

# COLOMBIA: VAT REFUND PROJECT FOR FOREIGN TOURISTS



In order to encourage and promote tourism, the Colombian government presented a draft legislation to decree sales tax refund for foreign tourists. The proposal explains that digital invoicing would make it possible to speed up the tax return process for visitors who arrive in Colombia and purchase products in commercial establishments registered for general tax regime. Likewise, the project expects to fully refund tax for foreign tourists in the acquisition of taxed goods that comply with the specified conditions and requirements.

“The National Directorate of Taxes and Customs (DIAN) will return 100% of the value-added tax (VAT) to foreign tourists for the acquisition of taxed goods, after compliance with the conditions and requirements stated in this Chapter,” writes Article 1.6.1.23.1 of the document.

## Who Can Apply?

Visitors from abroad who enter Colombia for leisure, business or reasons other than being employed by an entity based in the country. **Foreign tourists may request a VAT refund on the purchase of movable property bought with cash, or debit and credit cards issued outside the country.**

Foreign tourists may request a tax refund for the purchase of taxed movable property, as long as each sales invoice, including the tax, is equal to or greater than three tax units (UVT), that is, a minimum of 108,924 pesos in 2021 and up to a maximum of 200 tax units, which is equivalent to 7,261,600 pesos in 2021.

## How to Apply

When leaving the country and before the respective luggage check at the airline, the tourist must show the following documents at the DIAN checkpoint:

- Refund request application in the format specified by the DIAN. If the flight has a domestic layover, the refund application will be made at the port or airport where the luggage is checked and the refund will be deposited abroad.
- The invoice issued in compliance with the legal requirements. The invoice date must be between the date of entry to the country and the date of departure.
- A document that validates entry as a tourist.

According to the prerequisites, goods with the right to a tax refund must be shown to a DIAN official for inspection in order to establish that the goods will actually exit the country.

The DIAN will be able to implement digital mechanisms to receive, manage and control the VAT refund requests submitted by foreign tourists.

The DIAN will return the sales tax by depositing the amount to an international credit card issued outside Colombia and written down in the application within the month after the request has been approved.

## When Can the Refund Be Denied?

According to the draft, the refund does not apply in these cases:

- If any of the requirements is not met.
- If the person requesting the refund is a Colombian citizen.
- If VAT is paid on excluded or exempt goods, or with a higher rate than the corresponding one.
- If the documents provided are illegible, damaged or the contents do not match the goods that are moved out of the country.
- If the request comes from illegal operations and/or transactions.
- If the tax to be returned is less than or equal to the brokerage fee.
- If the VAT of the purchased goods has already been returned.
- If the purchased goods were acquired from non-VAT registered businesses.
- If the invoice does not meet the legal requirements of a proper invoice.

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