

GÓMEZ-PINZÓN ZULETA

SINCE 1992

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Forget

2017

## GÓMEZ-PINZÓN ZULETA ABOGADOS S.A.S.

Will be pleased to complement any information contained herein at your request as well as to assist you in the fulfillment of the requirements described as follows.

We hope that this information will be useful for your purposes. Should you need additional information, do not hesitate to contact us or visit our webpage [www.gpzlegal.com](http://www.gpzlegal.com)

## GÓMEZ-PINZÓN ZULETA

SINCE 1992

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# GÓMEZ-PINZÓN ZULETA ABOGADOS NEWSLETTER 2017

## CORPORATE MATTERS

The following document is provided by **Gómez-Pinzón Zuleta Abogados S.A.S.** to its clients and friends as a general reminder of certain legal obligations that must be complied with by local companies and branches of foreign companies at the beginning of each year.



It should be noted that this document does not state any specific legal or regulatory obligation related to a particular issue or a particular company. For that purpose, we offer you our team of attorneys with broad experience in business-oriented legal practice.

The information contained herein is not intended to provide an exhaustive or detailed analysis of the obligations and duties which must be complied with by companies that carry out activities in the country. Therefore, it is the responsibility of each recipient to establish the applicability of the obligations and proceedings hereinafter described, as well as other duties that may apply according to the activities undertaken by each company, and to ensure its compliance by internal officers of each company.

Unless by express mandate of our clients, **Gómez-Pinzón Zuleta Abogados S.A.S.** is not obliged to perform the following duties, but we would be more than glad to assist our clients:

## CORPORATE DUTIES

- To update, prior to March 31<sup>st</sup>, the commercial registration of companies, commercial establishments and branches of foreign companies. With the issuance of Law 1727 of July 11, 2014, a penalty imposed by the Superintendence of Industry and Commerce was established for the untimely renewal of the commercial registration.
- According to Article 30 of Law 1727 of July 11, 2014 the Chambers of Commerce shall submit, within one month after the deadline for the renewal of commercial registration, the list of Companies that failed to renew the registration and the Superintendence of Industry and Commerce may impose a penalty of up to 17 minimum monthly legal wages. Also, according to Article 31 of the aforementioned law, the Chambers of Commerce shall annually update the database of the Social Enterprise Single Record (RUES) as follows:



1. Commercial companies that have not undertaken the renovation in the last five (5) years will be declared in a state of dissolution and liquidation.
  2. The commercial registration of individuals, commercial establishments and branches that have not fulfilled the obligation to renew the commercial registration in the last five (5) years will be canceled.
- To summon the General Shareholders Meeting or the Board of Partners to an ordinary meeting for the approval of financial statements, in compliance with the procedures established in the company's by-laws. Please remember that the documents indicated in article 446 of the Code of Commerce must be available for the shareholders, along with those specified in articles 46 and 47 of Law 222 of 1995. The Board of Directors must also be summoned for the matters of its competence.

- To register in the Mercantile Registry, in accordance with article 91 of Law 633 of 2000, all Web pages and Internet sites of Colombian origin which operate in the Internet and perform commercial or financial activities or rendering of services. In addition, information regarding economic transactions must be provided to the Colombian Tax and Customs Authority (Dirección de Impuestos y Aduanas Nacionales – DIAN), as requested by such entity.
- Companies and branches under the surveillance or control of the Superintendence of Corporations, or those inspected companies that receive the instruction of said superintendence, must report immediately any corporate change such as modification or amendment to the corporate purpose or name, economic activity, transformation, term, new appointments, among others. The foregoing was established in the External Circular 03 dated January 13, 2005 issued by said superintendence.

**Filing of Financial Information (IFRS):** corporations, single-person companies and branches of foreign companies (“Corporate Entities”) under the surveillance or control of the Superintendence of Corporations, even if they are undergoing an insolvency procedure (restructuration or reorganization), must file before such entity all accounting and financial information corresponding to the period from January 1st to December 31st, 2016 in accordance with international financial reporting standards (IFRS), audited and certified, with the scope provided in articles 37 and 38 of Law 222 of 1995.

This obligation must also be fulfilled by Corporate Entities under the inspection of said Superintendence and which are required to do so as per written notice, unless they are going through a voluntary liquidation process, situation which shall be indicated by email to the following email address [webmaster@supersociedades.gov.co](mailto:webmaster@supersociedades.gov.co). Notwithstanding the foregoing, the Corporate Entities under the permanent surveillance of the Superintendence, which are undergoing a voluntary liquidation process, shall submit the financial information to such entity through the system Storm.

