

# ***Total Tax Contribution 2018***

Enel Group in Colombia.

March 2019

Tax Contribution of  
1.472.240 Million  
Colombian Pesos in  
2018





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An aerial photograph of a modern building's courtyard. The courtyard is paved with light-colored tiles in a geometric pattern. Several people are walking around. On the left, there are green and white striped awnings over outdoor seating areas. A large red semi-transparent rectangle is overlaid on the left side of the image, containing the text '1. Executive summary'.

# *1. Executive summary*

## 1. Executive summary

The total tax contribution of Enel in Colombia (hereinafter “Enel” or “The Company”) amounted to **1.472.240 million Colombian pesos**, with 87% of this total corresponding to taxes borne and 13% to taxes collected.

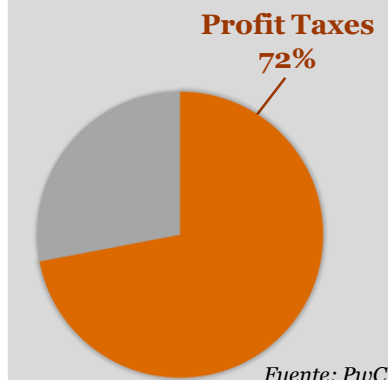
### Total tax contribution in 2018

**\$ 1.472.240 M COP**



Fuente: PwC

### Taxes borne in 2018

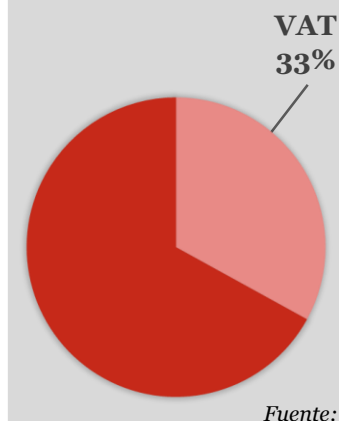


**Taxes borne** by Enel in Colombia in 2018 amounted to **1.278.468 Million Colombian Pesos**. A major part of this total corresponds to **profit taxes**, which account for **72%** of taxes borne.

Among profit taxes borne by Enel in Colombia, the main item is the **Income Tax**.

Fuente: PwC

### Taxes collected in 2018



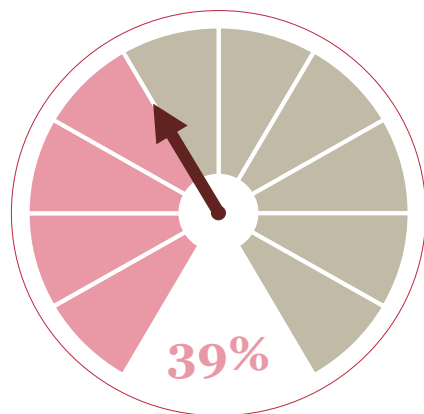
**Taxes collected** by Enel in Colombia in 2018 amounted to **193.772 Million Colombian Pesos**. A major part of this total corresponds to **taxes on products and services** - primarily VAT – and its withholding tax, which account for **33%** of taxes collected.

Fuente: PwC



## 1. Executive summary

### Distributed Tax Value\* 2018

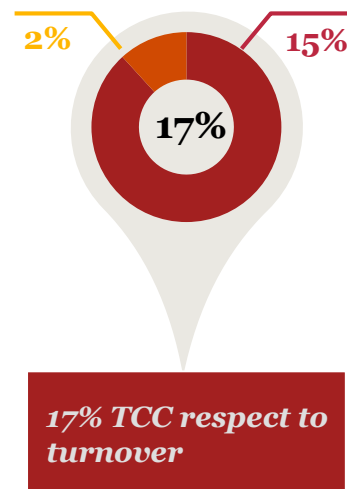


Fuente: PwC

**39% of the value generated** by Enel in Colombia has been paid in to the Public Treasury in the form of taxes borne and taxes collected. Of **every 100 Colombian Pesos of value generated** by the group in 2018, **39 Colombian Pesos were used in the payment of taxes.**

\* Concept explained on page 24

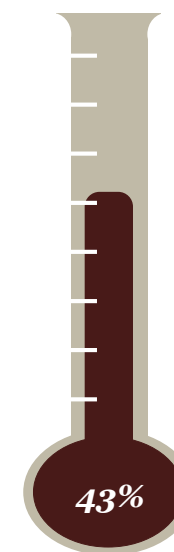
### Tax contribution of Enel in Colombia with respect to turnover in 2018



Fuente: PwC

In relation to the size of its business, for every 100 **Colombian Pesos** of net revenues obtained by the Company, **17 Colombian Pesos are used in the payment of taxes.** Of this amount, 15 Colombian Pesos correspond to taxes borne and 2 Colombian Pesos to taxes collected.

### Total Tax Rate 2018

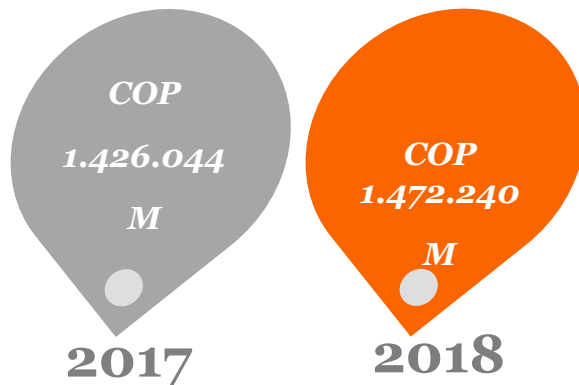


Fuente: PwC

Enel's **Total Tax Contribution rate** for 2018 is **43%**. In other words, taxes borne account for 43% of total income before all taxes borne for the purposes of the Total Tax Contribution.

## 1.Executive summary

### Trend in TTC 2017-2018

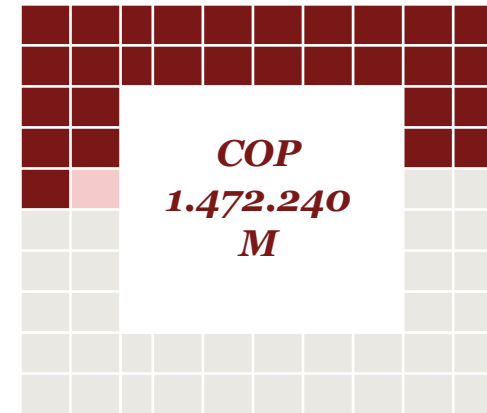


Fuente: PwC

Enel Companies' **Tax Contribution** in Colombia has increased in 2018, by **3%** with respect to 2017.

This trend is attributable, to an increase of **3% in taxes borne** in relation to the previous year, due primarily to the amount of **profit taxes**, and a **6% increase in taxes collected** of which a major part corresponds to employment taxes.

### Total amount of payments made to



Fuente: PwC

**Payments made by Enel in Colombia to Public Administrations** in 2018 amounted to a **total of 1,472,240 Million Colombian Pesos.**

A photograph of a modern building with a large, curved glass facade and a light-colored stone or concrete upper section. The building is viewed from a low angle, emphasizing its height and architectural details. A dark red rectangular overlay is positioned on the left side of the image, containing the section header text.

## *2. Background and purpose of this report*



***"Explaining clearly the value of Enel's tax contribution is a priority for the Company from the transparency and Corporate Social Responsibility perspectives"***

## ***2. Background and purpose of this report***

### **Purpose and scope of the report**

The purpose of this report is to obtain and analyse the Total Tax Contribution data of Group Enel in Colombia within the fiscal year 2018.

The data for 2018, and the analyses of contribution profiles and certain indicators will be compared with the equivalent data for 2017, 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, the updated version of which was published on 19 June 2018, 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.

In line with the above mentioned, Enel decided to publish breakdowns of its main tax payments in the countries in which it is present. This shows the importance the Group attaches to tax matters and the extent of its commitment to its main stakeholders.

The information offered in this report makes it possible to identify, measure and communicate the business asset which is Enel's tax contribution, so that it can have an effective impact on its reputational value, given the value it generates and passes on to society.

In relation to it, this report aims to adopt a broader approach towards the concept of Corporate Social Responsibility, highlighting the value of the social function deriving from Enel's tax contribution.

The way in which the tax information provided in this report is set out 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.

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



## 2. Background and purpose of this report

In relation to the above, this report is based on the tax contribution figures provided from December 17 of 2018 until the March 8, 2019. Our fieldwork was concluded on March 8, 2019, and there could be significant events that have taken place since this date, which would not be reflected in this report.



