International Tax
Colombia Highlights 2025

Updated January 2025

Recent developments

For the latest tax developments relating to Colombia, see Deloitte tax@hand.

Investment basics

Currency: Colombian Peso (COP)

Foreign exchange control: According to the Exchange Code, the following transactions must be conducted through the exchange market via a foreign market intermediary and/or a compensation account:

- Imports and exports of goods;
- Foreign loans to Colombian residents and related financial costs;
- Foreign investments and expatriation of related profits;
- Colombian investments abroad and repatriation of related profits;
- Foreign investments in securities or assets located abroad, unless the investments are made with funds that do not have to be transferred through the exchange market;
- Securities and guarantees in foreign currency; and
- Derivative transactions.

The Central Bank may provide certain exceptions in regulatory guidance.

Accounting principles/financial statements: IFRS applies. Financial statements must be prepared annually.

Principal business entities: These are the joint capital stock corporation, limited liability company, simplified joint capital stock corporation, and branch of a foreign company.

Corporate taxation

Rates	
Corporate income tax rate	35%
Branch tax rate	35%, plus 20% rate on profits remitted abroad that have been taxed at the branch level
Capital gains tax rate	15% (in general)

Residence: A company is resident if it is organized under Colombian law, it has its main domicile in Colombia, or its effective place of management is located in Colombia.

Basis: Colombian companies and other entities are taxed on their worldwide income. A permanent establishment (PE) must determine its Colombian corporate income tax liability based on its attributable worldwide income. Foreign companies are taxed only on their Colombian-source income.

A foreign company is deemed to have a PE in Colombia, unless the activities performed in Colombia are of a preparatory or ancillary nature, if it:

- Carries out its corporate activities in Colombia through a fixed place of business;
- Has a dependent agent in Colombia with power to conclude contracts; or
- Has an independent agent in Colombia but the financial and commercial transactions between the agent and the enterprise differ from those that would have been carried out between independent parties.

Branches are taxed at the same rates as subsidiaries on worldwide income attributable to the branch on the basis of a transfer pricing study assessing the functions, assets, risks, and personnel involved in the activities.

Nonresident individuals and entities deemed to have a significant economic presence (SEP) in Colombia are subject to income tax on income derived by the SEP from the sale of goods or the provision of certain digital services to clients or users in Colombia, which is treated as Colombian-source income. A nonresident will be deemed to have an SEP in Colombia if (i) during the year 2025, it obtains gross revenue equivalent to at least 31,300 UVT (tax value units: 1 UVT = COP 49,799 for 2025); and (ii) it maintains a deliberate and systematic interaction with the Colombian market (by interacting with 300,000 or more customers/users located in Colombia, or by offering prices or allowing payments in COP).

Taxable income: Taxable income is defined as gross income less returns, rebates, discounts, all ordinary costs incurred in deriving net income, and all allowable deductions. Corporate taxpayers may deduct costs and expenses that are “necessary and proportionate to the activities performed” in computing taxable income and that have a direct causal relationship with the income-producing activity. Additional requirements may apply for deducting certain expenses (e.g., labor costs are deductible only when subject to withholding tax and social security contributions, subject to certain exceptions). See “Rate,” below, for further details of the taxable income of nonresidents with an SEP in Colombia.

In November 2023, the Constitutional Court decided that royalties paid to the government by oil and gas companies for the exploitation of nonrenewable natural resources are a deductible expense for corporate income tax purposes. However, the court is evaluating how to apply this decision, taking into account the impact on public finances.

Rate

General

The corporate income tax rate applicable to resident companies and PEs of nonresident companies is 35%.

Industrial users of free trade zones (FTZs) generally are subject to a 20% corporate income tax rate on income derived from exports; all other income is subject to tax at the standard corporate income tax rate of 35%. However, for tax years 2024 and 2025, industrial users of FTZs that had at least 60% growth in their gross income in tax year 2022 compared to tax year 2019 are subject to corporate income tax at 20% on all income.

Companies investing in the hotel sector or exclusively engaged in book publishing are subject to a preferential corporate income tax rate of 15%.

