



Bogotá's Legal Guide to Foreign Direct Investment

2026

Table of Contents

• Parque de la Independencia y Planetario de Bogotá

●	Foreword Invest in Bogotá	pág. 05	07	International Agreements Pérez-Llorca	pág. 60	14	International Trade Mechanisms Araujo Ibarra Consultores	pág. 113
01	Business Creation Brigard Urrutia	pág. 07	08	Mergers and Acquisitions (M&A) Processes Serrano Martinez CMA y U. Los Andes	pág. 67	15	Climate Change Regulation Deltaico	pág. 123
02	Migratory Regime EY	pág. 15	09	Intellectual Property and Innovation Olarte Moure	pág. 75	16	Conflict Resolution Mechanisms Preciado Abogados	pág. 130
03	Labor Regime Brick Abogados	pág. 23	10	Personal Data Protection Competencia Legal	pág. 83	17	Insolvency Regime PPU	pág. 135
04	Exchange & Financial Regulation CMM Estudio Legal	pág. 31	11	ESG Standards Forvis Mazars	pág. 88	18	FDI Protection Tavera's Partners	pág. 142
05	Tax Regime Russell Bedford	pág. 40	12	Public Procurement Cremades Calvo-Sotelo	pág. 96			
06	FDI Incentives Esguerra JHR	pág. 51	13	Foreign Trade and Customs PVA Abogados	pág. 104			

Bogotá's Legal Guide to
Foreign Direct Investment
is the result of the joint
work and intellectual
authorship of:





Isis Durán Moreno
Executive Director, Invest in Bogotá

Pamela Támara Pinto
Strategic Support Manager

Legal Team

Juliana Peña Torres
Legal Lead

Andrea Valentina Montaña
Legal Lead

Nicolás Mogollón Barbosa
Design and Layout

Photography: Invest in Bogotá photo archive; photographs provided by the entities and authors credited in each image; Unsplash and Pexels.

Invest in Bogotá

<https://es.investinbogota.org/estudios-investigaciones/>

Contact: apoyo.estrategico@investinbogota.org

Invest in Bogotá is a public-private partnership between the Bogotá Chamber of Commerce and the Capital District, established 20 years ago. Its purpose is to be the preferred partner for catalyzing international business in Bogotá-Region, positioning the city-region as a strategic destination for doing business in Latin America while fostering resilient, sustainable, and inclusive socioeconomic development.

Disclaimer

The information contained in this guide is provided for general, informational, and reference purposes only; it does not constitute legal advice and should not replace consultation with qualified legal professionals. Invest in Bogotá and its employees assume no liability for any decisions made based on this information, which reflects Colombian regulations in force as of the date of preparation.



20 Years of Supporting Investment and Building Knowledge to Facilitate It



For 20 years, Invest in Bogotá has supported international companies as they enter, establish operations, and expand in Bogotá-Region. That experience has shown us that selecting an investment destination involves far more than identifying attractive opportunities. It requires reliable information to understand the business environment, assess regulatory conditions, and move forward with confidence.

Ten years ago, this insight led to the creation of Bogotá's Legal Guide to Foreign Direct Investment, designed to assist international companies considering establishing operations and doing business in Colombia. Since then, we have continued to develop the Guide in collaboration with law firms, consulting firms, and academia, with the aim of bringing together, in one place, relevant legal and regulatory information to support investment decisions.

Today, we present the 2026 edition of the Guide, renewed to reflect an increasingly dynamic business environment. Regulatory changes, the incorporation of new contributors, and the growing relevance of emerging issues have prompted us to update and expand its content. Among other topics, this edition addresses sustainability and climate change, data protection, foreign exchange regulations, and mechanisms for the protection of foreign investment.

The new Guide brings together contributions from 18 law firms and academic institutions, with its content organized around the different stages of the investment process. In doing so, it provides a specialized resource for understanding Colombia's legal and regulatory framework and for supporting the decisions of companies considering establishing, operating, or expanding their presence in the country.

Its publication comes at a time of significant opportunity for Bogotá-Region. Bogotá is Colombia's leading economic and business hub, home to more than 11 million inhabitants and a labor force of more than 6.5 million. In 2025, the city received an estimated US\$935 million in investment, primarily from the United States, Spain, and Germany, across sectors including retail, software, information technology services, and corporate services.



This momentum reinforces our commitment to positioning Bogotá-Region as one of Latin America's most competitive destinations for foreign direct investment, supported by a value proposition built on talent, infrastructure, innovation, institutional stability, and a strong business ecosystem.

In this context, facilitating access to specialized knowledge is itself a means of facilitating investment. Informed decision-making requires a clear understanding of the business environment, the ability to anticipate regulatory opportunities and challenges, and access to trusted partners capable of supporting companies throughout the investment lifecycle. That is precisely the purpose of this Guide.

Over the past 20 years, we have supported more than 628 investment projects and participated in 219 international events between 2021 and 2024, strengthening connections among companies, investors, opportunities, and strategic partners. Today, that experience, together with the expertise of our partners, comes together in this new edition of Bogotá's Legal Guide to Foreign Direct Investment.

We hope this publication will become a trusted resource for international companies considering Colombia—and Bogotá-Region in particular—as a destination for their projects. More importantly, we hope it will help companies better understand our business environment, make well-informed decisions, and move forward with confidence.

 **Isis Durán Moreno**
Executive Director, Invest in Bogotá



**Welcome to
Bogotá-Region,**
a place where investing
means **building the future.**

01

BUSINESS CREATION

Brigard
Urrutia

📍 Address: Calle 70 Bis No. 4-41, Bogotá, Colombia
☎ Phone: +57 (601) 346 2011 / +57 310 060 9
✉ Email: info@bu.com.co
🌐 Website: <https://www.bu.com.co>

Centro Internacional - Cerros Orientales



What should I know about incorporating a company in Colombia?

Colombia's legal framework for company incorporation is grounded in constitutional rights, including freedom of association (Article 38), equality (Article 13), freedom of enterprise (Article 333), and private initiative. The process is governed primarily by the Commercial Code (Decree 410 of 1971), Law 1258 of 2008 (for Simplified Stock Companies), and related regulations issued by the Superintendence of Companies.

• Cerros Orientales · Centro Internacional

What types of legal entities exist?

-  **Corporations**
(Sociedades Anónimas – S.A.)
-  **Simplified Stock Companies**
(Sociedades por Acciones Simplificadas – S.A.S.)
-  **Limited Liability Companies**
(Sociedades de Responsabilidad Limitada – Ltda.)
-  **General Partnerships** (Sociedades Colectivas)
-  **Limited Partnerships** (Sociedades en Comandita Simple)
-  **Limited Partnerships by Shares**
(Sociedades en Comandita por Acciones)

Which legal entities are most commonly used by investors?

Both local and foreign investors predominantly choose Corporations (S.A.) and Simplified Stock Companies (S.A.S.) because both structures provide limited shareholder liability. S.A.S. companies are particularly favored due to their flexible corporate governance, simplified incorporation process, and reduced transaction costs. Law 1258 of 2008 specifically designed the S.A.S. to facilitate business formation and attract investment.



What are the main characteristics of Corporations (S.A.) and Simplified Stock Companies (S.A.S.)?

	Corporation	Simplified stock company
 Legal nature	Legal entity with separate legal personality from its shareholders	
 Incorporation	By public deed (escritura pública) executed before a notary public. The notary charges a fee of 0.3% of the authorized capital, plus 19% VAT on the notarial fees.	By private document (documento privado) signed by the founding shareholders. Only a signature authentication fee applies; no notarial deed fee is required.
 Registry	The incorporation document (whether public deed or private document) must be registered with the Chamber of Commerce at the company's domicile. Registration fees equal 0.7% of the subscribed capital, plus additional administrative charges.	
 Number of shareholders	Minimum of five shareholders; no maximum limit. No single shareholder may hold more than 94.99% of the capital stock (Article 155, Commercial Code).	One or more shareholders; no maximum limit. A S.A.S. may be incorporated by a single shareholder (natural person or legal entity).
 Capital	Capital is divided into shares of equal nominal value. At incorporation, shareholders must subscribe at least 50% of the authorized capital and pay at least one-third (1/3) of each subscribed share's value.	Capital is divided into shares, which are generally freely transferable unless the bylaws establish preemptive rights (derecho de preferencia) in favor of existing shareholders or the company. Shareholders have two years from incorporation to pay the subscribed capital in full. The S.A.S. may issue various share classes, including: common shares, preferred shares, shares with preferential dividends and no voting rights, shares with fixed annual dividends, and paid-in shares (acciones de pago).
 Shareholder liability	Limited to the amount of capital contributions, except in the following circumstances: (a) Liability for unpaid obligations of an insolvent subsidiary where the parent company's actions caused the insolvency; (b) Fraudulent or grossly negligent acts that impair creditors' rights (piercing the corporate veil); (c) Overvaluation of in-kind contributions. Additionally, controllers (if legal entities) may face administrative liability for transnational corruption under Law 1778 of 2016.	Limited to the amount of capital contributions, except in cases of: (a) Fraud upon the law or abuse of the corporate form to the detriment of third parties; (b) Fraudulent or grossly negligent acts that impair creditors' rights (piercing the corporate veil under Article 42, Law 1258 of 2008). Additionally, controllers (if legal entities) may face administrative liability for transnational corruption under Law 1778 of 2016.
 Management of the company	The company must have a Board of Directors (minimum three members) elected by the shareholders' meeting, and at least one legal representative (manager) who may or may not be a board member.	Corporate governance is highly flexible and determined by the shareholders' meeting. The only mandatory requirement is a legal representative (who may be the sole shareholder). A Board of Directors is optional, and shareholders may create any other management bodies or positions as needed.

Atento - Av. El Dorado

What are the steps to incorporate a company¹?

	Stage	What needs to be done	Estimated time	Estimated cost
01	Documents	• Verify name availability through the RUES (Single Business and Social Registry) Form on the Chamber of Commerce website. • Prepare powers of attorney (if applicable), letters of acceptance of charges, and collect identity documents. • If documents originate from abroad, they must be officially translated into Spanish and apostilled (for Hague Convention countries) or legalized through the Colombian consulate (for non-Hague countries).	• Document preparation can take anywhere from 2 to 5 business days. • However, total timeline depends on how quickly the parent company can send apostilled or legalized documents to Colombia.	Apostille fees depend on the rates established by the competent authority in each Hague Convention signatory country. For non-Hague countries, consular legalization fees apply.
02	Legal incorporation of the company	• Prepare and execute the bylaws (by public deed for S.A.; by private document for S.A.S.). • Complete and sign Chamber of Commerce enrollment forms.	Between 1 to 2 weeks	• For SA: - The Notary will charge 0.3% of the authorized capital + VAT on notarial fees. - Notary fees (copies, addresses, among others) • For SAS: - Personal presentation of the constitutive act from COP\$10,000.00
03	Mercantile Registry	• Register the company with the Chamber of Commerce and register corporate books (shareholders' register, minutes book, etc.). • Obtain a Certificate of Existence and Legal Representation (Certificado de Existencia y Representación Legal).	1-5 business days.	Mercantile registry's fee, plus registration fees approx. from COP\$106,000 to COP\$12,191,500 (depending on the subscribed capital) + 0.7% of the subscribed capital. Good Standing and Incumbency Certificate COP\$12,100 Registration fees COP\$73,000 Value of enrollment forms COP\$8,500
04	Tax registration (RUT / NIT)	Register with the DIAN (National Tax Authority), activate the legal representative's electronic signature, and obtain the company's RUT (Unique Tax Registry) and NIT (Tax Identification Number).	2-10 days	No cost
05	Bank account opening	Open a corporate bank account in Colombia for local operations and receipt of foreign capital. Banks require the Certificate of Existence and Legal Representation, RUT, and identification documents of authorized signatories.	Variable according to financial institution (Approx. 1 week from receipt of documents)	Variable according to financial institution
06	Foreign Investment Registration	Register the initial foreign investment with the Central Bank of Colombia (Banco de la República) to formalize the capital entry and secure exchange rights (including the right to repatriate capital and remit profits abroad).	Registration occurs on the same day as the foreign exchange transaction with the commercial bank (Form No. 4), or within one month if funds are received through compensation accounts (<i>cuentas de compensación</i>).	No Cost/Minimal Operating Cost



What are branches of foreign companies?

Under the Colombian Commercial Code (Articles 471-497), when a foreign company intends to conduct permanent business activities in Colombia or maintain a stable commercial presence in the national market, it must establish a branch (sucursal) domiciled in the country.

Unlike a locally incorporated subsidiary, a branch does not have independent legal personality. It operates as a direct extension of the foreign parent company. Consequently, the parent company remains fully and directly liable for all obligations, contracts, and operations conducted by the branch in Colombia.

Key Differences Between a Subsidiary (Local Company) and a Branch

	Subsidiary (Local Company)	Branch
Are Colombian-source income and assets subject to tax?	Yes	
Are foreign-source income and assets subject to tax?	Yes	No
Are capital contributions to the entity subject to tax?	Generally yes, unless the requirements of Article 319 of the Tax Statute (Estatuto Tributario) are met for tax-neutral reorganizations.	Yes
Are in-kind contributions (contributions in industry) subject to tax?	Generally yes (each case must be evaluated individually based on the nature and valuation of the contribution).	Yes

What steps should I follow to establish a branch of a foreign company?

	Stage	What needs to be done	Estimated time	Estimated cost
01	Document Preparation	- Verify name availability through the RUES (Single Business and Social Registry). - Issue a resolution from the parent company authorizing the opening of the branch in Colombia. - Obtain a certificate of existence and legal representation of the parent company, issued by the competent authority in the jurisdiction of incorporation. - Have documents officially translated into Spanish and apostilled (for Hague Convention countries) or legalized through the Colombian consulate (for non-Hague countries). - Prepare letters of acceptance for the legal representative, alternate legal representative, and statutory auditor (revisor fiscal), and collect their identification documents.	Document preparation can take anywhere from 2 to 5 business days. However, the time to complete activities depends on the time required by the parent company to send apostilled documents to Colombia	The value of the apostille of documents depends on the fees established by the competent authority designated by each country that is a signatory to the Hague Convention or the Consulate in Colombia abroad.
02	Legal formalisation of the branch	Prepare and execute a public deed (escritura pública) before a Colombian notary to formalize the branch establishment, including: assigned capital, corporate purpose, domicile address, and designation of legal representatives.	Between 1 to 2 weeks	0.3% on the assigned capital + VAT on notary fees Notary fees (copies, addresses, among others)
03	Mercantile Registry	- Register the public deed and supporting documents with the Chamber of Commerce. - Obtain the Certificate of Existence and Legal Representation of the branch (Certificado de Existencia y Representación Legal).	1 to 5 business days	Valor de la matrícula, más los derechos de registro: aproximadamente desde COP 106.000 hasta COP 12.191.500 (según el capital, más el 0,7 % del capital suscrito). Certificado de matrícula mercantil: COP 12.100. Derechos de inscripción: COP 73.000. Valor de los formularios: COP 8.500.
04	Tax records (RUT / NIT / RIT)	Solicitar inscripción tributaria de la sucursal ante la DIAN, obtener RUT/NIT y activar firma electrónica del representante legal.	It depends on the availability of the tax authorities. Approx. 1 to 3 weeks	No cost
05	Bank account opening	Open a corporate bank account in Colombia for branch operations and receipt of assigned capital. Banks will require the Certificate of Existence and Legal Representation, RUT, and identification documents of authorized signatories.	Variable according to financial institution (Approx. 1 week from receipt of documents)	Variable according to financial institution
06	Foreign Investment Registration	Register the assigned capital as foreign direct investment with the Central Bank of Colombia (Banco de la República) to formalize the capital entry and secure exchange rights (including the right to repatriate capital and remit profits abroad).	Registration occurs on the same day as the foreign exchange transaction with the commercial bank (Form No. 4), or within one month if funds are received through compensation accounts (cuentas de compensación).	No Cost/Minimal Operating Cost



● How does the parent company, subsidiary, and corporate group regime work?



● Control Situation:

Under Colombian law (Law 222 of 1995), a company is considered a subsidiary (subordinada) when its decision-making power is subject to the will of a parent company (matriz o controlante). This control may be exercised directly (in which case the subsidiary is called a filial) or through other entities controlled by the parent company (in which case it is called a subsidiaria).



● Corporate Group (Grupo Empresarial):

A corporate group exists when, in addition to a control situation, there is unity of purpose and direction (unidad de propósito y dirección) among the related companies. This means the existence and activities of the subsidiaries are oriented toward objectives determined by the parent company through its management control over the group, without prejudice to each company's individual corporate purpose.



● Registration Obligation:

When a corporate group or control situation is established, the controlling company must register it by private document with the commercial registry of each related company's domicile within 30 business days. Failure to register within the applicable term, or incomplete registration, will result in the Superintendence of Companies declaring the relationship ex officio and ordering its registration. Under Law 222 of 1995, the Superintendence may impose fines of up to 200 legal monthly minimum wages (approximately COP \$350,181,000 or USD \$95,679 as of 2024) for non-compliance.

Complejo Empresarial Calle 116

Additional Obligations Arising from Control Situation:

- The Superintendence of Companies may ex officio verify the substance and arm's-length nature of transactions between a company and its related parties.
- Administrators of both the controlled and controlling companies must present a Special Report (Informe Especial) to the shareholders' meeting describing economic relationships between the group companies.
- Any modification to the control situation or corporate group must be registered in the commercial registry of each company involved.
- The controlling company must prepare and publish both individual and consolidated general-purpose financial statements, presenting the group as a single economic unit.
- Related-party transactions must be reported to applicable inspection, surveillance, and control agencies (such as the Superintendence of Companies, Financial Superintendence, or sector-specific regulators).
- Cross-shareholding prohibition: Controlled companies may not hold shares in the parent company or in other companies of the same group that would create circular ownership structures (Article 262, Commercial Code).



Subsidiary Liability of the Controlling Company:

If a subsidiary's insolvency or judicial liquidation results from acts or omissions by the parent company undertaken in its own interest and against the subsidiary's benefit, the parent company will be jointly and severally liable (responsabilidad subsidiaria) for the subsidiary's obligations (Article 61, Law 1116 of 2006).



Stock Dividends in Control Situations: When a control situation exists, dividends may only be paid in shares (stock dividends) to shareholders who voluntarily accept this form of payment (Article 455, Commercial Code).



Compliance Implications: The existence of a corporate group does not exempt individual group companies from their independent obligation to implement anti-money laundering and counter-



Tax Implications

The controlling company of a registered corporate group must report consolidated financial statements and their annexes to the DIAN on magnetic media (Articles 26-44, Law 222 of 1995). Non-compliance triggers penalties under the Tax Statute. If the controlling company is foreign, this obligation falls on its Colombian branch or, absent a branch, on the Colombian subsidiary with the largest net worth.

Dividends distributed within a duly registered corporate group or control situation benefit from a tax exemption (no constituyen renta ni ganancia ocasional), but this benefit applies only to distributions between Colombian companies of the group.

02 | MIGRATORY REGIME



📍 Address: Connecta 80, Carrera 72 No. 81B-13, 15th and 16th Floors, Bogotá, Colombia
☎ Phone: +57 (601) 484 7000
✉ Email: contactoey@co.ey.com
🌐 Website: https://www.ey.com/es_co/locations/colombia





Migratory Regime

The States whose citizens are exempt from presenting a visa for short-term visits may enter Colombia as long as they comply with the requirements established to obtain an Entry and Stay Permit (PIP) in one of its three categories.

Below is the map and list of countries that have this exemption.



Non-conditioned nationalities



Special Consitions



Conditioned Nationalities



Colombia

Own elaboration based on Resolution 8558 of July 23, 2025, issued by the Ministerio de Relaciones Exteriores.

States **exempt** from visa requirement for short-term activities

- Albania
- Andorra
- Antigua and Barbuda
- Argentina
- Australia
- Austria
- Azerbaijan
- Bahamas
- Barbados
- Belarus
- Belgium
- Belize
- Bolivia
- Bosnia and Herzegovina
- Brazil
- Brunei Darussalam
- Bulgaria
- Canada
- Chile
- Costa Rica
- Finland
- France
- Georgia
- Germany
- Greece
- Grenada
- Guatemala
- Guyana
- Honduras
- Hungary
- Iceland
- Ireland
- Italy
- Jamaica
- Japan
- Kazakhstan
- Latvia
- Liechtenstein
- Lithuania
- Luxembourg
- Lithuania
- Luxembourg
- Marshall Islands
- Micronesia
- Moldova
- Monaco
- Mongolia
- Montenegro
- Morocco
- Netherlands
- New Zealand
- North Macedonia
- Norway
- Oman
- Palau
- Panama
- Paraguay
- Peru
- Philippines
- Poland
- Panama
- Papua New Guinea
- Paraguay
- Peru
- Philippines
- Poland
- Portugal
- Qatar
- Romania
- Russia
- Saint Kitts and Nevis
- Saint Lucia
- Saint Vincent and the Grenadines
- Samoa
- San Marino
- Serbia
- Singapore
- Slovakia
- Slovenia
- Solomon Islands
- Serbia
- Singapore
- Slovakia
- Slovenia
- Solomon Islands
- South Korea (Republic of Korea)
- Spain
- Sweden
- Switzerland
- Suriname
- Trinidad and Tobago
- Turkey
- Ukraine
- United Arab Emirates
- United Kingdom
- United States of America
- Uruguay
- Venezuela

Own elaboration based on Resolution 8558 of July 23, 2025. Ministerio de Relaciones Exteriores (2025).



Likewise, holders of passports of Hong Kong - SAR China, the Sovereign Military Order of Malta and Taiwan are exempt from visa requirements.

States or territories with **conditional visa exemption** for short-term activities

Nationals of the following States or territories may enter Colombia without a visa if they meet one of these conditions:

- 1 Hold a valid residence permit from a Schengen Area member State or from the United States of America.
- 2 Hold a Schengen or U.S. visa with at least 180 days of remaining validity at the time of entry.

- Cambodia
- India
- Nicaragua
- Myanmar
- People's Republic of China
- Thailand
- Taiwan
- Vietnam

Own elaboration based on Resolution 8558 of July 23, 2025. Ministerio de Relaciones Exteriores (2025).

Important Aspects



Academic activities by invited professors or researchers are considered non profit when support such as meals, transport or lodging is provided.



Nicaraguan nationals from the North or South Caribbean Coast are exempt from short term visa requirements.



Migration Colombia may establish, under reciprocity criteria, the migratory control fee applicable to Nicaraguan nationals entering under a PIP without a visa.



Permanent residents of member countries of the Pacific Alliance or the Andean Community may enter Colombia without a visa using a PIP.



Nationals of States with which Colombia has visa exemption agreements also benefit from this provision.



All other nationals—including stateless persons with a valid travel document issued by a State recognized by Colombia—must apply for a visa prior to traveling.

States that require visa for direct airport transit

Holders of passports from the following States must obtain a visa to transit directly through an international airport in Colombia en route to a third State.

- Afghanistan
- Angola
- Bangladesh
- Burkina Faso
- Cameroon
- Ivory Coast
- Egypt
- Ethiopia
- Eritrea
- Gambia
- Ghana
- Haiti
- India
- Iran
- Kenya
- Lebanon
- Mali
- Nepal
- Nigeria
- Pakistan
- Sierra Leone
- Syria
- Somalia
- Sri Lanka
- Sudan
- Tajikistan
- Uzbekistan

Own elaboration based on Resolution 5488 of 2022. Ministerio de Relaciones Exteriores (2022).

Entry and Stay Permit (PIP)

For short-term visits (up to 90 days, extendable once for an additional 90 days, with a maximum stay of 180 days per calendar year), visa-exempt nationals may apply for an entry permit upon arrival in Colombia. This also applies to foreign nationals who intend to submit a visa application directly from within Colombian territory¹. This also applies to foreigners intending to apply for their visa within Colombian territory.

¹ Unidad Administrativa Especial Migración Colombia. (2019). Resolution 3167 of May 30, 2019.

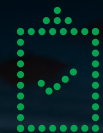
Types of PIP



Tourism Permit (PT): For tourism, medical treatment, business meetings, or participation in cultural, scientific or sports events.



Integration and Development Permit (PID): For cooperation agreements, personal matters, activities of national interest, academic roles, journalism, emergencies, or official/service missions.



Permit to Develop Other Activities (POA): For technical assistance, artistic events, temporary transit, and crew members.

Restrictions

- Engaging in regulated activities.
- Performing activities other than those declared.
- Receiving payment in Colombia.
- Staying more than 180 days per year.
- Obtaining a foreigner ID (cédula de extranjería).
- Holding a Colombian employment contract.
- Entering with a conditional nationality (except applicable exceptions).

Visitor (V)

Validity: Up to two (2) years

Maximum permanence: depending on the visa category, ranging from up to 180 continuous or non-continuous calendar days within each 365-day period from the date of visa issuance, or for the full duration of the visa's validity, as applicable.

Maximum value: USD \$300–350

Purpose: For foreign nationals who wish to visit Colombia on one or multiple occasions, or remain temporarily in the country without the intention of establishing permanent residence.

Visa V Categories

- Airport traffic.
- Tourism.
- Business visits.
- Student.
- Medical treatment.
- Judicial and/or administrative procedures.
- Crew member.
- Seasonal agricultural worker.
- Permanent correspondent
- Events.
- Religious.
- Student or volunteer in religious entities.
- Volunteer or cooperant.
- Film productions or large format documentaries.
- Digital nomad.
- Journalistic coverage.
- Technical assistance.
- TLC entrepreneurs.
- Non-accredited officials.
- Vacation and work.
- Labor practice.
- Service provider - work or labor.
- Promotion of internationalization.
- Rentier.
- Unforeseen cases.

Ministerio de Relaciones Exteriores. (2022). Resolution 5477 of July 22, 2022.

Types of Colombian visas

Colombia offers three visa categories based on the nature and duration of the intended activity: **Visitor (V), Migrant (M) and Resident (R).**

Resident (R)

Validity: permanent; however, a visa transfer is required every 5 years.

The term is permanent; however, it is at the discretion of the national government to accept the transfer every 5 years.

One-time fee: USD 452.

Purpose: For foreign nationals who wish to settle permanently or establish domicile in Colombia and who meet the applicable eligibility requirements.

Categorías

- By renunciation of nationality.
- For accumulated time in Colombia.
- Under the Temporary Protection Statute for Venezuelan Migrants.
- Special Resident of Peace.

Ministerio de Relaciones Exteriores. (2022). Resolución 5477 del 22 de julio de 2022.

Migrant (M)

Maximum validity: 3 years.

Maximum permanence: equal to the time of validity.

Maximum value: USD\$ 324*.

Purpose: For foreign nationals who wish to enter and remain in Colombia with the intention of establishing themselves in the country on a long-term basis, but who do not meet the requirements to apply for a Type R (Resident) Visa.

Visa M Categories

- Spouse of a Colombian national.
- Permanent partner of a Colombian national.
- Mother or father of a Colombian national by adoption.
- Investor.
- Father or mother of Colombian national by birth.
- Mercosur migrant.
- Andean migrant.
- Refugee.
- Stateless person.
- Employee.
- Partner or owner.
- Independent professional.
- Pensioner.
- Promotion of internationalization.

Ministerio de Relaciones Exteriores. (2022). Resolution 5477 of July 22, 2022.

Some visa categories allow dependents, including the spouse, permanent partner, and dependent children under 25 years old (or over 25 if they are unable to support themselves). This provision ensures that the principal visa holder may remain in the country accompanied by their immediate family during the validity of the visa.

Dependent visas do not authorize employment, as their purpose is solely to permit the individual's stay in the country as a companion of the principal visa holder. If a dependent wishes to engage in work or any remunerated activity, they must apply for their own visa that expressly grants authorization to work.

Visa Application Process in Bogotá

01

Identify the appropriate visa category and place of application



Before starting the application process, applicants must determine which visa category applies to their situation (**Visitor, Migrant, or Resident**). Each category has specific documentary requirements, which should be verified under Resolution 5477 of July 22, 2022 or through the official web ([Visa | Cancillería](#)).

If the applicant is in Colombia, the application must be submitted before the Ministry of Foreign Affairs; if abroad, it must be filed through the Colombian consulate in the applicant's country of nationality or residence.

02

Gather the required documents

Certain general documents apply to all visa applications, including:

- A passport or travel document valid for at least 180 days at the time of application.
- A color scanned copy of the page containing the most recent Colombian entry stamp.
- A color scanned PDF copy (photographs are not accepted) of the passport's main page containing the holder's biographical information.
- A digital passport-style photograph, white background, 3x4 cm, without accessories.
- Copies of any previous Colombian visas, if applicable.

03

Complete the online application form

The Colombian visa process is fully digital. Applicants must complete the electronic application form available on the official Ministry of Foreign Affairs website, provide all requested information, and upload the required scanned documents.

04

Pay the application review fee and await evaluation

Once the application is submitted, the applicant must pay the applicable visa processing fee. The Ministry of Foreign Affairs will review the application and may request clarifications or additional supporting documents during the evaluation process, which may take up to 30 calendar days. If approved, an electronic visa (e-visa) will be issued and sent to the applicant's registered email address.

Register the visa and apply for a Foreigner Identification Card (if applicable)

05

After receiving the visa, the holder must register it with Migración Colombia. In addition, foreign nationals holding visas valid for more than 90 days are generally required to obtain a Foreigner Identification Card (Cédula de Extranjería), subject to certain exceptions, such as specific business visas.





03

LABOR
REGIME

BRICK

ABOGADOS

📍 Address: Carrera 7 No. 75-66, Office 501, Bogotá, Colombia

☎ Phone: +57 (601) 786 8201

✉ Email: contactenos@brickabogados.com

🌐 Website: <https://brickabogados.com/contacto/>

Centro Internacional

Employment relationships in Colombia are governed by national provisions primarily contained in the Substantive Labor Code and in Decree 1072 of 2015 (Single Regulatory Decree of the Labor Sector), as amended by the Labor Reform enacted in June 2025. These regulations define, among other matters, forms of employment, wages, working hours, social benefits, social security, and collective labor relations.

Employment contract

This agreement is the legal instrument that binds the employee and the employer. By virtue of this relationship, the employee undertakes to render the agreed services, and the employer undertakes to pay the agreed wage.

Employment agreements may be executed under the following duration modalities:

- Fixed-term: not exceeding four (4) years.
- Open-ended contract (indefinite-term)
- For a specific project or task
- Short-term employment contract (for occasional or transitory activities, not exceeding one (1) month)

All types of employment agreements give rise to the same core employer obligations, including affiliation to the social security system, payment of statutory benefits, and compliance with mandatory labor standards.

Employment Costs

On an annual basis, employees are entitled to compensation broadly equivalent to fourteen (14) monthly salaries, reflecting the inclusion of statutory payments such as the service bonus. This figure excludes additional employer costs associated with paid annual leave, social security contributions, and mandatory parafiscal charges.

Remuneration

Remuneration is the consideration paid to the employee for services rendered. The following principles apply:

- It must comply with the Legal Monthly Minimum Wage (Referred as: “Salario Mínimo Legal Mensual Vigente – SMLMV”), as determined annually by the National Government.
- It must be paid on a monthly basis, no later than within the month following accrual.
- Up to fifty percent (50%) of remuneration may be paid in kind where total compensation exceeds the minimum wage; if equal to the minimum wage, payment in kind is limited to thirty percent (30%).
- The parties enjoy freedom of contract with respect to compensation structure (including variable compensation, performance metrics, and incentive schemes), provided minimum wage and equal pay principles are respected.
- Remuneration may be structured as:
 - a. Ordinary salary, which serves as the basis for calculating statutory benefits, paid leave, and social security contributions; or
 - b. Integral salary, applicable only where compensation equals or exceeds thirteen (13) SMLMV, incorporating within a single payment statutory benefits, overtime, and statutory surcharges.



• Torre Atrio - Centro Internacional



Statutory Benefits

Employees are entitled to the following statutory benefits:



Service bonus (Referred as: “prima de servicios”): equivalent to one (1) monthly salary per year, payable in two installments (June and December).



Severance fund contributions (Referred as: “cesantías”): equivalent to one (1) monthly salary per year, deposited into a severance fund and withdrawable under legally defined circumstances (e.g., termination, housing, or education).



Interest on severance: equivalent to twelve percent (12%) per annum on accrued severance, payable annually.



Work clothing and footwear allowance: an in-kind benefit applicable to employees earning up to two (2) SMLMV, provided every four (4) months.



Complejo Empresarial 116

Social Security and Parafiscal Contributions

Employees must be enrolled in the General Social Security System, including pension funds and Health Promotion Entities (Referred as: EPS). Employers must also affiliate employees with a Labor Risk Administrator (ARL).

Employer and employee contributions are generally as follows:

- Pension:** Employer contributes 12%; employee contributes 4%.
- Health:** Employer contributes 8.5%; employee contributes 4%. Employer contributions are exempt for employees earning less than ten (10) SMLMV.
- Labor risks (Referred as “ARL”):** Employer contributions range from 0.522% to 6.9% of salary, depending on the risk classification of the role.
- Parafiscal contributions:**
 - 4% to Family Compensation Funds
 - 3% to the Colombian Family Welfare Institute (ICBF)
 - 2% to the National Learning Service (SENA)

Exemptions apply to certain parafiscal and health contributions for employees earning below ten (10) SMLMV.

