



Bogotá's Legal Guide to Foreign Direct Investment

2026

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TAX REGIME



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taking you further

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Structure of the Colombian Tax System

The Colombian tax system is composed of three levels: national, departmental, and municipal or district. Each level has an administrative authority with autonomy to manage its own taxes and perform auditing functions.

1. National Taxes

1.1 Income Tax

Income tax is the main corporate tax in Colombia and is levied on profits earned during each taxable year. Companies incorporated in the country and permanent establishments are subject to taxation on their worldwide income, while foreign companies that do not have a permanent establishment in Colombia are only taxed on income from national sources.

Net taxable income is determined by subtracting allowable costs and deductions from gross taxable income, and the general rate of 35%¹ is then applied to legal entities.

Although the tax is filed annually, withholding at source is applied throughout the year as an advance collection mechanism, with rates ranging from 2% to 48% depending on the concept giving rise to the payment or credit.

The effective tax burden may be modified by the application of tax credits, sector-specific benefits, and the minimum effective tax rate, which seeks to ensure a minimum level of effective taxation of 15%.

There are also differential rates for certain sectors, such as entities that earn income from hotel services, theme parks, ecotourism or agrotourism, and publishing companies incorporated in Colombia, which are subject to a rate of 15%, as well as state-owned industrial and commercial enterprises, which are taxed at 9%.

Likewise, certain sectors are subject to surcharges on the general rate, including financial institutions, insurance companies, and reinsurers, with five additional percentage points; coal extraction activities, with a variable surcharge between zero and ten points; crude oil extraction, with a surcharge between zero and fifteen points; and the generation of electric power through hydroelectric resources, with three additional points.

¹ Article 240 of the Colombian Tax Code. Multiple income tax rates exist, depending on the type of economic activity and applicable tax benefits. These differential rates range from 0% to 35%, with surcharges ranging between 3 and 15 additional points, depending on the tamaño tipo de actividad económica carried out.

1.2 Dividend Tax

Cuando una empresa distribuye utilidades a sus accionistas, se genera el impuesto a los dividendos. Si las utilidades ya fueron gravadas a nivel corporativo, el dividendo está sujeto a una retención adicional. En caso de que no hayan sido gravadas, se hace una retención previa del 35 % denominada «recaptura»; luego aplica la retención en la fuente adicional:

- The withholding at source for entities or individuals who are not Colombian tax residents is 20%²; for entities or individuals who are Colombian tax residents it is 10%³.
- For foreign investors, this withholding typically constitutes the final tax in Colombia.

1.3 Capital Gains

Capital gains correspond to extraordinary income such as the sale of fixed assets held for more than two years, inheritances, donations, and prizes. The general rate is 15%⁴, although special rates may apply to certain prizes.

² Colombia has a network of double taxation avoidance treaties, in which case the treaty provisions prevail over domestic law. Under such treaties, depending on what has been agreed with each country, this withholding may be reduced and, in some cases, may be reduced to 0%.

³ Articles 242 and 245 of the Colombian Tax Code.

⁴ Article 300 et seq. of the Tax Code.

1.4 Special Tax Regime

For non-profit entities⁵ there is the possibility of adopting the special tax regime, which establishes a rate of 20% on income tax and allows the net profit or surplus to remain untaxed when it is allocated, within the year following its receipt, to the development of the entity's corporate purpose and its meritorious activities. Membership in this regime is not automatic but requires a formal application to the Tax Administration and compliance with the established requirements for continued membership.

1.4.1 Value Added Tax (VAT)

VAT is an indirect tax levied on the sale of goods, the provision of services, and imports⁶. The general rate is 19%. It operates under a cascade system, under which tax paid may be taken as a deductible tax credit, allowing the VAT paid on purchases to be offset against the VAT generated on sales.

Natural and legal persons are liable for VAT when they:

- i. Are merchants or carry out activities similar to those of merchants.
- ii. Provide services in Colombian territory.
- iii. Are importers.

