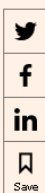


Colombia

[+ Add to myFT](#)

## Colombia's tax chief defends reform plan targeting oil and coal

The sector has pushed back against plans to fund social spending with tax rises



'We don't want just any type of investment in an energy sector,' Luis Carlos Reyes, the director of DIAN, Colombia's tax and customs agency, told the FT © Luis Jaime Acosta/Reuters

Joe Parkin Daniels in Bogotá 10 HOURS AGO



Colombia's tax chief has defended raising levies on oil and coal companies in order to fund the new leftist government's socially ambitious agenda, a plan that has drawn a furious reaction from the extractive sector.

"We don't want just any type of investment in an energy sector," said Luis Carlos Reyes, the director of DIAN, Colombia's tax and customs agency, in an interview with the Financial Times. "We're looking forward to inserting [Colombia](#) into this energy transition that the entire world has to go through if we want to continue to exist as a species."

Gustavo Petro, [a former urban guerrilla](#) and the country's first leftist president, promised on the campaign trail to spearhead Colombia's energy transition and pursue a greener agenda by boosting agriculture and eco-tourism.

Asked if the new tax rise would scare off investment in the oil sector, Reyes said that "we want the industry to continue to exist for the time being".

"We are far more interested in incentivising those sectors that will help us transition into green energy, and all of the industries that are tied with it."

The [tax reform bill](#), if passed in its current form, aims to raise 21.5tn pesos (\$4.7bn) altogether. It is essential if Petro is to pay for his ambitious social agenda. During the campaign, he also promised an overhaul of Colombia's oil and mining industries, which produce half of the country's exports.

The 2023 budget, approved by congress last week, allocates 4.08tn pesos (\$856mn) — a 62.6 per cent increase from 2022 — to the agricultural sector

(40.50bn) — a 62.0 per cent increase from 2022 — to the agricultural sector, which Petro has championed as a substitute for extractives.

As it stands, oil and coal companies would be stumping up nearly half of the revenues raised by the tax reform bill through a surcharge on corporate income tax — at a diminishing rate, from 10 per cent in 2023, 7.5 per cent in 2024 and 5 per cent in 2025 — and the cancellation of a statute that allowed royalty payments to be deducted from their tax bills.

It is expected to pass within a month. Industry leaders have already warned the burden it would place on the extractive sector will stifle investment and output.

Oil and coal are the country's top two exports, valued in 2019 at \$12.9bn and \$4.8bn, respectively, while oil and [mining](#) provide up to 8 per cent of GDP, according to government data.

In a memorandum, the Colombian Association for Oil and Gas (ACP) blasted the reform proposal, claiming it would raise the government take on new projects by 25 per cent and would put 20,000 direct jobs at risk.

"We are worried," Francisco José Lloreda, the ACP's president, told the FT. "We are seeing a government that, contrary to international dynamics, seems not to value this industry."

[Ecopetrol](#), a state-owned company and Colombia's largest producer, said in a letter to congress that the investment it could lose due to the reform proposal would cause production to fall by 100,000 barrels per day in 2026 and potentially put the country's balance of payments at risk.

Petro has made no secret of his aversion to extractive industries. On the campaign trail he promised to halt new oil and gas exploration projects, though his administration's messaging on that pledge has been contradictory. Last month, environment minister Susana Muhamad told the FT that the administration is planning on [requiring environmental licences](#) for mining exploration.

#### Recommended



#### News in-depth Colombia

Colombia's battle against Amazon deforestation: 'The jungle is disappearing'

Luis Fernando Mejía, the executive director of Fedesarrollo, a Colombian economic think-tank, said that the reform could have wide macroeconomic ramifications at a time when the country's economy — saddled with record-high inflation and expensive debt servicing costs — is fragile.

"Undoubtedly, [the reform] could lead to scenarios of substantial reductions in

investment and could generate negative effects in terms of the balance of payments, the availability of foreign currency dollars entering the country, and the financing of the current account."

#### Follow the topics in this article

Americas economy

+ Add to myFT

Oil & Gas industry

+ Add to myFT

Mining

+ Add to myFT

Colombia

+ Add to myFT

Gustavo Petro

+ Add to myFT

## Latest on Colombia



Travel

**In the mountains and jungles of Colombia's far south, a birdwatching paradise**



News in-depth Colombia

**Colombia's battle against Amazon deforestation: 'The jungle is disappearing'**



Interview Colombia

**Colombia plans environmental licences for mining exploration**



Colombia

**Colombia's new leftwing president tries to mend bridges with Venezuela**



News in-depth Americas companies

**The battle for Colombia's most powerful business group**



Colombia

**Colombia's Petro pushes tax reform to fund ambitious social agenda**



Colombia

**Petro sworn in as Colombia's president in historic ceremony**

### Support

[View Site Tips](#)  
[Help Centre](#)  
[Contact Us](#)  
[About Us](#)  
[Accessibility](#)  
[myFT Tour](#)  
[Careers](#)

### Legal & Privacy

[Terms & Conditions](#)  
[Privacy Policy](#)  
[Cookies](#)  
[Copyright](#)  
[Slavery Statement & Policies](#)

### Services

[Share News Tips Securely](#)  
[Individual Subscriptions](#)  
[Group Subscriptions](#)  
[Republishing](#)  
[Executive Job Search](#)  
[Advertise with the FT](#)  
[Follow the FT on Twitter](#)  
[FT Channels](#)  
[Secondary Schools](#)

### Tools

[Portfolio](#)  
[Today's Newspaper \(ePaper\)](#)  
[Alerts Hub](#)  
[Business School Rankings](#)  
[Enterprise Tools](#)  
[News feed](#)  
[Newsletters](#)  
[Currency Converter](#)

### Community & Events

[FT Community](#)  
[FT Live](#)  
[FT Forums](#)  
[FT Board Director](#)  
[Board Director Programme](#)

### More from the FT Group >

Feedback