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COLOMBIA – TAX CONSIDERATIONS ON SHARING YOUR SPACE

This guide provides an overview of the relevant Income Tax and VAT requirements related to private hosts sharing spaces in Colombia.

The information in this guide is given on a general level, is not comprehensive and is not intended to provide a specific assessment and/or advice on the applicable taxes arising from the sharing of spaces in Colombia.

The information on this guide is intended for hosts sharing spaces on their own. If the host owns the property through a company or other type of legal vehicle, different tax rules would be applicable.

Income tax and VAT can be complex, and even small variations might alter the analysis. It is important that the host keeps up to date with his tax obligations.

Please note that the correct and timely preparation, filing, and payment of taxes is your responsibility. We encourage checking official Colombian tax resources or seeking advice from a qualified tax professional if you are unsure of your tax obligations.

1. Income Tax

The fiscal year in Colombia runs from January 1 to December 31.

1.1. Obligation to file an income tax return

1.1.1 Colombian Tax Resident Hosts

Colombian tax resident hosts are liable to income tax upon their worldwide income and capital gains. Therefore, whether the host is sharing spaces in properties located in Colombia or abroad, it is likely that upon the respective earnings, they are required to pay income tax in Colombia. The Colombian tax regulations allow for a tax credit (with certain limitations) for income taxes paid abroad on foreign-source income.

If any of the below conditions are met, the resident host is required to file an income tax return in Colombia for the fiscal year 2022 (return should be filed in 2023):

- a) Host is a registered VAT tax payer;

- b) Hosts whose income, during the relevant fiscal year, is equivalent to or higher than 1.400 Units of Tax Value ("UVT")¹, or whose gross equity is higher than UVT 4.500 to December 31st of the fiscal year; or
- c) Hosts whose credit card purchases or consumptions during the fiscal year exceed UVT 1.400 (includes both business and personal use of the credit card); or
- d) Hosts whose total bank deposits and/or financial investments, during the tax year exceed UVT 1.400 (includes both personal and business transactions).

The deadline to file the income tax return varies depending on the tax identification number (NIT for its acronym in Spanish) of the taxpayer. The deadlines are established by the Government each year via an annual Decree, usually they start in August and go through October.

For FY 2022 (which filing duties shall be complied in 2023), the current dates are as follows:

Tax ID	Date		Tax ID	Date		Tax ID	Date
01 - 02	9-Aug		43 - 44	8-Sep		85 - 86	9-Oct
04 - 03	10-Aug		45 - 46	11-Sep		87 - 88	10-Oct
05 - 06	11-Aug		47 - 48	12-Sep		89 - 90	11-Oct
07 - 08	14-Aug		49 - 50	13-Sep		91 - 92	12-Oct
09 - 10	15-Aug		51 - 52	14-Sep		93 - 94	13-Oct
11 - 12	16-Aug		53 - 54	15-Sep		95 - 96	17-Oct
13 - 14	17-Aug		55 - 56	18-Sep		97 - 98	18-Oct
15 - 16	18-Aug		57 - 58	19-Sep		99 - 00	19-Oct
17 - 18	22-Aug		59 - 60	20-Sep			
19 - 20	23-Aug		61 - 62	21-Sep			
21 - 22	24-Aug		63 - 64	22-Sep			
23 - 24	25-Aug		65 - 66	25-Sep			
25 - 26	28-Aug		67 - 68	26-Sep			
27 - 28	29-Aug		69 - 70	27-Sep			
29 - 30	30-Aug		71 - 72	28-Sep			
31 - 32	31-Aug		73 - 74	29-Sep			
33 - 34	1-Sep		75 - 76	2-Oct			
35 - 36	4-Sep		77 - 78	3-Oct			
37 - 38	5-Sep		79 - 80	4-Oct			
39 - 40	6-Sep		81 - 82	5-Oct			
41 - 42	7-Sep		83 - 84	6-Oct			

¹ One UVT is equivalent to COP 36.308 in year 2021. For 2022 the UVT is equivalent to COP 38.004 and for 2023 is COP 42.412. The regulations regarding formal duties are enacted at the end of each year. Then for formal duties of 2023, related to FY 2022, hosts should verify at the end of 2022 whether if they are obliged or not.

Please note that in order to file the tax return the taxpayer should be previously registered within the DIAN in the Unique Tax Registry (RUT for its acronym in Spanish) and the taxpayer should report with his RUT all economic activities from which he obtains its earnings.

1.1.2 Non-Colombian Tax Resident Hosts

Non-Colombian tax resident hosts are liable to income tax only upon their Colombian source income among which are included earnings arising from sharing their spaces in properties in the country. Therefore if a non-resident is offering spaces in property owned in Colombia, it is likely that he is required to pay income tax in Colombia.

