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Newsletter

General Ruling on the Simple Taxation Regime on Law 2277 of 2022

As a result of Law 2277 of 2022, some modifications to the Simple Taxation System (hereinafter "SIMPLE") were adopted, on which the tax administration makes a pronouncement to resolve the concerns about Section 42 and 44 of the Law, referring to the new group of education and human health care activities.

Section 42 of Law 2277 of 2022, adds a subsection to numeral 2 of section 905 of the Colombian tax code (C.T.C), for which the tax administration clarifies that:

- Individuals and entities may belong to SIMPLE, as long as they carry out activities where the intellectual factor prevails over the material factor, such as professional, consulting and scientific services, including the services of liberal professions.
- The addition is applicable since January 1st, 2023.
- In order to belong to SIMPLE, it is not allowed to exceed 12,000 UVT, which must be that of the immediately preceding year, so the UVT for the year 2022 is equivalent to $38,004, that is, not to exceed COP $456,048,000; and for the year 2023 the UVT was set at $42,412, therefore, not to exceed COP $508,944,000.

- The gross ordinary or extraordinary income to be considered for the purposes of the 12,000 UVT limit are those obtained for professional consulting and scientific services in which the intellectual factor predominates over the material factor, including the services of liberal professions.
- Exceeding the limit of 12,000 UVT will be a cause for exclusion to SIMPLE.
- If the established limit of 12,000 UVT is exceeded, the taxpayer must update the tax ID RUT, adding the liability on income and complementary income.

On the other hand, Section 44 of Law 2277 of 2022, modified subsection 1 and paragraph 4 of Section 908 of Colombian tax code, to which the tax administration specifies that individuals engaged in the practice of medicine or education, must apply the rates established in the table of education and activities of human health care and social assistance, below:

Gross Annual Income		SIMPLE Rate Consolidated
Ig Equal to or greater (UVT)	**Below (UVT)**	
0 UVT	**6.000 UVT**	3.7%
6.000 UVT	**15.000 UVT**	5.0%
15.00 UVT	**30.000 UVT**	5.4%
30.000 UVT	**100.000 UVT**	5.9%

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