

# Colombia

## Transfer Pricing Country Profile

Updated October 2017

		SUMMARY	REFERENCE
<b>The Arm's Length Principle</b>			
1	<b>Does your domestic legislation or regulation make reference to the Arm's Length Principle?</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Colombian Tax Code Article 260-2 Arm's Length Principle definition.  <a href="http://www.dian.gov.co/dian/15servicios.nsf/0108fdc3639d83ff05256f0b006abb3d/0aa2edaad09ab21205256f0c0077605f?OpenDocument">http://www.dian.gov.co/dian/15servicios.nsf/0108fdc3639d83ff05256f0b006abb3d/0aa2edaad09ab21205256f0c0077605f?OpenDocument</a>
2	<b>What is the role of the OECD Transfer Pricing Guidelines under your domestic legislation?</b>	Colombian domestic legislation does not refer directly to the use of the OECD Transfer Pricing Guidelines. Nevertheless, it is important to note that the Constitutional Court (Corte Constitucional, in Spanish), in its ruling C-690 from 2003, concluded that it is important to consider the guidance of the OECD Transfer Pricing Guidelines in a field as technical as transfer pricing since. According to the ruling, for the application of the arm's length principle "the OECD Transfer Pricing Guidelines constitute a valuable tool in a changing and complex issue as transfer pricing is". Therefore, the use of the OECD Transfer Pricing Guidelines is permitted as an interpretation tool and does not limit the faculty the tax administration has to use them as a technical supporting tool.	Ruling C-690 of 12 August 2003 issued by the Constitutional Court ( <i>Corte Constitucional</i> , in Spanish)  <a href="http://www.corteconstitucional.gov.co/relatoria/2003/C-690-03.htm">http://www.corteconstitucional.gov.co/relatoria/2003/C-690-03.htm</a>
3	<b>Does your domestic legislation or regulation provide a definition of related parties? If so, please provide the definition contained under your domestic law or regulation.</b>	<input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> No  Article 260-1 of the Colombian Tax Code states that for income tax purposes, binding will be considered to exist when a taxpayer is in one or more of the following cases: "(...) 1. Subordination a) An enterprise will be deemed subordinate or controlled when its decision-	Colombian Tax Code Article 260-1  <a href="http://www.dian.gov.co/dian/15servicios.nsf/0108fdc3639d83ff05256f0b006abb3d/7a380aa61b0495fe05256f0c007723de?OpenDocument">http://www.dian.gov.co/dian/15servicios.nsf/0108fdc3639d83ff05256f0b006abb3d/7a380aa61b0495fe05256f0c007723de?OpenDocument</a>

