

**EMBASSY OF INDIA**

**BOGOTA**

**IMPORT PROCEDURES IN COLOMBIA**

The Second Secretary Dr. Sumit Seth and Marketing assistant Mr. Andres Ortiz conducted field visits to the installations of Customs Authority of Colombia (DIAN) and a local customs clearance agency (AVIOMAR) in order to gain first hand experience and essential knowledge of the custom procedure which an exporter needs to follow.

The following note provides the must know information for the Indian Exporters. The duty structure is highly complex and there are specialised registered Customs clearing agencies (**SIAs**) which use specialised software to calculate the exact duties and tariffs in individual cases.

- I. **CLASSIFICATION OF IMPORTS**
- II. **IMPORT DUTIES**
- III. **IMPORT PROCEDURES**

## I. CLASSIFICATION OF IMPORTS

Colombian imports are classified **into 3 groups**:

- A. those that can be freely imported into the country,
- B. those requiring approval of a prior import license (many agricultural products), and
- C. Items that cannot be imported.

Most products are on the "free" list and their importation is approved automatically upon presentation of the import application, "Registro de Importacion".

Colombia has two types of import license, namely, prior licenses (non-automatic licenses within the context of the WTO) and import registrations (automatic licenses within the context of the WTO).

Non-automatic prior licenses apply to products associated with the production of illegal drugs, national defense, health, the environment and used goods

Prior licenses are valid for **six months** (12 for capital goods) and can be extended once for three months.

The majority of "used" goods, such as personal computers, cars, tires, and clothing, are effectively prohibited from import, and those that are allowed (e.g., used medical equipment) are subject to prior licensing.

Even if the items are classified in the free import list, a prior import license is still required for the following:

- a) Imports by government entities (except gasoline and urea);
- b) Import applications which involve customs duty exemption; and
- c) Non-reimbursable imports.

The Colombian government enacted an exceptional annual import license to allow mining and oil companies to acquire certain equipment, spares and materials (for exploration, production, and transformation of minerals and for oil extraction and refining). The Ministry of Mines and Energy will approve the requests annually. The main end-users of this measure are large coal mining operations, oil and non-coal mining projects, including certain goods for which there is local production.

#### Automatic Import Licenses

Automatic licences must be processed by the Foreign Trade Directorate of the MCIT as a prerequisite to the filing of the customs import declaration.

Products included under this regime are mainly goods in the pharmaceutical, medical equipment and agricultural product sectors

#### Agriculture Licenses

Most agricultural products are issued automatic or "free" import licences by the Colombian Ministry of Foreign Trade (MINCOMEX). However, when the Colombian Government determines imports are not needed and will cause damage to related domestic producers, MINCOMEX can, in effect, prohibit the import of these goods over indefinite time periods by not approving import licenses. Two agricultural products that have been subject to this are chicken parts (fresh and frozen) and powdered milk. Throughout 1994 and to date, import licenses to import chicken parts have been routinely denied and it is believed no licenses to import chicken parts are being approved.

Since 1992, the Colombian Government has restricted the importation of powdered milk during Colombia's high milk production seasons of May-July and August-October. This policy is expected to continue into the indefinite future.

### Import License Approval Requirement

Ministry of Agriculture (MOA) Decree 2439 of November 2, 1994 requires the MOA to approve import licenses of commodities that could compete with domestically produced commodities that are purchased under absorption agreements between producers and processors. Agricultural commodities that require MOA approval of import licenses include wheat, poultry meat, malting barley, corn, rice, sorghum, wheat flour, oilseeds and their products which includes soybeans, soybean meal and soybean oil.

Private importers are more likely to have their import licenses approved if they buy domestically produced wheat, sorghum, palm oil, or malting barley which are the crops covered by absorption agreements. Imports from certain countries with trade agreements with Colombia do not require MOA approval, i.e., the other Andean Community countries (Venezuela, Ecuador, Peru and Bolivia), Mexico and Chile.

## **II. IMPORT DUTIES**

Import duties are quoted ad-valorem on the CIF value of shipments. Generally duties (with a few exceptions) have been consolidated into four tariff levels as follows:

- 5 percent for raw materials, intermediate and capital goods not produced in Colombia;
- 10 and 15 percent for goods in the above categories but with domestic production registered in Colombia;
- 20 percent for finished consumer goods; and
- some exceptions to these general rules, such as import duties for automobiles

which remain at the level of 35 and 40 percent and some agricultural products which fall under a variable import duty system (price band).

Standard Value-Added Tax of 16%

DIAN (IRS approximate equivalent) Circular 009 of January 17, 2007 maintains the IVA exemption on personal computers (desktop or portables) valued at approximately US\$900 and below, whether imported or assembled locally.

VAT rates different from the standard rate:

Selected items -- beer, wine, cigarettes, etc; excise of 35% applies to whiskey aged up to 12 years and 20% on whiskey aged 12 years or more.

Some other products and services may be subject to different VAT rates.

The VAT applied to automobile imports and depending on engine displacement are 20, 35, and 40% on lowest to highest displacement, respectively.