A nonresident taxpayer with an SEP in Colombia may choose between (i) filing an annual tax return and being taxed at a special rate of 3% on the gross Colombian-source income received in the period; or (ii) receiving the income net of a 10% withholding tax retained at source by the Colombian payer (see “Filing and payment” under “Compliance for corporations,” below, and “Other” under “Withholding tax,” below).

Profits remitted abroad by a branch of a foreign company that have not been taxed at the branch level are subject to the standard corporate income tax rate of 35%, plus a special rate of 20%, which applies after deducting the standard corporate income tax, resulting in an effective tax rate of 48%. Profit remittances taxed at the branch level are subject only to the 20% rate.

Surtax

A corporate income tax surcharge applies to financial institutions; insurance and reinsurance companies; stock exchange brokerage firms; agricultural and livestock brokerage firms; agricultural, agro-industrial, or other commodities exchanges; and stock market infrastructure with annual income exceeding 120,000 UVT. The rate is 5% for taxable years 2023 through 2027, resulting in an effective tax rate of 40%. The 5% surcharge is payable in advance, based on the prior year’s taxable income.

Domestic companies, foreign companies, and PEs of foreign companies with annual taxable income exceeding 50,000 UVT whose activities comprise the extraction of hard coal, coal lignite, or crude oil may be subject to a surcharge of between 5% and 15% on their corporate income tax rate for an indefinite period, depending on the nature of the activity and the price of the natural resource.

For tax years 2023 through 2026, a 3% corporate income tax surcharge applies to taxpayers whose main economic activity is the generation of hydroelectric power with a set-up capacity exceeding 1,000 kilowatts and whose annual taxable income derived from hydroelectric power generation exceeds 30,000 UVT. The surtax applies only on the taxable income arising from this economic activity.

Alternative minimum tax

Under Colombia’s alternative minimum tax rules, Colombian corporate income taxpayers are subject to a top-up tax (IA per its acronym in Spanish) whenever the effective or “depurated tax rate” (TDD per its acronym in Spanish) is less than 15%. The TDD is calculated by dividing the effective or “depurated tax” (ID per its acronym in Spanish) by the effective or “depurated profit” (UD per its acronym in Spanish).

The rules apply to every Colombian taxpayer entity regardless of whether it is a subsidiary, a branch, an intermediate parent, or an ultimate parent, and regardless of income thresholds, subject to the following exceptions:

- Foreign companies that are not tax resident in Colombia;
- Companies that hold special economic zone (ZESE per its acronym in Spanish) status, for the period that their corporate income tax rate is 0%;
- Companies that apply the tax incentive for the areas most affected by the armed conflict in Colombia (ZOMACs per the acronym in Spanish);
- Companies subject to the preferential corporate income tax rate of 15% for investments in the hotel sector, or for being exclusively engaged in book publishing, provided that they are not required to file a country-by-country (CbC) transfer pricing report;

- Industrial and commercial state-owned companies, and companies that are at least 90% owned by the state and that have a monopoly in the gambling industry or the selling of alcohol;
- Taxpayers whose effective or depurated profit (accounting or financial profit as adjusted for alternative minimum tax (TTD per its acronym in Spanish) purposes) is zero (special rules apply where the taxpayer is subject to consolidation); and
- Taxpayers subject to article 32 of the Tax Code, which governs the taxation of concessions and public-private partnerships.

Special provisions apply where a taxpayer is subject to financial statement consolidation as a member of an economic group.

Global minimum tax (Pillar Two)

Although Colombia's alternative minimum tax rules are based on the global anti-base erosion (GloBE) or "Pillar Two" model rules published by the OECD/G20 Inclusive Framework on BEPS designed to ensure a global minimum level of taxation of 15% for multinational enterprise groups with annual consolidated revenue of at least EUR 750 million, they contain some significant differences (see "Alternative minimum tax," above).

Taxation of dividends: Dividends and income from profit participations are considered taxable income where they are paid from profits that have not been taxed at the level of the payer company. Dividends and income from profit participations paid from profits that already have been subject to tax at the corporate level are deemed to be nontaxable income or capital gains. See also "Dividends" under "Withholding tax," below.