The separate and individual financial statements certified and audited with cutoff date as of December 31<sup>st</sup>, 2016 (IFRS) shall be submitted within the following dates in accordance with the last two digits of the tax ID:

**Schedule of Financial Information Filing. Group 1**

LAST TWO DIGITS OF THE TAX IDENTIFICATION NUMBER-NIT	INFORMATION DELIVERY	LAST TWO DIGITS OF THE NIT	INFORMATION DELIVERY
01-10	Monday, March 27	51-60	Monday, April 3
11-20	Tuesday, March 28	61-70	Tuesday, April 4
21-30	Wednesday, March 29	71-80	Wednesday, April 5
31-40	Thursday, March 30	81-90	Thursday, April 6
41-50	Friday, March 31	91-00	Friday, April 7

## Schedule of Financial Information Filing. **Group 2**

LAST TWO DIGITS OF THE TAX IDENTIFICATION NUMBER-NIT	INFORMATION DELIVERY	LAST TWO DIGITS OF THE NIT	INFORMATION DELIVERY
01-05	Monday, April 17	51-55	Tuesday, May 2
06-10	Tuesday, April 18	56-60	Wednesday, May 3
11-15	Wednesday, April 19	61-65	Thursday, May 4
16-20	Thursday, April 20	66-70	Friday, May 5
21-25	Friday, April 21	71-75	Monday, May 8
26-30	Monday, April 24	76-80	Tuesday, May 9
31-35	Tuesday, April 25	81-85	Wednesday, May 10
36-40	Wednesday, April 26	86-90	Thursday, May 11
41-45	Thursday, April 27	91-95	Friday, May 12
46-50	Friday, April 28	96-00	Monday, May 15

- Entities that have more than one accountable closing period in the year must fill out the corresponding information for each fiscal year independently and submit it in the dates indicated above, prior authorization request sent to the email [efinancieros@supersociedades.gov.co](mailto:efinancieros@supersociedades.gov.co) addressed to the Group of Business Reports (Grupo de Informes Empresariales).
- Parameters for the submission of financial information and additional documents are contained in External Circulars 201-000009 and 201-000010 dated November 24, 2016 regarding the companies classified in Groups 1 and 2 respectively, issued by the Superintendence of Corporations (the "Circulars").
- Please remember that the deadlines for submission of documents are mandatory and their non-compliance is subject to fines.
- To register in the Mercantile Registry situations of control or entrepreneurial groups in accordance with the provisions contained in article 30 of Law 222 of 1995.
- To register in the Mercantile Registry any modification regarding control situation or entrepreneurial groups, with the purpose of updating the information concerning such situations. It should be noted that the pertinent governmental control and surveillance entities are entitled, by law, to order the above mentioned registration when omitted.
- Parent or controlling companies must comply with the obligation of preparing, submitting and publishing consolidated financial statements, in accordance with article 35 of Law 222 of 1995. This obligation does not apply to foreign corporations that act as parent or controlling companies in the country that are not domiciled in Colombia; in such cases, their subsidiaries in Colombia are the ones obliged to comply with this obligation. Decree 2649 of 1993 sets forth some conditions and requirements for preparing the consolidated financial statements, as well as the standards and criteria for their disclosure.

- The parent or controlling companies under inspection that are required to provide individual financial information, and the parent or controlling companies obliged to submit it, shall send, besides the individual financial statements, the consolidated financial statements and other required information before May 23<sup>rd</sup>, 2017.
- Decree No. 019 of 2012, clarifies that whenever the financial statements are deposited in the Superintendence of Corporations, they do not need to be deposited in the chambers of commerce.
- Resolution 25985 of 2006, modified by Resolution 16085 of 2015 issued by the Superintendence of Public Services sets forth the requirement for companies in the public utilities services to report information concerning their Accounting Plan and Unified System of Costs and Expenses, through the Unified Information System ("*Sistema Único de Información-SUI*"). The aforementioned resolution is applicable to companies providing public utilities services which are mentioned in articles 15 and 16 of Law 142 of 1994 and which are under the surveillance and control of the Superintendence of Public Services.



- We recommend taking into consideration Decree 4350 of 2006 in order to determine which corporations are subject to the surveillance of the Superintendence of Corporations as from this year. Pursuant to such Decree, the criteria of surveillance was redefined in accordance with the amounts of assets (a total of assets, including a full inflation adjustment, equal to or higher than thirty thousand (30.000) minimum legal wages) and the amount of income (total income, including a full inflation adjustment, equal to or higher than thirty thousand (30.000) monthly minimum legal wages), dated as of December 31, 2016 based on the minimum wage in force by January 1, 2017. New criteria were also added by said Decree.

