

UPDATE ON COLOMBIA'S FOOD DONATION POLICY LANDSCAPE

Colombia's new *Ley 2380 de 2024* introduces enhanced tax benefits for food donors, improving upon previous policies.¹ The new law strengthens tax incentives and clarifies that food donation is not a VAT-taxable event, making food donation a more viable and appealing option for businesses.

SYNOPSIS OF PRIOR FOOD DONATION TAX POLICY

Previously, Colombian tax law provided a tax credit of 25% on the value of donated food items to nonprofits under the special income tax regime.² However, the incentives did not include coverage for logistical costs, such as transportation and storage, which often burdened food donors. Additionally, the lack of a carry-forward provision restricted the usability of tax credits if they exceeded a donor's taxable income within a year.

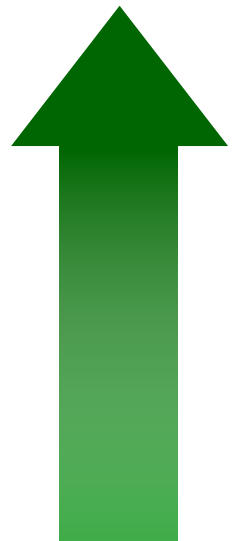
DETAILS OF THE UPDATED LAW

In 2024, Colombia enacted *Ley 2380 de 2024*, a law designed to promote food donation and contribute to food security as part of the country's "Zero Hunger" objective.³ This law increases the value of donated food items that a business can claim as a credit to 37% of the value donated.⁴ The amendment also now allows businesses to claim a tax credit for the value of the costs and expenses of transportation incurred to deliver the food to the recipient, which must be itemized by the donor on the donation certificate.⁵ If the credit is not fully applied within the year of donation, donors may carry it forward for up to four additional tax periods, enhancing the financial viability of consistent food donations.⁶

Moreover, the law modifies Article 424 of the Tax Statute,⁷ exempting food donations to registered food banks from value-added tax (VAT).⁸ While there was already no significant VAT barrier, by carving out food donation specifically as a non-VAT-taxable event, the law encourages greater participation in food recovery efforts.⁹

For the benefits outlined in this law to apply, donated food must

CURRENT
STRONGER
POLICY



PREVIOUS
STRONG
POLICY

meet the food banks' acceptance criteria and comply with the safety and handling guidelines established in Article 8 of Law 1990 of 2019.¹⁰

CONCLUSION

With the passage of **Ley 2380 de 2024**, Colombia's tax policy, though already strong, becomes even stronger. Colombia's tax policy now offers broader and more valuable benefits, supporting the "Zero Hunger" goal by making it easier and more cost-effective for businesses to donate surplus food. By expanding and increasing the tax benefit and clearly exempting donated goods from VAT, this provision reduces the financial burden on both donors and recipient organizations, making it financially easier to donate rather than discard surplus food. This update reinforces Colombia's commitment to reducing food waste and enhancing food security, reflecting a comprehensive approach to incentivize sustainable food donation practices.

→ STRONGER POLICY

For more best practices related to tax policy for food donation, please see FLPC's **Tax Policy Issue Brief**.

Endnotes

¹ Ley 2380 de 2024, por la cual se promueve la donación de alimentos y productos de higiene personal, Diario Oficial (Colom.).

² Estatuto Tributario Nacional (Colom.) Sec 240

³ Ley 2380 de 2024, *supra* note 1.

⁴ *Id.* Article 2

⁵ *Id.* Article 2

⁶ *Id.* Article 2

⁷ Estatuto Tributario Nacional (Colom.) Article 424

⁸ **Article 424(9) of the Colombian Tax Statute** generally lists goods that are exempt from VAT (Value-Added Tax). Specifically, numeral 9 of this article typically pertains to exemptions for certain types of goods and services deemed beneficial for public welfare. In the context of *Ley 2380 de 2024*, numeral 9 has been amended to include **food and hygiene products donated to qualified food banks**, extending the VAT exemption to cover these specific donations.

⁹ *Id.*

¹⁰ Ley 2380 de 2024, *supra* note 1. Article 8.