Capital gains: Capital gains derived from the sale of fixed assets held for two years or more, or the liquidation of a company incorporated for two years or more, are subject to capital gains tax. The tax rate on most capital gains is 15%. Special rules are used to determine the taxable base.

Losses: Losses generated after 2017 may be carried forward for 12 years; losses generated in 2017 or earlier may be carried forward indefinitely. The carryback of losses is not permitted.

Foreign tax relief: A taxpayer may claim a credit for foreign tax paid on foreign-source income up to the amount of Colombian tax that would have been payable on the income. To be eligible for the credit, the taxpayer must be a company resident in Colombia, its foreign income must be taxable in Colombia, and the taxpayer must provide proof of the foreign tax paid (e.g., a certificate issued by the local tax authorities or other appropriate evidence). The tax credit may be claimed in the taxable year in which the tax was effectively paid or carried forward indefinitely. The credit may not be carried back.

Participation exemption: There is no general participation exemption but see "Holding company regime," below, for details of exemptions available to holding companies.

Holding company regime: A holding company regime applies to domestic companies if one of their main activities is holding securities, investing in foreign or Colombian shares, or administering such investments, provided they comply with certain requirements. The following rules apply under the holding company regime:

- Dividends received by a qualifying holding company from nonresident entities are exempt from tax in Colombia;
- Dividends distributed from foreign-source income by a qualifying holding company to a nonresident individual or entity are considered foreign-source income and, therefore, are not taxed in Colombia; and
- Dividends distributed by a qualifying holding company to a Colombian resident individual or entity are taxed at the general rate (see also "Dividends" under "Withholding tax," below).

Incentives: Incentives include:

- A special FTZ regime with a corporate income tax rate of 20% for qualifying companies, and an exemption from customs duties and VAT;
- A tax credit for investment in qualifying research and development projects, as determined by the National Council of Science, and technology tax benefits equivalent to 30% of the amount invested. Expenses related to the investment are expressly nondeductible;
- A tax credit for investments to improve environmental conditions equal to 25% of the amount invested, capped at 3% of net income;
- Income tax and VAT benefits for qualifying projects in the field of alternative sources of energy;
- A deduction for employers of 120% of the salary payments made to employees who are under 28 years of age, up to a maximum of 115 UVT per month, provided the Ministry of Labor has certified that the job is the employee's first job;
- An income tax credit for VAT paid on productive tangible fixed assets;
- An option for companies to satisfy up to 50% of their tax liability through direct investment in projects of social importance or infrastructure in ZOMACs;
- A preferential corporate income tax rate of 15% for companies investing in the hotel sector or exclusively engaged in book publishing;
- Reduced tax rates for certain new companies established in ZOMACs; and
- Reduced tax rates for certain new companies established in ZESEs in specific Colombian departments (Arauca, La Guajira, and Norte de Santander) and municipalities (Armenia and Quibdó).

Certain special deductions, nontaxable income, exempt income, and tax credits are capped at 3% of ordinary net income (taxable income before such special deductions) per year. There is also a restriction on the receipt of more than one benefit simultaneously for the same economic event, which covers special deductions, tax credits, exempt income, nontaxable income, and special corporate income tax rates.

Compliance for corporations

Tax year: The tax year is the calendar year.

Consolidated returns: Consolidated returns are not allowed. Each company must submit a separate return. However, the computation of the alternative minimum tax for Colombian companies whose financial statements are subject to consolidation is based on a form of group calculation (see "Rate, Alternative minimum tax" under "Corporate taxation," above). There are no provisions for group relief of losses.

Filing and payment: A self-assessment system applies, under which a company must complete a tax return and compute its own liability. The corporate income tax return must be filed by a deadline that is set annually (generally between April and May) and varies depending on the type of taxpayer and the last digit of the taxpayer's tax identification (ID) number.