		<p>taking power is subject to the will of other persons or entities that are the parent or controlling company. Such control may be exercised either directly, case in which it will be referred to as an affiliate, or indirectly through the subordinates of the parent company, case in which it will be called a subsidiary.</p> <p>b) An entity will be subordinate when it falls in one or more of the following cases:</p> <ol style="list-style-type: none"> <li>i. When more than 50% of its capital belongs to the parent company, either directly or through or with the participation of its subordinates, or their subordinates. To this end, shares with a preferential dividend and without voting rights will not be calculated.</li> <li>ii. When the parent company and the subordinates have the right, either jointly or separately, to issue constituting votes representing the minimum majority required for decision-making at the shareholders meeting or general assembly, or they have the required number of votes to elect the majority of members of the governing board, should there be one.</li> <li>iii. When the parent company, either directly or through or with the subordinates, by virtue of an act or business with the controlled entity or with its partners, exercises a dominant influence in the decisions taken by the entity's governing bodies.</li> <li>iv. Subordination will also exist in the case where one or more persons or entities or non-corporate organisations exercise control, pursuant to the contents of this article. Such control may be exercised either directly or through enterprises in which they hold more than fifty percent (50%) of capital or represent the minimum majority required for decision-making or exercise a controlling influence on the entity's management or decision-making.</li> <li>v. Subordination will also exist when one or more persons, or entities or non-corporate organisations, whether jointly or separately, have the right to perceive fifty percent of the subordinate company's profits.</li> </ol> <ol style="list-style-type: none"> <li>2. Branches, with regards to their main offices/parent companies.</li> <li>3. Agencies, with regards to the entities to which they belong.</li> <li>4. Permanent Establishments, with regards to the company for which they perform all or part of the activity.</li> <li>5. Other cases of Economic Binding: <ol style="list-style-type: none"> <li>a) When the transaction takes place between two subordinates of a single parent company.</li> <li>b) When the transaction takes place between two subordinates that directly or indirectly belong to the same person or enterprises or non-corporate organisations.</li> <li>c) With regards to this criterion, Decree 3030 clarifies that binding shall be deemed to exist when the transaction takes place between two</li> </ol> </li> </ol>	
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		<p>subsidiaries that directly or indirectly belong in more than fifty percent (50%) to the same person, entity or non-corporate entity.</p> <p>d) When the transaction is undertaken between two entities in which a single person directly or indirectly participates in the management, control or capital of both. A person may directly or indirectly participate in the management, control or capital of another when i) it directly or indirectly holds more than 50% of that entity's capital or, ii) has the capacity to control the entity's business decisions.</p> <p>e) When the transaction takes place between two companies whose capital belongs, directly or indirectly, in more than fifty percent (50%) to persons related by marriage, or by kinship up to the second degree of consanguinity or affinity, or kinship by adoption (first degree relationship).</p> <p>f) When the transaction is performed between related parties through unrelated third parties.</p> <p>g) When more than 50% of gross revenues come, individually or jointly, from partners or shareholders, co-participants, associates, subscribers or the like.</p> <p>h) When there are consortiums, joint ventures, temporary business association, other associative methods on that do not give rise to entities and other business collaboration contracts.</p>	
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**Transfer Pricing Methods**

4	<p><b>Does your domestic legislation provide for transfer pricing methods to be used in respect of transactions between related parties?</b></p>	<p><input checked="" type="checkbox"/> <b>Yes</b></p> <p><input type="checkbox"/> <b>No</b></p> <p>If affirmative, please check those provided for in your legislation:</p> <table border="1" style="width: 100%; text-align: center;"> <thead> <tr> <th>CUP</th> <th>Resale Price</th> <th>Cost Plus</th> <th>TNMM</th> <th>Profit Split</th> <th>Other (If so, please describe)</th> </tr> </thead> <tbody> <tr> <td><input checked="" type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> </tbody> </table> <p>Colombia follows the five recognized OECD transfer pricing methods, as contained in the OECD Transfer Pricing Guidelines.</p>	CUP	Resale Price	Cost Plus	TNMM	Profit Split	Other (If so, please describe)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>Colombian Tax Code Article 260-3</p> <p><a href="http://www.dian.gov.co/dian/15servicios.nsf/0108fdc3639d83ff05256f0b006abb3d/38a53f702853874205256f0c00777b8d?OpenDocument">http://www.dian.gov.co/dian/15servicios.nsf/0108fdc3639d83ff05256f0b006abb3d/38a53f702853874205256f0c00777b8d?OpenDocument</a></p>
CUP	Resale Price	Cost Plus	TNMM	Profit Split	Other (If so, please describe)										
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>										
5	<p><b>Which criterion is used in your jurisdiction for the application of transfer pricing methods?</b></p>	<p>Please check all that apply:</p> <p><input type="checkbox"/> Hierarchy of methods</p> <p><input checked="" type="checkbox"/> Most appropriate method</p>	<p>Colombian Tax Code Article 260-3</p> <p><a href="http://www.dian.gov.co/dian/15servicios.nsf/0108fdc3639d83ff05256f0b006abb3d/38a53f702853874205256f0c00777b8d?OpenDocument">http://www.dian.gov.co/dian/15servicios.nsf/0108fdc3639d83ff05256f0b006abb3d/38a53f702853874205256f0c00777b8d?OpenDocument</a></p>												

