

# DOING BUSINESS

IN COLOMBIA

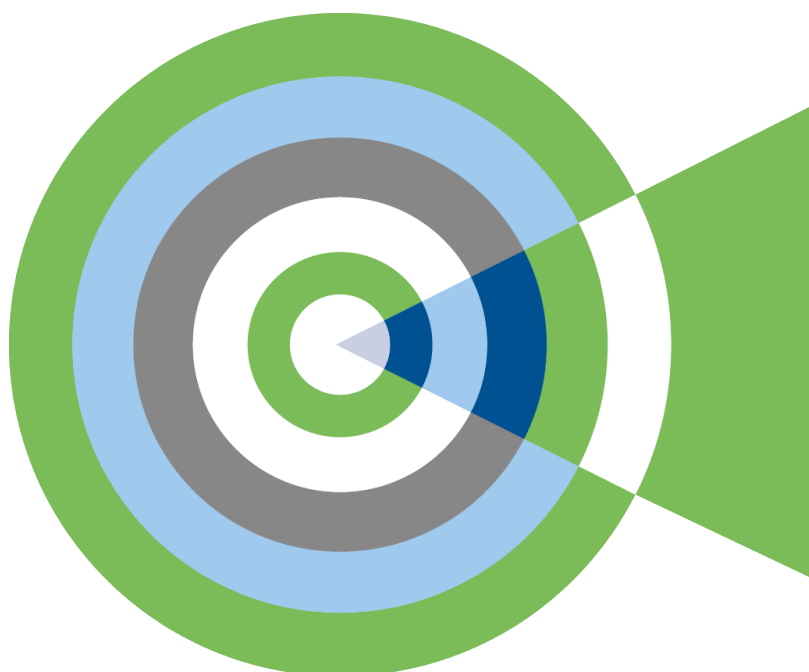


The network  
for doing  
business

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# 1 – INTRODUCTION

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UHY is an international organization that offers accounting, business management, and consultancy services through financial business centers in approximately 100 countries worldwide.

Business partners collaborate through the network to conduct transnational operations for clients, in addition to providing specialized knowledge and expertise within their own national borders. Global specialists in various industry sectors and markets are also available for consultation.

This detailed report, which provides key issues and information for investors considering business operations in Colombia, has been provided by the UHY representatives' office:

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The information in the following pages has been updated to take effect on the indicated date, but it is inevitably general and subject to changes and should be used solely as guidance. For specific matters, investors are strongly advised to obtain further information and seek professional advice before making any decisions. This publication is current as of March 2024.

We look forward to assisting you in doing business in Colombia.

## 2 – BUSINESS ENVIRONMENT

### Demographic Data

**Location:** South America

**Surface area:** 1,140,619 km<sup>2</sup>

**Population:** 51,609,000 people

**Capital:** Bogotá D.C.

**Official language:** Spanish

**Currency:** Colombian Peso

**Political Organization:** Unitary Republic – Democratic

### Economic Environment

Colombia boasts five main business centers: Bogotá D.C., Barranquilla, Medellín, Cali, and Cartagena. It ranks as the fourth largest economy in the region and one of the most stable in Latin America. During the years 2021 and 2022, the economy experienced favorable dynamism, with growth rates of 10.7% and 7.5%, respectively, and economic growth is projected to outpace that of other countries in the region over the next five years.

Colombia's geographical location is one of its main advantages for investors, as the country has access to the entire continent both via the Atlantic and the Pacific, and a network of agreements providing preferential access to 97% of the countries in the region and over 1.5 billion consumers worldwide. In addition to this, it has a wide variety of land, sea, and air routes, allowing investors to choose routes to their destinations and optimize their operations regarding the transportation of goods. The time zone offered by our country is another advantage when investing, as it has no major time difference with the capital cities of the continent, providing the possibility of efficiently handling different businesses throughout the region.

Colombia not only stands out for its economy and strategic location but also for its solid business network that facilitates the creation and growth of new ventures. The country has an extensive network of suppliers and service companies that can support new investments in all aspects of their operation. Likewise, thanks to its population density, it offers great potential for finding customers and strategic partners. On another note, Colombia stands out as a leader in sustainable energy transition in the region and has become the center for sustainable development investments in Latin America. Its high potential to generate energy from unconventional sources such as solar, wind, hydro, biomass, and geothermal puts it at the forefront of clean energy production. Additionally, the country has the necessary conditions to produce low-emission hydrogen, surpassing the global average.

