



PwC TLS

# Total Tax Contribution 2022

## Enel Group in Colombia

May, 2023



# Contents

<b>1. Executive Summary</b>	<b>3</b>
<b>2. Background and the purpose of this report</b>	<b>7</b>
Purpose and scope of the report	8
TTC Methodology	9
<b>3. TTC of Enel Colombia in 2022</b>	<b>16</b>
Analysis of total tax contribution in 2022	18
Analysis of taxes borne in 2022	19
Analysis of taxes collected in 2022	21
TTC Indicators	23
Qualitative analysis	27
<b>4. Comparative indicators</b>	<b>29</b>
Corporate Income Tax Effective Rate	30
Comparison of the ETR of Enel Colombia with that of the comparable companies in the electricity sector	31
<b>5. Other payments made to Public Administrations</b>	<b>33</b>
<b>6. Appendix</b>	<b>35</b>
Appendix I: 2022 and 2021 TTC Summaries for Enel Colombia	36



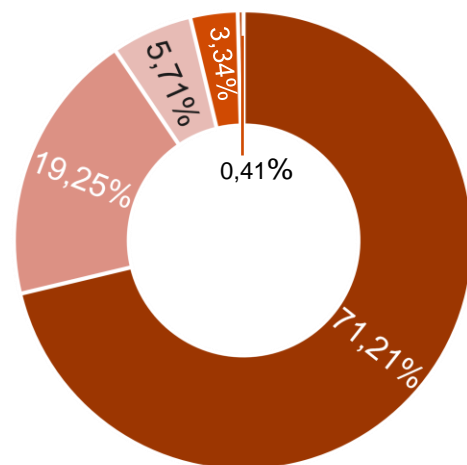
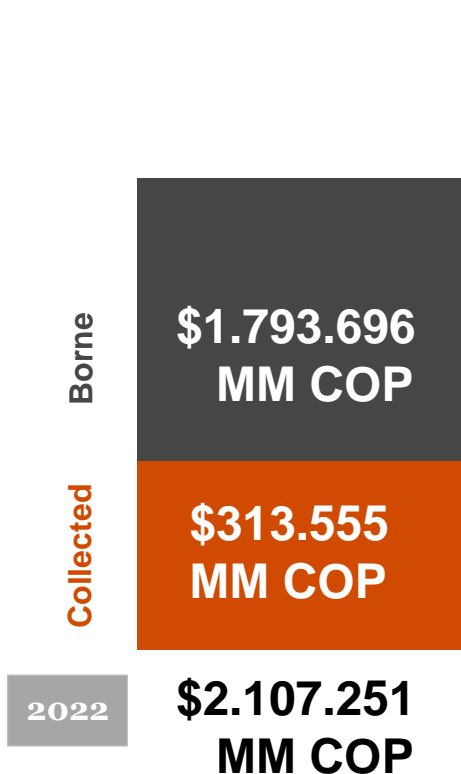
# 1. Executive Summary



# Executive Summary

## Total Tax Contribution in 2022

Group Enel in Colombia (hereinafter “Enel” or the “Company”) total tax contribution in Colombia for 2022 amounted to **\$2.107.314 million COP**, with an increase of **12,7%** compared to 2021, in which Enel had a total tax contribution of **\$1.870.295 million COP**. In 2021, **85%** of the total tax contribution corresponds to taxes borne and the remaining **15%** to taxes collected.

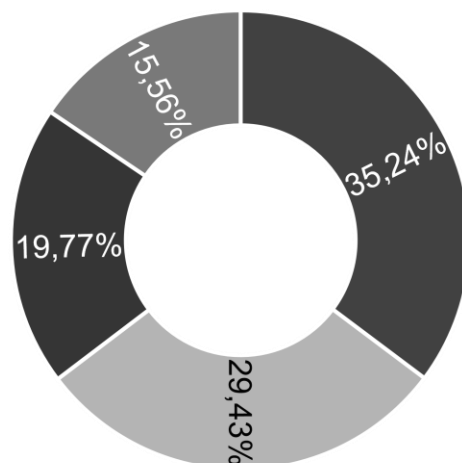


- Profit taxes
- Property taxes
- Employment Taxes
- Taxes on products and services
- Planet/Environmental Taxes

### Tax borne 2022

Taxes borne by Enel in 2022 amounted to **\$1793.696 MM COP**. A major part of this total corresponds to profit taxes, which account for **71, 21%** of taxes borne.

Profit taxes borne by Enel corresponds to taxes paid on corporate income obtained by the entities (*Impuesto sobre la Renta y Complementarios* and *Impuesto de Industria y Comercio*).



- Profit taxes
- Property taxes
- Employment Taxes
- Taxes on products and services
- Planet/Environmental Taxes

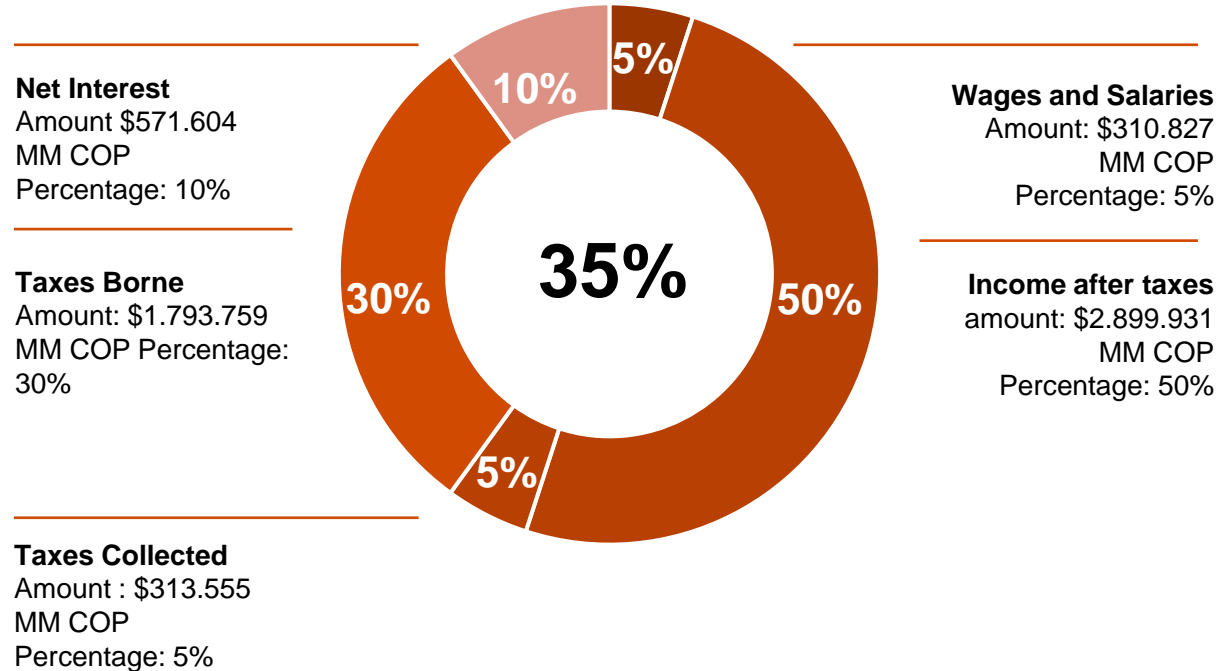
### Taxes Collected in 2022

Taxes collected by Enel in 2022 amounted to **\$313.555 MM COP** with an increase of **23,54%** compared to 2021.

A major part of this total corresponds to profit taxes (taxes paid on corporate income) and taxes on products and services – (VAT and its withholding tax), which jointly account for **64,67%** of taxes collected.

# Executive Summary

## Distributed Tax Value\* in 2022



Enel has paid to the Public Administration around **35% of the total economic value generated** in 2022 in the form of taxes, either borne or collected. Similar proportion has also been observed for 2021 (36%).

For every **100 Colombian Pesos** of value generated, \$35 were used for payment of taxes each year.

\*The concept of "Value distributed" explained on page 25.

# 41%

## Total Tax Contribution Rate in 2021

Enel had a TTCR of 41% in 2022. TTCR reveals the share of taxes borne in total income before taxes borne.

Enel's TTCR has increased 5% in 2022 with respect to 2021. In other words, taxes borne account for 41% of total income before all taxes borne for the purposes of the Total Tax Contribution.

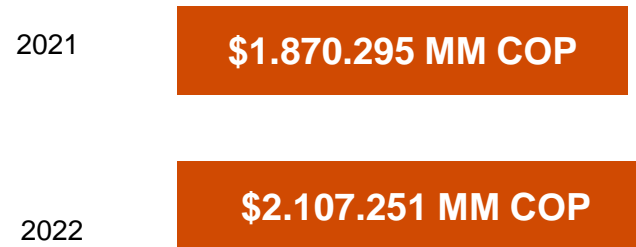
# Executive Summary

## Tax Contribution of Enel with respect to turnover in 2022



In 2022, Taxes paid to the Public Authorities represented 19% of the total revenues generated. For every **\$100 Colombian Pesos** of revenue generated, \$16 were used in payment of taxes.

## Trend in TTC 2021-2022



In 2022, Enel's **Tax Contribution** in Colombia has increased by 5% with respect to 2021. This increase was due to two different factors: (1) an increase of the amount of taxes borne, specifically in the taxes on profits and (2) an increase in the amount of taxes collected, specially regarding profit taxes and product and services taxes.

