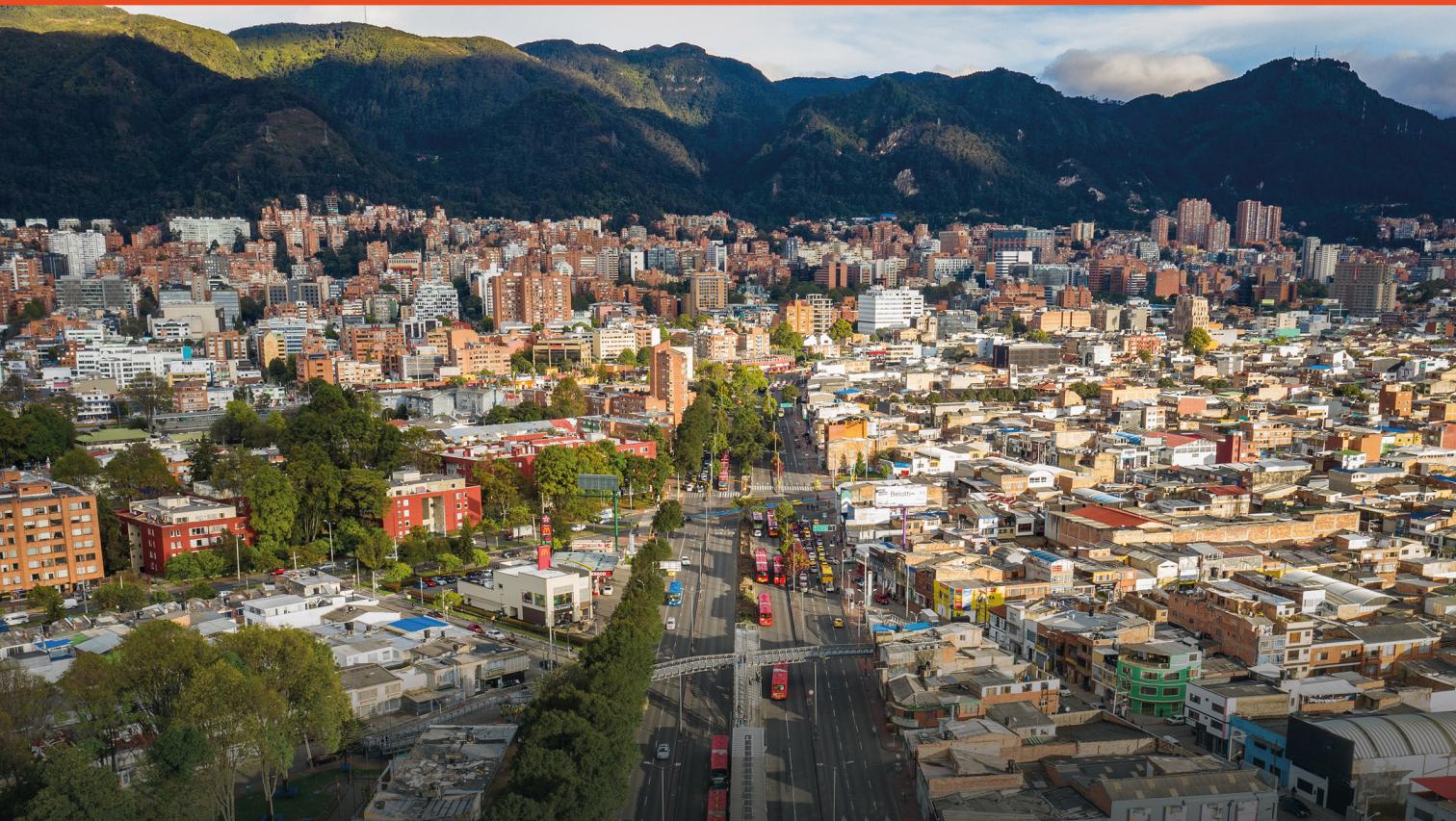


ABC

Free Trade Zone Regime for Service Companies



Bogotá is strategically located in the center of the continent – five hours by plane from New York, Mexico City, and São Paulo – and has excellent air connectivity with numerous daily direct flights to major cities in America. Thanks to its location and air connections, many companies have chosen Bogotá as the headquarters for their regional offices, shared services centers, and logistics centers to serve Latin America¹. This allows lower costs for international logistics distribution activities.

