



*Tax Update on  
Colombia*

*June, 2018*

# Key Developments

## 1. Tax Havens

- A ruling from April, 2018 (#5961) upheld the position that Hong Kong continues to be a blacklisted jurisdiction until such a time the Government revises the list (currently compiled at Section 1.2.2.5.1 of Decree 1625 of 2016).

## 2. E-Invoicing

- After several conflicting messages, the Tax Office clarified that the 3 –month extension to adopt e-invoicing when there are technical issues will run from September 1st, 2018 for those taxpayers set to go live June 1st. To qualify for the extension, a request should have been submitted before June 1st, 2018

## 3. Non-residents may be required to register for VAT

- Draft regulations have been released that include operating procedures for non-residents required to register for VAT beginning July, 2018. The procedures include guidance on how to complete registration, filing frequency, invoice requirements as well as ability to remit and pay VAT outside Colombia. The obligation to register will apply to non-resident services providers rendering taxable services in or into Colombia to customers that are not registered for VAT.

## 4. Recruiting services by non-residents may attract withholding tax

- In ruling 006441 of March, 2018 the Tax Office approached recruiting of engineering and energy systems personnel as being technical services, thereby subject to withholding tax at 15% when recruiter is a non-resident. The ruling's rationale is that to the extent expert and technology-driven knowledge is needed by recruiter to consider and conclude on suitable candidates, the recruiter's work is within the meaning of technical services.

## 5. Cloud Computing vs withholding tax

- A Tax office ruling (#0065) of February, 2018 takes the view the cloud computing and platform as a service are forms of technical services, the consideration of which is subject to withholding tax at 15% when rendered by non-residents. The ruling also suggests that these services, if imported into Colombia, are also subject to VAT (the ruling is silent on the VAT exemption on cloud computing introduced beginning January 1st, 2017).

## 6. Cash taxes

- A draft regulation proposes for self-withholding tax on exports of hydrocarbons to 3% (up from 1,5%), while leaving the 1% for mining products unchanged.