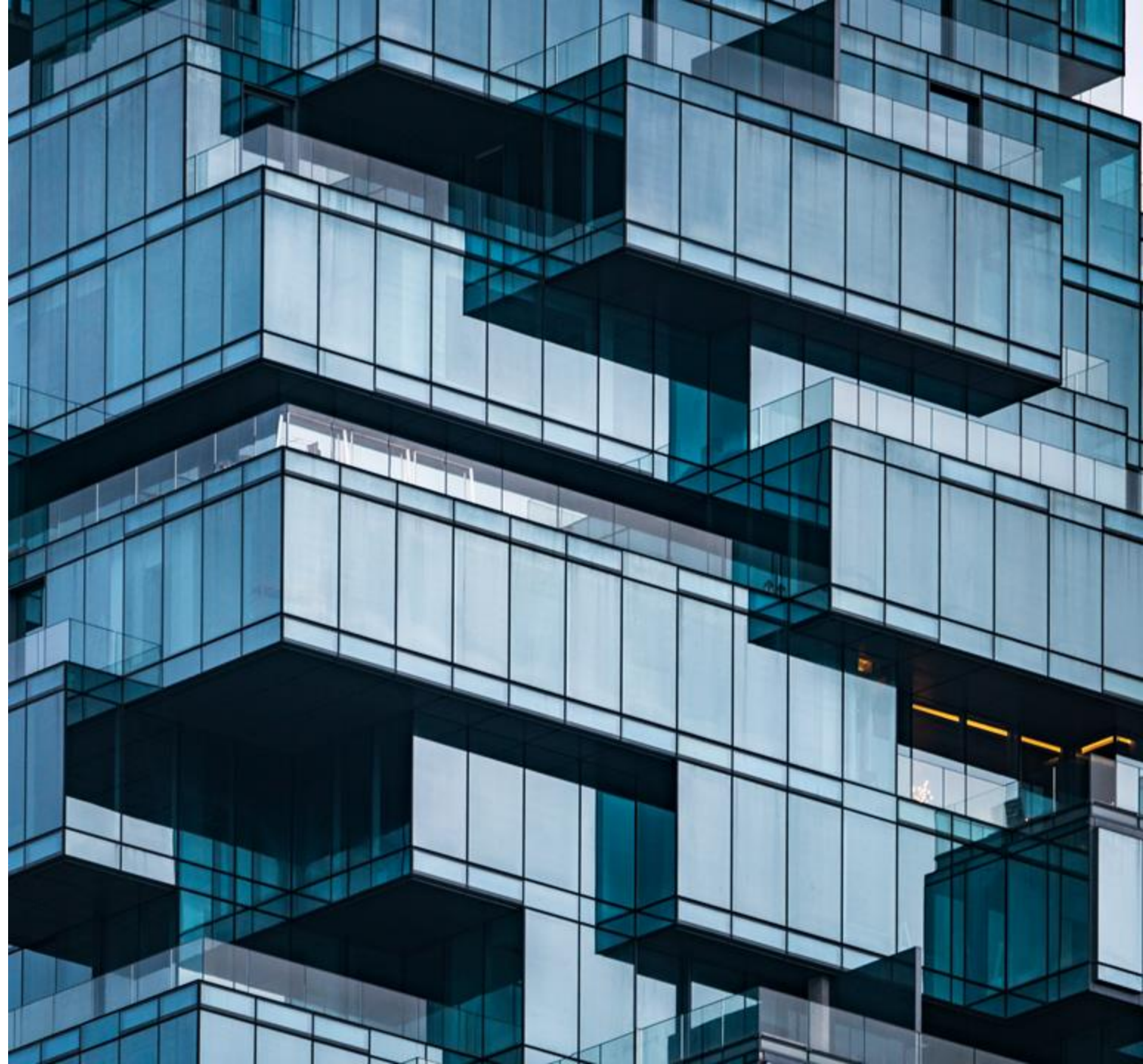
## Wages and Taxes per employee in 2022 vs 2021



In 2023, annual Wages per employee and taxes per employee amounted to \$134 MM COP and \$47 MM COP respectively.

Compared to 2021, the annual wages per employee have increased by 2%.

## 2. Background and the purpose of this report



# Purpose of this report and methodology



The Enel Group, in the spirit of its sustainability strategy, manages its tax-related activities in accordance with values of honesty and integrity.”

## Purpose and scope of the report

The aim of this report is to obtain and analyze the Total Tax Contribution data of the Enel Group in Colombia for the fiscal year 2022.

The data for 2022, and the analyses of contribution profiles and certain indicators have been compared with the equivalent data for 2021, and a study made of the trend reflected.

The contribution made by major sectors of activity to the public purse in the jurisdictions in which they are present, and the way in which their tax contribution is distributed, are currently central topics of socio-economic debate.

In this context, and as shown in the Group tax strategy document currently in force, compliance with the tax legislation in force at each given moment forms part of the principles on which Enel's corporate responsibility commitment is based, and the taxes it pays are one of the ways in which it contributes to the economic and social development of the society in which it operates.

Fully aware of the fact that the tax revenue is one of the main contributors of the economic and social development in the regions in which the Group operates, Enel gives great importance to tax reporting and transparency.

Enel has decided to publish this Total Tax Contribution Report to show the importance the Company attaches to tax matters and the extent of its commitment to its main stakeholders. Information available in this report renders it possible to identify measure and communicate the business asset, which is Enel's tax contribution, so that it can have a significant impact on its reputational value.

The purpose of this report is to enlarge the concept of Corporate Social Responsibility and to reveal the value of the social function deriving from Enel's tax contribution.

The way in which the tax information provided in this report intends to make it more versatile and facilitate its integration so that it can be presented in accordance with the different parameters required by different stakeholders.



# Background and the purpose of this report

The data compiled by PwC includes information received from Enel Colombia, obtained from its own IT system and its internal working procedures. PwC has analyzed the information supplied by Enel and has verified the consistency of the trends and figures reflected. Their origin has neither been verified nor audited.

In relation to the above, this report is based on the tax contribution figures provided from January 27<sup>th</sup>, 2022 and subsequently clarified between January 31<sup>th</sup> and March 23<sup>rd</sup>, 2022. And there could be significant events that have taken place since this date, which would not be reflected in this report.



## Methodology

Total Tax Framework provides information on all the taxes companies pay. The framework is straightforward in concept, not tax technical and therefore relatively easy for those who have limited knowledge of tax complexities to understand.

TTC is a universal framework that aims to provide a concise and immediate overview of the taxes paid by the company in the jurisdictions where it operates and it is pursued through the preparation of reports which contain indicators and benchmarks explaining the overall and significant tax contributions of the company.

The Framework is built around two essential criteria: the definition of a tax and the distinction between taxes that are the Enel's cost (taxes borne) and taxes that the Company collects on behalf of the government (taxes collected). The framework can also extend to cover "other payments" to government.

The key points to be borne in mind in relation to this methodology are:

### **1. The definition of tax makes a distinction between taxes borne by Enel and taxes collected by it**

Taxes borne are the taxes that Enel has paid to the Administrations of the different Jurisdictions in which it operates. These are taxes that represent an actual cost for the Company, e.g. profit taxes.

# Background and the purpose of this report

Taxes collected are the taxes that have been paid as a result of economic activities of Enel, they are not the own costs of Enel. Here the company is collecting taxes from others, on behalf of government, i.e. income taxes collected from employees under a payroll system.

Nevertheless, these taxes should be taken into consideration during the calculation of total tax contribution of Enel, considering these amounts result from the activities of the company.

Some taxes appear both as taxes borne and taxes collected either from their nature (i.e. irrecoverable VAT is considered as a tax borne and net VAT, which accounts for taxes incurred on products/services supplied by Enel in Colombia, is considered as a tax collected) or from their incidence (i.e. social security contributions that belong to Enel is a tax borne, while social security contributions withheld from employees is a tax collected).

In this respect, PwC's TTC methodology adheres to the approach adopted by the OECD, which highlights the relevance of the role played by business groups in the taxation system, both as contributors of taxes which imply a cost ("Legal Tax Liability") and as "collectors" of taxes on behalf of the others ("Legal Remittance Responsibility"), as reflected in working paper no.32. "Legal tax liability, remittance responsibility and tax incidence2".

## 2. TTC Framework classifies taxes under 5 categories for clarification purposes:

The total tax contribution has been used by companies in different jurisdictions. Since taxes have different names in different countries, PwC has identified five tax bases under which taxes borne and collected can be categorized – "the five P's".

**(i) Profit taxes:** This includes taxes borne on the income obtained by companies, such as corporate income tax, Industry and trade tax and taxes collected in the form of withholdings on payments in relationship with the mentioned taxes.

**(ii) Property taxes:** These are taxes levied on the ownership, sale, transfer or tenancy of property.

# Background and the purpose of this report

**(iii) People (or Employment) Taxes:** These generally include taxes on employment (including income tax and social security payments). Taxes levied on the employer are considered taxes borne (e.g. social security contributions and payroll tax), and taxes levied on the employee are considered as taxes collected (personal income tax or social security contributions levied on the employees which are normally withheld by the employer).

**(iv) Taxes on Products and Services:** Indirect taxes and duties levied on the production, sale or use of goods and services, including taxes and duties levied on international trade and transactions. It includes taxes and duties, which are borne by companies in relation to their own consumption of goods and services, notwithstanding that these may be paid to the supplier of the goods or services, rather than directly to Government. This section includes taxes borne (e.g. VAT and consumption tax; excise duties; custom duties; import duties; unrecoverable VAT, etc.) and taxes collected (VAT; goods & services tax, etc.).

**(v) Planet (Environmental) Taxes:** Planet taxes include taxes and duties levied on the supply, production, use or consumption of goods or services which are potentially harmful to the environment, including:

- Taxes and duties which are borne by companies in relation to their own consumption of goods and services, notwithstanding that these may be paid to the supplier of the goods or services, rather than directly to government;
- Taxes and duties charged on and collected by the companies supplying these goods and services to their customers.

In the Planet (Environmental) Taxes is included the vehicle tax.

## 3. It includes all tax payments made to Public Administrations.

When considering the figures reflected in this report, it should be borne in mind that they include tax payments made to Public Administrations in respect of items which, given their characteristics, are in fact taxes even though, for historic or circumstantial reasons, they are not classed as such.

In line with the philosophy adopted by the OECD in relation to the analysis of a country's tax burden, "social security contributions" made to different Administrations have also been taken into account in the above-mentioned data, since such contributions are obligatory in nature and generally make up an important part of a State's revenues. In Colombia, the design of such payments means that they are charges rather than contributions and they are therefore clearly a form of taxation.