		<input type="checkbox"/> Other ( <i>if so, please explain</i> )	<a href="#">3874205256f0c00777b8d?OpenDocument</a>
		<p>Colombia does not have a hierarchy among the transfer pricing methods. The CTC states the method to be applied shall be the one that is the most appropriate one, considering the following criteria:</p> <ol style="list-style-type: none"> <li>a. Facts and circumstances of the controlled transactions, based on a detailed functional analysis;</li> <li>b. Availability of reliable information, particularly of transactions between independent parties, required for the application of the transfer pricing method;</li> <li>c. Degree of comparability between controlled and independent transactions; and,</li> <li>d. Reliability of comparability adjustments that may be necessary to eliminate material differences between controlled and independent transactions.</li> </ol>	
6	<p><b>If your domestic legislation or regulations contain specific guidance on commodity transactions, indicate which of the following approaches is followed.</b></p>	<input checked="" type="checkbox"/> For controlled transactions involving commodities, the guidance contained in paragraphs 2.18-2.22 of the TPG is followed. <input type="checkbox"/> Domestic legislation mandates the use of a specific method for controlled transactions involving commodities ( <i>if so, please explain</i> ) <input type="checkbox"/> Other ( <i>if so, please explain</i> )	<p>Colombian Tax Code Article 260-3</p> <p><a href="http://www.dian.gov.co/dian/15servicios.nsf/0108fdc3639d83ff05256f0b006abb3d/38a53f702853874205256f0c00777b8d?OpenDocument">http://www.dian.gov.co/dian/15servicios.nsf/0108fdc3639d83ff05256f0b006abb3d/38a53f702853874205256f0c00777b8d?OpenDocument</a></p>
		<p>Colombia implemented the results of BEPS action 10 in relation to transactions involving commodities by introducing into its primary law a specific rule to establish the Arm’s Length Price in commodity transactions.</p> <p>Article 260-3 of the Colombian Tax Code establishes that that the CUP method will be the most appropriate method to determine the ALP for commodity transactions. Only in exceptionally cases it will be able to use another method.</p> <p>Commodity will be understood to encompass physical products for which a quoted price is used as a reference by independent parties in the industry to set prices in uncontrolled transactions.</p> <p>The term “quoted price” refers to the price of the commodity in the relevant period obtained in an international or domestic commodity exchange market. In this context, a quoted price also includes prices obtained from recognised and transparent price reporting or statistical agencies, or from governmental price-setting agencies, where such indexes are used as a reference by unrelated parties</p>	

	<p>to determine prices in transactions between them.</p> <p>For the purposes of the analysis, the arm's length price for commodity transactions can be determined by reference to comparable transactions between independent traders or by reference to quoted prices.</p> <p>Where there are differences between the conditions of the commodity transaction analysed and the transactions between the independent parties or the conditions under which the commodity price is determined that substantially affect the price, reasonable comparability adjustments shall be made to ensure that the economically relevant characteristics of the transactions are comparable.</p> <p>A particularly relevant factor for commodity transactions determined by reference to the quoted price is the specific date or time period selected by the parties to determine the price for commodity transactions. This pricing date or period agreed must be demonstrated by reliable documents (e.g. contracts, offers and acceptances or other documents that establish the terms of the agreement and that can constitute a reliable proof), whose terms are consistent with the actual conduct of the parties or with which independent parties would have agreed in comparable circumstances taking into account the practice of the industry.</p> <p>Furthermore, these agreements must be registered in the terms and conditions established by the national Government.</p> <p>In case the taxpayer does not provide reliable evidence or if the pricing date agreed is inconsistent and if the Tax Administration cannot otherwise determine the pricing date, the Tax Administration may deem the pricing date for the commodity transaction on the basis of the evidence available to the Tax Administration; this may be the date of shipment as evidenced by the bill of lading or equivalent document depending on the means of transport.</p> <p>Only in exceptional cases taxpayer may use another TP method to analyze commodity transactions, as long as the economic, financial and technical reasons which are relevant and reasonable for the purposes of the analysis are included in the documentation and that they are duly justified and can be demonstrated to the tax authorities.</p>	
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## Comparability Analysis

