

## Tax Reform Passed & Enacted Law 2155 of Sept. 2021

### 1. Corporate Income Tax

- For financial institutions, the CIT rate is to rise to 38% (3% surcharge through 2025) beginning 2022 where taxable income exceeds over USD 110.000 (approximately) . Surcharge to be paid in advance.
- For infrastructure projects run by concessions and public/private partnerships, the carryback and carryforward rules to offset excesses of tax profits against untaxed book profits will run for 10 years (up from 2 and 5 years, respectively).
- Creditability of 50% of ICA (turnover tax against CIT to continue in 2022 and beyond (instead of 100% beginning 2022 as originally written).
- Exemption for orange economy-targeted businesses (creative activities and high tech added value industries) to reduce to 5 years (down from 7 years) as well as to be available for companies incorporated before June 30th, 2022 (formerly December 31, 2021). The minimum investment requirement is repealed.

#### Key points

CIT rate to increase to 35% beginning 2022 on a going forward basis (up from 30% from 2022)

### 2. NORMALIZATION (AMNESTY) TAX

#### Key points

To apply at 17% to taxpayers coming forward with under-reported assets or unsupported liabilities.

This window of opportunity is to apply only for 2022 and a 50% prepayment is to be remitted in 2021

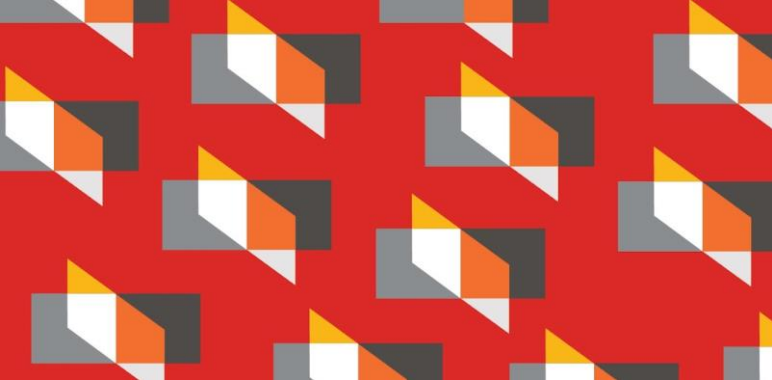
- Taxable base to be the asset's tax basis or fair market value as set by the taxpayer (to reduce to 50% for taxpayers that repatriate for at least 2 years under-reported assets held overseas.
- Undisclosed assets or non-existent liabilities as of January 1, 2022, in scope and to be reported in the income tax return.
- The reporting of these assets or recognition of unsupported liabilities under this program is not to create adverse tax consequences for the taxpayer.



### 3. Simplified (SIMPLE) Tax Regime

- Threshold to access this regime is enhanced to over USD 540.000 (up from USD 77.800 approx.)

- Deadline to register is enhanced to the last working day of February (formerly January 31).



## 4. VAT: Key points

### a. VAT-free days

Program to continue subject to certain changes under Decree Law 682 of 2020 including:

- (i) Cash accepted as a payment method on VAT free days.
- (ii) Appliances category to include any using gas or solar sources of energy to work.

### b. Other

- The temporary zero rate treatment for the provision of hotel and tourism services to residents of Colombia to last through December 31, 2022.
- For 2022, registered SIMPLE taxpayers running restaurants and bar businesses will not be subject to VAT & excise tax.
- Imports of tangibles valued not in excess of USD\$200 to be subject to VAT at 19% unless an exemption is available or VAT protected under a trade agreement.
- Automatic refund processing available for producers of exempted items under Section 277 subject to 100% of input VAT being supported by e-invoices.



## 5. DIGITAL ECONOMY

Online marketplaces and e-commerce platforms to make available e-invoicing means for issue and delivery to customers.