### TTC Methodology

The Total Tax Contribution (hereinafter TTC) methodology measures the total impact of the payment of taxes by a company. This valuation takes into account the total contribution of taxes paid to different Administrations, either directly or indirectly, as a result of Enel's economic activity.

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

- 1. It distinguishes between those taxes that constitute a cost for Enel and those taxes that it collects.**

**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.

**Taxes collected** are those that have been paid in because of Enel's economic activity but which, apart from the related management expenses, imply no cost for the Company.

These are nevertheless amounts which are paid into the public purse as a result of Enel's economic activity and should therefore be taken into consideration when analysing its tax contribution. Taxes withheld on the earned income paid to workers are one example of what we refer to as a tax collected. They constitute tax revenues obtained by the Administration thanks to the economic value generated by Enel.

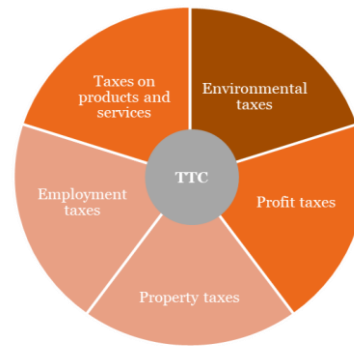
## 2. Background and purpose of this report

In this respect, the TTC methodology is consistent with 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 others ("Legal Remittance Responsibility"), as reflected in working paper no. 32. "Legal tax liability, remittance responsibility and tax incidence".<sup>(1)</sup>

### 2. Since taxes are known by different names in different countries, taxes borne and taxes collected have been grouped into 5 main categories:

**(i) Profit Taxes:** This includes taxes borne on the income obtained by companies, such as corporate income tax, Industry and trade tax <sup>(2)</sup> 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.



Fuente: PwC

**(iii) Employment Taxes:** Taxes linked to employment comprise both taxes borne and those collected, including personal income tax withholdings on payments to employees and the social security contributions payable by both the employee and the company.

**(iv) Taxes on products and services:** These are indirect taxes levied on the production and consumption of goods and services, including VAT, customs duties, etc.

**(v) Environmental taxes:** Taxes levied on the supply, use or consumption of products and services which are considered to have an environmental impact.

The classing of taxes as environmental is based on the definition agreed upon for the purposes of the harmonized statistical framework developed jointly, in 1997, by Eurostat, the European Commission, the Organization for Economic Cooperation and Development (OECD), and the International Energy Agency (IEA), according to which environmental taxes "are taxes whose base is a physical unit (or a proxy of a physical unit) of something that has a proven, specific, negative impact on the environment. All taxes on energy and transport are included and all value-added-type taxes are excluded". <sup>(3)</sup>

1. <http://www.oecd-ilibrary.org/docserver/download/e7ced3ea-en.pdf?expires=1518608619&id=id&accname=guest&checksum=F8B98F3CB2D74B6C44A7DB049DF7A63B>

2. Industry and Trade Tax is levied upon the gross income and not the profits.

3. <https://stats.oecd.org/glossary/detail.asp?ID=6437>



## 2. Background and purpose of this report

### 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.

This is indeed the conclusion reached in the Mirrlees Report <sup>(4)</sup>, 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 2018, 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) El Paso Solar SA ESP, (v) Enel X Colombia SAS, (vi) Fundación Enel Colombia, (vii) Sociedad Portuaria Central Cartagena SA y (viii) Inversora Codensa SAS.

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.

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4. The Mirrlees report, commissioned by the United Kingdom's IFS, was published in 2011 following a four-year study under the title "Tax by Design, The Mirrlees Review".  
<http://www.ifs.org.uk/mirrleesReview/design>

## 2. Background and purpose of this report

### 5. 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 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 was related with a VAT taxable transactions.

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”), the input VAT will be considered as a cost.

- **Exclusion 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, can also be not subject to 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 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.



An aerial photograph of a large, paved public square. The square is divided into sections by wide, light-colored stone tiles. Several groups of people are scattered throughout the square, some walking, some standing, and some taking photos. A prominent feature is a series of wide, curved stone steps that lead up from the square towards the right side of the frame. A tall, green lamppost stands near the steps. In the bottom right corner, there is a small, dark rectangular box containing white text. A large, semi-transparent red rectangle is overlaid on the left side of the image, containing the title text in white.

### *3. TTC of Enel in 2018*

3. TTC of Enel in 2018

TTC of Enel Group in 2018			
2018 Country Report			
Country	Colombia		31/12/2018
Economic data		Amount (local currency)	
Revenues		8.780.213.162.912	
Wages and salaries		241.798.409.000	
Average number of employees		2.097	
Income before tax		2.523.201.674.734	
Income before tax borne		2.950.637.999.658	
Total taxes borne		1.278.467.844.047	
Total taxes collected		193.771.762.277	
Total Tax Contribution		1.472.239.606.324	
TTC indicators		Percentage	
TTC ratio		43%	
TTC in relation to revenues		17%	
Taxes borne in relation to revenues		15%	
Taxes collected in relation to revenues		2%	
Tax value distributed to society		39%	
Wages and salaries per employee		115.306.824	
Taxes paid per employee		38.183.480	
2.018		2018	
local currency		local currency	
Taxes borne		Taxes collected	
Profit taxes		Income taxes	
Corporate income tax		58.695.846.615	
Industry and Trade Tax		Withholdings on payments to Income Tax	
		53.956.789.615	
		Withholdings on payments for Industry and Trade Tax	
		4.739.057.000	
Property Taxes		Property Taxes	
Real Estate Tax		Revenues from property investments	
Equity Tax			
Vehicle Tax			
Employment Taxes		Employment Taxes	
Employer's social security contribution		34.747.161.818	
		Withholdings on earned income	
		17.213.373.000	
		Employee social security contributions	
		17.533.788.818	
Taxes on products and services		Taxes on products and services	
Non-deductible VAT/IGIC		62.805.639.390	
Tax on Financial Transactions		VAT (Net position)	
Excise duty		62.805.639.390	
Customs Duty			
Other Charges			
Environmental Taxes		Environmental taxes	
Taxes on electricity		37.523.114.454	
Other taxes		37.523.114.454	
TOTAL		TOTAL	
1.278.467.844.047		193.771.762.277	
Total Tax Contribution in Colombia		1.472.239.606.324	
Other regulatory payments			
0			
Total payments to Public Authorities		1.472.239.606.324	
Total taxes borne / Income before taxes borne			
Total Tax Contribution / Revenue			
Taxes borne / Revenue			
Taxes collected / Revenue			
Tax borne and collected /Total value distributed (regarded as the sum of: income after tax or shareholder value, wages and salaries, net interest, taxes borne and taxes collected)			
Wages and salaries / Number of employees			
Total taxes linked to employment (borne and collected) / Average number of employees			

Note: The figures presented have been subject to rounding



### 3. TTC of Enel in 2018

#### Analysis of the total tax contribution in 2018

CTT COP 1.472.240 M	
Borne	
• COP 1.278.468 M	
Collected	
• COP 193.772 M	

Enel's Total Tax Contribution in Colombia amounted to **1.472.240 Million Colombian Pesos in 2018**.

Out of this, 87% corresponds to taxes borne which represent a cost for the group and the remaining 13% corresponds to taxes collected by the group owing to the pursuit of its economic activity.

