Colombia

Release 4.6C

SAP ™

Copyright

Icons

Icon	Meaning
⚠	Caution
💬	Example
💡	Note
🧭	Recommendation
SYN	Syntax

Inhalt

Colombia

Cross-Application Components

Inflation Accounting

In Colombia, companies are required by law (No. 488: December 1998) to use inflation accounting for *Financial Accounting* and *Asset Accounting,* but not for *Materials Management.* Inventory is therefore no longer subject to inflationary adjustments.

See also:

Inflation Accounting [Extern]

Financials

General Information

Currency

Definition

See Currencies [Extern].

Use

When you create a company code using the template for Colombia, the system sets the Colombian peso as the local currency. The currency's ISO code is COP.

We recommend that you do not use any decimal places with the Colombian peso.

The system also activates a hard currency (US dollars). See Parallel Currencies [Extern].

Taxes (FI-AP/AR)

Purpose

See Taxes (FI-AP/AR) [Extern].

Features

One special feature of taxation in Colombia, which applies to taxes on sales/purchases and withholding taxes, is the use of two tax systems: the general system *(regimen común)* and the simplified system *(regimen simplificado)*.

Generally speaking, the general system applies to corporations, whereas the simplified system is for individuals who run small businesses: the law states that the latter applies to businesses with no more than two establishments and an income below a certain amount. As its name suggests, the simplified system is less complex than the general system, and the taxes are lower.

When you create a company code using the template for Colombia, the settings that the system makes cover both systems.

Tax Number

Definition

A number assigned by the tax authorities to every person and corporation. In Colombia, the tax number is known as the *número de identificación tributaria* (NIT).

Use

The tax numbers are used for reporting to the tax authorities.

You maintain your own company codes' tax numbers in Customizing for *Financial Accounting,* under *Financial Accounting Global Settings → Company Code → Enter Global Parameters.* Choose *Additional details* in your company code and enter the NIT tax number in the appropriate field.

You maintain your customers' and vendors' tax numbers in their master records. You enter it in the field *Tax code 1*, which has a maximum of 16 digits.

> When posting cash transactions without a customer or vendor, enter the NIT tax number in the field *Reference key 3* in the document line item.

The tax number found in *tax code 1* is verified by a check. The check uses every digit in a predefined formula excluding the last one. The one-digit result from the formula is then compared to the last digit. If the last digit differs, then it does not accept the tax number.

For some individuals, the NIT number does not include a check digit. In this case, you must deactivate the check by selecting *Sole prop.* in the customer's or vendor's master data.

When you create a company code using the template for Colombia, the system creates the *tax code 1* check.

> If you need to change the *tax code 1* check , you maintain it in Customizing in *Global Settings → Set Countries → Set Country-Specific Checks*. Choose CO for Colombia.
>
> Standard settings include:
>
> *Length* - 16 (including the last check digit)
>
> *Checking Rule* - 5
>
> Select *Other Data*

Tax on Sales/Purchases

Definition

See Taxes on Sales/Purchases, Sales Taxes and Additional Taxes [Extern].

Use

In Colombia, the main taxes on sales and purchases include:

- Value-added tax [Seite 14] (VAT), which is known as *impuesto al valor agregado* (IVA)

- Excise duty *(impuesto al consumo)*

   Excise duty is levied on a number of products – for example, various alcoholic drinks and tobacco products – over and above VAT. A sample tax code (IC) is delivered (15% VAT + 40% excise duty).

When you create a company code using the template for Colombia, the system automatically makes sample settings for these taxes.

Value-Added Tax

Definition

Value-added tax (VAT) is known in Colombia as *impuesto al valor agregado.*

Use

In Colombia, the standard rate of VAT is 15%. However, Colombian law designates companies in certain lines of business as being **excluded or exempt from VAT,** depending on the goods or services involved.

- **Excluded goods and services** *(bienes y servicios excludidas)* include basic raw materials; medical treatment; and public utilities. Businesses in these lines of business do not charge VAT on their sales, and they are not entitled to recoup input VAT that they have paid on their purchases; this is absorbed into the price of their inventories.

- **Exempt goods and services** *(bienes y servicios exentas)* include books and magazines of a scientific or cultural nature; and goods for export. Businesses in these lines of business do not charge VAT on their sales, and are entitled to claim back input VAT.

Furthermore, no VAT is levied on exports.

