Pérez-Llorca

Economic Restoration Act

TAX NEWSLETTER



Lower corporate income tax, new cost pressures, and opportunities to invest and regularize tax compliance. This initial draft of the bill proposes changes to income tax, wealth tax, VAT, excise taxes, and health care contributions, together with incentives for large-scale investments and options for paying outstanding liabilities and resolving tax, customs, and foreign exchange disputes.

Contents

Topics addressed

1. Individuals: How would their income tax liability change?
2. Companies: Lower income tax rates, a comprehensive assessment of costs
3. Wealth tax: Duration and thresholds
4. RUGE: Assess the incentive for your next investment
5. VAT: Pricing and refunds
6. Excise and Environmental Taxes
7. Payroll
8. Tax regularization and digital assets
9. Tax Office enforcement and dispute resolution
10. Proposed repeals: What would be eliminated?

Key proposals

1. A lower standard income tax rate, with new payroll burdens and VAT changes.
2. Reduced income tax benefits and a temporary, graduated wealth tax.
3. RUGE: Preferential rates and legal stability, subject to conditions.
4. Tax regularization and relief measures available through June 2027.

Translation conventions:

Monetary amounts are expressed in Colombian pesos (COP), with approximate U.S. dollar (USD) equivalents, unless another currency is specified. USD equivalents are illustrative, calculated at COP 3,221.19 per USD 1 using the TRM certified by the Colombian Financial Superintendence for November 5, 2026, and rounded to the nearest dollar, or to two decimal places for amounts below USD 100. They do not replace the statutory COP or UVT amounts. UVT refers to Colombia's tax value unit (***Unidad de Valor Tributario***). References to the Colombian Tax Code (CTC) are to the Colombian Estatuto Tributario. For VAT purposes, 'exempt' preserves the Colombian category exento (generally zero-rated, with associated input VAT credit and refund rights), while 'excluded' preserves excluido; these categories are not interchangeable. Colombian legal concepts and statutory references have been retained; this translation does not restate them as U.S. law.



Individuals: How would their income tax liability change?

The same income could result in a higher taxable base. The caps on employment-related tax benefits and on benefits within the general income category (***cédula general***) would be reduced. The combined 40% limitation would remain, but with a lower annual cap.

Item	Current rule / reference	Proposal and effect
Annual tax-free allowance	1,090 UVT (COP 57,087,660, c. USD 17,723)	720 UVT (COP 37,709,280, c. USD 11,707): Income tax liability would arise at a lower taxable base.
Annual cap on employment exemptions of 25%	790 UVT (COP 41,375,460, c. USD 12,845)	630 UVT (COP 32,995,620, c. USD 10,243): A lower maximum benefit.
Combined cap on exempt income and deductions	1,340 UVT (COP 70,181,160, c. USD 21,787), subject to the 40% limitation	1,180 UVT (COP 61,801,320, c. USD 19,186), with the 40% limitation retained.
Additional deduction per dependent	72 UVT (COP 3,770,928, c. USD 1,171) annually per dependent, for up to four dependents	This additional deduction would be eliminated, but the separate deduction under Article 387 of the Tax Code would remain.

2026 reference value of one UVT: COP 52,374, c. USD 16.26.

Monthly withholding would also change to align with the new progressive income tax schedule. For payments subject to the proposed schedule, the first 65 UVT (COP 3,404,310, c. USD 1,057) of the withholding base would not be subject to WHT. The next bracket, up to 95 UVT (COP 4,975,530, c. USD 1,545), would be subject to a 9% marginal rate. The maximum rate of 39% would apply to the amount exceeding 640 UVT (COP 33,519,360, c. USD 10,406), plus the applicable fixed amount. The special rules for earned income received outside an employment relationship and the exclusion of pension income qualifying as exempt income would remain.

Other matters to review include the proposed elimination of certain exemptions for representation allowances paid to judicial officers and to presidents and professors of public universities, as well as changes to the treatment of the inflation component of investment income. The treatment of the inflation component of interest and other financing costs and expenses under Article 41 CTC would continue to apply only to individuals and unsettled estates (***sucesiones ilíquidas***) that are not required to maintain accounting records. Income earned from lotteries, raffles, betting, and similar activities would be subject to Colombia's occasional gains tax (***impuesto de ganancias ocasionales***) at a rate of 30%.

