

TAX POLICY
CORFICOLOMBIANA
AND AFFILIATES



Corficolombiana

Trabajamos e invertimos
en el progreso del país

TAX POLICY - CORFICOLOMBIANA AND AFFILIATES

INTRODUCTION

Our Corporate Governance model is based on a set of practices of transparency, ethics, prudence, good faith and internal control that ensure confidence, strength and sustainability for Corficolombiana and its affiliates.

Based on the above, the good Corporate Governance established for Corficolombiana and its affiliates is focused on compliance with the legal and regulatory provisions, by which it is necessary to establish the tax policy at a corporate level that allows defining the basic guidelines and standards to be taken into account in the development of activities specific to tax departments, intended to comply with the applicable requirements and regulations.

Therefore, this policy covers the guidelines to be taken into account in the tax management of each company, the submission of income tax returns and determination of deferred tax and requirements of control entities.

PURPOSE AND SCOPE

To establish consistent tax strategies in the development of the economic activities of Corficolombiana and its affiliates, with full compliance with tax regulations and criteria of the auditing Bodies.

The policy is addressed to Corporación Financiera Colombiana (hereinafter Corficolombiana) and its affiliates in tax matters involving income taxes pursuant to IAS 12 and the tax regulations in force in Colombia and each of the countries in which Corficolombiana and its affiliates are located.

GUIDELINES

For purposes of the submission of returns and reports required by tax authorities and other control and surveillance entities, Corficolombiana and its affiliates take into account:

Preparation and Submission of Tax Returns

- The settlement of the income and ancillary taxes of Corficolombiana and its affiliates is carried out under principles of transparency, legality and proportionality.

- Regarding the income tax, Corficolombiana and its affiliates ensure the correct application of tax standards, jurisprudence and case law, so that, in the event of any difference in criteria, interpretation or uncertain tax positions, the Tax Advisors are consulted.
- Corficolombiana and its affiliates seek to minimize tax uncertainties, but they do not carry an aggressive tax planning.
- Our practices prevent tax abuse, prohibit tax avoidance or evasion.
- Prior the submission of income and ancillary tax returns to DIAN, Corficolombiana meets with tax advisors, in order to validate and ensure the adequate application of the current regulations.

Submission of Reports and Requirements to Control Entities

In order to comply with the submission of reports and requirements to tax authorities and other control authorities, dual reviews are made to the extent possible, which allow ensuring the reasonableness, completeness and accuracy of the information submitted.

Consolidation of information and internal control

- For purposes of preparing both quarterly and annually consolidated reports, Corficolombiana affiliates must deliver the necessary reports in a timely, reasonable, reliable and accurate manner, for the validation of the income tax, within the times set out in the schedules at a corporate level.
- Corficolombiana analyses the variations taking place in the determination of the current and deferred income tax of each affiliate, in order to monitor effective tax rates and disclose relevant information on income tax, in accordance with the business models of Corficolombiana and its affiliates.
- The calculation of the income tax has a quarterly SOX control by Corficolombiana, which allows ensuring the reasonableness of the figures calculated in the income tax by the affiliates.

Intercompany Operations

In the development of economic activities with foreign related parties, entities located in tax havens and related parties in free trade zones, the Corporation and its affiliates submit the transfer pricing declaration and the supporting documentation (where appropriate), applying the full competition principle.

Dividend Distribution

During the dividend distribution process, Corficolombiana and its Affiliates incorporate the tax effects caused by the different distribution alternatives in the analysis.

Knowledge Networks

Corficolombiana prepares regular technical memorandums regarding the application of tax matters, based on prudence, good faith and confidence principles, to be applied by its affiliates.

Corficolombiana seeks to participate in trade union meetings, seminars and trainings with experts, contributing in discussions on new regulations, jurisprudence or case law as a mechanism of permanent update and contribution of the Corporation's experience to society.

Corficolombiana has an accounting and tax policies committee, in which corporate guidelines are discussed and promoted.

Application of International Financial Reporting Standards

Corficolombiana and its affiliates calculate the income tax, determine the effective rate and disclose the results from the period, taking as a basis the financial reporting standard approved in Colombia.

Operations in Countries with Preferred Taxation

Corficolombiana and its affiliates do not execute activities or operations of income transfer to countries with low or little taxation, and tax practices or strategies leading to tax evasion and/or avoidance are not accepted.

Operations carried out by Corficolombiana and its affiliates with foreign related parties are within normal market prices, situation that is subjected and supported with the tax authority by a Transfer Pricing declaration, supported by technical studies demonstrating so.

Tax Share in New Operations

In the event of a merger, spin-off, liquidation or new business and investment strategies by Corficolombiana, the Tax Management participates and performs an analysis of the tax effects and impacts applicable to each process, in order to support the operation integrity, mitigate risks and adopt the profits arising from such operations.

Conservation of Supporting Documents

Worksheets of income tax returns, calculations of current and deferred income taxes and supporting documents, are kept by Corficolombiana and its affiliates, in the terms provided by law and are available to information users to be consulted in case of requirements by control authorities.

APPROVAL AND UPDATE

The Board of Directors, as the highest body of the Corporation and whose main function is to approve the management and development policies of the Corporation, shall be responsible for approving any amendment to this policy and may require the Management to correctly comply with the tax policy established herein.

In the event of any breach or eventuality detected, it shall be reported to the accounting and tax Policies Committee of the Corporation.

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SUPERINTENDENCIA FINANCIERA
DE COLOMBIA

VIGILADO

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 Investigaciones Económicas Corficolombiana