40 percent VAT applies to imported vehicles with invoice value of \$40,000 or more and a possible variable sales tax, ranging between 16 and 60 percent, depending on the type of vehicle, the size of the engine, its intended use, and its price. Also, Resolution 2446, issued March 20, 2001, established fixed minimum official prices for 2001 vehicles on which the appropriate taxes are applied.

- 35 percent VAT on distilled spirits, with a 20 percent VAT on spirits aged more than 12 years.

## INFORMATION TECHNOLOGIES & SOFTWARE

Tariffs and taxes applied on software imported into Colombia are assessed on the medium used (i.e. diskette, CD-Rom) and are levied on the invoice amount or declared value.

If the original invoice reflects the cost of the software including manuals and the medium used, then duties and VAT are applied on the transaction value as determined by agreements. This can be either the cost of the media or the the cost of the media plus the intellectual property.

## SOFTWARE UPDATES

When software updates are included in the original invoice, no import duties and taxes are applied to the future updates. .

## SOFTWARE LICENSES

Software licenses in Colombia are assessed duties and taxes. A withholding tax of 35% is imposed on 80% of the value of the licensing fee.

## ELECTRONICALLY DELIVERED SOFTWARE

A withholding tax of 35% is imposed on 80% of the value of the licensing fee for software delivered to the end-user via the Internet.

## INFORMATION TECHNOLOGIES SERVICES

A withholding tax of 10% is levied on consulting services.

## REFURBISHED/USED/REPAIRED COMPUTER EQUIPMENT

Refurbished/used equipment is assessed duties and taxes on the duty-paid value (CIF+duty) of the imports. The original FOB price when new (or the resulting price when rebuilt/refurbished by 70% or more) in the country of origin and/or purchase, less depreciation percentages (about 10% per year) applied for the years of use, constitute the customs base value for assessing the CIF import duties and surcharges.

Repaired equipment is assessed duties and taxes and are applied on the aggregate value abroad, plus other expenses (i.e. transportation, expenses).

### **III. IMPORT PROCEDURES**

#### **Summary of steps to complete an Import Transaction into Colombia:**

- 1) When required, import permits from pertinent government agencies may be obtained. For example: Ministry of Health (for drugs), Ministry of Agriculture (for certain food products); Civil Aviation Department (for aircraft).
- 2) Buy and fill out the Import Registration form. File the Import Registration form with the Colombian Ministry of Foreign Trade, Industry and Tourism (MINCOMEX). The form requires a complete product description and tariff classification.
- 3) Obtain approval from MINCOMEX for the Import Registration Form or Import License (in the few cases when this is required)
- 4) Make arrangements with a financial entity for payment of the importation.
- 5) Ask the exporter to ship goods to a Colombian port.
- 6) Request the Cargo Manifest from the transportation firm.
- 7) Make arrangements with its customs intermediaries (or Sociedades de Intermediación Aduanera - SIA) to receive the merchandise and get it out of customs. The following are the main steps to be followed:
- 8) Go to an authorized financial entity and pay the import duties, value-added tax,

surcharges and other fees.

9) Present all documents to Customs. Customs inspects the merchandise, when they consider it necessary, and then authorizes withdrawal of goods. The importer must keep import documents for a period of not less than five (5) years.

## **Import Procedures in detail**

### **Step 1: Registering the Import**

The first step is to fill out the import registry (*Registro de Importación*) that can be obtained at any of the regional offices of the Ministry of Trade, Industry and Tourism - MINCOMERCIO. *The import registry is only required for a limited set of goods which are subject to special certifications and approval processes by various state agencies.*

More specifically, the import registry is required in instances where imports are subject to: licenses under the prior licensing regime, safeguards or special import-export systems. An import registry is also required for certain goods that be subject to different kind of certifications by state agencies (Ministries of Agriculture, Social Protection, Environment, Defense, etc.) such as fishing products, oil products, sanitary and phytosanitary certification and certification of conformity with technical standards.

Recently, the Colombian Government has established a new system, known as VUCE (Ventanilla Única de Comercio Exterior), SINGLE WINDOW FOR FOREIGN TRADE which allows obtaining approvals (authorizations), permits or certificates using Internet technology. Through VUCE, the importer can sign, pay, and review the status of a process involved with any of the 18 government entities (Ministries & Agencies) that are engaged with import activities. The importer is required to register in the VUCE system using his RUT - Registro Único Tributario (Unique Tax Registration number ) and a certificate authorizing the electronic use of his



signature. Throughout VUCE, the importer can pay and file the import registry procedure, as well as obtain the previous approvals or certificates required in order to import from the appropriate entities.

For more information and support in determining whether an import registry and other certifications are required, one of the certified customs brokers (SIAS) in Colombia may be contacted. Their contact information can be found on <http://www.proexport.gov.co/VBeContent/NewsDetail.asp?ID=1376&IDCompany=16>.

In addition, if the importer is a company, a *fiscal identification number* (Número de Identificación Tributaria), or NIT, must be submitted.

Once filled out, the import registry form must be filed at a MINCOMERCIO regional office, along with other required documents. [www.mincomercio.gov.co](http://www.mincomercio.gov.co).