Companies: Lower income tax rates, a comprehensive assessment of costs



The reduction of the standard income tax rate should be assessed alongside changes to payroll contributions, VAT, and industry-specific burdens.

Corporate income tax	Proposed for 2027	Proposed from 2028 onward
Standard rate, currently 35%	33%	31%
Covered entities subject to the surtax*	38%	36% through 2030

An additional five percent rate would apply to financial institutions, insurance and reinsurance companies, securities and agricultural commodity brokerage firms, exchanges for agricultural, agro-industrial, and other commodity goods and products, and securities market infrastructure providers, if taxable income reaches 120,000 UVT (COP 6,284,880,000, c. USD 1,951,105). An advance payment equal to 100% of the surtax, calculated using the prior year's taxable income base, would be payable in two equal installments.

The Global Minimum Tax would focus on large multinational groups, aligning it with OECD Pillar Two. The 15% adjusted effective tax rate would apply to resident parent entities and to affiliates, subsidiaries, branches, or permanent establishments of covered groups that are resident or located in Colombia, where the group's consolidated revenue for the preceding period is at least EUR 750 million, subject to the bill's exclusions and formulas. The

equivalent threshold would be calculated in Colombian pesos for groups resident in Colombia and in the currency of the parent entity's jurisdiction for foreign groups, using the average exchange rate for the preceding December. This would not be a 15% tax on gross revenue.



Wealth tax: term and thresholds

Wealth tax would return to its temporary version, applying from 2027 through 2030. For individuals subject to the tax, the taxable event would be holding net wealth of at least 95,500 UVT (COP 5,001,717,000, c. USD 1,552,754) on January 1 of each year, determined as gross assets less outstanding liabilities.

Proposed taxable base (UVT)	Equivalent in 2026 pesos*	Calculation
Up to 95,500 UVT	Up to COP 5,001,717,000, c. USD 1,552,754	No tax.
More than 95,500 UVT and up to 145,500 UVT	More than COP 5,001,717,000, c. USD 1,552,754 and up to COP 7,620,417,000, c. USD 2,365,715	0.5% of the amount exceeding 95,500 UVT (COP 5,001,717,000, c. USD 1,552,754).
More than 145,500 UVT	More than COP 7,620,417,000, c. USD 2,365,715	1% of the amount exceeding 145,500 UVT (COP 7,620,417,000, c. USD 2,365,715), plus 250 UVT (COP 13,093,500, c. USD 4,065).



RUGE: Assess the incentive for your next investment

An opportunity for large new projects funded by domestic or foreign investment. The Unified Regime for Business Stability (***Régimen Único para Generar Estabilidad Empresarial***, or RUGE per its acronym in Spanish) would require a domestic company or a branch of a foreign entity with an exclusive business purpose, no operating revenue as of the application date, and an eligible activity. The statutory threshold would be calculated using the UVT enforceable when the application is submitted.

Eligible sector	Proposed minimum investment	Period for full investment implementation
Infrastructure, energy, and natural resources	8,140,000 UVT (COP 426,324,360,000, c. USD 132,349,958)	8 years
Industry and the digital economy	5,530,000 UVT (COP 289,628,220,000, c. USD 89,913,423)	6 years
Agribusiness, tourism, services, and other eligible activities	2,580,000 UVT (COP 135,124,920,000, c. USD 41,948,758)	5 years

Excluded activities would include trade, financial and insurance activities, real estate, public administration and defense, households acting as employers, and extraterritorial organizations. For public-private partnerships (PPPs), the total period would be the contractual construction period, capped at ten years. The application would have to be submitted before more than 10% of the committed private investment has been implemented.

The regime would provide 16 years of legal stability for RUGE tax benefits and the income tax rate, as well as protection against new national taxes on the project vehicle's income or profits. It would also protect foreign exchange rights associated with foreign investment, including repatriation of capital and remittance of profits, and customs procedural rules, which could not be made more burdensome for the project, subject to the prescribed terms and limitations.

The income tax rate would be 20% if implementation begins in 2027 or 2028, or 26% if it begins in 2029 or later, with no surtaxes. Implementation would begin upon registration of the certificate of admission or, for PPPs, upon execution of the construction commencement certificate.