- Companies that belong to real estate, exploitation of mining and quarrying, legal services, accounting services, collection and/or credit rating; commercialization of vehicles, its parts and accessories, and construction of buildings sectors, provided that they comply with all the requirements indicated in the respective sector, have the obligation to adopt the provisions of Chapter X of the External Circular 100-000008 of October 25, 2016 issued by the Superintendence of Corporations. Therefore, the companies that from December 31<sup>st</sup>, 2016 have the obligation to comply with the provisions of Chapter X, shall adopt the auto control and risk management system of money laundering and financing of terrorism (*Sistema de Autocontrol y Gestión del Riesgo de LA/FT*) within a maximum period of twelve months, counted as from January 1<sup>st</sup> of the following year of that in which they comply with the requirements established in said Circular. Notwithstanding the foregoing, companies that at the date of issuance of the aforementioned Circular already comply with the requirements established therein, shall review and adjust its policy or its risk prevention and management system within a maximum term of twelve months counted as from September 1<sup>st</sup>, 2016 in accordance with the provisions set forth in Chapter X of the External Circular 100-000008 of 2016.
- Also, other companies subject to permanent surveillance or control exercised by the Superintendence of Corporations, even if they do not belong to any of the sectors previously mentioned, provided that by December 31<sup>st</sup> of the immediately preceding year, they have obtained a total income equal to or greater than 160,000 minimum legal wages, have the obligation to adopt the provisions of Chapter X of the External Circular 100-000008 of 2016.
- By means of Resolution No. 100-002657 of July 25, 2016, the Superintendence of Corporations established the criteria to determine which companies shall adopt a business ethic program for the prevention of the conducts provided for in article 2 of the Law 1778 of 2016, i.e. identify, detect, prevent, manage and mitigate the risks of transnational bribery, as well as others related to any act of corruption that may affect a legal entity. In that sense, the Superintendence indicated that the companies obliged to adopt such program are those companies subject to its surveillance which in the year immediately preceding carried out on a regular basis, businesses of any nature with foreign individuals or legal entities under public or private law ("*International Businesses or Transactions*") provided that any of the situations mentioned below concurs: (i) International Business or Transaction that is carried out throughout third parties; (ii) International Businesses or Transactions related to specific economic sectors, such as pharmaceutical; infrastructure and construction; manufacturer; mining and energy; and information and communication technologies. For the latter situation, the Superintendence of Corporations took into account criteria, such as the value of assets, income and number of employees. Accordingly, the obliged companies must adopt said program, taking as reference the provisions set forth in External Circular No. 100-000003 of July 26, 2016.
- Companies currently under the surveillance of superintendencies must pay a special contribution to these entities, according to the total amount of the company's assets. The corresponding amount and its form of payment are determined in accordance with the normativity they issue each year. These companies shall also comply with the obligation of updating their corporate information before the pertinent superintendence.



- We also recommend revising if your company (in case it does not need to have a statutory auditor from its incorporation) reached the limits of assets or gross income indicated by the Law 43 of 1990, in order to appoint a statutory auditor (i.e. assets that up until December 31<sup>st</sup> of 2016 exceeded the total of five thousand (5.000) minimum monthly legal wages) and/or its gross income during the previous year exceeded the total of three thousand (3.000) minimum monthly legal wages.

## FOREIGN EXCHANGE OBLIGATIONS

- According to section 7.2.1.6 of Circular DCIN-83 issued by the Central Bank, if the company or the branch of a foreign company is subject to the ordinary foreign exchange regime and is not obliged to provide financial information to the Superintendence of Corporations, the legal representatives must send in due form after the ordinary General Shareholders Meeting and, at the latest, on June 30<sup>th</sup> of the year following the fiscal period, Form No. 15 of the Central Bank ("*Conciliación Patrimonial Empresas y Sucursales del Régimen General*") in order to maintain the information of their foreign investments updated. Such filing shall be performed electronically. **This term may not be extended.**
- If the company or branch of a foreign company is subject to the ordinary foreign exchange regime, and obliged to provide the financial information to the Superintendence of Corporations, the foreign investment information is sent directly to this entity. Once delivered, the Superintendence will share the information with the Central Bank.
- If the company is registered in the stock market, the information related to its foreign investment shall be sent by the mechanism available in the Central Bank's website for such purposes. The report has to be sent after the ordinary General Shareholders Assembly and, at the latest, on June 30<sup>th</sup> of the year following the fiscal period. **This term may not be extended.**
- Branches of the special foreign exchange regime, recipients of foreign investment, must file Form No. 13 of the Central Bank. The form must be filed during the 6 months following the closing date of the fiscal period on December 31<sup>st</sup>. This, in order to maintain: (i) updated the information of their foreign investment and (ii) register the direct investment in the supplementary capital of the branch. **This term may not be extended.**
- Foreign investors (directly or through proxies) must inform the substitutions of foreign investment by filing simultaneously Forms No. 11 and No.12 of the Central Bank within 12 months as of the date when the transaction that originates the substitution was recorded in the company's stock ledger.
- Foreign investors (directly or through proxies) must inform the cancellations of foreign investment by filing Form No.12 of the Central Bank, within 12 months following as from the date when the transaction that originates the cancelation was recorded in the company's stock ledger.
- If by December 31<sup>st</sup>, 2016 the financial investments or assets held by the company abroad made with currencies that must not be channeled through the foreign exchange market, exceeded the amount of USD\$500,000 and were not registered before the Central Bank,

the company must register them with the Central Bank. The deadline to file this request is June 30<sup>th</sup> of the following year of its execution.

- If the company has performed financial investments in foreign assets, and they are subject to substitution, this must be informed to the Central Bank, during the month following the substitution.
- Companies that have restructured their paid-in capital (increasing or reducing the number of shares or quotas because of a change on the nominal value), must report to the Central Bank this situation. For such purpose, they must provide a certificate issued by the statutory auditor of the local company indicating the date of the by-laws amendment, the new nominal value of the stock and the capital structure before and after the amendment. The report must be filed within one month following the amendment of the capital structure.
- The investors that perform investments in other forms different than in foreign currencies, for example, foreign investment resulting from reorganization processes (mergers and spin-offs) must register the investment during the next twelve (12) months of the date that the operation was registered in the books of the company.
- Companies which hold compensation accounts should remember that: (i) the last business day of each month at the latest, they must file Form No. 10 ("*Relación de operaciones cuentas de compensación*"), to the Central Bank; (ii) if applicable, prior to submitting Form No. 10, they must file forms (*declaración de cambio información de datos mínimos de las operaciones de cambio por inversiones internacionales*) and (*formulario para la transmisión de información de operaciones de cambio por endeudamiento externo o avales y garantías*) which correspond to international investments and foreign indebtedness operations they have channeled through the compensation account; and (iii) on a quarterly basis and according to the calendar established in Resolution 9147 of 2006 issued by the Colombian Tax and Customs Authority (DIAN), these companies must also deliver to said entity a report informing certain debits and credits of the compensation account.



