



Title

Colombian Government proposes tax measures to fund the national budget during the economic emergency

Brief Summary

The Colombian government has proposed temporary emergency taxes to fund the national budget. **Key measures include a progressive wealth tax on Colombian legal entities as of January 1, 2026**, new VAT on online gambling, a higher financial transactions tax, increased consumption taxes on alcohol and tobacco, and a special tax on hydrocarbons and coal. Importantly, the proposal does **not** include new taxes on cloud services, capital gains, or dividends, nor does it introduce the Significant Economic Presence (SEP) regime—measures that were part of the failed tax reform.

Detail/Facts

The Colombian National Government, through a proposed regulation published by the Ministry of Finance and Public Credit and based on Article 215 of the Political Constitution regarding states of emergency, seeks to secure resources for financing the General Budget of the Nation (PGN) to mitigate the effects of the economic emergency and guarantee fiscal stability. The main measures include:

- **Wealth Tax:** This tax would apply to legal entities in Colombia that, as of 1 January 2026, have a net worth exceeding 40,000 UVT (USD\$550.000 approx.), after deducting certain items established in the proposed regulation. Progressive rates are set according to UVT brackets, starting at 0.5% and reaching up to 5% for those reporting assets over 200,000 UVT (USD\$2.750.000 approx.).
- **VAT on Internet-based Games of Chance and Gambling:** This measure taxes online betting activities, with the taxable event being the deposit of funds made by the user to the operator. The taxable base is determined by dividing the value of the deposit by 1.19, and the general VAT rate applies. Operators, whether national or foreign, offering services to users located in Colombia are subject to this tax.
- **Financial Transactions Tax (GMF):** For the year 2026, the rate is set at five per thousand (5/1000). It affects financial transactions subject to the GMF, increasing the burden on bank withdrawals and movements by one per thousand points, with operational and liquidity impacts for individuals and companies. In practice, this equates to a tax of 0.5% on each transaction carried out in the financial system.
- **Consumption Tax on Spirits, Wines, Aperitifs and Similar Beverages (2026):** The structure includes a specific component of (USD\$0.20 approx.) per unit (calculated based on alcohol content) and an ad valorem component of 30%. The aim is to increase taxation on the alcoholic beverages segment, combining physical and value-based criteria.
- **Consumption Tax on Cigarettes and Manufactured Tobacco (2026):** This establishes a specific component of (USD\$3 approx.) per pack of 20 units and an ad valorem component of 10%. The aim is to discourage consumption and increase revenue from products that have a significant public health impact.
- **Special Tax for Fiscal Stability (Hydrocarbons and Coal):** This is a temporary 1% tax on extraction and the first sale or export, referring to specific tariff items. It applies from the first



sale or export, focusing revenue collection efforts on the extractive sectors to address urgent PGN needs.

This package of fiscal measures is the National Government's response to the collapse of the tax reform bill that had been submitted to the Congress of the Republic. However, among the proposed measures, there is no reference to the Significant Economic Presence (SEP) regime or to VAT on cloud services, nor has any increase been proposed in the tax rates on dividends or capital gains, even though these were among the most relevant measures in the tax reform project that was recently rejected.

This analysis is based on a proposed regulation that may be modified, and whose final measures will be published by the Ministry of Finance and Public Credit in the definitive Decree. Since these are extraordinary and temporary measures to finance the General Budget of the Nation, their review by the Constitutional Court is mandatory. If the constitutionality review is not successful, the impact of the decision regarding the funds paid and possible fiscal strategies to obtain their return must be evaluated.

Continue the conversation

The Latin America Markets, Tax Group and KPMG in Colombia have developed planning opportunities and would welcome the opportunity to continue the conversation with you.

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