Other benefits: depreciation of up to 50% annually for the specified machinery, equipment, networks, computer, and telecommunications assets, and 10% for buildings and structures, without exceeding tax basis. For profits levied under the regime, dividends paid to nonresidents would be subject to a final 8% WHT; dividends paid to national companies would be subject to 8% WHT transferable to the UBO; general rules would apply to resident individuals.

As for customs, the provision would authorize the Government to establish temporary rates facilitating the importation of goods for projects under RUGE.

Deadlines and scope: Applications could be submitted through December 31, 2029, or December 31, 2031, for PPPs. The stability period would be 16 years. For PPPs, it would run from the construction commencement certificate and can't extend beyond the contract term. The project SPV´s would be excluded from the taxable base of the wealth tax or other national taxes on wealth; investors would be levied on their ownership interests under the rules in force at the outset. Among other taxes, VAT, property taxes, parafiscal charges, and social security contributions would not be affected.

Consideration and commitments. An annual premium equal to 0.1% of cumulative investment implemented as of the preceding year-end would be payable throughout the stability period. A guarantee of at least 2% of committed investment would be required. At least 40% of the investment would have to be implemented within two years after registration, and the full investment within the applicable sector-specific period. During implementation and the first five years of operation, at least 30% of purchases of goods and services would have to be made from domestic suppliers, excluding goods not produced domestically and land. One-third of that percentage would have to be allocated to micro, small, and medium-sized enterprises (MSMEs) or suppliers located in the relevant department, in addition to the supplier development plan. For PPPs, only eligible private investment would count, and the 40% milestone would have to be met within three years after the construction commencement certificate.

Legal stability would not be absolute. A subsequent statute could expressly apply, subject to a transition period. Electing to apply a subsequent, more favorable rule would require a complete and irrevocable waiver of stability for the relevant subject matter. RUGE benefits could not be combined with free trade zone, ZOMAC, or ZESE benefits, exempt income

under Article 235-2, or benefits under Legislative Decree 1413 of 2026. Projects located in areas designated as free trade zones would also be ineligible. Noncompliance could lead to a reduction or termination of the application, repayment of benefits, monetary adjustments, interest, or penalties, depending on the applicable grounds. If the termination or reduction is not attributable to the SPV, the repayment would be adjusted for monetary value, but no late-payment interest would apply.



VAT: pricing and refunds

Measures would take effect immediately, and a major reorganization would begin on January 1, 2028. The date and classification of each transaction would be decisive. First stage: Specific rules regarding vehicles and components, digital services, tourism, residential internet, and alcoholic beverages would be removed, in addition to the exemption for low-value imports explained below:

- **Regular mail and express shipments valued at up to USD 200:** regardless of origin. The low-value VAT exemption would be eliminated for all imports made through these methods whose value does not exceed USD$ 200, regardless of the goods or country of origin, and regardless of whether there is a free trade agreement (FTA) with Colombia. In other words, origin in a country with an FTA would not allow this exemption to be retained. This would not prevent the application of other applicable VAT exemptions or treatments for reasons other than the value of the shipment.

- **Elimination of the 5% rate beginning in 2028.** The lists of goods excluded from VAT, services excluded from VAT, and VAT-exempt goods would be replaced. Preferential treatment would apply only to expressly listed items, including medicines and pharmaceutical products as VAT-exempt goods, and supplementary and additional health plans as services excluded from VAT.

Other measures: VAT-exempt goods under the new Article 477 CTC would qualify for offsets and refunds, subject to its conditions. Beginning in 2028, retailers would be liable for VAT on regular and oxygenated gasoline. The taxable base would include the producer's or distributor's revenue and fuel alcohol or biofuel in the authorized proportion, plus wholesale and retail margins, excluding transportation. Article 44 CTC would also exclude from VAT the producer's revenue from diesel fuel (ACPM) and its blend with biofuel for diesel engines, as well as retail sales of those products. These Article 44 exclusions have no special effective date, unlike the new rules on retailer liability and retail taxable bases enforceable in 2028.

- **Online betting:** The operator would be liable, including when operating from abroad, under the bill's territorial criteria. The taxable base would be the cash or crypto asset deposit divided into 1.19. The standard VAT rate would apply, and input VAT credits could be claimed. No special effective date is specified.