# TAX OBLIGATIONS

## National Taxes

### Income Tax

- National corporations and entities are taxed on worldwide income and capital gains.
- An entity is considered as national if one of the following conditions is met: (i) the effective place of management is in Colombia; (ii) the principal domicile is in Colombia; or (iii) it is organized under Colombian law.
- Foreign entities and corporations are taxed on Colombian-source income and capital gains, whether they received it directly or through branches or permanent establishments.
- National corporations and resident individuals are entitled to use a tax credit equivalent to the foreign tax paid on foreign-source income, up to the amount of the income tax payable in Colombia on the foreign-source income.
- The income tax payable by taxpayers not obliged to declare is the total amount of the withholding taxes.
- The Tax year is the calendar year.

### Income tax rates

- Corporate income tax rate is 34% for 2017 and 33% for the following years.
- Taxpayers with taxable base higher than COP \$800.000.000 (approximately USD 267,000) should pay a tax surcharge of 6% for 2017 and of 4% for 2018.
- A reduced corporate income tax rate of 20% applies to legal entities qualified as free trade-zone users.

### Deadlines

- Decrees 2105 of 2016 and 220 of 2017 establish the filing dates, and payment of the installments of national taxes for 2017 as follows:

### Major Taxpayers

LAST NUMBER OF THE TAX ID	FIRST INSTALLMENT	TAX RETURN FILLING AND SECOND INSTALLMENT	THIRD INSTALLMENT
0	February 8	April 10	June 8
9	February 9	April 11	June 9
8	February 10	April 17	June 12
7	February 13	April 18	June 13
6	February 14	April 19	June 14

LAST NUMBER OF THE TAX ID	FIRST INSTALLMENT	TAX RETURN FILLING AND SECOND INSTALLMENT	THIRD INSTALLMENT
5	February 15	April 20	June 15
4	February 16	April 21	June 16
3	February 17	April 24	June 20
2	February 20	April 25	June 21
1	February 21	April 26	June 22

Corporations and other entities. **Tax Return Filling and First Installment**

LAST NUMBER OF THE TAX ID	TAX RETURN FILLING AND FIRST INSTALLMENT
96 to 00	April 10
91 to 95	April 11
86 to 90	April 17
81 to 85	April 18
76 to 80	April 19
71 to 75	April 20
66 al 70	April 21
61 to 65	April 24
56 to 60	April 25
51 to 55	April 26
46 to 50	April 27
41 to 45	April 28
36 to 40	May 2
31 to 35	May 3
26 to 30	May 4
21 to 25	May 5
16 to 20	May 8
11 to 15	May 9
06 to 10	May 10
01 to 05	May 11

Corporations and other entities. **Second Installment**

LAST NUMBER OF THE TAX ID	SECOND INSTALLMENT
0	June 8
9	June 9
8	June 12
7	June 13
6	June 14
5	June 15
4	June 16
3	June 20
2	June 21
1	June 22

Individuals. Tax Return Filling and single payment

LAST NUMBERS OF THE TAX ID	DUE DATE
99 and 00	August 9
97 and 98	August 10
95 and 96	August 11
93 and 94	August 14
91 and 92	August 15
89 and 90	August 16
87 and 88	August 17
85 and 86	August 18
83 and 84	August 22
81 and 82	August 23
79 and 80	August 24
77 and 78	August 25
75 and 76	August 28
73 and 74	August 29
71 and 72	August 30
69 and 70	August 31
67 and 68	September 1
65 and 66	September 4
63 and 64	September 5
61 and 62	September 6
59 and 60	September 7
57 and 58	September 8
55 and 56	September 11
53 and 54	September 12
51 and 52	September 13
49 and 50	September 14
47 and 48	September 15
45 and 46	September 18
43 and 44	September 19
41 and 42	September 20
39 and 40	September 21
37 and 38	September 22
35 and 36	September 25
33 and 34	September 26
31 and 32	September 27
29 and 30	September 28
27 and 28	September 29
25 and 26	October 2
23 and 24	October 3
21 and 22	October 4
19 and 20	October 5
17 and 18	October 6
15 and 16	October 9

**LAST NUMBERS OF THE TAX ID****DUE DATE**

13 and 14	October 10
11 and 12	October 11
09 and 10	October 12
07 and 08	October 13
05 and 06	October 17
03 and 04	October 18
01 and 02	October 19

**Income Tax for Equality - CREE**

- Incorporated by Law 1607 of 2012.
- CREE taxpayers are exonerated from the payroll contributions (SENA, ICBF and contributions to the health contributory regime) of employees earning up to 10 minimum monthly legal wages.
- Removed by Law 1819 of 2016, as of January 1, 2017.
- The following are the filing dates, and payment of the installments for Income Tax for Equality-CREE in 2017:

LAST NUMBER OF THE TAX ID	TAX RETURN FILING AND FIRST INSTALLMENT	SECOND INSTALLMENT
0	April 10	June 8
9	April 11	June 9
8	April 17	June 12
7	April 18	June 13
6	April 19	June 14
5	April 20	June 15
4	April 21	June 16
3	April 24	June 20
2	April 25	June 21
1	April 26	June 22

**Wealth Tax**

- By means of Law 1739 of December 23, 2014 a tax called “wealth tax” (which is essentially equal to the net worth tax that has been in place in Colombia since 2004) was created. The main characteristics of this tax are the following:
- The Wealth Tax is generated by the possession of wealth on January 1, 2015 whose value equals or exceeds COP\$1.000.000.000 (approximately USD 333,000). For these purposes the term “wealth” is understood as the gross assets of the taxpayer owned on January 1, 2015 minus the liabilities on that date.

- The taxpayers of the wealth tax are, among others, (i) individuals, legal entities and de facto companies that are taxpayers of the income tax, (ii) local or foreign individuals that are not residents in Colombia with respect to their wealth in Colombia owned directly or indirectly (through permanent establishments) and (iii) companies and other foreign entities with respect to their wealth in Colombia owned directly or indirectly (through branches or other type of permanent establishments).
- It is accrued year by year as follows: (i) for corporations in 2015, 2016 and 2017; and (ii) for individuals in 2015, 2016, 2017 and 2018.

The taxable base is the liquid assets, using the taxable base of 2015 as reference. It is possible to exclude from the taxable base, among others, the following assets: (i) the first 12,200 UVT of the equity value of the house or apartment; and (ii) the net equity value of the shares held in local companies (Colombian or foreign) directly or indirectly (through trusts, funds, pension funds or pension insurance), among others.

- The following are the tax rates for legal entities and individuals:

TAX RATES – LEGAL ENTITIES – 2017		
TAXABLE BASE	MARGINAL RATE	TAX
>0	0.05%	$(\text{Taxable Base}) \times 0.05\%$
$\geq 2.000.000.000$	0.10%	$((\text{Taxable Base} - \$2.000.000.000) \times 0.10\%) + \$1.000.000$
$\geq 3.000.000.000$	0.20%	$((\text{Taxable Base} - \$3.000.000.000) \times 0.20\%) + \$2.000.000$
$\geq 5.000.000.000$	0.40%	$((\text{Taxable Base} - \$5.000.000.000) \times 0.40\%) + \$6.000.000$

TAX RATES – INDIVIDUALS		
TAXABLE BASE	MARGINAL RATES	TAX
>0	0.125%	$(\text{Taxable Base}) \times 0.125\%$
$\geq 2.000.000.000$	0.35%	$((\text{Taxable Base} - \$2.000.000.000) \times 0.35\%) + \$2.500.000$
$\geq 3.000.000.000$	0.75%	$((\text{Taxable Base} - \$3.000.000.000) \times 0.75\%) + \$6.000.000$
$\geq 5.000.000.000$	1.50%	$((\text{Taxable Base} - \$5.000.000.000) \times 1.50\%) + \$21.000.000$

## Normalization Tax

- Incorporated by Law 1739 of 2014 as complementary to the Wealth in order to allow taxpayers to recognize before Colombian Tax Authority non-reported assets and non-existent liabilities. The main characteristics of this complementary tax are the following:
- Applicable between 2015 and 2017 for corporations and between 2015 and 2018 for individuals, as a complementary tax of the new Wealth Tax. Therefore, the assets subject to complementary tax will also be subject to Wealth Tax.
- The taxpayers of this complementary tax will be the taxpayers of the Wealth Tax who have hidden assets as well as those who voluntarily file wealth tax returns and have omitted assets.
- The complementary tax is originated by the possession of hidden assets and non-existent liabilities.
- The taxable base of the complementary tax is the equity value of the hidden assets or self-valuation (*autoavalúo*) determined by the taxpayer, which must not be lower than the assets' equity value.
- Interest or rights on private interest foundations, trusts or other fiduciary businesses abroad will be deemed as trust interest possessed in Colombia and therefore, its equity value will be the one corresponding to the participation of the beneficiary in the net worth of the trust.
- The rate of the complementary tax was 10% for the year 2015, 11.5% for the year 2016 and will be of 13% for the year 2017.
- The following are the deadlines to file and pay wealth tax and the complementary tax returns during the year 2017:

LAST NUMBER OF THE TAX ID	TAX RETURN FILLING AND FIRSTINSTALLMENT	SECOND INSTALLMENT
0	May 9	September 8
9	May 10	September 11
8	May 11	September 12
7	May 12	September 13
6	May 15	September 14
5	May 16	September 15
4	May 17	September 18
3	May 18	September 19
2	May 19	September 20
1	May 22	September 21