The aforementioned also includes the social security contributions made to both public and private entities.

# Background and the purpose of this report

This is indeed the conclusion reached in the Mirrlees Report, which recommends the integration of taxes levied on earned income and social security charges when the latter are a form of taxation rather than being contributory in nature.

## 4. It can be tailored to the specific circumstances of the organization

In relation to the composition of Enel and the calculation of its TTC, it should be borne in mind that:

This report takes into account 100% of the tax contribution made by companies constituted in fiscal year 2022, based in the information sent by Enel.

For this report in Colombia, we have proceeded to review all taxes borne and collected by Enel Group in Colombia in order to review the final tax burden that the aforementioned group has in the country. The companies of the mentioned group that were considered are the following: (i) Codensa SA ESP, (ii) Emgesa SA ESP, (iii) Enel Green Power Colombia SAS ESP, (iv) Sociedad Portuaria Central Cartagena S.A (v) Enel X Colombia SAS, (vi) Inversora Codensa S.A.S. (vii) Bogotá ZE S.A.S., (viii) Usme ZE S.A.S., (ix) Fontibón ZE S.A.S. (x) EGP Fotovoltaica La Loma S.A.S., (xi) LatamSolar Fotovoltaica, (xii) Guayepo Solar SAS, (xiii) Atlántico Photovoltaic SAS.

**The scope of companies included in the TTC reporting** are aligned with the scope of the CbCR.

In relation to the overall amount of payments to the Administration taken into consideration for the purposes of this study, a list of all Colombian taxes covered by this analysis is attached hereto for illustration purposes in the form of an appendix.

## 5. The special characteristics of Value Added Tax and equivalent taxes are taken into account.

Value Added Tax (and equivalent taxes) is classified as a tax on products and services collected, and its amount reflects the net payments made by Enel to the tax authorities in the corresponding period.

In view of the way in which VAT works, the figure presented in this report includes the positive amount paid to the corresponding budget, less VAT received from the budget.

On the other hand, amounts of VAT which are not recoverable (i.e. the VAT paid to the suppliers that cannot be credited against VAT due by the costumers), are regarded as a tax borne (in the category Taxes on products and service), since they represent a cost for the company.

## 6. Main Assumptions made during the preparation of this report

**(i) Perimeter:** This report takes into account 100% of the tax contribution made by companies whose accounts are consolidated with those of one of the three main Enel companies in Colombia (Codensa, Emgesa and Enel Green Power).

**(ii) Currency:** This report considers the Colombian Peso as the currency to be referred.

# Background and the purpose of this report

## (iii) Certain Economic Indicators

**1) Revenues:** Considering that three of the Colombian Companies consolidate financial statements, the respective amount is reported as the sum of revenue has been determined at the level of these companies.

**2) Wages and salaries:** As with revenues wages and salaries are determined at the level of the three consolidating companies.

**3) Profit before Taxes:** Report considers data on profit before taxes which is provided as “EBT/ earnings before tax” in the local reporting. Profit before taxes have been calculated at the level of the three consolidating companies.

The amount of profit before tax excludes intercompany dividends in order to avoid double-counting of the same income of various entities, if that income was distributed as dividends to Colombian entities. Such calculation allows to reflect the objective amount of Profit before taxes at the country level, and to calculate the objective ETR since dividends are usually subject to beneficial tax treatment compared to the other types of income.

**4) Number of employees:** Number of employees are retrieved from the HR Department at the central level and should be determined according to the FTE as of the year end.

**5) Total Value Distributed:** The total (economic) value distributed to society is composed of:

**5.1)** Net interest, which is calculated as the net value of interest expense and interest income as per information published in Enel’s annual accounts. This amount represents value distributed to the creditors of the entities included in the TTC perimeter.

**5.2)** Income after tax, which is the net income of the company. Income after tax has been calculated at the level of all consolidating entities (similarly to Profit before tax, this amount excludes dividends, where relevant).

**5.3)** Wages and Salaries, has been calculated as mentioned in the relevant section above.

**5.4)** Taxes borne and collected, as per the Total Tax Contribution Report.

# Background and the purpose of this report

## 7. Particularities over some tax issues in Colombia

Valued Added Tax (“VAT”): VAT is a national tax that is structured as a value-added tax, which means that, in order to determine the tax, the taxpayers may credit the amount of the VAT paid (Input VAT) on the goods and services that they buy to generate the revenue of VAT taxable transactions against the VAT payable (Output VAT).

The VAT on the acquisition or import of tangible property and services is a creditable VAT. For these purposes, VAT responsible taxpayers must keep in mind that the only actually creditable VAT is the one paid on the acquisitions of products and services and in the importations that are considered as a deductible cost or expense for income tax purposes and provided that it is related with a VAT taxable transaction.

The tax is determined by the difference between the tax accruing on taxable transactions and the credits authorized by law. In cases such as when the VAT paid is directly related with products and services that are not subject to VAT (excluded or exempt), the input VAT will be considered as a cost and, consequently, a tax borne.

**Exemption of the public energy services:** According to numeral 11 of Section 476 of the Colombia Tax Code (“CTC”), energy public services and energy, as a product, are not subject to VAT.

In addition, the provision of the energy generation services, as a complementary activity to the energy public service, is also exempt of VAT, as it is part of the definition of energy public service as stated in Law 143 of 1994 (DIAN, Ruling 39409 of 2006)

**Industry Trade Tax (“ITT”):** ITT is a municipal profit tax levied upon the gross revenues obtained by individuals, entities or unincorporated associations for their industrial, commercial and service activities, directly or indirectly, in a given municipality within the national territory.

**Law 56 of 1981** is applicable to the energy generation sector. This law states that the energy generation sector is taxed with ITT for each kilowatt installed.

The tax basis and rate of this tax for energy activities is determined by the kilowatts installed at the generation plant. The measurement used is limited to “\$5 Colombian Pesos per year for every kilowatt installed in the generation plant”; this value is updated yearly with the inflation certified by the National Administrative Department of Statistics- DANE.

# Background and the purpose of this report

## 7. Particularities over some tax issues in Colombia

### **Enactment of a special contributions in favor of the Energy and Gas Regulatory Commission (CREG), and the Superintendence of Residential Public Utilities (SSPD), and contribution for the strengthening of the entrepreneurial fund:**

Creation of special contributions in favor of the Energy and Gas Regulation Commission (CREG) and the Superintendence of Residential Public Utilities (SSPD). The two contributions (CREG-SSPD) established in Law 1955 of 2019 were repealed and unenforceable by the Constitutional Court through Ruling C-484 of 2020.

The effects of the repeal of these contributions is effective as of January 1, 2023, that is, at the end of the Government term in Colombia, since the revenues obtained from these contributions are already included in the budget of the Government's beneficiary entities.

The contributions were created to finance the operating and investment expenses of the regulatory entities that surveil public service providers (CREG and the SSPD) and in general to recover the costs of the service (inspection, surveillance and control) over entities such as Enel.

According to section 2.2.2.9.9.7 of Executive Order 1082 of 2015, for these contributions, each fiscal year taxpayers must settle and pay an advance payment of 60% on the contributions paid the previous year. The deadline to make the advance payment is the last business day of January of each fiscal year. On the other hand, for the liquidation of the contribution by the regulatory entities (CREG-SSPD), taxpayers must send the financial and accounting information no later than April 30 of each fiscal year.

The above in order to issue the respective official settlement of the contributions payable by the regulatory entities. Consequently, at the time of settle the contributions, the taxpayer may deduct the amount paid as an advance payment.

That said, taxpayers must pay such contributions no later than 5 business days following the issuance of the official statement in charge of the regulatory entities.

For the case at hand, some companies of the Enel group made in the fiscal year 2021 the payments related to the advance payment of the contribution or to the remaining balance after offsetting such advance payment for the previous year.

Regarding the contribution for the 2021 for the strengthening of the entrepreneurial fund, there is an administrative process underway in which the payment is being discussed. However, this situation will not affect the figures shown here, since the contribution has already been paid in the 2021 fiscal year.