- ***EfectIVA*:** Individual VAT refunds beginning in 2028. The mechanism would reimburse 100% of VAT paid by residents in extreme poverty, poverty, and the lowest-income vulnerable bracket; reimbursement would be 50%, 40%, or 30% for other vulnerable brackets. The initial monthly maximum would be 5.5 UVT (COP 288,057, c. USD 89.43 at the 2026 reference value). Treasury department would set the applicable annual cap under the bill's rules and the adjustment linked to real GDP growth. For individuals in extreme poverty, the amount recognized would be the greater of the minimum established by the Treasury department and the calculated refund, without adding the two amounts or exceeding the cap. The Tax Office would determine the VAT amount, and the Department for Social Prosperity (DPS) would calculate and pay the benefit. This would not be a refund of the tax credit balance.

- ***EfectIVA* transition:** The pilot would not generate payments, and the existing compensation mechanism would continue for sampled households. The first advance payment, covering fifteen days, would be made no later than December 20, 2027. Simultaneous receipt under both mechanisms would be prevented while ensuring continuity, and the aggregate individual benefits for a household would not be less than its previous compensation. Calculation and payment would cover periods of no more than fifteen days, with monthly or every-other-month disbursements for individuals without a deposit account, as provided in the operating manual. The benefit isn't deemed neither income nor an occasional gain, would not be subject to WHT, and would not count toward tax return filing thresholds. Transfers made to implement the mechanism would not be subject to VAT and would be exempt from the financial transactions tax (GMF).

Excise taxes and the environment





Spirits: The standard VAT rate would apply upon entry into force. The excise tax would combine a specific component of COP 750, c. USD 0.23 per degree of alcohol content per 750 cubic centimeters, or equivalent, plus an ad valorem component of 35%. Beginning in 2028, the specific component would be adjusted by the consumer price index (CPI) plus four percentage points. Special rules would apply to San Andrés, Providencia, and Santa Catalina, along with minimum amounts in 2027 for departments operating a distilled spirits monopoly.



Tobacco and vaping products. Cigarettes would be levied at COP 7,823, c. USD 2.43 per pack of twenty in 2027 and COP 11,200, c. USD 3.48 beginning in 2028, plus an ad valorem component of 10%. Derivatives and substitutes measured by the milliliter, including vaping products with or without nicotine, would be levied at COP 1,000, c. USD 0.31 in 2027 and COP 2,000, c. USD 0.62 beginning in 2028, plus 30%. Adjustments would begin in 2029 based on CPI plus four percentage points.



Beer, siphon-dispensed beverages (*sifones*), and beer-based mixed beverages (*refajos*). The tax would be COP 330, c. USD 0.10 per degree of alcohol content per 330 cubic centimeters, or equivalent, plus 10% of the retail price certified by the National Administrative Department of Statistics (DANE), excluding VAT and production tax. Nonalcoholic beer would not be subject to the specific levy. Beginning in 2028 the levy will be adjusted based on CPI plus four percentage points, with special rules for foreign products destined for the archipelago. Renaming the levy a production tax would not eliminate the taxable event associated with domestic consumption. Revenue from spirits and additional industry-specific taxes would be allocated to health care under the bill's terms.



Sweetened beverages beginning in 2028. For each 100 milliliters, taxable beverages containing less than 9 grams of added sugar, including beverages containing sweeteners but no added sugar, would be taxed at COP 45, c. USD 0.01 rate. Beverages containing 9 grams or more would be taxed at COP 76, c. USD 0.02, rate whether or not they also contain sweeteners. The rates would not be cumulative, and beverages containing neither added sugars nor sweeteners would fall outside the tax. Beginning

in 2029, the rates would be adjusted by the annual increase in the UVT. The bill's tariff classifications and exceptions would apply. Individual producers with gross revenue from taxable activities below 10,000 UVT (COP 523,740,000, c. USD 162,592 at the 2026 reference value) in the preceding or current year would not be liable for the tax; upon exceeding that threshold, they would become liable in the following period.