2026 Labor Cost Overview

Concepto	Valor COP	Valor USD ¹
Minimum wage	1.750.905	474,24
Transportation allowance	249.095	67,47
Severance	v108.290	29,33
Interest on severance	13.000	3,52
Service bonus	108.290	29,33
Paid leave (vacation accrual)	4.210	14,68
Health*	148.826	40,31
Pension	210.108	56,91
Labor Risks (ARL Class I)	9.139	2,48
Compensation fund	70.036	18,97
ICBF*	52.527	14,23
SENA*	35.018	9,48
Total	2.809.446	760,96

* Exemptions apply where the employee earns less than ten (10) SMLMV. (COP\$17.509.050 / USD\$4.742), concepts mark as (*) should not be considered.

¹ Exchange rate used for illustrative purposes: COP 3,690/USD .(non-official reference rate)

Termination of Employment

Employment agreements may be terminated without cause upon payment of statutory severance indemnities (statutory severance), calculated based on the employee’s salary level and length of service:

Salary Level

Indemnity	Less than 10 SMLMV	More tan 10 SMLMV
Up to 1 year	30 days of salary	20 days of salary
Each additional year	20 days of salary	15 days of salary

In Colombia, collective redundancies are subject to regulatory thresholds and prior authorization requirements.

Termination for cause is permitted in cases of serious misconduct, subject to compliance with due process.

Additional termination mechanisms include:

- Expiration of a fixed-term contract (subject to at least 30 days’ prior notice)
- Mutual termination by agreement (which does not trigger severance indemnity)

Working Time

Ordinary working time is agreed between the parties, subject to a statutory maximum of eight (8) hours per day and forty-two (42) hours per week (Article 161, as amended by Law 2101 of 2021).

Overtime is limited to:

- Two (2) hours per day
- Twelve (12) hours per week Employees

By the mere fact of performing work during nighttime hours (between 7:00 p.m. and 6:00 a.m.), the employee becomes entitled to a night shift surcharge equivalent to thirty-five percent (35%) of the ordinary hourly wage.

Where the night shift surcharge coincides with nighttime overtime, the applicable surcharge shall be capped at a maximum of seventy-five percent (75%) of the ordinary hourly wage.

 Statutory surcharges:

Trabajo suplementario	% sobre hora
Daytime overtime (6am to 7pm)	25 %
Nighttime overtime (7pm a 6am)	75 %

Outsourcing and Labor Intermediation

Temporary Service Companies (Referred as “Empresas de Servicios Temporales – EST”) are authorized to hire and assign employees to user companies for strictly temporary needs (e.g., replacement of employees on leave or temporary increases in production), for a maximum period of one (1) year.

Additionally, companies may engage independent service providers, provided such providers operate with full administrative, financial, and managerial autonomy.



Weekly Rest

Employees are entitled to a mandatory weekly rest day, typically Sunday, which may be substituted by agreement. Work performed on the designated rest day triggers a surcharge of 90%, increasing to 100% as of 2027..

Leave Entitlements and Permits

The following are the principal categories of paid leave that employers in Colombia are required to grant to employees:

- a. Leave to exercise the right to vote

b. Leave in the event of a serious domestic emergency
- c. Trade union leave; Leave to attend medical appointments; Leave to fulfill school-related obligations as a guardian; Leave to attend legal or judicial proceedings.

Regarding licenses, the following are particularly relevant under Colombian law:

Leave	Reason	Duration	Payor
Maternity leave	Childbirth	18 weeks	Health system (EPS)
Paternity leave	Childbirth	2 weeks	Health system (EPS)
Shared parental leave	Childbirth	Up to 12 weeks for the mother / 4 weeks for the father	Health system (EPS)
Bereavement leave	Death of an immediate family member	5 days	Employer

Remote Work Arrangements

Colombian law recognizes three principal arrangements for performing services outside the employer's premises: telework, remote work, and work-from-home arrangements. All such modalities preserve the full scope of employment rights, including entitlement to statutory benefits, compliance with working time regulations, use of technological tools, and mandatory affiliation to the social security system.

Telework is the most widely implemented modality. It allows employees to render services from pre-authorized locations without the need to be physically present at the employer's workplace. Where the employee earns up to two (2) times the legal monthly minimum wage, the employer is required to provide a connectivity allowance equivalent to the statutory transportation allowance; for higher earners, such allowance may be contractually agreed on a discretionary basis. Telework is subject to specific occupational health and safety obligations, including risk assessment and mitigation measures, and must be formally reported to the relevant Labor Risk Administrator (ARL) and the Ministry of Labor.

The legal framework contemplates several forms of telework, including: (i) hybrid telework, under which services are rendered remotely on a part-time basis (e.g., two or three days per week); (ii) cross-border (transnational) telework, where services are performed from outside Colombia; (iii) autonomous telework, performed from a pre-agreed location within the national territory; and (iv) mobile telework, where no fixed workplace is designated.



Remote work constitutes a more flexible arrangement, allowing employees to perform their duties from any location, subject to employer authorization, while maintaining applicable working time limits and all statutory labor protections.

By contrast, work-from-home arrangements are conceived as temporary and exceptional measures, typically implemented in response to extraordinary circumstances. This modality does not entail a permanent modification of the place of work or the underlying terms of the employment relationship



Institutional Framework, Inclusion, and Workplace Protection

• Centro Histórico - La Candelaria

Internal Work Regulations (Reglamento Interno de Trabajo – RIT)

Employers with more than five (5) employees are required to adopt and implement Internal Work Regulations. At a minimum, such regulations must address: (i) hiring conditions; (ii) working time arrangements; (iii) rest periods; (iv) disciplinary rules, including infractions and sanctions; and (v) policies concerning the prevention of workplace harassment, sexual harassment, and telework.

The RIT is deemed to form an integral part of the employment agreement and is therefore binding upon employees. As such, it must be duly communicated to the workforce, and employees must be afforded the opportunity to submit comments or objections prior to its implementation.

Sexual Harassment

Law 2365 of 2024 introduced a comprehensive, gender-sensitive framework for the prevention and sanctioning of sexual harassment in the workplace, broadly defined as any conduct involving harassment, coercion, or unwanted behavior of a sexual nature within the employment context.

Employers are required to implement a sexual harassment prevention policy and to establish a dedicated committee responsible for addressing such matters. Employees who file complaints of sexual harassment are afforded reinforced protection, including a prohibition against termination without just cause for a period of six (6) months following the filing of the complaint.

Workplace Harassment

Since 2006, Colombian legislation has regulated workplace harassment, defined as persistent and demonstrable conduct such as obstruction, discrimination, persecution, or abusive treatment in the workplace.

Employers must incorporate specific provisions addressing the prevention of workplace harassment within the RIT and are required to establish a Workplace Coexistence Committee, tasked with promoting preventive measures and addressing complaints



Right to Disconnect

Employers must adopt and enforce a right-to-disconnect policy, ensuring that employees are not required to engage in work-related communications or activities outside their working hours or during rest periods. This obligation does not apply to employees in positions of direction, trust, and management.

Inclusion of Persons with Disabilities

The labor reform introduces mandatory hiring quotas for persons with disabilities, as follows:

- Employers with fewer than 500 employees: two (2) employees with disabilities per 100 employees.
- Employers with 500 or more employees: one (1) employee with disabilities per 100 employees.

These requirements will become enforceable as of June 2026.

Occupational Health and Safety (SG-SST)

All employers must implement a Occupational Health and Safety Management System (SG-SST), designed to prevent workplace accidents and occupational diseases. This system entails the identification and assessment of risks, the implementation of control measures, employee training, and ongoing monitoring.

Employers must also comply with the Minimum Standards established by the Ministry of Labor (Resolution 0312 of 2019), the scope of which varies depending on the size and risk profile of the company. Non-compliance may result in significant administrative fines and, in severe cases, suspension of operations.

Collective Labor Law

Pursuant to the constitutional rights to freedom of association and collective bargaining, employees in Colombia are entitled to establish and join trade unions. A minimum of twenty-five (25) employees is required to form a union, which may be organized under different structures, including company-level, industry-wide, craft-based, or general unions.

Trade unions are empowered to negotiate improved working conditions through statements of demands (Referred as pliegos de peticiones), collective bargaining agreements (Referred as convenciones colectivas), and, in certain cases, collective pacts entered into with non-unionized employees.

These organizations must adopt internal governance structures, including executive boards and grievance committees. Members of such governing bodies benefit from trade union immunity (Referred as fuero sindical), which affords protection against dismissal, transfer, or deterioration of working conditions without prior judicial authorization.

Furthermore, during the course of an ongoing collective labor dispute, unionized employees are afforded enhanced protection, and may not be dismissed without just cause.

04

EXCHANGE & FINANCIAL REGULATION



📍 Address: Carrera 17 No. 89-31, Office 403, Bogotá, Colombia

☎ Phone: +57 (601) 346 1901

🌐 Website: <https://cmmlegal.co/contacto/>

This chapter provides an overview of the Colombian foreign exchange regime and financial system, both key aspects for structuring and operating foreign investments in the country. It sets out the main rules applicable to the inflow and registration of capital, the channeling of foreign currency, and the exchange rights associated with the repatriation of profits. It also describes the principal entities and alternatives of the Colombian financial system, including traditional models, the securities market, and new opportunities relating to fintech, digital payments, and technology-based financial services.

Foreign Exchange Regime and Foreign Investment

1. How does foreign investment work in Colombia?

Colombia offers a clear and structured legal framework for foreign investment, based on equal treatment between nationals and foreigners, economic freedom, and the autonomy of the Banco de la República as the exchange authority¹. The Colombian regime starts from a general authorization to invest, guarantees the free movement of capital, and allows the entry and repatriation of foreign investments under transparent and predictable rules.

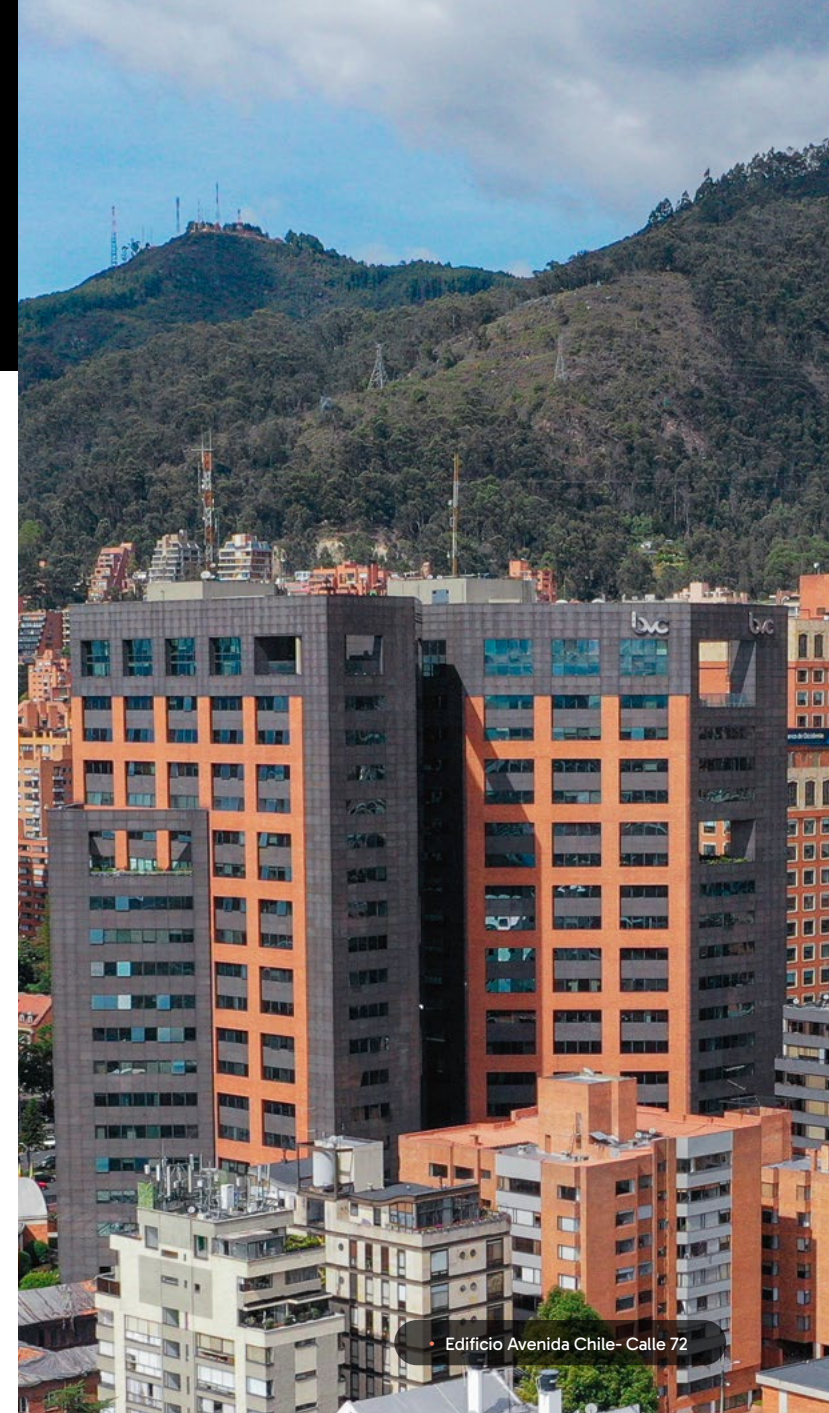
The rights to repatriate capital and remit profits abroad depend on the proper registration of the investment with the Banco de la República, which makes exchange-control structuring a key element to ensure legal certainty and protection of foreign capital.

Are there restrictions on bringing foreign currency into the country?

In Colombia there are no quantitative restrictions on the inflow of foreign currency into the country. The exchange regime does not limit the amount that may be transferred from abroad, but it does provide that certain operations, such as foreign investment and external indebtedness, must be channeled mandatorily through the foreign exchange market and comply with the registration duties before the Banco de la República.

The inflow or outflow of foreign currency may not be carried out directly between the parties; it must be effected through an authorized foreign exchange market intermediary, ensuring traceability, control, and the subsequent recognition of exchange rights.

¹ Article 100 of the Political Constitution of Colombia recognizes equal civil rights for foreigners (national-treatment principle); Article 333, economic freedom and free private initiative; Article 334, the State's power of intervention under a general, non-discretionary legal framework; and Article 371, the autonomy of the Banco de la República as the monetary and exchange authority.





• World Trade Center - Calle 100

FOREIGN EXCHANGE MARKET



The set of authorized intermediaries and mechanisms established to channel foreign-currency operations (such as foreign investment, external indebtedness, imports, and exports).

OPERATIONS SUBJECT TO MANDATORY CHANNELING



Those that, under the exchange regime, must be paid or received through a foreign exchange market intermediary and may not be freely offset between the parties.

FOREIGN EXCHANGE MARKET INTERMEDIARIES (IMC)



Entities authorized to channel exchange operations in Colombia, mainly:

- credit institutions (banks, financial corporations, financing companies) supervised by the SFC
- authorized broker-dealers; and the Banco de la República for specific operations.

What is external indebtedness?

External indebtedness is the credit or loan that a company or person in Colombia obtains from a non-resident creditor, or that it grants to a non-resident debtor. It must be channeled through the foreign exchange market and comply with the registrations and reports required by the Banco de la República².

² Article 44 of External Resolution No. 1 of 2018 of the Board of Directors of the Banco de la República.

When does the international investment regime apply?

To determine whether an operation is subject to the international investment regime, it is essential to establish the residence status of the parties involved. In Colombia, natural persons—whether Colombian or foreign—who remain in the country for more than 183 days, continuous or non-continuous, within a period of 365 consecutive days are deemed residents, as are legal entities and branches domiciled in Colombia³.

Operations between Colombian residents must be carried out in Colombian pesos. Nevertheless, the regime permits the use of compensation accounts registered with the Banco de la República to carry out certain foreign-currency operations, including foreign investment, external indebtedness, and foreign trade. These accounts entail ongoing registration and reporting obligations for their proper use⁴.

2. Types of foreign investment

In Colombia there are principally two classes of foreign investment⁵: **a) Foreign Direct Investment**, which is that made by the investor with the intention of permanence and control, such as the acquisition of shares, quotas, or equity interests in companies, contributions to branches, or the purchase of productive real estate; and **b) Portfolio Investment**, which is that made in securities listed on the public market (shares, bonds, funds), without the intention of control and primarily for financial and return purposes.

³ Article 10 of the Tax Statute (Estatuto Tributario).

⁴ Article 37 of External Resolution No. 1 of 2018 of the Board of Directors of the Banco de la República.

⁵ Article 2.17.2.2.1.2 of Decree 1068 of 2015.

3. Investment registration and exchange rights

Exchange operations are reported through **exchange declarations** (declaraciones de cambio), which inform the exchange intermediary and the Banco de la República of the nature and amount of the operation.⁶ The information must be complete and consistent, since errors or omissions may give rise to administrative investigations and affect the investor's exchange rights⁷.

Once the investment is registered with the Banco de la República, the investor acquires **exchange rights** that allow it to:

- I. Repatriate the invested capital.
- II. Remit profits or dividends abroad.
- III. Transfer the proceeds from the sale or liquidation of the investment.
- IV. Access the foreign exchange market to channel the corresponding foreign currency with legal backing.

⁶ Article 88 of External Resolution No. 1 of 2018 of the Board of Directors of the Banco de la República.

⁷ Article 1.4 of External Regulatory Circular DCIP-83.

⁸ Article 7.1.1 of External Regulatory Circular DCIP-83.

⁹ Article 2.17.2.5.1.1 of External Regulatory Circular DCIP-83.

Profits generated by a foreign investment may be reinvested in Colombia without the need to channel foreign currency. However, such operations must be registered with the Banco de la República in order to preserve the exchange rights and ensure the future repatriation of the reinvested capital.

International investments must be registered by the foreign investor, its attorney-in-fact, or the legal representative of the receiving company—in the case of foreign portfolio investment, through an authorized administrator—in accordance with the procedures established in External Regulatory Circular DCIP-83⁸.

The following must be registered: (i) initial or additional investments; (ii) changes in the holder, in the allocation, or in the receiving company (substitutions); and (iii) the cancellation of the investment. Registrations of substitutions and cancellations must be made within the six (6) months following completion of the operation⁹.

4. Compliance and exchange-control penalties

Failure to comply with the exchange regime in Colombia may give rise to administrative penalties imposed by the National Tax and Customs Directorate (DIAN) or the Superintendence of Companies, including fines calculated on the value of the operation or in UVT, particularly in matters relating to international investments, external indebtedness, and exchange operations¹⁰. The sanctioning power lapses upon expiration of a term of five (5) years counted from the occurrence of the facts constituting the infringement¹¹.

¹⁰ The penalties that the DIAN may impose are governed by Decree 2245 of 2011. The sanctioning power of the Superintendence of Companies is provided for in Article 5 of Decree 2116 of 1992.

¹¹ Article 5 of Decree 2245 of 2011.

The Colombian Financial System

1. Structure

The Colombian Constitution recognizes financial, securities, and insurance activities as being of public interest¹². The Colombian financial system operates under a solid regulatory framework, supervised principally by the Financial Superintendence of Colombia (SFC), the entity responsible for authorizing entry, defining the rules of operation, and supervising the various participants in the system, thereby safeguarding the stability of the ecosystem.

For the investor, this rigor translates into the assurance of dealing with professionals of the financial sector rather than with an ordinary merchant. Supervised entities must adopt specific corporate forms, meet a minimum regulatory capital and certain financial indicators, maintain a robust and secure technological infrastructure, apply strict risk-management policies, and ensure the technical and moral suitability of their shareholders and officers.

¹² Article 335 of the Political Constitution.



2. Intermediated and disintermediated markets

The Colombian financial system operates through two broad schemes: the intermediated market and the disintermediated market, or securities market.

2.1 Intermediated market

The funds of savers or investors are channeled to authorized entities that take deposits from the public and then place them through various products such as loans, discounts, advances, or other active credit operations. This category comprises multiple licenses across the financial and insurance system¹³:

- **Banking establishments:** the credit institution par excellence. They are institutions that take deposits in checking or savings accounts, and demand or time deposits, in order to carry out principally credit operations.
- **Financial Corporations:** they take time deposits to carry out credit operations and make equity investments in companies of the real sector. They represent the structure commonly adopted by the holding companies of financial groups to serve as their investment vehicle and to conduct investment-banking activities.
- **Financing Companies:** the typical structure adopted by all “neo-banks”; they may take time deposits to carry out active credit operations facilitating the marketing of goods and services, and to conduct financial leasing operations. Their main difference from banks is the inability to take deposits through checking accounts and a substantially lower minimum incorporation capital. They additionally focus on natural persons and SMEs.

- **Financial Services Companies:**
The following belong to this group:

- | | |
|---|--|
| i. Trust companies (sociedades fiduciarias), dedicated to managing third-party assets for the specific purpose defined by the settlor | iii. Pension and severance fund managers, which administer the private pension and severance regime |
| ii. General deposit warehouses, used to store goods and issue negotiable certificates of title representing them | iv. foreign exchange brokerage companies, authorized to manage foreign currency and to carry out domestic and international transfers, remittances, and collections. |

- **Capitalization Companies:** institutions that encourage saving through the constitution of capital in exchange for disbursements..
- **Insurance Companies:** financial institutions that carry out insurance operations.
- **Insurance Intermediaries:** insurance brokerage firms, insurance agencies, and individual insurance agents.
- **Reinsurance Intermediaries:** reinsurance brokers.
- **SEDPE:** they take funds through electronic deposits or digital wallets; such funds, however, may not be the subject of credit. This is one of the licenses requiring the lowest incorporation capital.

¹³ Organic Statute of the Financial System (E.O.S.F.), Article 2.



• Atrio Torre Norte - Centro Internacional

2.2 Disintermediated market

Funds are raised through the issuance of securities, whereby companies of the real and financial sectors (the securities issuer) issue documents that embody negotiable rights, delivered to the investor in order to obtain a return, as support for the operation. Any interested party may invest in the securities market through intermediaries (broker-dealers).

- **Securities Market¹⁴**: it enjoys multilevel protection because, in addition to the supervision of the SFC, there is the work of the Securities Market Self-Regulator (“AMV”), which monitors the transparency of market operations and acts as a consumer protector¹⁵.
- **Securities¹⁶**: any negotiable right that forms part of an issuance, when its purpose or effect is to raise funds from the public, including shares, bonds, commercial paper, certificates of deposit for merchandise, any instrument or right resulting from a securitization process or representing venture capital, time deposit certificates, bankers’ acceptances, mortgage bonds, any public-debt instrument, and any other negotiable instrument to which the State attributes such status.

¹⁴ Law 964 of 2005.

¹⁵ Securities Market Self-Regulator (AMV). Consumer protection guide and preventive supervision functions. Available at: <https://www.alianza.com.co/amv>

¹⁶ Law 964 of 2005 – Article 2.

● Securities market activities

- The issuance and offering of securities.
- Securities intermediation.
- the management of investment funds.
- The deposit and administration of securities.
- The operation of trading or registration systems for securities, futures, options, and other derivatives.
- The clearing and settlement of securities.
- Risk rating.
- Self-regulation.
- The supply of information to the securities market.
- Securities advisory services.
- Any others determined by the National Government that involve the management, use, and investment of funds raised from the public through securities.

3. Other Participants in the Financial Sector

- **Payment systems** infrastructure that enables the transfer, clearing, and settlement of funds among entities, merchants, and users, including electronic and digital payments.
- **Payment system administrators:** entities responsible for operating and settling transactions within low-value payment systems.
- **Acquirers:** participants that connect merchants to the payment system and process transactions carried out through cards, QR codes, payment links, and other technologies.
- **Payment service providers:** companies that facilitate the technological processing of payments, including aggregators, processors, and providers of POS terminals, QR codes, and digital platforms.
- **Crowdfunding:** a regulated collaborative-financing model that connects investors and productive projects through technological platforms.
- **Representation Offices:** vehicles that allow foreign financial, securities, or reinsurance entities to promote their products and services in Colombia without incorporating a local financial entity, under the supervision of the SFC.

4. Emerging financial and technological models

The Colombian financial market combines regulatory stability, institutional supervision, and openness to innovative models, creating opportunities for international players in financial services and technology.



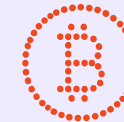
- **Open Finance¹⁷**
A model that allows the sharing of users' financial information, with prior authorization, to develop more personalized products, drive digital services, and increase competition and innovation in the financial sector.



- **Banking as a Service (BaaS)¹⁸**
A scheme through which non-financial companies may offer products such as accounts, cards, payments, or loans using the infrastructure and licenses of supervised financial entities.



- **Fintech**
Companies that integrate technology and innovation into financial, securities, or insurance services to develop new digital business models¹⁹. In Colombia there is no license to operate a company of this kind; therefore, any company that intends to carry out activities reserved for supervised entities must apply for the corresponding license²⁰.



- **Crypto-assets**
Although supervised financial entities face restrictions on operating with crypto-assets, private companies may develop models relating to digital wallets, virtual assets, and international transfers using stablecoins or other digital assets.

¹⁷ Financial Superintendence of Colombia (SFC). "Adoption of Open Finance in Colombia." Institutional release. Available at: <https://www.superfinanciera.gov.co/publicaciones/10114976/colombia-avanza-en-la-adopcion-de-las-finanzas-abiertas/>

¹⁸ Financial Superintendence of Colombia (SFC). "Adoption of Open Finance in Colombia." Institutional release. Available at: <https://www.superfinanciera.gov.co/publicaciones/10114976/colombia-avanza-en-la-adopcion-de-las-finanzas-abiertas/>

¹⁹ Financial Superintendence of Colombia (SFC). Innovation and Fintech Glossary. Frequently asked questions. Available at: <https://www.superfinanciera.gov.co/preguntas-frecuentes/34/34-innovacion-sfc/>

²⁰ Decree 2555 of 2010.

05

TAX REGIME



Russell Bedford
taking you further

📍 Address: Avenida 19 # 118-30, Oficina 508
☎ Phone: (601) 6293891 / (+57) 318 5325447
✉ Email: inforb@rbcol.co
🌐 Website: <https://russellbedford.com.co/>

Structure of the Colombian Tax System

The Colombian tax system is composed of three levels: national, departmental, and municipal or district. Each level has an administrative authority with autonomy to manage its own taxes and perform auditing functions.

1. National Taxes

1.1 Income Tax

Income tax is the main corporate tax in Colombia and is levied on profits earned during each taxable year. Companies incorporated in the country and permanent establishments are subject to taxation on their worldwide income, while foreign companies that do not have a permanent establishment in Colombia are only taxed on income from national sources.

Net taxable income is determined by subtracting allowable costs and deductions from gross taxable income, and the general rate of 35%¹ is then applied to legal entities.

Although the tax is filed annually, withholding at source is applied throughout the year as an advance collection mechanism, with rates ranging from 2% to 48% depending on the concept giving rise to the payment or credit.

The effective tax burden may be modified by the application of tax credits, sector-specific benefits, and the minimum effective tax rate, which seeks to ensure a minimum level of effective taxation of 15%.

There are also differential rates for certain sectors, such as entities that earn income from hotel services, theme parks, ecotourism or agrotourism, and publishing companies incorporated in Colombia, which are subject to a rate of 15%, as well as state-owned industrial and commercial enterprises, which are taxed at 9%.

Likewise, certain sectors are subject to surcharges on the general rate, including financial institutions, insurance companies, and reinsurers, with five additional percentage points; coal extraction activities, with a variable surcharge between zero and ten points; crude oil extraction, with a surcharge between zero and fifteen points; and the generation of electric power through hydroelectric resources, with three additional points.

¹ Article 240 of the Colombian Tax Code. Multiple income tax rates exist, depending on the type of economic activity and applicable tax benefits. These differential rates range from 0% to 35%, with surcharges ranging between 3 and 15 additional points, depending on the tamaño tipo de actividad económica carried out.

1.2 Dividend Tax

Cuando una empresa distribuye utilidades a sus accionistas, se genera el impuesto a los dividendos. Si las utilidades ya fueron gravadas a nivel corporativo, el dividendo está sujeto a una retención adicional. En caso de que no hayan sido gravadas, se hace una retención previa del 35 % denominada «recaptura»; luego aplica la retención en la fuente adicional:

- The withholding at source for entities or individuals who are not Colombian tax residents is 20%²; for entities or individuals who are Colombian tax residents it is 10%³.
- For foreign investors, this withholding typically constitutes the final tax in Colombia.

1.3 Capital Gains

Capital gains correspond to extraordinary income such as the sale of fixed assets held for more than two years, inheritances, donations, and prizes. The general rate is 15%⁴, although special rates may apply to certain prizes.

² Colombia has a network of double taxation avoidance treaties, in which case the treaty provisions prevail over domestic law. Under such treaties, depending on what has been agreed with each country, this withholding may be reduced and, in some cases, may be reduced to 0%.

³ Articles 242 and 245 of the Colombian Tax Code.

⁴ Article 300 et seq. of the Tax Code.

1.4 Special Tax Regime

For non-profit entities⁵ there is the possibility of adopting the special tax regime, which establishes a rate of 20% on income tax and allows the net profit or surplus to remain untaxed when it is allocated, within the year following its receipt, to the development of the entity's corporate purpose and its meritorious activities. Membership in this regime is not automatic but requires a formal application to the Tax Administration and compliance with the established requirements for continued membership.

1.4.1 Value Added Tax (VAT)

VAT is an indirect tax levied on the sale of goods, the provision of services, and imports⁶. The general rate is 19%. It operates under a cascade system, under which tax paid may be taken as a deductible tax credit, allowing the VAT paid on purchases to be offset against the VAT generated on sales.

Natural and legal persons are liable for VAT when they:

- i. Are merchants or carry out activities similar to those of merchants.
- ii. Provide services in Colombian territory.
- iii. Are importers.

Colombia applies the destination-country taxation principle, under which exports of both goods and services are exempt from the tax, provided that legal requirements are met. Under this principle, acquisitions from abroad are subject to VAT upon importation. In the case of service imports, the withholding at source mechanism applies, whereby the acquirer of the foreign service must remit the VAT associated with the acquisition.

⁵ Retrieved from: <https://www.dian.gov.co/impuestos/sociedades/Regimen-Tributario-Especial-RTE/Paginas/default.aspx>

⁶ Article 420 of the Colombian Tax Code.



1.5 Financial Transactions Tax (FTT)

The FTT is levied on bank account withdrawals at a rate of 0.4%, and is also known as the “4 per thousand.” It is automatically collected by financial institutions and must be factored into investment financial planning.

1.6 Colombian Holding Company Regime (CHC)

The Colombian Holding Companies regime⁷ —CHC— is a special tax scheme designed to promote foreign direct investment and facilitate the use of companies incorporated in Colombia as vehicles for holding, managing, and investing in equity interests, both in domestic and foreign entities.

This regime grants tax benefits primarily with respect to dividends or profit-sharing received by the CHC, as well as gains obtained from the disposal of shares or equity interests, provided that the requirements set out in Colombian tax regulations are met.

To access the CHC regime, the company must be a Colombian tax resident and have as one of its main activities the holding of securities, the investment in or holding of shares or equity interests in domestic and/or foreign companies or entities, as well as the management of such investments.

Additionally, it must hold a direct or indirect interest of at least 10% in the capital of two or more companies or entities, whether Colombian or foreign, for a minimum period of twelve months.

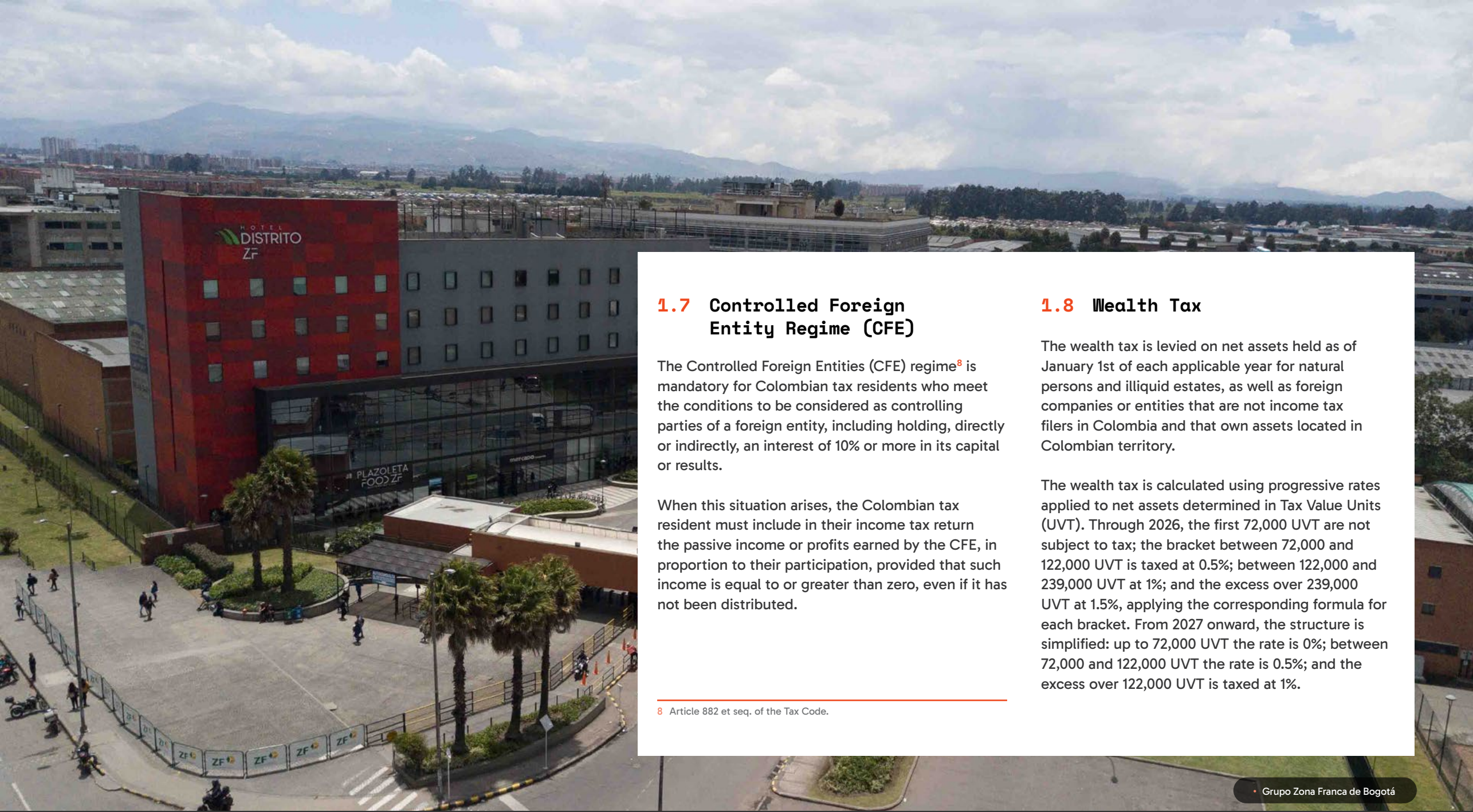
In particular, dividends or profit distributions paid by entities that are not Colombian tax residents to a CHC are exempt from income tax in Colombia and must be declared as exempt capital income.

