

National Tax Authority Clarifies Tax Exemption on Dividend Distributions to Resident Individuals

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The National Tax Authority (*Dirección de Impuestos y Aduanas Nacionales*, DIAN) has provided clarifications on the 0% rate applicable to dividends distributions made to resident individuals.

According to article 242 of the Tax Code, a 0% tax rate applies on gross dividend distributions to resident individuals up to the first 1,090 Tax Value Units (UVTs). The DIAN clarified that the 0% tax rate is only applicable to the first 1,090 UVTs paid or made available during the taxable year, regardless of the payment method or the year in which the profits were derived.

In this sense, the DIAN clarified that the 0% tax rate only applies to the first 1,090 UVTs of dividends distributed throughout 1 taxable year, regardless of the fact that the dividend payments are made in various quotas or fractions, or that the dividends are paid from profits derived in various years (i.e. the 0% rate is not applicable to the first 1,090 UVTs of dividends distributed from profits derived from each taxable year, but to the first 1,090 UVTs of dividends distributed throughout 1 taxable year).

These clarifications were established by Ruling 100208192-917 of 24 August 2023, recently made available to the public.

For previous reporting, see [Colombia Provides Rules on Tax Treatment of Dividends After Tax Reform \(14 July 2023\)](#).