SUBSIDIES

Notification Pursuant to Article XVI:1

COLOMBIA

The following new and full notification has been received from the Permanent Mission of Colombia.

The Government of Colombia hereby notifies its "Special Import/Export System for Capital Goods", an export subsidy covered by Article 14 of the GATT Subsidies Code, which recognizes that subsidies are an integral part of economic development programmes of developing countries.

Basis and legislation

Exercising the extraordinary powers conferred upon it by Law 6 of 1967, the Government enacted Decree Law 444 of that year to regulate international exchanges and foreign trade. Articles 173 (c) and 174 refer to imports of machinery intended, whether or not exclusively, for the production of exportable goods.

The original articles were amended by Article 16 of Decree 688 of 1967. Decree 631 of 1985 lays down the rules for the application of Articles 173 (c) and 174 of Decree 444 of 1967, and designates the Foreign Trade Institute, INCOMEX, as the body responsible for authorizing and supervising operations pursuant to the above-mentioned Articles: evaluating and approving projects, registering import and export documents, and supervising compliance with the obligations assumed.

Under the operations to which Articles 173 (c) and 174 refer, natural or legal persons engaged in production, exporting or marketing may import capital goods or spare parts, for use in the process of producing export goods or for the provision of services directly linked with the production or export of such goods, free of duties and of the import surtax and with a deferral of payment of sales tax, as appropriate.

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Impact

The law provides the following tax benefits:

- Article 173 (c): postponement of payment of sales tax and exemption from payment of import duty and surtax;

- Article 174: exemption from payment of import surtax and postponement of payment of sales tax.