Bogotá-Region has a digital adoption index higher than countries like Argentina, China, Mexico, and Peru. Colombia ranks as the second country in Latin America with the highest number of submarine cables, providing excellent connectivity, fast data transmission, and stable internet connections.

Currently, in Bogotá and its surrounding area there are 9 permanent multi-company free trade zones, which together cover an approximate area of 17,677 hectares, and 10 special permanent zones (single-company). It is understood that goods entering these zones are considered to be outside the national customs territory for import and export tax purposes.



¹Discover the attributes of Bogotá for its strategic location: <https://es.investinbogota.org/por-que-bogota/ubicacion-estrategica-de-bogota/>



**Table 1. Permanent Free Trade Zones
(multi-company) located in Bogotá Region**

Name	Location (municipality)	Year of declaration	Type of users
Zona Franca Permanente de Bogotá	Bogotá	1993	Goods and/or Services
Zona Franca Permanente Corferias	Bogotá	2008	Services
Zona Franca Permanente de Tocancipá	Tocancipá	2009	Goods and/or Services
Zona Franca Permanente Gachancipá	Gachancipá	2011	Goods and/or Services
Zona Franca Permanente INTEXZONA	Cota	2008	Goods and/or Services
Zona Franca Permanente Metropolitana	Cota	2010	Goods and/or Services
Zona Franca Permanente Parque Industrial FEMSA	Tocancipá	2013	Goods and/or Services
El Dorado Zona Franca	Sesquilé	2017	Goods and/or Services
Zona Franca Permanente de Occidente	Mosquera	2008	Goods and/or Services



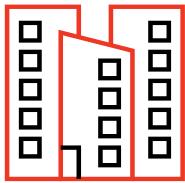
1. Types of Free Trade Zones in Colombia

There are three (3) types of these designated geographic areas, where companies can carry out their foreign trade operations of services under preferential treatment:



Permanent Free Trade Zone

In these specific areas, multiple industrial users of services or commercial activities.



Special Permanent Free Trade Zone (SPFTZ)

In this area, a single user operates, carrying out industrial or service activities anywhere in the country. Being single-company zones, they do not have available areas or are open to qualifying new users as is the case with PFTZs.



Temporary Free Trade Zone

These areas are designated for fairs, exhibitions, congresses, seminars, and other types of temporary events, both national and international.



2. Types of Users

In free trade zones, the following users can be established:

2.1. Operator user

Free trade zone operators are responsible for managing, supervising, promoting, and developing free trade zones. They can operate more than one free trade zone and are in charge of qualifying users in permanent free trade zones.

Additionally, the operator of a permanent or special permanent free trade zone must ensure compliance with the exclusivity principle that governs the free trade zone regime. This means they must ensure that the corporate purpose and income-generating activities of other users are carried out within the area declared as a free trade zone.

Operators are also responsible for controlling the entry and exit of goods from the declared free trade zone area. In permanent free trade zones, the operator is the one who requests the declaration of a free trade zone before the Ministry of Commerce, Industry, and Tourism (MINCIT).

2.2. Industrial users of services

A legal entity authorized to carry out exclusively within one or more free trade zones activities such as logistics, transportation, handling, distribution, packaging, telecommunications, IT systems, scientific and technological research, medical and health assistance, tourism, quality control and repair of goods, technical support and maintenance of equipment, ships, aircraft, or machinery, as well as auditing, management, brokerage, and consultancy.

