

Colombian 2018 tax reform declared unconstitutional

November 18, 2019

In brief

The Colombian Constitutional Court has declared unconstitutional on procedural grounds almost the entire text of the 2018 tax reform. The court's declaration, on October 16, set the actual entry into force of its decision for January 1, 2020.

By postponing the entry into force, the court granted the government the opportunity to pass a new bill addressing matters that the court had raised. If the new bill is not passed by December 31, 2019, the provisions included in the 2018 tax reform—such as the corporate income tax rate reduction, the taxation of indirect asset transfers (including shares), and the changes in cross-border withholding taxes—will become unenforceable as of January 1, 2020.

The government has filed the new bill including most provisions in the 2018 tax reform law. This new bill was marked urgent and is undergoing the normal legislative process. It is uncertain whether the government will be able to pass the new law by year-end.

Let's talk

For a deeper discussion of how this issue might affect your business, please contact:

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This Latin American Tax Insight has been prepared by PwC professionals that are integrated in Europe's Latin American Center of Excellence (LACoE) and the US's Latin American Tax Group (LATAX) practice. Their objective is to assist clients with business activities in the Latin American region.

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