In addition, a special procedure is required for when you purchase goods and services that might be used to produce goods or provide services that are excluded or exempt from VAT. In this case, you have to post, calculate, and report them using a special procedure (see Calculation of Provisional Value-Added Tax [Seite 15]).

Integration

In order to be able to distinguish between the different types of VAT, they are handled using separate tax codes [Seite 16].

Calculation of Provisional Value-Added Tax

Purpose

In Colombia, there is a special procedure for calculating input value-added tax (VAT) where it is not clear what the purchased goods (or services) will be used for exempt or excluded goods or not. This procedure is known in Colombia as *transitorio*.

Process Flow

1. If, when you purchase goods (or services), it is not clear whether they will be used to produce goods that are liable to VAT or not, you post them using the appropriate tax codes [Seite 16] for provisional VAT.

   With these tax codes, the system posts the net cost of the goods to an inventory account and the tax to a special account for provisional VAT. All provisional VAT is recorded in a single account.

2. At the end of the reporting period, you determine what percentage of your sales were liable to tax (this includes zero-rated exports), as distinct from exempt or excluded sales.

   To do this, you use the *Additional List for Advance Return for Tax on Sales/Purchases* report to look up what percentage of your sales amounts were posted using the appropriate tax codes (A1, A3, and A4).

3. You determine how much provisional VAT you have posted during the reporting period.

   To do this, you use the Advance Return for Tax on Sales and Purchases [Extern] report, entering the appropriate tax codes for provisional VAT.

4. You calculate manually how much of the provisional VAT is due to be paid by multiplying the total provisional VAT posted (the amount from step 3) by the percentage of sales that were liable for tax (from step 2).

5. You post this amount to your VAT liability account, and the remainder to an expense account.

Tax Code

Definition

See Tax Codes [Extern].

Use

When you create a company code using the template for Colombia, the system sets up tax codes that cover various forms of value-added tax (VAT). Within the **general system,** separate codes are provided for business liable to VAT at the normal rates, exempt businesses, and excluded businesses. Codes are also supplied for the **simplified system.** In both cases, there are tax codes for provisional tax postings.

General System

Businesses Liable to VAT at Normal Rates

Business that are neither designated exempt nor excluded charge VAT and are able to offset their input tax and output tax. Sample tax codes are provided for VAT and excise duty as follows:

VAT

Transaction	Description	Tax rate (%)	Tax code
Sales	Domestic	15	A1
	Export	0	A3
	Export (through agencies)	0	A4
Purchases (goods)	Imports and other zero-rated	0	V0
	Domestic	15	V1
	Provisional	15	VG
Purchases (services)	Imports and other zero-rated	0	VA
	Domestic	15	VB
	Provisional	15	VK

Excise Duty

A sample tax code is provided for excise duty. The code, IC, is for 15% VAT and 40% excise duty over and above that.

Exempt Businesses

Transaction	Description	Tax rate (%)	Tax code
Sales	Domestic	0	A0
	Export	0	A3
	Export (through agencies)	0	A4
Purchases (goods)	Imports and other zero-rated	0	V0

	Domestic	15*	V2
	Domestic (specific goods)	$15 + 5^{\dagger}$	V4
	Provisional	$15 + 5^{\dagger}$	VH
Purchases (services)	Imports and other zero-rated	0	VA
	Domestic	15*	VC
	Domestic (specific services)	$15 + 5^{\dagger}$	VE
	Provisional	$15 + 5^{\dagger}$	VL

* This tax is posted to a VAT expense account.

† The 5% is posted to a VAT expense account.

Excluded Businesses

Transaction	Description	Tax rate (%)	Tax code
Sales	Domestic	0	A2
	Export	0	A3
	Export (through agencies)	0	A4
Purchases (goods)	Imports and other zero-rated	0	V0
	Domestic	15*	V3
	Domestic (specific goods)	$15 + 5^{\dagger}$	V5
	Provisional	$15 + 5^{\dagger}$	VI
Purchases (services)	Imports and other zero-rated	0	VA
	Domestic	15*	VD
	Domestic (specific services)	$15 + 5^{\dagger}$	VF
	Provisional	$15 + 5^{\dagger}$	VM

* This tax is absorbed in the cost of the purchase and posted to the appropriate inventory account.

† The 5% is absorbed in the cost of the purchase and posted to the appropriate inventory account.

