

# **Blog BanRep | VAT exemption days in Colombia: How did Household Consumption respond?**

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The value added tax (VAT) exemption days policy has been used in the United States and in the European Union to encourage the consumption of goods and services that are important for lower-income households. In Colombia, after the crisis caused by the COVID-19 pandemic and to help boost the economy, the Colombian Government implemented the VAT-exempt days policy, regulated by Decree 682 of 2020 and subsequent regulations. With this policy, the purchase of certain goods was exempt from VAT for a day. The goods covered by the temporary exemption included clothing, household appliances, toys, and school and sports items. A total of three days were VAT-exempt in 2020, three days in 2021, and two more in 2022.

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