Carbon. The proposed rates per metric ton of CO2 equivalent would be 0.87 UVT (COP 45,565.38, c. USD 14.15) in 2027, 1.23 UVT (COP 64,420.02, c. USD 20.00) in 2028, and 1.59 UVT (COP 83,274.66, c. USD 25.85) beginning in 2029. All peso figures are 2026 reference amounts, not the final nominal rates for those years. Fuel-specific rates would apply. Non-accrual of the tax based on carbon neutrality would be limited to 25% of the potential tax liability, and the certification could not be reused for the same or another tax benefit. Twenty percent of the revenue would be allocated to PNIS, and the Fund for Sustainability and Climate Resilience (FONSUREC) would be created.



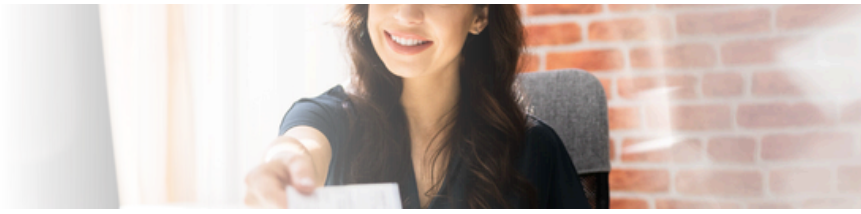
Plastics: The provisions governing the tax on single-use plastics would be repealed.



Other sectors. The name of the Tourism Tax would be standardized, and FONTUR would become a separate trust, governed by private law. The tax would not be abolished. The registration of real estate transfers between public entities and CISA would be exempt from the national fees, charges, levies, and taxes incurred by such a transaction. For telecommunications, data, and mobile internet services, funding allocations would be redirected to sports, culture, and resource management; the excise tax would not be entirely eliminated.



Payroll



The employer exemption would be narrowed beginning in 2027. For companies and employers subject to the general rule, full exemption from SENA and ICBF contributions and employer health care contributions would be limited to salaries of up to two statutory monthly minimum wages. Special rules would apply depending on the employer, including an exemption for individual employers with two to five employees.

Monthly salary	SENA	ICBF	Employer health care contribution
Up to 2 statutory minimum wages	Exempt	Exempt	Exempt
More than 2 and up to 3 statutory minimum wages	1%	1%	4%
More than 3 statutory minimum wages	No exemption under this rule	No exemption under this rule	8.5%, under the general rule

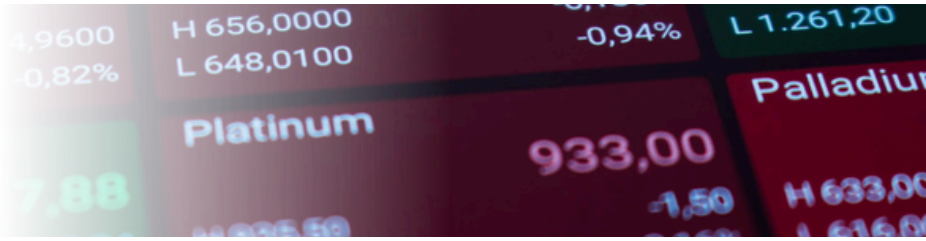
Proposed framework for employers subject to the general rule. It does not include other contributions or supersede exceptions based on employer type.

Amounts withheld from workers: Healthcare contributions would be progressive: 4% to 8% rate for employees and 12.5% to 15.5% rates for self-employed workers, depending on the contribution base and bracket. The standard employer contribution would remain 8.5%, subject to exemptions and special rules.

Special and excepted regimes: The employer health care contribution will remain at 1.5%. rate. Beginning in 2027, the worker contribution allocated to the subsidized regime would increase by 1.5 percentage points for contribution bases exceeding two and up to three statutory minimum wages, and by 2.5 percentage points for bases exceeding three statutory minimum wages.

Family compensation funds: One of the four percentage points of the contribution would be allocated to ADRES for health care. The allocation of funds would change; this would not create an additional exemption.

Tax regularization and digital assets



- **General tax regularization at 15%:** This would cover omitted assets and nonexistent liabilities as of January 1,2027. For assets, tax basis or substantiated commercial self-assessment not less than the former; for liabilities, applicable tax value or value reported on the most recent tax return. This would allow for the revaluation of assets other than inventory reported at below market value, including the difference. Separate tax return and payment due by June 30, 2027, with no late filing penalties or corrections permitted after the due date.