Additionally, Colombia boasts significant natural resources such as the availability of fertile land, favorable climate, and a variety of thermal floors that allow for consistent food production, making it an agri-food powerhouse with opportunities in sectors such as cocoa, fresh, and processed fruits and vegetables, and processed foods.

Furthermore, it has developed a public policy for digital transformation, creating a favorable environment for innovation and entrepreneurship in sectors such as software, outsourcing services, game development, and mobile applications. As an added value, most of the country's population is young, representing a continuously growing workforce and an attractive consumer market for businesses.

Finally, our country supports foreign investment by offering facilities for the arrival of their companies, in addition to incentives in different sectors that support their investments in the country.

## 3 – FOREIGN INVESTMENT

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The Colombian legal system establishes a regime for foreign investments based on four essential principles, which are:

**Equality in treatment:** Foreign investment receives, for all intents and purposes, the same treatment as national investment, except for limited restrictions. Therefore, the imposition of discriminatory conditions or treatments is not allowed.

**Universality:** Foreign investment is permitted in all sectors of the economy, except (i) activities related to defense and national security; (ii) processing, disposal, and disposal of toxic, dangerous, or radioactive waste not produced in the country.

For reasons of national security, foreign investment is prohibited in: (i) land ownership in border areas; (ii) manufacturing, possession, and use of nuclear, biological, and chemical weapons and trade in these products, and (iii) foreign presence in surveillance and private security services with weapons.

Colombia also imposes conditions regarding business organization and trusted personnel in maritime transport, press, broadcasting, and has sectoral restrictions on foreign ownership related to television broadcasting activities and the fishing industry.

Public monopoly is exercised in the production, importation, exportation, distribution, and sale of liquors and games of chance.

**Automaticity:** Generally, foreign capital investment in Colombia does not require prior authorization, except in the insurance and financial, mining, and hydrocarbon sectors, where authorization or prior recognition by the corresponding national authorities is required in certain cases. Foreign Direct Investment (FDI) must be registered with the Central Bank for statistical purposes. Registering FDI with the Central Bank guarantees investors certain exchange rights, including the return of investment and its profits, as well as the possibility of reinvestment.

**Stability:** The conditions for the reimbursement of Foreign Investment (FI) and for the remittance of associated profits, which were in force on the date of FI registration, cannot be modified in a way that unfavorably affects the investor. However, the conditions of FI and the rights conferred by its registration may be modified affecting the foreign investor only when international reserves are less than three (3) months of imports.

**International Investment Agreements (IIA):** With the aim of creating and maintaining favorable conditions for investors from other countries within Colombian territory, a policy of negotiating and concluding International Investment Agreements (IIA) has been implemented, including Agreements for the Promotion and Reciprocal Protection of Investments (APPRI), as well as Free Trade Agreements (FTA) containing investment chapters.

Such agreements aim to create a fair and transparent legal framework with clear and predictable rules for protecting FDI for foreign investors in Colombia and for Colombian investors abroad. These treaties reduce the political risk for investors. An IIA does not constitute a commitment by the State to refrain from exercising its regulatory power or to maintain its legal system static over time. An IIA represents an important commitment by the State to treat foreign investments in its territory appropriately and respectfully under internationally accepted standards. Generally, the IIAs signed by Colombia contain clauses that grant protection to foreign investors.

#### **Dispute resolution for breach of commitments made in an IIA:**

IIAs contain legal mechanisms for resolving disputes that may arise between foreign investors and the Colombian State. These mechanisms give investors the possibility to sue the State before international arbitration tribunals when they consider that one of the commitments made by the States has been violated.

#### **Agreements to avoid double taxation signed by Colombia:**

International Double Taxation Agreements (DTAs) are bilateral or multilateral agreements between different States aimed at establishing clear rules to prevent or mitigate double taxation on income or assets that, under normal circumstances, would be subject to the same or similar taxes in two or more jurisdictions. These treaties are governed by principles of public international law and serve to promote cooperation between States to combat tax evasion and promote trade exchange between the involved countries. DTAs serve as an instrument to attract foreign investment and promote Colombian investment abroad, as they represent the following benefits:

- ✓ Tax stability on minimum operating conditions between tax residents of two countries.
- ✓ Reduction of the consolidated effective tax burden, through access to reduced withholding tax rates.
- ✓ The possibility of exempting certain income from taxation, usually in the source country, if there is not sufficient presence in that country by the foreign company.