### 3. TTC of Enel Colombia in 2022





# TTC of Enel Colombia in 2022

Country		Colombia							
<b>Economic data in Local GAAP (for Local Report purposes)</b>		<b>Comments</b>		2022	2022				
				L/C	EUR				
Revenues		Mandatory		11.310.982.513.000					
Wages and salaries		Mandatory		310.826.956.000					
Profit before income tax		Mandatory		5.024.301.849.741					
Profit before tax borne		Mandatory		4.406.631.318.000					
Income tax accrued		Mandatory		1.417.700.638.000					
Tangible Assets		Optional		23.220.576.474.000					
Stated capital		Optional		661.942.871.000					
Accumulated earnings		Optional		6.173.513.894.000					
<b>Other data</b>		<b>Comments</b>		2022					
Number of entities		Please include the information provided by Enel Holding			8				
Number of employees		Please include the information provided by Enel Holding			2.327				
<b>TTC Data</b>		2021	2021	2022	2022				
		L/C	EUR	L/C	EUR				
Total taxes borne		1.616.490.292.706	365.039.689	1.793.696.178.059	400.894.185				
Total taxes collected		253.804.361.812	57.312.585	313.554.981.026	70.079.745				
Total Tax Contribution		1.870.294.654.517	422.352.274	2.107.251.259.085	470.973.930				
Do not fill in this section- data automatically computed					Do not fill in this section- data automatically computed				
<b>Taxes borne</b>	2021	2021	2022	2022	<b>Taxes collected</b>	2021	2021	2022	2022
	L/C	EUR	L/C	EUR		L/C	EUR	L/C	EUR
Profit taxes	1.181.498.266.630	266.812.388	1.277.243.111.900	285.466.561	Profit taxes	66.950.061.658	15.118.263	92.272.092.525	20.622.874
Property Taxes	6.650.443.330	1.501.763	7.302.388.023	1.632.089	Property Taxes	-	-	-	-
Employment Taxes	54.063.632.564	12.208.327	61.592.316.863	13.765.923	Employment Taxes	45.152.867.122	10.196.151	48.781.002.337	10.902.586
Taxes on products and services	280.315.716.384	63.299.221	345.213.572.707	77.155.461	Taxes on products and services	92.533.094.670	20.895.271	110.499.388.747	24.696.686
Planet/Environmental Taxes	93.962.333.798	21.217.990	102.344.888.566	22.874.150	Planet/Environmental Taxes	49.168.338.362	11.102.900	62.002.497.417	13.857.599
<b>TOTAL</b>	<b>1.616.490.292.706</b>	<b>365.039.689</b>	<b>1.793.696.178.059</b>	<b>400.894.185</b>	<b>TOTAL</b>	<b>253.804.361.812</b>	<b>57.312.585</b>	<b>313.554.981.026</b>	<b>70.079.745</b>
			85%						
			16%						
<b>List of taxes</b>	<b>Tax category</b>	<b>Tax Borne or Collected</b>	2021	2021	2022	2022			
			L/C	EUR	L/C	EUR			
Corporate Income tax	Profit taxes	Taxes Borne	1.109.425.394.016	249.182.438	1.173.834.169.134	262.801.596			
Industry and Trade Tax	Profit taxes	Taxes Borne	78.072.872.614	17.629.950	101.408.942.766	22.664.966			
Withholdings on payments to Income Tax	Profit taxes	Taxes Collected	60.141.837.375	13.580.870	76.876.302.652	17.181.904			
Withholdings on payments for Industry and Trade Tax	Profit taxes	Taxes Collected	6.808.224.283	1.537.399	15.395.789.873	3.440.969			
Real Estate Tax	Property Taxes	Taxes Borne	6.650.443.330	1.501.763	7.302.388.023	1.632.089			
Equity Tax	Property Taxes	Taxes Borne	-	-	-	-			
Revenues from property investments	Property Taxes	Taxes Borne	-	-	-	-			
Employer's social security contribution	Employment Taxes	Taxes Borne	54.063.632.564	12.208.327	61.592.316.863	13.765.923			
Withholdings on earned income	Employment Taxes	Taxes Collected	23.351.151.800	5.318.180	25.703.793.000	5.744.813			
Employee social security contributions	Employment Taxes	Taxes Collected	21.601.713.322	4.877.970	23.077.209.337	5.157.772			
Non-deductible VAT/IIGIC	Taxes on products and services	Taxes Borne	199.752.264.216	45.106.863	229.378.758.119	51.266.304			
Tax on Financial Transactions	Taxes on products and services	Taxes Borne	33.302.741.860	7.563.389	43.303.876.352	10.125.446			
Customs Duty	Taxes on products and services	Taxes Borne	648.571.000	146.436	4.340.136.000	970.023			
Excise duty	Taxes on products and services	Taxes Borne	82.599.839	18.632	274.272.519	61.300			
Other Charges	Taxes on products and services	Taxes Borne	46.329.339.469	10.461.860	63.916.329.717	14.732.388			
VAT (Net position)	Taxes on products and services	Taxes Collected	92.533.094.670	20.895.271	110.499.388.747	24.696.686			
Taxes on electricity	Planet/Environmental Taxes	Taxes Borne	173.942.682	39.279	140.870.400	31.483			
Other taxes	Planet/Environmental Taxes	Taxes Borne	93.710.936.316	21.161.248	102.083.281.566	22.816.128			
Taxes on electricity TC	Planet/Environmental Taxes	Taxes Collected	49.168.338.362	11.102.900	62.002.497.417	13.857.599			
Vehicle Tax	Planet/Environmental Taxes	Taxes Borne	77.334.800	17.463	118.736.600	26.538			
<b>TOTAL</b>			<b>1.870.294.654.517</b>	<b>422.352.274</b>	<b>2.107.251.259.085</b>	<b>470.973.930</b>			

# TTC of Enel Colombia in 2022

## Analysis of the Total Tax Contribution in 2021



### Trend in TTC

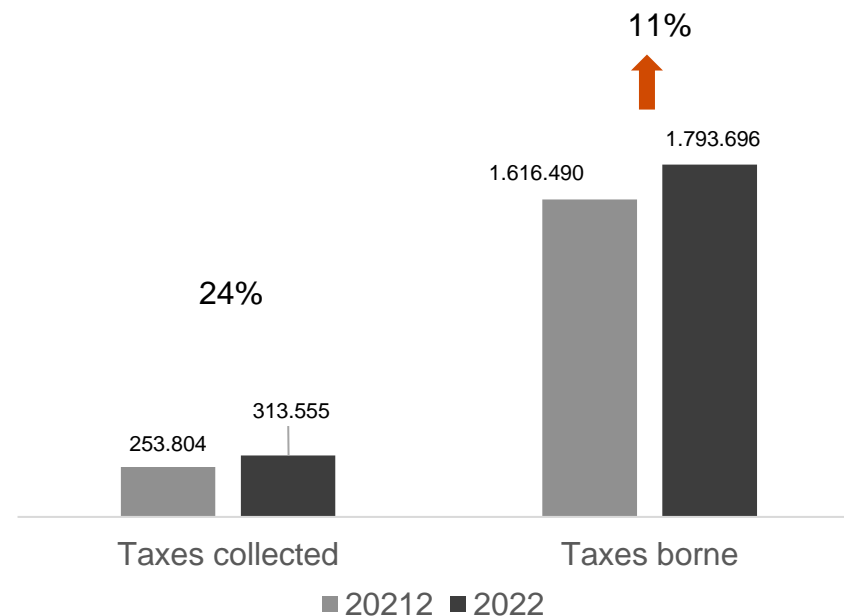


Chart 1. Evolution of Enel's Total Tax Contribution (In million colombian pesos)

Enel's Total Tax Contribution in Colombia amounted to \$ **\$2.107.314 MM COP** in 2022

Of this, 85% corresponds to taxes borne which represent a cost for the Company and the remaining 15% corresponds to taxes collected by the Group owing to the pursuit of its economic activity.

The amounts taken into account for the purpose of analyzing the trend in Total Tax Contribution over the year 2022 include taxes borne and collected in Colombia by Enel.

In absolute terms, we note that there is an increase of **COP 236.957 million between the TTC of 2022 and the TTC of 2021**. This is due to an increase of taxes borne, derived from a higher profit tax.

In the event of profit taxes borne, the increase is a consequence of higher profits, which serves as taxable base. On the other hand, taxes on products and services increased due to the more purchases made to third parties

Taxes collected by Enel in 2022, increased in comparison to 2021, specially regarding income tax and taxes on goods and services.

# TTC of Enel Colombia in 2021

## Analysis of taxes borne in 2021

### Profile of Taxes borne

As has been indicated above, taxes borne by Enel in 2022 amounted to **\$ 1.793.696 million COP**.

Profit taxes amounting to **\$ 1.277.243 million COP** represent almost **71,21% of total taxes borne**.

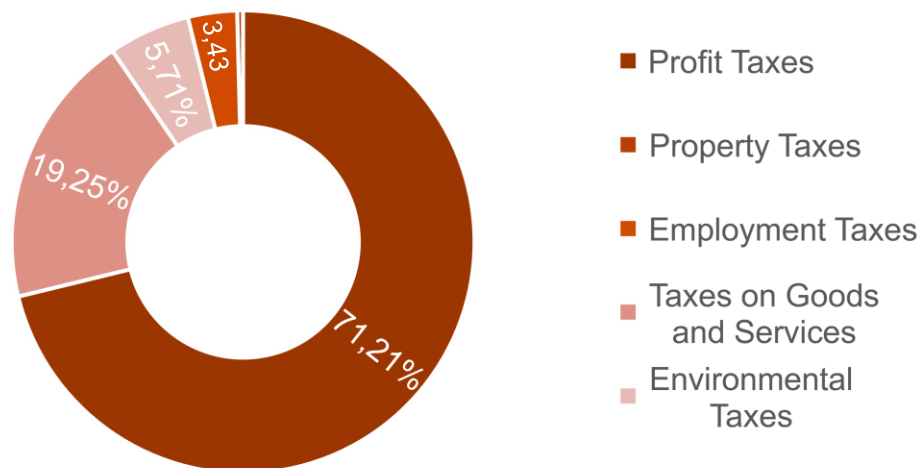


Chart 2: Types of taxes borne by Enel in 2022



The main profit tax is the **Corporate Income Tax**, the cost of which amounted to **\$ 1.277.243 million Colombian Pesos in 2022**.



On the other hand, **the taxes on products and services**, which account for approximately 19,25% of total taxes borne by Enel and consist primarily of VAT amounting to **\$ \$345.214 million Colombian Pesos in 2022**. The main tax on product and services is VAT



**Environmental Taxes** account for **5,71%** of Enel's total tax contribution, this amount comprises contributions amounting to **\$102.345 million Colombian Pesos**.



Employment Taxes account for **3,43%** of Enel's total tax contribution insofar as relates to taxes borne during the year. This amount comprises contributions amounting to **\$ 61.592 million Colombian Pesos** paid to the Social Security and Payroll taxes.



