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# Indirect Tax Alert

News from Americas Tax Center

## Colombia requires certain foreign service providers to register with Colombian tax registry for VAT purposes

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On 3 August 2018, the Colombian Government issued Decree No. 1415 of 2018 (the Decree), which requires foreign service providers (FSPs) to register in the Colombian tax registry (RUT) when providing services to Colombian recipients who are not required to collect value added tax (VAT) via the "reverse charge mechanism." (Generally, Colombians must collect VAT via the "reverse charge mechanism" on payments to nonresidents.)

The FSP may register through the "requests/PQSR" section on the Tax Authority's Web page, or through any other electronic mechanism that could be implemented by the Tax Authorities. To register, the FSP must provide:

- ▶ A copy of the good-standing, and/or incumbency certifications (i.e., proving the existence of the entity), of the FSP, translated into Spanish and apostilled
- ▶ The tax ID of the country of residence
- ▶ The main domicile/address, zip code, telephone numbers, web page, and email where the Colombian tax authority can reach the FSP
- ▶ The certification issued by a legal representative of the FSP (in Spanish and apostilled) where it is confirmed that the information provided is correct
- ▶ A copy of the ID of the FSP's legal representative

Once registered, the FSP will be required to collect VAT on services provided to Colombian recipients who are not required to collect VAT.

## Implications

Even though the Decree requires FSPs to register and begin collecting VAT, it does not provide implementation guidance. Many of the provisions included in the Decree were part of a draft Resolution that was released on 8 June 2018, which would regulate the collection of VAT by FSPs. The draft Resolution is still pending. Based on informal discussions

with government officials, it is unclear when the draft Resolution will be finalized and issued. Without the guidance contained in the draft Resolution, it is unclear how an FSP would carry out its Colombian VAT responsibilities.

For that reason, a position could be taken that, until the final Resolution is issued, FSPs cannot properly carry out the VAT collection duty.

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For additional information with respect to this Alert, please contact the following:

### **Ernst & Young S.A.S., Bogotá**

- ▶ Luis Orlando Sánchez      [luis.sanchez.n@co.ey.com](mailto:luis.sanchez.n@co.ey.com)

### **Ernst & Young, LLP, Latin America Business Center, New York**

- ▶ Juan Torres      [juan.torresrichoux@ey.com](mailto:juan.torresrichoux@ey.com)
- ▶ Ana Mingramm      [ana.mingramm@ey.com](mailto:ana.mingramm@ey.com)
- ▶ Enrique Perez Grovas      [enrique.perezgrovas@ey.com](mailto:enrique.perezgrovas@ey.com)
- ▶ Pablo Wejcman      [pablo.wejcman@ey.com](mailto:pablo.wejcman@ey.com)

### **Ernst & Young LLP (United Kingdom), Latin American Business Center, London**

- ▶ Jose Padilla      [jpadilla@uk.ey.com](mailto:jpadilla@uk.ey.com)

### **Ernst & Young Tax Co., Latin America Tax Desk, Japan & Asia Pacific**

- ▶ Raul Moreno, *Tokyo*      [raul.moreno@jp.ey.com](mailto:raul.moreno@jp.ey.com)
- ▶ Luis Coronado, *Singapore*      [luis.coronado@sg.ey.com](mailto:luis.coronado@sg.ey.com)

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