DTAs usually limit themselves to income tax and, in some cases, include wealth tax; generally, indirect taxes such as sales tax (VAT) are not covered in these instruments, nor are territorial taxes such as industry and commerce tax (ICA).

In the evaluation carried out by investors, in addition to including the expectation of return on investment and risk, the tax impact plays a significant role. Therefore, the tax regime, and particularly DTAs, become decisive aspects when choosing potential investment destinations.

Investors seek to avoid double taxation, whose main problem arises from discrepancies in the definition of terms such as residency, source of income, or limitations for taxes paid abroad on income from the other country to be allowed as a foreign tax credit in the country of residence or treated as exempt income in that country of residence. This results in two countries taxing the same income during the same taxable period and for the same reason. To solve this problem, one solution is for countries to establish common principles of equity in income distribution, thus incentivizing international transactions.

In this regard, an indicator of the application of common principles between countries and tax development is the number of DTAs signed, as these increase the levels of return for the investor and promote legal certainty. Thus, a network of DTAs constitutes a tool for attracting foreign investment. Additionally, a wide number of DTAs will allow the country to have sources of information about the tax systems of other countries, facilitating the verification of operations carried out by taxpayers in each of them.

Colombia has followed the global trend of adopting as the basis for negotiations a treaty model that, in general terms, could be developed by the Organization for Economic Co-operation and Development (OECD) or the United Nations (UN).

#### **Colombia and international agreements for the protection of foreign investment.**

Colombia is part of the treaty establishing the International Centre for Settlement of Investment Disputes (ICSID), and recognizes the guarantees provided by the Multilateral Investment Guarantee Agency (MIGA). Each of these agreements constitutes an important tool within the international investment law system, namely:

- ✓ ICSID is an institution of the World Bank, specially designed to facilitate the resolution of investment disputes between investors and states. It is possible to resort to this mechanism if there is a treaty or any other instrument that allows it.
- ✓ MIGA is a multilateral organization that provides backing against non-commercial risks, such as riots and civil wars, currency inconvertibility, and discriminatory expropriation. It is aimed at providing services to foreign investors investing in emerging countries that are part of this organization. Additionally, it provides information about each of the emerging countries to support the investment process from its initial stage.



## 4 – SETTING UP A BUSINESS

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### Generalities

The corporate regime in Colombia enjoys great stability and legal certainty; it is stable legislation that has been modernized over time. Any investor intending to develop their business in Colombia permanently must, as a rule, establish a legal entity, such as a corporation or a branch of a foreign corporation. For the development of business in Colombia by a foreign investor, it is not necessary to have a local partner or investor. Except for some exceptions, the entirety of the capital of corporations can be foreign, and there are no restrictions on repatriation.

The process of incorporating a legal entity is simple and agile and does not require government authorization except for some exceptions.

With the purpose of conducting permanent activities in Colombia, it is possible to establish a commercial corporation or a branch of a foreign corporation.

### Types of commercial corporations

The most used types of commercial corporations to channel foreign investment are: (I) Simplified Stock Company (S.A.S.); (II) Limited Liability Company (Ltda.); and (III) Public Limited Company (S.A.):

- I. In recent years, the S.A.S. has been the most widely used legal entity, largely due to its flexibility regarding its formation, administration, and the freedom its shareholders must establish its operation and structure. It can be formed with a single shareholder, the corporate purpose can be indefinite for the performance of any lawful commercial act, and its duration is indefinite.
- II. The limited liability company requires a minimum of 2 partners and a maximum of 25.
- III. The public limited company requires at least five shareholders; none of them can own 95% or more of the capital of the company, and it is mandatory to have a statutory auditor. Both the limited liability company and the public limited company are established by public deed, must establish a mandatory legal reserve of 10% of the net annual profits until reaching an amount equivalent to 50% of the social capital, the corporate purpose must be determined, and the term of duration must be defined with the possibility of extension.

On the other hand, branches of foreign corporations, being commercial establishments open in Colombia by a foreign corporation, do not enjoy a separate legal personality from the main office, which means that the branch and the main office are the same legal entity and, therefore, the branch in no case has legal capacity superior or different from that of its main office.