- **Cryptoassets and other digital assets at 5%:** A special and preferential regime based on market value as of January 1, 2027, on a one-time basis, with filing and payment due by June 30. Assets, custodians, wallets, and positions would be disclosed, but never private keys or information needed to access funds. Corrections and amendments must be completed by the deadline.

- **It would not be a universal amnesty:** The mechanisms would require assessment, reporting, and oversight and would not legalize illicit assets. General regularization would prevent income arising from asset comparison or omission, as well as penalties and criminal prosecution resulting from the omission or regularized liability under the terms of Article 70; the late registration of the regularized investment would not constitute a foreign exchange violation when applicable. For digital assets, the effects would be limited to regularized asset omissions, without covering income, gains, returns, or other taxable transactions. This would not extinguish all the taxpayer's obligations.

- **Permanent rules for digital assets:** In general, their sale would not be considered a domestic source of income, nor would the asset be deemed to be held in Colombia, unless it legally represents an underlying asset. Obligations regarding foreign income and foreign assets for taxpayers subject to such obligations would not be eliminated. They would be reported on a tax basis, using a weighted average for fungible assets with different costs; accounting fluctuations would not, in and of themselves, have tax consequences. Referring to the price of another asset does not equate to representing it. In indirect sales, percentage-based exceptions would be verified based on the preceding twelve months, and liability and compliance obligations would be extended to the Colombian affiliate.



Tax Office enforcement and dispute resolution

Invoicing: Increased Penalties and Enhanced Enforcement

Noncompliance with invoicing requirements would become more costly. The proposed legislation would expand enforcement controls, information-sharing mechanisms, technological requirements, and incentives for purchasers to request valid invoices.

Penalties for invoicing violations

Invoices that fail to meet applicable requirements: A penalty of 5% of the value of the affected transactions, capped at 3,500 UVT (COP 183,309,000, c. USD 56,907 based on the 2026 reference value).

Repeated violations involving noncompliant invoices: The penalty would increase to 7%, without the 3,500 UVT cap.

Failure to issue invoices: A penalty equal to the greater of:

- 5% of the taxpayer's net revenue for the preceding month; or
- 5% of the median monthly net revenue for the principal economic activity under the applicable CIIU classification, as determined by the Tax Office.
- Repeated failure to issue invoices: The applicable penalty rate would increase to 7%.

A violation would be considered repeated where the taxpayer engages in the same conduct within two years after the previous penalty becomes final at the administrative level.

Other Enforcement Measures

The proposed legislation would introduce additional enforcement mechanisms and amend existing rules:

- Additional grounds for business closure: New circumstances triggering closure of business establishments would be introduced.
- Online gaming operators: Where the applicable violation consists of failure to adopt or comply with technical control systems, the Tax Office would block access to the operator's services from Colombia rather than order the closure of its establishment.

- POS receipts and invoicing requirements: Changes to the rules governing POS receipts, invoice copies, and numbering would not eliminate the general obligation to issue invoices.
- Seized assets and guarantees: Repeal of the rules under Article 837-1 concerning attachments and security would not automatically result in the release of assets already attached.
- Monetization of difficult-to-collect receivables: Economic rights arising from hard-to-collect receivables could be monetized or assigned without transferring the Tax Office's statutory enforcement powers.

Criminal provisions on smuggling: The applicable criminal enforcement rules would be amended. For purposes of Article 402 of the Penal Code, criminal prosecution would apply from an individual amount of 159 UVT (COP 8,327,466, c. USD 2,585 based on the 2026 reference value). This would not eliminate administrative collection measures for amounts below that threshold.

General Tax Relief Through June 30, 2027:

Eligible tax, customs, and foreign exchange obligations under Articles 99–104 of the CTC may benefit from a general relief program, provided that taxpayers pay:

- 100% of the outstanding principle;
- Interest at an annual rate of 5%; and
- 40% of the applicable penalties and corresponding monetary adjustments, subject to the applicable minimum penalty requirements.
- This represents a 60% reduction in penalties. The underlying tax principal would not be subject to remission.
- Penalty-only administrative decisions and cases involving improper refunds or tax offsets would be governed by their respective specific rules, including the obligation to repay any excess amounts received.
- Offsets or netting against credits held in other tax accounts would not be accepted as payment methods to qualify for late-payment relief under Article 100.