Simplified System

Under the simplified system, VAT on all purchases is 7.5%. Separate tax codes have been created to distinguish between goods and services. There are also tax codes for the calculation of provisional VAT [Seite 15].

Description	Tax code
Goods	RG
Services	RS
Goods (provisional)	RT

Tax Code

Services (provisional)	RA

Calculation Procedure

Definition

See The Calculation Procedure [Extern].

Use

In Colombia, you use calculation procedure TAXCO. This calculation procedure contains the necessary specifications for the calculation and posting of taxes on sales/purchases in Colombia.

Advance Return for Tax on Sales/Purchases

Use

See Advance Return for Tax on Sales and Purchases [Extern].

Prerequisites

When you post cash transactions without using a customer or vendor account, you must enter the tax number in the field *Reference key 3* in the document line item.

Features

Selection

When creating a report, you select additional parameters as required:

- *Tax code 1*: Tax number

- To display the tax numbers of the customers and vendors without master records:

    a. Expand the *Output lists* section.

    b. Select *Output tax: Line items.*

    c. Choose *Configure* and make sure that the *Reference* column is displayed.

        For more information about displaying columns, see Changing Layouts [Extern].

Activities

To access the report, from the *SAP Easy Access* screen, choose *Accounting → Financial Accounting → General Ledger → Reporting → Tax Reports → General → Advance Return for Tax on Sales/Purchases → Advance Return for Tax on Sales/Purchases*.

Withholding Tax

Definition

See Withholding Tax [Extern].

Use

In Colombia, you are required to collect tax on a variety of expenditures.

> For Colombia, you use the extended withholding tax functions.

See also:

Extended Withholding Tax (Release 4.0) [Extern]

Fiscal Regional Code

Definition

These are the fiscal regional and provincial codes that you require in order to be able to define withholding tax codes at province level.

Use

You define the codes in Customizing for *Financial Accounting,* under *Financial Accounting Global Settings → Tax on Sales/Purchases → Basic Settings → Fiscal Regional Codes → Define Fiscal Regional Codes for Italy/Spain.*

When you create a company code using the template for Colombia, the system sets up the the most important fiscal regional codes as shown in the following table:

Region	Province	Description
05	001	Medillín
05	002	Abejorral
05	266	Envigado
05	360	Itagüí
08	001	Barranquilla
11	001	Santafé de Bogotá
13	001	Cartagena
15	001	Tunja
15	238	Duitama
15	759	Sogamoso
17	001	Manizales
17	873	Villamaría
18	001	Florencia
19	001	Popayán
20	001	Valledupar
23	001	Montería
25	307	Girardot
27	001	Quibdó
41	001	Neiva
44	001	Ríohacha
47	001	Santa Marta
50	001	Villavicencio

52	001	Pasto
54	001	Cúcuta
63	001	Armenia
66	001	Pereira
66	170	Dos Quebradas

Official Withholding Tax Code

Definition

The withholding tax code prescribed by the Colombian tax authorities, and required on income tax returns. There are codes for all permutations of withholding tax types [Seite 26] and codes [Seite 28], with the exception of some of those for self-withholding taxes and industry and commerce tax.

Use

You maintain the official withholding tax codes in Customizing for *Financial Accounting,* by choosing *Financial Accounting Global Settings → Withholding Tax → Extended Withholding Tax → Basic Settings → Define Official Withholding Tax Codes.*

When you create a company code using the template for Colombia, the system automatically makes all the settings required for all the official tax codes, as follows:

Income Tax

Description	Code
Salaries and wages	RS
Dividends and stocks	RD
Interest	RF
Lotteries, raffles, etc.	RL
Fees	RH
Commission	RC
Services	RJ
Payments abroad (remittance)	RM
Payments abroad (income)	RE
Purchases	RK
Rentals	RA
Sales of fixed assets	RN
Income from abroad	JE
Income from payment cards	JT
Other	RO

Income Tax (Self-Withholding)

Description	Code
Sales	RQ
Services	RI
Interest	NJ

Other	RV

Value-Added Tax

Description	Code
Payments made under the general system	AR
Payments made under the simplified system	RG
Payments made abroad	NR

Stamp Tax

Description	Code
General rate	RX
Contracts for unspecified amounts	RY
Other rates	RZ

Withholding Tax Type

Definition

A category of withholding tax.