## **Incorporation Document**

The incorporation of a commercial corporation in Colombia is carried out through a public deed or private document, as appropriate to the chosen corporate vehicle, while branches require the execution of a public deed.

## **Power of Attorney and Other Documents Issued Abroad**

If prospective partners, shareholders, or legal representatives of the main office cannot be present in the country to carry out the procedures for incorporating the corporation or branch, it is possible to grant power of attorney to a representative in Colombia.

To this end, if the investor's country is a party to the Hague Convention for the legalization of documents issued abroad, the document must be notarized and apostilled; otherwise, the legalization process must be carried out through the corresponding Colombian consulates.

## **Capital Payment and Foreign Investment Registration**

As a rule, Colombian legislation does not require a minimum capital for the incorporation of commercial corporations or registration of branches of foreign corporations. This means that the amount of capital is discretely determined by the shareholders, partners, or main office, as the case may be, in relation to the activities they are going to develop in Colombia.

Depending on the legal entity to be established, there are rules applicable at the time of capital payment:

- In branches and limited liability companies, the capital must be fully paid at the time of their incorporation.
- In public limited companies, at least 50% of the authorized capital must be subscribed, and one-third of the value of each share must be paid, with a maximum term of one (1) year to pay the balance.
- Regarding simplified stock companies, there are no specific capital payment proportions at the time of incorporation, but the entire subscribed capital must be paid within a maximum term of two (2) years.
- Foreign currency entering the country from non-residents, intended as capital contributions to the corporation or capital assigned to the branch, must be registered as foreign investment with the Central Bank, through an authorized exchange market intermediary (IMC) in Colombia. For registration, the minimum required information for this exchange transaction must be submitted to the IMC. Proper submission of the minimum required information ("exchange declaration") will be sufficient for the automatic registration of foreign investment.
- Subsequent transfers of funds from the main office may be channeled as supplementary investment of assigned capital (ISCA), which constitutes foreign direct investment, and must be registered with the Central Bank.

Amendments to the bylaws of commercial corporations established by private document, such as SAS, are carried out through a private document. On the other hand, amendments to the bylaws of corporations established by public deed must comply with the formality of the public deed. Amendments to the acts of incorporation of the branch must be protocolized at the notary office of the branch's domicile and registered with the commercial registry, with prior legalization of the documents issued abroad

## 5 – LABOUR

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In Colombia, labor conditions are closely regulated by a series of laws and provisions that establish obligations for both employers and employees. From different types of employment contracts to salary payments and social benefits, the Colombian legal framework seeks to guarantee fundamental rights and promote labor stability. Below are the most relevant concepts in labor matters.

### EMPLOYMENT CONTRACTS

Labor hiring in Colombia can be done under the modality of written contract and verbal contract, and the most used contract models are:

- **Fixed-Term Contract:** Its start and end date are determined. In case of unilateral termination without just cause by the Company, it must compensate the employee by paying salaries for the remaining time until the contract is fulfilled.
- **Indefinite-Term Contract:** Only the start date is determined. In case of unilateral termination without just cause by the Company, it must compensate the employee considering the amount of time worked: 1 salary for the first year and fraction of 20 days' salary for each subsequent year.

### SALARY

It is the remuneration received by the employee for the work performed, and the periodic payment can be agreed upon in the following terms:

- **Ordinary Salary:** It is freely determined by the parties. For the year 2024, the legal minimum monthly wage corresponds to COP\$1,300,000, and individuals earning up to two legal minimum monthly wages are entitled to receive a transportation subsidy, which for the year 2024 amounts to COP\$162,000. These values are adjusted annually by law.
- **Integral Salary:** It is freely determined by the parties. For the year 2024, it cannot be less than COP\$16,900,000. This value is adjusted annually by law.

### WORKING HOURS

In Colombia, the standard workweek is 48 hours, and it will gradually be reduced over the coming years as follows:

- Starting from July 2023, it will be 47 hours.
- Starting from July 2024, it will be 46 hours.
- Starting from July 2025, it will be 44 hours.
- Starting from July 2026, it will be 42 hours.