Four relief mechanisms, each subject to specific eligibility requirements:

- Regularization of liabilities overdue as of September 30, 2026.
- Filing or amending returns and satisfying formal obligations, subject to the cutoff dates and exclusions in Article 101.
- Administrative settlement by mutual agreement concerning eligible administrative acts and obligations under Article 102.

- Court-approved settlement. This would require an action filed by September 30, 2026, accepted for adjudication before the benefit is requested, and not concluded by a final judicial decision, together with the required payments and other statutory conditions.

Abbreviated payment facility: For eligible obligations under this chapter, taxpayers may obtain a payment arrangement of up to twelve months, with a minimum down payment of 10% of the total amount due after reductions, payable no later than the date of application. The remaining balance shall be paid in monthly installments, bearing interest at an annual rate of 5%, with security provided where applicable pursuant to Article 814. The application, down payment, and required compliance obligations must be completed by June 30, 2027. The Tax Office shall decide on complete applications within two months, even if such period extends beyond that date. Failure to comply shall result in the loss of reductions applicable to the unpaid amounts and the recalculation of interest under the general rules. The mutual agreement shall not reopen any matters previously accepted...

Special Relief Mechanism for Fuel-Related Customs Disputes This special mechanism applies to disputes arising from changes in the official interpretation of essential elements of customs duties on liquid petroleum fuels. It covers customs declarations filed on or before December 31, 2025, where the disputed obligations exceed 2,000,000 UVT (equivalent to COP 104,748,000,000, c. USD 32,518,417 based on the 2026 reference value). The statutory threshold shall be measured when the tax liability is determined.

Eligibility requires that:

- The relevant official interpretations were amended after the customs declarations were filed or the disputed administrative proceedings took place.
- An administrative proceeding or court action was pending when the provision entered into force.
- No final judicial decision terminating the dispute had been issued.
- Complete and accurate information is provided, without fraud, simulation, or concealment.

Terms of the special mechanism

The application must be submitted within six months of the date the provision enters into force.

Taxpayers must elect, in its entirety, the most favorable official interpretation that was published and in force when the relevant declarations or administrative actions took place. Combining provisions from different interpretations is not permitted. Interest shall accrue at an annual rate of 4.5%.

Article 95 establishes specific rules governing tax offsets and refunds, including the refund of excess amounts paid when replacing a settlement under Article 113 of Law 2586 of 2026, provided the applicable requirements are met.

Restrictions on Combining Tax Relief Benefits

Before opting into the general relief mechanisms under Articles 99–104, taxpayers should consider the following restrictions:

- Special reductions under these provisions cannot be combined for the same penalty or interest obligation, nor can they be combined with benefits under Legislative Decree 1419 of 2026 for the same obligations.
- Article 101 does allow taxpayers to combine its relief with other penalty reductions available under the Tax Code, subject to the applicable minimum penalty.
- Previous payments retain their original allocation and do not generate refunds, tax offsets, or credit balances as a result of these general relief provisions.
- The general relief measures cover obligations administered by the Tax Office, including those of large taxpayers, but do not automatically extend to local or territorial taxes.
- These restrictions should not automatically be extended to the special fuel-related relief mechanism under Article 95, which is governed by its own rules.

Proposed repeals: What would be eliminated?

Provision to Be Repealed	Practical Effect	Proposed Effective Date
Exemptions for representation allowances	Special exemptions for judicial officers and rectors and professors at public universities would be eliminated.	Following fiscal year
Additional deduction for dependents	The additional annual deduction would be eliminated. The separate deduction under Article 387 of the Tax Code would remain unaffected.	Following fiscal year