Source: PwC

#### Trend in total tax contribution

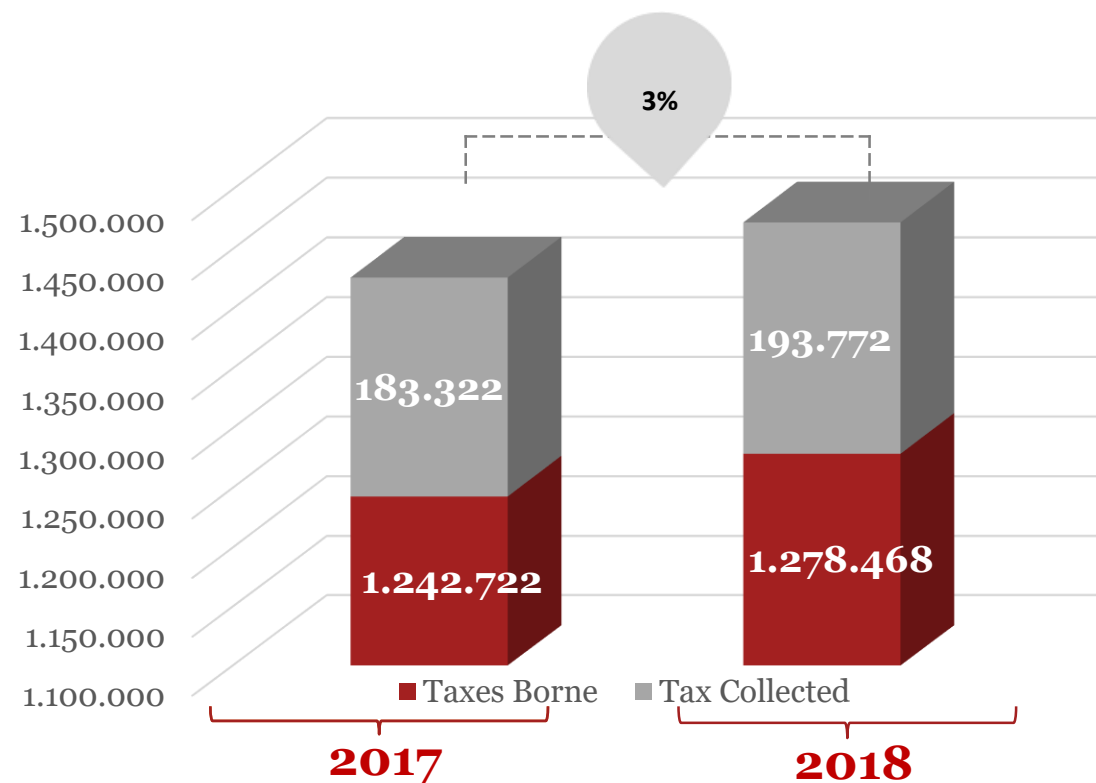
The amounts taken into account for this analysis, includes both the taxes borne and collected in Colombia by Enel in the years 2017 and 2018.

The increase in Enel's tax contribution in 2018 in relation to 2017 is explained primarily by:

- The growth in **Taxes borne** by 3% is **primarily due to profit taxes**, which was slightly neutralized by the decrease in the **Property Taxes**, taking into account that the net wealth tax was no longer in force in Colombia in 2018.

- The increase of **6% in taxes collected**, which is explained in the following subsection of this section, is primarily due to the increase in payment on **employment taxes**.

#### Evolution of Enel's Total Tax Contribution



Source: PwC

### 3. TTC of Enel in 2018

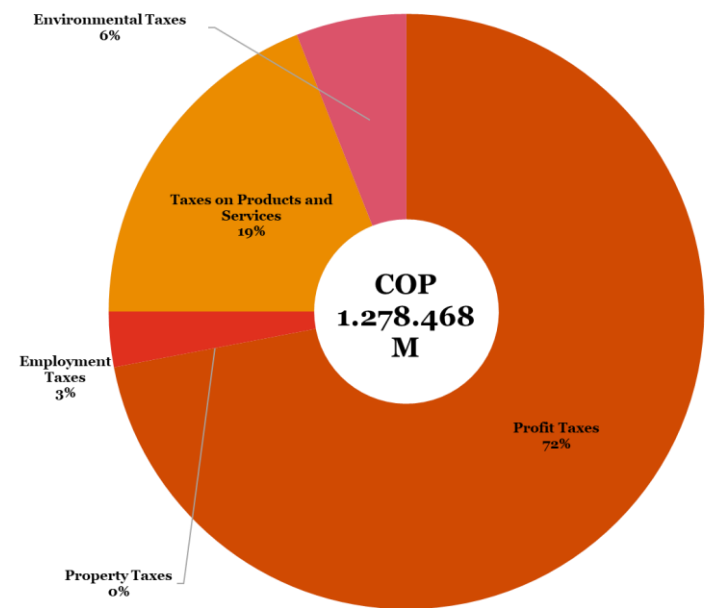
## Analysis of taxes borne in 2018

### Profile of taxes borne

As shown above, taxes borne by Enel in 2018 amounted to 1.278.468 Million Colombian Pesos.

**Profit taxes** amounting to **914.746 Million Colombian Pesos** represent almost **72% of total taxes borne**.

### Types of taxes borne by Enel in 2018



Source: PwC

Profit Taxes in Million Colombian Pesos		
Income Tax	93%	850.802
Industry and Trade Tax (ITT)	7%	63.944
Total	100%	914.746



The main profit tax is the **Income Tax**, the cost of which amounted to **850.802 Million Colombian Pesos** in 2018.



On the other hand, the **taxes on products and services**, which account for approximately **19%** of total taxes borne by Enel and consist primarily of VAT amounting to **169.358 Million Colombian Pesos** in 2018.



**Environmental Taxes** account for **6%** of Enel's total tax contribution, this amount comprises contributions amounting to **74.851 Million Colombian Pesos**.



**Employment Taxes** account for **3%** of Enel's total tax contribution insofar as relates to taxes borne during the year. This amount comprises contributions amounting to **45.324 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 1%** of the total tax payments made by the Company corresponding to taxes borne and amount to **5.479 Million Colombian Pesos**.



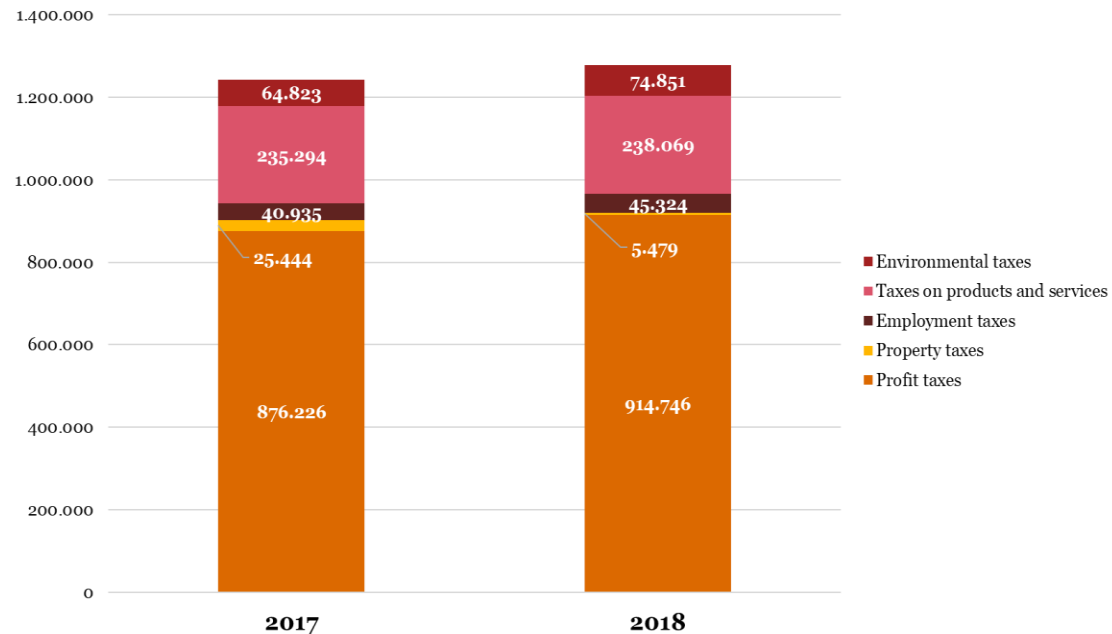
### 3. CTT de Endesa en el ejercicio 2018

## Analysis of taxes borne in 2018

### Trend in taxes borne

#### Evolution of taxes borne by Enel

Million Colombian Pesos



The main factor that gave way to the increase in contribution was the **profit taxes**, which raised by **38.519 Million Colombian Pesos** 4% in relation to 2017.

**Environmental taxes** increased a 15%, which amounts to **10.028 Million Colombian Pesos**.

The **employment taxes** have increased an 11%, that amounts to **4.389 Million Colombian Pesos**.

**The taxes on products and services** have increased a 1% that amount to **2.775 Million Colombian Pesos**.

Finally, **property taxes** decreased by 78%, because of the elimination of the net wealth tax since 2018, which amounted to **20.328 Million Colombian Pesos**.