Colombia applies the destination-country taxation principle, under which exports of both goods and services are exempt from the tax, provided that legal requirements are met. Under this principle, acquisitions from abroad are subject to VAT upon importation. In the case of service imports, the withholding at source mechanism applies, whereby the acquirer of the foreign service must remit the VAT associated with the acquisition.

⁵ Retrieved from: <https://www.dian.gov.co/impuestos/sociedades/Regimen-Tributario-Especial-RTE/Paginas/default.aspx>

⁶ Article 420 of the Colombian Tax Code.



1.5 Financial Transactions Tax (FTT)

The FTT is levied on bank account withdrawals at a rate of 0.4%, and is also known as the “4 per thousand.” It is automatically collected by financial institutions and must be factored into investment financial planning.

1.6 Colombian Holding Company Regime (CHC)

The Colombian Holding Companies regime⁷ —CHC— is a special tax scheme designed to promote foreign direct investment and facilitate the use of companies incorporated in Colombia as vehicles for holding, managing, and investing in equity interests, both in domestic and foreign entities.

This regime grants tax benefits primarily with respect to dividends or profit-sharing received by the CHC, as well as gains obtained from the disposal of shares or equity interests, provided that the requirements set out in Colombian tax regulations are met.

To access the CHC regime, the company must be a Colombian tax resident and have as one of its main activities the holding of securities, the investment in or holding of shares or equity interests in domestic and/or foreign companies or entities, as well as the management of such investments.

Additionally, it must hold a direct or indirect interest of at least 10% in the capital of two or more companies or entities, whether Colombian or foreign, for a minimum period of twelve months.

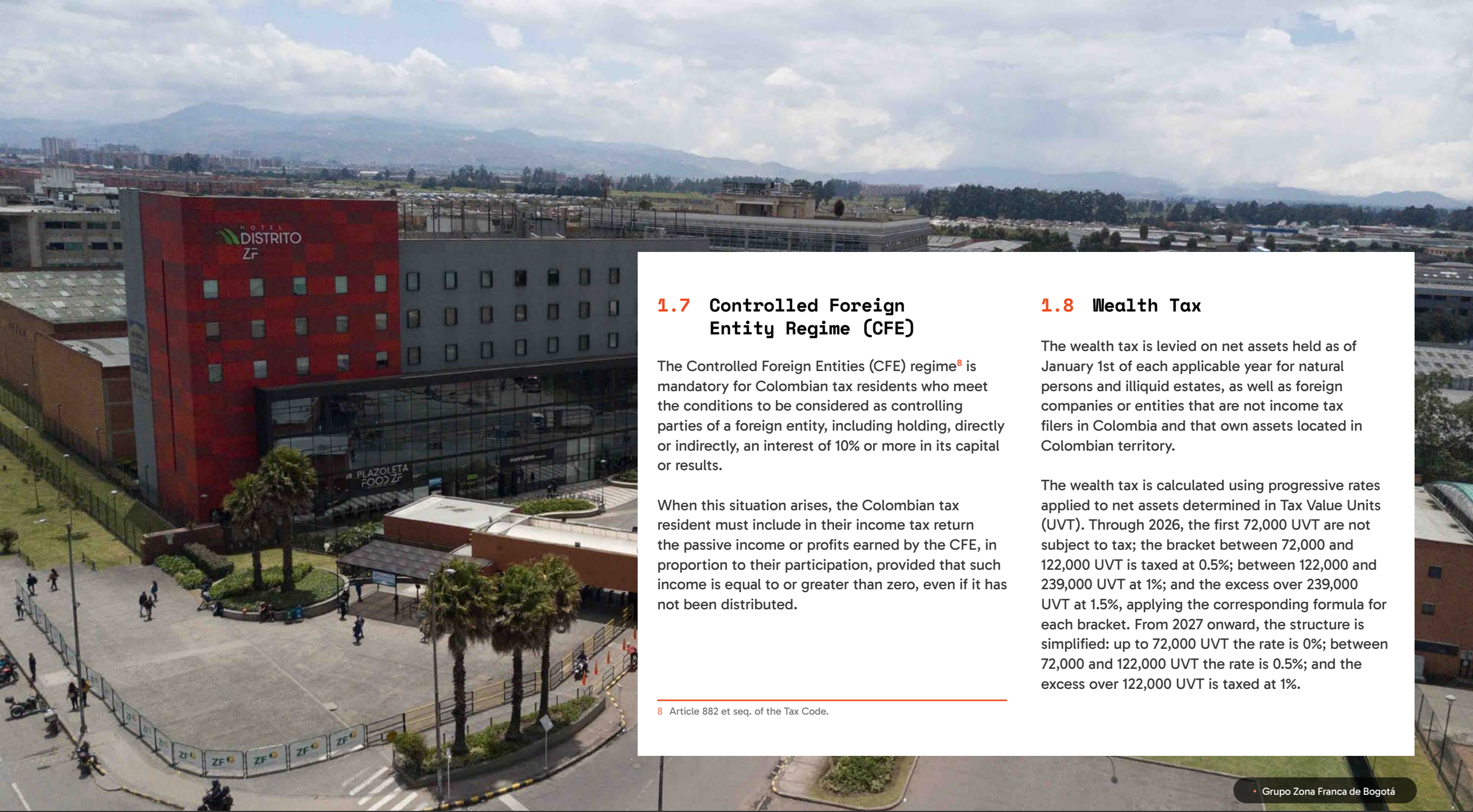
In particular, dividends or profit distributions paid by entities that are not Colombian tax residents to a CHC are exempt from income tax in Colombia and must be declared as exempt capital income.