Use

When you create a company code using the template for Colombia, the system creates sample withholding tax types as follows:

Withholding tax type	Description
01	Income tax
02	Income tax (nonresidents)
03	Stamp tax
04	Capital gains tax
05	Remittance tax
06	Industry and commerce tax
07	Value-added tax
AT	Self-withholding income tax
S1	Income tax withheld by customer
S2	Value-added tax withheld by customer
S3	Industry and commerce tax withheld by customer

In this example, self-withholding tax is calculated and debited to separate accounts.

Self-Withholding Tax

Accounts Receivable 13051500		Sales Income 41709580	
1047			1000

Income tax 23655500 (withholding)		Tax on Sales/Purchases 24080100	
30			160

Self-withholding tax

Tax on Sales/Purchases 23670100 (withholding)		ICA Goods(Bogota) 23680100 (withholding)	
80		3	
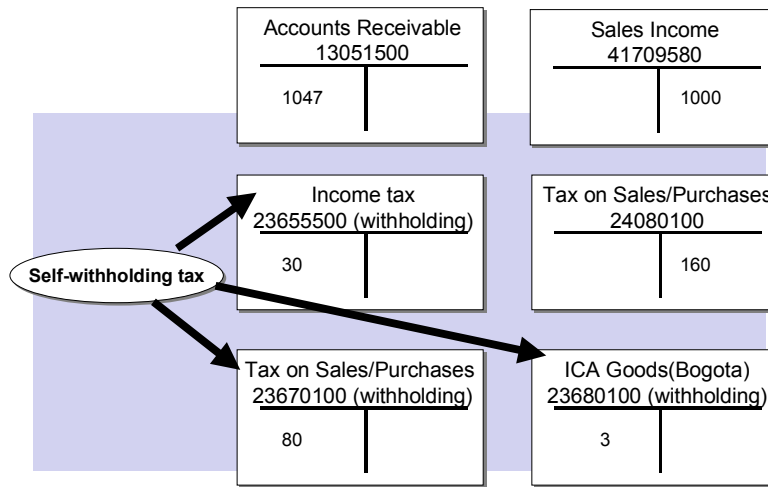
Integration

You use withholding tax types in conjunction with withholding tax codes. Whereas the withholding tax type controls the essential calculation options for extended withholding tax, the withholding tax code determines, for example, the percentage rate of the withholding tax and any exemptions that apply.

Withholding Tax Code

Definition

See Withholding Tax Codes [Extern].

Use

Whereas you use withholding tax types [Seite 26] to represent the various withholding taxes, such as on goods or services, you use the tax codes to specify exactly what the tax rates are and any exemptions that apply. The tax rates for sample withholding tax codes assigned to withholding tax types for Colombia are delivered in the standard.

The withholding tax code in combination with the withholding tax type determine other values.

Tax type	Tax code	Description
01 (income tax, residents)	01	Earnings
	02	Lotteries, raffles, etc.
	03	Fees
	04	Commission
	05	Services
	06	Rentals (other than real estate)
	07	Rentals (real estate)
	08	Temporary services
	09	Security services
	10	Transportation services
	11	Construction services
	12	Sales of fixed assets
	13	Sales of oil derivatives
	14	Purchases
02 (income tax, nonresidents)	01	Software
	02	Technical services rendered abroad
	03	Technical services rendered in Colombia
03 (stamp tax)	01	General rate
	02	Contracts for unspecified amounts
	03	Other rates
04 (capital gains tax)	01	Dividends and stocks
05 (remittance tax)	01	Remittance tax*
06 (industry and commerce tax)	01	Goods, Santafé de Bogota*

	02	Goods, Antioquia Medillín*
	03	Services, Bogotá*
	04	Services, Antioquia Medillín*
07 (value-added tax)	01	Goods, general system
	02	Services, general system
	03	Goods, simplified system
	04	Services, simplified system
	05	Goods, nonresidents
	06	Services, nonresidents
AT (self-withholding)	01	Earnings
	02	Goods/services
	03	Fees
	04	Commission
S1 (income tax withheld by customer)	01	Earnings
	02	Lotteries, raffles, etc.
	03	Fees
	04	Commission
	05	Services
	06	Rentals (other than real estate)
	07	Rentals (real estate)
	08	Temporary services
	09	Security services
	10	Transportation services
	11	Construction services
	12	Sales of fixed assets
	13	Sales of oil derivatives
S2 (value-added tax withheld by customer)	01	Goods
	02	Services
S3 (industry and commerce tax withheld by customer)	01	Goods, Santafé de Bogota*
	02	Goods, Antioquia Medillín*
	03	Services, Bogotá*
	04	Services, Antioquia Medillín*

*Samples only

Recipient Type

Definition

See Extended Withholding Tax: Customer/Vendor Master Data [Extern].

