


Colombia

<p>This guide is an overview of the Mexico's Value Added Tax ("VAT") system, focussed on how it affects foreign businesses trading with the Mexico. It is general in nature and unlikely to cover the specifics of your scenario. It should be read as such and not be construed as advice. For advice as to how your business is affected by Colombia VAT please contact a Kreston Global Colombia VAT specialist</p>	<p>Colombia: IVA / Impuestos Indirectos</p> <p>CP Lucy Yadira Castro Rodriguez gerenciacentro1@kreston.co</p> 
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Tax name	IVA – Added Value Tax	
Who is the Tax Authority?	The Tax Authority in Colombia DIAN – Dirección de Aduanas e Impuestos Nacionales (National Agency for Customs and Taxes)	
What type of tax is it?	The Added Value Tax –IVA– is a national indirect tax applied to goods and services.	
How is it generated?	<p>Generating Fact</p> <p>As per Article 420 of the Tax Statute, the following facts generate IVA:</p> <ul style="list-style-type: none"> • The sale of tangible property, furniture and real property, except those expressly excluded. • The sale or transfer of rights of intangible assets only associated with the industrial property. • Services provided in the country or abroad, not expressly excluded. • The import of tangible property not expressly excluded. • The circulation, sale or operation of chance and luck games, except for lotteries and those of gambling and luck games operated exclusively via internet. It is important to consider that the luck and gambling games, the IVA is applied at the time the bet is placed, when the document, form, ticket or instrument to participate in the game is issued. Therefore, the game operator is responsible for the tax. <p>This tax will not be applied to the sale of active assets, except that it deals with exceptions provided for the real estate properties for residential use, automotive or any other fixed assets that usually are sold to and by a third party, and for the aerodynes.</p>	
What are the types of IVA?	Goods and services taxed	Those not classified as exempt, therefore a tax of 19% or 5% is applied
	Goods and services exempt	Those that have 0% tax
	Goods and services excluded	Those that are not taxed as expressly stated in the law
Retention Tax (total or partial)	Those are defined in article 437-2 of the Tax Statute, those that will act as retaining agents of the sales tax when acquiring taxed goods and services.	
What does an IVA number look like?	NA	
Is there a registration limit?	<p>There is no registration limit in the rules regarding the charging of IVA. There is no minimum basis, whereas, for IVA retentions, the minimum bases established for 2023 are:</p> <ul style="list-style-type: none"> • IVA retention for services \$170,000 • IVA retention for purchases \$1,145,000 	

When should a non-established company be registered?	As per article 555-2 of the Tax Statute, the registration of the Unique Tributary Registration (RUT) must be complied at the beginning of the economic activity between the competent offices and it applies to those taxpayers responsible for the Common Tax and those that belong to the simplified tax, the retaining agents, the importers, exporters and other customs users and those subjected to the obligations that are managed by the National Agency for Customs and Taxes
When is it considered that the goods are supplied within the Colombian territory?	<p>The tax administration has established the following bylaws:</p> <p>Art. 24 Tax Statute: "Income from a national source".</p> <ul style="list-style-type: none"> Income from a national source is that income from the exploitation of material and non-material goods within the country and the provision of services within the territory, in a permanent or transitory way, with or without its own facility. Income from national source is that one that results from the disposal of material and non-material goods, to any title, that are within the country at the time of the disposal.
Any special rule	None besides those already mentioned in the previous paragraphs.
Does a non-established company need a fiscal representative?	They have to register in the Unique Tax Registry RUT. They must comply with the formal obligation to register in the Unique Tax Registry -RUT
How often should the IVA declaration be filed?	Article 600 of the Tax Statute, indicates the requirements of each tax period of the sales tax which are classified as every two and four months.
Are there any sanctions due to late registration?	Yes, article 658-3 of the Tax Statute indicates the relative Sanctions for non-compliance with the timely registration of the RUT and the obtaining of the NIT.
Are there other situations in which sanctions are applied?	Yes, if the taxes are not declared or if the information is not accurate
Can the IVA paid to foreign companies be recovered?	<p>Yes, the IVA paid to foreign companies can be recovered, taking into account that when services are provided and IVA has to be paid, because they are of National Source, such billing company has to:</p> <ul style="list-style-type: none"> Register in the RUT Send an invoice for the services rendered File and pay the taxes in the terms indicated in article 437 of paragraph 2.
Can an IVA credit be given?	<p>Yes, in Colombia, it is called discounted IVA and it is regulated by the following articles:</p> <p>Article 488 of the Tax Statute: the taxes originated in operations that constitute cost or expense are discountable</p> <p>Art. 489. Discountable taxes susceptible to bimonthly tax refund.</p>
Do I need to issue an invoice?	For tax effect, all people or companies that are traders, that have liberal occupations or that provide services related to them, or that disposal of goods that result from agricultural or livestock activities, should issue an invoice or equivalent document, and keep a copy