### **Step 2: Value Declaration**

Filling of a Customs Value Declaration (*Declaración de Valor en Aduanas*) is mandatory for goods valued at US\$ 5000 or more and for partial shipments that make up a total shipment valued at or above US\$ 5000. The form must be requested at one of the regional offices of the Dirección de Impuestos y Aduanas Nacionales (DIAN) - National Tax and Customs Administration.

Colombia has adopted the Valuation Code of the General Agreement on Tariffs and Trade. This means that in most cases the declared value of the imported goods will be based on the transaction method. In other words, the declared value of the goods will be the price actually paid or to be paid for them with certain adjustments.

### **Step 3: Import Declaration and Payment of Customs Duties**

This step must be completed either a maximum of 15 days prior to the goods' arrival to the country or, alternatively, once the goods have arrived at a customs warehouse. First, an Import Declaration (*Declaración de Importación*) form must be requested at a DIAN regional office.

Once filled out, the importer must bring the import declaration form to an authorized financial entity in the city where the goods have been landed. At the authorized financial entity, the importer should proceed to pay the applicable customs duties.

#### **Step 4: Withdrawal from Customs**

Upon payment of the applicable duties, the importer must present at the warehouse where the goods have been landed, the original and the third copy of the import declaration form and the following additional documents: transport documents, original copy of the value declaration, as well as original copy of the Certificate of Origin and Certificate of Conformity, if required.

The customs officer will then authorize withdrawal of the goods unless an inspection is deemed to be necessary.

#### **Exceptions**

The procedures described above are those that need to be followed in most transactions. However, a small number of goods may still require a license before their importation is authorized. Other import modalities that may have different procedures include: Re-importing for passive reconditioning, Unaltered re-importing, Imports covered by a warranty, Temporary importation for re-export, Temporary importation for active reconditioning, Imports to be transformed or assembled, and postal traffic and urgent deliveries.

**Procedure for Import Declaration:** To import any product into Colombia it is necessary to produce an import declaration. Article 121 of Decree No. 2685 of 1999

defines the following documents required in support of the import declaration, which must be kept for a period of five years:

- Import registration or licence, where appropriate;
- Commercial invoice;
- Transport document;
- Certificate of origin, where required;
- Health certificate and other documents required by special regulations, as necessary; packing list;
- Power of attorney, where there is no customs endorsement and
- Import declaration is filed by a "customs intermediation company" (SIA) or the appointed representative; and the Andean value declaration, where necessary.

Customs users must be enrolled in the Single Tax Register. The declarer is usually SIAs, which must represent natural or legal persons carrying out foreign trade transactions when the f.o.b. value of the imports exceeds US\$1,000. The limit is US\$5,000 in Arauca, Leticia, Yopal, Puerto Carreno, Inirida and Puerto Assis.

Persons registered as a "regular customs user" or as a "high export user" do not have to use an SIA. The use of an SIA is a requirement intended to facilitate compliance with the rules on importation, exportation, customs transit and other customs operations and procedures.

Import registration authorizes the importation of goods under the free regime. Since 1997 a number of changes have been made to the regulations on registration and, according to the authorities, these have reduced by 40 per cent the total number of tariff headings subject to this requirement. Under Decree No. 2680, registration is mandatory for imports of goods subject to licensing and other requirements.

Once the import declaration has been lodged and accepted, the customs duties are paid into authorized banks or other financial institutions. One of the following situations may then arise:

- (i) automatic release of the goods;
- (ii) document check, or
- (iii) physical inspection of the goods. The Selection Committee (Resolution No. 2118 of 1999) determines the selection criteria and risk profiles applicable to the various customs procedures and to the various stages in the control and administration of the customs management process.

**Import Registration:** All imports must be registered with the Ministry of Foreign Trade (MINCOMEX) using a special application known as "Registro de Importación".

The import application (Registro de Importación) has a fee and is valid for twelve months for capital equipment, six months for most other products, and two months for perishable products. Extensions, additions or modifications may be requested by filling out additional forms.

The registration form must include the harmonized tariff code and information on the importer, exporter, manufacturer, carrier, country of origin, port of origin and destination, amount imported and number of units, single and global prices, sales and payment terms, bulk and net weight, and description of the merchandise.

**Labelling & Marking:** Specific marks or labels are not required, except for food, pharmaceutical and textile products. Labels on processed food products must indicate:

- The specific name of the product,
- Ingredients in order of predominance,

- Name and address of manufacturer and importer,
- Number of units,
- Instructions for storage and usage (when required),
- Expiration date,
- And other instructions as required by the Ministry of Health or the Superintendency of Industry and Commerce.

Labels and illustrations cannot be inaccurate or misleading.

Labels on pharmaceutical products must indicate in Spanish: "for sale under medical, dental or veterinary prescription," with the generic name, commercial name, net weight or volume, weight or quantity of active ingredients, license number and the lot control number. For those products having limited shelf life, the date of expiration should be included.

Insecticides and other toxic products should prominently display the skull and crossbones, the word "poison" in Spanish and information regarding usage and antidotes. Products for which there are no antidotes cannot be licensed and can only be used in programs under the direct control of public health authorities.