In the event that the guest is a withholding agent², they would have to withhold income tax from payments made to the non-tax resident host. Such withholding would be considered their final tax obligation and they would not be required to file an income tax return in Colombia. On the contrary, if the guest is not a withholding agent, like most individuals, the non-tax resident host would be required to file an income tax return in Colombia for the earnings arising from sharing their spaces in properties in the country. Please note that generally all Colombian entities and certain individuals are income tax withholding agents, but most individuals are not considered as such.

We encourage checking official Colombian tax resources or seeking advice from a qualified tax professional if you are unsure of your tax obligations.

1.2. Income tax rate

For taxable year 2022, the Colombian resident income tax is determined on a “baskets / schedules system” that comprises different types of earnings as follows:

- General basket, it comprises:
 - Labour related earnings
 - Capital earnings
 - Non-labour earnings
- Pensions basket
- Dividends basket

Earnings arising from the sharing of spaces should be included in the general basket earnings with a current tax rate (FY 2022) in a range of 0% to 39% depending on the taxable income of the year.

The actual applicable tax rate depends on the type of income perceived and it increases progressively as the taxable income grows.

The general basket income is subject to a progressive tax rate that ranges from 0% to 39% as follows:

² These withholdings would be filed by the guest in its withholding tax returns.

Ranges in UVT		Marginal Rate	Tax
From	To		
0	1.090	0%	0
> 1.090	1.700	19%	(taxable base in UVT less 1.090) x 19%
> 1.700	4.100	28%	(taxable base in UVT less 1.700) x 28% + 116 UVT
> 4.100	8.670	33%	(taxable base in UVT less 4.100) x 33% + 788 UVT
> 8.670	18.970	35%	(taxable base in UVT less 8.670) x 35% + 2.296 UVT
> 18.970	31.000	37%	(taxable base in UVT less 18.970) x 37% + 5.901 UVT
> 31.000	onwards	39%	(taxable base in UVT less 31.000) x 39% + 10.352 UVT

The taxpayer would be allowed to deduct costs and deductions associated to sharing the space from the income tax taxable base provided that general and particular requirements established in the tax code are met (payment of utilities, including the payment of the administration of the property, insurances, mortgage interests, real estate tax and others). The deduction should be proportional to the rent income obtained by the host. Deductions are limited to 40% of the net income (net income is equal to gross income minus non-taxable income) and to 5040 UVTs.

2. Valued Added Tax (VAT)

As a general rule VAT is triggered (among other activities) by the provision of services within Colombian territory by either a Colombian resident or a non-Colombian resident. Sharing spaces in property located in Colombia (accommodation service) would be understood as a VAT taxable event in the country.

The general VAT rate is 19%.

The VAT rules classify hosts either as "VAT Collectors" or "Non-VAT Collectors".

Hosts that meet all the following requirements would be considered as "Non-VAT Collectors":

- That in the previous year or in the current year their gross income derived from the VAT levied activities is lower than 3.500 UVT;
- Having just one commercial establishment³;
- The host is not renting out their property for franchise activities or any other kind of activity that implies the use of an intangible property (i.e. such as a trademark) is carried out, and/or;
- Not carrying out importations in Colombia;

³ Generally, a commercial establishment is a set of assets organized in order to undertake a business.

- That in the previous year or in the current year they do not execute services agreements or sale agreements that are equivalent to or exceed 3.500 UVT;
- That his banking transactions during the previous year or the current year do not exceed 3.500 UVT; and
- Not being registered in the "SIMPLE" tax regime.

Please note that "non-VAT collector" hosts are not required to charge VAT upon their services, file a VAT return, nor issue invoices.

If the above listed requirements are not all met, the host will be considered as a "VAT Collectors" and would be required to charge 19% VAT upon the fees of their services, to file VAT returns, and to issue invoices. "VAT Collectors" hosts may apply their credit VAT (i.e. VAT paid on expenses related to renting their property, for example VAT paid on fees of managing the property, or to intermediaries, accountants, other professional services) toward their VAT determination). VAT returns are filed on a bimonthly basis if the previous year's gross income exceeds 92.000 UVT⁴. If that is not the case, the return must be filed every 4 months.

The VAT taxable base will be the amount of the charge for sharing the space.

Taxpayers obliged to file on a bimonthly basis should file VAT returns in 2023 as follows:

Last Digit of Tax ID	Period					
	I	II	III	IV	V	VI
	March	May	July	September	November	January
1	7	9	7	7	8	10
2	8	10	10	8	9	11
3	9	11	11	11	10	12
4	10	12	12	12	14	15
5	13	15	13	13	15	16
6	14	16	16	14	16	17
7	15	17	17	15	17	18
8	16	18	18	18	20	19
9	17	29	19	19	21	22
0	21	23	21	20	22	23

Taxpayers obliged to file on a 4 month- basis should file VAT returns as follows:

Last Digit of Tax ID	Period		
	May	Sept	Jan

⁴ Approximately USD 850.000.