7	<p><b>Does your jurisdiction follow (or largely follow) the guidance on comparability analysis outlined in Chapter III of the TPG?</b></p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>	<p>Colombian Tax Code Article 260-4</p> <p><a href="http://www.dian.gov.co/dian/15servicios.nsf/0108fdc3639d83ff05256f0b006abb3d/9619e0772dffeae005256f0c007790b4?OpenDocument">http://www.dian.gov.co/dian/15servicios.nsf/0108fdc3639d83ff05256f0b006abb3d/9619e0772dffeae005256f0c007790b4?OpenDocument</a></p>
		<p>Article 260-4 of the Colombian Tax Code specifies the comparability criteria in transactions between related and independent parties. The definition of comparability for Colombian purposes is aligned with that of the OECD Transfer Pricing Guidelines. Article 260-4 states: “for transfer pricing purposes, two transactions are comparable when there are no significant differences between them that can materially affect the conditions analysed using the appropriate transfer pricing methodology. Those transactions are also comparable in case those differences may be eliminated by means of the application of sufficiently reliable adjustments to eliminate the effects of these differences in the comparison”.</p> <p>In addition, this Article specifies the comparability criteria to be considered to identify appropriate comparables, depending on the transfer pricing method selected for the analysis.</p> <p>Article 260-4 of the CTC specifies the five comparability factors to consider when comparing transactions between related and unrelated parties. Those five comparability factors are aligned with those of the OECD Guidelines. Depending on the appropriate transfer pricing method selected, the five comparability factors in Article 260-4 are used to determine if transactions are comparable or if there are significant differences.</p> <p>The comparability factors are the following ones:</p> <p>1. The characteristics of transactions, including:</p> <ol style="list-style-type: none"> <li>a) In the case of financing transactions, elements such as the principal, term, credit rating, guarantee, debtor's creditworthiness and interest rate. Interest payments, regardless of the interest rate agreed, will not be deductible unless the aforementioned comparability elements are met and satisfied, because if the terms and conditions of the financing transactions are such that they fall outside of or do not concur with those of market practices, those transactions will not be considered loans or interest, but rather as capital contributions and they will be treated as dividends.</li> <li>b) In the case of provision of services, elements such as the nature of the service and know-how, or technical knowledge;</li> <li>c) In the event of granting the right to use or dispose of tangible assets, elements such as the physical characteristics, quality, reliability, availability of the asset and volume of supply;</li> </ol>	

		<p>d) In the event of transferring an intangible asset or granting the right to exploit it, elements such as the type of asset (patent, trademark, trade name or know-how), the duration and degree of protection and the profits expected to be obtained from its use thereof.</p> <p>e) In the sale of shares, for comparability purposes the current value of profits or projected cash flows or the stock market price of the corresponding issuer on the last day of the disposal must be taken into consideration.</p> <p>2. The economic activities or functions, including the assets used and risks assumed in transactions, of each of the parties involved in the transaction.</p> <p>3. The contractual terms of the parties in relation to the economic reality of the transaction.</p> <p>4. The economic or market circumstances, such as geographic location, market size, market level (wholesale or retail), level of competition in the market, competitive position of buyers and sellers, available of substitute goods and services, the levels of supply and demand in the market, consumers' purchasing power, governmental regulations, production costs, transport costs and the date and time of the transaction.</p> <p>5. Business strategies, including those concerning penetration, permanence and expansion of the market.</p>	
8	<b>Is there a preference in your jurisdiction for domestic comparables over foreign comparables?</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
9	<b>Does your tax administration use secret comparables for transfer pricing assessment purposes?</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
10	<b>Does your legislation allow or require the use of an arm's length range and/or statistical measure for determining arm's length remuneration?</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <p>According to Article 260-3 of the Colombian Tax Code, an arm's length range may be obtained whenever taxpayers identify two or more comparable transactions, which are equally comparable to the transaction carried out between related parties. The arm's length range is a range of prices or profit level indicators, which may be adjustable by means of statistical tools, particularly the interquartile range when considered appropriate.</p>	<p>Colombian Tax Code Article 260-3</p> <p><a href="http://www.dian.gov.co/dian/15servicios.nsf/0108fdc3639d83ff05256f0b006abb3d/38a53f702853874205256f0c00777b8d?OpenDocument">http://www.dian.gov.co/dian/15servicios.nsf/0108fdc3639d83ff05256f0b006abb3d/38a53f702853874205256f0c00777b8d?OpenDocument</a></p>