When the CHC distributes such dividends to its partners or shareholders, the tax treatment will depend on the nature of the recipient, as follows:

Recipient of the dividend distributed by the CHC	Tax treatment	Applicable rate
Natural or legal person who is not a Colombian tax resident	Dividends are considered foreign-source income. Therefore, when received by a non-Colombian tax resident, they would not be taxable in Colombia.	0%
Natural person who is a Colombian tax resident	Dividends will be taxed in accordance with the general rules applicable to dividends received by resident natural persons.	Applicable rate pursuant to Article 242 of the Colombian Tax Code..
Legal entity that is a Colombian tax resident	Dividends will be subject to the general rules applicable to dividends received by domestic companies.	Applicable rate pursuant to Article 242-1 of the Colombian Tax Code.

Additionally, dividends received from investments in foreign entities under the CHC regime are not subject to the Industry and Commerce Tax —ICA—. Furthermore, CHCs are considered Colombian tax residents for purposes of the double taxation avoidance treaties entered into by Colombia.

⁷ Article 894 et seq. of the Tax Code.



1.7 Controlled Foreign Entity Regime (CFE)

The Controlled Foreign Entities (CFE) regime⁸ is mandatory for Colombian tax residents who meet the conditions to be considered as controlling parties of a foreign entity, including holding, directly or indirectly, an interest of 10% or more in its capital or results.

When this situation arises, the Colombian tax resident must include in their income tax return the passive income or profits earned by the CFE, in proportion to their participation, provided that such income is equal to or greater than zero, even if it has not been distributed.

⁸ Article 882 et seq. of the Tax Code.

1.8 Wealth Tax

The wealth tax is levied on net assets held as of January 1st of each applicable year for natural persons and illiquid estates, as well as foreign companies or entities that are not income tax filers in Colombia and that own assets located in Colombian territory.

The wealth tax is calculated using progressive rates applied to net assets determined in Tax Value Units (UVT). Through 2026, the first 72,000 UVT are not subject to tax; the bracket between 72,000 and 122,000 UVT is taxed at 0.5%; between 122,000 and 239,000 UVT at 1%; and the excess over 239,000 UVT at 1.5%, applying the corresponding formula for each bracket. From 2027 onward, the structure is simplified: up to 72,000 UVT the rate is 0%; between 72,000 and 122,000 UVT the rate is 0.5%; and the excess over 122,000 UVT is taxed at 1%.