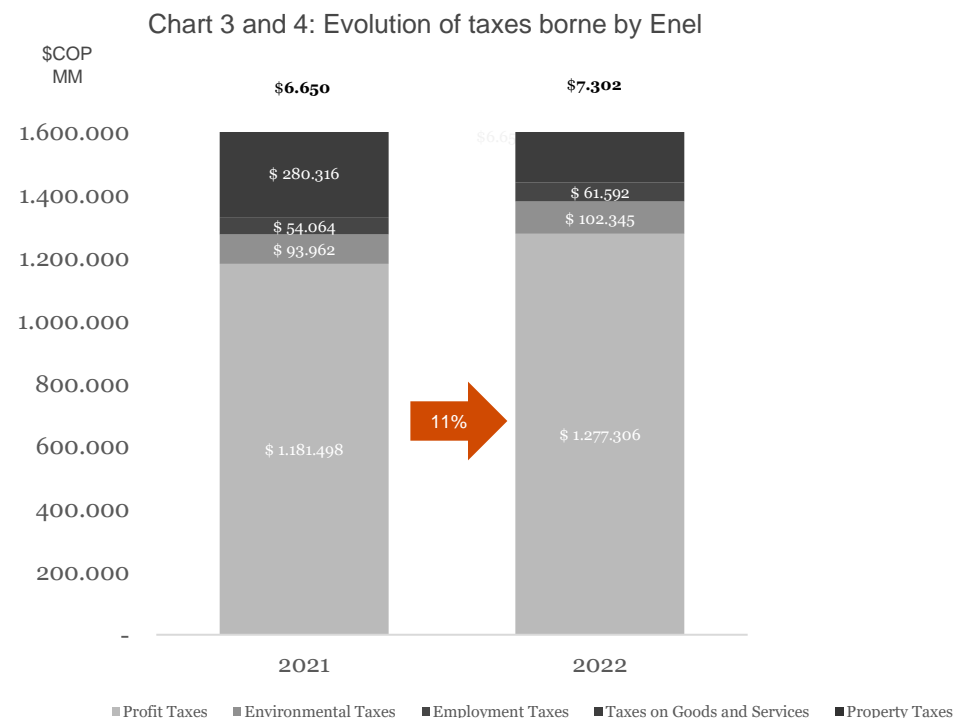
On the other hand, **property taxes**, which include primarily the Tax on Real Property, **account for under 0,41%** of the total tax payments made by the Company corresponding to taxes borne and amount to **\$ 7.302 million Colombian Pesos**.

# TTC of Enel Colombia in 2021

## Analysis of taxes borne in 2022

### Trend in Taxes borne

Taxes borne reflect an **upward trend** over the past year, having increased by approximately **\$ 177.206 million pesos**, which represents an increase in relative terms of **10.97%** in 2022 in relation to 2021.



The main factor that gave way to the increase in contribution was the profit taxes, which matches with the increase of the income an profit before taxes, which increased in **\$ 95.744 million Colombian Pesos, 8,11%** in relation to 2021.



**Environmental taxes decreased a 8,92%**, which amounts to **\$8.383 million Colombian Pesos**.



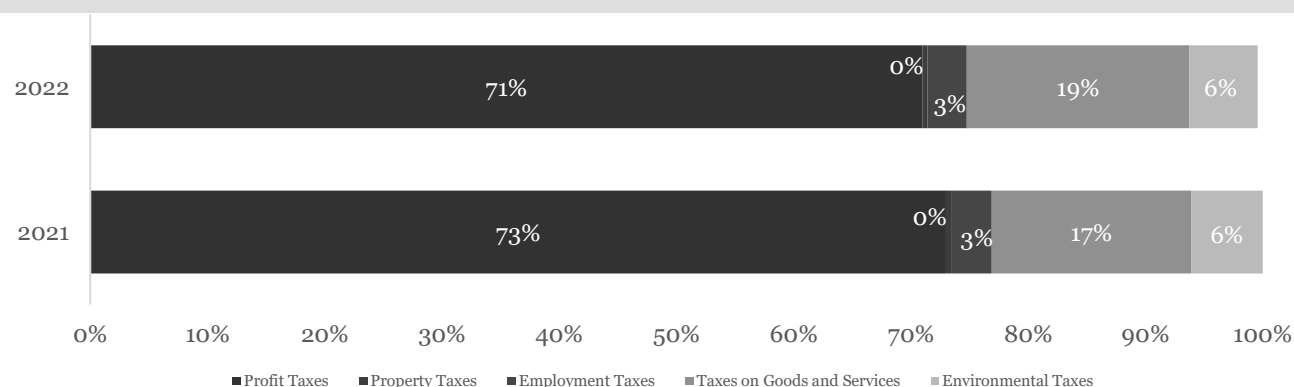
The employment taxes have increased a **13,93%**, which amounts to **\$7.529 million Colombian Pesos**.



The taxes on goods and services have decreased in **23,15%**, which amounts to **\$ 64.898 million Colombian Pesos**.



Finally, **property taxes** increased in **9,8%**, which amounts to **\$652 million Colombian Pesos**.



# TTC of Enel Colombia in 2022

## Analysis of taxes collected in 2022

### Profile of Taxes collected

Taxes collected in the year amounted to a total of **\$ 313.555 million pesos**

Enel Colombia paid **\$110.499 million pesos** in **VAT** to the Public Administrations in Colombia, which accounts for **35,24% of total taxes collected**.

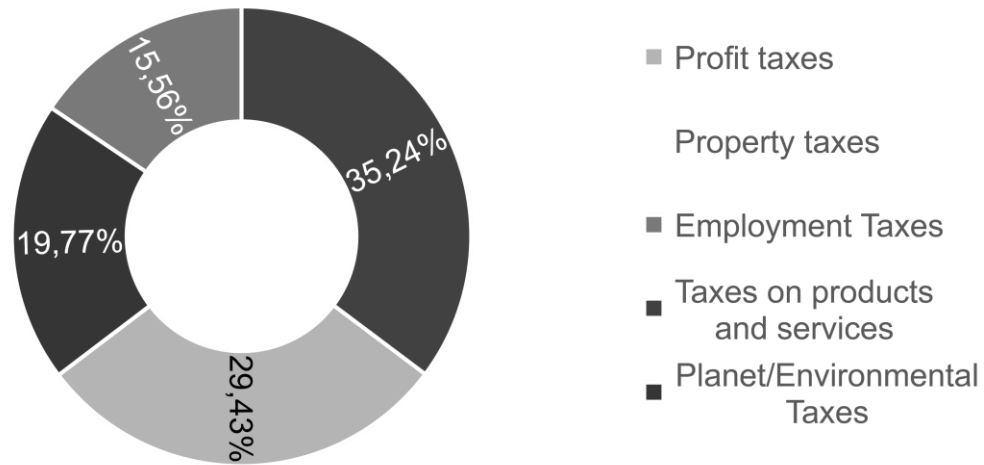


Chart 5: Types of Taxes Collected by Enel in 2021



As can be seen from the above chart, the most important of the taxes collected by the Company during 2022 are **taxes on products and services**, which account for 35,24% of total taxes collected, amounting to **\$ 110.499 million Colombian Pesos**.



**Profit taxes** account for **29,43%** of total taxes collected.



**Environmental taxes** also feature prominently, accounting for **19,77%** of total taxes collected in 2022.



On the other hand, it should be noted that **employment taxes** account for **15,56%** of total taxes collected and correspond primarily to tax withholdings on payments of earned income to employees and payments made to the Social Security authorities on behalf of employees.



In this sense, with our comparative analysis of 2021 and 2022, we can note the increase of **23,54% in taxes collected**.

# TTC of Enel Colombia in 2022

## Analysis of taxes collected in 2022

### Trend in taxes collected

Taxes collected during 2022 have increased by approximately **\$59.751 million COP**. This represents a **increase, of 23,54%** with respect to 2021.

Chart 6: Evolution of the profile of taxes collected by Enel

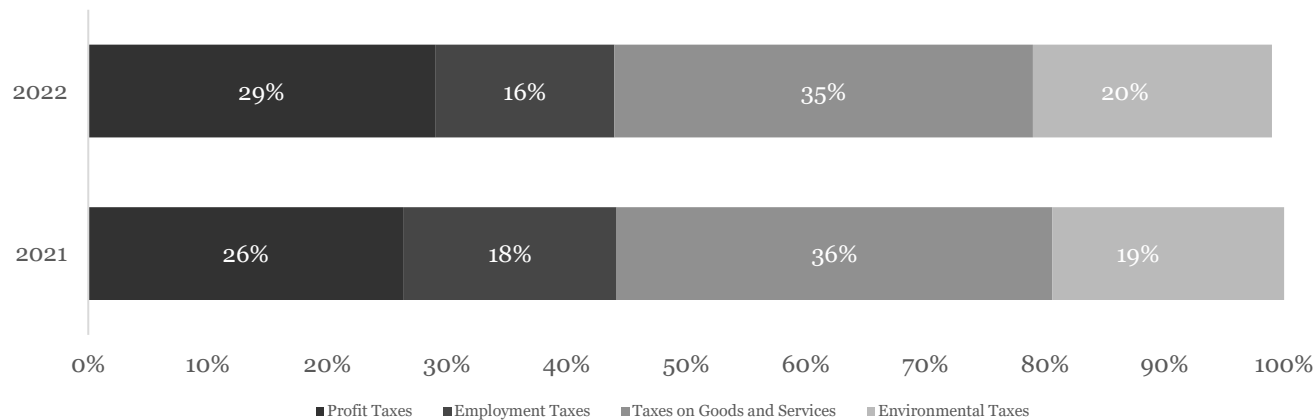
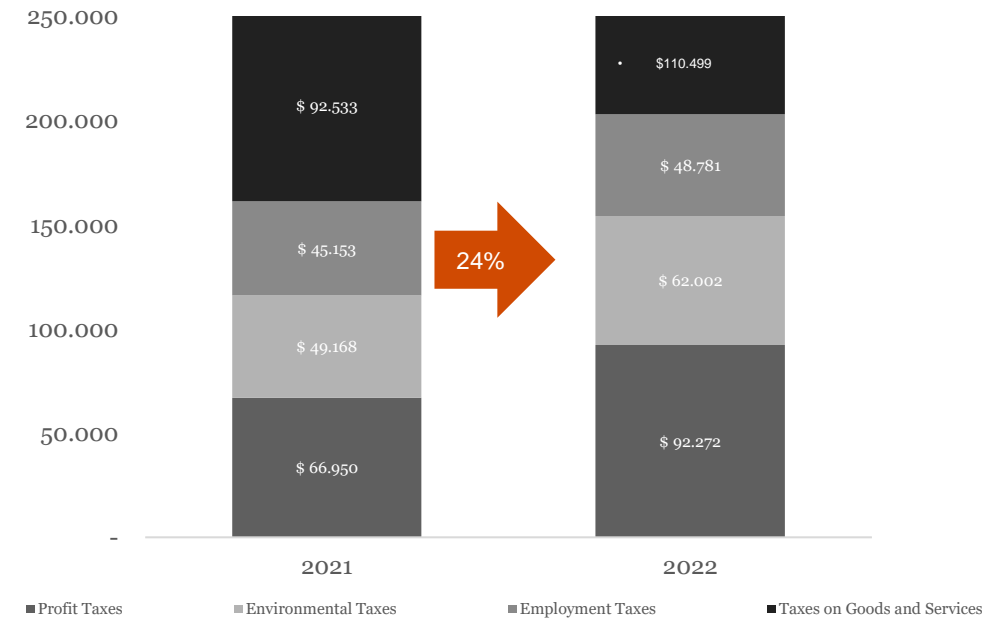


Chart 7: Evolution of taxes collected by Enel



As can be seen from the above chart, the **profit taxes in 2022** have a higher payment **by a 37,82% which amounts to \$25.322 million Colombian Pesos** in comparison to 2021.