Use

When you create a company code using the template for Colombia, the system sets up sample recipient types that reflect different categories of taxpayers – taxpayers and non-taxpayers; foreign taxpayers; and corporations and sole proprietorships. The system also sets up recipient types that reflect the differences between the general and simplified tax systems.

Recipient Types

Tax type	Recipient type	Description
01 (income tax, residents)	01	Taxpayers, except self-withholding
	02	Corporations
	03	Sole proprietorships
02 (income tax, nonresidents)	01	Nonresident corporations and sole proprietorships
03 (stamp tax)	01	Corporations and sole proprietorships
04 (capital gains tax)	01	Taxpayers, except self-withholding
	02	Corporations
	03	Sole proprietorships
05 (remittance tax)	01	Corporations and sole proprietorships
06 (industry and commerce tax)	01	Corporations, general system
	02	Sole proprietorships, general system
	03	Sole proprietorships, simplified system
07 (value-added tax)	01	Corporation, general system
	02	Sole proprietorships, general system
	03	Sole proprietorships, simplified system

Income Type

Definition

See [Extended Withholding Tax: Customer/Vendor Master Data [Extern]](#).

Use

When you create a company code using the template for Colombia, the system creates the following income types:

- Services (SERV)

- Goods (BIEN)

These types are used to distinguish between withholding taxes on goods on the one hand and services on the other. They are used in conjunction with value-added tax withholding and industry and commerce tax withholding.

Customizing Withholding Tax

Follow the instructions as described in <u>Extended Withholding Tax: Customizing [Extern]</u>, using the following information:

Withholding Tax Type

When you define the <u>withholding tax types [Seite 26]</u>, use the activity *Define Withholding Tax Type for Invoice Posting:* withholding tax in Colombia is levied when you receive an invoice and not when the payment is received.
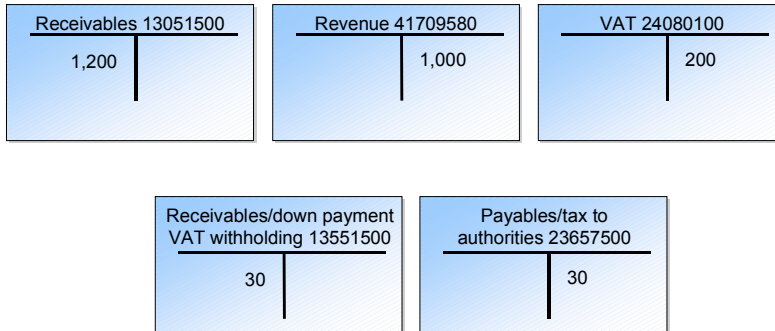
Withholding Tax Codes

See <u>Withholding Tax Code [Seite 28]</u>.
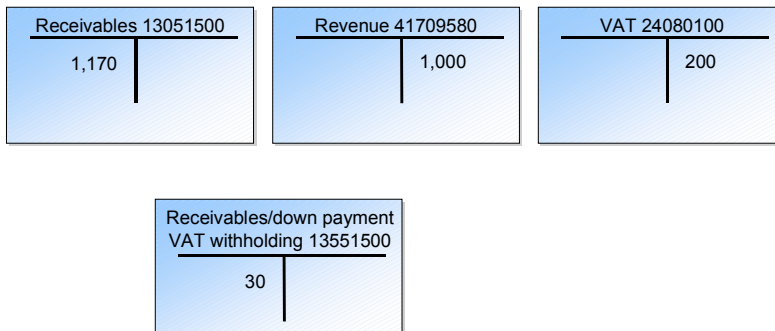
Self-Withholding Taxes

Use

In Colombia, how you deal with self-withholding taxes depends on whether you are a self-withholding agent or not. The two procedures are illustrated as follows:

If Your Company Is a Self-Withholding Agent

Receivables 13051500		Revenue 41709580		VAT 24080100	
1,200			1,000		200

Receivables/down payment VAT withholding 13551500		Payables/tax to authorities 23657500	
30			30

The system makes the tax postings automatically, using the information from the withholding tax type [Seite 26] for self-withholding taxes (AT), which is stored in the customer master and the invoice.