1.9 National Consumption Tax

This is a national tax triggered by the provision of certain services and the sale of specific goods to the end consumer, or upon importation when the importer is the end consumer. It does not apply generally to all transactions, but only to those goods and services expressly specified by law.

The rate varies depending on the type of good or service; for services, rates may range from 4% to 8%; for goods, from 8% to 16%.

1.10 National Tax on Gasoline and Diesel (ACPM) and National Carbon Tax

The national tax on gasoline and diesel (ACPM) is a tax triggered by the sale, withdrawal, or importation of these fuels for own consumption or for commercialization, and is levied at a single stage. Its rates are updated annually, generally on February 1st, taking into account the inflation of the previous year and the bases established in the applicable regulations.

The national carbon tax, for its part, is levied on the carbon content of fossil fuels used for energy purposes, including petroleum derivatives and various types of fossil gas intended for combustion. This tax falls on the purchaser of the fuel, normally the producer or importer, and is calculated based on the CO₂ emission factor per energy unit, calculated according to the volume or weight of the fuel.



1.11 National Tax on Single-Use Plastics

This tax applies to plastic containers, packaging, or wrapping intended to contain, protect, or present goods. It is triggered when such products are sold by the producer, withdrawn for own consumption, or imported for own consumption. In the case of sales, the tax accrues on the date the invoice is issued; for withdrawals for consumption, at the time of withdrawal; and for imports, at the time the goods are cleared through customs.

The taxpayer is the producer or importer, as applicable. The tax base is determined by the weight in grams of the single-use plastic container or packaging, and the rate is 0.00005 UVT per gram.

1.12 Tax on Ultra-Processed Sugary Beverages and Tax on Industrially Ultra-Processed Food Products

The tax on ultra-processed sugary beverages applies to the production, sale, inventory withdrawal, transfer of ownership —whether gratuitous or onerous— and importation of beverages with added sugar content, as well as concentrates, powders, and syrups that, when mixed or diluted, yield such beverages. The taxpayers are producers, sellers, importers, or any party performing transfer transactions over the taxable products. The rate is determined based on the sugar content expressed in grams per 100 milliliters of beverage.

The tax on industrially ultra-processed food products and/or products with a high content of added sugars, sodium, or saturated fats is triggered by the production, sale, inventory withdrawal, transfer of ownership, or importation of ultra-processed foods containing added sugars, salt/sodium, or fats whose nutritional content exceeds certain parameters. The tax base corresponds to the sale price of the product and the applicable rate is 15%.

1.13 Electronic Invoicing

In Colombia, electronic invoicing is a mandatory system for legal entities and all other parties required to issue invoices. It has the same legal validity as a traditional paper invoice, with the difference that it must be generated, transmitted, validated, and preserved through electronic means before the Tax Administration. An electronic invoice must be issued for each transaction involving the sale of goods or provision of services and requires prior validation for tax recognition.

Additionally, when goods or services are purchased from suppliers who are not required to issue a sales invoice or equivalent document, the buyer must generate the so-called supporting document for acquisitions from non-invoicing parties. This document must also be issued electronically, bear authorized numbering, comply with specific formal requirements, and be submitted for validation, in order to support costs, deductions, and creditable taxes in tax returns.

2. Departmental Taxes

– Cundinamarca

2.1 Registration Tax

The registration tax is triggered by the filing of documentary legal acts, contracts, or transactions involving private parties that must be registered before the Public Instrument Registry Offices or the Chambers of Commerce.

