

# Colombia

## Legal Provisions

Compiled by:

**Swiss Colombian Chamber of Commerce**

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### **GENERAL REMARKS**

#### **Trade Agreements signed by Colombia**

Countries are turning to economic integration as an important way to achieve sustained economic growth and modernize productive sectors. The Colombian government, in conjunction with the private sector, has encouraged a policy of involvement in international markets through the country's membership in the World Trade Organization, through trade agreements and by taking advantage of unilateral tariff preferences.

#### **World Trade Organization**

Colombia has been part of the WTO since April 30, 1995. Membership in this organization implies adherence to all its multilateral agreements, with the exception of certain reserves in the agreements on aircraft and beef. Given the benefits of the progress made towards multilateral deregulation, Colombia has been active in the Doha Round of trade talks, particularly on issues of special importance to the country, such as agriculture and services, among others.

#### **Bilateral and Regional Integration Schemes**

##### **Andean Community – CAN**

The Andean Community is a sub-regional organization established by Bolivia, Colombia, Ecuador and Peru. It is comprised of the bodies and institutions that make up the Andean Integration System.

Venezuela was part of this regional integration group until it announced its withdrawal in April 2006.

Merchandise trade between Bolivia, Colombia, Ecuador and Peru is virtually duty-free. In other words, goods traded between these countries enter without tariffs, and the four countries make up a duty-free zone.

##### **Group of Three – G3**

The G-3 Treaty creates a free-trade zone between Mexico, Colombia and Venezuela. However, in May of 2006, Venezuela announced its withdrawal from the G-3. This didn't affect the preferential treatment between Mexico and Colombia.<sup>1</sup>

The G-3 is intended to ensure broad and secure access to these markets by gradually eliminating tariffs. Consideration, however, is given to the sensitive sectors in each country. It took effect on January 1, 1995. The annual reduction in tariffs on most of the products produced in these countries also began on that date and continued for a period of ten years. Virtually all were duty-free by January 1, 2004. However, the agricultural and automotive sectors are subject to special arrangements. The treaty also includes commitments and rules on safeguards, unfair business practices, settlement of disputes and lifting restrictions on services.

##### **CAN – Mercosur**

On October 2004, CAN and Mercosur signed the Economic Complementation Agreement N° 59, which came into force for Colombia on February 1<sup>st</sup> 2005, finally completing the Free Trade Area between the two blocks.

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<sup>1</sup> Colombian Exporter Catalog. Procolombia

The agreement between the Andean Community and Mercosur creates important opportunities for Colombian producers by affording preferential access to the largest expanded market in South America. It offers consumers and producers more opportunities for access to raw materials, capital goods and finished products at competitive prices.

### **Colombia – Chile**

Economic Complementation Agreement No. 24 was signed by Colombia and Chile on December 1993 to create an expanded market.

On the other hand, during two negotiation rounds on November 2006, Colombia and Chile signed a Free Trade Agreement with the purpose of increasing bilateral trade.

This agreement encompasses the following issues: Investment, Labor Affairs, Public Contracting, Trade Defense, Phytosanitary and Sanitary Measures, Rules of Origin, Environment, Institutional Affairs and Solution of Controversies, Cooperation, Trade Facilitation, Technical Services and Trade Barriers.

### **Colombia – Caricom**

Colombia has preferential access to the CARICOM market under the conditions outlined in Partial Scope Agreement N° 31, which was signed within the framework of ALADI.

Colombia offers these countries preferential tariffs on 1,128 sub-items and receives preferential treatment on 1,074 from Trinidad and Tobago, Jamaica, Barbados and Guyana. The tariff preferences on negotiated items are now 100%. In other words, either party charges no duties.

### **Colombia – Cuba**

Partial Scope Economic Complementation Agreement No. 49 was signed by Colombia and Cuba on September 15, 2000 to replace Partial Scope Agreement No. 33 signed on July 8, 1994 and its three additional protocols and attachments. As a result, the tariff preferences granted by both countries now average 50%. Colombia has extended tariff preferences on 625 sub-items and Cuba, on 966.

Given the current economic complementation agreement between Colombia and Cuba, both governments have embarked on talks to broaden bilateral trade between these nations and to make their economies more complementary. The negotiations include important aspects such as access to markets for new products and further preferences for items that have been negotiated already, in addition to rules on sanitary and phytosanitary measures, technical standards and conformity assessment, conflict management, and rules of origin.

