.5%	4.5%	14.5%	N/A

Additionally, taxpayers under the simple tax regime are also responsible for VAT or the Consumption Tax.⁴³² If taxpayers under the simplified regime are responsible for VAT on services provided under Activity 1,⁴³³ they are not allowed to credit VAT paid against VAT collected on the services rendered.

If taxpayers under the simple tax regime provide services consisting in the sale of food and beverages, the consolidated rate under the simplified regime is increased by 8% corresponding to the Consumption Tax.

As a result of the declaration of unconstitutionality, taxpayers engaged in professional, consulting, and scientific services in which the intellectual factor predominates over the material component — including services rendered under liberal professions — and who are subject to the simple tax regime, must apply the tax rates previously established in numeral 3 of Article 42 of Law 2155 of 2021, as reflected in the table above.⁴³⁴

Taxpayers under the simplified regime are not subject to income tax withholding or self-withholding, and may not act as withholding agents, except in connection with salary payments.⁴³⁵

Taxpayers who fulfilled the requirements under Law 1943 of 2018 to be part of the simple tax regime, do not have to go through the procedure again for 2020.

C. Estate and Gift Tax

Colombia has no special estate or gift tax. However, inheritances, legacies and donations, along with other special cases, are taxed as capital gains and, therefore, are subject to a 15% tax rate rather than the basic income tax rates.⁴³⁶ Lotteries, raffles, bets and the like are subject to a capital gain tax of 20%.⁴³⁷

⁴³² Col. Tax C., art. 915.

⁴³³ Col. Tax C., art. 908, num 1.

⁴³⁴ Tax Ruling 24 of 2024.

⁴³⁵ Col. Tax C., art. 911.

⁴³⁶ Col. Tax C., arts. 302, 313, 314.

⁴³⁷ Col. Tax C., art. 317.

D. Value Added Tax

Value added tax (VAT) is levied on:⁴³⁸

(i) The sale of tangible movable assets (located in Colombia at the time of disposal) and immovable assets, except for those that are expressly excluded;

(ii) The sale or assignment of rights with respect to intangible goods associated with industrial property;

(iii) The rendering of services within Colombia or from abroad, except for services that are expressly excluded;

(iv) The importation of tangible goods, except for goods that are expressly excluded;

(v) The circulation, sale or operation of games of chance that are not operated online; and

(vi) In compliance with Law-Decree 175 of 2025, VAT also applies to games of chance that are operated exclusively online, whether conducted within the national territory or from abroad. These measures will remain in effect until December 31, 2025, after which online games of chance will no longer be subject to VAT.⁴³⁹

In general terms, VAT is not imposed on the sale of fixed assets, except in certain cases (such as the first sale of real property for residential purposes, motor vehicles and other fixed assets that are usually sold in the name of or on behalf of third parties, and aircraft).⁴⁴⁰

The following rules apply with regard to the rendering of services:

(i) Services connected with immovable property will be understood as rendered where the property is located;

(ii) Cargo loading, unloading, transfer and storage services, as well as services having a cultural and artistic

⁴³⁸ Col. Tax C., art. 420.

⁴³⁹ Col. Tax C., art. 420 and Law Decree 175 of 2025.

⁴⁴⁰ Col. Tax C., arts. 420, 420-1.

character, are taxed at the place where they are physically carried out; and

(iii) Services performed from abroad for a domestic entity or a resident individual are deemed to be performed in Colombia.

(iv) Intangibles acquired or licensed from abroad will be understood as acquired or licensed in Colombia.⁴⁴¹

In general, merchants and importers are responsible for the collection of the VAT generated by transactions undertaken by them,⁴⁴² excluding artisans (retailers), small farmers and cattle ranchers as well as service providers, as long as they meet the following conditions:

(i) Their gross receipts, arising from the activity taxed with VAT in the previous or the current fiscal year, are of less than 3,500 UVT;⁴⁴³

(ii) They do not have more than one going concern;

(iii) The going concern, office, headquarters or business does not carry out activities under franchise, concession, royalty, authorization or any other system that implies the exploitation of intangibles;

(iv) They are not customs users (i.e., exporters or importers);

(v) They have not entered into contracts for the sale of goods and/or rendering services for an individual taxable value, equal to or greater than 3,500 UVT in the immediately preceding year or in the current year;⁴⁴⁴ and