Annual report of assets possessed abroad

- Incorporated by Law 1739 of 2014.
- As of 2015, income taxpayers who are subject to this tax regarding their local and their foreign net worth and their local and foreign source income, are required to file an “annual return of foreign assets” in order to report them to Colombian Tax Authorities. The information to be provided by the taxpayers includes the jurisdiction where the assets are located and their equity value.
- It has a reporting nature.
- The deadlines to file assets possessed abroad are the following:

Major Taxpayers

LAST NUMBER OF THE TAX ID	DUE DATE
0	April 10
9	April 11
8	April 17
7	April 18
6	April 19
5	April 20
4	April 21
3	April 24
2	April 25
1	April 26

Legal Entities

LAST NUMBERS OF THE TAX ID	DUE DATE
96 to 00	April 10
91 to 95	April 11
86 al 90	April 17
81 to 85	April 18
76 to 80	April 19
71 to 75	April 20
66 to 70	April 21
61 to 65	April 24
56 to 60	April 25
51 to 55	April 26
46 to 50	April 27
41 to 45	April 28
36 to 40	May 2
31 to 35	May 3

LAST NUMBERS OF THE TAX ID	DUE DATE
26 to 30	May 4
21 to 25	May 5
16 to 20	May 8
11 to 15	May 9
06 to 10	May 10
01 to 05	May 11

#### Individuals

LAST NUMBERS OF THE TAX ID	DUE DATE
99 and 00	August 9
97 and 98	August 10
95 and 96	August 11
93 and 94	August 14
91 and 92	August 15
89 and 90	August 16
87 and 88	August 17
85 and 86	August 18
83 and 84	August 22
81 and 82	August 23
79 and 80	August 24
77 and 78	August 25
75 and 76	August 28
73 and 74	August 29
71 and 72	August 30
69 and 70	August 31
67 and 68	September 1
65 and 66	September 4
63 and 64	September 5
61 and 62	September 6
59 and 60	September 7
57 and 58	September 8
55 and 56	September 11
53 and 54	September 12
51 and 52	September 13
49 and 50	September 14
47 and 48	September 15
45 and 46	September 18
43 and 44	September 19
41 and 42	September 20
39 and 40	September 21
37 and 38	September 22
35 and 36	September 25
33 and 34	September 26
31 and 32	September 27

LAST NUMBERS OF THE TAX ID	DUE DATE
29 and 30	September 28
27 and 28	September 29
25 and 26	October 2
23 and 24	October 3
21 and 22	October 4
19 and 20	October 5
17 and 18	October 6
15 and 16	October 9
13 and 14	October 10
11 and 12	October 11
09 and 10	October 12
07 and 08	October 13
05 and 06	October 17
03 and 04	October 18
01 and 02	October 19

### TRANSFER PRICING:

- Income taxpayers who conduct transactions with foreign related parties must comply with transfer pricing regime.
- Income taxpayers with gross assets equal to or greater than 100.000 UVT (COP\$2.975.300.000 approximately USD 992,000) or with gross income equal to or greater than 61.000 UVT (COP \$1.814.933.000 approximately USD 605,000) shall comply with the following obligations (i) file the transfer pricing return for information purposes; and (ii) submit and send the transfer pricing documentation, that must include a Master File with global information of the multinational group (MNE Group) and a Local File with the information of each operation.
- Taxpayers who follow certain requisites shall file a Country by Country (CbC) Report.
- Transactions conducted with individuals or entities located, domiciled or residents in non-cooperative jurisdictions, in jurisdictions of law or zero taxation or subject to special tax regimes, must comply with transfer pricing regime, fulfill the transfer pricing return for information purposes and present the transfer pricing documentation. Furthermore, they must document and demonstrate in detail the functions performed, the assets employed, the risks assumed and the total costs and expenses incurred by the company located, resident or domiciled in this type of jurisdictions.
- Taxpayers subject to transfer pricing rules may enter into Advanced Pricing Agreements (APA) with the tax authorities.
- Non-compliance of transfer pricing obligations may involve the application of sanctions.

- The deadlines to submit the transfer pricing return for information purposes and the transfer pricing documentation are the following:

#### Transfer Pricing Return for Information Purposes

LAST NUMBER OF THE TAX ID	DUE DATE
0	July 11
9	July 12
8	July 13
7	July 14
6	July 17
5	July 18
4	July 19
3	July 21
2	July 24
1	July 25

#### Transfer Pricing Documentation

LAST NUMBER OF THE TAX ID	DUE DATE
0	July 11
9	July 12
8	July 13
7	July 14
6	July 17
5	July 18
4	July 19
3	July 21
2	July 24
1	July 25

#### Value Added Tax (VAT)

- The Value Added Tax (VAT) in Colombia levies, among other events: (i) the sale of tangible movable and immovable goods, except for those expressly excluded; (ii) the sale or transfer of rights over intangible assets only industrial property-related; (iii) the provision of services within Colombian territory or from abroad, except for those expressly excluded; and (iv) the circulation, sale or operation of games of chance, except for the lotteries and games of chance operated exclusively by internet.
- Licensing agreements and contracts authorizing the use and exploitation in any manner of intangible assets, and services executed abroad for users located in Colombia, are considered services rendered inside Colombian territory which trigger VAT under the general rules.
- The general VAT rate is 19%.
- The taxable period is bimonthly or quarterly.

