

Legal Update

News about the financing bill (Tax reform)

November 28, 2018

“Regularization tax”

Continuing with our updates on the Financing Law project, this time we will summarize the main aspects of the new regularization tax that comes as a complement to income and equity taxes. Remember that the law 1739 of 2014, brought a first edition of this tax for 3 years with rates between 10% and 13%.

The characteristics of the proposed tax are:

- The chargeable event is the possession of omitted assets or non-existent liabilities as of January 1, 2019.
- Taxable base. In the case of nonexistent liabilities, the taxable base is its fiscal cost. While in the case of omitted assets, the taxpayer can choose to take as a tax base i) the fiscal cost of the goods or ii) its commercial value supported with a technical appraisal.
- If the commercial value is taken as a taxable base and the assets are repatriated during 2019, it will be reduced by 50%.
- The regularization tax rate is 13%, however, if the taxpayer repatriates and invests the assets in the country, the rate will be reduced by 50%.
- The regularization, does not generate negative consequences towards statements already presented, criminal actions or exchange sanctions.
- It is allowed to adjust the fiscal cost of the assets abroad (declared) to the commercial value, provided that the difference is included in the taxable base of the regularization tax.
- The assets subject to the regularization tax should not be included in the tax base of the wealth tax.

For more information, please contact one of the following attorneys:

> Luis Carlos Neira	Bogotá	+571 746.6070	luiscarlos.neira@nortonrosefulbright.com
> Ricardo Pérez Arango	Bogotá	+571 746.4624	ricardo.perez@nortonrosefulbright.com

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