(vi) The amount of their bank deposits, deposits or financial investments during the previous year or during the current year corresponding to the activities taxed with VAT, does not exceed the amount of 3,500 UVT.⁴⁴⁵

Taxpayers under the simplified tax regime are not VAT responsible, if they only develop one or more activities established under num 1. Art. 908⁴⁴⁶ of the Tax Code.⁴⁴⁷

Individual taxpayers under the simplified tax regime are not VAT responsible if their gross income is less than 3,500 UVT.⁴⁴⁸

The basis for calculating VAT is the total value of the relevant transaction, whether financed or not, including the expenses of financing, accessories, transportation and installation, insurance, warranties and commissions.⁴⁴⁹ VAT imposed on the importation of goods is calculated based on the customs value under the applicable regulations, plus the corresponding customs duties.⁴⁵⁰

Unless a transaction is otherwise exempted, VAT is imposed at each stage of production based.⁴⁵¹ Generally, VAT paid on purchases and imports is creditable against the tax collected on sales, provided the purchases and imports may be treated as costs or expenses for income tax purposes.⁴⁵² VAT paid on the acquisition, importation, construction or production of fixed assets is creditable against income tax (see V.B.7.b., below).⁴⁵³ In this case, the VAT is not creditable for VAT purposes.

VAT is levied at a general rate of 19% on both goods and services.⁴⁵⁴ Special rates of 0% and 5% apply in certain cases, such as those listed in articles 468-1 (goods subject to the 5% rate) and 468-3 (services subject to the 5% rate) of the Tax Code.

The Colombian VAT system distinguishes between taxable, excluded (i.e., not subject to tax) and exempt or zero-rated transactions.⁴⁵⁵ Only persons that engage in taxable or exempt transactions are entitled to credit the VAT paid on their inputs for VAT purposes.⁴⁵⁶ In addition, persons that carry out exempt transactions (i.e., exporters) are entitled to claim a refund of credit balances resulting from VAT returns, a possibility that is generally not afforded to persons carrying out taxable transactions.⁴⁵⁷

For further research on Colombia's VAT system, see the VAT Navigator.

E. Capital Investment Tax

Colombia has no capital investment tax.

F. Payroll Tax

See II.E.3., above.

G. Trade Tax

Colombia has no trade tax.

H. Wealth Tax

During the fiscal years 2007–11, income taxpayers who had a net worth exceeding COL 3 billion were subject to a net worth tax. Only certain items specifically designated by law, such as shares in Colombian companies, were excluded from the tax base. The applicable rate was 1.2% for each of the years 2007 to 2010 and of 2.4% or 4.8%, depending on the net worth of the taxpayer, for the year 2011 (the tax for 2011 being payable in eight installments, between 2011 and 2014).⁴⁵⁸ It should be noted that, for 2011, net worth for purposes of the tax was measured as of January 1 of that year (even though the deadline for payment was extended until 2014) and, therefore, it does not take into account later changes in the net worth of the taxpayer nor does it affect entities created after that date.⁴⁵⁹

⁴⁴¹ Col. Tax C., art. 420, para. 3.

⁴⁴² Col. Tax C., art. 437.

⁴⁴³ Col. Tax C., art. 437, para. 5. This limit shall be of 4,000 UVT for those individuals who generate their income from contracts with the Government.

⁴⁴⁴ Col. Tax C., art. 437, para. 5. This limit shall be of 4,000 UVT for those individuals who generate their income from contracts with the Government.

⁴⁴⁵ Col. Tax C., art. 437, para. 5. This limit shall be of 4,000 UVT for those individuals who generate their income from contracts with the Government.

⁴⁴⁶ Col. Tax C., art. 908, num. 1. Covering small shops, minimarkets, micro markets, and hairdressers (Activity 1).

⁴⁴⁷ Col. Tax C., art. 437, para. 4.

⁴⁴⁸ Col. Tax C., art. 437, para. 4.

⁴⁴⁹ Col. Tax C., art. 447.

⁴⁵⁰ Col. Tax C., art. 459.

⁴⁵¹ One exception to this rule concern some petroleum derivatives with respect to which VAT is due only in the case of operations entered into by the producer or importer (or their related parties). Col. Tax C., art. 444.

⁴⁵² Col. Tax C., art. 488.

