

# A Guide to Law 1715 Tax Incentives for Solar Module Manufacturers in Colombia

Tax Incentives · Law 1715 / Law 2099 · Investment Framework

**Content Partner: J. v. G. technology GmbH**

*Turnkey solar module production lines — since 1997*

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# Technical Overview: Colombia's Law 1715 Tax Incentives for Solar Manufacturers



Created as part of the PVKnowHow Knowledge Network



Prepared by J.v.G. Technology GmbH



European specialists in turnkey solar module production lines

# Colombia's Renewable Energy Legislative Framework

## Law 1715 of 2014 — The Foundation

- Established the regulatory framework for non-conventional renewable energy (FNCER)
- Introduced four core tax incentives for qualifying investments
- Created the UPME certification pathway to access benefits
- Applies to manufacturers of renewable energy components, not only energy producers

## Law 2099 of 2021 — The Enhancement

- Energy Transition Law — strengthened and expanded Law 1715
- Accelerated depreciation increased to up to 33.33% annually
- Broadened scope of VAT exemption to include efficient energy management
- Reinforced UPME as sole certifying authority for tax benefit eligibility

# The Four Core Tax Incentives

## VAT Exclusion (19%)

- 19% VAT not applied on qualifying equipment purchases and imports
- Covers machinery, laminators, stringers, cell testers, and related services
- Applies during both investment and pre-investment stages

## Customs Duty Exemption

- Full exemption from import tariffs on certified manufacturing equipment
- Covers machinery, materials, and supplies imported for the factory
- Directly reduces CapEx for specialized equipment sourced from Europe or Asia

## Income Tax Deduction (50%)

- Up to 50% of total qualifying investment deductible from corporate income tax
- Available over 15 tax years from start of commercial operations
- Applies to new projects, plant expansions, and R&D in FNCER

## Accelerated Depreciation

- Assets depreciated faster than standard accounting schedules
- Up to 33.33% annually under Law 2099 (previously capped at 20%)
- Reduces taxable income in the critical early years of operations


# VAT Exclusion & Customs Exemption — CapEx Impact

## VAT Exclusion — Direct Savings on Setup

- Colombia's standard VAT rate is 19% — a substantial cost on large capital purchases
- Exemption applies to local and imported goods and services used in project development
- For a multi-million dollar factory investment, VAT savings alone can reach millions of dollars
- Benefit requires prior UPME certification — not applied automatically at purchase

## Customs Exemption — Import Cost Reduction

- Specialized solar module manufacturing equipment is predominantly sourced internationally
- Full exemption from customs duties on all certified imported machinery and supplies
- Reduces total landed cost of production line significantly
- Equipment list must align with UPME-published annexes to qualify

 Combined, the VAT exclusion and customs exemption directly reduce the initial capital expenditure required to establish a solar module manufacturing facility in Colombia.

# Income Tax Deduction & Accelerated Depreciation

## 50% Income Tax Deduction — Long-Term Benefit

- Deduction applied against corporate income tax (CIT) over up to 15 fiscal years
- Annual deduction capped at 50% of the taxpayer's net ordinary income for that year
- Eligible for new projects, capacity expansions, and qualifying R&D activities

## Accelerated Depreciation — Early-Year Tax Relief

- Manufacturing assets depreciated at up to 33.33% per year under Law 2099
- Lowers taxable income during the capital-intensive early phase of operations
- Works in parallel with the income tax deduction to compound long-term savings

## Combined Effect on Project Economics

- Four incentives operate simultaneously — VAT + customs + deduction + depreciation
- Materially reduces effective CapEx and long-term tax burden
- Creates a structurally more competitive cost base versus non-incentivized markets

# The UPME Certification Process

- 1 — Project Registration**

Project must be registered in the UPME web application system; technical and legal documentation submitted in accordance with Resolution 135 of 2025
- 2 — Documentation Review**

UPME evaluates submitted documentation to verify compliance; goods and services must align with lists published in the resolution's annexes
- 3 — Technical Evaluation**

Detailed analysis of the project's contribution to the Indicative Action Plan (PROURE) goals; review timeline has been streamlined to approximately 45 days
- 4 — UPME Certificate Issued**

Favorable evaluation results in a UPME certificate — the key document required to formally apply incentives with the national tax and customs authority (DIAN)
- 5 — Incentive Application at DIAN**

Certificate presented to DIAN to activate VAT exclusion, customs exemption, income tax deduction registration, and accelerated depreciation

