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Global Tax Alert

News from EY Americas Tax

Colombia becomes 37th member of the OECD

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EY Americas Tax

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On 28 April 2020, the Organisation for Economic Co-operation and Development (OECD) announced that Colombia had formally completed the accession process to become the 37th member of the OECD. Colombia is now the third country from Latin American to join the OECD, following Chile and Mexico.

Background

Colombia started the OECD accession process in 2013. In May 2018, after a five-year process and reforms to align legislation, policies and practices to the OECD standards, Colombia was formally invited to join the OECD. Colombia then carried out its domestic procedures for ratifying the OECD Convention, which were successfully completed.

Colombia as OECD member

The accession to the OECD means that Colombia's current legislation, policies and practices align with OECD standards, including those related to the environment, labor law, justice system, public policy, anti-bribery and taxation. Colombia, however, must consider the OECD standards if it wants to make any changes to its legislation, policies and practices.

Regarding taxation, even though Colombia has already adopted several of the OECD's recommendations, Colombia could align its tax law, policy, and practices even more with the OECD's guidelines. For instance, Colombia could adopt the guidelines set forth in the Base Erosion and Profit Shifting - BEPS - project in the future.

Additionally, certain documents, such as the OECD's Model Tax Convention and its commentaries in particular, will play a significant role in the interpreting the double tax treaties concluded by Colombia (including the reservations and positions set by Colombia for each treaty article). The OECD's transfer pricing guidelines also will be relevant to the application of the transfer pricing rules in Colombia.

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