1	9	7	10
2	10	8	11
3	11	11	12
4	12	12	15
5	15	13	16
6	16	14	17
7	17	15	18
8	18	18	19
9	19	19	22
0	23	20	23

Please note that tourism services provided to Colombian residents are temporarily exempted from VAT until 12/31/2022⁵. Hosts, who qualify as tourism service providers⁶, can apply such tax treatment, once registered in the National Tourism Registry.

3. Other considerations

3.1. Industry and Commerce tax (ICA)

Sharing spaces might be subject to a municipal tax denominated Industry and Commerce Tax (ICA, by its acronym in Spanish) and apply to both Colombian resident hosts and non-Colombian hosts.

ICA tax levies the execution of industrial, commercial and/or services activities carried out within a determined municipal jurisdiction.

The tax rate varies depending on the municipality where the activity is executed within a range of 0.4% and 1.38%.

The tax base corresponds to the gross earnings obtained from the activity.

ICA taxpayers are required to register within the municipal taxes authority and to file periodical returns.

In certain municipalities the ICA withholding tax mechanism is established, and the respective withholding would constitute the final ICA tax for taxpayers not required to file an ICA tax return. For taxpayers required to file ICA tax returns, (as per established in each municipality's regulations) they will be allowed to credit the ICA withholding taxes suffered by the taxpayer.

ICA taxpayers required to file returns should register within the municipal tax authority and file the corresponding ICA returns in the periods established in the applicable regulations. In certain municipalities the returns are filed on bimonthly periods while in most municipalities are filed in annual periods.

⁵ This exemption was extended by Law 2155 of 2021.

⁶ According to definitions of Law 2068 of 2020 (Tourism law), hotels, apart-hotels, hostels, resorts, campgrounds, glamping, lodges, shelters, hostels, tourist homes and other types of tourist accommodations, are considered tourism service providers. If you have doubts about whether you are a tourist service provider or which category of tourist service provider you belong to, we recommend checking with your specialized advisor if you fall within the definition of tourist service provider.

3.2. National Tourism Registry and Tourism Contribution (contribución parafiscal de turismo)

The purpose of the tourism tax is the promotion, sustainability and competitiveness of the tourism sector in Colombia. The contribution is triggered because of the provision of tourism services in Colombia or activities carried out by beneficiaries of such touristic activities.

In accordance with the applicable law⁷, taxpayers of the contribution are the following:

- Individuals or legal entities, national or foreign with or without domicile in the country, and de facto, national or foreign companies that are providers of tourism services in accordance with current regulations, except for tourist guides or those who fulfill similar functions.
- For Colombian legal purposes, it is considered that hotels, aparthotels, hostels, resorts, campgrounds, glamping, lodges, shelters, hostels, tourist homes and other types of tourist accommodations, are tourism services providers. In fact, it is presumed that whoever appears to be renting more than one property owned or owned by third parties for periods of less than 30 days is a provider of tourist services. If you have doubts about whether you are a tourist service provider or which category of tourist service provider you belong to, we recommend checking with your specialized advisor if you fall within the definition of tourist service provider.
- The operator of electronic or digital platforms of tourism services that are provided and / or enjoyed in Colombia qualifies as a provider of tourist services.

The National Tourism Fund (FONTUR for its acronym in Spanish) is the entity in charge of collecting the contribution, requesting the relevant information, initiation tax audits, etc.

The tax rate is 0.25%. The taxable base is comprised by the operational income related to tourism services. For taxpayers whose main remuneration consists of a commission or percentage of sales, operating income will be understood as the value of the commissions received.

The taxable period of the contributions is quarterly and is due from January 1 to March 31, from April 1 to June 30, from July 1 to September 30 and from October 1 to December 31 of each year. The Contribution will be settled and paid on expired periods.

The taxpayers must file a return no later than the first 20 business days of the month following the taxable period. To file and pay the returns, taxpayers should be registered previously in the RNT and in the FONTUR platform.

Other matters to consider:

- a. Note that if the taxpayer has several listings, they still have to file one return.
- b. If the taxpayer does not have operational income during any taxable period, they are still obliged to file the return.

⁷ Tourism law and Decree 1338 of 2021.

- c. Payment must be done during the first 20 business days of the month after the taxable period is finished, indicating the number of the return.

In relation to hosts whose residence is outside of Colombia:

- a. Filings can be done from abroad. These should be done through the electronic means determined by FONTUR. The form of the return will be in English and Spanish.
- b. If the taxpayer billed in a currency different to Colombian pesos, at the end of each period it must consolidate the operational income related to the activity subject to tax in Colombia, as well as the value of the respective contribution, in United States dollars and convert them into COP at the representative market exchange rate in effect on the day of the payment.
- c. Once the return has been filed, taxpayers without residence or domicile in Colombia may pay the resulting amount through the enabled payment mechanism (payment methods abroad have not been authorized nor communicated by FONTUR yet). The taxpayer must pay the amount owed, as well as the penalties and interest that may arise, in its equivalent in United States dollars, when the payment is made abroad, taking into account the exchange rate on the date of the respective payment.