When the CHC distributes such dividends to its partners or shareholders, the tax treatment will depend on the nature of the recipient, as follows:

Recipient of the dividend distributed by the CHC	Tax treatment	Applicable rate
Natural or legal person who is not a Colombian tax resident	Dividends are considered foreign-source income. Therefore, when received by a non-Colombian tax resident, they would not be taxable in Colombia.	0%
Natural person who is a Colombian tax resident	Dividends will be taxed in accordance with the general rules applicable to dividends received by resident natural persons.	Applicable rate pursuant to Article 242 of the Colombian Tax Code..
Legal entity that is a Colombian tax resident	Dividends will be subject to the general rules applicable to dividends received by domestic companies.	Applicable rate pursuant to Article 242-1 of the Colombian Tax Code.

Additionally, dividends received from investments in foreign entities under the CHC regime are not subject to the Industry and Commerce Tax —ICA—. Furthermore, CHCs are considered Colombian tax residents for purposes of the double taxation avoidance treaties entered into by Colombia.

⁷ Article 894 et seq. of the Tax Code.



1.7 Controlled Foreign Entity Regime (CFE)

The Controlled Foreign Entities (CFE) regime⁸ is mandatory for Colombian tax residents who meet the conditions to be considered as controlling parties of a foreign entity, including holding, directly or indirectly, an interest of 10% or more in its capital or results.

When this situation arises, the Colombian tax resident must include in their income tax return the passive income or profits earned by the CFE, in proportion to their participation, provided that such income is equal to or greater than zero, even if it has not been distributed.

⁸ Article 882 et seq. of the Tax Code.

1.8 Wealth Tax

The wealth tax is levied on net assets held as of January 1st of each applicable year for natural persons and illiquid estates, as well as foreign companies or entities that are not income tax filers in Colombia and that own assets located in Colombian territory.

The wealth tax is calculated using progressive rates applied to net assets determined in Tax Value Units (UVT). Through 2026, the first 72,000 UVT are not subject to tax; the bracket between 72,000 and 122,000 UVT is taxed at 0.5%; between 122,000 and 239,000 UVT at 1%; and the excess over 239,000 UVT at 1.5%, applying the corresponding formula for each bracket. From 2027 onward, the structure is simplified: up to 72,000 UVT the rate is 0%; between 72,000 and 122,000 UVT the rate is 0.5%; and the excess over 122,000 UVT is taxed at 1%.



1.9 National Consumption Tax

This is a national tax triggered by the provision of certain services and the sale of specific goods to the end consumer, or upon importation when the importer is the end consumer. It does not apply generally to all transactions, but only to those goods and services expressly specified by law.

The rate varies depending on the type of good or service; for services, rates may range from 4% to 8%; for goods, from 8% to 16%.

1.10 National Tax on Gasoline and Diesel (ACPM) and National Carbon Tax

The national tax on gasoline and diesel (ACPM) is a tax triggered by the sale, withdrawal, or importation of these fuels for own consumption or for commercialization, and is levied at a single stage. Its rates are updated annually, generally on February 1st, taking into account the inflation of the previous year and the bases established in the applicable regulations.

The national carbon tax, for its part, is levied on the carbon content of fossil fuels used for energy purposes, including petroleum derivatives and various types of fossil gas intended for combustion. This tax falls on the purchaser of the fuel, normally the producer or importer, and is calculated based on the CO₂ emission factor per energy unit, calculated according to the volume or weight of the fuel.



1.11 National Tax on Single-Use Plastics

This tax applies to plastic containers, packaging, or wrapping intended to contain, protect, or present goods. It is triggered when such products are sold by the producer, withdrawn for own consumption, or imported for own consumption. In the case of sales, the tax accrues on the date the invoice is issued; for withdrawals for consumption, at the time of withdrawal; and for imports, at the time the goods are cleared through customs.

The taxpayer is the producer or importer, as applicable. The tax base is determined by the weight in grams of the single-use plastic container or packaging, and the rate is 0.00005 UVT per gram.

1.12 Tax on Ultra-Processed Sugary Beverages and Tax on Industrially Ultra-Processed Food Products

The tax on ultra-processed sugary beverages applies to the production, sale, inventory withdrawal, transfer of ownership —whether gratuitous or onerous— and importation of beverages with added sugar content, as well as concentrates, powders, and syrups that, when mixed or diluted, yield such beverages. The taxpayers are producers, sellers, importers, or any party performing transfer transactions over the taxable products. The rate is determined based on the sugar content expressed in grams per 100 milliliters of beverage.

The tax on industrially ultra-processed food products and/or products with a high content of added sugars, sodium, or saturated fats is triggered by the production, sale, inventory withdrawal, transfer of ownership, or importation of ultra-processed foods containing added sugars, salt/sodium, or fats whose nutritional content exceeds certain parameters. The tax base corresponds to the sale price of the product and the applicable rate is 15%.

1.13 Electronic Invoicing

In Colombia, electronic invoicing is a mandatory system for legal entities and all other parties required to issue invoices. It has the same legal validity as a traditional paper invoice, with the difference that it must be generated, transmitted, validated, and preserved through electronic means before the Tax Administration. An electronic invoice must be issued for each transaction involving the sale of goods or provision of services and requires prior validation for tax recognition.

Additionally, when goods or services are purchased from suppliers who are not required to issue a sales invoice or equivalent document, the buyer must generate the so-called supporting document for acquisitions from non-invoicing parties. This document must also be issued electronically, bear authorized numbering, comply with specific formal requirements, and be submitted for validation, in order to support costs, deductions, and creditable taxes in tax returns.

2. Departmental Taxes

– Cundinamarca

2.1 Registration Tax

The registration tax is triggered by the filing of documentary legal acts, contracts, or transactions involving private parties that must be registered before the Public Instrument Registry Offices or the Chambers of Commerce.

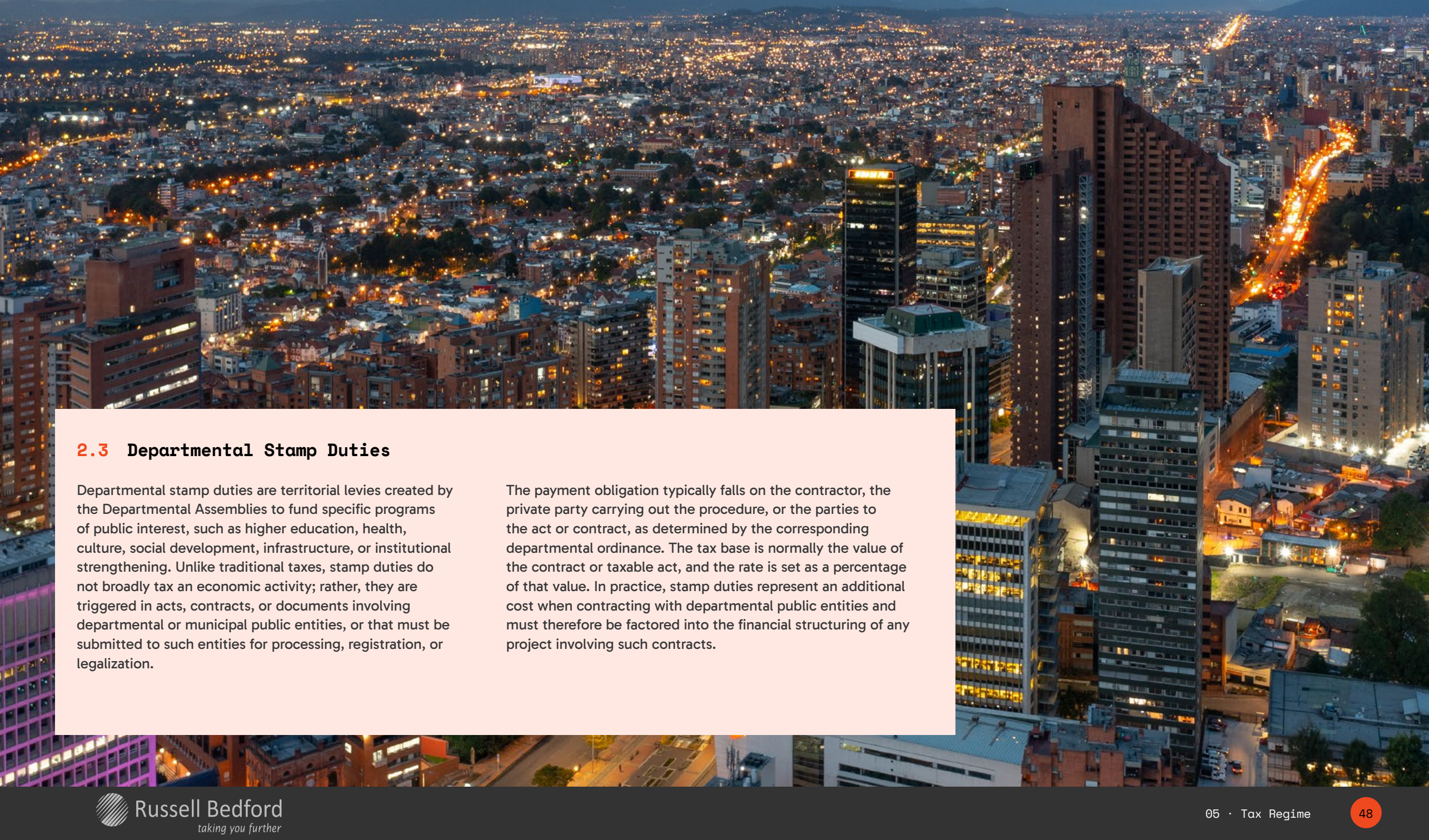
The taxpayers are the parties to the legal act, transaction, or ruling submitted for registration, and the applicable rate is set by the Departmental Assemblies within the parameters established according to the nature of the act being registered..

2.2 Motor Vehicle Tax

This is a direct tax levied on the ownership or possession of vehicles registered in a given department or in the Capital District of Bogotá. This tax must be paid annually and is the responsibility of the owners or possessors of the vehicle, who are required to fulfill the obligation within the deadlines established by the corresponding territorial authority.



• Cámara de Comercio de Bogotá, sede Chapinero



2.3 Departmental Stamp Duties

Departmental stamp duties are territorial levies created by the Departmental Assemblies to fund specific programs of public interest, such as higher education, health, culture, social development, infrastructure, or institutional strengthening. Unlike traditional taxes, stamp duties do not broadly tax an economic activity; rather, they are triggered in acts, contracts, or documents involving departmental or municipal public entities, or that must be submitted to such entities for processing, registration, or legalization.

The payment obligation typically falls on the contractor, the private party carrying out the procedure, or the parties to the act or contract, as determined by the corresponding departmental ordinance. The tax base is normally the value of the contract or taxable act, and the rate is set as a percentage of that value. In practice, stamp duties represent an additional cost when contracting with departmental public entities and must therefore be factored into the financial structuring of any project involving such contracts.

3. District Taxes – Bogotá D.C

3.1 Industry and Commerce Tax (ICA)

The Industry and Commerce Tax (ICA) is the main district tax that investors carrying out economic activities in Bogotá must consider. It is a territorial tax levied on the regular or permanent conduct of industrial, commercial, or service activities within the jurisdiction of the Capital District, regardless of whether they are carried out in a physical establishment open to the public.

The taxpayers subject to ICA are natural persons, legal entities, and other organizations that carry out taxable activities in Bogotá, whether directly or through branches, agencies, commercial establishments, or any other form of economic presence. Foreign companies may also be subject to the tax if they carry out taxable activities in the city.

The tax base consists of gross income earned during the applicable tax period from taxable activities carried out in the District. Rates may vary depending on the economic activity performed and are expressed in per-thousand values on gross income. In general, the following ranges apply:

For industrial activities : between 2 and 7 per thousand (0.2% to 0.7%).	For commercial and service activities : between 2 and 10 per thousand (0.2% to 1.0%)	financial activities are subject to a rate that may reach 14 per thousand (1.4%).
--	--	--

Additionally, there are complementary levies to the ICA, including:

- i. The **Signs and Billboards Tax**, equivalent to 15% of the assessed ICA amount when signs visible from public spaces are used.
- ii. The **Fire Department Surcharge**, equivalent to 1% of the assessed ICA amount.

The tax accrues upon the performance of taxable activities within the corresponding period and is filed and paid periodically, generally on a bimonthly basis for higher-income taxpayers, although an annual filing may apply depending on the income level.



3.2 Unified Property Tax

This is a district tax levied on the ownership or possession of real estate located in Bogotá D.C. Its accrual is not contingent upon the economic use of the property; ownership or possession alone is sufficient to give rise to the tax obligation. In practical terms, whoever appears as the owner or possessor as of January 1st of each year will be liable for the tax for the entire fiscal year.

From an investor's perspective, the Property Tax must be analyzed together with other levies associated with real estate ownership in Bogotá, such as the urban development tax and betterment levy, particularly in construction, development, or urban renewal projects. The applicable rate is differentiated and is determined based on the use and characteristics of the property, generally ranging between 5 per thousand and 16 per thousand of the corresponding cadastral appraisal or self-assessment.

3.3 District Stamp Duties

District stamp duties are district-level levies designed to fund specific programs of public interest, such as higher education, culture, social welfare, hospital infrastructure, or institutional strengthening. Unlike general taxes such as the ICA or Property Tax, stamp duties do not broadly tax an economic activity, but rather specific acts, contracts, or documents involving District public entities or that must be processed before them.

The taxable event for district stamp duties typically consists of the execution, conclusion, modification, addition, extension, or performance of contracts with Capital District entities, as well as the issuance or registration of certain administrative acts or official documents.

06

FDI INCENTIVES

 Esguerra JHR ANDERSEN.

📍 Address: Carrera 7 No. 99-53, Tower 2, 17th Floor, Capital Towers Building, Bogotá, Colombia

☎ Phone: +57 (601) 432 2099

✉ Email: info@esguerrajhr.com

🌐 Website: <https://www.esguerrajhr.com>

Centro Internacional

1. General background

1.1 Why are tax incentives key to attracting foreign investment?

Colombia has developed a tax incentive framework aimed at promoting investment, innovation, and job creation, while offering competitive conditions for both domestic and foreign companies. These incentives help Colombia to remain competitive with other jurisdictions, improve project returns, and facilitate business expansion in strategic sectors.

1.2 Bogotá as Colombia's economic and logistic center

In addition to the tax benefit framework available in our capital city, Bogotá has established itself as Colombia's economic and logistic center. In this regard, the city accounts for the largest share of the national GDP and serves as the headquarters for the principal domestic and multinational companies.

2. Tax incentives in Bogotá D.C.

2.1 Exclusions from the Industry and Commerce Tax (ICA)

Bogotá D.C. tax regulations provide that certain activities are excluded from the Industry and Commerce Tax (ICA)¹, which include: (i) primary agricultural, livestock, and poultry production; (ii) the domestic production of goods destined for export; (iii) the first stage of processing carried out on rural properties in the case of agricultural production activities; and (iv) energy projects submitted by territorial entities of the non-interconnected zones of the National Electricity System to the National Royalties Fund.

¹ Bogotá Decree 352 of 2002, Section 43.



2.2 Exports excluded from ICA

Companies engaged in the export of goods produced in Colombia may claim the ICA exclusion, if they submit the required supporting documents²: (i) the Single Export Form, and (ii) a copy of the bill of lading.

Additionally, if foreign sales are conducted through an International Trading Company (SCI, for its acronym in Spanish), the following shall be required:

- i. the submission of the Certificate of Purchase from the Producer issued by the international trading company in favor of the produce
- ii. a certification issued by the international trading company identifying the number of the Single Export Document and a certified copy of the bill of lading, provided that the export is carried out by the international trading company within ninety calendar days following the date of issuance of the Certificate of Purchase from the Producer.

Finally, companies engaged in the export of services are also entitled to deduct the income derived from such exports³.

² Bogotá Tax Administration, Legal Opinion 1170 of 2008 and Legal Opinion No. 2023EE071248O1 of 2023.

³ Colombian Tax Code, Section 240-1; Law 1004 of 2005.

3. National level investment incentives in Colombia

Among the principal mechanisms employed are special tax regimes, sectoral incentives, and various measures aimed at strengthening capital markets and access to corporate financing.

3.1 Free Trade Zone Regime

Companies qualified as industrial users of a free trade zone may access a preferential income tax rate of 20% (compared to the general corporate rate of 35%), which is lower than the general rate applicable to corporations³. Furthermore, goods entering a free trade zone from abroad are not subject to payment of custom duties or VAT if they remain within said area⁴.

Operationally, the free trade zone scheme has been widely adopted: Colombia has approximately 119 active free trade zones distributed across 20 departments, wherein over a thousand companies from various sectors (manufacturing, logistics, services, agribusiness, etc.) operate, thereby generating employment and regional development.

⁴ Law 1004 of 2005; Decree 2147 of 2016.

⁵ Law 1715 of 2014, Section 11.

⁶ Law 1715 of 2014, Section 12.



3.2 Incentives for non-conventional energy source projects

Colombia has developed a specific regulatory framework to promote investment in renewable energy and the energy transition, particularly through Law 1715 of 2014, subsequently amended by Law 2099 of 2021. The investment must be evaluated and certified by the Mining and Energy Planning Unit (UPME, for its acronym in Spanish). Among the most notable incentives are the following:

- **Special income tax deduction:** Investors may deduct up to 50% of the value of the investment made in renewable energy projects from their net taxable income, a benefit that may be applied for a period of up to 15 years⁵.
- **Exemption from custom duties:** The importation of machinery, equipment, materials, and inputs intended exclusively for reinvestment and investment activities in renewable energy projects shall be exempt from the payment of customs duties⁷.
- **Exclusion from Value Added Tax (VAT):** Domestic or imported equipment, elements, machinery, and services intended exclusively for NCES (Non-Conventional Energy Source) projects are excluded from VAT⁸.
- **Accelerated depreciation of assets:** From an accounting standpoint, real productive fixed assets associated with renewable energy projects may benefit from an accelerated depreciation regime, which allows their depreciation to be recognized over a shorter term (up to 5 years)⁹.

⁷ This tariff incentive, established by the regulatory decrees of Law 1715 (e.g., Decree 2143 of 2015, subsequently incorporated into Decree 1625 of 2016), reduces project costs and accelerates their execution.

⁸ Law 1715 of 2014, Section 14.

3.3 Incentives associated with environmental projects:

- **Tax credit equivalent to 25% of the value of the investments** made in projects for the control, conservation, or improvement of the environment, provided that such investments are certified by the competent environmental authority⁹.
- **Tax-exempt income on the sale of electricity**¹⁰ generated from wind, biomass or agricultural waste, solar, geothermal, or ocean energy, carried out exclusively by power generation companies, for a term of fifteen (15) years, starting from the year 2017. These benefits may not be applied concurrently with the benefits established in Law 1715 of 2014.

3.4 Capital market incentives

The Colombian regulatory framework also provides for instruments designed to strengthen the capital market and facilitate the channeling of investment into corporate projects.

One of the most significant mechanisms is the Colombian Holding Companies (CHC) regime, which grants tax benefits to companies whose primary purpose is the holding of equity in other companies. Under this regime, dividends received from foreign subsidiaries may be exempt from income tax, and dividends distributed to non-resident foreign investors may also benefit from favorable tax treatment¹¹.

Additionally, there are special rules regarding the taxation of foreign portfolio investors. In general terms: i) foreign portfolio funds that are not required to file income tax returns pay their taxes through fixed withholdings at source, thereby avoiding administrative procedures¹²; and ii) profits derived from the disposal of shares listed on a Colombian Stock Exchange, held by the same beneficial owner, do not constitute taxable income or capital gains, provided that such disposal does not exceed three percent (3%) of the outstanding shares of the respective company during the same taxable year¹³.

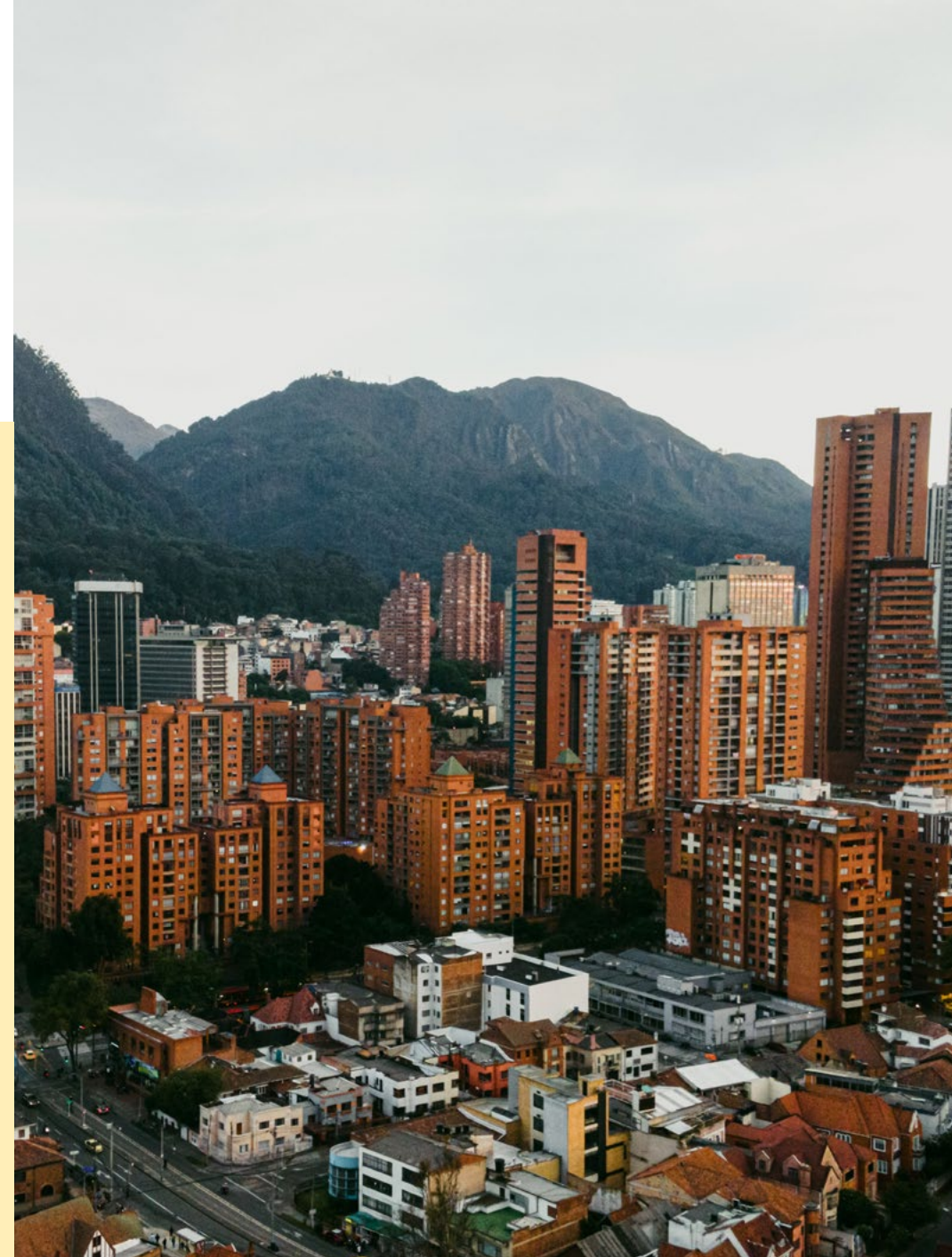
⁹ Colombian Tax Code, Section 255.

¹⁰ Colombia Tax Code, Section 235-2.

¹¹ Colombia Tax Code, Sections 894 to 898-3; Law 2010 of 2019.

¹² Colombia Tax Code, Section 18-1; Decree 119 of 2017.

¹³ Colombia Tax Code, Section 36-1.



3.5 Incentive mechanisms for foreign productions choosing Colombia as a filming location



• Avenida Circunvalar · Cerros Orientales

- **The Colombia Film Fund (FFC):** production companies that film wholly or partially within the country and execute a Colombia Filming Agreement may access a rebate of up to 40% of the expenditures on cinematographic services contracted with Colombian companies within the sector.
- **The Audiovisual Investment Certificate in Colombia (CINA):** it grants an income tax credit of up to 35% of the investment made in Colombia for foreign audiovisual productions approved by the Colombia Film Promotion Committee. The tax credit is represented by a certificate, which is also tradable on the securities market¹⁴.
- **The certificate of investment or donation in cinema projects (“CID” or “CIC”) Deduction:** article 16 of Law 814 of 2003 (as amended by Law 1607 of 2012) grants the right to deduct 165% of the actual amount invested or donated for income tax purposes. This applies to investments or donations made to Colombian feature or short film production or co-production projects approved by the Ministry of Culture through the Directorate of Cinematography.

The Directorate of Cinematography shall issue a cinematographic investment certificate or a cinematographic donation certificate, as applicable. Cinematographic Investment Certificates (unlike donation certificates) are negotiable instruments payable to order and, therefore, are securities representing the right to apply the deduction¹⁵.

¹⁴ Law 1955 of 2019, section 178 and Decree 474 of 2020. Law 1955 of 2019, Section 178 and Decree 474 of 2020.

¹⁵ Decree 1080 of 2015, Section 2.10.2.6.5.



• Centro Empresarial Santa Bárbara

3.6 Incentives related to the employment of specific populations

- **Employment of workers with disabilities:** section 31 of Law 361 of 1997 establishes that employers who employ workers with a disability rating of no less than 25% shall be entitled to deduct from their taxable income 200% of the value of the wages and social benefits paid to said workers during the taxable year or period. To access this benefit, the employer must be obligated to file an income and complementary tax return, and the worker's disability status must be accredited in accordance with the guidelines of the Ministry of Health and Social Protection.

This benefit operates as a special income tax deduction. Consequently, its effect allows the employer to deduct for tax purposes an amount exceeding the labor expenses actually paid, provided that the existence of the employment relationship is proven, the supporting documentation for the payment of wages and social benefits for the respective taxable period is maintained, and said payments are admissible under the general rules of deductibility.

- **Employment of female victims of violence:** section 23 of Law 1257 of 2008 provides a tax benefit for employers who hire female workers who are proven victims of violence. This benefit consists of the right to deduct 200% of the value of the wages and social benefits paid during the respective taxable period for income tax purposes. To access this treatment, the employer must be required to file an income and complementary tax return.

This benefit operates as a special income tax deduction. In this regard, it allows the employer to deduct for tax purposes an amount exceeding the labor expenses actually paid, for up to three years, provided that the situation of violence can be proven, the supporting documentation for the payment of wages and social benefits for the respective taxable period is maintained, and said payments are admissible under the general rules of deductibility.



• Movistar Arena

- **Payment of wages to employees who are victims of kidnapping:** section 21 of Law 986 of 2005 establishes the right to deduct from income tax 100% of the wages paid during the taxable period to employees who are victims of kidnapping, while they remain in captivity. In this regard, the benefit operates as a deduction on the amounts actually paid to said workers during their deprivation of liberty, provided that such payments are admissible in accordance with the general requirements for deductibility.
- **Employment of senior citizens:** section 2 of Law 2040 of 2020 provides for the possibility of deducting from income tax 120% of the wages and social benefits paid to individuals who, having met the age requirement for retirement, are not beneficiaries of an old-age pension, family pension, or survivor's pension.

The benefit shall be applicable during the taxable periods in which the workers are employed, for a minimum of one (1) year, and to qualify, such workers must constitute 2.5% of the workforce in the case of employers with fewer than 100 workers. For every 100 additional employees, the employment requirement increases by 0.5%, without exceeding 5% of the total workforce.

Impact of incentives on economic competitiveness

In Colombia, most of the tax incentives relevant to foreign investment, such as the benefits for renewable energy projects, the free trade zone regime, or the incentives for the audiovisual industry, are national in scope; therefore, they apply uniformly throughout the territory without distinction between cities.

For this reason, differences regarding incentives among major cities such as Barranquilla, Cali, or Medellín stem primarily from municipal tax policies, such as benefits related to the Industry and Commerce Tax (ICA), property tax incentives, or local business promotion programs. In this context, Bogotá stands out due to its economic scale, its business infrastructure, and the concentration of corporate activity—factors which, alongside the available tax incentives, reinforce its position as one of the premier investment destinations in the country.



• Centro de convenciones Ágora Bogotá - Ricardo Báez

07

INTERNATIONAL AGREEMENTS

Pérez-Llorca

📍 Address: Calle 67 No. 7-35, Office 1204, Bogotá, Colombia

☎ Phone: +57 (601) 319 2900

✉ Email: colombia@perezllorca.com

🌐 Website: <https://www.perezllorca.com/es-co/>

Foreign Trade and International Protection Treaties

Colombia offers one of the most reliable investment environments in Latin America, supported by a network of 19 bilateral and multilateral investment treaties currently in force. This framework provides legal certainty to foreign investors through two fundamental pillars: international investment treaties and international investment arbitration as an effective dispute resolution mechanism.

The International Investment Agreements ("IIAs") entered into by Colombia with other countries —primarily contained in Bilateral Investment Treaties ("BITs") and in investment chapters within Free Trade Agreements ("FTAs")— establish binding protections for foreign investors. When disputes arise, international arbitration provides investors with direct access to neutral tribunals, without the need to exhaust domestic remedies.

In this regard, Colombia has ratified 19 investment protection treaties (IIAs) covering its main trading partners in

- North America
- Asia
- Europe
- Latin America

The main treaties include¹:

Region	Contracting States	Entry into Force
North America	United States ² , Canada, Mexico	2011–2012
Europe	Spain, France, United Kingdom, EFTA States, Switzerland, European Union	2007–2020
Asia-Pacific	China, Japan, South Korea, India, Israel	2012–2020
Latin America	Pacific Alliance, Chile, Peru, Costa Rica, Northern Triangle	2009–2016

Together, these instruments consolidate a comprehensive and geographically diversified protection framework. In addition to investment treaties and investment chapters of FTAs, Colombia has ratified the Trade Agreement with the European Union (in force since July 16, 2013).

¹ Available at: <https://www.tlc.gov.co/acuerdos/a-internacional-de-inversion/contenido/acuerdos-internacionales-de-inversion-suscritos>. It also includes references to investment treaties with the Pacific Alliance, Korea and the European Union.

² In 2024, the Colombia-United States Free Trade Commission issued **Decision No. 9**, clarifying that arbitration claims require actual losses directly arising from alleged breaches, excluding speculative claims.

