Baker McKenzie.

Client Alert

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Colombia: Corporate Temporary vs Individual Permanent Net Worth

Abstract: Legislative Decree No. 173 of February 24, 2026, as amended by Decree No. 240 of March 12, 2026, created a Net Worth Tax applicable to legal entities, which is separate from the net worth tax imposed on individuals and on non-residents in respect of assets located in Colombia.

In brief

Legislative Decree No. 173 of 24 February 2026, as subsequently amended by Decree No. 240 of 12 March 2026, introduced a Net Worth Tax applicable to legal entities. This tax is separate and independent from the Net Worth Tax applicable to individuals who are Colombian tax residents, as well as to non-residents in respect of assets located in Colombia. In the case of branches of foreign companies and permanent establishments, the concurrent application of both taxes may arise, depending on the nature of the taxpayer and the taxable net worth.

Contents

In brief
Key differences
Conclusions

Key differences

It is important to note that, although both levies are referred to as "Net Worth Tax," they constitute distinct and independent legal regimes, applicable to different taxpayers, with their own triggering events and different periods of applicability.

In particular, the following coexist:

(i) a permanent Net Worth Tax, regulated under Article 292-3 of the Colombian Tax Code; and

(ii) an exceptional and temporary Net Worth Tax, applicable to legal entities and *de facto* companies exclusively for tax year 2026.

It is worth noting that, in the case of branches of foreign companies and permanent establishments, the concurrent application of both taxes may arise, depending on the nature of the taxpayer and the taxable net worth.

1. **Net Worth Tax for Entities**

(Exceptional regime – applicable during tax year 2026)

a) It's applicable for:

- Legal entities and de facto companies that are corporate income taxpayers. This classification includes:
  - Permanente Establishments.
  - Branches of foreign companies.
- Whose net worth as of March 1, 2026, is equal to or greater than 200,000 UVT**. (COP 10.474.800.000 or USD 2.800.000)**

Certain entities are expressly excluded, including:

- Companies operating in the healthcare sector;
- Companies subject to government intervention;
- Public utilities companies located in municipalities under calamity within the emergency area (Córdoba, Antioquia, La Guajira, Sucre, Bolívar, Cesar, Magdalena & Chocó)

b) Taxable event:

- Ownership of net worth as of 31 March, 2026. Equal or greater than 200,000 UVT (**COP 10.474.800.000 or USD 2.800.000)**

c) Tax base:

- Gross equity minus liabilities outstanding as of that date, subject to specific exclusions, including:
  - Shares of equity interests in Colombian companies (held directly or indirectly);
  - Certain environmental assets owned by public water and sanitations companies;
  - Technical reserves of Fogafín and Fogacoop;
  - Social contributions made by members of entities governed by Articles 19-4 of the Colombian Tax Code.

d) Tax rates and thresholds:

- 200.000 UVT of net worth as of March 1, 2026 **(COP 10.474.800.000 or USD 2.800.000)**
  - **General Tax Rate:**
    - 0.5% on the taxable base:
  - **Special Tax Rate**
    - 1.6% on the taxable base applicable to financial and capital markets sector, including;
      - Financial institutions;
      - Insurance and reinsurance companies;
      - Stockbrokers;
      - Market infrastructure providers
    - 1.6% on taxable base applicable to extractive sector, particularly;
      - Coal mining (CIIU 0510 and 0520);
      - Crude oil extraction

2. Net Worth Tax – Individuals

(Individuals and foreign entities – Article 292-3 of the Colombian Tax Code)

The permanent Net Worth Tax operates independently from the exceptional tax applicable to legal entities and is regulated under Article 292-3 of the Colombian Tax Code.

a) Taxable persons:

- The Net Worth Tax applies to individuals classified as high-net-worth taxpayers, including:
  - Colombian tax residents, with respect to their worldwide net worth; and
  - Non-residents individuals, with respect to assets located in Colombia, subject to the applicable legal conditions.