Likewise, taxes on **products and services** increased in comparison with what was collected in the previous year, specifically in a **19,42%**, that amounted to **\$17.966 million Colombian pesos**.

By the other hand, **employment taxes** increased in comparison with what was collected in the prior year, specifically in a **8,04%**, that amounted to **\$3.628 million Colombian pesos** and **environmental taxes** increased in **26,10%** in comparison to 2021, which amounted to **\$12.834 million Colombian Pesos**, respectively.

# TTC of Enel Colombia in 2022

## TTC Indicators

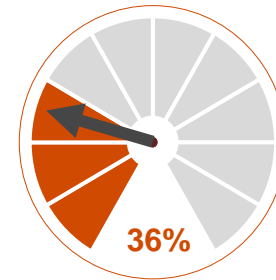
### TTC Ratio

Year	TTCR for Enel Colombia
2021	36%
2022	41%

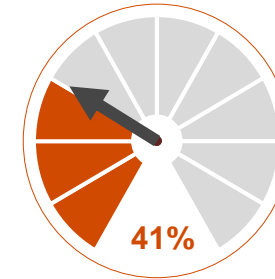
For 2022, the TTCR of Enel Colombia was of 41%, which was 5% more than the TTCR for 2021. That was due to the increase in the collected and borne related to profits, as it is exposed in the qualitative analysis.

Specifically, it is important to highlight that the increase of profits and profit taxes, specifically the corporate income tax, have a main role in the variation of the TTCR, as follows:

1. In 2022 the borne taxes increased in 8,11%
2. However, the profit before taxes decreased in 0,53% in comparison to 2021.
3. Due to the aforementioned, the profit before taxes decreased, but the collected and borne taxes on 2022 increased, derived into the variation of the TTCR.



TTC Ratio of Enel Colombia in 2021



TTC Ratio of Enel Colombia in 2022



In 2022, taxes borne which represent a direct cost for Enel account to a 41% of the profit before all taxes borne”

# TTC of Enel Colombia in 2022

## TTC Indicators

### TTC with respect to turnover

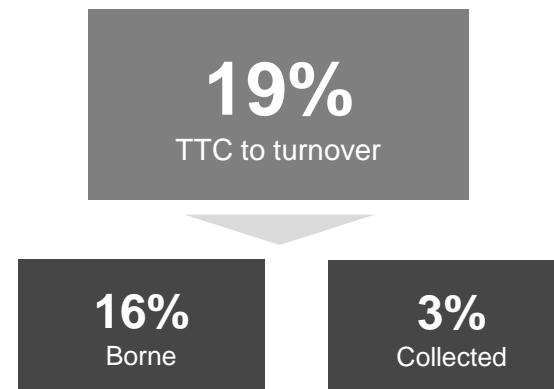


Enel pays \$19 Colombian Pesos in taxes for every \$100 Colombian Pesos of net revenues, of which \$9 Colombian Pesos represent a direct cost for the group

TTC with respect to turnover is an indicator that reflects the extent of the contribution made by the Company in relation to the size of its business.

For Enel, the average Total Tax Contribution rate in relation to net revenues averages at 19% for 2022. In other words, for every \$100 Colombian Pesos of the Company's turnover, \$19 Colombian Pesos are used to pay taxes, of which \$16 Colombian Pesos are taxes borne and \$3 Colombian Pesos are taxes collected.

#### Comparison between taxes collected and borne in respect to the turnover





# TTC of Enel Colombia in 2022

## TTC Indicators

### Tax value distributed to society



In 2022, 36% of the value distributed by Enel was used to pay taxes borne and collected.

According to the TTC methodology, the distributed value of a company is made up of the sum of the following elements:

- Net interest
- Wages and salaries (net of taxes collected on payments to employees)
- Taxes (borne and collected)
- Shareholder value (i.e. dividends, reserves etc.)

The **distributed tax value ratio** indicates the percentage of the total value generated by Enel that is used to pay taxes borne and collected to Public Administrations.

The distributed tax value is, in essence, a reflection of how Enel contributes to society the economic value it generates. For the purpose of this calculation, the shareholders' value is reflected in the amount of Income after taxes.

In 2022, the total distributed value amounted to **\$ 5.978.612 million COP**, of which **\$ 2.107.251 million COP** were paid to different public administrations in the form of taxes borne and collected.

As it can be seen from the chart, **35%** of the value generated by Enel benefits society through the payment of taxes borne and collected in Colombia.

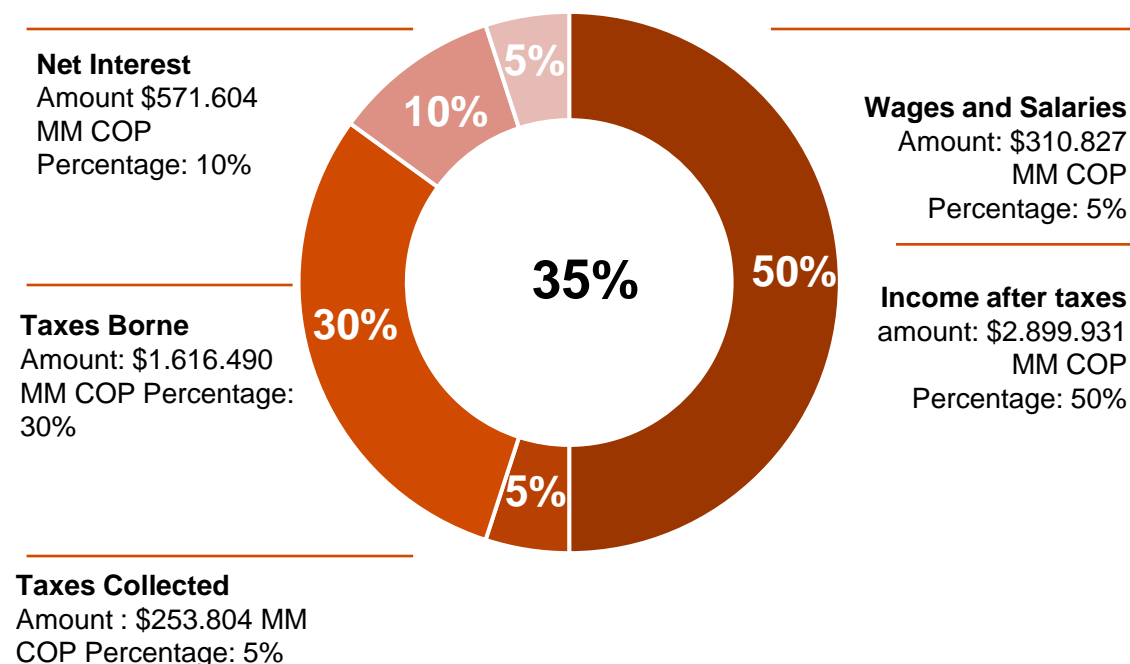


Chart 8: Tax Value Distributed by Enel in 2021

# TTC of Enel Colombia in 2022

## TTC Indicators

### Taxes paid in respect of wages and salaries per employee

Taxes paid in respect of **annual wages and salaries per employee** is an indicator that relates the level of employment to associated taxes. This indicator is calculated by dividing total taxes linked to employment (borne and collected) by the average number of employees for the year.

Chart 9: Trend in average salary and average taxes linked to employment in Enel



In 2022, Enel paid in employment taxes totalling **\$48 million COP** per employee. Of this figure for employment taxes, **\$21 million COP** correspond to taxes collected on payments to employees and **\$27 million COP** to taxes borne by Enel.

In relation to the average salary paid by Enel in Colombia, which amounted to **\$133 million COP** in 2022, **employment taxes** borne and collected represented **36%**.