A nonresident taxpayer with an SEP in Colombia may choose between (i) filing an annual tax return and being taxed at a special rate of 3% on the gross Colombian-source income received in the period; or (ii) receiving the income net of a 10% withholding tax retained at source by the Colombian payer (see "Basis" and "Rates" under "Corporate taxation," above, and "Other" under "Withholding tax," below). A taxpayer wishing to file an annual return must submit a request to do so to the National Tax and Customs Office (DIAN) and must previously have registered in the single tax registry (RUT per its acronym in Spanish). Advance bimonthly tax payments equivalent to 2% of bimonthly gross covered income are required and may be offset against the final tax payable when the SEP files its annual return.

Penalties: The penalty for late filing is 5% per month of delay, up to 100% of the tax or withholding tax due. The penalty increases to 10% per month, with a 200% ceiling, if the late filing is made after the tax authorities have made a request. Late payment interest also is charged. The penalty for amendments to a return is 10% of the additional tax or the reduction in the credit balance. The amendment penalty increases to 20% if the tax return is corrected after the tax authorities have issued an administrative order requesting the amendment. Other penalties apply in specific circumstances.

Rulings: Advance pricing agreements (APAs) may be obtained under the transfer pricing rules.

Individual taxation

Rates		
Individual income tax rate	**Taxable income (UVT)**	**Rate**
	Up to 1,090	0%
	1,091–1,700	19%
	1,701–4,100	28%
	4,101–8,670	33%
	8,671–18,970	35%
	18,971–31,000	37%
	Over 31,000	39%
Capital gains tax rate		15%

Residence: An individual (whether a Colombian or foreign national) is resident for tax purposes if the individual is present in Colombia for more than 183 days (whether or not continuously) in a 365-day period.

A Colombian citizen also may be regarded as tax resident if one of the following conditions is met:

- The individual’s family (defined as their spouse or minor sons) are tax resident in Colombia;
- At least 50% of the individual’s income is deemed Colombian-source;
- At least 50% of the individual’s assets are located in Colombia;
- At least 50% of the individual’s assets are administered in Colombia;
- The individual does not provide proof of tax residence in another jurisdiction when requested to do so by the DIAN; or
- The individual is resident in a jurisdiction considered by the Colombian government to be a tax haven.

Basis: Resident individuals are taxed on their worldwide income and equity owned in Colombia and abroad (see “Net wealth/worth tax” under “Other taxes on corporations and individuals,” below); nonresidents are taxed only on their Colombian-source income and equity owned in Colombia.

Taxable income: Most income, including capital gains, is subject to taxation. Mandatory and voluntary contributions to pension funds and/or contributions to AFC accounts (savings accounts to promote investment in housing) to purchase residential property in Colombia may be excluded from income.

Pension income of up to 1,000 UVT per month is exempt.

Rates: The maximum income tax rate for resident individuals is 39%. The income tax payable by individuals must be calculated by separating the income received from different sources (e.g., employment, capital, and nonemployment income; pensions; and dividends) and aggregating the tax payable for each source of income. Special rules apply for stock-based compensation.

Dividends paid to resident individuals are subject to withholding tax at rates of 0% to 15% (see "Dividends" under "Withholding tax," below).

Capital gains: Capital gains (e.g., inheritances, gifts, and proceeds from the sale of real estate) are subject to tax at a rate of 15%. However, gains derived from the sale of shares through a stock exchange are exempt, provided the shares sold do not represent more than 10% of the total shares of the Colombian company that issued the shares.

Deductions and allowances: Taxpayers may claim deductions for (i) mandatory contributions to the General Health System; (ii) private medical and health expenses, and the purchase of medical insurance; (iii) economic dependents; and (iv) interest paid on mortgages to purchase residential property (subject to certain limitations).

National tax legislation provides that 25% of total employment income is tax exempt, up to a maximum of 790 UVT per year; the exemption applies after the application of other tax benefits.

Foreign tax relief: A taxpayer may claim a credit for foreign tax paid on foreign-source income up to the amount of Colombian tax that would have been payable on the income. To be eligible for the credit, the taxpayer must be an individual resident in Colombia, the foreign income must be taxable in Colombia, and the taxpayer must provide proof of the foreign tax paid (e.g., a certificate issued by the local tax authorities or other appropriate evidence). The tax credit may be claimed in the taxable year in which the tax is effectively paid or carried forward indefinitely. The credit may not be carried back.

