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IMPORTANT CHANGES: TAX WITHHOLDING ON INTEREST PAYMENTS TO FOREIGN CREDITORS

In this issue, [Colombian_Tax_Flash®](#) informs about an important Tax Administration's interpretation regarding the applicable withholding tax for certain interest payments to foreign creditors.

The Tax Administration (DIAN) modified its position by means of Ruling No. 32227 of 2016. According to DIAN's new position, interest payments from bonds and other debt securities issued by a Colombian issuer that are transferred abroad, in which the creditor is not a Colombian resident or is not domiciled in the country, are NOT considered national source income. Therefore, these payments will not be subject to tax in Colombia and the withholding tax on interest will not apply.

This ruling will have important implications that need to be carefully considered, when structuring indebtedness in Colombia.

Please bear in mind that this is a selective summary, for informational purposes only, that focuses on certain topics of interest. Therefore, it is not intended to be a detailed and comprehensive dissertation of the topics discussed. It is advisable that our readers do not exclusively rely on this document and thoroughly review their queries, seeking qualified advice from professional tax attorneys duly admitted to the practice of law in Colombia.

For more information on other changes in other pieces of legislation both at a national and local level, which are not featured in this issue of [Colombian_Tax_Flash®](#), you can visit us on twitter [@colombiatax](#).

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