⁴⁵³ Col. Tax C., art. 258-1.

⁴⁵⁴ Col. Tax C., art. 468.

⁴⁵⁵ Col. Tax C., arts. 424, 477, 481.

⁴⁵⁶ Col. Tax C., arts. 485, 489, 490.

⁴⁵⁷ Col. Tax C., art. 850.

⁴⁵⁸ Law 1111/2006, art. 29

⁴⁵⁹ Col. Tax C. art. 294-1.

Law 1739 of 2014 introduced a net worth tax called the wealth tax for fiscal years 2015 to 2017 (and 2018 for individuals). Then, Law 1943 of 2018, once again introduced a net worth tax for fiscal years 2019, 2020 and 2021. Although Law 1943 was declared unconstitutional, it was effective for fiscal year 2019. This tax was then re-introduced by Law 2010 of 2019 for fiscal years 2020 and 2021.

Law 2155 of 2021 neither extended the duration of the net worth tax introduced by Law 2010 of 2020, nor did it create a new one. However, Law 2277 of 2022 permanently reintroduced a net worth tax for the following individuals or entities who — from January 1 of each year — hold net equity (gross assets minus debts) that is equal to or higher than 72,000 UVT,⁴⁶⁰ based on the value of their assets, unless otherwise provided under international treaties or domestic law:

(i) Individuals and unliquidated successions that are income taxpayers in Colombia, on their worldwide wealth;

(ii) Foreign or Colombian individuals that are non-tax residents, with respect to their wealth held in Colombia (directly or indirectly through a PE situated in Colombia), according to the equity attributable to the PE in accordance with article 20-2 of the Col.Tax.C.;

(iii) Unliquidated successions of individuals who were non-tax residents in Colombia at the time of their death, with respect to their wealth held in Colombia; and

(iv) Foreign entities that are not income taxpayers in Colombia, with respect to their wealth held directly in Colombia (e.g., real property, yachts, artwork, among others), excluding shares, accounts receivable and portfolio investments (that comply with the foreign exchange regime) in accordance with article 2.17.2.2.1.2 of Decree 1068 of 2015 and article 18-1 of the Tax Code.⁴⁶¹

Individual taxpayers are entitled to deduct the first 12,000 UVT of their residential property from their taxable base.⁴⁶³

The following rules show how to determine the taxable base:⁴⁶⁴

(i) The value of the shares of national entities that are not listed on the Colombian stock exchange or on any other known international stock exchange (according to the Colombian Tax Authority) is the fiscal cost updated annually based on Art.73 of the Col.Tax.C. from the date of its acquisition. Shares or quotas that were acquired prior to 2006, shall be deemed to have been acquired after 2006. If the intrinsic value of the shares is lower than the fiscal cost accrued, the intrinsic value will be used as part of the tax base instead of the fiscal cost;

(ii) The value of the shares of national entities that are listed on the Colombian stock exchange or on any other known international stock exchange (according to the Colombian Tax Authority) is the average stock market price for the year or fraction of year of the immediate prior year; and

(iii) Participation in private interest foundations, trusts, cash value life insurance, investment funds or any other fiduciary business abroad based on articles 271-1 and 288 of the Col.Tax.C., will be assimilated to fiduciary rights.

The wealth tax's rate is progressive and should be determined as follows:⁴⁶⁵

UVT		Rate
From	To	
>0	72.000	0%
>72.000	122.000	0.5%
>122.000	239.000	1%
>239.000		1.5% This tax rate will only be applicable until 2026. From 2027 the tax rate will be increased by 1% according to the rules and thresholds mentioned before.

The net worth tax is neither deductible nor creditable against the income tax.⁴⁶⁶ Taxpayers not liable for the net worth tax may file the return and pay it voluntarily.

I. Consumption Tax

Colombia levies a national consumption tax on the following:⁴⁶⁷

(i) Mobile communication, internet and data services are taxable at a rate of 4% of the price charged to the consumer, not including sales tax. The taxable base for this service will be the amount exceeding 1.5 UVT.