### 3. TTC of Enel in 2018

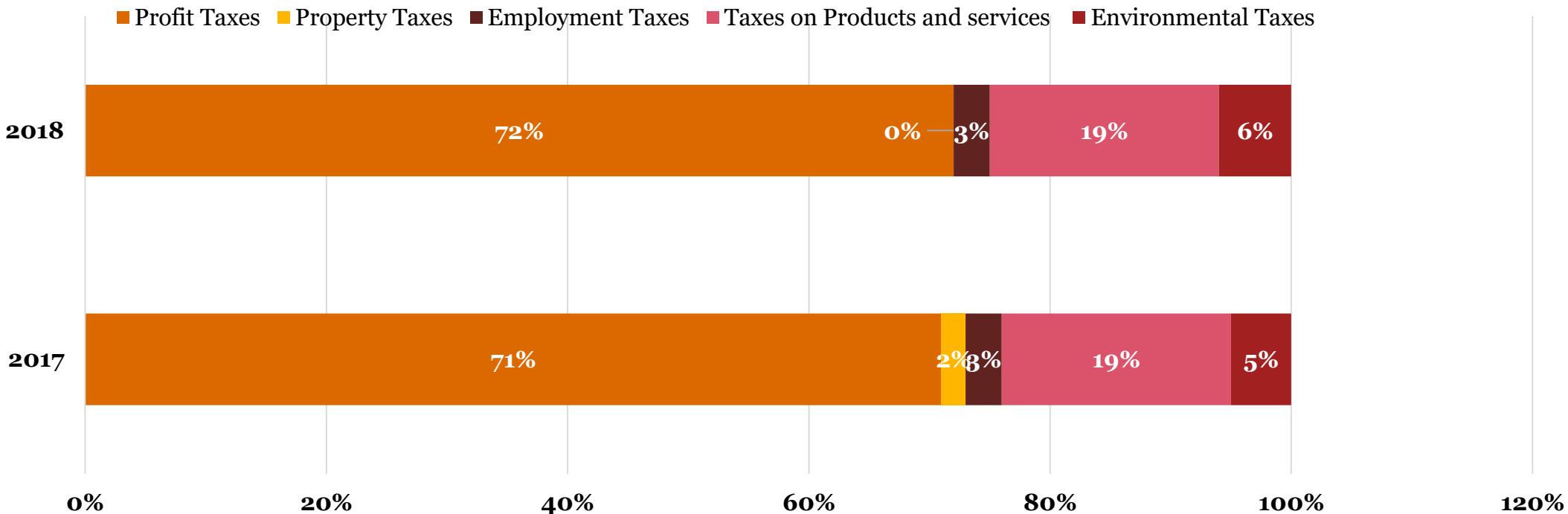
#### Analysis of taxes borne in 2018

#### Evolution of the profile of taxes borne by Enel

Regarding the evolution in the profile of taxes borne, a decrease in the **property taxes** of approximately 2% can be seen. To the contrary, the **profit taxes** raised 1% in relation to the profile of 2017.

In relation to the prior year, the payments for **property taxes** decreased as a consequence of the removal of the net wealth tax in 2018.

In conclusion, the main variation is given by the **profit taxes** (1%) associated with the increase in profit in 2018 in relation to 2017. The same happened **with the taxes on products and services** that increased in the same proportion as the profit taxes.



Source: PwC



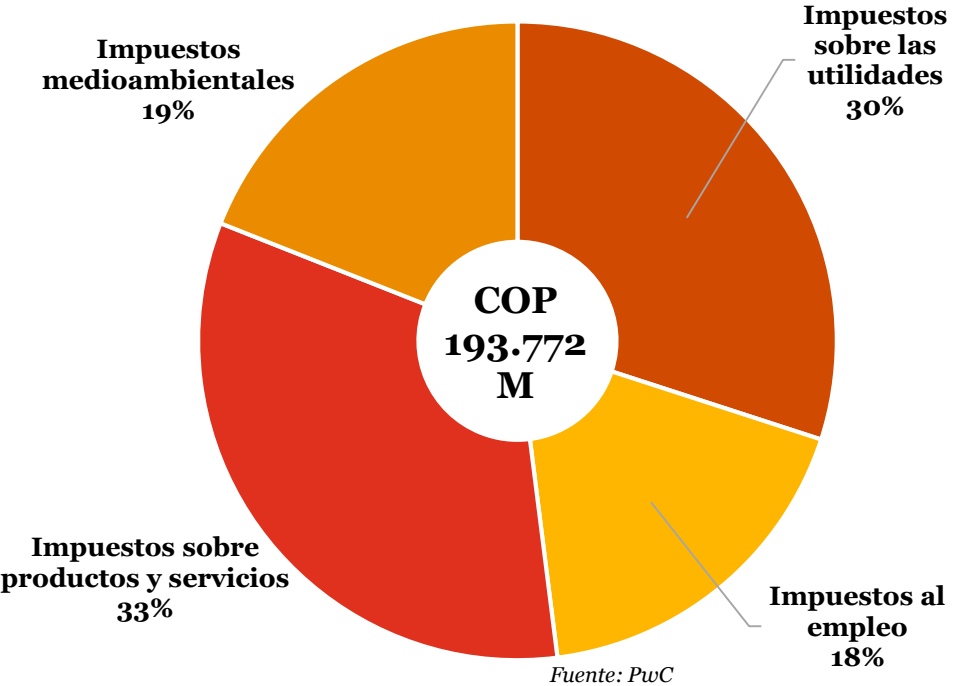
### 3. TTC of Enel in 2018

#### Analysis of taxes collected in 2018

##### Profile of taxes collected

Taxes collected in the year amounted to a total of **193.772 Million Colombian Pesos**, their profile being as shown below:

##### Types of taxes collected by Enel in 2018



##### Taxes on Products and Services in Million Colombian Pesos

VAT Net position and VAT withholdings	100%	62.806
Total	100%	62.806



As can be seen from the above chart, the most important of the taxes collected by the Company during 2018 are the **taxes on products and services**, which account for **33%** of total taxes collected, amounting to **62.806 Million Colombian Pesos**.



**Profit Taxes** account for **30%** of total taxes collected .



**Environmental taxes** also feature prominently, accounting for **19%** of total taxes collected in 2018.



On the other hand, it should be noted that **employment taxes** account for **18%** 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 2017 and 2018, we can note the increase of **6% in taxes collected**.

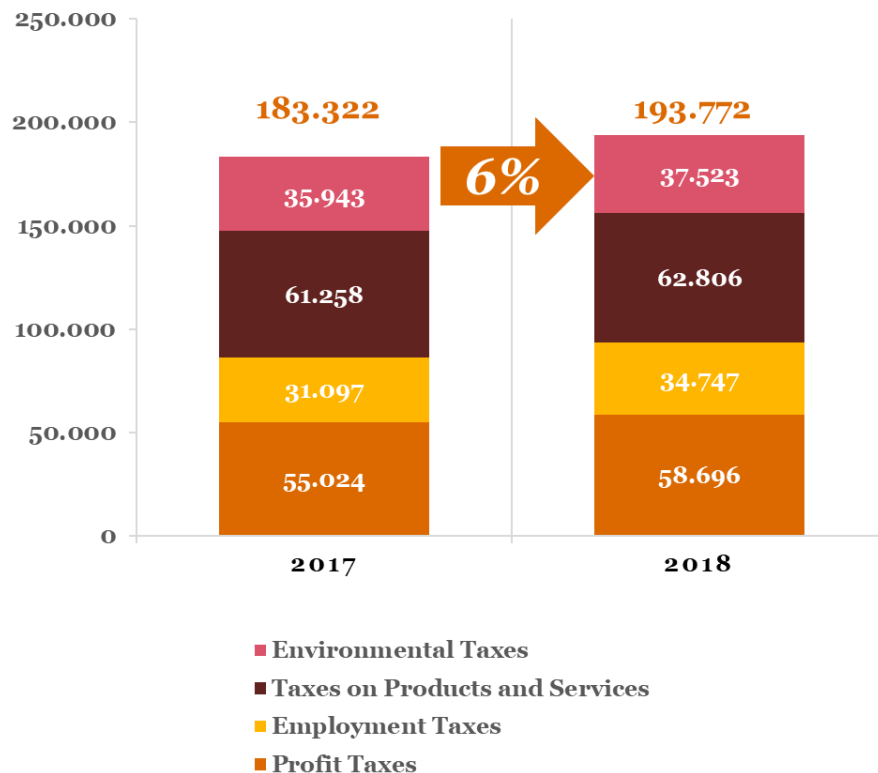
### 3. TTC of Enel in 2018

## Analysis of taxes collected in 2018

### Trend in taxes collected

Taxes collected during 2018 have risen in absolute terms by 10.449 Million Colombian Pesos. This represents an **increase of 6%**, with respect to 2017.