2.3. Commercial user

Commercial users in a free trade zone are authorized to engage in marketing, commercialization, storage, or conservation of goods in the free trade zone. Although these users can be installed in the free trade zone, they do not receive the tax benefits of the regime; however, they do enjoy all logistical benefits.

3. Investment and Employment Commitments

Regardless of the type of free trade zone in which the company will be located, it must comply with the following general requirements:

- Be a new legal entity or a branch of a foreign company legally established.
- Be domiciled in the free trade zone.
- Submit a qualification request to the operator managing the free trade zone, describing the project to be developed.

A. Commitments Permanent Free Trade Zone

Upon qualification as a free trade zone user, investment and employment generation commitments are acquired. These commitments vary depending on the productive real fixed assets that the company holds at the time of qualification, according to the following ranges:

Table 2. Requirements to establish in a Permanent Free Trade Zone (2024)²

Permanent Free Trade Zone (Qualification of industrial service user)						
Productive fixed assets				New Investment within 3 years following		Job creation: Direct jobs within 3 years following the declaration
COP		USD		COP	USD	
0	580.123.190	0	145.255	0	0	7
580,170,255	5,801,373,095	145.267	1.452.584	945.629.980	236,773	20
5.801.420.160	34.808.144.440	1.452.596	8.715.480	4.728.102.835	1.183.852	30
34.808.144.440	Más	8,715,492	más	10.875.215.420	2.723.004	50

²Approximated in USD values with the average TRM as of 2024 equivalent to COP 3,994. The value of 1 UVT as of 2024 is COP 47,065.



B. Commitments - Special Free Trade Zone

To set up your company as a special service free zone, these are the requirements you must comply with according to Decree 2147 of 2016, art. 33:

**Table 3. Requirements to Establish in
a Special Permanent Free Trade Zone (2024)³**

Type of free trade zone	Job creation	Amount of investment New Investment within 3 years after declaration	
Services and health services	New direct and formal jobs within 3 years after the declaration.	COP	USD
	500	Greater than 9,836,773,260 up to 45,250,597,185	Greater than 2,462,992 up to 11,330,126
	350	Greater than 45,250,597,185 up to 90,501,194,370	Greater than 11,330,126 up to 22,660,252
	150	Greater than 90,501,194,370	Greater than 22,660,252

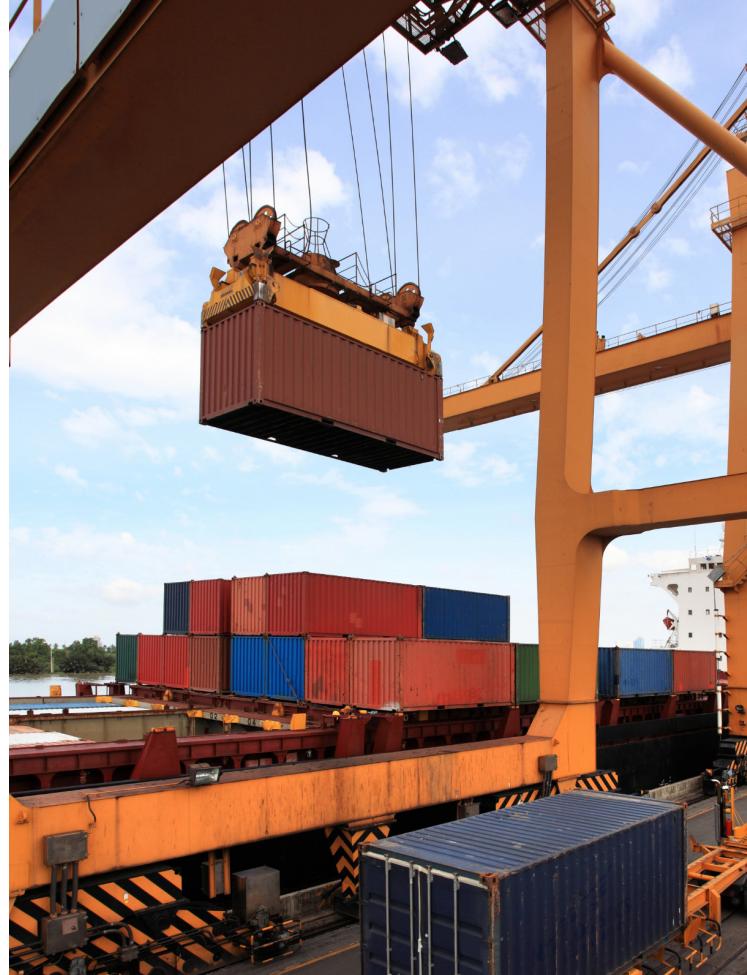
³Approximated in USD values with the average TRM as of 2024 equivalent to COP 3,994. The value of 1 UVT as of 2024 is COP 47,065.

