



## Tax Bulletin

### I. Bogotá has established an incentive application procedure for tax administrative contentious conciliation, termination by mutual agreement of tax administrative proceedings and the special condition for payment of taxes provided under the 2014 Tax Reform.

The Government of the Capital District has established under Decree 026 of 2015 conditions and requirements for application of the tax incentives established under Articles 55, 56 and 57 of Law 1739 of 2014. Please find below a summary of relevant issues of such Decree:

- **Tax Administrative Contentious Conciliation for ongoing proceedings** (nullity and reinstatement of right actions filed before December 23, 2014 and accepted by the competent Judicial Authority): The request for conciliation may be submitted until September 30, 2015.

Proceeding	Amount Subject to Conciliation
Proceedings having a sole instance or in first instance before an Administrative Court or Tribunal.	It is possible to conciliate for up to 30% of the amount of the penalties, interests and adjustments.
Proceedings in second instance before the Administrative Tribunal or Council of State.	Conciliation may be requested for 20% of the penalties, interests and adjustments.
Proceeding against a Resolution imposing a tax penalty (no dispute regarding a tax).	50% of adjusted penalties.
Proceeding against administrative acts whereby penalties are imposed due to inapplicable offsets or refunds.	The conciliation will operate in regard to 50% of adjusted penalties.

- **Termination by Mutual Agreement:** This incentive may be granted to those taxpayers who received service before December 23, 2014 of a special requirement, official calculation and/or resolution deciding a reconsideration remedy. The request for termination by mutual agreement should be filed before October 30, 2015.
- **Special term of payment:** Persons responsible for and taxpayers in default of obligations corresponding to the 2012 tax year and earlier periods will be entitled to request a special term of payment. If the main obligation is paid in full by May 31, 2015 at the latest, the interests and updated penalties will be reduced in 80%. If payment is made after May 31, 2015 (up to October 23, 2015) interests and penalties will be reduced 60%.

### II. The term to settle 100% of penalties and interests on national tax, customs and foreign exchange obligations expires on February 27, 2015.

It is worth reminding our clients that according to the provisions under the latest tax reform, it is possible to make corrections until **next February 27, 2015** to tax returns or file omitted tax returns without having to pay interests and penalties. The above is applicable in connection with tax, customs and foreign exchange obligations, provided no notice has been served of any special requirement or summons to file a tax return.

For said settlement to be applicable it is necessary to file the tax return that was omitted or the correction of the tax return filed with mistakes or inaccuracies and pay 100% of the tax due before the aforesaid date.

### III. CTCP Opinion: applicable accounting standards for companies undergoing a dissolution or



#### **liquidation process are those under Decree 2649 of 1993.**

An opinion of the Technical Board of Public Accounting (CTCP in Spanish) has provided that the new Regulatory Technical Frameworks (the IFRS) issued under Law 1314 of 2009 are applicable only to entities whose businesses are active. Hence the CTCP holds that for companies subject to a voluntary or obligatory dissolution and liquidation process, the applicable accounting standards will be those under Decree 2649 of 1993.

#### **IV. CTCP Opinion: on the accounting of the Affluence Tax**

The CTCO has considered that the affluence tax meets all requirements to be entirely held as a liability for the years 2015, 2016, 2017 y 2018, as such CTCP has stated: *“upon analyzing the impacts the affluence tax would have on entities in the country as provided in the bill, your proposal of (...) excluding from application of technical frameworks the manner in which the liability associated to the affluence tax is to be calculated, on the understanding that the tax base of such assessment is the taxpayer’s gross equity as of January 1, 2015, which tax base should be considered at the time of paying such tax during 2015, 2016, 2017 and 2018, (...)”* and taking into account the significance of the effects that the impacts mentioned in your consultation may have on such entities, this Technical Standardization Body is agreeable by majority decision with the idea of effecting a voluntary application exemption on regulatory technical frameworks that may be applicable to individual and separate financial statements allowing such entities the option of recognizing the total amount of the affluence tax against the accrued profits or losses (retained profits) and not against the income statement. This option despite contravening the reporting criteria under IFRS and SMEs IFRS allows accounting the total liability and the equity reduction due to the imposition of such tax.” (Opinion dated December 5, 2014).

#### **V. Decree 2620 of 2014: unification of provisions concerning RUT registration of EP and companies or entities held to be national due to having their actual management offices located in Colombian territory.**

Likewise, Decree 2620 of 2014 regulates registration of investors not residing or domiciled in Colombia and holders of portfolio foreign capital investments, who are required to register in the RUT regardless of the mode or vehicle used to make such investments.

Sincerely yours,  
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