### Evolution of taxes collected by Enel in 2018



As can be seen from the above chart, the **profit taxes in 2018** have a higher payment by a 7% which amounts to **3.672 Million Colombian Pesos** in comparison to 2017.

Likewise, **employment taxes, environmental taxes and taxes on products and services** increased in comparison with what was collected in the previous year, specifically in a 12%, that amounted to 3.650 Million Colombian pesos, a 4%, which amounted to 1.580 Million Colombian Pesos and 3%, that amounted to 1.547 Million Colombian Pesos, respectively.



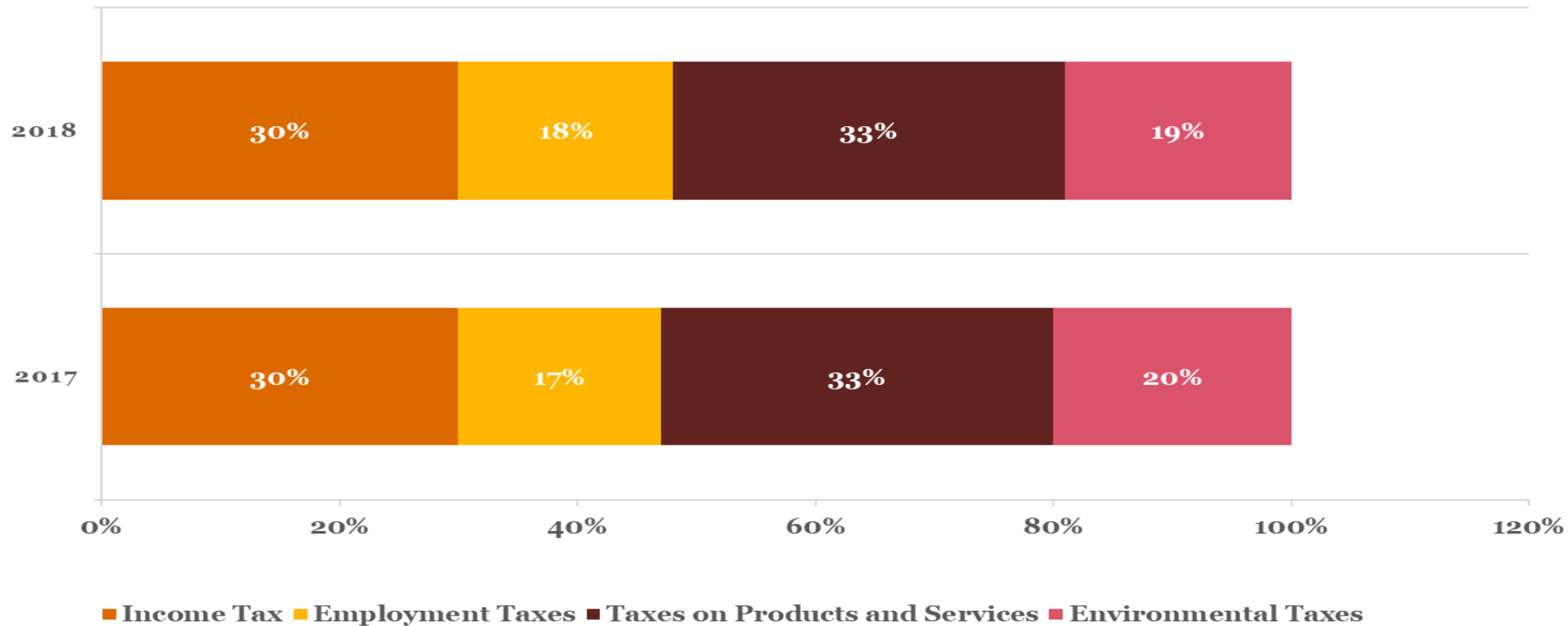


### 3. TTC of Enel in 2018

#### Analysis of taxes collected in 2018

##### Evolution of the profile of taxes collected by Enel

The trend within the profile of taxes collected in 2018 shows an increase of 1% in the **employment taxes** regarding all the other tax categories in 2017, while **the environmental taxes** decreased in 1% and the **profit taxes** and **taxes on products and services** were constant with a 30% and 33% respectively in relation to 2017.



Fuente: PwC

### 3. TTC of Enel in 2018

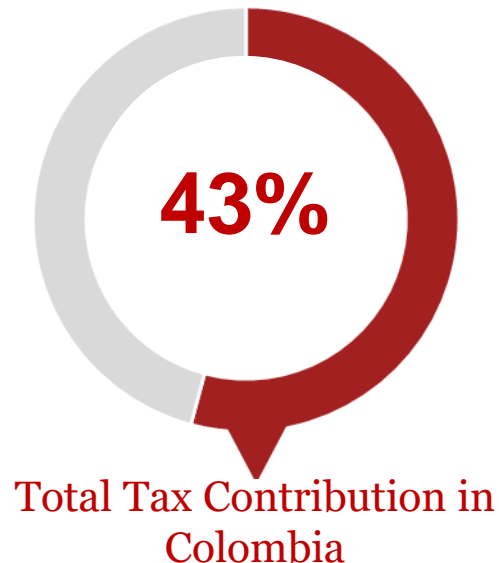
#### TTC Indicators

##### Total Tax Rate

The total tax rate is an indicator of the cost represented by taxes borne in relation to profit obtained.

The total tax contribution rate is calculated as the percentage of taxes borne with respect to profit before such taxes, based on the consolidated figures for Enel's activity at a local level.

This is the rate used in the *Paying taxes* study carried out annually by the World Bank and PwC in order to measure the competitiveness of the tax systems of 189 countries, based on the PwC Total Tax Contribution methodology. According to the results of the 2018 *Paying Taxes* report, the rate for Colombia amounted to 43%.



Fuente: PwC

*“In 2018, taxes borne which represent a direct cost for Enel account to a 43% of the profit before all taxes borne”*



### 3. TTC of Enel in 2018

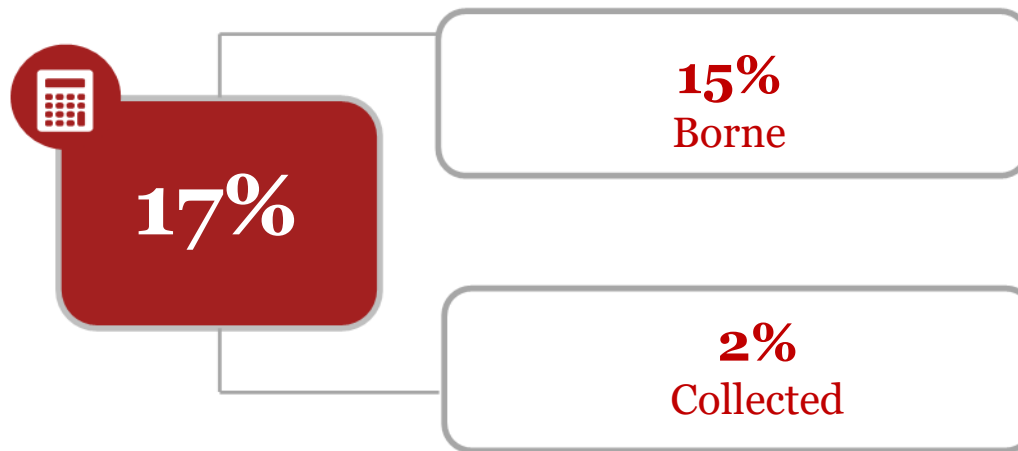
#### TTC Indicators

##### TTC with respect to turnover

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 17% for 2018. In other words, for every 100 Colombian Pesos of the Company's turnover, 17 Colombian Pesos are used to pay taxes, of which 15 Colombian Pesos are taxes borne and 2 Colombian Pesos are taxes collected.

##### Comparison between Taxes Borne and Taxes Collected with respect to turnover.



Fuente: PwC

***“Enel pays 17 Colombian Pesos in taxes for every 100 Colombian Pesos of net revenues, of which 15 Colombian Pesos represent a direct cost for the group”***

### 3. TTC of Enel in 2018

#### TTC Indicators

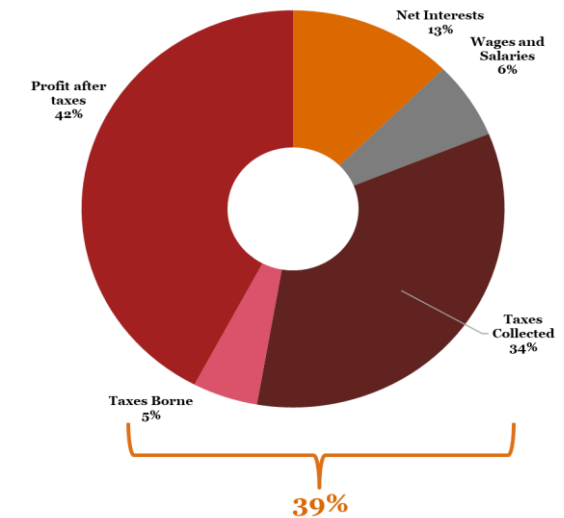
##### Tax value distributed to society

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.