### **Free Trade Agreement between Colombia and the United States**

A free trade agreement (FTA) with the United States would give Colombian exports permanent tariff benefits for access to the world's largest market. The United States has become Colombia's major trading partner and accounts in 2008 for 32,1% of its exports and 30,5% of its imports. FTA negotiations were initiated in May 2004 and completed in April 2006, following 16 rounds of talks.

After been approved by the Colombian House and Senate Floors, the Agreement underwent a constitutionally mandated court review, according to Colombian regulations and was deemed to conform to the Colombian Constitution by Colombia's Constitutional Court in July 2008.<sup>21</sup>

President Bush sent legislation to implement the U.S.-Colombia Trade Promotion Agreement to Congress for its approval on April 7, 2007. Due to a controversy over the safety of Colombian labor leaders, it was not approved by the end of President Bush's term in January, 2009. President Obama has remarked there is not a "strict timetable" to the agreement<sup>3</sup>.

Colombia's Congress approved the agreement and a protocol of amendment in 2007. Colombia's Constitutional Court completed its review in July 2008 and concluded that the Agreement conforms to Colombia's

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<sup>2</sup> <http://www.ustr.gov/trade-agreements/free-trade-agreements/colombia-fta>

Constitution. President Obama tasked the Office of the U.S. Trade Representative with seeking a path to address outstanding issues surrounding the Colombia FTA. The United States Congress then took on the agreement and passed it on October 12, 2011.

On October 21, 2011, President Obama signed legislation approving the CTPA (U.S.-Colombia Trade Promotion Agreement). The agreement went into effect on May 15, 2012.

### **Free Trade Agreement between Colombia and the Northern Central American Triangle (Guatemala, El Salvador and Honduras).**

Colombia and the countries of the Northern Central American Triangle (El Salvador, Guatemala and Honduras) entered into a free trade agreement that allows the four countries to improve the conditions of access to their respective markets and take advantage of the complementation of their economies.

### **Colombia – Canada**

The negotiation process that included 5 encounters between the teams of negotiators of each country was concluded in June of 2008, producing excellent results for Colombia, among which outstands immediate access for Colombia for almost the totality of the exportable offer of the country in products such as fruits, flowers and vegetables, among others.

The industrial sector was also extensively negotiated; Colombia will have immediate access to approximately 98% of the sector. During 2010 the Treaty was approved by the Canadian Senate and entered into force on August 15, 2011.

### **EFTA – Colombia Agreement**

Part of the Commercial agenda defined by the Colombian government is the negotiation with the EFTA countries Switzerland, Norway, Iceland and Liechtenstein, which represent almost 2% of the goods world trade, which places them in the ninth position around the world in this subject. In the topic related to services, they have a participation of almost 3% and occupy the fourth place, after United States, China and Japan.

The Treaty with EFTA is not only about taking the tariffs off, or to warrant the preferential access, but it also contains intellectual property, investments, government procurement, standardization and different areas that will create the frame for regulating the trade. Competition and public tendering are very important topics as well.

The EFTA market would be an important destination for products such as plastics, derivatives of polypropylene and their manufactures, jewelry and precious stones, flowers, exotic fruits different from the banana tree; coffee and derivatives of the coffee, among others.

The Colombia-EFTA Free Trade Agreement was signed in Geneva, Switzerland on 25 November 2008. The Swiss Parliament and the Colombian Congress approved it in 2009 and was reviewed by the Colombian Constitutional Court in 2010. The FTA entered into force July 1<sup>st</sup> 2011.

### **Andean Community – European Union**

The Andean Community was founded in 1969 and currently comprises 4 countries that straddle the Andes: Bolivia, Colombia, Ecuador and Peru. The EU political dialogue with the Andean Community began in 1996 with the Declaration of Rome (1996).

Following the breakdown of negotiations in view of a fully fledged three pillar Association Agreement in the second half of 2008, a new negotiating format has been put in place offering a thematic and geographical split of these negotiations: continued regional negotiations with the Andean Community as a whole on political dialogue and cooperation (an update of the 2003 Agreement referred to above) and 'multi-party' trade negotiations with as many Andean Community countries as willing to embark upon ambitious and comprehensive trade negotiations compatible with World Trade Organization. Only the latter negotiations have started so far and only with three of the Andean Community countries (Peru, Colombia and Ecuador).<sup>4</sup>

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<sup>4</sup> [http://ec.europa.eu/external\\_relations/andean/index\\_en.htm](http://ec.europa.eu/external_relations/andean/index_en.htm)