All IIAs guarantee the following standards:

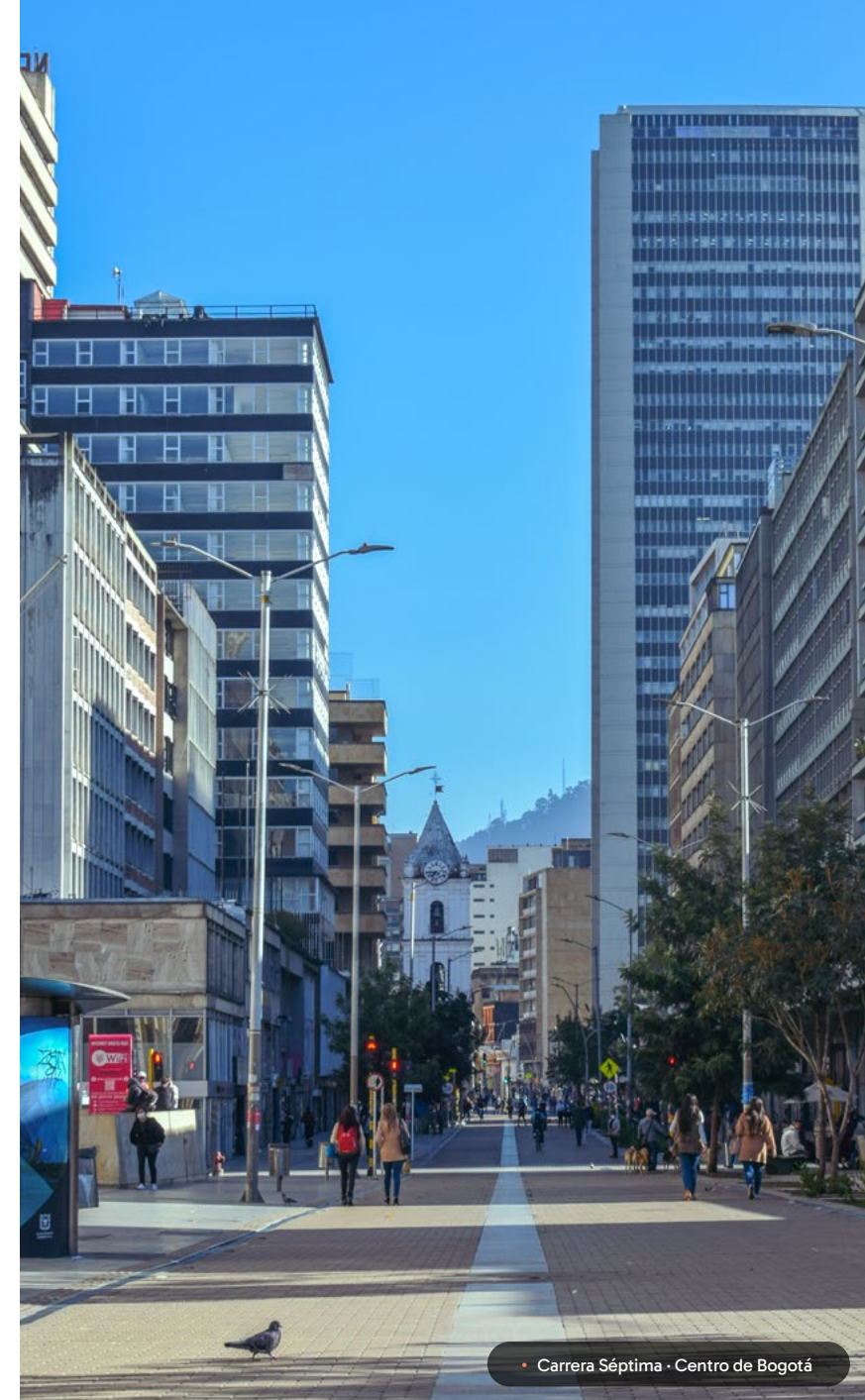
- Most-Favoured-Nation Treatment, which ensures that investors receive treatment no less favourable than that accorded to investors of any third country.
- National Treatment, which guarantees foreign investors treatment equal to that accorded to domestic investors in like circumstances.
- Fair and Equitable Treatment, which protects the legitimate expectations of investors based on representations made by the State.
- Protection against Expropriation, which prohibits direct or indirect expropriation, except for a public purpose, on a non-discriminatory basis, in accordance with due process and upon payment of prompt and adequate compensation.
- Free Transfer Clauses, which allow investors to freely transfer capital, profits, dividends and the proceeds from the liquidation of investments.

In the event of disputes or breach by Colombia of the obligations assumed under the ratified treaties, investors may resort directly to international arbitration, without the need to exhaust domestic remedies. Arbitration enables the dispute to be resolved by a neutral, specialised and expeditious tribunal, while the State has the opportunity to demonstrate compliance with its international obligations.

As a general rule, pursuant to the 1965 Washington Convention—ratified by Colombia in 1997—disputes are submitted to ICSID (International Centre for Settlement of Investment Disputes). Notwithstanding the foregoing, most treaties also provide for arbitration under the UNCITRAL Rules or other institutional frameworks such as the ICC, thereby affording additional flexibility in the selection of the forum.

Thus, within the framework of International Investment Arbitration, investors may seek the protection of their rights, while the host States have the opportunity to defend themselves by demonstrating compliance with the unilateral obligations undertaken in favour of foreign investors. It follows that, should the Colombian State fail to comply with the provisions set forth in the ratified investment protection treaties, foreign investors are entitled to submit the dispute to an arbitral tribunal for impartial, specialised and expeditious resolution.

Regarding the Trade Agreement with the European Union, although it does not incorporate traditional investment protections—such as provisions on expropriation, fair and equitable treatment or investor-State dispute settlement mechanisms—it does establish relevant guarantees for European investors regarding market access, national treatment, free movement of capital and repatriation of profits. These provisions facilitate the establishment and operation of EU investments in Colombia under competitive and non-discriminatory conditions. In order to obtain comprehensive investment protections, including expropriation and fair and equitable treatment standards, EU investors should structure their investments through jurisdictions covered by Colombia's bilateral investment treaties.



• Carrera Séptima · Centro de Bogotá

Colombia has generally maintained a favourable track record in investment arbitration, although recent decisions reflect a more nuanced landscape:

- Three awards on the merits determined that Colombia did not breach the fair and equitable treatment or expropriation standards, and four cases were dismissed on jurisdictional grounds³.
- Recent cases including *South32 v. Colombia* (June 2024, USD 9.5 million) and *Telefónica v. Colombia* (November 2024, approximately USD 380 million, annulment proceedings pending)³, have resulted in awards against Colombia.

For investors, it is important to note that:

- With respect to mining and natural resources, recent cases demonstrate Colombia's right to regulate in favour of environmental protection, particularly regarding páramo ecosystems.
- In the telecommunications sector, the *Telefónica* case highlights the risks arising from retroactive regulatory interpretations affecting concession agreements.
- In infrastructure, long-term concession agreements and public-private partnerships qualify for treaty protection when properly structured.

³ *Red Eagle Exploration c. Colombia* (February 2024): Colombia successfully invoked its essential security interest to protect páramo ecosystems, a landmark precedent in investment arbitration.
Eco Oro Minerals c. Colombia (July 2024): Despite a prior determination of a breach of the fair and equitable treatment standard, the tribunal did not award damages in respect of the mining rights affected by environmental restrictions.

In order to maximise legal certainty and international protection, it is advisable for investors to:

- Conduct a prior assessment of the coverage afforded by international investment treaties applicable to their investment structure;
- Rigorously document regulatory commitments, permits and relevant administrative actions;
- Properly structure their investments and contracts to ensure access to international protection mechanisms; and
- Maintain ongoing monitoring of the regulatory landscape and the country's international investment policy.



Free Trade Agreements (FTAs)

A Free Trade Agreement ("FTA") is a binding trade agreement entered into between two or more countries to eliminate or substantially reduce tariff and non-tariff barriers to trade in goods and services. These instruments establish a comprehensive legal framework covering, market access, rules of origin, customs procedures, investment, trade in services, intellectual property, government procurement and dispute settlement, thereby creating conditions of legal certainty for foreign trade operators.

Colombia has an extensive network of trade agreements providing preferential access to various international markets.

The FTAs currently in force include those signed with:

- United States
- Canada
- Mexico
- Chile
- European Union
- United Kingdom
- South Korea
- Costa Rica
- Israel
- The Northern Triangle countries of Central America (El Salvador, Guatemala and Honduras).

Additionally, Colombia participates in regional integration schemes such as the Andean Community (CAN), comprising Bolivia, Ecuador and Peru, and the Pacific Alliance together with Chile, Mexico and Peru.

Within the framework of the Latin American Integration Association (LAIA), Colombia has entered into various Economic Complementation Agreements and Partial Scope Agreements with countries such as Argentina, Brazil, Paraguay, Uruguay (MERCOSUR), Cuba, Nicaragua and Venezuela, among others. Colombia also maintains agreements with the European Free Trade Association (EFTA) countries: Switzerland, Norway, Iceland and Liechtenstein.

Among the main benefits of FTAs is the elimination or reduction of tariffs, which decreases import costs and enhances the competitiveness of products in destination markets. In order to access these benefits, it is essential that the goods comply with the rules of origin stipulated in each agreement, evidencing their preferential origin by means of a certificate of origin issued by the competent authority or a declaration of origin by the producer, as established by the applicable treaty.

Double Taxation Avoidance Agreements

Colombia has a network of Double Taxation Avoidance Agreements (DTAs) aimed at promoting foreign investment and international trade by eliminating duplicative tax burdens on the same income. These instruments seek to prevent both juridical double taxation, where two States tax the same income in the hands of the same taxpayer, and, in certain cases, economic double taxation.

DTAs operate through rules for the allocation of taxing rights that determine which State is entitled to tax each category of income. These rules function under three principal schemes: (i) exclusive taxation in the State of residence, applicable, for example, to business profits where no Permanent Establishment exists in Colombia; (ii) full taxation in the source State without limitation, as in the case of income derived from immovable property, where relief from double taxation is granted in the State of residence through a tax credit or exemption; and (iii) shared taxation with a cap at source, commonly applicable to dividends, interest and royalties, where the rate applicable in Colombia may not exceed the maximum percentage provided for in the DTA (usually 5% or 10%), with the State of residence being required to recognise the tax paid through the corresponding credit mechanism.

Network of DTAs Entered into by Colombia

Colombia has entered into Double Taxation Avoidance Agreements with the following jurisdictions:

- Canada
- India
- Mexico
- South Korea
- United Kingdom
- Chile
- Italy
- Japan
- Portugal
- Czech Republic
- France
- Spain
- Switzerland

There are other jurisdictions with which DTAs have been signed but have not yet entered into force

- Brazil
- United Arab Emirates
- Luxembourg
- Netherlands
- Uruguay



These treaties are primarily based on the OECD Model Tax Convention, although they incorporate particularities specific to the Colombian tax system. Among the principal differences from the standard model are specific provisions on permanent establishments, the treatment of dividends and certain software payments, as well as the inclusion of Most-Favoured-Nation clauses in certain agreements.

• Carrera Séptima - Edificio del Banco de la República

Andean Community of Nations Regime (Decision 578)

Additionally, Colombia is a member of the Andean Community of Nations (CAN), together with Bolivia, Ecuador and Peru. Within this regional framework, Decision 578 establishes a special regime to avoid double taxation among member countries. Unlike bilateral DTAs, which combine allocation rules with credit or exemption mechanisms, Decision 578 operates primarily under the exemption method. This means that income taxed in one member country is not subject to taxation again in another CAN member State, thereby providing a framework of tax certainty for intra-community investments.

International Transport Agreements (maritime and air transport)

Colombia has also entered into specific agreements to avoid double taxation in respect of maritime and air transport with Argentina, Germany, Brazil, Chile, the United States, Italy, Panama and Venezuela.

These instruments seek to avoid concurrent taxation on income derived from international navigation activities, thereby affording greater legal certainty to operators in the sector.



• Aeropuerto Internacional El Dorado

08

MERGERS AND ACQUISITIONS (M&A) PROCESSES

Serrano
Martínez
CMA

Universidad de
los Andes

Facultad
de Derecho

Semillero de Investigación
Fusiones Y Adquisiciones

Address: Calle 27 No. 5A-12,
Bogotá, Colombia

Phone: +57 (601) 746 6072

Website: <https://serranomartinezcma.com/contacto/>

Corredor de la Autopista Norte

1. Acquisition Structures in Colombia

The acquisition of a business may be structured in different ways depending on factors such as tax implications, regulatory requirements, and risks identified during the due diligence process. In practice, the most common structures include:

1. Purchase and sale of equity interests.
2. Asset acquisition.
3. Merger.
4. Spin-off.
5. Purchase and sale of a commercial establishment.

Each of these structures entails different legal and tax implications; therefore, the appropriate structure should be selected based on the specific characteristics of each transaction.

i. Purchase and Sale of Equity Interests

Under this structure, the transaction does not involve the direct acquisition of the business assets, but rather the acquisition of the equity interests representing the company's capital. Although this may appear to be a relatively straightforward structure, it may be subject to statutory or contractual restrictions, such as compliance with rights of first refusal applicable to the transfer of equity interests. The following aspects should be considered:

- **Right of first refusal:** the transfer of equity interests may require the approval of the shareholders or partners or may be subject to a right of first refusal, either because such requirement is established by law (e.g., in a limited liability company) or in the company's bylaws (e.g., in companies with share capital). Failure to comply with these requirements may result in the transfer being deemed null and void or otherwise legally ineffective.
- **Tax considerations:** any gain derived from the sale of equity interests may be subject to capital gains tax if the interests have been held as fixed assets for two (2) years or more, or to ordinary income tax if they do not meet such holding-period or asset-classification requirements. The applicable tax is calculated on the gain realized, i.e., the difference between the sale price and the tax basis.

The transaction must also comply with the minimum sale price rules established under Article 90 of the Colombian Tax Code (Estatuto Tributario – E.T.), pursuant to which the sale price must reflect fair market value, subject to an accepted 15% variation. In the case of shares, the sale price may not be lower than the intrinsic value increased by 30%¹.

¹ Law 1258 of 2008, "Whereby the Simplified Stock Company (Sociedad por Acciones Simplificada – S.A.S.) is created." Bogotá D.C., 2008, Official Gazette No. 47,194.

ii. Asset Acquisition

Under an asset acquisition structure, the buyer directly acquires the assets, rights and, in certain cases, liabilities of the business, without acquiring control of the legal entity that owns them. This structure allows the buyer to select which assets to acquire and which risks to exclude. However, each component must generally be identified and transferred individually, which may result in greater legal and operational complexity.

This structure may be subject to specific restrictions. For example, where the assets and liabilities transferred represent **50%** or more of the company's net equity, approval by the shareholders' meeting with a qualified majority may be required, together with registration of the transaction with the commercial registry. The following should also be considered:

- **Tax considerations:** any gain derived from the sale of the assets will be subject, at the seller level, to either capital gains tax or ordinary income tax, as applicable. The corresponding tax is calculated on the gain derived from the sale of each asset considered individually.



iii. Merger

A merger occurs when one company (the surviving company) absorbs another company (the absorbed company), which ceases to exist without undergoing liquidation. The surviving company acquires, by operation of law and as a whole, the assets, liabilities, and equity of the absorbed company, and the shareholders of the latter become shareholders of the surviving company or of a newly incorporated company, depending on the agreed transaction structure². The following should be considered:

- **Tax considerations:** Pursuant to Articles 319-4 et seq. of the Colombian Tax Code, in qualifying acquisitive mergers and spin-offs, the transfer of assets between the companies involved is not treated as taxable income or as a sale for tax purposes, provided that:
 - i. The surviving company maintains the **same tax basis and tax classification of the assets**—whether as fixed assets or inventory/other movable assets—as those held by the absorbed company, without modifying their useful life or the basis used for depreciation or amortization;
 - ii. With respect to shareholders, partners, or equity holders, the transaction is not treated as a disposal of their shares or equity interests provided that at least **75%** of them retain an equivalent equity interest in the resulting entity and receive at least **90%** of the consideration in the form of equity interests in the resulting company, while maintaining the same tax basis and nature of their investment

- iii. If any shareholder does not receive equivalent consideration, such shareholder will be deemed to have disposed of their shares or equity interests, and the transaction will be treated as a taxable disposition accordingly.

iv. Spin-Off

In a spin-off, a company transfers, as a whole, part or all of its equity to one or more existing or newly incorporated companies. A spin-off may be **partial**, in which case the transferring company continues to exist, or **total**, in which case the transferring company ceases to exist. The transaction involves the transfer of assets, liabilities, and shareholders in accordance with the established exchange ratio.

- **Tax considerations:** spin-offs may qualify as **reorganizational or acquisitive**, depending on whether there is a relationship between the companies involved. If the applicable legal requirements are met, the transaction may qualify for **tax-neutral treatment** similar to that applicable to mergers. Otherwise, the transaction may trigger tax consequences for both the companies and their shareholders.



v. Purchase and Sale of a Commercial Establishment

Pursuant to **Article 515 of the Colombian Commercial Code**, a commercial establishment (*establecimiento de comercio*) is defined as a set of assets organized by an entrepreneur for the purpose of carrying out its business activities. Such assets may include, among others, trademarks, furniture and equipment, inventory, contracts, leasehold rights, accounts receivable, intellectual property, and customer relationships.

The following aspects should be considered:

- **Corporate considerations:** the sale of a commercial establishment is presumed to comprise the business as a whole, without the need to identify each asset individually. The seller must provide the purchaser with a balance sheet and a detailed statement of liabilities certified by an accountant.

The seller and purchaser are jointly and severally liable for obligations incurred prior to the transaction. The seller's liability ceases two months after registration of the transaction with the commercial registry, provided that all applicable legal requirements have been satisfied.
- **Tax considerations:** the sale of a commercial establishment is treated as the disposal of a fixed asset for tax purposes. Accordingly, the transaction is subject to withholding tax on the total transaction value.

² Reyes Villamizar, Francisco. La Sociedad por Acciones Simplificada. Second Edition. Bogotá: Legis, 2010, p. 239.

2. M&A Process: Key Stages

- **Due Diligence:** from the purchaser's perspective, it is particularly important to conduct a comprehensive review of the target company or, in the case of an asset acquisition, the assets to be acquired. This review generally covers, among others, legal, financial, tax, labor and employment, environmental, and contractual matters. Due diligence findings may affect the transaction structure, the commercial terms of the transaction, and the provisions of the acquisition agreement.
- **Negotiation and Drafting of the Acquisition Agreement:** in addition to the applicable essential contractual terms, acquisition agreements in Colombia commonly include representations and warranties, covenants, conditions precedent to closing (where signing and closing do not occur simultaneously), and indemnification provisions.
- **Obtaining Approvals and Consents:** depending on the nature and structure of the transaction, approvals or consents may be required from **government authorities** (for example, the Colombian Superintendence of Industry and Commerce in competition matters), the company's highest governing body, creditors, or other third parties.
- **Closing and Post-Closing:** closing entails the **consummation of the transaction**. Following closing, the parties may remain subject to certain post-closing obligations, including compliance with applicable **covenants**, among others.



Avenida NQS

3. Essential Elements of the Acquisition Agreement

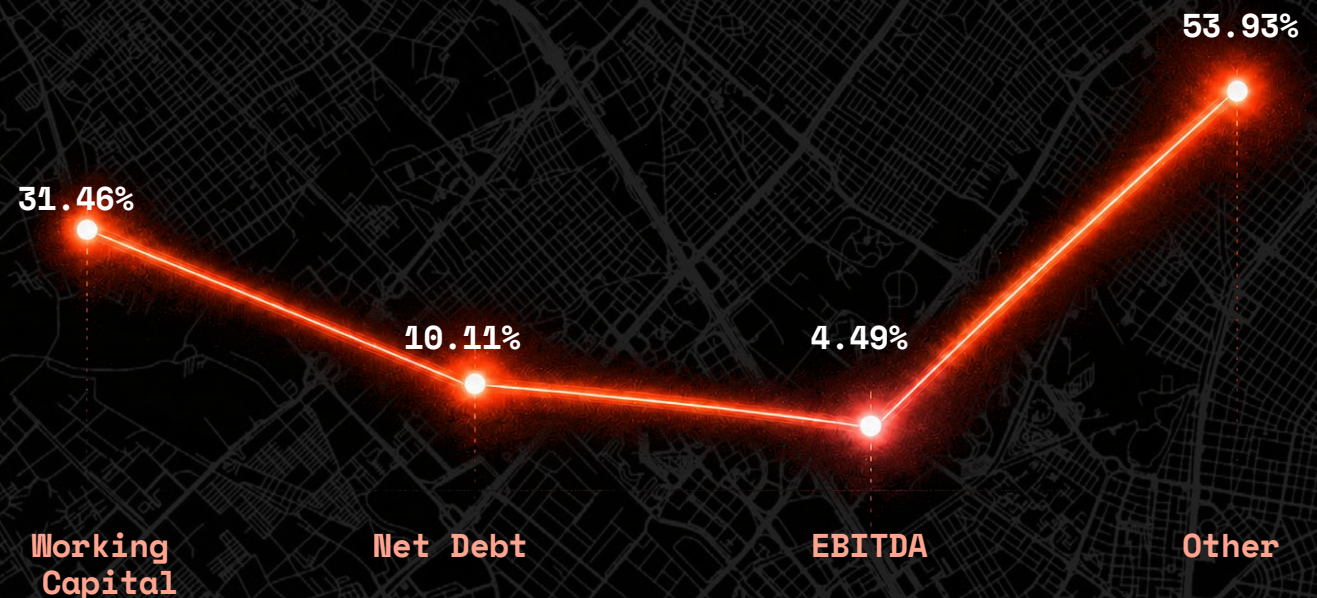
Acquisition agreements in Colombia have increasingly adopted an Anglo-American transaction structure, typically including the following provisions:

a) Purchase Price and Adjustment Mechanisms: under Colombian law, the purchase price must, among other requirements, be determined or determinable. It may be fixed, subject to adjustments as of the closing date based on certain financial metrics or include a contingent consideration component (earn-out) tied to the achievement of post-closing targets.

In Colombia, according to the 2024 Deal Points Report (the “Deal Points”) prepared by the Mergers & Acquisitions Research Group at Universidad de los Andes, the financial metrics most commonly used for purchase price adjustments include working capital, net debt, and EBITDA. However, in more than half of the transactions analyzed, the parties relied on other contractually defined criteria, as illustrated in the chart³.

³ Source: Carreño Mendoza, Sergio, and Archila Correa, Santiago. Fusiones y Adquisiciones. Deal Points – Colombia, No. 1, Deal Points 2024. Mergers & Acquisitions Research Group, Universidad de los Andes.

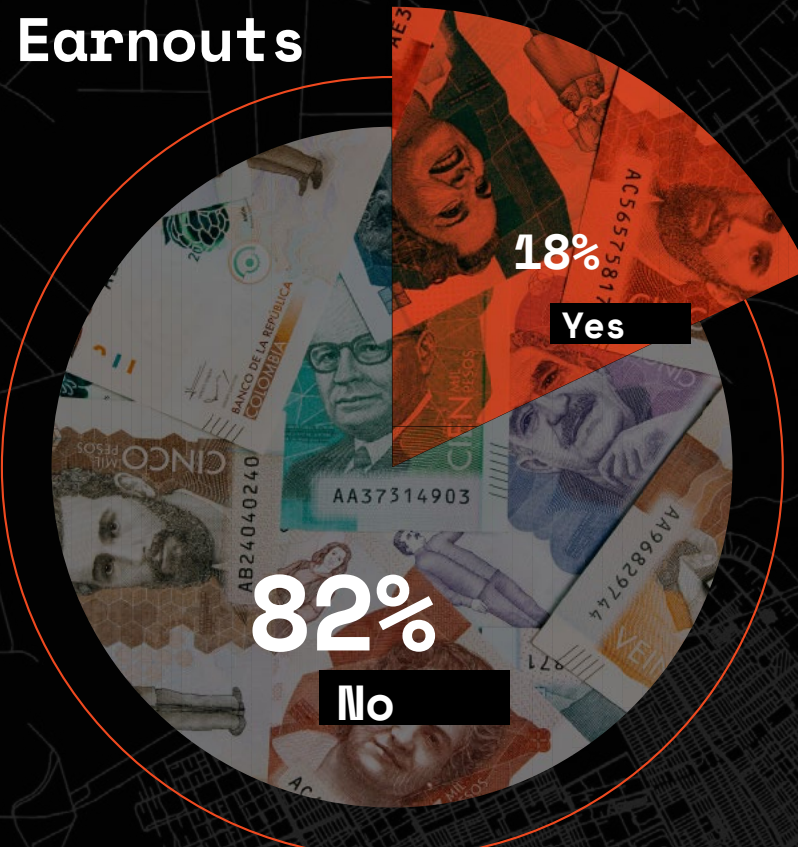
Price Adjustment Criteria



Contingent payments or earn-outs were agreed upon in 18% of the transactions analyzed in 2024, as shown in the following chart⁴.

⁴ Deal Points 2024, tabla 2 (earn-outs).

Earnouts

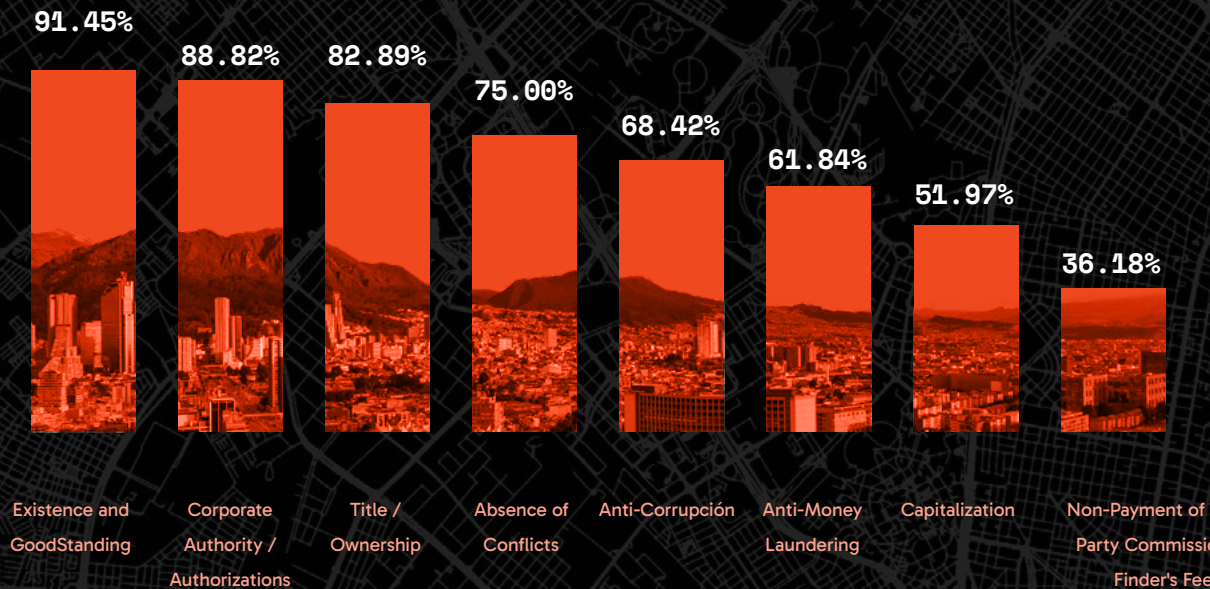


b) Representations and Warranties: representations and warranties are statements or assertions made by a party to an acquisition agreement regarding itself, its business, the company, or its assets. Their scope may be limited by materiality thresholds, knowledge qualifiers, and disclosure schedules.

According to Colombian arbitral case law, representations and warranties are considered ancillary provisions to the parties' principal obligations. If a representation or warranty proves to be false or inaccurate, it may constitute a breach of contract or a defect in consent, without such provisions themselves constituting obligations to give, perform, or refrain from performing an act.

Representations and warranties have become a fundamental component of M&A transactions in Colombia, as shown below:

D&G Fundamentales



c) Covenants : covenants are obligations to take, or refrain from taking certain actions. They may apply during the period between signing and closing—for example, with respect to the ordinary course of business—or may continue to apply after closing.

d) Conditions Precedent to Closing: closing is typically subject to the satisfaction of certain conditions precedent, including the continued accuracy of the representations and warranties as of closing (bring-down condition), compliance with applicable covenants, the absence of any material adverse effect, and the receipt of required approvals and authorizations.

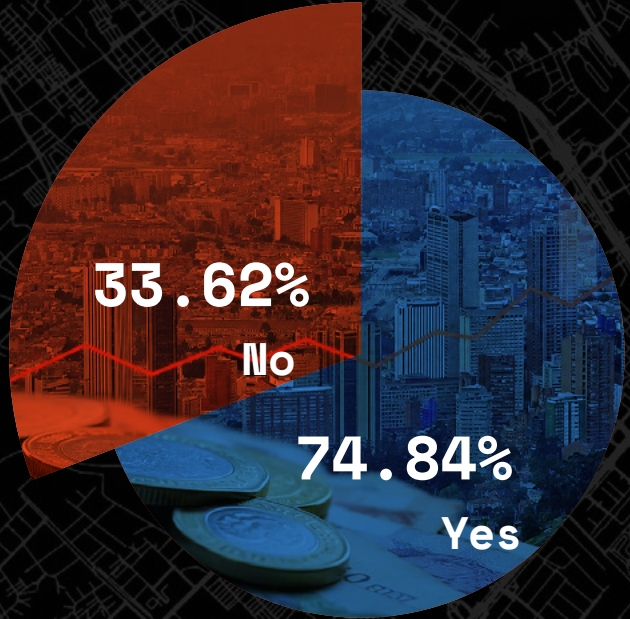
The specific conditions precedent applicable to each transaction will depend on the findings identified during the due diligence process and the regulatory, corporate, or third-party approvals required to consummate the transaction.

e) Indemnification Provisions: acquisition agreements typically include indemnification provisions under which each party agrees to indemnify the other party—and, in some cases, its affiliates—for losses arising from: (i) any inaccuracy or breach of representations and warranties; (ii) breaches of obligations under the acquisition agreement; and (iii) where applicable, specifically identified matters (special indemnities).

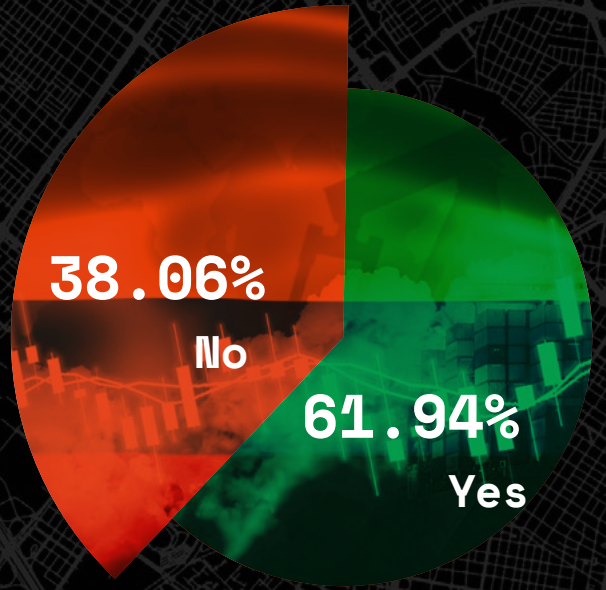
Indemnification provisions commonly include limitations on liability, which may take the form of time limitations or quantitative limitations, such as indemnification thresholds and liability caps. According to the Deal Points 2024 report, 74.84% of the transactions analyzed included liability caps, while 61.94% included indemnification thresholds, as detailed below:



Liability Cap



Basket (Threshold)



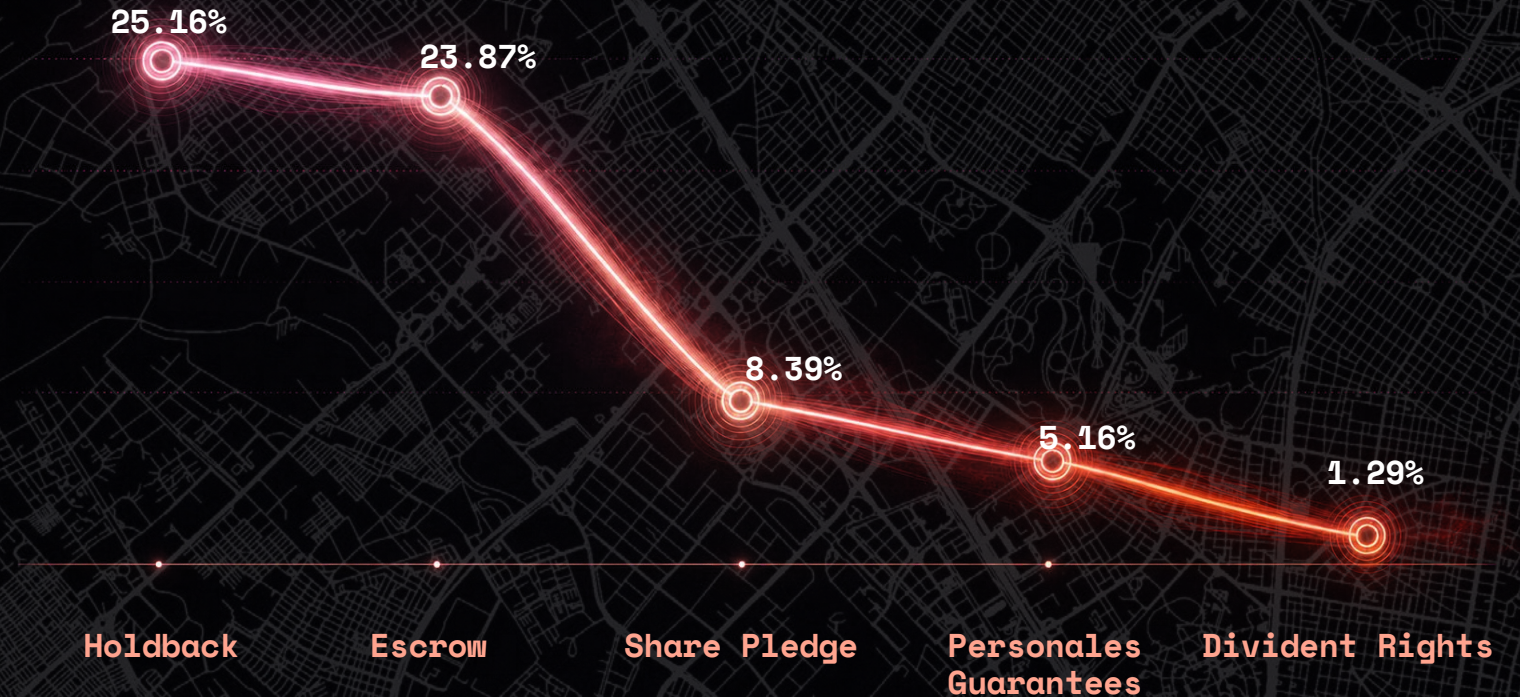
- **Other Considerations**

With respect to dispute resolution, arbitration clauses are commonly included due to the specialized nature, efficiency, and confidentiality of arbitration proceedings. In international arbitration, the parties may agree that the transaction be governed by a law other than Colombian law. Nevertheless, most transactions select Colombian law as the governing law, followed by New York law and other jurisdictions⁵.