(ii) Motor vehicles, ships, aircraft, and other vehicles referred to in articles 512-3 and 512-4 of the Tax Code are taxable at a rate of 8% or 16% (depending on certain characteristics) of the total value paid by the acquirer, excluding sales tax. Article 512-5 of the Tax Code, in turn, excludes some vehicles (for example, cars, taxis and other public service vehicles classifiable under tariff heading 87.02, 87.03, and 87.04) from the imposition of this tax. Thus, sales of motor vehicles, ships, aircraft and other vehicles referred to in articles 512-3 and 512-4 are not subject to this tax if they are considered fixed assets of

⁴⁶⁰ Col. Tax C., art. 294-3.

⁴⁶¹ Decree 1068/2015, art. 2.17.2.2.1.2.

⁴⁶² Col. Tax and Customs Admin. Ruling 10028192-619/2023 confirms that the taxable base of this tax for foreign companies that are not income tax payers in Colombia corresponds to the company's gross equity as at January 1 of each year in Colombia, minus any debts owed by the company as at January 1 of each year, excluding the value of shares, accounts receivable, and/or portfolio investments owned in Colombia.

⁴⁶³ Col. Tax C., art. 295-3.

⁴⁶⁴ Col. Tax C., art. 295-3.

⁴⁶⁵ Col. Tax C., art 296-3.

⁴⁶⁶ Col. Tax C., art. 298-6.

⁴⁶⁷ Col. Tax C., art. 512-1.

the seller. This excludes vehicles, the sale of goods in the name and on behalf of third parties, and aircraft.

(iii) Food and beverage services rendered in restaurants, cafeterias, self-service shops, ice cream shops, fruit shops, and bakeries, for table service, take out or deliveries, as well as catering and food and alcoholic beverage services in bars, taverns and discos, are taxable at a rate of 8%.⁴⁶⁸ The consumption tax does not apply when the sale of food and beverages is carried out through franchising activities (VAT will apply instead).

The sale of goods and services carried out in the Amazonas and San Andres, Providencia and Santa Catalina departments are excluded from this tax with the exception of the sale of yachts, ships and boats under tariff heading 89.03, when the free-on-board (FOB) value exceeds 30,000 UVT and helicopter and airplanes for private use, under tariff heading 88.02.⁴⁶⁹

Individuals rendering services in bars and restaurants with a gross income below 3,500 UVT and with no more than one ongoing concern, are not taxpayers for purposes of the consumption tax.⁴⁷⁰

For fiscal year 2022, taxpayers under the simple taxation system, will not be liable for the national consumption tax of restaurants and bars, provided they only sell food and beverage as referred to in numeral 4, Art.908 of the Tax Code.

1. Medical Cannabis

The national consumption tax on medical cannabis is levied on the sale of products processed from psychoactive or non-psychoactive cannabis,⁴⁷¹ on the date on which the invoice or equivalent document is issued, or at the time of delivery, depending on the taxable event.⁴⁷²

The person liable for the consumption tax on medical cannabis is the processor, meaning the purchaser or producer of cannabis, regardless of whether the cannabis is psychoactive or non-psychoactive. The taxable base is the total value of the final product of the processor or the person responsible for the tax, not including the sales tax.⁴⁷³ The tax is levied at a general rate of 16% of the total value of the final product in any of its incarnations.⁴⁷⁴ The tax is a deductible cost for income tax purposes.

The consumption tax on medical cannabis may not be set off against the sales tax (VAT).⁴⁷⁵

2. Plastic Bags

As a national consumption tax on plastic bags is levied on the delivery of any plastic bag whose purpose is to carry products sold by an ongoing concern.⁴⁷⁶ In all cases, the invoice or equivalent document must expressly state the number of bags and the amount of tax levied.

The tax rate is COP\$70.

This rate will be updated annually by a percentage equivalent to the variation in the consumer price index certified by the Administrative Department for Statistics (DANE), as of November 30 of each year, rounded to the nearest peso. The DIAN will certify and publish the updated rates before January 1 of each taxable year.

Taxpayers for the purposes of this tax are individuals and legal persons that are subject to the common VAT system.

The consumption tax on plastic bags cannot be treated as a deductible cost or tax.

The rate for plastic bags that carry some environmental benefit is 0%, 25%, 50%, or 75% of the total value of the tariff, according to their level (from 1 to 4) of impact on the environment and public health, as defined by the Ministry of Environment and Sustainable Development.

Under the new law, the Ministry of Environment is required to carry out a study of industry standards on the level of degradability of plastic materials in landfills, as well as studies on the characterization of plastics as waste and feasible environmental solutions for them.