Compliance for individuals

Tax year: The tax year is the calendar year.

Filing status: Joint filing is not permitted; each individual must file their own tax return, if required.

Filing and payment: Tax on wages is withheld by the employer and remitted to the tax authorities. A resident is required to file an income tax return annually on the date set by the tax authorities (between August and October, depending on the last two digits of the individual's tax ID number), unless the individual's income or total net assets are below an amount set annually by the government.

Penalties: The penalty for late filing is 5% per month of delay, up to 100% of the tax or withholding tax due. The penalty increases to 10% per month, with a 200% ceiling, if the late filing is made after the tax authorities have made a request for the return to be submitted. Late payment interest also is charged. The penalty for amendments to a return is 10% of the additional tax. Other penalties apply in specific circumstances.

Rulings: Colombia does not have a rulings system for individuals.

Withholding tax

Rates

Type of payment	Residents		Nonresidents	
	Company	**Individual**	**Company**	**Individual**
Dividends	35% + 10% (41.5% effective rate, dividends paid out of untaxed profits)	0% to 15%	35% + 20% (48% effective rate, dividends paid out of untaxed profits)	35% + 20% (48% effective rate, dividends paid out of untaxed profits)

	10% (dividends paid out of profits taxed at corporate level)		20% (dividends paid out of profits taxed at corporate level)	20% (dividends paid out of profits taxed at corporate level)
Interest	4%/7%	4%/7%	5%/15%/20%	5%/15%/20%
Royalties	2.5%	2.5%	20%	20%

Dividends: Dividends paid to a resident entity from profits that have not been taxed at the corporate level are taxed at the general corporate income tax rate (35% for 2025), plus a special rate of 10% (the 10% rate applies after deducting the general income tax), resulting in an effective tax rate of 41.5%. Dividends paid to a resident entity out of profits taxed at the corporate level are subject only to the 10% withholding tax rate. Tax at 10% is withheld once, when payment is made to the first company receiving the dividends, and is withheld by the payer company (some exceptions apply). The withholding tax is creditable by a final nonresident investor.

Dividends paid to a resident individual from profits that have not been taxed at the corporate level are subject to withholding tax at a rate of 0% to 15% depending on the amount of the dividends. The dividend income is then subject to tax in the hands of the individual at the general progressive individual income tax rates (0% to 39% for 2025). Dividends paid to a resident individual out of profits taxed at the corporate level are subject only to the 0% to 15% withholding tax rate.

Dividends paid to a nonresident from profits that have not been taxed at the corporate level in Colombia are taxed at the general corporate income tax rate, plus a special rate of 20% (the 20% rate applies after deducting the general income tax), resulting in an effective tax rate of 48%. Dividends paid out of profits taxed at the corporate level are subject only to the 20% rate. The rates may be reduced under an applicable tax treaty.

Interest: Interest paid between Colombian residents generally is subject to a 7% withholding tax. A 4% withholding tax rate applies to interest paid on specific financial instruments such as securities.

Interest paid to a nonresident is subject to a 20% withholding tax, unless the interest relates to a loan with an amortization term of at least one year, in which case the rate is 15%. Interest payments made to nonresidents on loans granted for the development of infrastructure programs that meet certain requirements are subject to a reduced withholding tax rate of 5%. The rates may be reduced under an applicable tax treaty.

Royalties: Royalties paid to a resident are subject to withholding tax at the 2.5% rate applicable to “other payments.”

Royalties paid to a nonresident generally are subject to a final withholding tax of 20%, unless the rate is reduced under an applicable tax treaty.

Fees for technical services: Fees for technical services, technical assistance, or advisory services paid to a resident entity are subject to an 11% withholding tax. A 10% rate applies to fees and commissions paid to resident individuals not required to file an income tax return. An 11% rate applies to fees and commissions paid to resident legal entities, or resident individuals where the value of the contract or income exceeds 3,300 UVT.