11	<p><b>Are comparability adjustments required under your domestic legislation or regulations?</b></p>	<p><input checked="" type="checkbox"/> <b>Yes</b></p> <p><input type="checkbox"/> <b>No</b></p> <p>Article 260-4 of the Colombian Tax Code provides that “two transactions are comparable when there are no significant differences between them that can materially affect the conditions analysed using the appropriate transfer pricing methodology. Those transactions are also comparable in case those differences may be eliminated by means of the application of sufficiently reliable adjustments to eliminate the effects of these differences in the comparison”.</p>	<p>Colombian Tax Code Article 260-4</p> <p><a href="http://www.dian.gov.co/dian/15servicios.nsf/0108fdc3639d83ff05256f0b006abb3d/38a53f702853874205256f0c00777b8d?OpenDocument">http://www.dian.gov.co/dian/15servicios.nsf/0108fdc3639d83ff05256f0b006abb3d/38a53f702853874205256f0c00777b8d?OpenDocument</a></p>
<b>Intangible Property</b>			
12	<p><b>Does your domestic legislation or regulations contain guidance specific to the pricing of controlled transactions involving intangibles?</b></p>	<p><input type="checkbox"/> <b>Yes</b></p> <p><input checked="" type="checkbox"/> <b>No</b></p> <p>Colombia domestic legislation does not contain specific guidance for transactions involving intangibles. For such transactions the general TP rules, contained in articles 260-1 to 260-11 of the CTC, applies. Moreover, as aforementioned the guidance provided in the TPG could also be applicable in a way that best secure consistency with the domestic law.</p> <p>Colombian regulation on documentation explicitly requires taxpayers carrying out transactions involving intangibles to include in their transfer pricing documentation “a brief description of the main contractual terms indicating object, rights and obligations, term, geographical zone, exclusivity, among other, as well as the country or place where the related party with which transactions are being carried out has its intangibles. Additionally, a brief description of the conduct or practices being performed in the transactions regarding such intangibles”.</p> <p>Taxpayers will also have to “describe the strategy of the group to which they belong, or the related parties abroad, in free trade zones or persons, enterprises, entities or companies located in low tax jurisdictions with which transactions were carried out, with regards to the development, enhancement, maintenance, protection and use of the intangibles”.</p> <p>Finally, if during the taxable year Colombian taxpayers participated in transactions involving the transfer of intangibles, they will have to indicate the compensations made directly or indirectly by the parties involved in the transfer.</p>	<p>Documentation related to intangibles:</p> <p>Lit. d) of Num. 2 of Article 1.2.2.2.1 of Decree 1625 of 2016</p> <p><a href="http://www.dian.gov.co/descargas/normatividad/2016/Decretos/Decreto_1625_del_11_de_Octubre_de_2016.pdf">http://www.dian.gov.co/descargas/normatividad/2016/Decretos/Decreto_1625_del_11_de_Octubre_de_2016.pdf</a></p>



13	Does your domestic legislation or regulation provide for transfer pricing rules or special measures regarding hard to value intangibles (HTVI)?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
14	Are there any other rules outside transfer pricing rules that are relevant for the tax treatment of transactions involving intangibles?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No  <p>According to Article 120 of the Colombian Tax Code (rule outside transfer pricing rules), regarding royalty payments for intangibles, establishes: “The deduction will not be accepted for the payment of royalties to related parties abroad or free trade zones, when they correspond to the exploitation of an intangible formed in the national territory.</p> <p>Royalty payments made during the taxable year or period, when said royalties are associated with the acquisition of finished products, will not be deductible.”</p>	<p>Colombian Tax Code Article 120</p> <p><a href="http://www.dian.gov.co/dian/15servicios.nsf/0108fdc3639d83ff05256f0b006abb3d/f19426ca97ef1b1a05256f0c006a15e9?OpenDocument">http://www.dian.gov.co/dian/15servicios.nsf/0108fdc3639d83ff05256f0b006abb3d/f19426ca97ef1b1a05256f0c006a15e9?OpenDocument</a></p>
<b>Intra-group Services</b>			
15	Does your domestic legislation or regulations provide guidance specific to intra-group services transactions?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No  <p>Article 260-3 of the Colombian Tax Code states that “the taxpayer must demonstrate the actual provision of the service and that the amount received or paid for such service complies with the arm’s length principle”.</p> <p>The goal of this provision is to require taxpayers to provide supporting evidence related to i) those services, ii) their actual provision and iii) their market values, in order to deduct those payments in their income tax return.</p>	<p>Colombian Tax Code Paragraph 2, Article 260-3</p> <p><a href="http://www.dian.gov.co/dian/15servicios.nsf/0108fdc3639d83ff05256f0b006abb3d/38a53f702853874205256f0c00777b8d?OpenDocument">http://www.dian.gov.co/dian/15servicios.nsf/0108fdc3639d83ff05256f0b006abb3d/38a53f702853874205256f0c00777b8d?OpenDocument</a></p>
16	Do you have any simplified approach for low value-adding intra-group services?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
17	Are there any other rules outside transfer pricing rules that are relevant for the tax treatment of transactions involving services?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	

