



AFFLUENCE TAX RETURN 2015

Dear Clients,

We remind you that the latest tax reform (Law 1739 of 2014) introduces the annual affluence tax for resident and non-resident natural persons and legal entities having a net worth (gross wealth minus liabilities) in excess of COP \$1,000 million as of January 1, 2015.

Taking into account that we are approaching the deadlines for filing such return and payment of the first installment of the Affluence Tax, it is worth clarifying certain aspects of the same:

- The **triggering event** of this tax is **the possession of affluence or wealth as of January 1, 2015**. Hence, this tax is applicable only to those taxpayers whose liquid net worth (assets held as of January 1, 2015 minus outstanding debts as of such date) exceeds \$1 billion Colombian pesos.
- The following are applicable **taxpayers**:
 - Natural persons, legal entities, illiquid successions and unincorporated companies payors of income tax.
 - Natural persons and legal entities without residence in the country in respect to the affluence held directly or indirectly (through permanent establishments) in the country¹,
 - Illiquid successions of heirs not being resident in Colombia in regard to the affluence wealth in the country.
- The tax **is accrued** on January 1st of every year. Since 2015, 2016, 2017 until 2018 for natural persons and until 2017 for legal entities.
- The **Tax Base** of this tax is the gross wealth as of January 1st of every year minus debts. Exclusion of the following net worth items is allowed:
 1. For natural persons the first 12.200 UVT (COP\$ 345,004,000 – USD \$138,389², for) from the net worth value of the **dwelling house or apartment**.
 2. The **net worth of shares**, units or portions of interests on **national companies**.
 3. Business contributions made by members, in case of cooperatives, its associations, unions, central leagues, higher level bodies of a financial nature, mutual associations, cooperative aiding institutions, cooperative confederations, as provided under cooperative regulations and monitored by any superintendence or control body.

¹ Except for exception provided under international treaties and internal laws (Art. 266 of the Tax Code).

The subjects mentioned under Articles 18, 18-1, Section 1 of Article 19, 22, 23, 23-1, 23-2, section 11 of Article 191, as well as companies undergoing liquidation, compulsory liquidation, debtor reorganization plans, reorganization processes.

² TRM: COP\$2.493 (Official Exchange Rate)



4. The net equity value of real properties for public use and benefit of public mass passenger transportation companies, as well as the net equity value of land banks held by public territorial companies destined to priority housing and the fixed real property assets acquired and/or destined for environmental control and improvement by public water and sewer companies.
5. The amount of the technical reserve of Fogafin and Fogacoop.
6. For **foreign financial entities**, the amount of active credit operations performed with national companies or Colombian tax residents and the amount of international leasing operations whose subject matters are assets located in the country
7. In regard to **foreign citizens residing in the country for less than 5 years**, the total value of the liquid net worth of the same located abroad.

Branches and EP will have to conduct a study based on the principle of competence at arm's length in order to determine the wealth attributable thereto.

- **Rates:** For legal entities the following are the 2015 rates

Year 2015

Tax Base Ranges		Marginal Rate	Tax Due
Lower Limit	Upper Limit		
>0	<COP \$ 2,000,000,000 USD \$802,246	0,20%	(Tax Base) * 0,20%
>=COP \$2,000,000,000 USD \$802,246.29	<COP \$3.000.000.000 USD \$1,203,369	0,35%	((Tax Base – COP \$2,000,000,000 USD \$802,246) * 0.35%) + COP \$4,000,000 USD \$1,604
>=COP \$3,000,000,000 USD \$1,203,369	<COP \$5.000.000.000 USD \$2,005,615	0,75%	((Tax Base – COP \$3,000,000,000 USD \$1,203,369) * 0.75%) + COP \$7,500,000 USD \$3,008
>=COP \$5,000,000,000 USD \$2,005,615	And above	1,15%	((Tax Base – COP \$5,000,000,000 USD \$2,005,615) * 1.15%) + \$22,500,000 USD \$9,025

For natural persons (for all years):

Tax Base Ranges		Marginal Rate	Tax Due
Lower Limit	Upper Limit		
>0	<COP \$2,000,000,000 USD \$802,246	0,13%	(Tax Base) * 0,125%
>=COP \$2,000,000,000 USD \$802,246.29	<COP \$3,000,000,000 USD \$1,203,369	0,35%	((Tax Base – COP \$2,000,000,000 USD \$802,246) * 0.35%) + COP \$2,500,000 USD \$1,002
>=COP \$3,000,000,000 USD \$1,203,369	<COP \$5,000,000,000 USD \$2,005,615	0,75%	((Tax Base - \$3.000.000.000 USD \$1,203,369) * 0.75%) + COP \$6,000,000 USD \$2,406
>=COP \$5,000,000,000 USD \$2,005,615	And Above	1,50%	((Tax Base - \$5.000.000.000 USD \$2,005,615) * 1.50%) + COP \$21,000,000 USD \$8,423



- This tax is not deductible in regard to Income and CREE taxes.
- This tax may be charged against equity reserves, without affecting profits for the period in individual or consolidated balance sheets.
- Voluntary filing and payment of this tax is allowed.
- Filing of this tax return is made only through DIAN online services, for which purpose it is necessary to for the **digital signature mechanism to be active**. It should be noted that this mechanism will remain active for 3 years from the time of downloading.
- Deadlines for filing and paying the first installment of the Affluence Tax start to run from next May, depending on the last digit of the Taxpayer Identification Number (NIT), disregarding the verification digit, as follows:

Payment of first installment

Last digit of Tax Id.	1	2	3	4	5	6	7	8	9	0
Until	May 12th	May 13th	May 14th	May 15th	May 19th	May 20th	May 21st	May 22nd	May 25th	May 26th

Payment of second installment

Last digit of Tax Id.	1	2	3	4	5	6	7	8	9	0
Until	Sept. 8th	Sept. 9th	Sept. 10th	Sept. 11th	Sept. 14th	Sept. 15th	Sept. 16th	Sept. 17th	Sept. 18th	Sept. 21st.

We hope the above information proves useful. Please do not hesitate to contact us, should you require any additional information.

Sincerely yours,

SANCLEMENTE FERNÁNDEZ ABOGADOS
Tax Department

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