The withholding tax rate on fees for technical services, technical assistance, or advisory services paid to a nonresident is 20%, unless the rate is reduced under an applicable tax treaty.

Branch remittance tax: Profits remitted abroad by a branch of a foreign company that have not been taxed at the branch level are subject to the standard corporate income tax rate (35% for 2025), plus a special rate of 20% that applies after deducting the standard corporate income tax, resulting in an effective tax rate of 48%. Profit remittances taxed at the branch level are subject only to the 20% rate.

Other: Management fees paid directly or indirectly to a head office for services rendered within or outside Colombia are subject to a 33% withholding tax.

Payments made to companies located in noncooperative low- or no-tax jurisdictions or benefiting from preferential tax regimes are deductible for income tax purposes only if the transactions comply with the arm's length principle and are subject to withholding tax at the standard corporate income tax rate (35% for 2025).

Nonresidents with an SEP in Colombia are subject to a 10% withholding tax rate (deducted by the payer) on income derived by the SEP from the sale of goods or the provision of certain digital services to clients or users in Colombia unless the nonresident taxpayer opts to file an annual income tax return and be subject to a 3% income tax rate on gross income obtained in Colombia (see "Basis" and "Rates" under "Corporate taxation," above, and "Filing and payment" under "Compliance for corporations," above).

Corporate taxpayers that are "self-withholding agents" (generally, those with employees who earn less than 10 times the minimum monthly wage and that are exempt from payroll tax) must self-assess a special self-withholding income tax on all the income they receive. The rate may be 0.55%, 1.1%, 1.7%, 1.8%, 2.2%, 2.4%, or 2.6%, depending on the taxpayer's main economic activity.

Anti-avoidance rules

Transfer pricing: The transfer pricing regime is based on the OECD guidelines, with the arm's length principle applying in setting base prices and profit margins on transactions with related parties. Taxpayers engaged in transactions with related parties located abroad, in FTZs, or in tax havens must file an annual transfer pricing information return and, once they have reached certain total income or liquid equity thresholds, supporting documentation that includes a local file and master file.

Certain multinational enterprise groups with a Colombian resident parent, another Colombian resident group entity, or a PE in Colombia are required to file a CbC report.

APAs may be negotiated with the local tax authorities.

Interest deduction limitations: The thin capitalization rules apply to interest on debt incurred with related parties (Colombian resident or nonresident) that exceeds a debt-to-equity ratio of 2:1. Interest exceeding this ratio may not be deducted for corporate income tax purposes.

Controlled foreign companies: A Colombian tax resident that holds a direct or an indirect participation of at least 10% in the capital or profits of a foreign vehicle that is considered a controlled foreign company (CFC) is taxed on its proportionate share of the CFC's passive income for the current year (regardless of whether the income has been distributed), less associated costs, expenses, and deductions. A foreign entity is considered a CFC if it (i) is controlled by one or more entities or individuals resident in Colombia; (ii) satisfies specified subordination and economic conditions; and (iii) is not resident in Colombia.

Anti-hybrid rules: There is no anti-hybrid legislation.

Economic substance requirements: A resolution issued by the DIAN provides that an act or agreement lacks economic substance where any of the following three criteria apply: (i) the economic or commercial terms of the act or agreement are "unreasonable"; (ii) the transaction results in a significant tax benefit that is disproportionate to the economic or commercial risks assumed by the taxpayer; or (iii) the structure of the transaction is designed to obscure the intent of the parties. The tax authorities also must prove that the intention of the act or agreement is to obtain a tax benefit. Where this can be shown, the DIAN may recharacterize the transaction and impose additional tax, plus interest and penalties, where appropriate.

Disclosure requirements: See "Transfer pricing," above. Colombia has committed to the adoption of the OECD common reporting standard between tax authorities and US Foreign Account Tax Compliance Act (FATCA) reporting.

Colombian legal entities, PEs, certain unincorporated structures, and certain foreign legal entities are required to register in the single registry of beneficial owners (RUB per its acronym in Spanish) managed by the DIAN and report their beneficial ownership information.