## Cost Contribution Agreements

18	<b>Does your jurisdiction have legislation or regulations on cost contribution agreements?</b>	<input checked="" type="checkbox"/> <b>Yes</b> <input type="checkbox"/> <b>No</b>	Colombian Tax Code Paragraph 2, Article 260-3 <a href="http://www.dian.gov.co/dian/15servicios.nsf/0108fdc3639d83ff05256f0b006abb3d/38a53f702853874205256f0c00777b8d?OpenDocument">http://www.dian.gov.co/dian/15servicios.nsf/0108fdc3639d83ff05256f0b006abb3d/38a53f702853874205256f0c00777b8d?OpenDocument</a> Article 1.2.2.2.3 of Decree 1625 of 2016
		In Colombia cost contribution arrangements (“CCA”) must comply with the arm’s length principle. Article 260-3 of the CTC specifies that in the case of intragroup services or CCA between related parties, “taxpayers must demonstrate the actual provision of the service and that the amount charged or paid for such service is in compliance with the arm’s length principle”. Article 1.2.2.2.3 of Decree 1625 of 2016 further elaborates that contributions made by each participant must be adjusted to those that an independent party would accept in comparable situations, considering the effective benefits on goods or services resulting from the CCA, and the real possibility to exploit or utilize, directly or indirectly, the assigned right.	

## Transfer Pricing Documentation

19	<b>Does your legislation or regulations require the taxpayer to prepare transfer pricing documentation?</b>	<input checked="" type="checkbox"/> <b>Yes</b> <input type="checkbox"/> <b>No</b> <i>If affirmative, please check all that apply:</i> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Master file consistent with Annex I to Chapter V of the TPG</li> <li><input checked="" type="checkbox"/> Local file consistent with Annex II to Chapter V of the TPG</li> <li><input checked="" type="checkbox"/> Country-by-country report consistent with Annex III to Chapter V of the TPG</li> <li><input checked="" type="checkbox"/> Specific transfer pricing returns (separate or annexed to the tax return)</li> <li><input type="checkbox"/> Other (specify):</li> </ul>	
20	<b>Please briefly explain the relevant requirements related to filing of transfer pricing documentation (i.e. timing for preparation or submission, languages, etc.)</b>	The relevant requirements related to filing the Local File are: Taxpayers that carry out transactions with related parties in accordance with related parties, as well as taxpayers that carry out transactions with parties, whether related or not, located in low tax jurisdictions, must comply with the preparation and filing of transfer pricing documentation and information returns, subject to thresholds determined in articles 260-5 (transfer pricing documentation) and 260-9 (transfer pricing information return) of the Colombian Tax Code.	Colombian Tax Code Articles 260-5 and 260-9 <a href="http://www.dian.gov.co/dian/15servicios.nsf/0108fdc3639d83ff05256f0b006abb3d/870840d7c813592305256f0c0077a028?OpenDocument">http://www.dian.gov.co/dian/15servicios.nsf/0108fdc3639d83ff05256f0b006abb3d/870840d7c813592305256f0c0077a028?OpenDocument</a> <a href="http://www.dian.gov.co/dian/15servicios.nsf/0108fdc3639d83ff05256f0b006abb3d/db0a25ad4384f6c805256f0c0077e5cb?OpenDocument">http://www.dian.gov.co/dian/15servicios.nsf/0108fdc3639d83ff05256f0b006abb3d/db0a25ad4384f6c805256f0c0077e5cb?OpenDocument</a>