Bimonthly Tax Return Filling and Installments

LAST NUMBER OF THE TAX ID	JANUARY-FEBRUARY 2017	MARCH-APRIL 2017	MAY-JUNE 2017
0	March 8	May 9	July 11
9	March 9	May 10	July 12
8	March 10	May 11	July 13
7	March 13	May 12	July 14
6	March 14	May 15	July 17
5	March 15	May 16	July 18
4	March 16	May 17	July 19
3	March 17	May 18	July 21
2	March 21	May 19	July 24
1	March 22	May 22	July 25

LAST NUMBER OF THE TAX ID	JULY-AUGUST 2017	SEPTEMBER-OCTOBER 2017	NOVEMBER-DECEMBER 2017
0	September 8	November 9	January 11
9	September 11	November 10	January 12
8	September 12	November 14	January 15
7	September 13	November 15	January 16
6	September 14	November 16	January 17
5	September 15	November 17	January 18
4	September 18	November 20	January 19
3	September 19	November 21	January 22
2	September 20	November 22	January 23
1	September 21	November 23	January 24

Quarterly Tax Return Filling and Installments

LAST NUMBER OF THE TAX ID	JANUARY-APRIL 2017	MARCH-AUGUST 2017	SEPTEMBER-DECEMBER 2017
0	May 9	September 8	January 11
9	May 10	September 11	January 12
8	May 11	September 12	January 15
7	May 12	September 13	January 16
6	May 15	September 14	January 17
5	May 16	September 15	January 18
4	May 17	September 18	January 19
3	May 18	September 19	January 22
2	May 19	September 20	January 23
1	May 22	September 21	January 24



### National Consumption Tax

- Incorporated by Law 1607 of 2012, as of January 1, 2013.
- The national consumption tax levies the provision of certain activities such as mobile phone service, sales of certain tangible movable goods and the sale of food and beverages prepared in restaurants, cafes, bars, etc.
- The national consumption tax returns are filed on a bimonthly basis.
- Tax Rates are 4%, 8% or 16%.

### Electronically file relevant information

- Resolution 112 of October 29, 2015 issued by the Tax authority, establishes who are required to electronically file relevant information for the fiscal year 2016, including its content, its characteristics and the filing due dates in 2017.
- Resolution 68 of October 28, 2016 issued by the Tax authority, establishes who are required to electronically file relevant information for the fiscal year 2017, including its content, its characteristics and the filing due dates.
- The following are the due dates of 2017 according to Resolution 112 of 2015:

### Major Taxpayers

LAST NUMBER OF THE TAX ID	DUE DATE
4	March 28, 2017
5	March 29, 2017
6	March 30, 2017
7	March 31, 2017
8	April 3, 2017
9	April 4, 2017

LAST NUMBER OF THE TAX ID	DUE DATE
0	April 5, 2017
1	April 6, 2017
2	April 7, 2017
3	April 10, 2017

#### Legal Entities and Individuals

LAST NUMBERS OF THE TAX ID	DUE DATE
31 a 35	April 18, 2017
36 a 40	April 19, 2017
41 a 45	April 20, 2017
46 a 50	April 21, 2017
51 a 55	April 24, 2017
56 a 60	April 25, 2017
61 a 65	April 26, 2017
66 a 70	April 27, 2017
71 a 75	April 28, 2017
76 a 80	May 2, 2017
81 a 85	May 3, 2017
86 a 90	May 4, 2017
91 a 95	May 5, 2017
96 a 00	May 8, 2017
01 a 05	May 9, 2017
06 a 10	May 10, 2017
11 a 15	May 11, 2017
16 a 20	May 12, 2017
21 a 25	May 15, 2017
26 a 30	May 16, 2017

#### Withholding Tax

- Those who intervene in acts or operations, in which they must withhold taxes by express legal provision, must carry it out, submit the tax withholding declarations and deposit the collected funds.

#### Miscellaneous matters

- Decree 2460 of November 7, 2013 (amended by Decree 2620 of December 17, 2014) establishes the obligations regarding the registration with the National Tax Registry (*Registro Único Tributario-RUT*) and the legal duty to file national tax returns.

National taxes taxpayers, their legal representatives, attorneys, agents, accountants, and statutory auditors who are required to comply with reporting requirements in the name of or on behalf of third parties, must be registered in the National Tax Registry.

Other entities and individuals required to obtain a National Tax Registry (RUT) are: certain trusts, foreign investors obliged to comply with formal duties, branches of foreign companies, VAT taxpayers, consumption tax taxpayers, foreign exchange intermediaries and traveler's checks dealers, individuals liable to declare the transit of currencies, among others.

- Law 1819 of 2016 incorporated the CFC Rules.
- This law defined the criminal offense when assets are omitted or when non-existing liabilities are included, with a value of more than 7.250 minimum wages, when it affects the income tax or the credit balance. The crime shall be sanctioned with custodial sentence from 48 to 108 months and a fine of 20% of the value of the omitted asset, the value of the inaccurately declared asset, or the non-existent liability.

## Municipal Taxes

### Industry and Commerce Tax (ICA)

- Individuals, legal entities and de facto companies who carry out industrial, commercial or service activities within a municipal jurisdiction in Colombia, either directly or indirectly, permanently or occasionally, are subject to industry and commerce tax.
- Taxpayers must fill de Tax Return and pay.
- Those who are withholding agents must comply with their obligations.

