# Colombian 2021 Tax Bill

The tax bill recently introduced by the Colombian Government was withdrawn on Sunday by President Iván Duque.

The Colombian Government has announced that a new tax bill will be submitted after dialogue and consensus with the representatives of political parties, civil society, mayors, governors, and business leaders. The main purpose of the new tax bill is to reflect the consensus of the different sectors and to avoid financial uncertainty and guarantee the continuity of social programs.

The foreseen measures that have been announced are the following:

**1. Taxation of individuals:**

- Increase top-earners nominal tax rate schedule (45% expected to be top tier).
- Restrictions/eliminations of standardized tax deductions.
- Wealth tax over net equity (1% - 2% annually).

**2. Taxation of business / corporations:**

- Elimination of tax credit for paid turnover tax (municipal tax).
- Surcharge of 2% - 4% of income tax rate (currently 30% expected nominal to go up 35%).
- Dividend payments up from 10% to 15%.

**3. Strengthen the government's austerity programs.**

PHR will keep all our clients up to date with new developments on the matter and will continue being a constructive stakeholder of the public discussion.

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*Should you require further information, please do not hesitate to contact:*

*Juan Guillermo Ruiz*
juanguillermo.ruiz@phrlegal.com

*Juan Camilo De Bedout*
juan.debedout@phrlegal.com

*Juan David Velasco*
juan.velasco@phrlegal.com