## 6. JOB RECOVERY INCENTIVES

- Employment Support Program - PAEF to be extended through December 2021 for employers who as of March 2021 had 50 employees on payroll at maximum,
- An “incentive for the creation of new jobs” is introduced to provide financing for labor costs such as social security and payroll taxes to employers that create new jobs under certain circumstances through the end of August 2023
- A financial incentive will be available for employers adversely impacted by the social unrests and protests occurred in 2021, subject to certain conditions.

## 7. MISCELLANEOUS RULES

- Tax Office to receive authority to register for tax purposes any individuals subject to tax obligations.
- Definition of final (effective) beneficiary for tax purposes is adjusted to conform with international standards.
- A specific form of tax assessment via invoicing is created to expedite procedures.

## 8. TAX AMNESTY

- 20% of penalties and delay interest over:

a) National and territorial taxes & levies & obligations	As a consequence of, or aggravated by the Covid-19 pandemic
b) Outstanding as of June 30, 2021.	
a) Provided payment is made, or facility for payment executed, through December 31, 2021	

## 9. Rules for Early Termination of Tax & Customs & Exchange law Litigation (Deadline to apply: April 30th, 2022)

	if Lawsuit filed with Court as of June 30, 2021		Penalty	Disputed Refund Claims
	One or single instance Disputes	Second instance Disputes	N/A	N/A
Reduction of:	80% of penalties, interest & indexation	70% of penalties, interest & indexation	50% of penalties	50% of penalties 50% of delay interest
If payment made for:	<ul style="list-style-type: none"> <li>✓ 100% of the litigated tax.</li> <li>✓ 20% of penalties, interest &amp; indexation.</li> </ul>	<ul style="list-style-type: none"> <li>✓ 100% of the litigated tax</li> <li>✓ 30% of the penalties, interest and indexation.</li> </ul>	50% of penalties	<ul style="list-style-type: none"> <li>✓ 50% penalties</li> <li>✓ Payment of the disputed refund amount.</li> <li>✓ 50% of delay interest.</li> </ul>

## 10. Rules for Early Termination of Tax & Customs and Exchange law Assessments & Penalty notices (Deadline to apply: March 31, 2022)

	Assessments, Resolutions and Appeals	Penalty Notices	Penalties for non-filing of Returns and Related Appeals.	Penalty for Disputed Refund Claims
Reduction of:	- 80% of penalties & interest	50% of indexed penalties	70% penalties and interest	50% of penalties 50% of interest
If payment made for:	<ul style="list-style-type: none"> <li>- 100% of the assessed tax.</li> <li>- 20% of penalties &amp; interest</li> </ul>	50% of indexed penalties	<ul style="list-style-type: none"> <li>✓ 100% of the assessed tax</li> <li>✓ 30% of penalties and interest</li> </ul>	<ul style="list-style-type: none"> <li>✓ 50% of penalties</li> <li>✓ Payment of the disputed refund amount</li> <li>✓ 50% of delay interest</li> </ul>

### Contacts

Carlos Chaparro  
Lead partner  
[carlos.chaparro@pwc.com](mailto:carlos.chaparro@pwc.com)

Nacira Lamprea  
Partner  
[Nacira.lamprea@pwc.com](mailto:Nacira.lamprea@pwc.com)

Angela Liliana Sánchez  
ITS Partner  
[angela.liliana.sanchez@pwc.com](mailto:angela.liliana.sanchez@pwc.com)

Alba Gómez  
Director  
[Alba.gomez@pwc.com](mailto:Alba.gomez@pwc.com)

Miguel Ángel Fandiño  
Manager  
[Miguel.fandiño@pwc.com](mailto:Miguel.fandiño@pwc.com)

María Mónica Archila  
Manager (Medellín)  
[María.monica.archila@pwc.com](mailto:María.monica.archila@pwc.com)

Lina Toro  
Manager (Cali)  
[lina.toro@pwc.com](mailto:lina.toro@pwc.com)

Maria f Castillo  
Manager (Barranquilla)  
[Maria.F.Castillo@pwc.com](mailto:Maria.F.Castillo@pwc.com)