### Property Taxation

- Tax ownership of real state.
- Payable annually.

## TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARD (IFRS)

Currently Colombia is in the process of transition to the IFRS, which was initiated with the issuance of Law 1314 of 2009. For effects of the convergence the following groups were established:

1. Group 1: It is composed, among others, by the issuers of securities, public interest entities, and the companies with more than 200 employees and total assets greater than 30,000 Colombian minimum legal wages, as long as they comply with any of the requirements established in the above mentioned rules.
2. Group 2: To this group belong the companies that are not included in groups 1 or 3.
3. Group 3: To this group belong the called "micro-companies" with less than 10 employees and total assets lower than 500 Colombian minimum legal wages.



The National Government regulated the above mentioned Law, regarding each one of the different groups involved in the transition process, in the following manner:

- a. The Decree 2784 of 2012, which issued the technical regulatory framework for those who prepare the financial information of the entities of Group 1. The technical regulatory framework for this group is known as the International Financial Reporting Standard (IFRS), issued on January 1, 2012 by the International Accounting Standards Board (IASB)

The first period for the application of the IFRS is the period between January 1, 2015 and December 31, 2015.

- b. The Decree 3022 of 2013, which issued the technical regulatory framework for those who prepare the financial information of the entities of Group 2. The technical regulatory framework for this group is known as International Financial Reporting Standard (IFRS) for small and medium-sized companies ("Pymes"), in its 2009 version, authorized by the IASB.

The first period for the application of the IFRS for Pymes is the period between January 1, 2016 and December 31, 2016.

- c. The Decree 2706 of 2012, which issued the technical regulatory framework for those who prepare the financial information of the entities of Group 3. For this group a simplified accounting regime for micro-companies was established. The first period for the application of this group is the period between January 1, 2016 and December 31, 2016.
- d. Through Decree 2420 of 2015, the government compiles the decrees of Law 1314 of 2009 regarding IFRS and ISA.

The main tax aspects related with the process of transition to IFRS are:

- a. In accordance with Article 4 of the Law 1314 of 2009, the tax rules are self-governing and independent from the accounting and financial information rules, the latter will have a tax effect only when the tax rules expressly refer to them or when the tax rules do not regulate the specific matter.
- b. In accordance with Article 165 of Law 1607 of 2012, during the four years following the enforcement of the IFRS, this is, since the date when the financial statements are prepared attending the new technical regulatory framework, the fiscal basis of the items included in the tax returns will continue unchanged with the purpose of allowing the Colombian Tax and Customs Authority (DIAN) to measure the impact of the implementation of the IFRS, and to propose the corresponding legislative measures.

## LABOR DUTIES

By means of the issuance of Decree 2209, dated December 30<sup>th</sup>, 2016, beginning January 1st, 2017 the minimum monthly legal wage is COP \$737.717.

- The transportation aid that is granted to employees who earn up to two (2) minimum monthly legal wages for the year 2017, was fixed by means of Decree 2210 of December 30<sup>th</sup> of 2016, in COP \$83.140.
- The monthly integral salary shall only be applicable to those employees who, as of 2017, earn more than 13 minimum monthly legal wages, COP \$9.590.321.
- The calculation base of social security contribution payments cannot be less than one (1) minimum monthly legal wage (COP \$737.717), nor greater than twenty-five (25) minimum monthly legal wages (COP \$18.442.925).
- Employers are obliged to pay their employees, before January 31<sup>st</sup>, a 12% of legal interest on the balance of severance payments up to December 31<sup>st</sup> of 2016.
- Before February 14<sup>th</sup> of 2017, employers must deposit severances accrued by the employees during the previous year, in each of the severance funds chosen by the latter.
- Before March 15<sup>th</sup> of 2017, employers must grant every employee a certificate of income and withholdings.
- The legal services bonus must be paid on June 30<sup>th</sup> and December 20<sup>th</sup> of 2017.
- Provide workers who earn up to two (2) monthly minimum legal wages (COP \$1.475.434), with the appropriate work and shoes attire for the work performed by the employee. It has to be given three (3) times during the year (April 30<sup>th</sup>, August 31<sup>st</sup> and December 20<sup>th</sup>).
- Employers who pay Income Tax for Equality - CREE shall be exempt of paying 8,5% of the income contribution base destined to Social Security in healthcare, for every single employee that earns up to 10 minimum legal wages (COP\$7.377.170).
- Employers that hire employees who earn more than 10 minimum legal wages, shall continue to pay payroll tax and healthcare contributions on the same terms and conditions defined by labor law.

Gómez-Pinzón Zuleta Abogados will be pleased to complement any information contained herein at your request as well as to assist you in the fulfillment of the requirements described above. We hope that this information will be useful for your purposes.

Should you need additional information, do not hesitate to contact us ([parrazola@gpzlegal.com](mailto:parrazola@gpzlegal.com)) or visit our webpage: [www.gpzlegal.com](http://www.gpzlegal.com)

Regards,

Gómez-Pinzón Zuleta Abogados S.A.S.





GÓMEZ-PINZÓN ZULETA

SINCE 1992