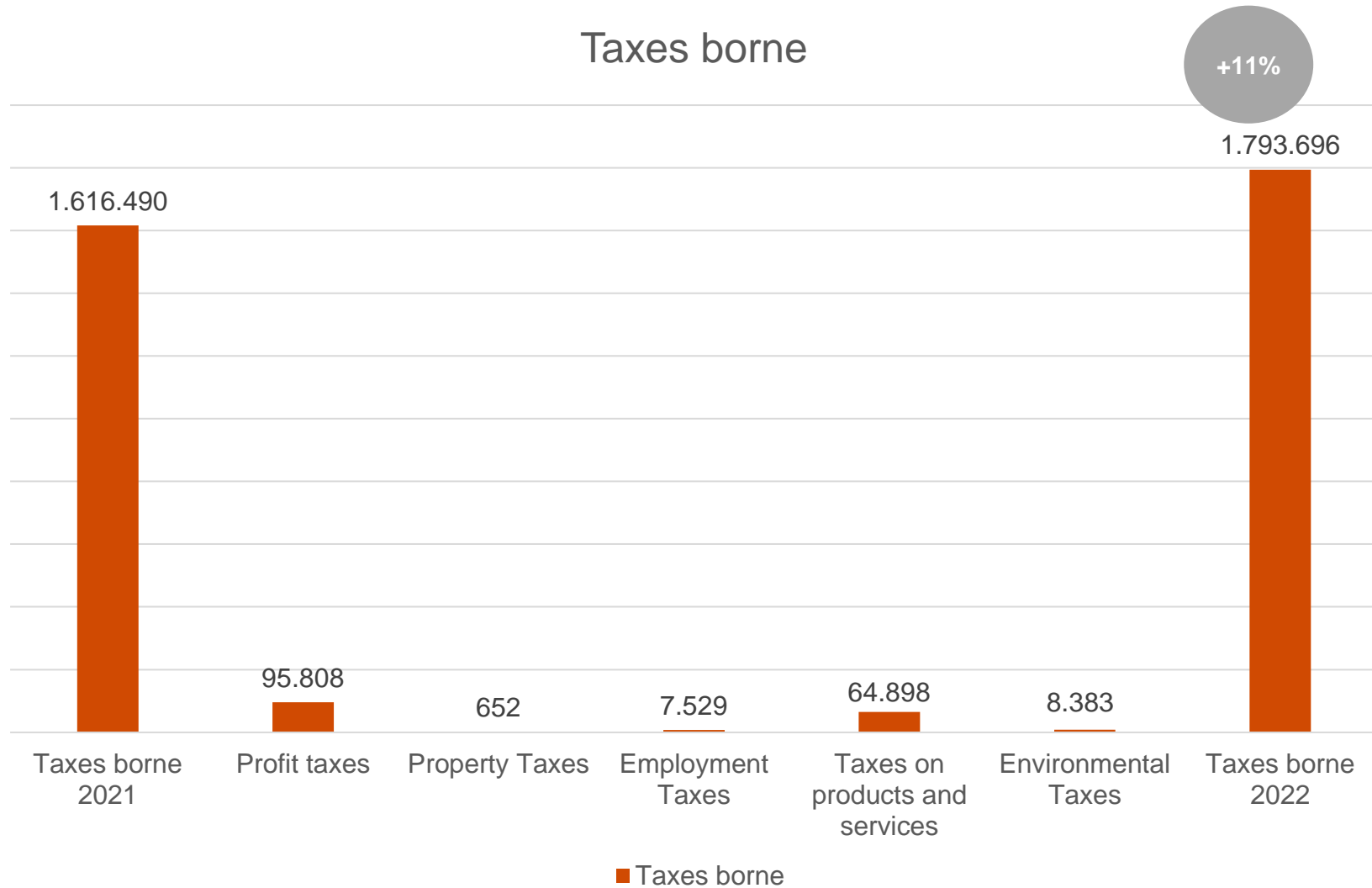


Employment taxes borne and collected have remained constant over the period. Wages and Salaries per Employee has decreased by approximately 2% in 2022

# TTC of Enel Colombia in 2021

## Qualitative Analysis

### Taxes borne



For FY 2022, there was an increase of 10,97% on taxes borne, due to the following:

- Income tax borne:** Enel entities in Colombia had an increase in their income taxes borne during 2022 compared to 2021 around 8,11%. This variation is produced by the increase in profit before tax and income during fiscal year 2022 compared to 2021 (2021 income tax is paid in fiscal year 2022). This variation arose due to the companies has more operation in CODENSA S.A. ESP y ENEL GREEN POWER COLOMBIA S.A.S.

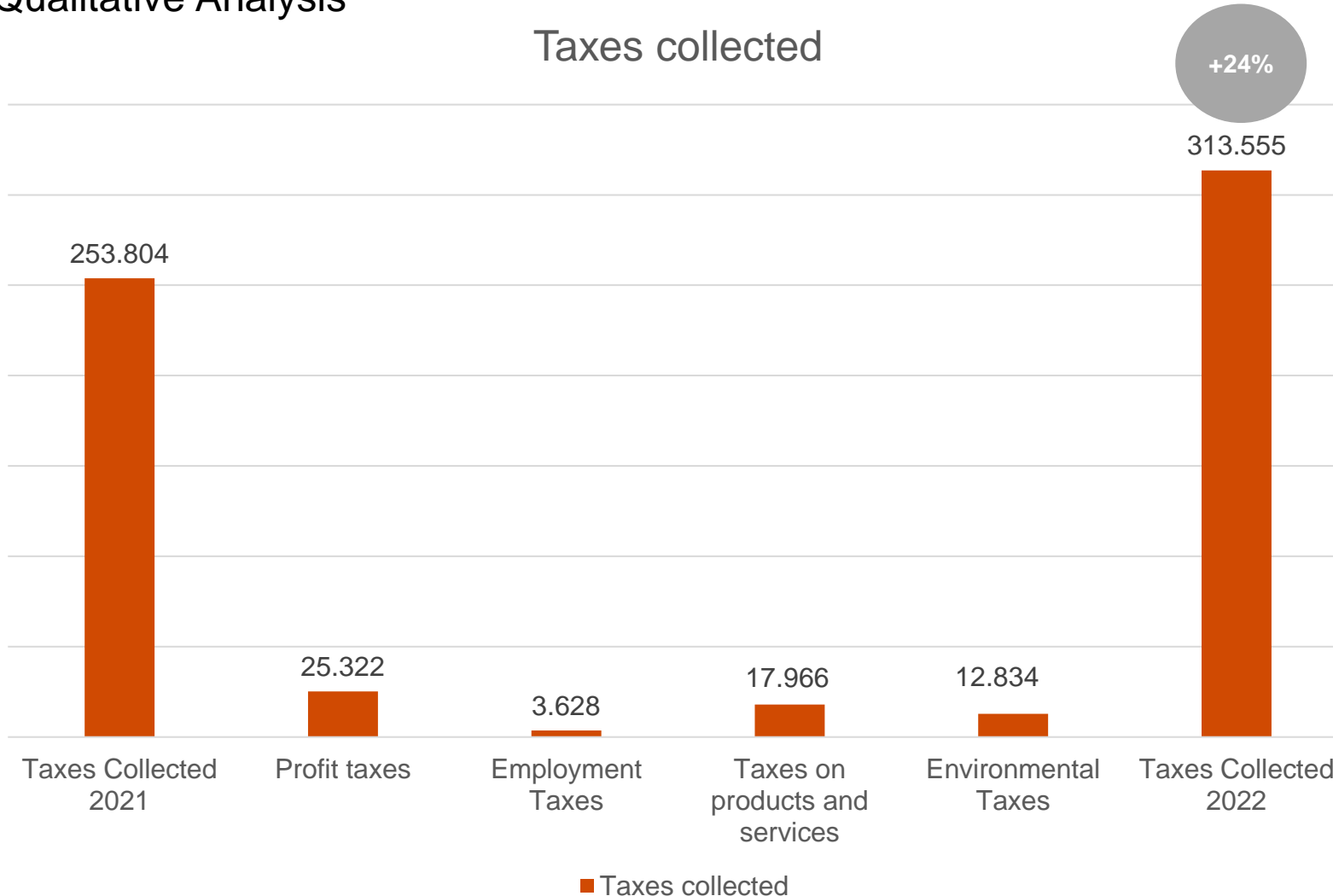
**Taxes on products and services:** Enel entities in Colombia had an increase in its taxes on products and service for year 2022 in comparison to 2021, approximately of 23,15%. This variation has originated given that the companies made more payments related to operation costs related to new renewable energy construction projects.

Lastly, as of 2021 the entities surveilled by the Public Utilities Superintendence had paid an additional contribution to the contribution for the strengthening of the entrepreneurial fund, which corresponds to the 1% of the operating expenses.

# TTC of Enel Colombia in 2022

## Qualitative Analysis

### Taxes collected



For FY 2022, there was an increase of 23,54%, on taxes collected, due to the following:

- **Taxes on products and services:** Enel entities in Colombia had an increase in their taxes on goods and services during 2022 of around COP 18 billion, in comparison to 2021. Considering that the Enel Group is a large taxpayer, they were in the obligation of applying VAT withholding on each investment, which increased the tax collected, and more payments were made related to costs and expenses regarding new renewable energy construction projects.
- **Environmental taxes collected:** The increase corresponds to the fact that companies have had to withhold more taxes on electricity from taxpayers, in accordance with changes to the tax law introduced since 2017.

## 4. Comparative Indicators



# Comparative Indicators

## Corporate Income Tax Effective Rate

In the following pages, the **effective tax rate (ETR)** is analysed, as well as the factors effecting the difference between this rate and the nominal rate.