From a foreign exchange standpoint, all foreign investments must be registered with the Central Bank of Colombia (Banco de la República). Where foreign currency is channeled through an authorized foreign exchange intermediary, registration is automatic; otherwise, the investment must be registered directly through the Foreign Exchange Information System (Sistema de Información Cambiaria).

⁵ According to Deal Points, 80.52% of the transactions analyzed selected Colombian law, followed by New York law (5.84%) and other jurisdictions (13.64%)

Type of Indemnification Security



09

INTELLECTUAL PROPERTY AND INNOVATION

OLARTEMOURE

OLARTE MOURE & ASOCIADOS

Abogados - Attorneys

📍 Address: Calle 100 No. 8A-49, Tower B, Office 1101, Bogotá, Colombia

☎ Phone: +57 (601) 601 7700

✉ Email: info@olartemoure.com

🌐 Website: <https://olartemoure.com/>

• Universidad EAN

1. Colombia as a strategic destination for intensive IP businesses

Colombia offers a stable legal environment for intellectual property intensive companies, especially in sectors such as technology, software, biotechnology, pharmaceuticals, entertainment, and global brands. Its protection framework is aligned with international standards¹ and covers industrial property, copyright, trade secrets, and unfair competition. Bogotá, given its concentration of advanced talent - graduating nearly 167,000 professionals per year - as well as universities, professionals, and research capabilities, is positioned as a strategic platform to manage IP portfolios, develop R&D centers, and connect with startups and scientific actors in Latin America.

¹ Paris Convention; Patent Cooperation Treaty (PCT); the TRIPS Agreement; and the Berne Convention.

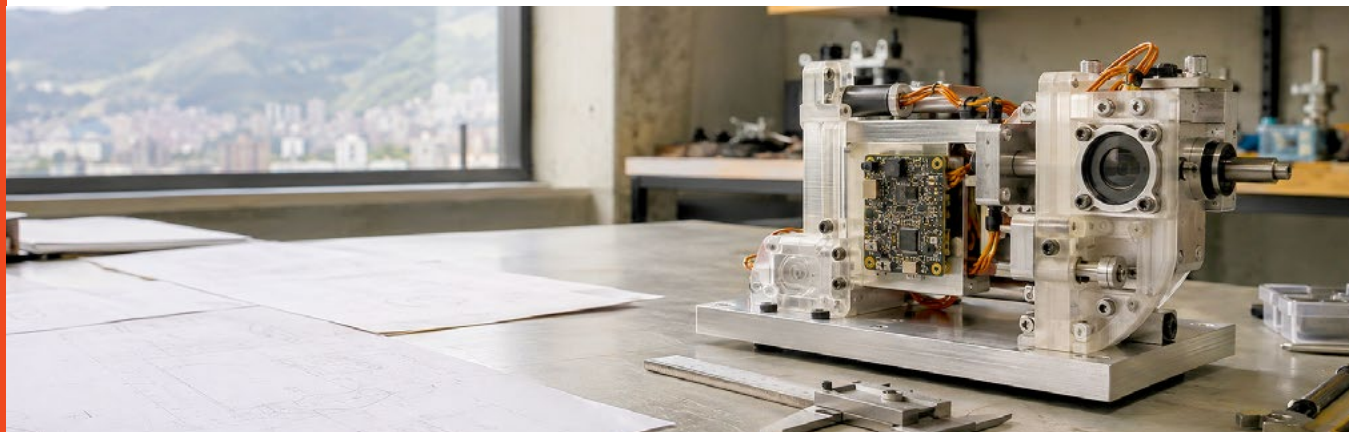


• Edificio de Artes y Diseño, Universidad Jorge Tadeo Lozano

2. Which institutions protect intellectual property in Colombia?



- **Superintendence of Industry and Commerce (SIC):** examines patent applications, industrial designs, trademarks and distinctive signs, resolves unfair competition disputes, and exercises jurisdictional functions in industrial property matters.
- **National Copyright Directorate (DNDA):** registers protected works, supervises collective management organizations, and resolves disputes over the unauthorized use of copyright-protected works.
- **Colombian Agricultural Institute (ICA):** grants plant breeder's rights certificates for plant varieties and administers the National Registry of Protected Plant Varieties, which is relevant for the agrotech and bioeconomy sectors.



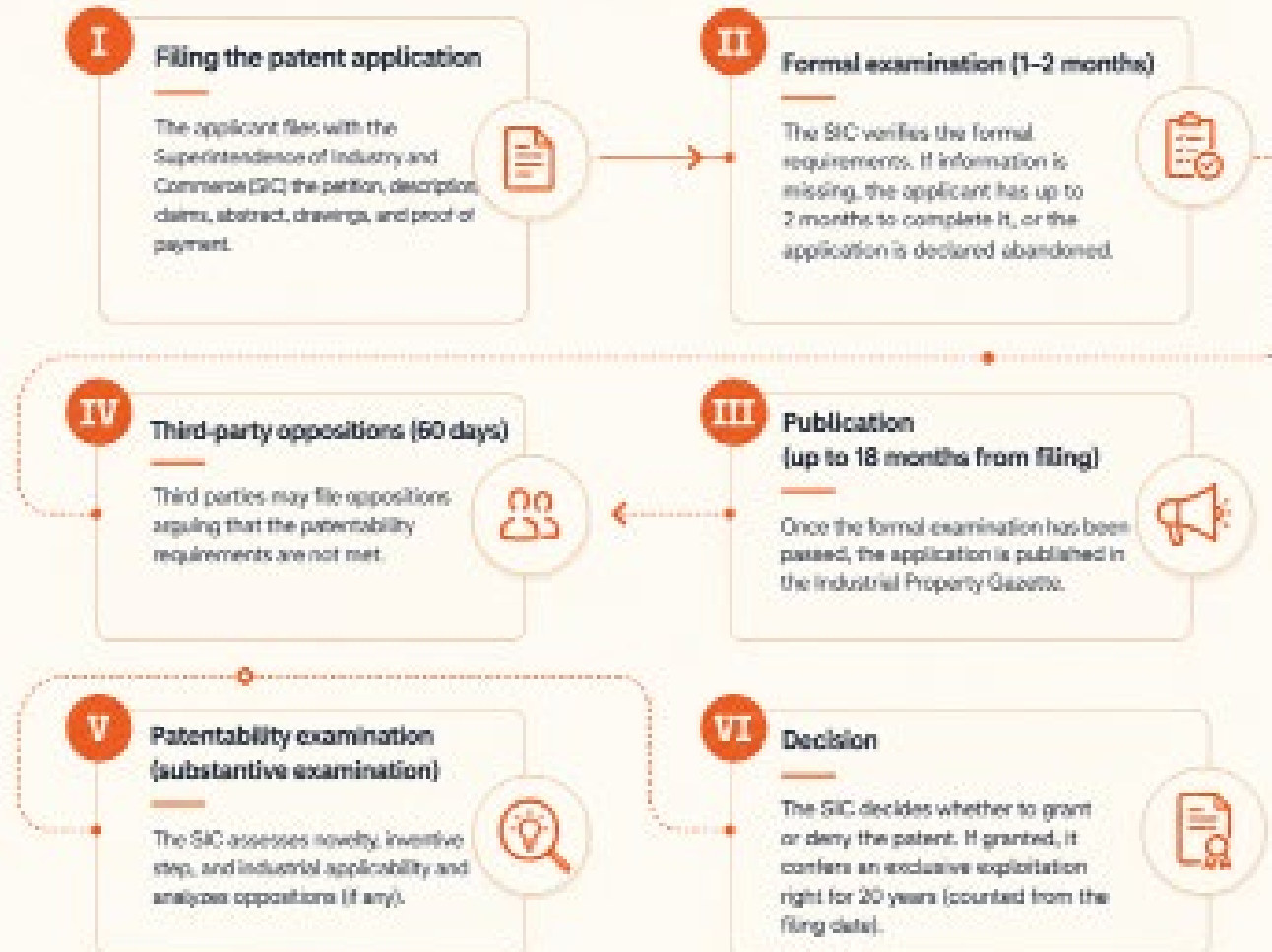
3. How does patent protection work in Colombia, and what is the procedure?²

Patents protect inventions (technical solutions) by granting the owner an exclusive right (to use, sell, offer for sale, manufacture, or import) for a period of 20 years. To be patentable, an invention must meet three criteria: novelty, inventive step, and industrial applicability. Colombia also participates in the PCT, which facilitates protection in other jurisdictions, as well as the entry of applications from other jurisdictions into Colombia.

For any organization engaged in research and development activities, the Colombian system makes it possible to protect locally developed technologies, integrate regional patent protection strategies, and license or transfer technology within the Latin American and global markets.

² The SIC official fees for the different stages of the process can be consulted in Resolution No. 6167 of 2026.

Patent Application Process in Colombia



4. Is software patentable in Colombia?

Code itself is not patentable in Colombia, although algorithms may be protected by patent when they correspond to a technical solution to a technical problem; these are known as computer-implemented inventions.

Examples may include algorithms applied to industrial control, medical image processing systems, technical methods for energy optimization, machinery control systems, among others. In these cases, what is protected is not the code, but the method (the algorithm).



5. How can trademarks or distinctive signs be protected in Colombia? ³

Trademarks are among companies' most valuable assets. In Colombia, trademarks are registered with the Superintendence of Industry and Commerce (SIC) and grant their owners exclusive use rights for a period of 10 years (renewable for equal periods) in the national territory.

³ The SIC official fees for the different stages of the process can be consulted in Resolution No. 6167 of 2026.

Distinctive Sign Application Process in Colombia



The system allows protection for trademarks, certification marks, and collective marks (word, composite, figurative, three-dimensional, composite three-dimensional, animated, sound, tactile, position, olfactory, color, and gestural marks), trade names, advertising slogans, trade emblems, and appellations of origin. Trademark registration in Colombia is a key tool to protect the reputation of your brands, prevent misuse by third parties, and consolidate their positioning in the Colombian market.

6. How are trade secrets and know-how protected?

A company's competitive advantage lies in its valuable information, which may be commercial, industrial, or productive, such as industrial formulas, algorithms, manufacturing processes, business strategies, among others. This information may also be technical in nature, and patenting is not always the best strategy, or it may not be patentable. Such valuable information is protected as a trade secret as long as it meets three requirements:

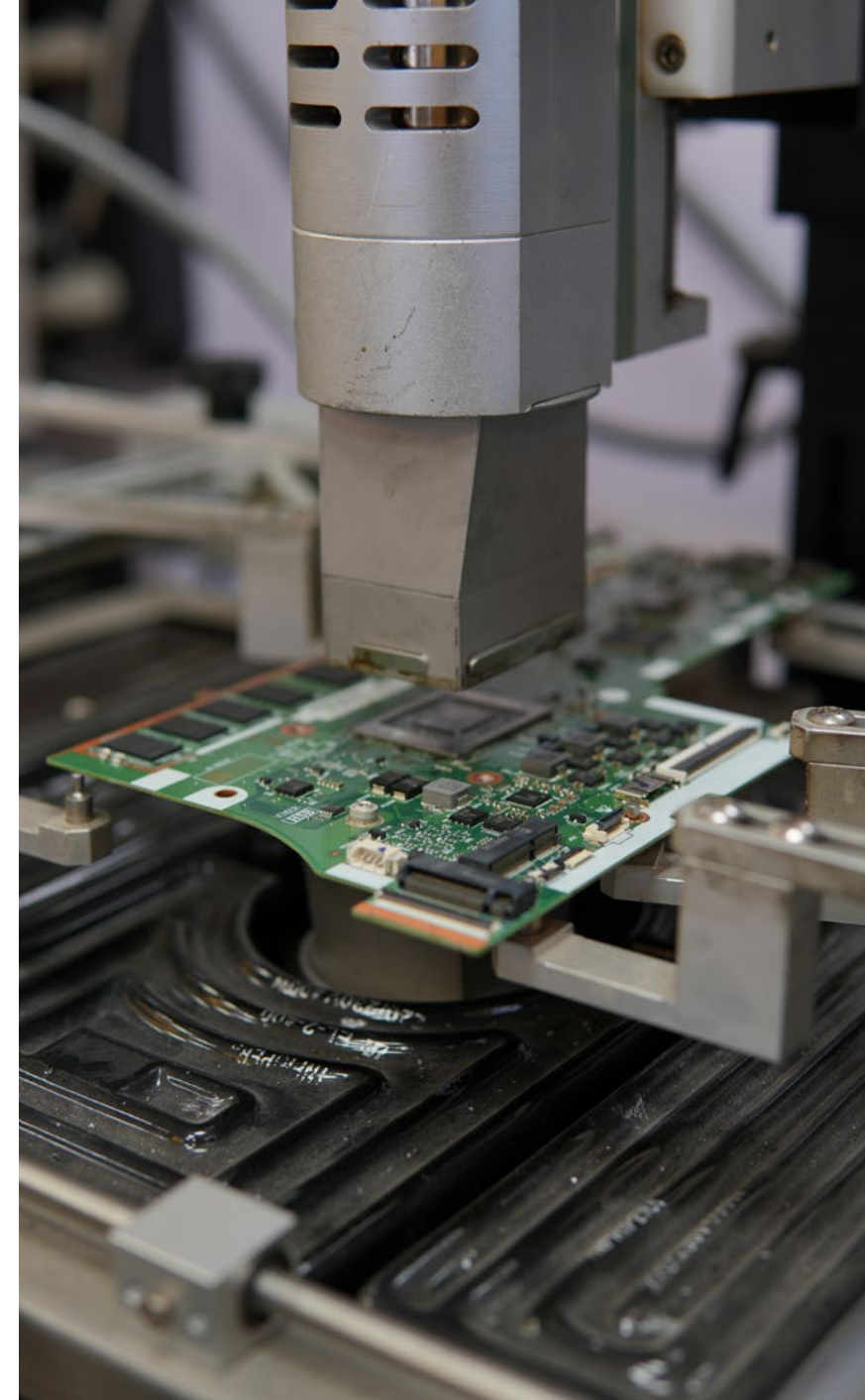
- That it is secret.
- That it has economic value because it is secret.
- That it has been subject to reasonable measures to keep it secret.

No registration before any authority is required; the essential corporate tools are confidentiality agreements (NDAs), internal secret-management protocols, Intellectual Property policies, and technology transfer contracts. Misappropriation may be pursued through unfair competition actions (administrative or judicial), and the Criminal Code provides criminal penalties for unauthorized disclosure by persons with privileged access.

7. How does copyright operate, and who owns the IP generated by employees and contractors?

Copyright arises automatically upon creation of the work (software, audiovisual content, technical documentation, graphic designs) and, in Colombia, lasts for the life of the author plus 80 years. Registration with the DNDA is not mandatory, but it provides evidence of ownership in disputes and due diligence.

In Colombia, creations developed by employees or contractors usually belong to the company when there is a written contract governing the relationship. However, for greater legal certainty, it is advisable to execute specific assignments of economic rights (moral rights are not assignable) over the works created. In projects developed jointly with other companies, universities, or research centers, ownership may be shared among the parties unless otherwise agreed. It is recommended to agree on ownership of rights, licenses, and commercial exploitation conditions.

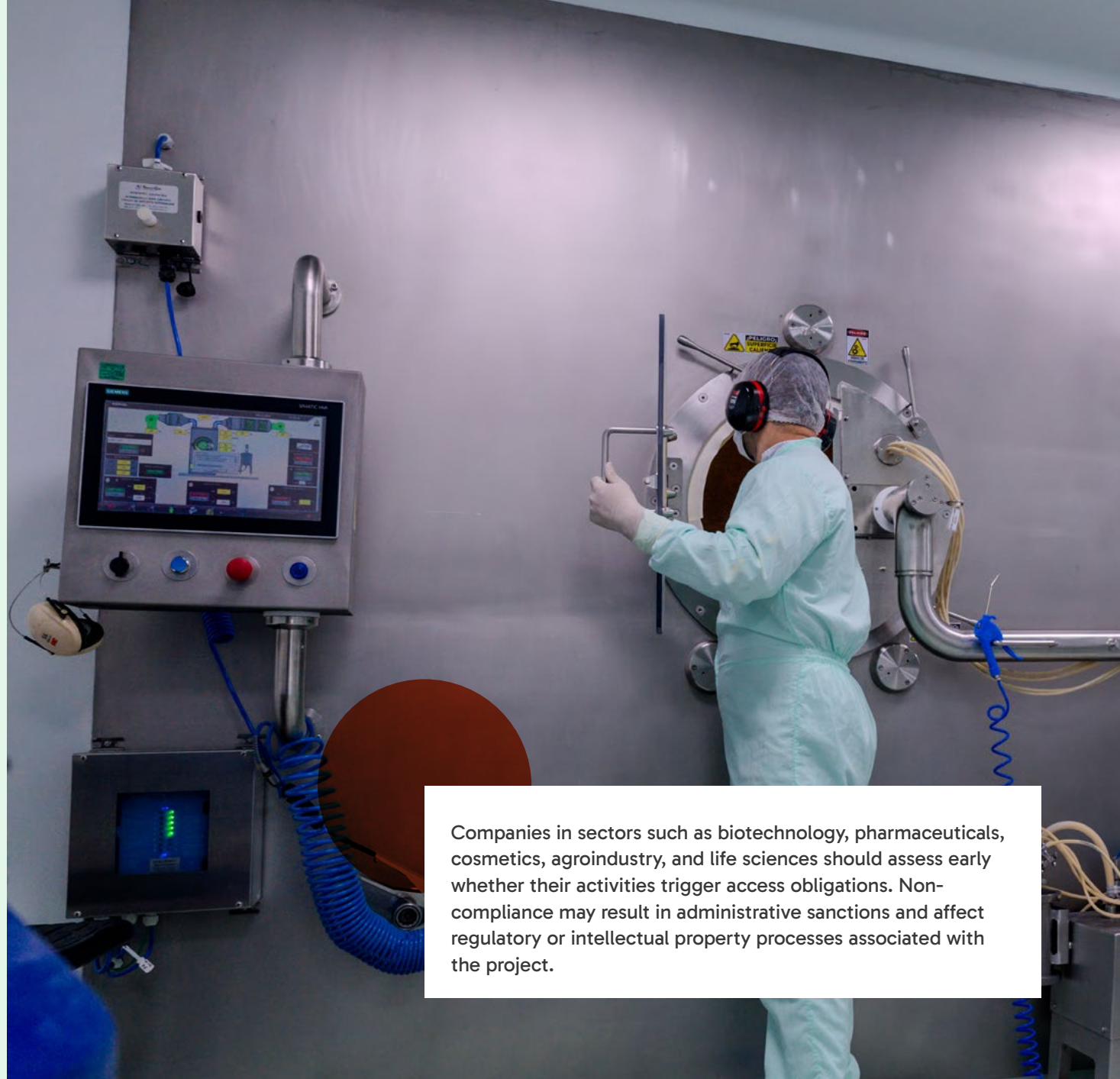


8. What obligations apply when using biological or genetic resources from Colombia?

Colombia has one of the most robust regulatory frameworks in Latin America for access to and use of genetic resources, in line with its status as a megadiverse country. Research, development, or commercial exploitation activities involving genetic resources, derivative products, or associated traditional knowledge may require the execution of an Access to Genetic Resources Agreement (CARG or ABSA in English) with the Ministry of Environment and Sustainable Development.

The regime is based on three regulatory levels:

1. **International level:** the Convention on Biological Diversity (Law 165 of 1994), and the current Nagoya - Kuala Lumpur Supplementary Protocol (Law 1926 of 2018), relating to liability for damage caused by living modified organisms.
2. **Andean Community level:** Decision 391 of 1996 of the Andean Community regulates the technical categories (genetic resources, biological resources, derivatives, and intangible components) and creates the legal figure of an access agreement with the State. Decision 486 of 2000 links this regime with industrial property and the patent system.
3. **National level:** Decree 1076 of 2015 (Single Regulatory Decree of the Environment Sector) compiles the regulations. Resolution 1348 of 2014, as amended by Resolution 1352 of 2017, identifies the activities that constitute access and those that require the agreement.



Companies in sectors such as biotechnology, pharmaceuticals, cosmetics, agroindustry, and life sciences should assess early whether their activities trigger access obligations. Non-compliance may result in administrative sanctions and affect regulatory or intellectual property processes associated with the project.



9. How are royalty flows and transfer pricing managed in IP transactions?

IP rights may be exploited through license agreements that authorize their use and establish the payment of royalties according to the chosen calculation basis: net sales, gross sales, revenue, cost savings, etc. In Colombia, outbound payments for trademarks, patents, software, or know-how are subject to a 20% withholding tax, reducible under applicable Double Taxation Treaties. In the case of payments to countries of the Andean Community (CAN), the exclusive right to tax the income is assigned to the country where the intangible is used. If the transaction occurs between related parties, transfer pricing rules must be complied with; the parties must demonstrate that the agreed conditions correspond to market values, keep supporting documentation, and comply with annual reporting obligations before the tax administration to mitigate fiscal and regulatory risks.

10. What mechanisms are available to enforce intellectual property rights? Is international arbitration viable?

Colombia offers administrative, judicial, and arbitral mechanisms to protect intellectual property. Disputes over trademarks and patents may be handled before the SIC or civil courts, and copyright disputes before the DNDA or the ordinary courts. Arbitration is viable for economic disputes over licenses, exploitation, technology transfer, or economic valuation of intangibles, provided they do not involve public policy matters. Provisional measures and civil or criminal sanctions are also available for infringements.

11. What opportunities does Bogotá offer for multinationals, VC funds, and DeepTech ventures?

Bogotá offers an attractive ecosystem for multinationals, venture capital funds, and DeepTech ventures due to its concentration of talent, universities, research centers, and innovation initiatives such as Bogotá Científica, CODECTI, and Campus 2600. This facilitates the development of R&D centers, technology transfer, open innovation, and co-investment in sectors such as artificial intelligence, biotechnology, health, bioeconomy, and energy. In turn, the DeepTech Colombia Alliance, led by OlarteMoure and MenteX, maps key actors, centralizes the ecosystem's offerings, and provides data-based strategic information for investors interested in science- and technology-based projects.

10

PERSONAL DATA PROTECTION



Competencia Legal

📍 Address: Carrera 1E No. 72A-07, Bogotá, Colombia

☎ Phone: +57 316 278 9196

✉ Email: contacto@competencialegal.com

🌐 Website: <https://competencialegal.com/>

• Panorámica nocturna del Centro Internacional

Personal data protection for investing in Bogota

Bogota has become a very attractive city for investment by technology companies focused on software development and digital services. In 2024, the software and digital services sector contributed 3.6% of the national GDP. Bogotá accounts for 69.9% of the activity in this sector¹. In this context, for any company focused on digital services—and increasingly for all types of companies—interested in investing in Bogota, complying with personal data protection regulations is an essential part of its business. Therefore, it is key for this kind of companies to understand the basic elements of the Personal Data Protection Regime in Colombia to ensure compliance, gain and preserve credibility in the market, and avoid sanctions.

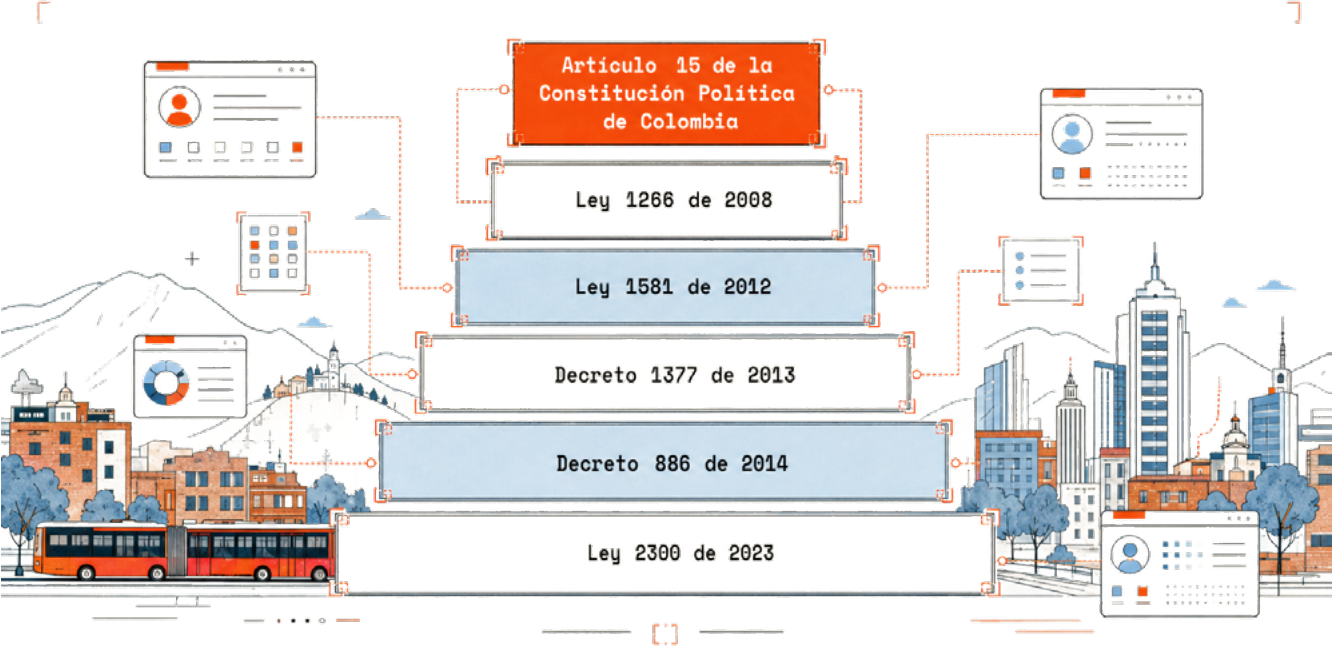
¹ See: <https://www.eltiempo.com/economia/sectores/industria-del-software-en-colombia-tiene-ventas-que-superan-los-44-billones-pero-persisten-riesgos-por-las-tensiones-con-estados-unidos-3496063>

² The following is a brief overview of the aspects regulated by the norms included in the pyramid:

- Law 1266 of 2008: this law regulated personal data protection in Colombia for several years; however, it was not comprehensive enough and applies mainly to commercial and financial information.
- Law 1581 of 2012: it states the general framework for personal data protection in Colombia.
- Decree 1377 of 2013: it implements and further develops Law 1581 of 2012.
- Decree 886 of 2014: it establishes the minimum information required for the National Database Registry.
- Law 2300 of 2023: it establishes restrictions on the sending of commercial and advertising communications to consumers.

1. Main data protection regulations in Colombia

The following pyramid illustrates the main regulations² governing personal data protection in Colombia:



In Colombia, the right to personal data protection is a fundamental right . This characterization reflects the importance of this right in the country and the relevance that any investor must give to this matter when planning to invest or initiating operations in Colombia involving personal data and information.

The main law that comprehensively regulates personal data protection is Law 1581 of 2012, which will be the primary reference for investors processing personal data from Bogotá.

³ The right is formally fundamental because Article 85 of the Political Constitution classifies it as a right of “immediate application.” In Colombia, a right is considered fundamental if it meets the following requirements: “(i) its relationship with the concept of human dignity; (ii) its configuration as a subjective right; (iii) the existence of consensus regarding the need for a specific action or omission in order to ‘live as one chooses,’ ‘live well,’ or ‘live without humiliation’; and (iv) the circumstances of the specific case.”

Estrada, Julio Alexei. “Estructura de los derechos fundamentales.” In Roa-Roa, Jorge Ernesto, and Sierra-Camargo, Jimena (eds.), Manual de derechos fundamentales. Bogotá: Tirant Lo Blanch, 2022, p. 15.

2. What every investor should know about personal data protection when establishing operations in Bogotá

2.1 Key concepts

a. What is personal data?

It is “any information relating to an individual.”⁴ Examples include name, telephone number, personal photos, and email address⁵.

b. What is meant by the processing of personal data?

This refers to “any operation or set of operations performed on personal data, such as collection, storage, use, circulation, or deletion.”⁶ For example, if at the beginning of its commercial operations an investing company collects information from individuals to whom it plans to offer its services by sending emails, it is understood that the company will process those individuals’ data.



c. **Data subject:** the individual whose data is being processed; the owner of the data⁷.

d. **Database:** “an organized set of personal data that is subject to processing.”⁸

2.2 General rule: no processing without authorization

Although there are some exceptions, the general rule is that companies must obtain prior, express, and informed authorization from the data subject to process personal data. It is very important for the company to retain evidence of such authorization.

⁴ Superintendencia of Industry and Commerce. Protección de datos personales: aspectos prácticos sobre el habeas data. Available at: [Cartilla Protección de Datos Personales – Aspectos Prácticos sobre el Derecho de Hábeas Data](#).

See also Law 1581 of 2012, Article 3(c).

⁵ It should be noted that there is a category of personal data that requires enhanced protection, namely sensitive data. According to Article 5 of Law 1581 of 2012, sensitive data are those that affect the data subject’s privacy or whose misuse may result in discrimination, such as data revealing racial or ethnic origin, political orientation, religious or philosophical beliefs, membership in trade unions, social or human rights organizations, data related to health, sexual life, and biometric data.

⁶ Law 1581 of 2012, Article 3(g).

⁷ Law 1581 of 2012, Article 3(f).

⁸ Law 1581 of 2012, Article 3(b).

2.3 Data processing must be based on a legitimate purpose

The law establishes several principles that are fundamental to its interpretation and application. One of these is the purpose limitation principle, according to which the investor, when collecting personal data, must do so for a legitimate purpose that the data subject is aware of. This principle limits how the investing company may use the personal data it has collected.

2.4 Design and implement a Comprehensive Personal Data Management Program⁹

Companies should be aware of the concept of “accountability principle” to ensure compliance with the Personal Data Protection Regime. Accordingly, to establish operations in Bogotá, companies must, at a minimum, have a Personal Data Processing Policy and implement an internal system with an appropriate structure for compliance. The investing company must design effective and educational mechanisms within its organization and determine, as a baseline, procedures for handling claims and inquiries from data subjects¹⁰.

A robust Comprehensive Personal Data Management Program also requires ongoing monitoring and adaptation as the organization develops. These aspects are important because they may be considered by the National Personal Data Protection Authority¹¹ when evaluating the imposition of sanctions.

2.5 Appointment of a personal data officer

It is advisable for companies to appoint a natural or legal person responsible for ensuring compliance with legal obligations regarding personal data protection. Having a well-drafted data processing policy is insufficient if it is not translated into concrete actions demonstrating compliance.

2.6 Information security measures

Pursuant to the security principle¹², companies must implement measures to ensure the security of personal data, preventing, among other things, loss, alteration, or unauthorized access. Depending on the information security risks faced by the company, it should have an information security policy, a security incident management policy, and system monitoring protocols, among others.

⁹ For further information on the concept of “accountability principle” and the content of a Comprehensive Personal Data Management Program, see the Superintendence of Industry and Commerce, Accountability Guide: [Guía Accountability 26 pág.](#)

¹⁰ Decree 1377 of 2013, Article 27.

¹¹ Superintendence of Industry and Commerce (SIC), National Personal Data Protection Authority.

¹² Law 1581 of 2012, Article 4(g).

2.7 Registries and reports to the National Personal Data Protection Authority

There are several recurring obligations regarding personal data protection that companies interested in investing in Bogotá must consider. One of these obligations involves the registration¹³ of databases under the company's responsibility¹⁴.

If a company establishes operations in Bogotá, possesses assets exceeding 100,000 Tax Value Units (UVT)¹⁵, and creates a database containing personal data, it must register it with the National Database Registry (RNBD) within two months of its creation. This registration must be updated annually between January 2 and March 31 of each year¹⁶. Maintaining personal databases that are inventoried and organized¹⁷ is essential to facilitate compliance with this obligation.

2.8 Sanctions imposed by the National Personal Data Protection Authority

The Superintendence of Industry and Commerce is responsible for monitoring compliance with Law 1581 of 2012. After following the relevant procedure, this authority may impose fines of up to 2,000 current monthly minimum legal wages.

¹³ Decree 886 of 2014, Article 3.

¹⁴ The Personal Data Protection Regime distinguishes between the “data controller” and the “data processor.” For the purposes of this document, reference is primarily made to the data controller as the investing company, given the introductory scope of this guide. Under Law 1581 of 2012, the data controller is the person who decides on the database and/or the processing of personal data, while the data processor processes data on behalf of the controller.

¹⁵ According to Resolution No. 000238 of December 15, 2025, the value of one Tax Value Unit (UVT) was set at COP 52,374.

¹⁶ Superintendence of Industry and Commerce, External Circular No. 003 of 2028.

¹⁷ It is advisable that databases be designed not only with functional considerations in mind, but also in a manner that facilitates compliance with registration obligations.



• Centro Empresarial Santa Bárbara · Usaquén

11

ESG STANDARDS

**forv/s
mazars**

📍 Address: Calle 93 No. 15-40, Office 402, Bogotá, Colombia
☎ Phone: +57 (601) 256 3004
🌐 Website: <https://www.forvismazars.com/co/es/offices/bogota>

• Ecosistema urbano y entorno residencial - Bogotá

In Colombia and specifically, in Bogotá, environmental, social and governance standards are not only a reputational trend associated with international markets, but also a set of legal obligations and regulatory expectations that directly affect the legal, financial and operational viability of investment projects. For foreign investors, understanding this environment is not an accessory exercise, but a necessary condition to properly structure their entry into the Colombian market and manage regulatory, contractual and reputational risks in the medium and long term.