  The tax is personal in natures and is assessed and the individual level, regardless of whether assets are held directly or through corporate or other legal structures, as established by law.
  - Foreign companies or entities that are not income tax filers in Colombia and that own assets located in Colombia.

b) Taxable event

- The taxable event consists of the ownership or possession of net worth exceeding the applicable threshold as of the valuation date established by the Colombian Tax Code.

- For non-resident individuals, the taxable event is triggered by the ownership of assets located within the Colombian Territory, irrespective of the individual's place of residence or nationality.

c) Tax Base

- The tax base of the Net Worth Tax is the gross net worth of the taxpayer as of January 1 of each year, minus outstanding liabilities as of the same date, as determined under Title II of Book I of the Colombian Tax Statute, subject to the special rules provided therein.
- For individuals, the first 12,000 UVT of the patrimonial value of their principal residence is excluded, provided it is the property in which the individual effectively resides most of the time.
- For non-resident individuals with a permanent establishment in Colombia, the tax base corresponds to the net worth attributable to the permanent establishment, determined in accordance with Article 20-2 of the Colombian Tax Statute and the arm's length principle.

d) Tax rates and thresholds

- Rate of **0.5%** to individuals with a net worth from 72.000 to 122.000 UVT (**COP 3.770.928.000 or USD 1.020.000 to COP 6.389.628.000 or USD 1.730.000)**
- Rate of 1.0% to individuals with a net worth from 122.000 to 239.000 UVT (**COP 6.389.628.000 or USD 1.730.000 to COP 12.517.386.000 or USD 3.400.000)**
- Rate of 1.5% to individuals with a net worth equal or more than 239.000 UVT (equal or more than **COP 12.517.386.000 or USD 3.400.000)**

3. **Filings and deadlines**

a. Entities

i. Tax return filling → April 1, 2026.

1. Payment Schedule:

a. First Instalment (50%) 1 April, 2026.

b. Second Instalment (50%) 4 May, 2026.

The Colombian Tax Authority (DIAN) will issue the relevant tax return form and payment receipts.

b. Permanente Establishments & Branches of foreign companies

i. Tax return filing → 30 April, 2026

1. Payment Schedule

a. First Instalment (50%) 30 April, 2026.

b. Second Instalment (50%) 1 June, 2026

c. Individuals

i. Tax return filling → Between the 12 and 26 of May depending on the last digit of the Tax ID or citizenship card.

1. Payment Schedule:

a. First Instalment (50%) Between the 12 and 26 of May depending of the last digit of the Tax ID or citizenship card.

b. Second Instalment (50%) 14 September.

Conclusions

The introduction of independent Net Worth Tax regimes applicable to legal entities and individuals significantly increases the complexity of net worth taxation in Colombia. Although both taxes share a similar denomination, they apply to different taxpayers, are based on distinct triggering events, and are subject to autonomous accrual rules, which means they may become concurrently applicable within the same corporate or personal structure. In this context, it is particularly relevant for permanent establishments (PEs) to separately assess both the permanent Net Worth Tax and the exceptional Net Worth Tax, as each is triggered at different

points in time and is grounded in distinct legal assumptions, directly affecting the accurate determination of tax obligations and the management of tax risks.

Given the differences in scope, valuation rules, exclusions, applicable rates, and filing deadlines, a careful and coordinated analysis of each regime is required to properly assess exposure and ensure compliance. This is particularly relevant for business groups, family offices, and individuals with cross-border assets or layered ownership structures.

In Baker McKenzie, we continue to closely monitor regulatory developments and assist clients in evaluating the impact of these rules on their specific circumstances, including compliance, reporting obligations, and potential planning considerations under the new Net Worth Tax framework.

Contact us

Ciro Meza Martínez
Partner
Tax
ciro.meza@bakermckenzie.com

Juan David Velasco
Partner
Tax
juan.velasco@bakemckenzie.com

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