Exit tax: There is no exit tax.

General anti-avoidance rule: A general anti-avoidance rule applies to recharacterize transactions and structures that lack economic substance or a business purpose.

Value added tax

Rates	
Standard rate	19%
Reduced rate	0%/5%

Taxable transactions: VAT is imposed on the sale and import of tangible goods, the sale or transfer of rights over intangible assets associated with industrial property, and the provision of services (including the acquisition or the exploitation of intangibles from abroad in Colombia), regardless of whether the services are rendered in Colombia or overseas, provided the beneficiary of the services is located in Colombia.

A consumption tax (which is separate from VAT) applies when certain services or goods are provided or sold to, or imported by, the final consumer (see "Other" under "Other taxes on corporations and individuals," below).

Rates: The standard VAT rate is 19%, with a preferential rate of 0% applying to exports and certain domestic supplies. A reduced rate of 5% applies to certain goods and services.

For sales and services, the tax base is generally the total value of the transaction, including goods or services purchased for or on behalf of the recipient of the sale or service. Special tax bases apply for certain types of goods and services.

Registration: VAT taxpayers must register with the local tax authorities and obtain a VAT identification number. There is no threshold for registration purposes.

Foreign suppliers of digital services from abroad to non-VAT registered customers in Colombia must register with the Colombian taxpayer's registry and collect and remit the VAT payable on services rendered to such Colombian residents.

Filing and payment: VAT is computed bimonthly or quarterly, depending on the gross income of the previous taxable year. The subtraction method is used to compute VAT, crediting taxes paid on purchases against tax liabilities arising from sales.

Special rules apply to small taxpayers and foreign services providers.

Other taxes on corporations and individuals

Unless otherwise stated, the taxes in this section apply both to companies and individuals and are imposed at the national level.

Social security contributions: The employer's contribution to the social security system is as follows: (i) 8.5% of salary for health insurance; (ii) 12% for the general pension scheme; and (iii) a percentage (from 0.522% to 8.7% depending on the company's level of risk) for the labor risk system. Employee contributions are 4% of monthly salary for health insurance and 4% for the general pension scheme. The employer withholds and remits the employee's share of the contributions to the government.

Payroll tax: An employer must contribute 9% of monthly payroll, with 3% allocated to the Institute for Family Welfare (ICBF), 2% to the National Apprenticeship Service (SENA), and 4% to the Family Subsidy Fund. An employer is exempt from contributions to the ICBF and SENA for employees earning less than 10 times the minimum monthly wage, in which case the employer is subject to self-withholding income tax (see "Other" under "Withholding tax," above), subject to certain conditions.

Capital duty: There is no capital duty, but see "Registration tax" under "Other," below.

Real property tax: Real estate is subject to municipal taxation, which usually is charged at rates within a band based on the value of the property, without regard to the number of owners or the taxpayer's personal wealth.

Transfer tax: There is no transfer tax.

Stamp duty: Stamp duty at rates of between 1.5% and 3% applies on the sale of real estate with a value of at least 20,000 UVT.

Net wealth/worth tax: An annual wealth tax applies to individuals whose net worth as at 1 January of the relevant tax year exceeds 72,000 UVT. Net worth is calculated as the aggregate value of assets owned (e.g., real estate, investments, vehicles, financial products, accounts with financial institutions) less liabilities and debts. The tax applies to the worldwide assets of resident individuals; nonresident individuals are subject to wealth tax only on their Colombian assets. For tax years 2023 through 2026, the marginal tax rates are 0%, 0.5%, 1%, and 1.5%, with the temporary marginal rate of 1.5% applying in place of the 1% rate to individuals with net worth in excess of 239,000 UVT.

There is no net wealth tax or net worth tax for companies.

Inheritance/estate tax: Inheritances and gifts received by individuals are treated as capital gains and are subject to tax at 15%. The recipient of the gift or inheritance must report the inheritance or gift on their income tax return and calculate the tax payable on the capital gain. Certain exemptions may apply.