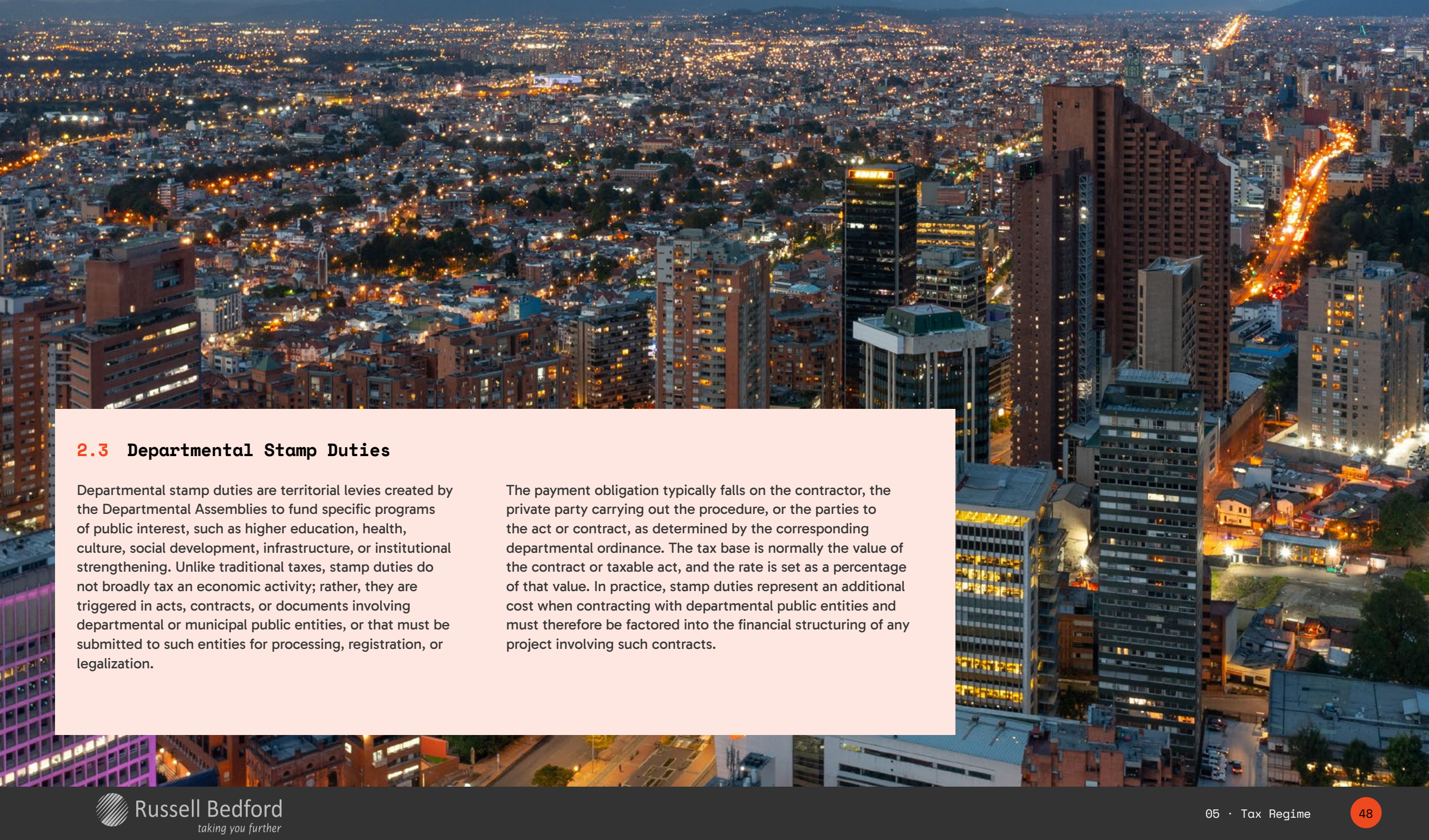
The taxpayers are the parties to the legal act, transaction, or ruling submitted for registration, and the applicable rate is set by the Departmental Assemblies within the parameters established according to the nature of the act being registered..