## SOCIAL BENEFITS

Social benefits are additional benefits that the employer must pay to its employees and are divided into the following groups:

- **Service Bonus:** It is the employee's thirteenth salary and must be paid 50% on June 30 and 50% before December 20 annually. (Not applicable if an Integral Salary is agreed upon)
- **Separation Payments:** It is the employee's fourteenth salary and must be deposited in a special Fund that administers them, which remains in the employee's name. Payment must be made by law every February 14. (Not applicable if an Integral Salary is agreed upon)
- **Interest in Separation Payments:** Corresponds to 12% or a proportional amount of the value paid for Separation Payments. (Not applicable if an Integral Salary is agreed upon)
- **Vacations:** Employees are entitled to 15 business days per year worked, which must be taken and paid by the company.

## INTEGRAL SOCIAL SECURITY

The Integral Social Security System is the harmonious set of public and private entities, norms, and procedures and is composed of the general regimes established for pensions, health, occupational risks, and complementary social services defined in this Law. Contributions are made as follows:

- **Health:** The contribution is shared, with 4% of the salary contributed by the worker and 8.5% contributed by the employer.
- **Pension:** The contribution is shared, with 4% of the salary contributed by the worker and 12% contributed by the employer.
- **Occupational Hazard:** This is contributed solely by the employer, and the percentage depends on the risk by economic activity, ranging from 0.522% to 6.96%.
- **CCF (Contributions to Family Welfare Funds):** This is contributed solely by the employer and corresponds to 4% of the worker's salary.

## PARAFISCAL CONTRIBUTIONS

Parafiscal contributions are mandatory contributions by employers to State entities as follows:

- **SENA (National Learning Service):** Employer contribution to this Public Institution for the Promotion of Free Education, corresponding to 2% of the employee's salary.
- **ICBF:** Contribution made by the employer to this public entity responsible for protecting vulnerable minors corresponds to 3% of the employee's salary.

## OVERTIME WORK PERMIT

Any company that requires its employees to work overtime, either occasionally or permanently, must obtain a permit from the labor office; these overtime hours cannot exceed 12 hours per week.

## WORKING AGE AND RETIREMENT AGE

In Colombia, individuals who have reached the legal age of majority, which is 18 years old, can enter employment contracts; exceptionally, and with a special permit, the parents of "adult minors" can authorize their employment under the supervision of the Ministry of Labor.

**Retirement Age:** It is 62 years for men and 57 years for women.

In Colombia, two retirement systems coexist:

- **Private Funds:** Known as the Individual Savings Regime, it is the employee's choice and is managed by privately authorized Administrators according to the Law.
- **State Fund:** Known as the Average Premium Regime, it is the employee's choice and is contributed to COLPENSIONES, an entity managed by the State.

## OTHER LEGAL BENEFITS

In addition to the above, employees have the following benefits.

- **Maternity Leave:** 126 paid days, and the payment for this period is reimbursed by the Health System to the Company.
- **Paternity Leave:** 14 paid days, and the payment for this period is reimbursed by the Health System to the Company.
- **Bereavement Leave:** 5 working days for the death of relatives up to certain degrees of consanguinity, affinity, and civil relationships.
- **Domestic Calamity:** Granted by the company when unforeseeable events occur to the worker that obligatorily require their presence.
- **Family Day:** Will be valid until the year 2026 and corresponds to 1 day off for each semester of the year.

## REPORTING OF EMPLOYMENT CONTRACTS WITH FOREIGNERS

It is the obligation of the company to register on the platforms of Migration Colombia and the Ministry of Labor, and from there, to inform about any employment contract signed with foreign personnel, as well as to report when such contracts come to an end.

## **WITH THE NATIONAL TAX AND CUSTOMS DIRECTORATE**

The tax is entirely borne by the employee, and the company only needs to withhold the corresponding percentage and pay it monthly to the Tax Administration.

## **INTERNAL WORK REGULATIONS**

It is the guide that regulates the Company-Employee relationship and must be implemented when the company hires 5 or more workers.

## **OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM (SG-SST)**

This system is responsible for preventing and minimizing occupational hazards for employees. Its implementation requires a specialized professional with the necessary credentials to carry out the process.