The Colombian legal system does not contemplate a framework law that regulates ESG standards as an autonomous category. However, its components are systematically developed in different regulatory bodies and in the supervision exercised by authorities such as the Superintendence of Companies, the Superintendence of Industry and Commerce, the Financial Superintendence of Colombia and the competent environmental authorities. Consequently, ESG compliance in Colombia is built from the integration of environmental, labor, corporate, data protection, antitrust, anti-money laundering and corporate transparency obligations.

From a practical perspective, it is important to distinguish between two levels. The first corresponds to enforceable legal obligations whose non-compliance can generate administrative sanctions, civil liability and even criminal consequences. The second comprises standards and good practices that, although not always legally binding, have an increasing influence on access to financing, on the structuring of strategic alliances and on the valuation of assets in investment or acquisition processes¹.

¹ OECD Guidelines for Multinational Enterprises on Responsible Business Conduct, 2023; IFC Performance Standards on Environmental and Social Sustainability, 2012.

In this context, the Bogotá Region offers an institutional environment characterized by clear rules, authorities with defined competencies, and formal oversight mechanisms. This structure provides legal certainty and regulatory predictability, but at the same time requires the early implementation of robust compliance and risk management systems. The ESG approach, understood as a cross-cutting management framework, is thus consolidated as a strategic tool to anticipate contingencies, strengthen corporate governance and ensure the sustainability of investment in a market increasingly aligned with international standards.



• Jardín Botánico de Bogotá

Applicable environmental regulatory framework

In Colombia, the environmental dimension of the ESG approach rests on a mandatory, technical and decentralized regulatory framework, the non-observance of which can compromise the legal and financial viability of the investment project. Unlike other dimensions of the ESG standard, the environmental component is not predominantly voluntary but is structured on the basis of specific legal requirements.

The National Environmental System² distributed competencies among national, regional and territorial authorities. In the Bogotá Region, environmental supervision corresponds to the District Secretariat of the Environment in the urban perimeter and to the Regional Autonomous Corporation of Cundinamarca in municipalities of the department. The correct identification of the competent authority is decisive, as it defines procedures, times and applicable technical criteria.

Depending on the economic sector and the scale of the project, prior environmental licenses or specific permits related to dumping, atmospheric emissions, water concessions, hazardous waste management or use of natural resources may be required. Failure to obtain these instruments not only generates administrative sanctions, but can also lead to the suspension of activities or obligations to restore and compensate the environment.

However, from an ESG perspective, environmental compliance is not limited to the approval process. It involves the implementation of internal management and control systems that allow monitoring regulatory compliance, managing impacts and reporting relevant information³. At this point, the environmental dimension is connected to the governance pillar.

Authorities such as the Superintendence of Companies have been promoting risk management and business compliance schemes that, although not exclusively environmental, require companies to identify and manage legal and operational risks in a structured manner. In addition, the Superintendence of Industry and Commerce develops guidelines on compliance programs, consumer protection and responsible business practices that affect the way in which companies manage information, commercial communications and transparency in the face of environmental impacts⁴.

² Created from Law 99 of 1993, which organizes the Colombian environmental system.

³ International Organization for Standardization. (2018). ISO 26000: Guidance on social responsibility. Geneva: ISO; World Bank. (2022). Colombia country climate and development report. Washington, D.C.: World Bank.

⁴ Through its Basic Legal Circular of the SIC.

This is particularly relevant in foreign investment scenarios, where due diligence processes include the identification of environmental liabilities, administrative contingencies, and reputational risks associated with ecological impacts or community conflicts. In sectors such as infrastructure, energy, manufacturing or agribusiness, environmental assessment is not only technical but strategic, as it influences contractual structuring, risk allocation and asset valuation.

Consequently, in the Bogotá Region, the environmental component of the ESG standard should be understood as an integrated system that combines strict regulatory obligations, active administrative oversight, and growing expectations of transparency and responsible management.

For the foreign investor, this implies that environmental sustainability is not only a reputational attribute, but a structural condition for operating and accessing capital in an increasingly demanding regulatory environment.



• Parque de La 93

Corporate Governance & Compliance

In the Colombian context, the governance dimension within the ESG approach is normatively structured based on specific obligations in corporate matters, risk prevention, corporate transparency and administrative supervision. It is not only a matter of good practices recommended by international standards, but of the adoption of formal systems of management and internal control.

Commercial companies must implement:

1. Appropriate risk management mechanisms

Particularly when they are under the supervision of the Superintendence of Companies. This entity has developed mandatory frameworks such as the System of Self-Control and Management of the Comprehensive Risk of Money Laundering and Financing of Terrorism and the Transparency and Business Ethics Program, which impose the identification, evaluation and mitigation of risks associated with corruption, transnational bribery and illicit operations. These requirements apply to companies that exceed certain thresholds of income or assets, as well as to companies that carry out activities in strategic sectors.

The adoption of these systems entails specific responsibilities for managers, including:

- Assigning Compliance Roles.
- The implementation of reporting channels.
- Documentation of risk matrices.
- Adopting verifiable internal policies.

From the perspective of foreign investment, the absence of these mechanisms can translate into regulatory contingencies, contractual disqualifications or restrictions on access to international financing.

2. Business transparency is articulated with the competition and consumer protection regime under the supervision of the Superintendence of Industry and Commerce

Through the Basic Legal Circular of the SIC, guidelines are developed on compliance programs in free competition, consumer protection and responsible management of commercial information. Although it is not an ESG regulation in the strict sense, these guidelines strengthen the governance component by requiring transparent business practices, effective internal controls, and mechanisms to prevent anticompetitive or deceptive behavior.

The protection of personal data is another essential axis of the governance pillar. The Law establishes specific obligations regarding data processing, implementation of internal policies, obtaining authorizations and attention to the rights of the holders. In an increasingly digitized business environment, proper information management becomes a critical factor for both operational sustainability and corporate reputation⁵.

In addition, the consumer protection regime and the rules of free competition impose standards of conduct that directly impact the commercial and contractual strategy of companies. Misleading advertising, abuse of dominant position, or omission of relevant information can result in significant penalties and affect business continuity.

Corporate governance in Bogota requires companies to adopt a comprehensive approach to compliance that transcends documentary formality and translates into verifiable risk management, transparency, and control practices.

For the foreign investor, the robustness of the governance system not only mitigates regulatory risks, but also constitutes a central element in the valuation of the business and in the long-term sustainability of the investment.

⁵ Congress of the Republic of Colombia. (2012). Law 1581 of 2012. By which general provisions for the protection of personal data are issued. Official Gazette No. 48.587.



Flores · Cortesía MinComercio

Social dimension and labour relations

For foreign investors, labor compliance is not only a regulatory obligation, but a central element in the management of reputational, operational, and contractual risks⁶.

The Colombian labor regime is mainly structured on the Substantive Labor Code and complementary rules that regulate hiring, working hours, wages, social security, enhanced labor stability, and collective rights. Administrative supervision is the responsibility of the Ministry of Labour, which has powers of inspection, surveillance and sanctions. Failure to comply with employment obligations can lead to fines, reinstatement orders, recognition of benefits owed and, in certain cases, legal contingencies with a high financial impact.

In the ESG framework, labor management must go beyond the formal fulfillment of contractual obligations. It includes the implementation of internal policies for the prevention of workplace harassment, the promotion of safe and healthy environments, and the adoption of non-discrimination and equal opportunity measures. In labor-intensive sectors or infrastructure projects, the proper structuring of outsourcing and contracting schemes with suppliers is critical to avoid risks of labor solidarity or questions about practices in the value chain.

⁶ Aguilera, R. V., Marano, V., & Haxhi, I. (2019). International corporate governance: A review and opportunities for future research. *Journal of International Business Studies*, 50(4), 457–498.



The social dimension also involves the relationship with communities, particularly in projects that may generate territorial or environmental impacts. In certain cases, the Colombian legal system requires prior consultation processes when the rights of constitutionally recognized ethnic communities may be affected.

Although this obligation is not applicable in all sectors, the early management of community dialogue is a preventive tool to mitigate social conflicts that may affect the execution of the project.

From an investment perspective, social risks manifest themselves in accumulated labour contingencies, collective disputes, claims for violation of fundamental rights or reputational damage arising from questioned business practices.

Consequently, social due diligence should include the review of employment contracts, social security compliance, ongoing litigation, internal policies and community relationship schemes.

In Bogotá, where industrial, technological, logistics and service activities converge, the social sustainability of the business depends on the effective integration of labor and community management standards into corporate strategy. The social dimension of ESG is not limited to corporate responsibility programs, but translates into regulatory compliance, conflict prevention, and building legitimacy in the eyes of workers and stakeholders.

ESG Reporting and Due Diligence

In Colombia, there is no general and cross-cutting ESG reporting obligation applicable to all companies. However, depending on the sector, the size of the company and its status as a supervised company, there may be specific requirements for disclosure of non-financial information and risk management.

The entities under the supervision of the Financial Superintendence of Colombia have progressively incorporated guidelines on environmental and social risk management, particularly in terms of risk management and disclosure of relevant information to the market. Similarly, companies subject to inspection and surveillance by the Superintendence of Companies must report information related to compliance systems, beneficial owners and transparency programs, which has a direct impact on the governance dimension.

In the accounting and corporate reporting field, Colombia has adopted international financial reporting standards, and is in the process of converging towards sustainability reporting frameworks that harmonize financial and non-financial information. In practice, many companies operating in the Bogotá Region adopt international sustainability reporting standards at the request of their parent companies, investors or financiers, even when there is no express legal mandate.



For the foreign investor, the relevance of this regulatory environment is materialized in the due diligence processes. In acquisition operations, structuring joint ventures or project financing, ESG review includes the identification of environmental liabilities, labor contingencies, administrative sanctions, relevant litigation, data protection compliance, anti-corruption programs and corporate governance structures.

The absence of formal policies, the absence of risk matrices or the lack of documentation of internal controls can affect the valuation of the asset, generate stricter indemnity clauses or even frustrate the operation.

Consequently, in the Bogotá Region, the ESG approach should be understood as an integrated system of compliance, reporting and preventive management. More than a reputational requirement, it is a central element to ensure access to capital, mitigate regulatory contingencies and strengthen the legal and financial sustainability of the investment.

⁷ Entities subject to inspection, surveillance and control by the Financial Superintendence of Colombia, including, but not limited to, credit institutions, financial services companies, insurance companies, securities market intermediaries, securities issuers and payment system administrators.

⁸ Commercial companies, branches of foreign companies and sole proprietorships subject to inspection, surveillance or control by the Superintendence of Companies, according to the applicable corporate regime.



12

PUBLIC PROCUREMENT

CREMADES & CALVO-SOTELO ABOGADOS

📍 Address: Calle 100 No. 8A-37, Tower A, Office 601, World Trade Center, Bogotá,
Colombia
☎ Phone: +57 (601) 914 2147
✉ Email: bogota@cremadescalvosotelo.com
🌐 Website: <https://www.cremadescalvosotelo.com/headquarter/bogota/>

• Corredor empresarial del Centro Internacional

Strategic Guide for Foreign Companies

1. Regulatory environment and legal certainty

Colombia has a structured and stable public procurement system, based on the principles of transparency, free competition, equal treatment and objective selection.

The general regime applies to most state entities. However, some of them operate under special regimes, with their own rules that must be analyzed on a case-by-case basis.



Recommendation: before structuring a tender, it is essential to verify whether the contracting entity applies the general procurement regime or a special regime.

2. Access of foreign companies

Colombian law allows the participation of foreign companies in public selection processes. The public procurement system is openly international, as it does not restrict, except in very specific cases, the participation of foreign bidders.

Key aspects for international investors:

- No branch or subsidiary in Colombia is required to submit the offer.
- If there is no domicile in the country, a local legal representative must be appointed.
- Foreign public documents must be apostilled or legalized and, where applicable, officially translated into Spanish.

With respect to the evaluation and weighting of bids, and in the presence of international trade agreements or regional integration commitments, that so stipulate, entities must grant national treatment to foreign bidders.

Conclusion: Colombia is a market formally open to international suppliers, with no significant barriers to entry.

3. Structuring participation

Those interested can participate:

- Individually (natural persons or legal entities).
- Through associative structures (consortiums or temporary unions), without the need to constitute a new legal entity.

These structures allow parties to diversify risk, combine technical expertise, financial capacity, and local knowledge.



Recommendation: the parties should contractually regulate the distribution of responsibilities, risks, and operational leadership among the members of the joint structure.



4. Qualifying requirements and Unique Registry of Proponents (RUP)

The RUP centralizes the legal, financial and experience information of the proponents:

- It is mandatory for people domiciled in Colombia who aspire to hire.
- It is not mandatory for foreign companies without domicile in the country; In these cases, the requirements must be evidenced directly in each selection process.

There are selection processes in which the RUP is not required (for example, direct hiring or minimum amount).



Recommendation: the decision to establish a permanent domicile in Colombia should be assessed considering the projected turnover and frequency of participation.

5. Selection methods

The General Statute of Public Procurement establishes the guiding principles of government procurement, the types of contracts, and the selection processes, namely:

- Public tender (open procedure).
- Abbreviated selection (simplified procedure for defined cases).
- Merit-based competition (predominantly technical, advisory, and audit services).
- Minimum amount.
- Direct contracting (exceptional and restrictive).

These modalities are regulated in terms of their procedures, requirements, deadlines, documents and others, by Decree 1082 of 2015.

Key points to keep in mind:

- The general rule is open competition.
- The evaluation criteria combine qualifying requirements and weighted factors (price, technical quality, specific experience).
- In public tender processes, price is the predominant factor, once the minimum requirements have been met.
- In merit-based selection processes, the technical quality of the proposal is the predominant factor, without price being the determining criterion.

6. Incapacities and incompatibilities

There are legal restrictions that may preclude a party from contracting with the State (e.g., sanctions, conflicts of interest, or certain relationships with public officials).

These limitations are expressly and exhaustively set forth for in the law.



Recommendation: parties should conduct prior due diligence on regulatory compliance and disciplinary or sanctioning records.

7. Transparency and traceability

All selection procedures must be published in the Electronic Public Procurement System (SECOP), which allows comprehensive monitoring of the procedure and public access to documents.

This makes the procurement market highly traceable and formal; document management and compliance with deadlines are critical factors to be taken into account.

8. Public-Private Partnerships (PPPs)

PPPs allow structuring, financing, construction and operating public infrastructure under private financing schemes, which are recovered with the exploitation of the project and in which an allocation of risks is made to the private party.

Relevant features:

- Contract terms of up to 30 years (with the exceptional possibility of an extended duration).
- Remuneration through economic exploitation rights, public payments or hybrid schemes.
- They require a comprehensive cost-benefit analysis and specialized technical evaluation.
- They can be of private or public initiative.



Private initiative PPPs

These PPPs originate from the initiative, structuring, and promotion of the private sector. It is the private party that develops the PPP, carrying out the pre-feasibility and feasibility studies, which are subsequently approved by the public entity if it decides to proceed with the project.

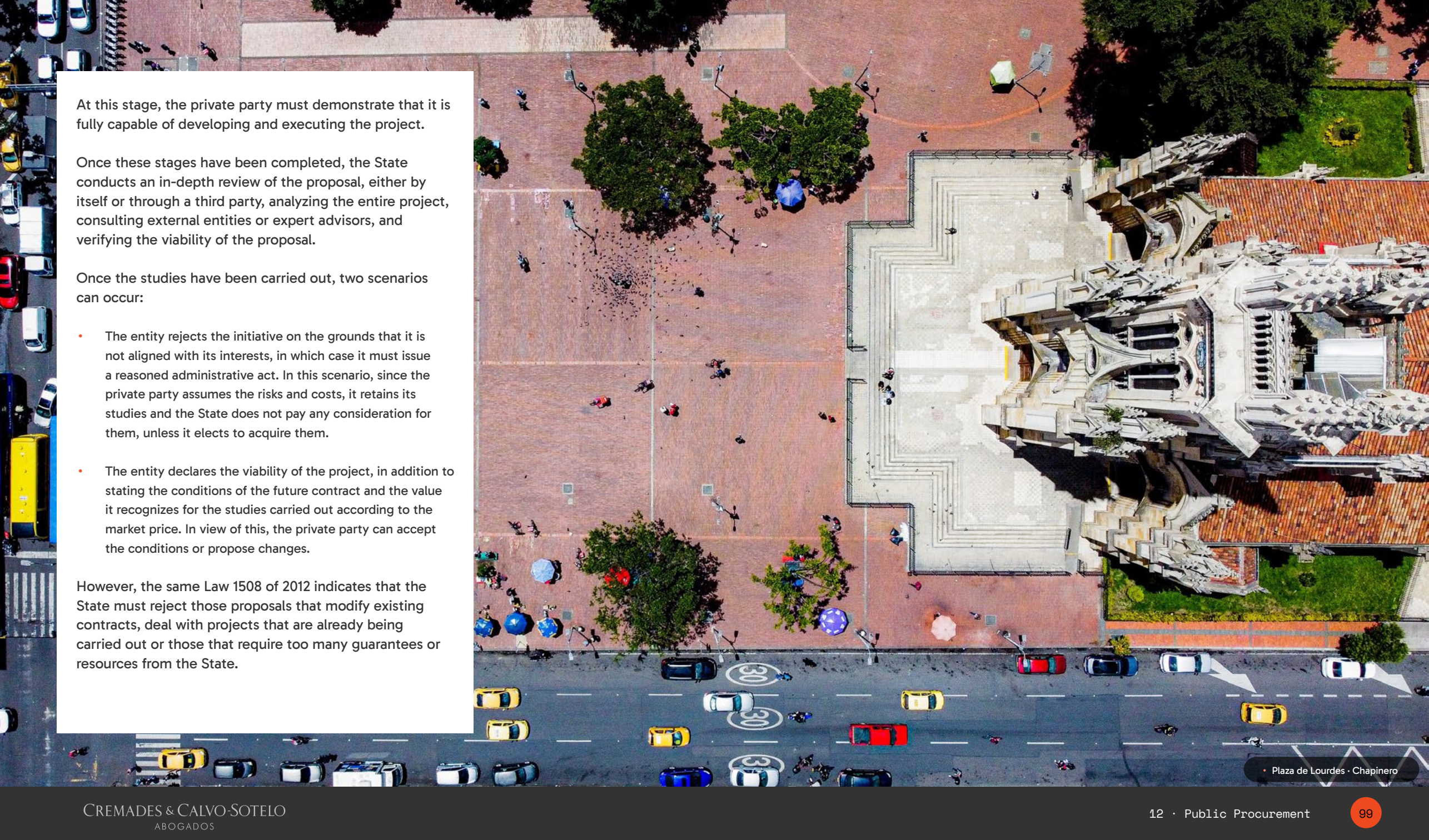
According to Law 1508 of 2012, in the first stage of the proposal, the pre-feasibility stage, the private party must determine the following:

- Give an overview of what the project is.
- The estimated cost of the project and its financing.
- How the project would work, in terms of construction, maintenance and operation.
- Preliminary studies.

Subsequently, the entity carries out an initial review, where it must consider whether the project is of interest to it and whether it fits with the sector's plans and public policies.

Once the entity analyzes the proposal and gives the go-ahead, the project continues to the second stage of feasibility, the private company presents the project ready to be executed, with the following determinations:

- Detailed financial model.
- Technical, environmental, economic and legal studies.
- Contract terms.
- The risks of the project and who assumes them.
- Minutes of the contract.



At this stage, the private party must demonstrate that it is fully capable of developing and executing the project.

Once these stages have been completed, the State conducts an in-depth review of the proposal, either by itself or through a third party, analyzing the entire project, consulting external entities or expert advisors, and verifying the viability of the proposal.

Once the studies have been carried out, two scenarios can occur:

- The entity rejects the initiative on the grounds that it is not aligned with its interests, in which case it must issue a reasoned administrative act. In this scenario, since the private party assumes the risks and costs, it retains its studies and the State does not pay any consideration for them, unless it elects to acquire them.
- The entity declares the viability of the project, in addition to stating the conditions of the future contract and the value it recognizes for the studies carried out according to the market price. In view of this, the private party can accept the conditions or propose changes.

However, the same Law 1508 of 2012 indicates that the State must reject those proposals that modify existing contracts, deal with projects that are already being carried out or those that require too many guarantees or resources from the State.

Public initiative PPP: in this modality, it is the State that proposes the initiative and selects the private contractor based on the needs of the project.

As a prerequisite for the opening of the public-initiative PPP tender process, the State must have a well-structured and duly justified project, as follows:

- The required studies must already be completed.
- It must have the project design.
- It must establish how the work will be executed and maintained.
- It must have a detailed financing model, which has the nature of a legally protected reserve.
- It must specify the term of the contract.

In the proposal submitted, the entity must demonstrate the feasibility and suitability of the project, that it effectively meets the needs of the intended service, together with a Risk Matrix identifying which party—the entity or the private contractor—assumes each risk of the project.

Likewise, it must justify the reasons for using the PPP structure rather than traditional contracting, subject to approval by the Ministry of Finance and Public Credit, or the Secretary of Finance in the case of territorial entities, and the National Planning Department.

Subsequently, for the selection of the contractor that will carry out the project, the public entity may proceed directly with a selection process or resort to the prequalification mechanism, whereby contractors with the requisite experience and financial capacity may apply.



Conclusion

PPPs are one of the main vehicles for foreign investment in various sectors, such as infrastructure, energy, and public utilities. The State converts infrastructure needs into structured projects that generate opportunities for private investors.

Through PPPs, the investor operates within a stable and clear long-term legal and contractual framework, generating income and returns throughout the execution of the project. This mechanism allows the mobilization of resources from international funds and foreign capital to national projects.

Through a well-structured and properly regulated PPP, both parties would obtain mutual benefits if the project performs well and meets quality standards, generating infrastructure improvements and enhanced public services.

This type of contract is optimal for the State, as it generates confidence and attracts investment through the legal stability and risk allocation inherent in this form of public contracting.

According to the Inter-American Development Bank (IDB), PPPs allow the development and maintenance of public infrastructure in a sustainable manner, fostering growth in efficiency and innovation by optimizing public resources and generating a positive impact on the economic and social dimensions of the projects.

9. The existence of trade or regional agreements in the field of government contracting

First, national treatment is the benefit granted to foreign parties so that, when submitting their bids in public procurement selection processes, they are treated on equal footing with Colombian domestic companies and are not excluded on account of their foreign status.

Likewise, this principle establishes that goods, services, and intellectual property rights from the other party shall be accorded treatment no less favorable than that granted to its own goods, services, and domestic rights.

This implies that, both in public procurement selection processes and in the commercialization of goods and services by a foreign private party, no preferential advantage shall be applied in favor of domestic companies.

This type of incentive is attractive to foreign companies, fostering interest in investing in Colombia's development through the planning and execution of works that benefit all stakeholders and the general public.

Thus, Colombian legislation establishes that national treatment shall be granted when the goods and services offered for the eventual performance of the contractual object originate in a country with which the Republic of Colombia: (A) has a Trade Agreement in force; (B) has had the existence of national treatment by reciprocity certified by the Colombian Ministry of Foreign Affairs; or (C) is a member of the Andean Community of Nations.



For reference, according to the Colombian Ministry of Foreign Affairs, the countries with which Colombia has national treatment agreements in force are the following:



- Republic of Chile
- United Mexican States
- Republic of El Salvador, Republic of Guatemala and Republic of Honduras
- European Free Trade Association - EFTA (Swiss Confederation, Kingdom of Norway, Principality of Liechtenstein and Republic of Iceland)
- Canada
- United States of America
- European Union (Austria, Belgium, Bulgaria, Cyprus, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden)
- Republic of Korea
- Republic of Costa Rica
- Pacific Alliance (Chile, Mexico and Peru)
- Israel
- United Kingdom of Great Britain and Northern Ireland
- Andean Community of Nations (Ecuador, Peru and Bolivia)



10. Conclusion

Colombia offers a legal framework that enables the full participation of foreign companies in public procurement.

Success in this market depends on:

- An adequate legal structure.
- The establishment of local strategic alliances when appropriate.
- Rigorous regulatory compliance management.
- The competitive design of the bid under objective selection criteria.

13

FOREIGN TRADE AND CUSTOMS



Address: Carrera 13A No. 34-72, Office 421, Bogotá, Colombia
Phone: +57 (601) 329 9610
Email: c.castrillon.velasco@velascoasociados.com.co

General Aspects of the Customs Regime

Customs regulations establishes and develop the existing customs regimes in Colombia (import, export, and customs transit), so that foreign trade operations can be carried out efficiently and in a timely manner.

Colombia is a member of the World Trade Organization (WTO), and as such, it has adhered to the General Agreement on Tariffs and Trade (GATT). Additionally, in 2018, it ratified the WTO Trade Facilitation Agreement, which has generated ongoing initiatives for the modernization of its customs, procedures, and the administration system of existing customs regimes. Furthermore, as a member of the Andean Community of Nations (CAN), Colombia regulates various customs matters at the subregional level, among them the application of the Andean Common Tariff Nomenclature (NANDINA) and the regulation of highly relevant issues such as customs valuation, among others.

At the local level, Colombia has a Framework Customs Law¹, an administrative decree² regulating the customs regime on substantive matters (obligated parties, regimes, formalities, obligations, and records), which is further developed by an administrative resolution³.



On the other hand, the sanctioning regime is currently developed by a decree with the force of law⁴, pending the issuance of a Law that, as of the publication date of this Guide, is being approved by the Colombian Congress.

Finally, the Colombian tariff schedule is also set out in a decree⁵, which establishes the system for coding and classifying goods that are imported and exported, and which also contains the tariff classification rules for goods to determine their identification and the correct application of customs duties and other requirements and/or applicable restrictions at the time of importation.

¹ Law 1609 of 2013.

² Decree 1165 of 2019.

³ Resolution 046 of 2019.

⁴ Decree laq 920 of 2023.

⁵ Decree 1881 of 2021.

Customs Regimes

Import

Generally, the import of goods into Colombia is not subject to obtaining permits and/or licenses. These goods are recognized as “free importation goods”. However, there are goods subject to the issuance of an import license by the Ministry of Commerce⁶, Industry, and Tourism, and in some other cases, there are goods whose importation is prohibited⁷.

Imports must be carried out through the so-called Primary Customs Zones, which are places authorized by the customs authority (DIAN) for the entry and exit of travelers and/or goods under customs control. These include international airports, some docks, public and private ports, and some border crossings.

Before importing, it is recommended that the interested party

- If a legal entity, it is duly incorporated in the country and has established the activity of performing foreign trade operations within the permitted activities of the selected corporate vehicle.
- Holds importer of record status in its Single Tax Registry (RUT). Applicable to both legal entities and individuals.
- Has the tariff classification code (HTC) of the goods to be imported. Although Colombia ratified the Harmonized System for the Designation and Codification of Goods of the World Customs Organization (WCO), which ensures the first six (6) digits of the tariff heading are universal, at the CAN level (digits 7 and 8) and at the country level (digits 9 and 10), the tariff heading of goods may vary, so it is recommended to validate the correspondence of the product's classification at origin with the Colombian tariff schedule before importing.
- Identify the features and/or composition of the goods to be imported to determine legal and administrative restrictions that may be required by competent authorities (ICA, INVIMA, SIC, DIAN, among others). The process for obtaining these authorizations, permits, certifications, and approvals, among others, is carried out through the Single Window for Foreign Trade (VUCE)⁸, which is an electronic tool that centralizes foreign trade procedures for both import and export operations.
- Determines whether the action before DIAN will be carried out directly or through a customs broker.
- Pay the applicable customs taxes at the time of import.
- Once the goods have been imported, depending on the selected import modality, it complies with its formal requirements (e.g., establishment of customs bonds, licenses, permits, anticipated import returns, among others) and with the mobilization requirements when required (e.g., movement and/or selling restrictions), when applicable, and keep document records for the operation⁹ for a period of at least 5 years.

⁶ There are multiple cases in which an import license is required. These include imports of goods under special market conditions, such as used, imperfect, repaired, rebuilt, restored, repowered, low-quality, remanufactured, discontinued, recovered, refurbished, second-hand goods, among others; goods for which an exemption from customs duties is requested; and imports of goods carried out under annual import licenses.

⁷ This type of goods includes, among others, war toys and chemical, biological, and nuclear weapons.

⁸ <https://www.vuce.gov.co/>.

⁹ The customs regime requires that at least the following documents be kept as supporting documentation for the operation: the import declaration, the commercial invoice or supporting document of the transaction, the transport document, the Andean Customs Value Declaration (Declaración Andina del Valor – DAV), when applicable, the packing list, when applicable, and any other documents required depending on the selected import modality.



The import regime includes 12 types of import modalities. However, the main ones are the following:

- **Ordinary Import.** Allows the importation of any type of merchandise and is subject to compliance with applicable restrictions (if any) and payment of the applicable customs taxes. Goods can move freely within the Colombian National Customs Territory.
- **Temporary Imports.** Allows the importation of certain goods required temporarily in the country for specific activities. There are two modalities: (i) short-term temporary import: goods do not pay any customs taxes for up to 12 months, but accustoms bond is required before entering the country; (ii) long-term temporary import: import period is generally 5 years, also requires a customs bond, and obligates the importer of record to pay applicable customs duties every six months.
- **Temporary Import for active Improvement.** Allows temporary importation of capital goods, as well as their parts and spare parts, with customs taxes suspended, intended to be re-exported after having been repaired or conditioned, within a period not exceeding six (6) months, restricting their availability. This modality covers aircraft and maritime or river vessels entering the national customs territory for repair or conditioning.

¹⁰ Ordinary importation; importation with exemption; reimportation after outward processing; reimportation in the same condition; importation under warranty compliance; temporary importation for re-exportation in the same condition; temporary importation for inward processing, including three sub-modalities; importation for transformation and/or assembly; importation through postal traffic and urgent shipments; urgent deliveries; travelers; and samples with no commercial value.

Export

Exports are the exit of goods from the Colombian National Customs Territory to another country, as well as some operations destined for Colombian free trade zones.

Generally, there are no administrative restrictions on the export of goods. However, there are products whose export is prohibited, such as the nation's historical, cultural, and archaeological heritage, weapons, explosives, animal and plant species, among others.

Before exporting, it is recommended that the interested party:

- Holds the exporter of record status in the Single Tax Registry (RUT).
- Registers within the Colombian Foreign Trade Single Window (VUCE).
- Determines whether the customs procedures before DIAN will be carried out directly or through a customs broker.
- Processes approvals and/or export permits if applicable (applicable for certain goods like coal, gold, coffee, among others).
- Obtain a Certificate of Origin in accordance with the applicable Trade Agreement.
- Complete customs procedures as per customs formalities established by the Colombian customs law.
- Keep supporting records for at least 5 years.

Currently, customs regulations contemplate more than 10 types of export types. However, the main type is the “definitive export”, which allows the exit of national or nationalized goods from Colombian territory for their definitive use or consumption abroad.

¹¹ Final exportation; temporary exportation for outward processing; temporary exportation for reimportation in the same condition; re-exportation; reshipment; exportation through postal traffic and urgent shipments; exportation of samples with no commercial value; temporary exportations carried out by travelers; exportation of household goods; and special export programs.

Customs Transit

This customs regime allows the land/air/water transportation of national or foreign goods, under customs control, from one Customs post to another within the Colombian national customs territory.

Customs transit may only be requested and authorized for goods consigned or endorsed to the Nation, territorial entities, decentralized entities, a free trade zone user, a private warehouse holder, or when goods are to be subjected to certain import modalities¹².

.Customs Duties

Customs taxation in Colombia is concentrated on the import of goods. Currently, the applicable customs duties on imports are:

Tariffs: ranges between 5 and 15%. However, in some cases, it may exceed these percentages. Additionally, for certain products, Colombia applies the Andean Price Band System, which establishes a variable tariff for some agricultural products.

Value Added Tax (VAT): general rate of 19%. In some cases, there are differential rates (0% and 5%).

Anti-dumping duties, countervailing duties, or safeguard measures: generally, as ad valorem or mixed tariffs. Colombia currently has different anti-dumping duties in effect¹³.

In addition to this, the importation of certain products is subject to the payment of the following taxes¹⁴:

- National tax on single-use plastic products upon importation.
- Tax on ultra-processed industrial food products and/or those with high added sugar, sodium, or saturated fat content.

¹² Importation for transformation and/or assembly; temporary importation for inward processing of capital goods; temporary importation under Special Import-Export Systems; and temporary importation for industrial processing.

¹³ To review the applicable duties currently in force, please visit www.mincit.gov.co

¹⁴ For further information, please visit www.dian.gov.co



Cross-border Electronic Commerce (e-commerce)

Cross-border electronic commerce is developed within the framework of the import and export modalities under the Courier Regime.

Through this regime, import and export operations are carried out, aiming for quick processing through a simplified procedure compared to ordinary import or consumption operations, or definitive export for exports.

This modality of import/export:

- Has an expedited procedure.
- Is currently conducted through authorized international cargo airports for imports and exports under the Courier modality, as well as through some free trade zones exclusively authorized for exports.
- Import and export operations are subject to compliance with Colombia's existing international foreign exchange regime.
- The Colombian Consumer Protection Statute includes a specific chapter for electronic commerce operations¹⁵.
- Is carried out through an “authorized postal traffic intermediary” by DIAN. Thus, sellers, buyers, and e-commerce businesses are not required to interact directly with Customs.
- Applies to goods whose value does not exceed USD 2,000.
- Subjects imported goods to compliance with legal and/or administrative restrictions to safeguard the safety of Colombian consumers.
- Allows declaration from origin of a specific tariff subheading for imported customs products. Otherwise, generic subheadings assigned by the regulation must be declared, which are subject to a single tariff levy of 10% on the value of the goods¹⁶.
- May benefit from the so-called de minimis rule or exemption from tariff and VAT on importation provided that:
 - i. The value per transport document (AWB) is equal to or less than USD 200.
 - ii. The VAT exclusion rule is met, which applies if it is an import originating from a country with which Colombia has a trade agreement or FTA in force obliging the non-collection of VAT (currently only the U.S. – Colombia FTA includes this benefit)¹⁷.