		<p>Transfer pricing documentation must include the following:</p> <ol style="list-style-type: none"> <li>1. Executive Summary</li> <li>2. Functional Analysis</li> <li>3. Industry Analysis</li> <li>4. Economic Analysis</li> </ol> <p>The timing for submission is established annually by the government and it must be filed in Spanish.</p> <p>In the last tax reform (Law 1819 of 2016), Colombia implemented the three-tiered standardised approach to transfer pricing documentation developed under BEPS Action 13 work. The contents of the Master File and the CBCR are currently being regulated by secondary law. The draft of this secondary law (TP Decree) is in the stage of revision and approval from Dian's Legal Division.</p>	<p>Articles 1.2.2.2.1 to 1.2.2.2.6 of Decree 1625 of 2016</p> <p>(contents of transfer pricing documentation)</p>
21	<p><b>Does your legislation provide for specific transfer pricing penalties and/or compliance incentives regarding transfer pricing documentation?</b></p>	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>Colombia has established in article 260-11 of the Colombian Tax Code, a gradual the transfer pricing penalty regime in which taxpayers will face different penalty amounts depending on the infraction. Penalties are to be imposed in cases of extemporaneous filings (days or months), errors, omissions and not filing.</p>	<p>Colombian Tax Code Article 260-11</p> <p><a href="http://www.dian.gov.co/dian/15servicios.nsf/0108fdc3639d83ff05256f0b006abb3d/e6899c025407455805256f0c00774ec6?OpenDocument">http://www.dian.gov.co/dian/15servicios.nsf/0108fdc3639d83ff05256f0b006abb3d/e6899c025407455805256f0c00774ec6?OpenDocument</a></p>
22	<p><b>If your legislation provides for exemption from transfer pricing documentation obligations, please explain.</b></p>		
<b>Administrative Approaches to Avoiding and Resolving Disputes</b>			
23	<p><b>Which mechanisms are available in your jurisdiction to prevent and/or resolve transfer pricing disputes?</b></p>	<p>Please check those that apply:</p> <p><input type="checkbox"/> Rulings</p> <p><input type="checkbox"/> Enhanced engagement programs</p> <p><input checked="" type="checkbox"/> Advance Pricing Agreements (APA)</p> <p style="padding-left: 20px;"><input checked="" type="checkbox"/> Unilateral APAs</p> <p style="padding-left: 20px;"><input checked="" type="checkbox"/> Bilateral APAs</p> <p style="padding-left: 20px;"><input checked="" type="checkbox"/> Multilateral APAs</p> <p><input checked="" type="checkbox"/> Mutual Agreement Procedures</p>	<p>Colombian Tax Code Article 260-10</p> <p><a href="http://www.dian.gov.co/dian/15servicios.nsf/0108fdc3639d83ff05256f0b006abb3d/93570fbc3bf4e6905256f0c00773774?OpenDocument">http://www.dian.gov.co/dian/15servicios.nsf/0108fdc3639d83ff05256f0b006abb3d/93570fbc3bf4e6905256f0c00773774?OpenDocument</a></p>

		<input type="checkbox"/> Other ( <i>please specify</i> ):	
		Colombia does not yet have experience in mutual agreement procedures.	
<b>Safe Harbours and Other Simplification Measures</b>			
24	<b>Does your jurisdiction have rules on safe harbours in respect of certain industries, types of taxpayers, or types of transactions?</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
25	<b>Does your jurisdiction have any other simplification measures not listed in this questionnaire? If so, please provide a brief explanation.</b>		
<b>Other Legislative Aspects or Administrative Procedures</b>			
26	<b>Does your jurisdiction allow/require taxpayers to make year-end adjustments?</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
		Taxpayers may make year-end fiscal adjustments in order to comply with the ALP. They have to inform in the TP Return the amount of the adjustment made in their Income Tax Return.	
27	<b>Does your jurisdiction make secondary adjustments?</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
<b>Other Relevant Information</b>			
28	<b>Other legislative aspects or administrative procedures regarding transfer pricing</b>		

29	<b>Other relevant information</b> (e.g. whether your jurisdiction is preparing new transfer pricing regulations, or other relevant aspects not addressed in this questionnaire)		
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