Item	Amount in Million Colombian Pesos	%
Net interest	479.371	13%
Wages and salaries	241.798	6%
Taxes borne	1.278.468	34%
Taxes collected	193.772	5%
Income after taxes	1.615.276	42%
<b>Total</b>	<b>3.808.685</b>	<b>100%</b>



Fuente: PwC

##### Tax value distributed by Enel in 2018

In 2018, the total distributed value amounted to 3.808.685 Million Colombian Pesos, of which 1.472.240 Million Colombian Pesos were paid to the different public administrations in the form of taxes borne and collected.

As can be seen from the chart, 39% of the value generated by Enel benefits society through the payment of taxes borne and collected in Colombia.

Fuente: PwC

*“In 2018, 39% of the value generated by Enel was used to pay taxes borne and collected”*

*"Employment taxes borne and collected have remained constant over the period, in line with the figures for wages and salaries and the number of employees"*

### 3. TTC of Enel in 2018

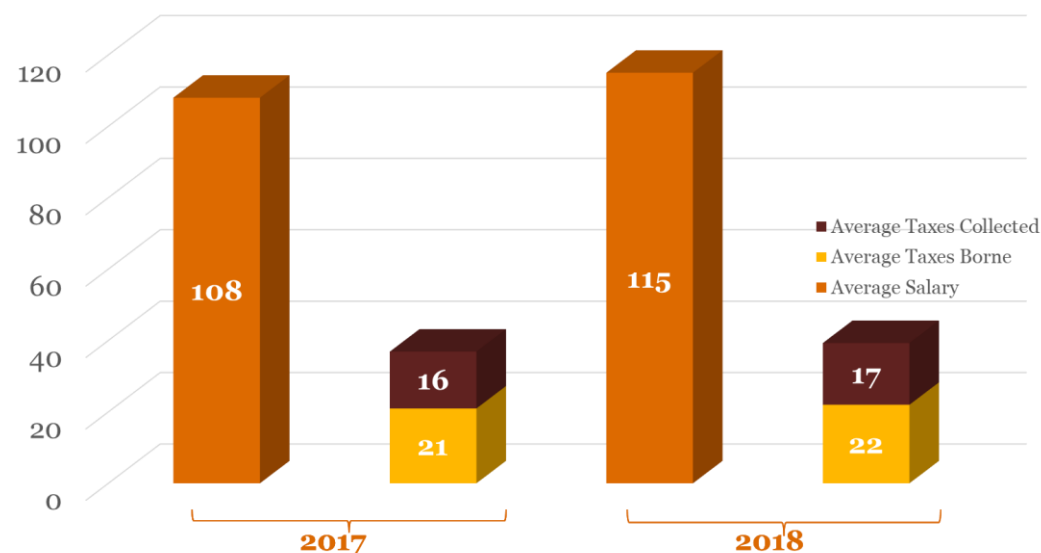
#### TTC Indicators

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

Taxes paid in respect of wages and salaries per employee are 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 number of employees.

##### Trend in average salary and average taxes linked to employment in Enel (Million Colombian Pesos)



In 2018, Enel paid in employment taxes of **39 Million Colombian Pesos** per employee. **17 Million Colombian Pesos** correspond to taxes collected on payments to employees and **22 Million Colombian Pesos** to taxes borne by Enel.

The average salary paid by Enel in Colombia amounted to **115 Million Colombian Pesos**. **Employment taxes** borne and collected by it in 2018 represented **33% of the average salary** paid by the Group in Colombia.

Fuente: PwC



An aerial photograph of a modern urban plaza. On the right, a multi-story glass building with a curved facade is visible. A tall, white, cylindrical column stands prominently in the center-right. The plaza is paved with light-colored tiles and has several people walking. A large, leafy tree is on the left side. A semi-transparent dark red rectangle is overlaid on the left side of the image, containing the text '4. Comparative indicators' in white.

## *4. Comparative indicators*



## 4. Comparative indicators

### Corporate Income Tax Effective rate

The benchmarks considered for the purposes of comparison is the Corporate Income Tax effective rate with regards to group of 12 <sup>(5)</sup> entities from the “Electric Energy” sector regulated by the Commission of Regulation of Energy and Gas (CREG) in Colombia <sup>(6)</sup>, during 2017.

On the one hand, we will analyze the effective tax rate ("ETR") and the factors affecting the difference between this rate and the nominal rate.

Our methodology is based on the information publicly available; tax expense data is information which is published by companies in their consolidated annual accounts and this enables us to perform comparative analyses such as that contained in this section. <sup>(7)</sup>

It must be taken into account that in Colombia, even though this information is published by the companies in their consolidated annual accounts, not all companies publish that information unbundled.



5. Companies with public information about the financial statements of the corresponding notes

6. According to CREG Document - 105 of November 23 of 2018 had as a base to liquidate the contribution in the year 2018, operating expenses superior to \$ 10,000 million Colombian pesos.

7. Methodology described in appendix V.

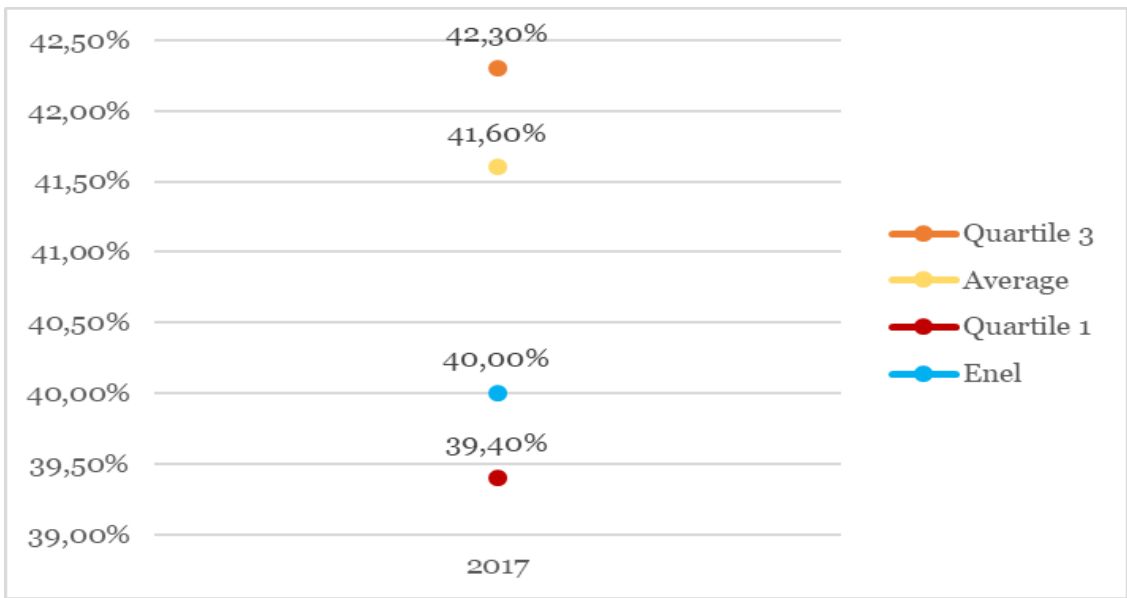
## 4. Comparative indicators

### 1. Comparison of the ETR of Enel with that of the companies of the electric sector.

In relation to the effective tax rate (ETR), calculated as the ratio of **Corporate Income Tax expense and the benefit of income before taxes**, the attached chart compares the effective tax rate of Enel with the average effective tax rate of the selected companies.

As a criteria it was considered that such companies are part of the electricity sector and that its results in 2017 were similar.