2.2 Motor Vehicle Tax

This is a direct tax levied on the ownership or possession of vehicles registered in a given department or in the Capital District of Bogotá. This tax must be paid annually and is the responsibility of the owners or possessors of the vehicle, who are required to fulfill the obligation within the deadlines established by the corresponding territorial authority.



• Cámara de Comercio de Bogotá, sede Chapinero



2.3 Departmental Stamp Duties

Departmental stamp duties are territorial levies created by the Departmental Assemblies to fund specific programs of public interest, such as higher education, health, culture, social development, infrastructure, or institutional strengthening. Unlike traditional taxes, stamp duties do not broadly tax an economic activity; rather, they are triggered in acts, contracts, or documents involving departmental or municipal public entities, or that must be submitted to such entities for processing, registration, or legalization.

The payment obligation typically falls on the contractor, the private party carrying out the procedure, or the parties to the act or contract, as determined by the corresponding departmental ordinance. The tax base is normally the value of the contract or taxable act, and the rate is set as a percentage of that value. In practice, stamp duties represent an additional cost when contracting with departmental public entities and must therefore be factored into the financial structuring of any project involving such contracts.

3. District Taxes – Bogotá D.C

3.1 Industry and Commerce Tax (ICA)

The Industry and Commerce Tax (ICA) is the main district tax that investors carrying out economic activities in Bogotá must consider. It is a territorial tax levied on the regular or permanent conduct of industrial, commercial, or service activities within the jurisdiction of the Capital District, regardless of whether they are carried out in a physical establishment open to the public.

The taxpayers subject to ICA are natural persons, legal entities, and other organizations that carry out taxable activities in Bogotá, whether directly or through branches, agencies, commercial establishments, or any other form of economic presence. Foreign companies may also be subject to the tax if they carry out taxable activities in the city.

The tax base consists of gross income earned during the applicable tax period from taxable activities carried out in the District. Rates may vary depending on the economic activity performed and are expressed in per-thousand values on gross income. In general, the following ranges apply:

For industrial activities: between 2 and 7 per thousand (0.2% to 0.7%).	For commercial and service activities: between 2 and 10 per thousand (0.2% to 1.0%)	financial activities are subject to a rate that may reach 14 per thousand (1.4%).
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Additionally, there are complementary levies to the ICA, including:

- i. The **Signs and Billboards Tax**, equivalent to 15% of the assessed ICA amount when signs visible from public spaces are used.
- ii. The **Fire Department Surcharge**, equivalent to 1% of the assessed ICA amount.

The tax accrues upon the performance of taxable activities within the corresponding period and is filed and paid periodically, generally on a bimonthly basis for higher-income taxpayers, although an annual filing may apply depending on the income level.



3.2 Unified Property Tax

This is a district tax levied on the ownership or possession of real estate located in Bogotá D.C. Its accrual is not contingent upon the economic use of the property; ownership or possession alone is sufficient to give rise to the tax obligation. In practical terms, whoever appears as the owner or possessor as of January 1st of each year will be liable for the tax for the entire fiscal year.

From an investor's perspective, the Property Tax must be analyzed together with other levies associated with real estate ownership in Bogotá, such as the urban development tax and betterment levy, particularly in construction, development, or urban renewal projects. The applicable rate is differentiated and is determined based on the use and characteristics of the property, generally ranging between 5 per thousand and 16 per thousand of the corresponding cadastral appraisal or self-assessment.

3.3 District Stamp Duties

District stamp duties are district-level levies designed to fund specific programs of public interest, such as higher education, culture, social welfare, hospital infrastructure, or institutional strengthening. Unlike general taxes such as the ICA or Property Tax, stamp duties do not broadly tax an economic activity, but rather specific acts, contracts, or documents involving District public entities or that must be processed before them.

The taxable event for district stamp duties typically consists of the execution, conclusion, modification, addition, extension, or performance of contracts with Capital District entities, as well as the issuance or registration of certain administrative acts or official documents.



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