## **LABOR LEGAL REGULATIONS**

Labor relations in Colombia are regulated, among others, by the following laws:

- Political Constitution
- Labor Code
- Law 100 of 1993
- Decree 1072 of 2015
- Resolution 0312 of 2019
- Law 1010 of 2006

## 6 – TAXATION

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### INCOME TAX LAW

In Colombia, national companies and entities are taxed on their income and occasional gains from national sources as well as those originating from sources outside of Colombia. Foreign companies and entities are taxed only on their income and occasional gains from Colombian sources. Colombian legislation indicates the following criteria to determine if a company is a national entity:

- Having its main domicile in Colombian territory
- Having been incorporated in Colombia, in accordance with the laws in force in the country
- Companies and entities that during the respective tax year or period have their effective management headquarters in Colombian territory.

### General Principles

The income tax and complementary tax, regulated in the national tax statute compiled since 1989, tax several elements including taxable profits, occasional gains determined by law, and foreign remittances. Unless a company is expressly classified in the law as a non-contributor (such as the National Society of the Colombian Red Cross), it must file the income tax and complementary tax return and determine the corresponding taxes. The general income tax rate is 35% without income brackets. However, there are other types of preferential rates for some sectors, such as 9% for industrial and commercial state-owned companies and mixed-economy companies at the departmental, municipal, and district levels, and 20% for industrial users of Free Trade Zones (special customs regime zones), among others.

Expenses on foreign expenditures made by a Colombian company are deductible for income tax purposes if income tax withholding has been practiced if required, with rates ranging from 10% to 35% depending on the type of service, the third party presenting it, and the country of origin.

The fiscal year in Colombia starts on January 1st and ends on December 31st and does not include special treatments. Regarding tax losses, Colombian legislation allows for their possible offsetting within a period of no more than 12 years. The principles for the recognition of assets, liabilities, equity, costs, and expenses will apply recognition and measurement systems, in accordance with the current technical accounting normative frameworks, except in cases where internal legislation dictates a different recognition.



Starting from the taxable year 2023, a new concept came into effect for foreign companies that maintain commercial relationships with Colombian tax residents. The concept is to determine whether a non-domiciled entity has a significant economic presence in Colombia based on certain criteria and thresholds, such as maintaining deliberate and systematic interaction in the Colombian market, i.e., with clients and/or users located in the national territory, and certain different monetary thresholds. If the requirements outlined in the law are met, the foreign company must declare income tax on income from the sale of goods and/or provision of services to clients and/or users located in the national territory.

Since the taxable year 2023, companies' resident in Colombia must calculate the so-called minimum tax rate, whose purpose is to ensure that companies do not pay tax at a rate lower than 15% on their income. For these purposes, the national government introduced a formula indicating whether companies are taxed at a rate lower than the percentage. This will apply to all companies except those excluded by law, such as foreign legal entities without residence in the country.

Reorganizations - Colombian legislation includes provisions on the treatment of administrative reorganizations, as well as mergers and acquisition splits. Within the same sections, Colombian legislation does not consider the transfer of assets among themselves to constitute a disposal for tax purposes.

## **SALES TAX**

The sales tax in Colombia has a general rate of 19%, and in some exceptions provided for in the law, it will be 5%. These rates apply to all sales and imports unless they are exemptions or exclusions established by law. The tax applies to all stages of the production chain unless expressly excluded by the regulation. For the calculation of this tax, it is possible to offset the tax generated on sales and purchases within the same period. In addition to the sales tax, some products or services may be subject to the consumption tax, with rates ranging from 4% to 16%.

## **PROPERTY TAX**

The property tax, known locally as "impuesto predial," is a levy that property owners must pay. The collection of this tax is the responsibility of the municipal administration where the property is located, and its calculation is based on the commercial appraisal value of the property. The sale of real estate is excluded from the sales tax.

## **MUNICIPAL TAXES**

In Colombia, there are 1,101 municipal jurisdictions, each with the authority and obligation to establish its own tax regulations. This is because each municipality has different development needs. Although there are national-level regulations that establish specific guidelines that cannot be exceeded by municipal legislation, we still have a diversity of treatments among these municipalities. Among the most relevant municipal taxes, we find the industry and commerce tax and its complementary signage tax, which levies on gross income obtained within the territorial boundaries of each municipality.

## CUSTOMS LAW

Customs legislation is regulated according to the guidelines set by the World Customs Organization and Decision 571 of the Andean Community of Nations. In Colombia, there are several special customs territories, including Free Trade Zones and Offshore Free Trade Zones (located overseas), as well as specific territories within Colombian territory that, due to their geographical location, have special customs treatments.