The following plastic bags are not subject to this tax:⁴⁷⁷

- (i) Bags whose purpose is not to load or carry products purchased from an on-going concern;
- (ii) Bags that are used as packaging material for pre-packaged products;
- (iii) Biodegradable bags certified by the Ministry of Environment and Sustainable Development; and
- (iv) Reusable bags that, according to the regulations, possess technical and mechanical characteristics that allow them to be used a number of times without requiring any transformation process.

J. Fuel Tax

The national tax on gasoline and diesel fuel is levied on the sale, withdrawal of inventory, importation for own consumption or importation for sale of gasoline and diesel fuel, and is only triggered once, depending on which taxable event occurs first.⁴⁷⁸ The tax is levied on a sale made by a producer, on the date on which the relevant invoice is issued; on a withdrawal of inventory, on the date of the withdrawal; and on import, on the date on which the gasoline or the diesel fuel is imported.

The amount of the tax is COP 663.16 per gallon of regular and COP 1,258.66 per gallon of premium gasoline, and COP 634.74 per gallon of diesel fuel, as adjusted on February 1 of each year, based on the inflation rate for the previous year.⁴⁷⁹

The sale of marine diesel and fuel used to refuel ships in international traffic is considered an export and, therefore, such refueling is not subject to tax.

The Ministry of Mines and Energy is responsible for distributing fuel in provinces or *departamentos* located in border

⁴⁶⁸ Col. Tax C., arts. 512-8 to 512-13.

⁴⁶⁹ Col. Tax C., art. 512-7.

⁴⁷⁰ Col. Tax C., art. 512-13.

⁴⁷¹ Col. Tax C., art. 512-17.

⁴⁷² Col. Tax C., art. 512-21.

⁴⁷³ Col. Tax C., art. 512-19.

⁴⁷⁴ Col. Tax C., art. 512-20.

⁴⁷⁵ Col. Tax C., art. 512-21.

⁴⁷⁶ Col. Tax C., art. 512-15.

⁴⁷⁷ Col. Tax C., art. 512-16.

⁴⁷⁸ Law 1607/2012, art. 167.

⁴⁷⁹ Law 1607/2012, art. 168. Updated rates according to Ruling 08/2025 issued by Colombian National Tax Authority (DIAN), effective from February 1, 2025.

zones. Such distribution is exempt from sales tax, customs duties and the tax on gasoline and diesel fuel.⁴⁸⁰

K. Carbon Tax

The national tax on carbon is levied on the sale, withdrawal of inventory, importation for own consumption or importation for sale of fossil fuels, including all oil products and all types of gas used for energy purposes, provided such fuels are used for combustion processes, and is only triggered once, depending on which taxable event occurs first.⁴⁸¹

The sale of marine diesel and fuel used to refuel ships in international traffic is considered an export. Consequently, refueling is not subject to tax.

The amount of the tax is COP 27,399.14 per ton of CO₂ and the amount per unit is as follows, depending on the product.⁴⁸²

Fossil Fuel ⁴⁸³	Unit	Amount
Natural gas	Cubic meter	COP 42.16
Liquefied petroleum gas	Gallon	COP 179.10
Gasoline	Gallon	COP 197.93
Kerosene	Gallon	COP 263.30
Jet fuel	Gallon	COP 269.98
Diesel fuel	Gallon	COP 223.69
Fuel oil	Gallon	COP 318.10
Carbon	Tons	COP 69,787.61

The above rates are adjusted on February 1 of each year, based on the inflation rate for the previous year, plus one point, until it is equivalent to one UVT per ton of CO₂. Consequently, the values per unit of fuel will grow at the same rate.

The tax on carbon is deductible for income tax purposes at an adjusted value, in accordance with article 115 of the Col. Tax C. and article 222 of Law 1819 of 2016 (paragraph 2) modified by article 48 of Law 2277 of 2022, and should be determined as follows:⁴⁸⁴

Year	Rate
2023 and 2024	0%
2025	25% of the fixed rate
2026	50% of the fixed rate

⁴⁸⁰ Law 1607/2012, art. 173.

⁴⁸¹ Law 1819/2016, art. 222.

⁴⁸² Law 1819/2016, art. 222. Updated rates according to Ruling 08/2025 issued by the Colombian National Tax Authority (DIAN), effective from February 1, 2025.