Other

Registration tax

Registration tax applies to documents (e.g., legal acts, bylaws) registered with the Chamber of Commerce (at 0.3% to 0.7%) or the Registry of Public Deeds (at 0.5% to 1%), calculated on items such as subscribed capital, transaction amounts stated in the document to be registered, or the appraisal value of immovable property. Relief is available if a document or act is subject to both registration tax and stamp duty (stamp duty will not be imposed), or to registration with both the Chamber of Commerce and the Registry of Public Deeds (where only the public deeds levy is imposed).

Financial transactions tax

A 0.4% financial transactions tax is imposed on withdrawals from checking and savings accounts with financial institutions, as well as on accounts held with the Central Bank.

Consumption tax

Companies also may be subject to a consumption tax applicable when the following services or goods are provided or sold to, or imported by, the final consumer:

- Mobile phones and internet services;
- Certain movable goods, such as vehicles (domestically produced or imported);
- Vehicles considered fixed assets for the seller, when the sale is made on behalf of a third party;
- Food and beverages prepared in restaurants, cafés, supermarkets, etc., for onsite consumption or home delivery;
- Alcoholic beverages; and
- Real estate with a value greater than 26,800 UVT.

The applicable consumption tax rates range from 2% to 16%, depending on the service/goods.

"SIMPLE" tax regime

The SIMPLE regime is a voluntary regime available to corporate taxpayers satisfying certain conditions that simplifies and facilitates tax compliance. It is an optional taxation model that replaces the income tax and integrates the national consumption tax and the municipal industry and commerce tax. The taxable base is the gross ordinary and extraordinary income received in the taxable period, excluding capital gains. The tax rate depends on the type of activity conducted by the taxpayer and the gross income received and varies between 1.2% and 14.5% for 2025. SIMPLE taxpayers are not subject to withholding taxes, other than VAT withholding.

Industry and commerce tax

A municipal industry and commerce tax is imposed on companies at rates ranging from 0.2% to 1%, on gross receipts derived from carrying out industrial, commercial, and service activities within a municipal territory in Colombia. A supplementary billboards tax of 15% of the industry and commerce tax payable applies on the placing of billboards and other advertising boards in public spaces.

Carbon tax

Companies may be subject to a carbon tax based on the carbon content of fossil fuels, including all derivatives of petroleum that are used for energy purposes. The rate of carbon tax depends on the greenhouse gas emission factor for each specific fuel, expressed in unit weight (kilogram of carbon dioxide equivalent) per energy unit (terajoule), according to the volume or weight of the fuel. The person responsible for paying the tax varies.

Tax on single-use plastics

A tax applies to the sale, withdrawal for own consumption, or import for own consumption of single-use plastic packaging at a rate of 0.00005 UVT per gram of packaging. The tax is payable by the producer or importer.

Tax on ultra-processed sugary drinks

The import, production, sale, appropriation from stock, or any act resulting in the transfer of sugary ultra-processed drinks is taxed based on the grams (g) of sugar per hundred milliliters (100ml) of drink. For 2024, the tax rate is COP 28 for drinks with 6g to 10g of sugar per 100ml of drink and COP 55 for drinks with more than 10g of sugar per 100ml of drink. The taxpayer is the importer or the producer, as appropriate. The tax effectively increases the cost of the drinks and may be treated by the purchaser as a deductible expense for income tax purposes.

Tax on ultra-processed foods

The import, production, sale, appropriation from stock, or any act resulting in the transfer of industrially ultra-processed edible products with a high proportion of added sugars, sodium, or saturated fats is taxed based on the added sugars, salt or sodium, and/or fats. The taxpayer is the importer or the producer. The tax base is the purchase price of the goods. The tax rate is 20% as from 2025 (increased from 15%).

Tax treaties: Colombia has concluded around 20 tax treaties. Colombia signed the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (BEPS MLI) on 7 June 2017.

For information on Colombia's tax treaty network, visit Deloitte International Tax Source.

Tax authorities: National Tax and Customs Office (DIAN)

Contact us:

Diego Cubillos
dcubillos@deloitte.com

Max Murillo
mmurillo@deloitte.com

Luis Rubio
lurubio@deloitte.com