

Colombia's Tax Authority issues draft resolution on VAT collection on electronic digital services provided from abroad

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On 9 October 2018, the Colombian Tax Authority (DIAN) issued a draft resolution proposing a value-added tax (VAT) collection mechanism on electronic digital services executed by foreign service providers to Colombian residents, in accordance with Section 8 of Article 437-2 of the Colombian Tax Code. Such services are related to: (i) audiovisual services, (ii) services through mobile app distribution platforms, (iii) online publicity services, and (iv) online training services.

According to the draft resolution, cash collectors or financial institutions that issue debit, credit, and pre-paid cards would act as collection agents and charge the corresponding VAT to the cardholder/service recipient of the services. The collection mechanism would not affect the final amount that the service providers would receive for the electronic digital services.

The draft resolution proposes:

- ▶ Requiring the DIAN to issue a list of foreign services providers that would be subject to this special VAT collection mechanism with the date of application
- ▶ Requiring the foreign service provider to collect, pay and file the VAT return, while the VAT collection mechanism is implemented

The DIAN requests comments on the draft resolution, which may be submitted to comentariossugeranciasaproyectos@dian.gov.co until 23 October 2018.

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