⁴⁸³ Carbon Tax for Gasoline Jet Fuel and Diesel Fuel will be of 0% in the Amazonas, Caquetá, Guainía, Vichada, Guaviare, Putumayo, Vaupes and the municipalities of Sipí, Riosucio, Alto Baudó, Bajo Baudó, Acandí, Unguía, Litoral de San Juan, Bojayá, Medio Atrato, Bahía Solano, Juradó and Carmen del Darién in Choco, provided those municipalities and departments neither carry out exploitation activities nor refining of fuels.

⁴⁸⁴ Law 1819/2016, art. 222, par 6.

2027	75% of the fixed rate
2028 onwards	100% of the fixed rate

Law Decree 175 of 2025 established a temporary tax on the sales of fossil fuels and coal extracted from Colombian national territory. This tax applies, at present, on the first sale or export and specifically covers the exploitation of coal, briquettes, ovoids, and other similar solid fuels containing carbon, as well as crude oils derived from petroleum or bituminous minerals. The tax rate is set at 1% of the sales value for transactions within the national territory and 1% of the Free on Board (FOB) value for exports. The provisions of this decree remain in effect until December 31, 2025.

L. Local Taxes

1. Industry and Commerce Tax

Industry and commerce tax (ICA) is a turnover tax levied by the municipalities on all commercial, industrial and services activities performed within their jurisdiction, whether directly or indirectly, by individuals, corporations and other legal entities.

The taxable base for ICA purposes comprises all ordinary and extraordinary income less: (i) income attributable to exempt or excluded or activities that are not subject to tax; (ii) refunds, rebates and discounts; (iii) the value of exported goods or services; and (iv) the amount of fixed assets sold in the corresponding taxable period.⁴⁸⁵ Each municipality is free to fix an applicable tax rate within the following ranges, established by law: (i) 0.2% to 0.7% for industrial activities; and (ii) 0.2% to 1% for commercial activities and the rendering of services. In the case of Bogota, rates can theoretically range from 0.2% to 3%, but the enacted rates range between 0.414% and 1.104%. The relevant municipal authorities establish the special requirements and filing dates that must be met by taxpayers (in practice, this has been bi-monthly for Bogota and annual for most other municipalities).

Liability for ICA is mainly determined by the jurisdiction in which the relevant industrial or commercial activity is performed, or in which the relevant service is rendered. However, other rules may be applicable, as follows:⁴⁸⁶

(i) In the case of industrial activities, income is subject to tax in the jurisdiction in which a factory is located, the tax liability in that jurisdiction being determined based on the gross income derived from the commercialization of the goods that have been produced in that factory.

(ii) In the case of commercial activities:

- Income from activities carried on through an ongoing concern is subject to tax in the jurisdiction in which the ongoing concern is located;
- Income from activities carried on not through an ongoing concern is subject to tax in the jurisdiction in which the relevant sale is concluded;

⁴⁸⁵ Decree 1333/1986 art. 196.

⁴⁸⁶ Law 1819/2016, art. 343.

- Income from direct sales to consumers via mail, catalogs, online purchases, telemarketing and electronic sales is subject to tax in the jurisdiction in which the goods or merchandise are shipped; and
- Income from investment activities is subject to tax in the jurisdiction in which the headquarters of the investing company are located.

(iii) In the case of the rendering of services, income is subject to tax in the jurisdiction in which the relevant service is rendered, subject to the following exceptions:

- Income from transportation services is subject to tax in the jurisdiction from which the goods are shipped or from which passengers take off;
- Income from subscription television and internet services and fixed telephony is subject to tax in the jurisdiction in which the subscriber to the relevant service is located; and
- Income from mobile telephone, mobile navigation and data services is subject to tax in the user's domicile as registered at the time the original contract for the relevant service is signed or in a document updating that contract.

2. Municipal Real Estate Tax

Owners and tenants (among other kinds of taxpayers) of real property must make annual payments of municipal real estate tax. Every municipality (or district in some cases) can establish an applicable rate within a range of 0.1% to 3.3% of the real property appraisal.⁴⁸⁷

Rates for most types of real property range from 0.1% to 1.6%, while rates of between 1.6% and 3.3% are normally reserved for undeveloped urban land. The appraisal to be used for computing the tax cannot be lower than the administrative appraisal (known as the “*avalúo catastral*”) which, in principle, should not be lower than 60% of the market value of the property.⁴⁸⁸

M. Registration Tax

For a discussion of the registration tax, see V.C.1., below.