4. Benefits of Service Free Trade Zones

Tax

- Companies that establish themselves and export will be subject to a 20% income tax, which will be applied to the proportion of income from exports of services. For this, it is essential to agree an **Internationalization and Annual Sales Plan** with the Ministry of Commerce, Industry, and Tourism. **It is important to note that in the rest of the national customs territory, the applicable income tax rate is 35% for 2024.**
- VAT exemption on goods sold from the national territory to Service Industrial Users of the Free Trade Zone or between them.
- VAT exemption for industrial exporter users that provide services from the Free Trade Zone and are exclusively used abroad by companies or individuals with no business or activities in Colombia.
- 0% VAT on the introduction of goods into the free trade zone from other countries.

 0 % VAT



Tariff

- 0% TARIFF on the introduction of goods into the free trade zone from other countries.

 0 % TARIFF



Foreign trade

- For new service projects, investment commitments may be reduced by 10% if exports are made (Decree 278/2021, art. 19).

- Permanent Free Trade Zones dedicated exclusively to the provision of services in municipalities with fewer than 1 million inhabitants will not be required to meet the minimum area requirement of 20 hectares.
- Facilitation of customs operations through the customs agency and logistics operators authorized by DIAN.
- The free zone operator may authorize the employees of the industrial users of services to work outside the area declared as free zone. They may not exceed fifty percent (50%) of the contracted personnel.
- There is the possibility for special permanent service free trade zones to become permanent free trade zones, qualifying users who provide services such as science, technology, innovation, culture, and knowledge, among others.
- Service users may make use of e-commerce through the postal traffic and urgent shipments modality.



5. Corferias Permanent Free Trade Zone

Corferias is a permanent free trade zone exclusively dedicated to the provision of services in science, technology, and innovation. This free trade zone has a special nature, as the operator user also acts as an industrial services user.

Companies that provide science, technology, and innovation services interested in qualifying as industrial users of this free trade zone must meet the requirements stated in section 3 of this guide.

Currently, this free trade zone has the following available areas:

Arctic Border on La Esperanza Avenue:

- 5 spaces of 82 m² each.

Modular A:

- 3 spaces of 82 m² each.
- 2 spaces of 160 m².

Pavilion 6 – Inside the fairgrounds:

- main entrance 89 m².

Block A – Inside the fairgrounds:

- First floor: 422 m².
- Second floor: 329 m².

Collaborators

Araujo Ibarra Consultores en Negocios Internacionales is a firm dedicated to consulting, support, and representation of various actors in Foreign Trade in Colombia and worldwide. The firm has over 50 years of experience and has assisted and represented countless companies in free trade zone declarations, user qualification, and the development of their activities in compliance with the regime's provisions.

Those interested in setting up in a free trade zone can contact the experts via email at contacto@araujoibarra.com or call the contact number (601)6511511. For more information, please visit the website at <https://araujoibarra.com/>.

Ministry of Commerce, Industry, and Tourism	MINCIT
National Tax and Customs Administration	DIAN
Permanent Free Trade Zone	PFTZ
Special Permanent Free Trade Zone	SPFTZ
Tax Value Unit	TVU

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