If Your Company Is Not a Self-Withholding Agent

Receivables 13051500		Revenue 41709580		VAT 24080100	
1,170			1,000		200

Receivables/down payment VAT withholding 13551500	
30	

The system makes these tax postings if your company is not a self-withholding agent, but the taxes are withheld by your customers on your behalf. In this case, the withholding tax types S1, S2, or S3 are stored in the customer master and the invoice.

Generic Withholding Tax Reporting

Use

You use this report to prepare withholding tax returns for the tax authorities and certificates for your vendors (see Generic Withholding Tax Reporting [Extern]).

Features

The country version for Colombia includes Smart Forms for the following types of withholding tax:

Smart Form	Withholding tax
IDWTCERT_CO_01	Income tax
IDWTCERT_CO_02	Value-added tax
IDWTCERT_CO_03	Industry and commerce tax
IDWTCERT_CO_04	Stamp tax

You are required to file copies of all four tax returns with the authorities annually and provide your vendors with a copy of each, with the exception of the stamp tax return. Your vendors can also request tax certificates for individual transactions involving income tax, value-added tax, and industry and commerce tax, and you are obliged by law to provide your vendors with a tax certificate for every transaction where stamp tax is incurred.

Activities

To access the report, from the *SAP Easy Access* screen, choose *Accounting → Financial Accounting → Accounts Payable → Withholding Tax → General → Withholding Tax Reporting (Generic).*

General Ledger Accounting

Chart of Accounts

Definition

See Chart of Accounts [Extern].

Use

When you create a company code using the template for Colombia, the system creates the Colombian chart of accounts, CACO.

CACO contains the most important accounts from the chart of accounts for commercial needs (PUC).

Structure

The accounts in the chart of accounts for Colombia have eight digits. The last two are used for details and technical information.

Asset Accounting

Chart of Depreciation

Definition

See Chart of Depreciation [Extern].

Use

You use the reference chart of depreciation for Colombia to manage the various local legal requirements for the depreciation and valuation of assets. Additional depreciation areas have been created for managing revaluation and parallel currencies.

Structure

Depreciation Areas

Depreciation areas	Description	Currency
01	Book depreciation	Local
02	Inflation adjustments for book depreciation	Local
03	Adjusted book depreciation	Local
04	Tax depreciation	Local
05	Inflation adjustments for tax depreciation	Local
06	Adjusted tax depreciation	Local
07	US GAAP book depreciation	Local
11	Book depreciation	Hard
12	Inflation adjustments for book depreciation	Hard
14	Tax depreciation	Hard
15	Inflation adjustments for tax depreciation	Hard
20	Analytical depreciation	Local
21	Book depreciation	Group
22	Inflation adjustments for book depreciation	Group
24	Tax depreciation	Group
25	Inflation adjustments for tax depreciation	Group

You use depreciation area 01 for historical acquisition and production costs.

You use depreciation area 02 for the inflation adjustment values and depreciation area 03 for the book depreciation after inflation adjustment.

You use depreciation areas 04–06 for manual adjustments of the tax depreciation values.

Both hard currency and group currency are customized in *Financial Accounting.* Values in *Asset Accounting* for the hard currency and group currency are calculated using the values in

depreciation areas 01–05. The values in depreciation areas 01–05 are then used to calculate depreciation areas 11–15 for hard currency and depreciation areas 21–25 for group currency.

You use depreciation area 07 to adhere to the guidelines of US GAAP. The values are in the local currency.

Account Determination

Use

When you create a company code using the template for Colombia, the system creates sample account determination rules for asset classes.

With account determination [Extern], you can automatically update all relevant transactions to the general ledger in accordance with Colombian legal requirements. These include all accounting transactions that are posted to assets, and all changes to asset values that are automatically calculated by the system.

Integration

The account determination rules allow you to generate postings from *Asset Accounting* to *Financial Accounting*.

> In Colombia, in the asset class for office equipment, acquisitions must be posted to general ledger accounts between 15240500 to 15249500. Following the account determination rule CO152400, the asset acquisition is posted to account 15240500. If the acquisition is to be posted to 15241000 or 15249500, for example, you create a new account determination rule by copying from CO152400.

Activities

First, you create asset classes according to your requirements. Next, to use the account determination rules for Colombia, you assign an account determination rule to the respective asset class.