Comparison of Enel Group with other entities of the electric sector in Colombia



The above chart shows that the average effective tax rate of the selected companies of the “Electricity Energy” sector in Colombia for 2017 amounts to 41,6, which is 1,6% higher than the ETR of Enel in such period, that amounted to 40,0%

We have not conducted benchmarking for 2018. In accordance with the TTC report methodology, only publicly available data were used to analyse the effective tax rate of companies comparable to Enel Colombia. In accordance with the Colombian accounting standards, national companies did not had their financial statement of fiscal 2018 finished, when this report was issued. Colombian entities have until March 31st of each year to issue their financial statements.

*“The average Effective Tax Rate of Enel in Colombia in the period 2017 amounted to 40%, being slightly lower than the average ETR of the companies in the energy sector in the period, which amounts to 41.6%”*

Fuente: PwC



## 4. Comparative indicators

### 2. Reconciliation between the nominal rate and the effective tax rate of Enel in comparison with the other companies of the “Electricity Energy” sector in Colombia.

In relation to the difference between the nominal rate in 2017 (40%) and the effective tax rate (40% for Enel and 41,6% for the average of the companies of the “Electricity Energy” sector in Colombia), indicated below are the factors affecting the ETR of both Enel and the mentioned companies.

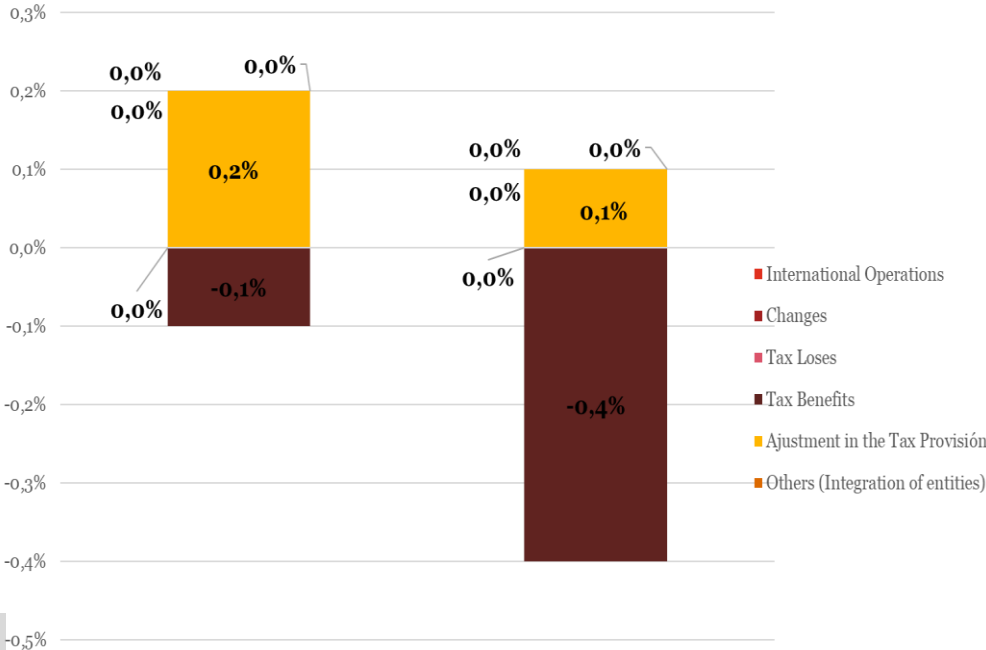
The following chart shows the factors that are favourable to a reduction of the nominal rate (those with a negative impact are situated below 0%), and those that have an unfavourable impact (positive impact, above 0%).

These factors are grouped into six general categories, based on the descriptions provided by the companies in the reconciliation between book result and tax expense contained in the consolidated annual accounts

As we can see, the factor with the greatest impact on Enel's nominal tax rate is the "Tax Benefits" category, which includes the deduction of productive fixed assets, generated in the Construction of the El Quimbo Hydroelectric Power Plant and the greater tax depreciation from tax to accounting by the application of depreciation, which is deducted at the nominal rate of the current year but its deferred tax effect is lower, given that its recoverability in later years is at a lower corporate income tax rate. These two are similar in the impact of the permanent differences, allowing an effective rate similar to the nominal rate in Enel, generating a decrease in the tax basis.

In relation to the companies in the "Electricity Energy" sector, the most influential element that impacts on the reduction of the ETR is "Tax Benefits" category, mainly related to tax credits and exempt income. It also highlights the impact of "Adjustments in the Tax Provision", which represents a increase of 0,2% in the average effective rate of companies in the sector, represented by items that according to Colombian tax regulations are limited.

Factors affecting the nominal tax rate



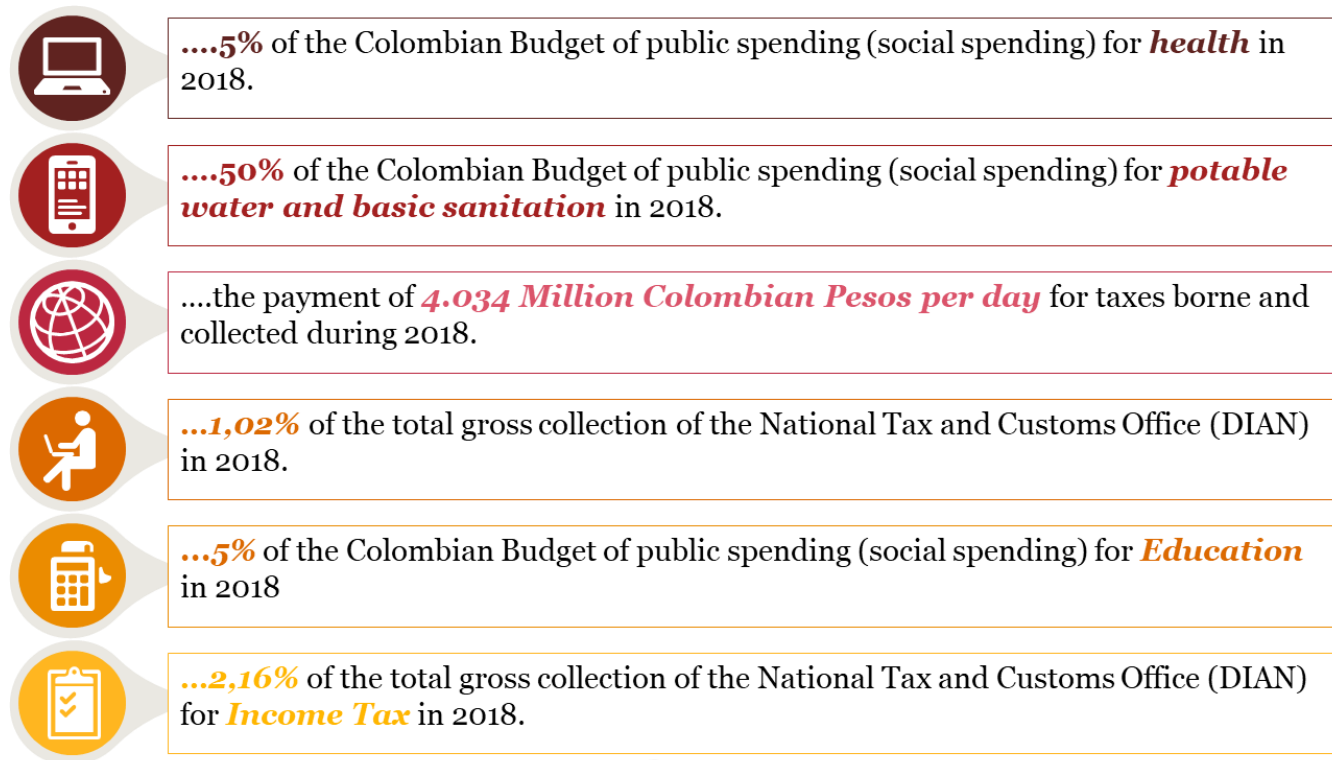
Fuente: PwC

## 4. Comparative indicators

### Enel's tax contribution in economic and social terms

For a better understanding of the size of Enel's contribution to society in 2018, we compare below its tax contribution to certain social variables and macroeconomic figures.