¹⁵ Law 1480 of 2011.

¹⁶ Subheadings 9807.10. 00.00 or 9807.20.00.00.

¹⁷ Imports that make use of this benefit will be subject to the specific rules of the applicable treaty, including rules of origin. Accordingly, Colombian customs authorities reserve the right to request proof of origin for imports seeking to obtain the VAT benefit.



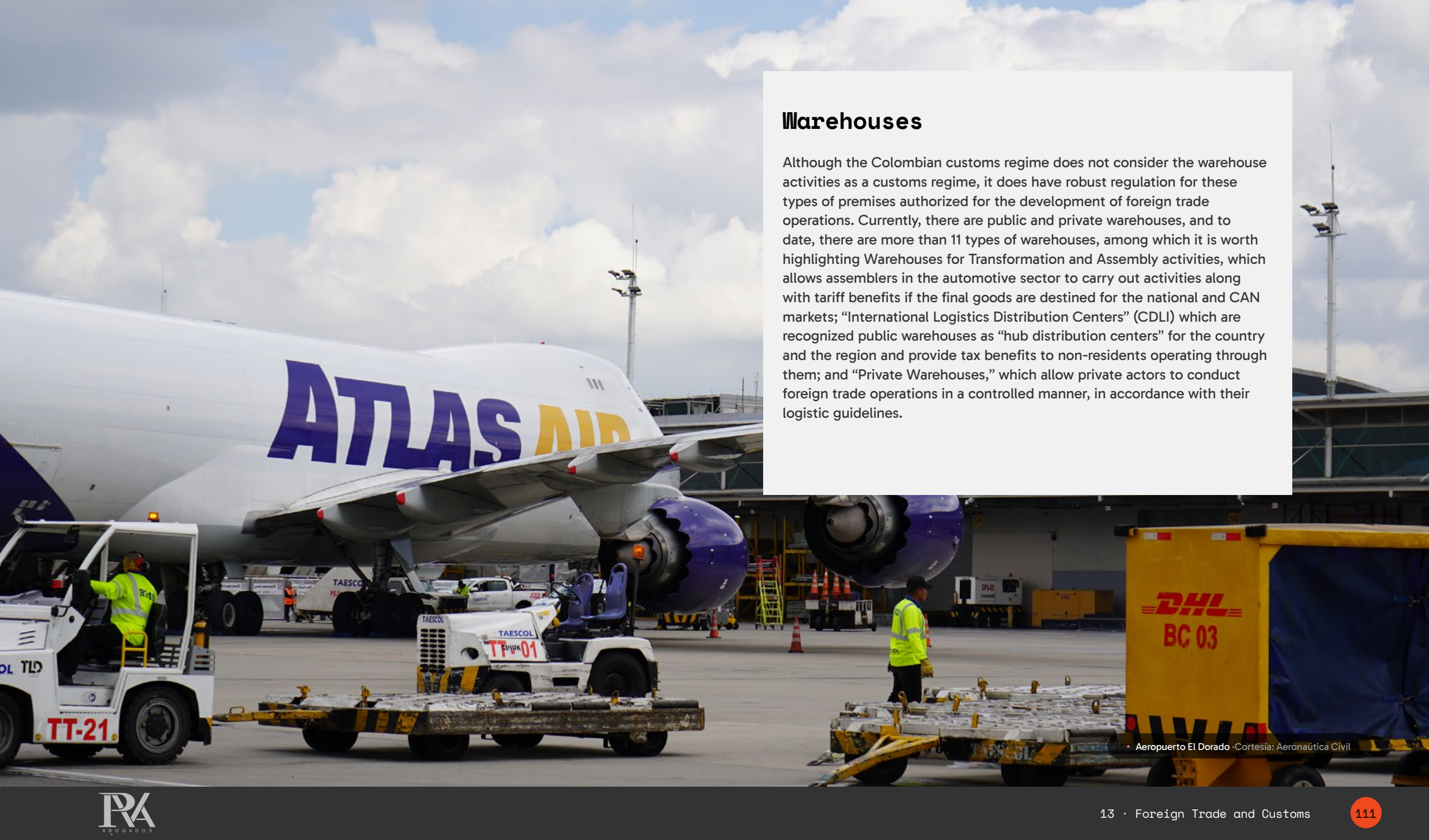
• Aeropuerto El Dorado • Cortesía: Aeronáutica Civil

Other Relevant Customs Matters

Origin. Colombia has 18 Free Trade Agreements in force, each of which has negotiated different rules of origin to enjoy and grant negotiated tariff preferences. To effectively use these agreements, importers must comply with the applicable rules of origin for the goods being imported. Currently, the FTA provides for the elimination of duties on almost 98% of the non-agricultural universe and contains special protections for strategic agricultural goods for the country. They also provide preferential access opportunities to a market of more than 500 million people, positioning Colombia as a platform for access to relevant markets such as the European Union, United States, Central America, MERCOSUR, and Canada.

Tariff Classification and Functional Units

Customs regulations allow importers of record to request tariff classification of goods from the competent Customs Authority (DIAN in Colombia). This procedure, which takes between 2 and 3 months, enables importers of record to be certain of the applicable tariff heading (HTC) for their goods. It is also possible to request tariff classifications of “Functional Units” for projects involving multiple goods that perform a defined function, allowing them to be classified under a single tariff heading within chapters 84 or 85 of the Colombian customs tariff schedule. For the latter case, Functional Units resolutions enable the development of large-scale projects, such as hydroelectric plants, production and/or assembly plants for goods, as well as complex projects in industries where the use of capital goods is essential for their development..



Warehouses

Although the Colombian customs regime does not consider the warehouse activities as a customs regime, it does have robust regulation for these types of premises authorized for the development of foreign trade operations. Currently, there are public and private warehouses, and to date, there are more than 11 types of warehouses, among which it is worth highlighting Warehouses for Transformation and Assembly activities, which allows assemblers in the automotive sector to carry out activities along with tariff benefits if the final goods are destined for the national and CAN markets; “International Logistics Distribution Centers” (CDLI) which are recognized public warehouses as “hub distribution centers” for the country and the region and provide tax benefits to non-residents operating through them; and “Private Warehouses,” which allow private actors to conduct foreign trade operations in a controlled manner, in accordance with their logistic guidelines.

• Aeropuerto El Dorado -Cortesía: Aeronáutica Civil

14

INTERNATIONAL TRADE MECHANISMS



ARAÚJOIBARRA
Consultores en Comercio Internacional

📍 Address: Calle 98 No. 22-64, Office 910, Bogotá, Colombia

☎ Phone: +57 (601) 651 1511

✉ Email: contacto@araujoibarra.com

🌐 Website: <https://araujoibarra.com/contacto/>

Free Trade Zones

Free trade zones are delimited areas in which industrial and service activities are carried out under special tax, customs, and foreign-trade regulations¹. Their main objective is to generate employment, encourage investment, and increase competitiveness and development in the regions.

¹ The current Free Trade Zone Regime was created by Law 1004 of 2005 and is regulated by Decree 2147 of 2016 and Decree 1165 of 2019.

Benefits of the Free Trade Zone Regime

- A preferential income tax rate of 20% on income derived from the export of goods or services; the general rate is 35%. Certain activities are subject to a full 20% rate: port services, logistics, fuel refining, offshore free trade zones, and operator users.
- Goods sold to industrial users of free trade zones from the National Customs Territory, or between users, are exempt from the Value Added Tax (VAT), provided that they are intended for the development of the users corporate purpose.
- Goods brought into a free trade zone are not subject to customs duties (tariffs and VAT) and may remain in the free trade zone indefinitely.
- It is possible to sell goods and provide services from free trade zones to third countries, as well as to companies within the national territory.
- Declaration for up to 30 years, with the possibility of extension.

How to access the regime?

To access the regime, interested companies may:

1. **Declare their own permanent free trade zone (multi-company) or special permanent free trade zone (single-company).** To do so, they must submit the project's Master Plan to the Ministry of Commerce, Industry, and Tourism, demonstrating its legal, technical, and financial feasibility. Once the Ministry has obtained all the necessary information, the Intersectoral Commission on Free Trade Zones will issue its feasibility opinion².

The investment and employment commitments undertaken vary depending on the type of free trade zone³:

- **Special Permanent Free Trade Zone for Goods:** investment ranges between 3,012,550 and 6,981,606 UVT, with the creation of 50 to 150 new direct jobs within the 3 years following the declaration.
 - **Special Permanent Free Trade Zone for Services:** investment ranges between 209,004 and more than 1,922,898 UVT, with the creation of 150 to 500 direct and formal jobs within the following 3 years.
 - **Permanent Free Trade Zone:** a minimum investment commitment of 924,224 UVT within the 5 years following the declaration, and having at least 5 industrial users.
2. **Qualify as an industrial user of goods and/or services** in one of the 41 permanent free trade zones in the country, 10 of which are located in Bogotá and Cundinamarca. In this case, the project must be submitted together with its studies, and the qualification process must be completed before the operator user that manages the selected permanent free trade zone.

These companies undertake an investment commitment of between 0 UVT and 231,068 UVT and the creation of 7 to 50 new jobs, depending on the range of productive fixed assets accredited at the time of qualification.

² The Commission is composed of the Office of the President, the Ministry of Commerce, Industry and Tourism, the Ministry of Finance and Public Credit, the DNP, and the DIAN.

³ Investment is expressed in UVT. As of the date of publication of this chapter, the applicable UVT is \$52,374 COP.

International Trading Companies

International Trading Companies are an export-promotion instrument. They are defined as legal entities whose main corporate purpose is the marketing and sale of Colombian products abroad, which may be acquired in the domestic market or manufactured by producers that are partners of these companies.

These companies may include among their activities the import of goods or inputs to supply the domestic market or to manufacture exportable products.

Benefits of International Trading Companies

The main appeal of this mechanism lies in optimizing cash flow and reducing costs in the export supply chain. The main benefits are presented below:

- **VAT Exemption:** the purchase or acquisition of goods in the domestic market is exempt from VAT, provided that they are exported within the 6 months following the date on which the corresponding certificate is issued to the supplier.
- **Withholding Tax:** purchases are not subject to withholding tax, under the terms established by Article [1.2.4.6.2](#) of Decree No. 1625 of 2016.
- **CERT:** International Trading Companies may be beneficiaries of CERT recognition, provided that they prove their status as producers of the exported good.⁴

⁴ An export-promotion instrument that allows companies to recover part of the indirect taxes paid on their exports of goods and services.

How to access these benefits?

To access the benefits of this mechanism, companies must obtain authorization from the Ministry of Commerce, Industry, and Tourism and post a guarantee with the National Tax and Customs Directorate (DIAN).

Their fundamental obligations include: exporting the acquired goods within the six (6) months following the date on which the respective Certificate to the Supplier is issued; ensuring that their main purpose remains the marketing of Colombian products abroad; and complying with the minimum equity amounts required by the customs legislation in force for their operation.

By: [Customs and Currency Exchange Law](#)



Plan Vallejo: a key tool for the competitiveness of companies in Colombia

The Special Import-Export Systems, known in Colombia as the "Plan Vallejo," are a foreign trade mechanism that allows companies to optimize their production costs for international markets. Through the temporary import for inward processing modality, this mechanism authorizes the importation, with total or partial exemption from customs duties, of raw materials, supplies, capital goods, and spare parts. These goods must be destined to produce goods for export or for the provision of services directly related to such production or export processes.

Program types that can be approved under the Plan Vallejo

Plan Vallejo for raw materials and supplies

This program allows the import of raw materials and supplies into the country without payment of tariffs and Value Added Tax (VAT), which must be used entirely in the production of goods destined for export.

The deadline for demonstrating exports is 18 months, counted from the date of release of the first import declaration made in the period (year).

For the purposes of this program, raw materials and supplies are understood to mean:

- The set of elements used in the production process, whose mixture, combination, processing or manufacture results in the final product.
- Auxiliary materials used in the production cycle that, although they can be transformed, are not part of the final product.
- The elements used in the packaging or container of the final product, or in the production of said packaging or containers.
- The set of parts, pieces or devices that are the object of assembly in the production process.
- Goods entering the country for repair or reconstruction, as well as the spare parts necessary for that purpose.



Planta Alpina Sopó · Cortesía: MinComercio

These programs authorize an annual FOB quota in US dollars (from January 1st to December 31st), through which the user can import the raw materials and supplies required for their production process, provided that the resulting goods are destined entirely for foreign markets. This quota, approved by the Ministry of Commerce, Industry and Tourism (MINCIT), is requested based on the user's projected imports and exports and is automatically renewed each year.

● Example:

The company imports fabrics worth
USD 100.000
under the Plan Vallejo Program.



(100 %) of the quantities imported under the Plan Vallejo in export products.

Plan Vallejo for the Replacement of Raw Materials

This modality allows exporters who, meeting the legal requirements, have produced national goods using raw materials or inputs imported through ordinary channels, to access an authorization to import, free of taxes (tariff and VAT), an equivalent quantity of said raw materials or inputs incorporated in the exported good.

Once the replacement program is authorized, there is no obligation to allocate the raw materials imported under this modality to the production of export goods.

Plan Vallejo for Capital Goods and Spare Parts – Agro-industrial Sector

This modality allows the importation of capital goods intended for the installation, expansion or replacement of production units, which will be used in the production of export goods or in the provision of services directly linked to their production or export, with suspension of the payment of customs duties (tariff and VAT), until the fulfillment of the export commitments.

The VAT not paid at the time of import will be due once the export commitment is fulfilled, should the decision be made to nationalize the equipment in the country. To do so, the import procedure must be changed to ordinary import, and a customs depreciation discount of up to 70% of the FOB import value may be applied.

The export commitment in these operations is equivalent, in physical units, to at least 70% of the increase in production generated by the use of goods imported under this program



• Planta Alpina Sopó • Cortesía: MinComercio



My production normally is:

200.000

units of flowers per year.



Imported machinery under the Plan Vallejo Express that helps me increase my production by 400.000 of flowers.

Export
commitment



140.000 units

There is a production increase of 200.000 units; 70% of this increase is allocated to exports.

It is given in physical units.

• Flores • Cortesía: ProColombia

Plan Vallejo for Capital Goods and Spare Parts – Industrial Sector⁵

This program applies to any productive sector that requires importing capital goods and spare parts intended for the installation, expansion or replacement of productive units, which will be used in the production of export goods or in the provision of services directly linked to their production or export.

The benefit consists of the suspension of VAT payments, which will only be due once the export commitment established in the program is fulfilled. At that time, the Plan Vallejo modality must be terminated by converting it to a standard import. For VAT payments, a discount of up to 70% of the FOB import value of the equipment may be applied for customs depreciation.

The export commitment is established in terms of dollar value, equivalent to 1.5 times the FOB value of the authorized import quota.

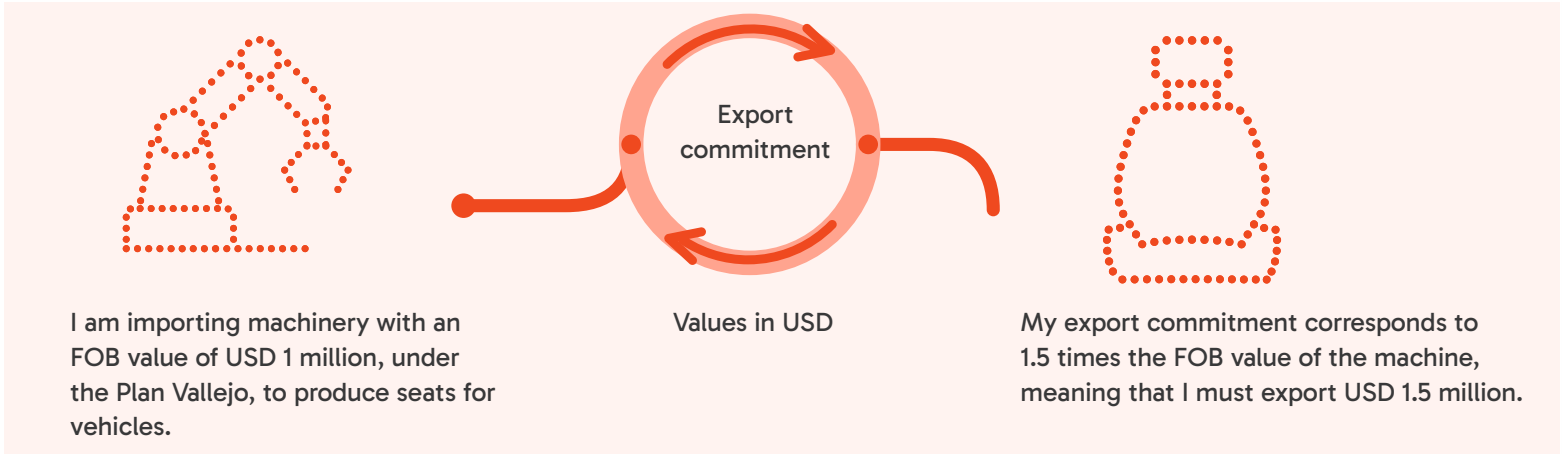
Plan Vallejo for Goods for the Export of Services⁶

This procedure applies to certain categories of services that require the importation of goods for use in the export of services. These imports can be made with exemption from customs duties and suspension of VAT until the export commitments are fulfilled.

VAT payment may be made applying to a customs depreciation discount of up to 70% of the FOB import value.

The export commitment must be at least equivalent to 1.5 times the FOB value in dollars of the capital goods imported under the program.

⁵ The goods that can be imported under this program are defined in Resolution No. 1054 of 2020 of the MINCIT.
⁶ The goods that can be imported under this modality are defined in Resolution No. 1131 of 2020 of the MINCIT.



Flores - Cortesía: MinComercio

Summary table of programs Plan Vallejo

PROGRAMS	TYPES OF OPERATIONS	BENEFITS	EXPORT COMMITMENT
Raw Materials	Raw materials Art. 172 Decree – Law 444 of 1967	Tariff and VAT exemption	100%
	Maquila – Maquila Q Art. 172 Decree – Law 444 of 1967	Tariff and VAT exemption	100%
	Raw materials – MX Art. 173 Literal b) Decree – Law 444 of 1967	Tariff and VAT exemption	60% and 40% to the National Market
Capital Goods	Agro-industrial Sector - BR and RR Art. 173 C) Decree – Law 444 of 1967	Tariff exemption and VAT suspension	70% of production increases
	All sectors - BK and RR Art. 174 Decree – Law 444 of 1967	VAT Suspension	1.5 times the value of the quota used
Replacement	Raw materials – RP Art. 179 Decree – Law 444 of 1967	Tariff and VAT exemption	There is no export commitment
Services	Goods for the export of services – SS Article 13 Decree 285 of 2020	Tariff exemption and VAT suspension	1.5 times the value of the quota used

By: [Plan Vallejo](#)





International Contracts

Properly structuring international contracts is an essential component of foreign trade: it transforms legal uncertainty into clear rules regarding liability and remedies, mitigates risks, and enables sustainable operations in global markets. Below are the 7 key steps for entering into such contracts:

1. **Identify and map the risks of the transaction:** analyze the structural risks of the business: regulatory and legislative change risk, geopolitical and sanctions risk, economic and currency volatility, counterparty risk, jurisdictional and institutional risk, and technological or reputational risks.
2. **Determine the governing law of the contract:** determine the governing law of the contract: Identify the applicable law considering its coherence with the transaction, the stability of the system, precedents, compatibility with treaties, and the advisability of applying or excluding the United Nations Convention on Contracts for the International Sale of Goods (CISG).
3. **Select the dispute resolution mechanism:** determine the dispute resolution mechanism by evaluating neutrality and enforceability, choosing between international arbitration or state jurisdiction, and, in the case of arbitration, defining the seat, rules, language, number of arbitrators, and incorporating multi-tiered clauses.
4. **Incorporate Incoterms and manage risk transfer:** incorporate the applicable Incoterms (ICC 2020) to define the distribution of costs and the point at which risk is transferred.
5. **Design price adjustment and economic balance clauses derived from external events:** structure price adjustments with verifiable indices, clear formulas, and defined frequency, and incorporate hardship, material adverse change, and force majeure clauses to manage economic imbalances or impossibility of performance.
6. **Manage geopolitical, regulatory, and sanctions risks:** include clauses on regulatory change, compliance with international sanctions and binding lists, early termination, suspension of obligations, and representations regarding regulatory compliance.
7. **Incorporate specialized clauses according to the technological and reputational profile:** incorporate provisions on cybersecurity, data protection, confidentiality, intellectual property, technological indemnities, and ethical and anti-corruption compliance.

By: [Corporate Law](#)

15

CLIMATE
CHANGE
REGULATION

DELTAICO

📍 Address: Calle 79B No. 5-81, Bogotá, Colombia
☎ Phone: +57 (601) 459 0142 / +57 310 552 2420
✉ Email: info@deltaico.com
🌐 Website: <https://www.deltaico.com/equipo>

• Panorámica de Bogotá

Climate Change Legal Framework¹

What are the main climate change regulations in Colombia?

Colombia has made significant progress in developing its climate change legal framework, although some areas still require further regulation.

At the international level, Colombia is a Party to the United Nations Framework Convention on Climate Change (UNFCCC), the Kyoto Protocol, and the Paris Agreement.

Within the legal framework, Law 1931 of 2018 stands out as the country's legal framework for climate change management by introducing governance mechanisms and planning instruments. Among these, the law formally incorporated Colombia's Nationally Determined Contributions (NDCs) under the UNFCCC².

Law 1931 of 2018 also created the Sectoral Comprehensive Climate Change Management Plans (*Planes Integrales de Gestión del Cambio Climático Sectoriales – PIGCCS*), through which each ministry identifies, assesses and integrates climate change mitigation and adaptation measures into the policies and regulations of its respective sector. Likewise, the law established the Territorial Comprehensive Climate Change Management Plans (*Planes Integrales de Gestión del Cambio Climático Territoriales – PIGCCT*). These plans enable subnational governments and environmental authorities to identify, prioritize and implement climate change mitigation and adaptation measures within their jurisdictions.³

Subsequently, Law 2169 of 2021, commonly referred to as the Climate Action Law, established legally binding national objectives aimed at achieving carbon neutrality by 2050 while promoting climate resilience and low-carbon development over the short, medium and long term.

As part of the implementation of Law 1931 of 2018, climate change considerations have also been incorporated into regional and local development planning instruments. Examples include the 2024–2028 Cundinamarca Departmental Development Plan (*"Gobernando: Más que un Plan"*) and Bogotá's 2024–2027 Economic, Social, Environmental and Public Works Development Plan (*"Bogotá Camina Segura"*), both of which incorporate climate change management as a cross-cutting issue.

At the local level, District Agreement 790 of 2020 declared a Climate Emergency in Bogotá D.C., recognizing climate change as a priority public policy issue and establishing guidelines for climate mitigation, adaptation and resilience. In addition, the District Council for Economic and Social Policy (*Consejo Distrital de Política Económica y Social – CONPES D.C.*) adopted Bogotá's Public Climate Action Policy, which aims to achieve carbon neutrality, strengthen climate resilience and accelerate climate adaptation across the city by 2050.

¹ The information contained in this chapter is provided for informational purposes only. Accordingly, it does not constitute and should not be considered a substitute for legal advice. Furthermore, this chapter is not intended to be exhaustive and does not address all applicable laws, regulations, policies, or case law relevant to the subject matter. In particular, sector-specific or specialized requirements, including those related to ESG (Environmental, Social, and Governance) criteria, may exist and are not covered in this document. For specific situations, recommendations, or decision-making processes, it is advisable to seek specialized legal counsel.

² In 2025, Colombia submitted its NDC 3.0, committing to limit its greenhouse gas emissions to between 155 and 161 MtCO₂e by 2035, while reducing black carbon emissions by between 6,130 and 8,873 tonnes compared with 2014 levels.

³ The Department of Cundinamarca adopted its PIGCCT for the 2024–2050 period through Departmental Decree No. 255 of 2025, with Bogotá included within its territorial scope.

What is the institutional framework for climate change governance?

Law 1931 of 2018 elevated the National Climate Change System (*Sistema Nacional de Cambio Climático – SISCLIMA*) to statutory status. SISCLIMA brings together the institutions, policies, regulations, planning instruments, financial resources, technical mechanisms and stakeholders—including the private sector—that are involved in climate change governance in Colombia.

At the national level, SISCLIMA is coordinated by the Intersectoral Commission on Climate Change (*Comisión Intersectorial de Cambio Climático – CICC*). The Commission is jointly chaired on a rotating annual basis by the Ministry of Environment and Sustainable Development (*Ministerio de Ambiente y Desarrollo Sostenible – MADS*) and the National Planning Department (*Departamento Nacional de Planeación– DNP*) and includes representatives from several national government agencies. The National Climate Change Council (*Consejo Nacional de Cambio Climático*) serves as the CICC's permanent advisory body. Its role is to provide technical advice and facilitate coordination between government institutions, business associations and other stakeholders involved in climate action.

Colombia also established the Presidential Cabinet Intersectoral Commission for Climate Action (*Comisión Intersectorial del Gabinete Presidencial para la Acción Climática*), a high-level coordination body responsible for monitoring and evaluating progress made by national government agencies in fulfilling Colombia's climate commitments. Representatives from the private sector may participate upon invitation when matters under discussion require their involvement.

At the regional level, SISCLIMA is coordinated through the Climate Change Nodes (*Nodos Regionales de Cambio Climático*), which also include the participation of business associations and private sector organizations. Bogotá and the Department of Cundinamarca are part of the Centro Oriente Andino Regional Climate Change Node (Nodo Regional Centro Oriente Andino).

Bogotá Environmental Secretariat (*Secretaría Distrital de Ambiente – SDA*) is the environmental authority for Bogotá D.C. and leads the formulation and implementation of the city's climate change policies, plans and programmes . Attached to the SDA is the District Institute for Risk Management and Climate Change (*Instituto Distrital de Gestión del Riesgo y Cambio Climático– IDIGER*), whose functions include coordinating with the various stakeholders that comprise the District System for Risk Management and Climate Change, as well as implementing climate change mitigation and adaptation measures across the Capital District.

District Agreement 790 of 2020 also created the Bogotá Climate Change Panel (*Panel Distrital de Cambio Climático*), an advisory body to the Bogotá City Council responsible for promoting, monitoring and supporting the implementation of actions arising from the city's Climate Emergency declaration. The Panel includes representatives from the private sector, including three members from business associations: one representing large or medium-sized companies and two representing small and micro-enterprises.

⁴ Within the SDA, an internal Climate Change Working Group has been established to coordinate and support the technical, legal, and financial dimensions of climate change management.

What carbon pricing instruments are available in Colombia?

Colombia currently operates both a carbon tax and carbon markets. The Colombian carbon tax applies to the carbon dioxide equivalent (CO₂e) content of fossil fuels. It covers petroleum products, natural gas and coal used for combustion and is levied only once, at the point of sale, importation or self-consumption. For 2026, the tax rate is approximately USD 7.5 per tonne of CO₂e, although the amount payable varies depending on the carbon content of each fuel.

Tax legislation established a mechanism for exemption from the carbon tax, which may not exceed 50% of the tax due in any case. To benefit from this mechanism, the taxpayer or final consumer must acquire certificates corresponding to greenhouse gas (GHG) emission reductions or removals generated by mitigation initiatives. Such certificates are used to compensate for or neutralize the emissions associated with the taxed fossil fuels.

Mitigation initiatives that generate certificates traded in the voluntary carbon market must comply with certain requirements. In particular, when such certificates are intended to qualify for the carbon tax exemption mechanism, the underlying initiatives must be previously registered in the National Registry of Greenhouse Gas Emission Reductions and Removals (Registro Nacional de Reducción de las Emisiones y Remoción de Gases de Efecto Invernadero-RENARE), the certificates must be cancelled to prevent double counting, be subject to validation and verification processes, and comply with the applicable social and environmental safeguards, among other requirements.

A landmark judicial decision was Constitutional Court Judgment T-248 of 2024, in which the Court found that the private companies involved in the Pirá Paraná River REDD+ (Reducing Emissions from Deforestation and Forest Degradation) carbon project had failed to exercise adequate due diligence to protect the fundamental rights of the Indigenous communities living within the project area. In addition to issuing specific orders to the companies concerned, the Court adopted a series of structural measures aimed at addressing systemic challenges affecting the voluntary carbon market. These included the development of an ethnic-sensitive protocol and the establishment of monitoring and support strategies for the implementation of REDD+ projects in collective territories.

The mandatory carbon market, referred to as the GHG Emissions Trading Allowance Program (*Programa Nacional de Cupos Transables de Emisión de GEI – PNCTE*), was created by Law 1931 of 2018 and remains pending regulatory development. The regulations are expected to define, among other aspects, the overall emissions cap; the program's scope, including the sectors, the size of companies subject to the system, GHGs covered, and the emissions thresholds triggering participation; the allocation and acquisition of allowances (through auctions, direct allocation, or secondary market transactions); and the requirements that certificates generated by GHG mitigation initiatives undertaken by non-regulated entities must meet in order to be eligible for the issuance of tradable allowances. The regulations are also expected to establish provisions on monitoring, reporting, and enforcement, among other matters



Are there tax incentives related to climate change?

In addition to the carbon tax offset mechanism, the Colombian Tax Code provides for a corporate income tax credit equivalent to 25% of the value of investments made in environmental control projects, as well as a Value Added Tax (VAT) exemption for the acquisition of domestic or imported equipment and components used in environmental control and monitoring systems.

Furthermore, investments in (i) electricity generation from Non-Conventional Renewable Energy Sources (*Fuentes No Convencionales de Energía – FNCE*); (ii) efficient energy management, and (iii) the production, storage, processing, distribution, re-electrification, research, and end-use of green and blue hydrogen are eligible for several tax incentives, including: an income tax deduction equal to 50% of the total investment made; a VAT exemption on the acquisition of domestic or imported equipment and components; an exemption from import tariffs on machinery, equipment, materials; and supplies not available from domestic production; and accelerated depreciation of the asset value at a maximum annual rate of 33.33%.

Likewise, investments, assets, equipment, and machinery intended for carbon capture, utilization, and storage (CCUS) are eligible for a 25% income tax credit, a VAT exemption, and the accelerated depreciation benefit described above.



• Bogotá horizonte • Camila Foj • Jardín Botánico



How has climate change been incorporated into environmental permitting?

Colombia is progressively integrating climate change considerations into its environmental permitting framework. Law 2169 of 2021 established a national objective requiring environmental management and control instruments—including environmental licences, permits, concessions and other environmental authorizations applicable to Projects, Works or Activities (*Proyectos, Obras o Actividades—POA*)—to incorporate climate change mitigation and adaptation considerations. Particular emphasis was placed on the quantification of greenhouse gas (GHG) emissions and on the contribution that environmental compensation measures can make toward achieving Colombia's NDC. Although the Council of State ordered the MADS to adopt the necessary regulations within one year through a compliance judgment issued on 12 October 2023, the implementing regulations have not yet been issued.

A further milestone was Constitutional Court Judgment C-280 of 2024, in which the Court held that Environmental Impact Assessments (EIAs) submitted to the competent environmental authority as part of the environmental licensing process must include an assessment of climate change impacts. The Court also instructed MADS to update the generic

Terms of Reference (ToR) for EIAs so that they explicitly address climate-related impacts associated with OPA requiring environmental licences.

MADS with the support of the National Environmental Licensing Authority (Autoridad Nacional de Licencias Ambientales-ANLA), is currently

updating the General Methodology for the Preparation and Submission of Environmental Studies (Metodología general para la elaboración y presentación de estudios ambientales-MGEPEA), which is expected to include guidelines for considering climate change variables in the preparation of EIAs.



Is greenhouse gas emissions reporting mandatory?

Law 1931 of 2018 established the Mandatory Greenhouse Gas Emissions Reporting System (*Reporte Obligatorio de Emisiones de Gases de Efecto Invernadero – ROE*) for public, private and mixed-capital legal entities. Although the implementing regulations have not yet been issued—and therefore reporting is not currently mandatory—the forthcoming regulation is expected to define: (i) methodologies for calculating direct and indirect GHG emissions; (ii) emissions thresholds and company size criteria determining which entities must report; (iii) reporting methodologies and procedures; (iv) reporting frequency; and (v) documentation required to prepare greenhouse gas inventories. Information submitted through the ROE platform is expected to be publicly available, increasing transparency regarding corporate GHG emissions.

What are the main considerations regarding climate adaptation and disaster risk management?

Colombia's climate adaptation policy is primarily guided by the National Climate Change Adaptation Plan (*Plan Nacional de Adaptación al Cambio Climático – PNACC*), whose overarching objective is to reduce the socioeconomic risks associated with climate variability and climate change. Climate adaptation is closely linked to disaster risk management. Since the enactment of Law 1523 of 2012, Colombia has operated under a comprehensive National Disaster Risk Management Policy (*Política nacional de gestión del riesgo de desastres*), implemented through the National Disaster Risk Management System (*Sistema Nacional de Gestión del Riesgo de Desastres*). More recently, Decree 978 of 2024 adopted the Second Update of the National Disaster Risk Management Plan (2025–2030), reinforcing the integration between climate adaptation and disaster risk reduction policies.