N. Plastics Tax

Article 51 of Law 2277 of 2022 introduced a new tax in Colombia on single-use plastic products used for wrapping or packaging goods. The tax applies to sales by producers, withdrawals for own consumption, and imports of single-use plastic products used to wrap, pack, or package goods (except those used to wrap, pack or package medicines and hazardous waste). It does not apply to sales of goods already wrapped, packed, or packaged in single-use plastic products.

The tax is calculated based on the weight of the plastic in grams at the rate of 0.00005 UVT per gram.⁴⁸⁹ The taxpayer is the relevant producer or importer who is responsible for the collection and payment of the tax to the Colombian Tax Authority.

Certain plastic products, such as items listed in Paragraph 5 of Law 2232 of 2022, are exempt from single-use plastic products tax.

The tax is not deductible or creditable against income tax. Penalty for the failure to declare the tax is equivalent to 20% of the value of the tax that should have been paid.⁴⁹⁰

O. Junk Food Tax

1. Sugary Beverages

An excise tax on ultra-processed sugary beverages is levied on their production, sale, withdrawal for inventory or any other act that involves an ownership transfer (free or for a consideration) and its import (including power blends).⁴⁹¹ It is imposed upon issuance of an invoice or equivalent document or, in the absence thereof, at the time of delivery or withdrawal or on the date of nationalization of imported beverages.⁴⁹²

Producers or importers of such products are responsible for collecting and paying the Ultra-processed Sugar Sweetened Beverages Tax to the Colombian Tax Authority.⁴⁹³ However, producers and importers with gross taxable income below 10,000 UVT in the previous or current year are not subject to this tax.⁴⁹⁴

The taxable base is the sugar content in grams per 100 milliliters of the beverage. The tax rates vary depending on the year in question and the sugar content of the beverage:⁴⁹⁵

Content in 100 ml	Tax Rate: 2023	Tax Rate: 2024
Less than 6 grams of added sugar	\$0	\$0
Equal or more than 6 grams and less than 10 grams of added sugar	\$18	\$28
Equal or more than 10 grams of added sugar	\$35	\$55

Content in 100 ml	Tax Rate: 2025
Less than 5 grams of added sugar	\$0
Equal or more than 6 grams and less than 10 grams of added sugar	\$38
Equal or more than 10 grams of added sugar	\$65

From 2026 onwards, the tax rate will be adjusted annually on January 1 by the same percentage as the increase in the UVT.⁴⁹⁶

⁴⁸⁷ Law 1450/2011, art. 23.

⁴⁸⁸ Law 1450/2011, art. 24.

⁴⁸⁹ Law 2277/2022, art. 51

⁴⁹⁰ Col. Tax C., art. 643(11).

⁴⁹¹ Col. Tax C., art 513-1.

⁴⁹² Col. Tax C., art 513-5.

⁴⁹³ Col. Tax C., art 513-2.

⁴⁹⁴ Col. Tax C., art 513-2.

⁴⁹⁵ Col. Tax C., art 513-3.

⁴⁹⁶ Col. Tax C., art 513-4.

The tax does not apply to exported products or donations to non-profit food banks qualifying for the special tax regime or products recognized by the Ministry of the Interior. Other exempted items include baby formulas, medicines with added sugar, liquid or powder products for nutritional therapy and electrolyte solutions for oral consumption to prevent dehydration.⁴⁹⁷

The tax on ultra-processed sugar sweetened beverages is a deductible cost, for income tax purposes, for buyers under Article 115 of the Tax Code. It is not creditable for VAT purposes. The invoice must explicitly specify the amount of tax levied, independently of VAT.

This tax is not levied on the export of the relevant products and the donation by the producer or importer to food banks that are considered as non-profit entities under the special tax regime or food banks of the churches recognized by the Ministry of the Interior.

This tax is deductible for income tax purposes for the buyers (as per Article 115 of the Tax Code) and not deductible for VAT purposes.