Effective Tax Rate (ETR) shall be calculated as the ratio of **Corporate Income Tax as per P&L statements** (and hence, calculated under accrual and not cash method) to **Profit before taxes**. **Be advised that, unlike the TTCR, the tax borne and the profit before taxes are those of the same taxable year (i.e. although the FY 2021 income tax is paid in 2022, the ETR is computed against the P&L of 2021).**

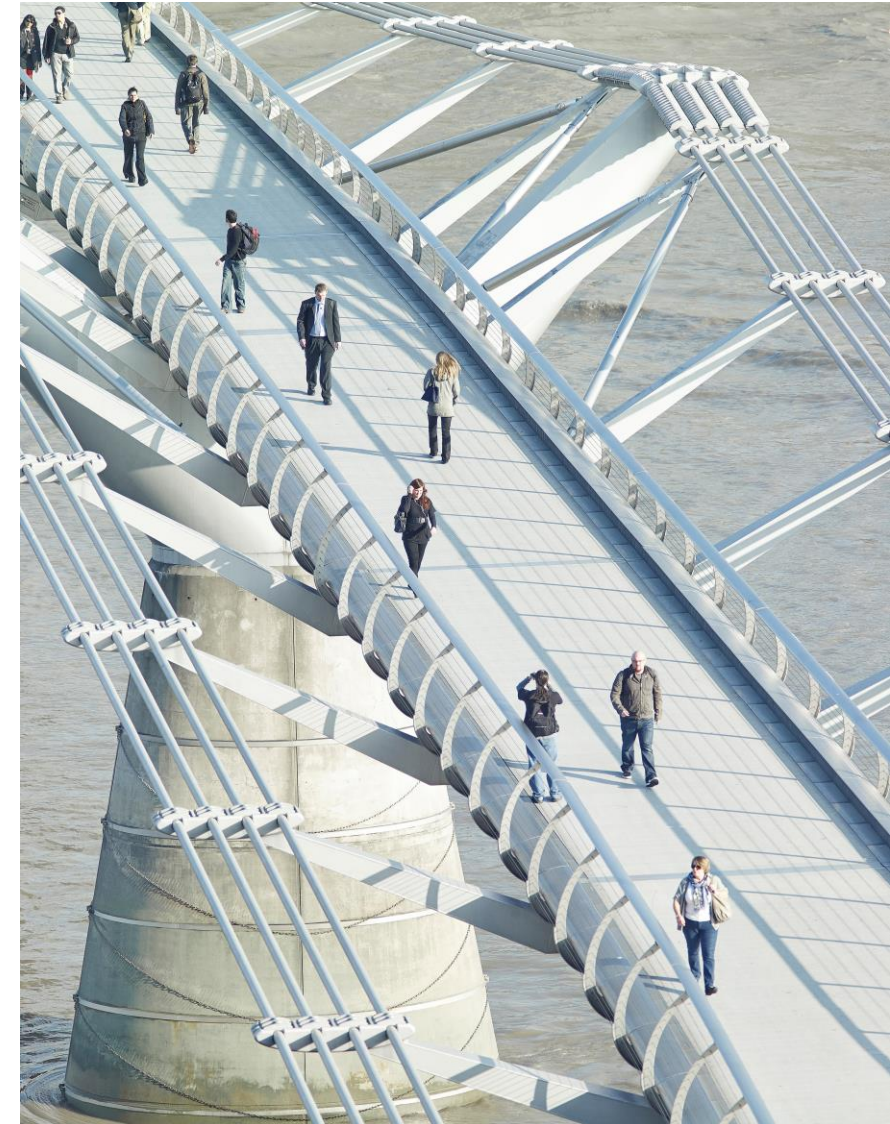
For the purpose of this document, the **Profit before taxes** and the **Corporate Income Tax as per P&L statements** are calculated by aggregating the data of P&L statements of each entity included in the scope of the TTC Report. Intercompany dividends have been excluded from this amount in order to avoid the double counting of income distributed as dividends and to make the figure more comparable.

Be advised that, for TTC report, we used the consolidated information of the three main Colombian companies (Codensa, Emgesa and EGP). Furthermore, the consolidated information of EGP gave rise to a loss and, consequently, the tax computed corresponds to the difference between the current tax that EGP determined in the P&L and the deferred tax.

For Colombian purposes, the ETR for the income tax of 2021, was of 31,49%, which is 0,49% more than the nominal income tax rate for the FY 2021 (31%), as follows (Values are determines in Million COP):

Concept	Emgesa	EGP	Codensa	Group
Profit before taxes	2.526.695	-5.269	1.390.861	3.912.287
Income tax	-814.374	-3.955	-413.513	-1.231.842
Profit after taxes	1.712.321	-9.224	989.254	2.692.351
<b>ETR</b>	<b>32%</b>	<b>75,06%</b>	<b>-29,73%</b>	<b>-31,49%</b>

In that sense, the Group's ETR remained in line with the nominal income tax rate for FY 2021



# Comparative Indicators

Comparison of the ETR of Enel Colombia with that of the comparable companies in the electricity sector (1/2)



In 2021, the Effective Tax Rate of Enel Colombia was slightly lower than the average effective tax rate of other energy market players in Colombia for the same period.

The benchmarking of the effective tax rate was performed on the basis of data of main competitors of Enel on the Italian market. The full list of such competitors is published by the Colombian regulatory authority for electricity and gas “*Comisión de Regulación de Energía y Gas (CREG)*”. The list of main players in the electric energy market is updated annually, and companies are classified, depending on their activity in the energy market (generation, transmission, distribution, commercialization).

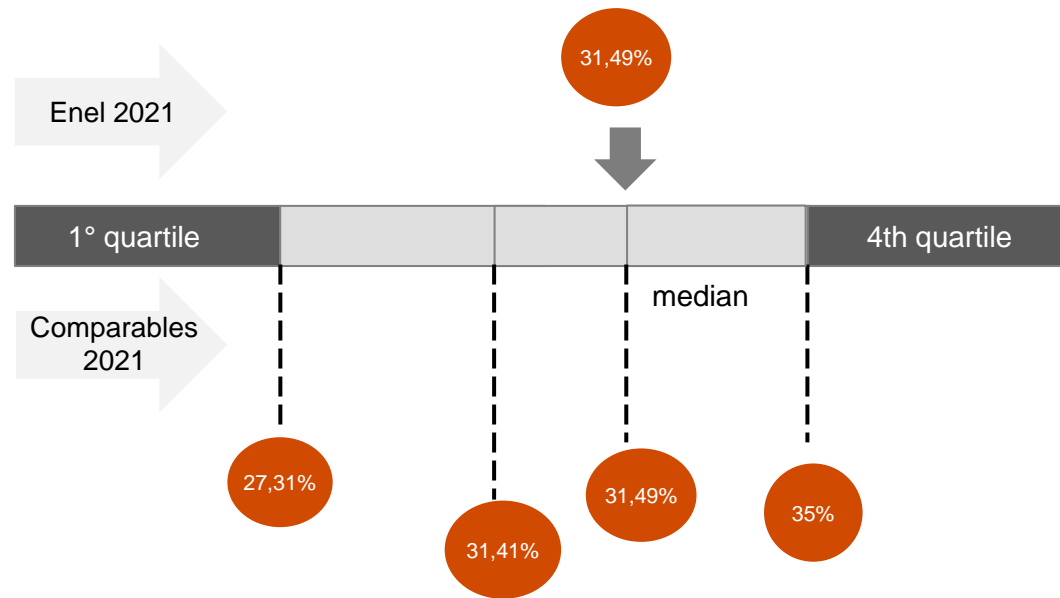
All the competitors that have a significant market share on the Colombia electric energy market have been considered while performing the benchmarking study, provided that respective financial data have been available in public sources. Following page reveals the results of the benchmarking study.

The information about Profit before Tax and Income Taxes was retrieved from the financial statements of the respective entities / groups published on their websites. Considering that data for 2022 have not been available at the moment of preparation of this report, only data related to 2021 has been analyzed.

For the sake of consistency, the ETR of Enel Colombia for 2021 has been compared with the ETR of main competitors for the same period.

# Comparative Indicators

Comparison of the ETR of Enel Colombia with that of the comparable companies in the electricity sector (2/2)



As can be seen, the ETR of Enel Colombia for 2022 is within the interquartile range of the industry ETR. Also, the average ETR of Enel Colombia, which is 31,49% for 2022, was slightly over than the median ETR of the industry players. Nevertheless, the aforementioned shows that the relative income tax contribution of Enel is in line with the market.

The information about Profit before Tax and Income Taxes was retrieved from the financial statements of the respective entities / groups published on their websites. Considering that data for 2022 have not been available at the moment of preparation of this report, only data related to 2021 have been analyzed.

Also, in order to exclude extreme deviations in the ETR of similar companies, neither the peers who made losses nor those for whom the tax item represented income were taken into account (since, in these situations, the ETR shows a negative figure).

The list of competitors included in this analysis are the following:

Transelca S.A. E.S.P., Celsia Colombia S.A. E.S.P., AES Chivor & Cia S.C.A. E.S.P., Empresa de Energía del Quindío S.A. E.S.P., Central Hidroeléctrica de Caldas S.A. E.S.P., Electrificadora de Santander S.A. E.S.P, XM Compañía de Expertos en Mercados S.A. E.S.P., Electrificadora del Meta S.A. E.S.P. and Electrificadora del Huila S.A. E.S.P.



## 5. Other payments made to Public Administrations



# Other payments made to Public Administrations

In addition to its Total Tax Contribution, it should be noted that Enel makes other contributions to Public Administrations in Colombia. These include, among others, public services and natural resources, which were included within “other taxes” paid classified as environmental taxes and taxes on products and services.

- i. **Law 99 of 1993:** As stated in the mentioned Law, for the use of natural resources the government will establish some fees or contributions that will be paid by those who develop their economic activity by the use of such resources. During 2022 the payments made for this concept amounted to **\$102.085 million Colombian Pesos**.

## 6. Appendix



# Appendix

## Appendix I: 2022 and 2021 summaries for Enel Colombia

### Total payment made to the Administration in 2022 by Enel - Summary Value in million COP

Colombia	COP
Taxes borne	\$1.793.696
Taxes collected	\$313.555
<b>Total Tax Contribution - TTC</b>	<b>\$2.107.251</b>
<b>TOTAL PAYMENTS MADE TO THE PUBLIC ADMINISTRATION</b>	<b>\$207.251</b>

### Total payment made to the Administration in 2021 by Enel - Summary Value in million COP

Colombia	COP
Taxes borne	\$1.616.490
Taxes collected	\$253.804
<b>Total Tax Contribution - TTC</b>	<b>\$1.870.294</b>
<b>TOTAL PAYMENTS MADE TO THE PUBLIC ADMINISTRATION</b>	<b>\$1.870.294</b>

© 2023 TLS Associazione Professionale di Avvocati e Commercialisti. All rights reserved. “PwC” & TLS refers to TLS Associazione Professionale di Avvocati e Commercialisti or PwC Tax and Legal Services and may sometimes refer to the PwC network. Each member firm is a separate legal entity and does not act as agent of PwCIL or any other member firm. This content is for general information purposes only, and should not be used as a substitute for consultation with professional advisors. Please see [www.pwc.com/structure](http://www.pwc.com/structure) for further details