



# Price relief in Covid-19 pandemic: exercise about the impact on Colombia's inflation

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AUTHOR OR EDITOR Caicedo-García, Edgar Hernández-Ortega, Ramón Martínez-Cortés, Nicolás

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Publication Date: Thursday, 16 of September 2021 Abstract This document offers an exercise that quantifies on the Colombia CPI the maximum possible impact in accounting terms of some price reliefs decreed by the national government. This impact would not necessarily coincide with the official CPI figures, due to the presence of multiple factors that also affect these prices and some assumptions. Most of these reliefs will expire between August of 2020 and the end of 2022. The exercise involves approximations of the tax level of the consumer basket and assumes that the reliefs are fully transmitted to the CPI. On the other hand, this same methodology was applied to quantify the effect of “day without VAT” events. The results suggest that the reliefs sum a maximum effect close to 1,9% on the total CPI. On the other hand, we found that the influence of the day without VAT is small, under the assumption that DANE collects prices with high frequency in the month.