2. Ultra-processed Food

This tax is levied on the production, sale, inventory withdrawals, any transfer of ownership and importation of ultra processed food products that contain added sugars, sodium, and saturated fats exceeding accepted nutrient thresholds. For these purposes, ultra-processed products are defined as industrially manufactured formulations made from substances derived from food or synthesized from other organic substances. The main ingredients in ultra-processed products are typically additives such as emulsifiers, stabilizers, flavorings, and preservatives.

The tax on industrially ultra-processed edible products and/or with a high content of added sugars, sodium or saturated fats applies to products with nutritional values exceeding the following thresholds for sodium, sugar and saturated fats:⁴⁹⁸

Nutrient	Per 100 g
Sodium	Equal or more than 1mg/kcal and/or equal or more than 300 mg/100 g
Sugar	Equal or more than 10% of the total energy from free sugars
Saturated fats	Equal or more than 10% of the total energy from saturated fats

The producers and importers are responsible for the collection and payment of the tax.⁴⁹⁹ However, producers and importers with gross taxable income below 10,000 UVT in the preceding or current year are not subject to this tax. They may, however, make tax-exempt donations to food banks operating under non-profit status or those affiliated to churches recognized by the Ministry of Interior.

The tax rates are progressive: 10% for the fiscal year 2023, 15% for 2024, and 20% from 2025 onwards. The tax is calcu-

lated based on the sale price of the relevant domestically produced goods, commercial price for inventory withdrawals, and the assessed value for customs duties in the case of imports. This tax does not apply to exported products.

Certain food items, such as sausage, mortadella, butifarra, corn, flour, groats, semolina, bread, wafers and vegetables preserved in vinegar or acetic acid, are also exempt.

This tax is deductible for income tax purposes for buyers (as per Article 115 of the Tax Code). It is not creditable for VAT purposes. Invoices must explicitly specify the amount of tax levied, independently of VAT.

The tax on ultra-processed edible products and/or with a high content of added sugars, sodium or saturated fats is designed to discourage the consumption of unhealthy food and generate additional public resources that contribute to the financing of the national health system.

P. National Stamp Tax

The National Stamp Tax was first introduced by Law 43 of 1986 and subsequently modified by Law 1111 of 2006. This tax was levied at a rate of 1% until 2008, 0.5% until 2009 and at a rate of 0% from 2010 until 2022.

Following changes introduced by Law 2277 of 2022, transfers of real estate property are subject to stamp tax as well as registration tax, except in the case of transfers of real estate with a value below 20,000 UVT. The stamp tax also applies to mortgage constitution or cancellation, including open mortgages.⁵⁰⁰

As from 2023, the rate of tax levied on public deeds concerning the sale of any real estate property with a value equal to or exceeding 20,000 UVT, will be determined according to the following table:⁵⁰¹

UVT Range	Marginal Rate	Tax Rate
0	20,000	0%
>20,000	50,000	1,5%
>50,000	>50,000	3%

In 2025, Decree Law 175 introduced a temporary change to paragraph 2 of Article 519 of the Colombian Tax Code, increasing the stamp tax rate from 0% to 1%, effective from February 22, 2025, until December 31, 2025.

However, these changes do not apply to real estate transactions. The stamp tax on real estate, specifically governing the transfer of real property, continues to be regulated by Law 2277 of 2022 and is subject to the provisions of paragraph 3 of Article 519.

The stamp tax applies to public instruments and private documents, including securities, when their value exceeds 6,000 UVT. The tax is triggered when these documents formalize the creation, existence, modification, extinction, extension, or assignment of obligations, and when they are granted or accepted within Colombia or generate obligations within the national territory. Additionally, the stamp tax applies when a public entity, a legal entity, or a natural person with merchant

⁴⁹⁷ Col. Tax C., art 513-5.

⁴⁹⁸ Col. Tax C., art. 513-6.

⁴⁹⁹ Col. Tax C., art. 513-7.

⁵⁰⁰ Col. Tax C., art 519.

⁵⁰¹ Col. Tax C., art 519. Para 3.

status (whose gross income or assets exceed 30,000 UVT in the preceding year) is involved as a grantor, acceptor, or subscriber.

The law also establishes a list of 52 exceptions to the stamp tax, including the importation of goods and services, as well as commercial offers accepted through purchase orders.

Other exemptions include documents formalizing the creation or modification of obligations related to external credit, and transactions involving shares, bonds, and their assignment or endorsement.