*Enel's total tax contribution in 2018 amounted to 1.472.240 Million Colombian Pesos, which is equivalent to...*



Fuentes:  
Presupuesto General de la Nación-Ministerio de Hacienda y Crédito Público  
Estadística de Recaudo Mensual - DIAN



## *5. Other payments made to Public Administrations*



## 6. 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 2018 the payments made for this concept amounted to 74.524 Million Colombian Pesos**
- ii. **Contribution to the Commission of Regulation of Energy and Gas- CREG and to the Superintendence of Domiciliary Public Services- SSPD:** In order to recover the costs of the regulatory service provided by the CREG as well as those of control and surveillance provided by the Superintendence, the companies regulated and supervised by said entities will have to pay a contribution to each of these entities. This contribution must not exceed a 1% of the company's expenses associated with the regulated services. **During 2018, Enel has paid 4.431 Million Colombian Pesos as a contribution for this concept.**
- iii. **Contribution to the Support Fund to the Energization of the Non-Interconnected Zones (FAZNI):** The purpose of the FAZNI, is to finance the plans, programs and projects of investments in energy infrastructure in the non-interconnected zones (ZNI) proposed by the territorial entities. In this sense, the companies that provide electric energy services must pay a contribution to the mentioned fund. **In 2018, the payments for this amounted to 24.126 Million Colombian Pesos**

A photograph of a modern glass-walled building. The glass reflects the surrounding city and sky. Inside the building, several people are visible: one person on a higher floor looking out, and a group of people on a lower floor gathered around a table, possibly in a meeting or collaborative workspace. The scene is brightly lit, suggesting daytime.

## *6. Appendices*

<b>Total payment to Public Administration Summary Enel 2018 Values in Million Colombian Pesos</b>	
<b>Colombia</b>	<b>COP</b>
Taxes Borne	1.278.468
Taxes Collected	193.772
<b>Total Tax Contribution - TTC</b>	<b>1.472.240</b>
<b>TOTAL OF PAYMENT MADE TO PUBLIC ADMINISTRATIONS</b>	<b>1.472.240</b>



Appendix II: Enel TTC Report 2017

TTC of Enel Group in 2017			
2017 Country Report			
Country	Colombia		31/12/2017
Economic data		Amount (colombian peso)	
Revenues		7.968.160.309.000	
Wages and salaries		211.702.030.000	
Average number of employees		1953	
Income before tax		2.485.516.433.000	
Income before tax borne		2.910.009.936.990	
Total taxes borne		1.242.721.984.698	
Total taxes collected		183.322.374.257	
Total Tax Contribution		1.426.044.358.955	
TTC indicators		Percentage	
TTC ratio		43%	
TTC in relation to revenues		17,90%	
Taxes borne in relation to revenues		15,60%	
Taxes collected in relation to revenues		2,30%	
Tax value distributed to society		39%	
Wages and salaries per employee		108.398.377	
Taxes paid per employee		36.882.879	
Taxes borne		Taxes collected	
2017		2017	
Colombian Peso		Colombian Peso	
Profit taxes		Income taxes	
Corporate income tax	876.226.369.113	Withholdings on payments for Income Tax	55.023.481.360
Industry and Trade Tax	818.173.122.764	Withholdings on payments for Industry and Trade Tax	50.747.772.360
	58.053.246.349		4.275.709.000
Property Taxes		Property Taxes	
Real Estate Tax	25.444.030.954	Revenues from property investments	-
Equity Tax	5.041.527.640		
Vehicle Tax	20.327.629.000		
	74.874.314		
Employment Taxes		Employment Taxes	
Employer's social security contribution	40.934.875.108	Withholdings on earned income	31.097.386.676
	40.934.875.108	Employee social security contributions	15.170.980.000
			15.926.406.676
Taxes on products and services		Taxes on products and services	
Non-deductible VAT/IGIC	235.293.999.962	VAT (Net position)	61.258.433.686
Tax on Financial Transactions	152.146.320.884		61.258.433.686
Excise duty	31.930.563.853		
Customs Duty	53.412.703		
Other Charges	13.887.026.293		
	37.276.676.229		
Environmental Taxes		Environmental taxes	
Taxes on electricity	64.822.709.561	Taxes on electricity	35.943.072.536
Other taxes	531.038.308		35.943.072.536
	64.291.671.253		
TOTAL		TOTAL	
	1.242.721.984.698		183.322.374.257
Total Tax Contribution in Colombia			
1.426.044.358.955			
Other regulatory payments			
-			
Total payments to Public Authorities			
1.426.044.358.955			

1 Total taxes borne / Income before taxes borne

2 Total Tax Contribution / Revenue

2<sup>a</sup> Taxes borne / Revenue

2<sup>a</sup> Taxes collected / Revenue

3 Tax borne and collected /Total value distributed (regarded as the sum of: income after tax or shareholder value, wages and salaries, net interest, taxes borne and taxes collected)

4 Wages and salaries / Number of employees

5 Total taxes linked to employment (borne and collected) / Average number of employees

## Appendix III: List of taxes

No.	TYPE TAXES	NATIONAL TAXES	TAXES AUTONOMOUS	LOCAL TAXES	TAXES BORNE	TAXES COLLECTED	SCOPE
<b>PROFIT TAXES</b>							
1	Impuesto de renta y complementarios	X			X		X
2	Impuesto de industria y comercio	X			X		X
3	Retención en la fuente - Renta terceros	X				X	X
4	Retención Impuesto de industria y comercio			X		X	X
<b>PROPERTY TAXES</b>							
5	Impuesto de vehiculos			X	X		X
6	Impuesto predial			X	X		X
7	Impuesto a la riqueza	X			X		X
<b>EMPLOYMENT TAXES</b>							
8	Parafiscales (Empleador)		X		X		X
9	Parafiscales (Empleado)		X			X	X
10	Seguridad Social (Empleador)		X		X		X
11	Seguridad Social (Empleado)		X			X	X
12	Retención en la fuente - Renta empleados		X			X	X
<b>TAXES ON PRODUCTS &amp; SERVICES</b>							
13	Iva mayor valor costo o inversion	X			X		X
14	Gravamen a los movimientos financieros	X			X		X
15	Estampillas			X	X		X
16	Arancel	X			X		X
17	Impuesto al consumo	X			X		X
18	Impuesto sobre las ventas neto	X			X		X
19	Retención en la fuente - IVA terceros	X				X	X
20	Contribución a la CREG y Superintendencia de Servicios		X		X		X
21	Fazni		X		X		X
<b>ENVIRONMENTAL TAXES</b>							
22				X	X		X
23			X		X		X

## Appendix IV: List of the selected companies of the electric sector

No.	Company	Sector	Profit before taxes	Tax	ETR
1	GRUPO ENEL	ENERGY	2.485.516	994.311	40,0%
2	EMPRESA DE ENERGÍA DEL QUINDIO S.A. ESP	ENERGY	41.976	17.155	40,9%
3	EMPRESA DE ENERGÍA DEL PACÍFICO S.A. ESP	ENERGY	378.444	168.233	44,5%
4	TRANSELCA S.A. ESP	ENERGY	146.214	38.236	26,2%
5	ISAGEN S.A. ESP	ENERGY	550.746	197.739	35,9%
6	AES CHIVOR & CÍA SCA ESP	ENERGY	431.360	176.368	40,9%
7	ELECTRIFICADORA DE SANTANDER S.A. ESP	ENERGY	159.618	63.864	40,0%
8	CENTRAL HIDROELECTRICA DE CALDAS S.A. ESP	ENERGY	131.696	53.834	40,9%
9	ELECTRIFICADORA DEL HUILA S.A. ESP	ENERGY	80.738	30.565	37,9%
10	CENTRALES ELÉCTRICAS DE NARIÑO S.A. ESP	ENERGY	44.723	27.677	61,9%
11	ELECTRIFICADORA DEL META S.A. ESP	ENERGY	76.585	31.912	41,7%
12	XM COMPAÑÍA DE EXPERTOS EN MERCADOS S.A. ESP	ENERGY	13.764	6.714	48,8%

## ***Appendix V: Methodology used in the comparative analysis of effective Corporate Income Tax rates***

The analysis has been based on the information publicly available from the selected companies, no direct contact having been made with any of them.

The effective rate of taxation for Corporate Income Tax purposes (ETR), has been calculated as the ratio of Corporate Income Tax expense to Income before Taxes, with both of these figures being obtained from the consolidated income statement for the year.

The average figure for 2017 has been used, as well as the upper and lower quartiles, to illustrate the findings:

- ***Adjusted arithmetical average***

Our findings in relation to the individual analyses of the companies are based on a statistical analysis of ETRs. In this type of analysis, there are generally elements that distort the average, such as non-recurring transactions or exceptional items, and these must be eliminated to draw reasonable conclusions from the sample studied.

- ***Quartiles***

The upper (75%) and lower (25%) quartiles are also calculated for the sample of companies, indicating the results obtained. This facilitates identification of the range of average results within which the majority of the companies are situated.