Regarding customs duties, they currently include tariff rates, sales tax, consumption tax, and even antidumping duties, which must be declared in the import declaration. Depending on the origin of the goods, tariff rates or the application of antidumping duties may vary. Currently, Colombia has free trade agreements with several countries, including the USA, Canada, and Mexico, as well as agreements between Mercosur, the Pacific Alliance, and the Northern Triangle with other countries.

As for imports, they are not subject to any tax except for income tax. In Colombia, there are several strategies to promote the export of products. For example, the establishment of companies whose purpose is the export of products manufactured or obtained in Colombia can eliminate value-added tax on sales throughout the supply chain.

## 7 – ACCOUNTING & REPORTING

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In 2009, Colombia officially adopted IFRS as the accounting framework for publicly traded companies in the country, with the aim of harmonizing local accounting practices with international standards. This adoption aimed to improve transparency, comparability, and the quality of financial information. Starting in 2015, the regulatory framework for entities not listed on the stock exchange was established, defining the gradual implementation process of IFRS for these types of entities through Law 1314 of 2009.

Companies in Colombia must present financial statements, management reports, and notes to the financial statements in accordance with International Financial Reporting Standards (IFRS) and local regulations. This ensures transparency and accuracy in the presentation of financial information.

Among the most relevant accounting reports and disclosures that Colombian companies must present are:

### **FINANCIAL STATEMENTS:**

This includes the Statement of Financial Position, the Income Statement, the Statement of Changes in Equity, the Cash Flow Statement, and notes to the financial statements, which provide additional details on the accounting policies used, the estimates made, financial commitments, contingencies, and other information relevant to understanding the financial statements. These reports provide a clear view of the financial position, operating results, and cash flows of the company.

Types of financial statements. In Colombia, there are four different types, depending on the quality of the company and whether it belongs to an economic group or not:

Individual financial statements are prepared by companies that do not have investments in subsidiaries, associates, and/or joint ventures (NIC27, paragraph 4).

Separate financial statements are those in which investments in subsidiaries, associates, and/or joint ventures are held (NIC27, paragraph 4).

Consolidated financial statements are those of a group where the information of the parent and its subsidiaries is presented as if it were a single economic entity (Appendix to IFRS 10).

Combined financial statements, in which there is common control.

The segregation of each report is fundamental to ensure transparency and accuracy in the presentation of financial information. This involves the proper separation of different financial aspects, ensuring that each report provides a clear and detailed view of the company's accounting and financial situation.

In conclusion, the presentation of accounting reports and disclosures in Colombia is a crucial task for companies, as it ensures transparency and compliance with financial regulations. The implementation of IFRS, obligations to regulatory bodies, and detailed segregation of each report are key aspects that must be considered to ensure the accuracy and reliability of the presented financial information.

## 8 – UHY REPRESENTATION IN COLOMBIA

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# UHY CONSULTORES S.A.S. COLOMBIA



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## SOCIAL MEDIA CONNECTIONS

- LinkedIn: <https://www.linkedin.com/company/uhy-consultores-sas/>

Year established: 2001  
Number of partners: 4  
Total staff: 140

## ABOUT US

In Colombia, according to the International Accounting bulletin, UHY consultores is firm No. 16.

## BRIEF DESCRIPTION OF FIRM

In Colombia, we joined forces in 2021, with over 115 collaborators, whose primary purpose is to provide high-quality solutions to our clients.

## SERVICE AREAS

Outsourcing, Consulting, Legal, Assurance.

## SPECIALIST SERVICE AREAS

Outsourcing, Consulting, Legal, Assurance.

## LANGUAGES

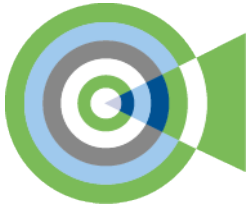
Spanish  
English

## BRIEF HISTORY OF FIRM

Created in 2001, we spent 5 years in another international network, before joining UHY. The main purpose of the firm is to provide close and quality services, advising our clients in making economic decisions that positively impact the sustainability of their businesses in the long term.



The network  
for doing  
business



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## LET US HELP YOU ACHIEVE GREATER BUSINESS SUCCESS

To discover how UHY can support your business, reach out to any of our member firms. You can visit us online at [www.uhy.com](http://www.uhy.com) to access contact details for all our offices or email us at [info@uhy.com](mailto:info@uhy.com) for additional information.

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