At the local level, Bogotá has established the District System for Risk Management and Climate Change (*Sistema Distrital de Gestión del Riesgo y Cambio Climático-SDGR-CC*). The system coordinates the policies, structures, functional relationships, methods, resources, processes, and procedures of the various stakeholders within their respective areas of responsibility. Its common objective is to create synergies among the processes

that integrate risk management and climate change. As the coordinating entity of the SDGR-CC, IDIGER implements actions related to disaster risk management and climate change adaptation. In addition, District Decree 837 of 2018 adopted Bogotá's District Disaster Risk and Climate Change Management Plan, which establishes the city's strategic framework for strengthening resilience to climate-related hazards.

Regarding territorial and environmental land-use planning instruments, both the general revision of Bogotá's Land Use Plan (*Plan de Ordenamiento Territorial – POT*) and the adjustment and update of the Bogotá River Watershed Management and Planning Plan (*Plan de Ordenación y Manejo de la Cuenca Hidrográfica del Río Bogotá-POMCA*) include provisions addressing disaster risk management and climate change adaptation.



16

CONFLICT RESOLUTION MECHANISMS

**PRECIADO
ABOGADOS**

— DESDE 1951 —

📍 Address: Calle 75 No. 5-59, 5th Floor, Bogotá, Colombia

☎ Phone: +57 (601) 744 7888

✉ Email: alpre@albertopreciado.com

🌐 Website: <https://albertopreciado.com/es/>

• Centro Internacional

Alternative dispute resolution mechanism in Colombia

Alternative Dispute Resolution (ADR) mechanisms in Colombia have become essential tools for resolving disputes efficiently, swiftly, and peacefully, thereby complementing the State's adjudicative function. Methods such as conciliation, mediation, and arbitration foster dialogue, party autonomy, and court decongestion, while also building institutional trust and promoting a culture of collaborative dispute resolution.

Mediation

In mediation, the parties work alongside a neutral and impartial third party (the mediator) to forge mutually agreed solutions to their differences. The mediator's primary role is to bridge the gap between parties and restore communication, empowering them to devise their own solution. Crucially, and unlike conciliation, the mediator does not propose the final settlement. Mediation can also be employed before a dispute fully escalates, serving as a powerful tool for prevention and risk management.

When is Mediation Appropriate?

- To resolve early-stage commercial disputes, such as disagreements over contract performance, tensions among partners, differences regarding investment projects, or conflicts involving supply contracts or commercial leases.
- To preserve commercial relationships and keep future business opportunities open.

The advantages of mediation relevant for investors are:

- **Procedural flexibility:** The parties can tailor the proceedings to suit the complexity of the transaction and the urgency of the dispute.
- **Confidentiality:** Information shared during mediation cannot be used subsequently in judicial or arbitral proceedings.
- **Control over the outcome:** The parties maintain control of the resolution, thereby mitigating the risk of adverse rulings.
- **Time and cost efficiency:** Much like conciliation, mediation allows for the rapid resolution of disputes, often within days or weeks.

It is highly recommended to include multi-tiered dispute resolution clauses in contracts executed in Colombia, providing for mediation as a first step before resorting to other mechanisms or the ordinary courts. .

Amiable Composition

Governed by Law 1563 of 2012¹, amiable composition is a voluntary, extrajudicial, and flexible procedure whereby the parties submit a dispute to an impartial third party for a decision. Known as the amiable *compositeur*, this third party may act individually or as a panel. This mechanism may be used by private parties, public entities, or in mixed disputes between private investors and the State.

From the perspective of investors and business owners, amiable composition is particularly attractive when the dispute involves a significant technical or economic component. In amiable composition, the parties may appoint an expert in the subject matter of the dispute, enabling solutions that are more closely aligned with the commercial realities of the transaction.

What Disputes may be Submitted to Amiable Composition?

Civil, commercial, or administrative disputes that are capable of settlement, as well as those expressly authorized by law. In other words, any dispute that may be settled by the parties is eligible for resolution through this mechanism. In practice, amiable composition is frequently used in infrastructure, energy, construction, supply, and concession contracts, as well as in long-term contractual relationships.

¹ Ley 1563 de 2012: Por medio de la cual se expide el Estatuto de Arbitraje Nacional e Internacional y se dictan otras disposiciones [Law 1563 of 2012: Enacting the National and International Arbitration Statute and other provisions].

How Does Amiable Composition Work?

The parties execute an amiable composition agreement—either as a standalone contract or a contractual clause—which appoints the amiable *compositeur* and sets forth the procedural rules. The amiable *compositeur* hears the parties, evaluates the submitted information and evidence, and presents a proposed solution. The parties retain full discretion to accept or reject the proposal. If accepted, the resulting decision carries the same legal weight as a settlement agreement.



• Obra Metro de Bogotá · Alcaldía Mayor

Conciliation

For businesses in Colombia, out-of-court conciliation is not just a legal formality but a key tool for operational efficiency. It is a voluntary, private mechanism in which the parties resolve their disputes with the assistance of a neutral third party (the conciliator), thereby bypassing the delays and expenses of ordinary courts.

What are the Competitive Advantages of Conciliation?

Conciliation offers immediate strategic benefits for the operations of any company.

- It provides a level of agility that the traditional judicial system cannot match, resolving disputes in a matter of hours that would otherwise take years. This translates into significant capital savings by reducing legal fees and procedural costs.
- Conducted under strict confidentiality to protect corporate reputation and trade secrets, the process affords businesses complete control over the results. Because the final agreement relies on party autonomy rather than a third-party ruling, the outcome remains in their hands.
- The final document, known as the Conciliation Record (Acta de conciliación), enjoys the highest legal protection in Colombia. It carries the effects of Res Judicata (meaning the dispute is definitively resolved) and provides executive merit (mérito ejecutivo). Consequently you to demand immediate enforcement before the authorities with the same legal force as a final court judgment should the counterparty fail to comply.

The conciliation process involves the following steps:

- It commences with a formal request filed before an authorized Conciliation Center. If a consensus is reached, the parties sign a final record (acta) that immediately resolves the dispute.
- If no agreement is reached, a certificate of non-settlement is issued, enabling the parties to seek judicial recourse. This ensures that an attempt at an amicable resolution was made before the conflict was escalated to court.

The inclusion of a 'Conciliation Clause' in all local contracts is highly advisable.

Domestic Arbitration

For an investor in Colombia, arbitration is an efficient mechanism for resolving commercial disputes without recourse to the ordinary courts. Rather than undergoing a judicial process, the parties submit their dispute for resolution by one or more arbitrators—always totaling an odd number—who render a final decision known as an arbitral award. Such awards bear the same legal standing and weight as a final court judgment. This mechanism, governed by the National and International Arbitration Statute (Law 1563 of 2012), is defined by its speed, technical depth, and strict confidentiality, all of which are paramount in the business world.

What Matters may be Submitted to Arbitration?

Only disputes capable of settlement—namely those involving rights of which the parties may freely dispose—may be submitted to arbitration. For this reason, arbitration is not available for matters such as pension rights, certain non-waivable labor rights, or issues relating to an individual's civil status. In practice, however, arbitration is frequently employed across commercial, corporate, infrastructure, energy, construction, and supply contracts, as well as in investment projects.

The Arbitration Agreement: Foundation of the Mechanism



Arbitration is only possible where parties mutually consent via an arbitration agreement, which may take one of two forms:

- **Arbitration Clause:** included in the contract from the outset, it provides for the resolution of future disputes.
- **Submission Agreement (Compromiso):** an agreement entered into after a dispute has arisen to submit the matter to arbitration

To ensure seamless enforcement, the arbitration agreement must be clear and comprehensive. It typically defines the type of arbitration (institutional or ad hoc), the number of arbitrators (one or three), the arbitration center or applicable rules, the language, the seat, and the estimated duration of the proceedings. Defective drafting can preclude recourse to arbitration or lead to the agreement being declared void, especially if it leaves the decision to a single party or fails to adequately identify the dispute resolution mechanism.

The Mechanics of the Arbitral Process



Proceedings commence with the submission of a request for arbitration and conclude with the rendering of an arbitral award. This award is binding upon the parties, final in nature (Res Judicata), and possesses the same judicial enforceability as a court judgment. Depending on the sum in dispute and the case's complexity, the matter may be adjudicated by a sole arbitrator in lower-value controversies or by a three-member tribunal for more significant disputes. Furthermore, expedited proceedings are often employed to ensure a swifter and more economical resolution.

Strategic Advantages of Arbitration for Investors



Arbitration offers significant competitive advantages in the business environment:

- Greater speed relative to the ordinary judicial system.
- Technical expertise of the arbitrators in the specific subject matter of the dispute.
- Confidentiality of the proceedings and sensitive commercial information.
- Procedural flexibility, adaptable to the individual contract and industry sector.
- Recognition and enforceability of awards with full legal force.

Practical Recommendation



In the context of Colombian investment projects, the inclusion of robustly drafted arbitration clauses within commercial agreements is strongly advisable.

This allows parties to:

Reduce exposure to protracted litigation.

Obtain technical and definitive decisions.

Preserve the confidentiality and stability of the business.

Together, mediation, conciliation, amiable composition, and arbitration form a multi-tiered dispute resolution strategy that safeguards investment and improves legal risk management in the country.

References

Congreso de la República de Colombia. (2012). Ley 1563 de 2012: Por medio de la cual se expide el Estatuto de Arbitraje Nacional e Internacional y se dictan otras disposiciones [Law 1563 of 2012: Enacting the National and International Arbitration Statute and other provisions].



17

INSOLVENCY REGIME

Philippi
Prietocarrizosa
Ferrero DU
& Uría

📍 Address: Carrera 9 No. 74-08, Office 106, Profinanzas Building, Bogotá, Colombia
☎ Phone: +57 (601) 326 8600
✉ Email: infoCO@ppulegal.com
🌐 Website: <https://ppulegal.com/>



What is corporate insolvency?

The Colombian corporate insolvency regime, primarily structured under Law 1116 of 2006 and Law 2437 of 2024 and drafted in accordance with UNCITRAL Legislative Guides, aims to protect credit and preserve the company as an economic unit and source of employment. This regime applies to domestic companies, branches of foreign companies operating in Colombia, and trusts engaged in business activities.

The system provides two main proceedings: (i) reorganization, which seeks to preserve viable companies and restore their commercial and credit relationships through operational, administrative, asset, or liability restructuring via an agreement with all creditors; and (ii) judicial liquidation, which aims at the prompt and orderly liquidation of entities to maximize the debtor's estate.

Since 2020 and with Law 2437 of 2024, abbreviated reorganization and judicial liquidation procedures based on the debtor's asset size and composition, segmented reorganizations by creditor category, and expedited mechanisms such as business recovery proceedings before Chambers of Commerce have been incorporated, offering agile alternatives to formal proceedings.

During 2025, 1,981 insolvency filings were submitted, of which 704 were admitted for reorganization and 368 for judicial liquidation.

How long does an insolvency proceeding take?

In theory, a reorganization proceeding should last approximately six months and a judicial liquidation around eight months. In practice, however, these processes often extend to roughly two years.

A similar situation occurs with abbreviated proceedings and the negotiation of reorganization agreements: although legally designed to be completed in about three months, in practice they typically take around one year.

• Avenida Calle 116 - Cristian Martínez

How are professional fees determined?

Fees and expenses in insolvency proceedings are set by the judge based on the following criteria:

Category	Asset Range ¹	Promoter Fee Cap	Liquidator Fee Cap
A	More than approx. USD 16,000,000	Up to approx. USD 160,000	Up to approx. USD 460,000
B	More than approx. USD 3,700,000 and up to approx. USD 16,000,000	Up to approx. USD 90,000	Up to approx. USD 370,000
C	Up to approx. USD 3,700,000	Not less than approx. USD 11,000 and not more than approx. USD 44,000	Not less than approx. USD 11,000 and not more than approx. USD 170,000



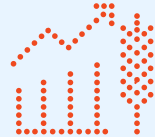
Who is covered by this regime?

Companies and individuals engaged in permanent business activities in Colombia, branches of foreign companies, and trusts performing business activities.

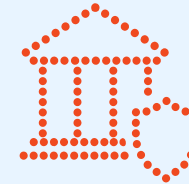
Who is excluded from the regime?



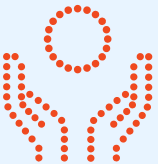
- a. Health Promotion Entities (*known in Spanish as EPS*), Administrators of the Subsidized Health Regime, and Health Service Providers.



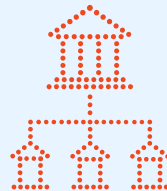
- b. Stock and agricultural exchanges.



- c. Entities supervised by the Financial Superintendency of Colombia (excluding securities issuers supervised solely by that authority).



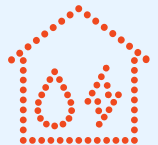
- d. Entities supervised by the Solidarity Economy Superintendency that engage in financial, savings, or credit activities.



- e. State owned companies and industrial and commercial state enterprises at any territorial level.



- f. Public entities, territorial entities, and decentralized entities.



- g. Public utilities companies.



- h. Non merchant individuals.



- i. Companies subject to special regimes for business recovery, liquidation, or administrative intervention.

Despite these exclusions, business recovery procedures before the Chambers of Commerce do apply to entities excluded from the corporate insolvency regime.

Who is the competent authority in an insolvency proceeding?

The Superintendency of Companies acts as the insolvency court for commercial companies, single-member companies, branches of foreign companies, and individual merchants. In other cases, jurisdiction rests with the Civil Circuit Court of the debtor's principal domicile.

Two technical roles are central in insolvency proceedings:

- a. En la reorganización, el promotor adelanta la negociación con los acreedores, elabora el acuerdo de reorganización y difunde la información financiera, administrativa, contable y legal de la entidad.
- b. En la liquidación judicial, el liquidador asume la administración y representación legal de la entidad y es responsable de la realización de los activos y el pago a los acreedores conforme a, las reglas concursales.
- c. In business recovery proceedings, the corresponding Chamber of Commerce appoints a mediator with functions similar to those of the promoter.

What is the priority of claims?

The priority of claims is the set of legal rules that determines the order in which claims are paid. Creditors are ranked as follows:

Class	Description
First	labor and tax creditors.
Second	Creditors holding security interests over movable assets (<i>garantías mobiliarias</i>).
Third	Creditors with real property security (mortgages or similar).
Fourth	strategic suppliers.
Fifth	unprivileged and unsecured creditors.



What exceptions apply to claim priority?

- a. **Administrative expenses:** obligations incurred after the commencement of the insolvency proceeding arising from the ordinary course of business.
- b. **Legally subordinated claims:** claims paid only after all others are satisfied.
- c. **Payment of small claims:** the judge may authorize early payment of claims that collectively do not exceed 5% of the debtor's external liabilities.
- d. **Exceptions under the secured transactions regime:** from the filing date of a reorganization proceeding, no execution actions or other collection proceedings may be initiated or continued against the debtor when involving assets essential to its economic activity, provided they were duly designated as such.

Execution of security over non essential assets may proceed at the secured creditor's discretion and with court authorization.

- e. **Obligations excluded from the process:** mandatory withholdings in favor of tax authorities, payroll deductions, and social security contributions are excluded from the reorganization process and must be paid for approval of the reorganization agreement.

What conditions must be met to initiate an insolvency proceeding?

- a. **Cessation of payments:** the debtor must have failed to pay two or more obligations owed to two or more creditors for over 90 days, or have at least two execution actions filed by two or more creditors.

The total value of such obligations must amount to at least 10% of the debtor's total liabilities as of the financial statements submitted with the filing.

- b. **Imminent inability to pay:** the debtor must show the existence of internal or external circumstances that seriously affect, or may affect, normal compliance with obligations falling due within one year. This ground applies only to companies and cannot be used to initiate judicial liquidation.

Who may request the initiation of an insolvency proceeding?

For cessation of payments, the petition may be filed by the debtor, by one or more creditors holding overdue obligations, or initiated by the relevant supervisory authority.

For imminent inability to pay, the petition must be filed by the debtor or by a group of unrelated external creditors.

For judicial liquidation, the requirements are stricter: the petition can be submitted by the debtor, or jointly by the debtor and a group of creditors representing at least 50% of the debtor's external liabilities; creditors cannot file independently.



What are the effects of commencing a reorganization proceeding and judicial liquidation?



a. **Effects of reorganization:** (i) suspension of execution and collection proceedings against the debtor, with automatic lifting of certain precautionary measures; (ii) prohibition on initiating or continuing eviction proceedings for lease or leasing payment defaults on assets used in the debtor's business; (iii) prohibition on unilateral contract termination or administrative termination, except for proceedings initiated beforehand; and (iv) from the filing date, the debtor may not amend bylaws, grant security interests, make payments or set-offs, enter into settlements, or transfer assets outside the ordinary course of business without prior court authorization.

b. **Effects of judicial liquidation:** (i) dissolution of the legal entity and cessation of functions of corporate governance, oversight bodies, and managers; (ii) termination of executory contracts not necessary to preserve assets, including trust arrangements securing own or third-party obligations; (iii) termination of employment contracts with payment of severance; (iv) interruption of prescription and suspension of limitation periods for obligations perfected before the proceeding; (v) immediate acceleration of all term obligations; and (vi) prohibition on managers, shareholders, and controllers from disposing of assets in the liquidation estate.

How does asset exclusion work?

Asset exclusion is a mechanism specific to judicial liquidation that allows third parties who own assets not belonging to the debtor—but which were nonetheless included in the liquidation estate—to request their removal from the liquidation mass.

Secured creditors may also request the exclusion of collateralized assets from the liquidation estate to ensure priority satisfaction of their claims.

18

FDI PROTECTION



📍 Address: Carrera 10 No. 97A-13, 2nd Floor, Bogotá, Colombia

☎ Phone: +57 312 386 7899

🌐 Website: <https://www.taveraspartners.com/oficinas>

• Panorámica norte de Bogotá

Foreign Investment Protection Mechanisms

Practical Examples

This section examines the main mechanisms for the protection of foreign investment in Colombia. To this end, it first analyzes certain guidelines for structuring Public-Private Partnership contracts with a dispute prevention approach; secondly, it examines Dispute Boards or expert panels, as instruments for monitoring and early dispute resolution; and finally, arbitration as an alternative dispute resolution mechanism.

1. Public-Private Partnership Contracts

Public-Private Partnership (PPP) contracts have become a key instrument for channeling foreign investment in Colombia. However, the complexity of these types of projects entails the existence of regulatory, financial, and legal risks that, if not properly managed from the contractual stage, may jeopardize the execution of the contract. In this context, it is essential to adopt preventive measures during the contract structuring phase, aimed at ensuring an adequate allocation of risks and the incorporation of effective dispute management mechanisms. The following are some recommendations:

1.1 Technical and Balanced Allocation of Responsibilities

One of the core elements in the structuring of this type of contract is the technical and balanced allocation of risks. According to the Ley 1508 de 2012, risks must be assumed by the party best positioned to manage them¹. This entails a detailed identification of environmental, regulatory, financial, and political risks, the materialization of which has been recurrent in projects across different sectors.

To illustrate the foregoing, reference may be made to the modernization project of the Refinería de Cartagena (Reficar), which demonstrated how the inadequate allocation and management of contractual risks can lead to significant deviations in project execution².

In this case, the project experienced substantial cost overruns compared to the originally projected budget, largely associated with deficiencies in the contractual structuring process, particularly in the identification, allocation, and management of risks related to engineering, costs, and execution. In practice, these risks were not allocated to the party best positioned to manage them.

Accordingly, the case reflects a departure from the principle established under Law 1508 of 2012 and highlights the importance of: (i) comprehensively identifying risks from the initial stage, (ii) allocating them to the party with the appropriate capacity to manage them, and (iii) establishing risk matrices and clear contractual clauses that allow for their proper administration throughout the execution of the contract.

¹ Congress of the Republic of Colombia, Law 1508 of 2012, “Whereby the Legal Framework for Public-Private Partnerships is Established, Organic Budgetary Provisions are Issued, and Other Provisions are Enacted,” art. 4, Official Gazette No. 48,308 of January 10, 2012.

² Office of the Comptroller General of the Republic, “Cartagena Refinery” (Reficar) – Fiscal Liability Proceedings <https://www.contraloria.gov.co/resultados/procesos-de-responsabilidad-fiscal/refineria-de-cartagena-reficar>



1.2 Restoration of the Economic-Financial Equilibrium

Another fundamental aspect is the inclusion of clauses that guarantee the restoration of the economic-financial equilibrium of the contract. This principle establishes that, in long-term contracts, unforeseen circumstances may arise that alter the original economic equation³. In this context, it is advisable to incorporate clear contractual formulas that allow for the automatic adjustment of variables such as tariffs, deadlines, or financial conditions, as well as technical calculation mechanisms that reduce discretion in the application of such clauses.

The case of EPS Sanitas in Colombia constitutes an illustrative example of the relevance of this type of provision. In April 2024, the National Superintendence of Health ordered its intervention, alleging financial problems, insufficient reserves, and failures in the provision of services to millions of affiliates. Subsequently, this measure was annulled in 2025 by the Constitutional Court due to violations of due process⁴. This case demonstrates how regulatory decisions may significantly alter the economic equation of contracts, thereby reinforcing the need to include clauses that allow for the restoration of such equilibrium through adjustment or compensation mechanisms in response to unforeseen changes, thus reducing the risk for the parties involved.

³ Congress of the Republic of Colombia, Law 80 of 1993, art. 27, “On the Contractual Equilibrium,” <https://www.funcionpublica.gov.co/eva/gestornormativo/norma.php?i=304>.

⁴ Constitutional Court of Colombia, Judgment SU-277 of 2025, June 26, 2025, <https://www.corteconstitucional.gov.co/relatoria/2025/su277-25.htm>.

1.3 Early Termination and Compensation Mechanisms

Finally, the regulation of early termination scenarios and the associated compensation mechanisms acquires special relevance from a preventive perspective. Recent experience in Colombia has shown that the lack of clarity in liquidation formulas may generate uncertainty for investors and financiers. An example of this is the Ruta del Sol II concession case, in which the early termination resulting from the nullity of the contract gave rise to a complex dispute regarding the liquidation and compensation of the parties, particularly the financiers.

The absence of sufficiently clear contractual formulas required the intervention of the arbitral tribunal⁵ and the Constitutional Court⁶, thereby highlighting the importance of establishing, ex ante, precise mechanisms capable of reducing uncertainty in such scenarios. In addition to the foregoing, it is advisable to provide for multi-tiered dispute resolution mechanisms through the inclusion of Dispute Board clauses and/or arbitration clauses, for the reasons discussed below.

⁵ Arbitral Tribunal of the Bogotá Chamber of Commerce, *Concesionaria Ruta del Sol S.A.S. v. National Infrastructure Agency (ANI)*, Arbitral Award of August 6, 2019 (Accumulated Proceedings Nos. 4190 and 4209), <https://bibliotecadigital.ccb.org.co/items/1ca3d24a-3d93-4720-b8a4-3f6e970d352a>

⁶ Constitutional Court of Colombia, Judgment C-207 of 2019, Cristina Pardo Schlesinger, May 16, 2019. <https://www.corteconstitucional.gov.co/relatoria/2019/C-207-19.htm>



• BD Bacatá - Centro de Bogotá

2. Dispute Boards

Dispute Boards (DBs), or expert panels, are independent bodies composed of impartial specialists whose main purpose is to assist the parties in preventing or resolving disagreements through mediation, recommendations, or decisions, thereby promoting the continuity of the project without interruptions. The International Chamber of Commerce (ICC) has defined and delimited this mechanism in the following terms⁷: “A dispute board (DB) is a standing body composed of one or three members. It is generally established upon the signing or at the commencement of the performance of a medium- or long-term contract, and its function is to assist the parties in avoiding or resolving any disagreement or dispute arising during the implementation of the contract. Although commonly used in construction projects, DBs are also effective in other fields, such as research and development, intellectual property, production sharing, and shareholder agreements.”

There are three types according to their binding force⁸: (i) Dispute Review Boards (DRBs), which initially issue non-binding recommendations that become binding if no objection is raised within 30 days; (ii) Dispute Adjudication Boards (DABs), which issue immediately binding and enforceable decisions; and (iii) Combined Dispute Boards (CDBs), or hybrid boards, which combine recommendations with the possibility of issuing binding decisions if the parties so agree.

⁷ International Chamber of Commerce. Available at: <https://iccwbo.org/dispute-resolution/dispute-resolution-services/adr/dispute-boards/>

⁸ International Chamber of Commerce (ICC). Dispute Board Rules. ICC Publication No. 829. Paris: International Chamber of Commerce, 2015. Available at: <https://iccwbo.org/wp-content/uploads/sites/3/2015/01/icc-dispute-board-rules-2015-english.pdf>

Now, in order to clarify the viability and effectiveness of this type of mechanism, the following examples are presented of Dispute Boards established in the Latin American region that enabled the resolution of disputes and the continuity of projects aimed at regional development: In Chile, there are several hospital concession projects that use technical panels functionally equivalent to Dispute Boards, with notable use in recent years in projects such as the Félix Bulnes Hospital Concession, the Salvador Hospital Concession, and the Antofagasta Hospital Concession⁹. Likewise, during the construction of the Cheves Hydroelectric Power Plant in Peru, Dispute Boards played a key role by providing a practical and specialized approach to resolving disputes arising during the construction and operation of the project¹⁰.

However, the intervention of Dispute Boards does not always lead to a definitive solution, since in some cases the parties are unable to reach an agreement and, consequently, the dispute ultimately proceeds to arbitration. An example of this is the controversy related to the Panama Canal, which had a DAB in place, yet the disputes ultimately escalated to international arbitration¹¹. (For further information on arbitration, see Chapter 16 of this Guide).

⁹ Technical Concessions Panel, 2025 Report, www.panelconcesiones.cl, accessed April 22, 2026.

¹⁰ J. P. Gómez Moreno, “Dispute Boards in Latin America: Advantages, Challenges, and Best Practices to Contribute to the Efficient Resolution of Infrastructure Disputes in the Region,” USFQ Law Review, vol. 10, no. 2, October 2023, <https://doi.org/10.18272/ulr.v10i2.3023>

¹¹ “Panama Canal Would Proceed to International Arbitration Against GUPC,” Portafolio, February 4, 2016, <https://www.portafolio.co/internacional/canal-panama-iria-arbitraje-gupc-33710>



3. International Commercial and Investment Arbitration

As mentioned in Chapter 16 of this Investment Guide, arbitration constitutes the last resort for the protection of foreign investments in cases where other methods, such as those described above, have failed to resolve the dispute. It is possible to distinguish between two major categories: commercial arbitration and investment arbitration.

Commercial arbitration refers to the resolution of disputes arising from contractual or non-contractual relationships in the context of international commercial transactions, where its essential basis is the agreement of the parties, incorporated into the contract through an arbitration clause. The dispute is decided by an Arbitral Tribunal under a flexible procedure that may follow rules such as those of the International Chamber of Commerce (ICC), and concludes with an arbitral award. In the region, this type of arbitration has been widely used, with notable cases such as Reficar S.A. v. Chicago Bridge & Iron Company (CB&I), which arose from cost overruns and delays in the expansion of the Cartagena Refinery in Colombia. The tribunal concluded that it had not been proven that the cost overruns were attributable to the contractor and therefore denied most of the claims. The decision highlights the complexity of assigning liability in this type of project and the need to prove breach with precision.

¹² Gary B. Born, International Commercial Arbitration, 3rd ed. (Alphen aan den Rijn: Kluwer Law International, 2021), <https://law-store.wolterskluwer.com/s/product/international-commercial-arbitration-3e-3-volume-set/01t4R00000OkdUZQAZ>.

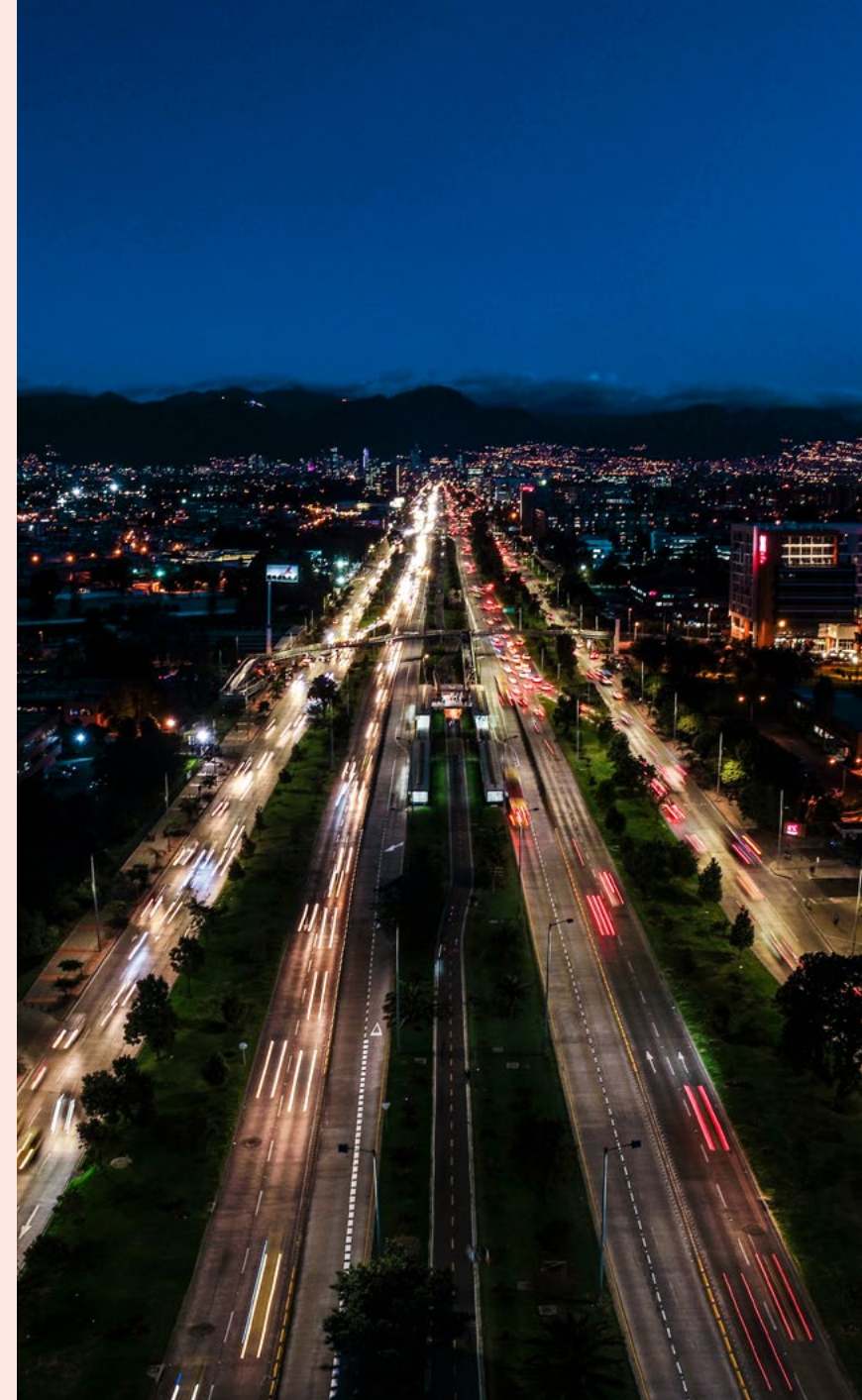
¹³ Franco Ferrari, Friedrich Rosenfeld y John Fellas, International Commercial Arbitration: A Comparative Introduction (Cheltenham: Edward Elgar Publishing, 2021), <https://www.elgar.com/shop/gbp/international-commercial-arbitration-9781839100995.html>

Investment arbitration, on the other hand, is a dispute resolution mechanism between foreign investors and host States, primarily grounded in international investment treaties, such as bilateral investment treaties (BITs)¹⁵. Within this framework, disputes may arise from contractual relationships with the State or its entities. Thus, in some cases, the contractual breach itself constitutes the basis of the claim when the contract contains an arbitration clause enabling international arbitration. An emblematic case in the region is Telefónica S.A. v. Colombia, in which the company argued that the interpretation of certain contracts related to software services, adopted by the State, unpredictably altered the legal framework applicable to its investment¹⁶. As a result, the tribunal declared the State internationally liable and ordered the payment of compensation.

¹⁴ Refinería de Cartagena S.A. (Reficar) v. Chicago Bridge & Iron Company (CB&I), International Court of Arbitration of the International Chamber of Commerce (ICC), Arbitral Award, 2019, <https://jsumundi.com/en/document/decision/en-refineria-de-cartagena-sa-reficar-v-chicago-bridge-iron-company-nv-cb-i-uk-limited-and-cb-i-colombiana-sa-wednesday-1st-january-2020#:~:text=Witness%20Statement%20of%20Carlos%20Bustillo,and%20Evidence%20%2D%2010%20Jan%202020>

¹⁵ Rudolf Dolzer, Ursula Kriebaum y Christoph Schreuer, Principles of International Investment Law, 3rd ed. (Oxford: Oxford University Press, 2022), <https://global.oup.com/academic/product/principles-of-international-investment-law-9780192849776>.

¹⁶ Telefónica, S.A. v. Republic of Colombia. Award. ICSID Case No. ARB/18/3. 12 de noviembre de 2024. Accedido en italaw. <https://www.italaw.com/cases/documents/13200?>





Bogotá's Legal Guide to Foreign Direct Investment

2026



<https://en.investinbogota.org>



Invest in Bogotá

