



PROCEDURE TO APPLY THE TRADE AND INDUSTRY TAX (ICA) WITHHOLDING ON DIVIDENDS

As regards to Memorandum reference No. 673-5 of 2008 related to the procedure for Trade and Industry Tax (ICA) withholding on dividends, we proceed to extend the scope thereof in connection with the process to liquidate the withholding for corporate entities domiciled in Medellín (under the 6x1000 rate), for those withholding-exempted and those requesting devolution due to change of domicile.

The relevant procedure is as follows:

1. Deceval sends the database concerning such ISA shareholders to whom dividends will be paid, in accordance with the previously defined schedule.
2. The shareholders' database is revised to identify the corporate entities domiciled in Medellín.
3. Those exempted from Trade and Industry (ICA) tax are identified; the following subjects are exempted from such tax:
 - Pension and severance pay funds and financial institutions as they have a particular taxable basis.
 - Individuals, corporate entities and unincorporated organizations encompassing a non-levied nature (public educational institutions, charity, cultural and sports organizations, unions, professional associations and non-for-profit guilds, political parties and hospitals ascribed or joined to the National Health System and Churches)
 - Individuals, given that the income received as dividends are expressly excluded under article 33 of Agreement 57.

It is worth noting that the identification of shareholders exempted from this withholding is made by the name or corporate name registered in the database at the time of calculating the Withholding.

There is no official listing containing entities exempted from such tax.

4. Once exempted subjects are identified, the 6 x 1000 withholding is then applied to 100% dividends.

Devolutions

In the event that an improper withholding is applied (for exempted subjects and change of domicile cases) devolution should take place, prior endorsement from ISA's Financial and Tax Planning Directorship. The account to be used for withholding devolutions is 2436271001 Reteica Medellín.

It is important taking into account that if a shareholder changes its domicile and fails to inform ISA in writing of such change, there is no way to prevent the withholding to take place at the domicile initially registered before Deceval. In spite there of, the shareholder may prove that by the date of the dividend payment it had changed its domicile and thus devolution would be admissible.

The following is the devolution procedure:

1. Request the shareholder entity to send the following supports:
 - Shareholder's written request fully supporting why the withholding is inadmissible; the account number for the deposit of the devolution should be also informed.
 - Chamber of Commerce Certificate from the Municipality where the shareholder is registered.
2. The withholding amount applied is validated in the payment of dividends.
3. The relevant supports attesting to the withholding devolution are revised along with the endorsement from the Financial and Tax Planning Directorship.
4. A memorandum is drafted for the Financial and Tax Planning Directorship in charge of the payments.
5. Communication is sent to the entity informing that the deposit for the devolution is in place.