



December 11, 2024

The Honorable Members of the Colombian Congress
Congress of the Republic of Colombia
Bogotá, Colombia

Dear Members of the Colombian Congress:

On behalf of the U.S. Chamber of Commerce's U.S.-Colombia Business Council (USCBC), we write to express our deep concern regarding the recent introduction of a provision in Colombia's tax reform that would eliminate the Value Added Tax (VAT) de minimis threshold for express and postal shipments. The USCBC is committed to fostering policies that enhance trade and investment between Colombia and the United States, promoting sustainable and inclusive growth, creating good jobs, and generating significant benefits for small and medium-sized businesses in both nations.

The proposed elimination of the de minimis provision would violate Colombia's obligations under the U.S.-Colombia Trade Promotion Agreement (TPA). Specifically, Article 5.7(g) of the TPA clearly states that "no customs duties or taxes shall be assessed on, nor will formal entry documents be required for, express shipments valued at USD \$200 or less," which applies to VAT. This provision was designed to facilitate trade, reduce administrative burdens, and support the growth of e-commerce, which has become a vital driver of economic activity for small and medium-sized enterprises (SMEs) and Colombian consumers. Our members work closely with the government to ensure the safety and integrity of de minimis shipments by strictly complying with all customs regulations, ensuring that all shipments are scanned, and providing advanced data to Colombia's Customs Authority prior to the shipment's arrival to the country, including shipment description, consignee, origin, and other data points that can help inform DIAN's risk management processes prior to the shipment's clearance.

Eliminating the de minimis threshold would have far-reaching negative consequences, including:

1. **Harming Small and Medium-Sized Businesses:** SMEs in Colombia and the United States depend on the de minimis provision to access international markets and expand. Removing this threshold would increase costs, reduce competitiveness, and limit opportunities for these businesses. Maintaining a meaningful de minimis threshold is crucial for supporting SMEs, fostering e-commerce growth, and reducing government administrative costs. It also benefits consumers by providing access to a wider range of products with faster delivery and lower costs. Eliminating this threshold could hinder global e-commerce, increase red tape for SME exporters, and potentially lead to inflation on products not readily available locally.



2. **Increasing Costs for Colombian Consumers:** The elimination of the de minimis provision would lead to higher costs for Colombian consumers, who would face additional taxes and fees on low-value shipments. This would disproportionately impact lower-income households that rely on affordable goods purchased through e-commerce.
3. **Undermining Trade Facilitation:** The de minimis threshold expedites border clearance processes without jeopardizing compliance. Its removal would increase administrative burdens for Colombian customs authorities, leading to delays and inefficiencies that could hinder Colombia's competitiveness in the global market.
4. **Additional Resources for DIAN:** Eliminating the de minimis threshold in Colombia would compel DIAN to implement extensive measures for collecting VAT on shipments valued up to USD \$200. This would require hiring and training additional personnel, leading to significant investment by the agency. Consequently, the additional revenue generated from these shipments would likely be offset to a great degree by the increased operational costs.

We respectfully urge the Colombian Congress to reconsider this proposal and ensure that Colombia upholds its international obligations under the TPA. Preserving the de minimis threshold is essential to maintaining the benefits of the U.S.-Colombia trade relationship, fostering economic growth, and supporting the development of SMEs and consumers alike.

The U.S. Chamber and the USCBC stand ready to collaborate with you on trade-promoting measures that align with Colombia's international commitments and advance our shared goals of economic prosperity. Should you have any questions or require further information, please do not hesitate to contact me or USCBC Executive Director Cesar A. Vence at cvence@uschamber.com or +1 (202) 450-9593.

Thank you for considering our views. We look forward to continuing our partnership to strengthen the bilateral relationship between the United States and Colombia.

Sincerely,



Neil Herrington

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U.S. Chamber of Commerce



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H.E. Luis Carlos Reyes, Minister of Trade, Industry, and Tourism
H.E. Diego Guevara, Minister of Finance and Public Credit
H.E. Daniel Garcia-Peña, Colombian Ambassador to the U.S
Francisco Palmieri, Chargé d’Affaires, ad interim, U.S. Embassy in Colombia
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