# Business Impact of the Incentive Framework

## Reduced Capital Requirement

- VAT and customs exemptions directly lower the upfront investment needed to launch production
- For multi-million dollar production line investments, savings can be substantial
- Lowers the financial barrier to market entry for new manufacturers

## Lower Long-Term Tax Burden

- Income tax deduction and accelerated depreciation reduce effective tax rate over 15 years
- Compound savings improve project IRR and shorten payback periods
- Structured to reward committed, long-term manufacturing investment

## Competitive Positioning

- Locally manufactured modules benefit from cost structures unavailable to importers
- Strategic advantage in a market that mandates local hiring under Law 2099
- First-mover advantage in a solar manufacturing sector still at an early stage

# Strategic Preparation for New Manufacturers

## Structure the Investment for Compliance from Day One

- Define qualifying assets and services before procurement — alignment with UPME annexes is mandatory
- Engage local legal and technical advisors familiar with DIAN and UPME procedures
- Confirm project scope covers FNCER manufacturing to access the full incentive stack

## Documentation & Certification Strategy

- Maintain complete, audit-ready files for each asset and service claimed under the incentive
- UPME certificate must be in place before DIAN incentive applications are submitted
- Plan certification timeline into the overall project schedule — approvals take approximately 45 days

## Turnkey Manufacturing Partnership

- A proven turnkey manufacturing concept integrates regulatory know-how into production line setup
- An experienced European turnkey provider reduces the learning curve for new market entrants
- Production line design should reflect Colombian regulatory and market requirements from the outset

# FAQ Highlights

Question	Key Answer
Do the incentives apply to module manufacturers, not only energy producers?	Yes — Law 1715 explicitly covers manufacturers of renewable energy components, including solar modules and production equipment
Who is responsible for obtaining UPME certification?	The investing company must register the project with UPME and obtain certification before claiming any incentive with DIAN
Can imported production line equipment qualify for customs exemption?	Yes — certified imported machinery, materials and supplies are fully exempt from customs duties; the equipment list must match UPME annexes
How long is the income tax deduction available?	Up to 15 fiscal years from the start of commercial operations, subject to annual cap of 50% of net ordinary income
What is the accelerated depreciation rate under Law 2099?	Up to 33.33% annually — an increase from the previous 20% cap introduced under earlier regulations
Is local legal support necessary for the UPME process?	Not a strict legal requirement, but strongly recommended — UPME and DIAN procedures require familiarity with Colombian administrative processes

# Key Project Data

**1715**

## Primary Law

Law 1715 of 2014 – FNCER framework, enhanced by Law 2099 of 2021

**50%**

## Tax Deduction

Up to 50% of qualifying investment deductible from corporate income tax

**19%**

## VAT Excluded

Standard Colombian VAT rate excluded on qualifying equipment and services

**15Y**

## Deduction Period

Income tax deduction available over up to 15 fiscal years from operations start

📄 Incentive Framework: Colombia Law 1715 / Law 2099 · Main Incentives: VAT exclusion, customs exemption, tax deduction, accelerated depreciation · Target Industry: Solar module manufacturing · Region: Colombia / Latin America · Certifying Authority: UPME (Mining & Energy Planning Unit) · Source: PVKnowHow / J.v.G. Technology GmbH

# Strategic Conclusion

1

## Incentives Are Commercially Decisive

The combined effect of VAT exclusion, customs exemption, income tax deduction, and accelerated depreciation creates a structurally advantaged cost base for local manufacturers

2

## Colombia Offers a Robust Legal Framework

Law 1715 / Law 2099 represent one of the most comprehensive incentive packages for renewable energy manufacturing in Latin America — with structured, certifiable pathways to access each benefit

3

## Expertise Reduces Entry Risk

An experienced European turnkey provider integrates regulatory, technical, and production know-how from day one — significantly reducing risk for manufacturers entering the Colombian market

Source: PVKnowHow / J.v.G. Technology GmbH · [www.jvg-thoma.com](http://www.jvg-thoma.com) · [www.pvknowhow.com](http://www.pvknowhow.com)

# About the Content Partner

## **J. v. G. technology GmbH** – The DESERT Company

Founded in 1997 in Bavaria, Germany. Family-owned engineering company specializing in turnkey solar module production lines.

More than 90 factory projects delivered worldwide.

On-site team training included – no prior manufacturing experience required.

### Key areas:

Turnkey PV manufacturing lines | DESERT Technology® |  
TÜV-certified module designs | Factory planning to production

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Source:

<https://www.pvknowhow.com/countries/colombia/law-1715-tax-incentives-solar-module-manufacturers>

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