

Family Assets and Main Dwelling

Law 66 of October 2017 (regulated by Executive Decree 363 of December 4, 2018) introduced some novelties to the Fiscal Code, including the concepts of Taxable Family Assets and Main Dwelling.

The Taxable Family Asset corresponds to the real estate intended for permanent use by the property owner for housing purposes with his family, who lives under the same roof. Family is the concept established in the Family Code to constitute Family Assets.

On the other hand, the Main Dwelling is that of permanent use by the real estate owner for housing purposes, which does not constitute family assets; the only difference is that he inhabits individually without family.

Among the updates to the Tax Code related to these two new items, we can highlight four (4) essential aspects:

1. The total exemption from property tax on properties with a value of up to one hundred and twenty thousand dollars (\$120,000.00). However, a property for residential use, even though it exceeds the cadastral value of one hundred and twenty thousand dollars (\$120,000.00), may benefit from the tax benefit of a taxable Family Asset or Main Dwelling, paying only taxes on the surplus cadastral value by the table established in Article 766 of the Tax Code:
 - 0.00% on the taxable base of zero dollars up to one hundred and twenty thousand dollars with 00/100 (\$120,000.00).
 - 0.50% on the surplus tax base of one hundred and twenty thousand dollars with 00/100 (\$120,000.00) up to seven hundred thousand dollars (\$700,000.00).



- 0.7% on the surplus tax base of seven hundred thousand dollars (\$700,000.00).
2. The reduction of the fee to calculate the cadastral value of a property, based on which taxes are paid. This reduction varies between 0.5% and 0.7%.
3. The acquisition of a second property cannot qualify as a Main Dwelling or part of the Taxable Family Asset; vacation homes are excluded from this exemption.
4. Properties in the name of a company or foundation can also benefit from being considered Main Housing or Taxable Family Assets. In these cases, the requirements to qualify for the tax benefit vary.