Provision to Be Repealed	Practical Effect	Proposed Effective Date
Earmarking of a portion of corporate income tax revenue	The specific allocation of part of the revenue to ICBF, SENA, healthcare, early childhood programs, and higher education would be repealed. This would not constitute an exemption or an additional tax reduction for companies.	Upon promulgation
Tax on single-use plastics	The provisions governing this tax and the specific penalty for failure to file the corresponding return would be repealed.	Upon promulgation
Previous rules on POS receipts	The specific POS receipt threshold and its use as supporting documentation for input VAT credits, costs, and deductions would be repealed. The general invoicing obligation would remain in force.	Upon promulgation
Special rules on invoice copies and numbering	The special authorization to provide a copy when issuing transportation tickets and the rules governing the numbering of cash-register invoices would be repealed.	Upon promulgation
Rules on seized funds and guarantees	Specific rules concerning the freezing and release of seized funds and the acceptance of guarantees would be repealed. This would not result in the automatic release of seized assets.	Upon promulgation

Provision to Be Repealed	Practical Effect	Proposed Effective Date
VAT exclusion for shipments valued at up to USD 200	The low-value exclusion for postal and express shipments would be repealed, without preserving the benefit based on country of origin or the existence of a free trade agreement (FTA). Other exclusions may remain applicable on independent grounds.	Upon promulgation
Special fuel pricing rule for VAT purposes	The specific authority to establish prices for refined petroleum products and natural gas for VAT purposes would be repealed. This change should be considered alongside the new taxable-base provisions in the bill.	Upon promulgation
5% VAT rate for electric mobility products and specified components	Reduced-rate treatment would be repealed for the expressly covered vehicles, bicycles, motorcycles, motors, batteries, chargers, chassis, vehicle bodies, and control units. The repeal would not automatically extend to every item within these categories.	Upon promulgation
VAT exclusions for certain digital services	Exclusions for software licenses used in the commercial development of digital content, website provision, hosting, and cloud computing services would be eliminated.	Upon promulgation
VAT exemption for tourism services supplied to nonresidents	The VAT exemption, including the associated refund entitlement, would be repealed for tourism services used in Colombia under this provision.	Upon promulgation

Provision to Be Repealed	Practical Effect	Proposed Effective Date
Exemption for residential fixed internet services in socioeconomic strata 1 and 2	The exemption would be eliminated. The resulting tax treatment should be assessed in light of the bill's other provisions and applicable effective dates.	Upon promulgation
Reduced VAT rate for spirits, wines, and aperitifs	The 5% VAT treatment and related previous provisions governing alcoholic beverages would be repealed, in connection with the application of the standard VAT rate and the new revenue-allocation rules.	Upon promulgation
Other supplementary VAT provisions	The bill also identifies an additional repeal concerning VAT. However, the previous provision is not reproduced in the operative text or detailed in the comparison materials provided. Accordingly, no separate effect is attributed to it without further verification.	Upon promulgation
General lists of goods and services subject to 5% VAT	These lists would be repealed in their entirety. This would not automatically subject every affected item to the 19% standard VAT rate, as the new exclusions and exemptions would also need to be considered.	January 1, 2028
Tax treatment of the inflation component of investment income	The rules allowing part of certain investment income to be treated as non-taxable income would be repealed. The limited tax treatment of financing expenses described in this bulletin would remain in place.	Following fiscal year

Provision to Be Repealed	Practical Effect	Proposed Effective Date
Previous anti-smuggling and anti-evasion provisions	The expressly identified previous provisions would be repealed as part of the restructuring of enforcement rules. The Tax Office's audit powers and anti-smuggling controls would remain unaffected.	Upon promulgation
Allocation of the excise tax on telephone and data services	The allocations to sports and culture, together with the related reimbursement and investment-return rules, would be repealed. The tax itself would not be abolished.	Upon promulgation
Previous rule on the mobilization of state assets	The identified previous provision would be repealed in connection with the creation of a new program for the mobilization, disposal, and optimization of state assets.	Upon promulgation
Previous provision governing the tourism earmarked tax	The expressly identified provision governing this tax would be repealed. This would not abolish the tax itself, as the bill would preserve its nature while standardizing its designation.	Upon promulgation

Contacts



Mauricio Piñeros
Partner
mauricio.pineros@perezllorca.com



Álvaro Andrés Díaz
Partner
alvaro.diaz@perezllorca.com



Nicolás Potdevin
Partner
nicolas.potdevin@perezllorca.com



Carolina Bobillier
Partner
carolina.bobillier@perezllorca.com



Alejandro Sanabria
Partner
alejandro.sanabria@perezllorca.com

