

The Panel



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Monica is well known for giving sound and efficient advice regarding wealth management and estate planning matters and is a recognized leader internationally. She has also acted as expert witness on Colombian tax issues in US courts and has broad knowledge in exchange control and other local regulations.

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ESG-RELATED TAX INCENTIVES IN COLOMBIA

- The Green Taxonomy.
- Tax Credit for investment in tourism activities involving control, conservation and improvement of the environment.
- Tax Incentives on the Generation of Non-Conventional Renewable Energies.
- Exemption for sales of wind, biomass or agricultural residues energy.
- Promotion and Development of Technologies related to Carbon Capture, Utilization and Storage.
- Tax Incentives on Blue and Green Hydrogen Generation.
- Tax Incentives to Construction of Social Interest Housing Projects.
- Tax Incentives on the industrial exploitation of Cannabis.

ESG-RELATED TAX INCENTIVES IN COLOMBIA

The Green Taxonomy. (Circular 5 April 8/22 Financial Superintendence)

Colombia: the first country in America to adopt a mechanism to identify activities and assets contributing to environmental objectives in the country, to support investment decisions for the administration of third party assets and portfolios, and to promote sustainable financial products :

- Structure of debt instruments such as green bonuses.
- Public revelation of material information regarding social and environmental issues.

ESG-RELATED TAX INCENTIVES IN COLOMBIA

Tax Incentives for investment involving control, conservation and improvement of the environment. (Laws 1819/2016;1955/2019; 2068/2020)

- 25% investment in tourism projects involving environmental conservation and restoration of biological diversity.
- Tax Credit will apply to investment in terrains which are destined 20%-35% at the most, to the development of tourism activities.
- VAT exclusion for purchases of systems for environmental control and monitoring.

ESG-RELATED TAX INCENTIVES IN COLOMBIA

Tax Incentives to the Generation of Non-Conventional Renewable Energies and to the Efficient Use of Energy (Laws 1715/2014; 2099/2021).

- Income taxpayers in Colombia will be entitled to deduct 50% of *direct* investment* in R & D during 15 years as of the year following start-up. Yearly deductions may not exceed 50% net income before the deduction.
- VAT exclusion for local purchases or imports of equipment, machinery, elements, and services listed by the UPME.*
- Custom duty exemptions for machinery, equipment, materials and inputs. Import Licence.
- Accelerated depreciation not exceeding an annual rate of 33.3% on machinery, equipment and buildings purchased or built for preinvestment, investment and operation. Variable rates prior authorization by DIAN.
- **Certification by the Mine and Energy Planning Unit. (Unidad de Planeación Minero Energética, “UPME” for its acronym in Spanish).*

ESG-RELATED TAX INCENTIVES IN COLOMBIA

Tax Exemption for sales of wind, biomass or agricultural residues, solar, geothermal or ocean energy by electricity generating companies. (Laws 1715/2014; Art.235-2 Number 3 T.C).

The exemption applies for 15 years as of 2017, provided the following requirements are met:

- That the vendor applies for, obtains and sells Carbon Dioxide Certificates, in accordance with current regulations.
- That at least 50% of the funds providing from the sale of the Certificates are invested in works of social benefit within the region where the generating company operates, in proportion to the consequences deriving from the construction and operation of the generating plant in each municipality.

ESG-RELATED TAX INCENTIVES IN COLOMBIA

Promotion and Development of Technologies related to Carbon Capture, Utilization and Storage (Laws 1715/2014; 1753/2015; Sections 255, 424 TC).

- Income tax credit for 25% of direct investment in related projects.
- Exclusion of Value Added Tax for local purchases and imports.
- Accelerated Depreciation.

Projects must be registered in the National Registry for Reduction of Greenhouse Gas Emissions and Certified by the Mine and Energy Planning Unit. (Unidad de Planeación Minero Energética, UPME).

ESG-RELATED TAX INCENTIVES IN COLOMBIA

Tax Incentives on Blue and Green Hydrogen Generation. (Laws 1715/2014; Decree 895, 2022).

- Tax deduction for 50% of investment in related projects.
- Exclusion of Value Added Tax for local purchases and imports.
- Accelerated Depreciation on machinery and equipment used during the preinvestment, investment and operational stages..

Projects must be registered before the National Registry for Reduction of Greenhouse Gas Emissions and Certified by the Mine and Energy Planning Unit. (Unidad de Planeación Minero Energética, UPME).

ESG-RELATED TAX INCENTIVES IN COLOMBIA

Income tax exemption for Construction of Social Interest Housing Projects.(Article 235-2 E.T. Number 4.

- Profits from the sale of land destined for development of Social Interest Housing Projects;
- Profits from the first sale of Social Interest Houses.
- Profits from the sale of land destined to projects of urban renovation.
- Financial yield from Bonuses for long-term savings on Housing Mortgages.
- Financial yield deriving from loans for the acquisition of Social Interest Housing with mortgages or under financial leases. The exemption applies for five years starting on the date of payment of the first installment of the loan or of the first rental under a lease agreement.

ESG-RELATED TAX INCENTIVES IN COLOMBIA

Tax Incentives for the industrial exploitation of Cannabis. (Decree 811/2021;Resolution 227/2022).

Regulate the medical *and industrial* use of Cannabis.

Authorize the exportation of dry flowers of Cannabis.

Regulate the introduction of Cannabis into Free Zones for industrial processing and the subsequent exportation of final products abroad without paying custom duties on imports of equipment and machinery . 20% Income tax rate for industrial users.

ESG-RELATED TAX INCENTIVES IN COLOMBIA



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