



Decree Announces Income Tax Exemption for Cooperative Associations

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In *Official Gazette* No. 42,399 dated June 15, 2022, Decree No. 4,695, of that same date, issued by the president of the Republic, was published, whereby net enrichments are exempted from payment of income tax from territorial source, obtained by the Cooperative Associations, constituted in accordance with the provisions established in the Decree with Special Force of Law of Cooperative Associations.

According to the aforementioned Decree the following key points are:

1. This benefit will only apply to fiscal years in progress when the Decree enters into force.
2. The benefit has a duration of one year, counted from the publication in the *Official Gazette*, which is extendable for a period of equal length.
3. Only Cooperative Associations that update the Tax Information Registry (RIF) will obtain this benefit. To do so, they must present the current Certificate of Compliance issued by the National Superintendence of Cooperatives.
4. For the determination of the exempted enrichments, the norms established in the Income Tax Law will be applied, as the case may be, in relation to the income, costs and deductions of the taxable enrichments.
5. In the cases in which the beneficiary of the exemption carries out activities taxed with the income tax and exempted according to the Decree, the costs and common deductions applicable to the income generated by said enrichments will be distributed proportionally.
6. The exemption beneficiaries must submit the annual declaration of global net enrichment taxed and exempted as appropriate, under the terms and conditions established by the regulations of the Income Tax Law.
7. During one year counted from the date of entry into force of the Decree, the losses generated by the exempted activity may not be imputed in any fiscal year to the enrichment generated by the activity taxed with the income tax.

The Decree entered into force as of its publication in the *Official Gazette*.



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