The idea of obtaining bilateral agreements between the EU and these Latin American countries comes from the collapse, in February 2009, of the association agreement between the EU and the countries of the Andean Community (CAN: Bolivia, Colombia, Ecuador and Peru). In December 2006, the European Commission had asked the Council for a mandate in order to be able to launch EU-CAN negotiations aiming for an association agreement. After the withdrawal of Bolivia, in 2008, due to a division among the Andean countries as to the targeted objectives, it was Ecuador's turn to suspend its participation. This was due to disagreement on the restrictions imposed by the EU on banana imports. In fact, Ecuador blames the EU for not having respected the judgements of the World Trade Organisation in favour of Quito in the banana conflict. Ecuador is the world's leading exporter of bananas, and rejects the EU restrictions.

A free trade agreement between the EU with Colombia and Peru has been negotiated. The EU, Colombia and Peru announced the conclusion of negotiations on May 2010 during the EU-LAC summit. In April 2011, EU Trade Commissioner Karel De Gucht, the Minister of Trade, Industry and Tourism of Colombia and the Deputy Minister for Foreign Trade of Peru welcomed the initialling of the Trade Agreement after the conclusion of legal review. This Agreement is estimated to be worth half a billion Euros in duties saved alone and is expected to boost Colombia and Peru's economies by close to 1% of GDP. Above all, it recognizes that the partnership between the EU, Colombia and Peru is based on the respect of democratic principles, fundamental human rights and the respect for the principle of the rule of law.<sup>5</sup>

The treaty with Colombia entered into force in August 1st, 2013.

### **Unilateral Preference Schemes**

#### **Law for the Andean Trade Promotion and Drug Eradication Act (ATPDEA)**

The Act for Customs Preferences for the Andes and Eradication of Drugs, ATPDEA, extends in time and scope the preferences of the ATPA, created initially as a component of the program of the "War Against Drugs" of President George Bush senior, that was issued on December 4th of 1991 and was in force until the 4th of December of 2006, the ATPDEA extends the benefits until 2006, also includes the goods initially covered by ATPA (5.600 products) as well as goods of the sector of garments, oil and its derivatives, footwear, leather goods and tuna fish, among others.

After continuous extensions to the period of the preferences, at the end of 2008, the Committee on Ways and Means of the United States approved the extension for a period of 1 more year of the customs preferences granted under this mechanism, which means that the preferences was in force until February 2011 and has not been extended any longer.

#### **Generalized System of Preferences– GSP**

The Generalized System of Preferences is a program that calls for developed countries to grant preferential tariffs on certain imports from developing countries, including Colombia.

The United States, the member countries of the European Union, Australia, Canada, Japan, Switzerland, Luxembourg, the Russian Federation and New Zealand are among the countries that participate in this system.

Legal authorization of the GSP program expired on July 31, 2013. The U.S. Congress is considering legislation that would extend the authorization of GSP beyond this date.

#### **European Union– Generalized System of Preferences – GSP Plus**

In addition to the GSP established by the European Union for developing countries, the EU affords special preferences to countries that are forced to deal with illicit crops. Known as GSP-Drugs, this program has been in effect since 1990 to support the war on drugs, based on the principle of shared responsibility.

In June 2005, the European Union approved the regulations for GSP Plus – Drugs and affords duty-free access to agricultural and industrial goods from several developing countries, such as those in Central

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<sup>5</sup> <http://ec.europa.eu/trade/creating-opportunities/bilateral-relations/regions/andean/>

America and the Andean Community of Nations. This scheme represents a new incentive to sustainable development, governance, the war on drugs, and observance of labor and environmental obligations.

For the period 2009-2011, 16 beneficiary countries have qualified to receive the additional preferences offered under the GSP Plus incentive arrangement. Any GSP plus beneficiary country must be considered "vulnerable" in terms of its size or the limited diversification in its exports. Poor diversification and dependence is defined as meaning that the five largest sections of its GSP-covered imports to the Community must represent more than 75% of its total GSP-covered imports. GSP-covered imports from that country must also represent less than 1% of total EU imports under GSP.

GSP plus beneficiaries must also have ratified and effectively implemented 27 specified international conventions in the fields of human rights, core labor standards, sustainable development and good governance.<sup>6</sup>

From 1 January 2014, there is a reformed GSP, which applies as focuses support on developing countries most in need.

On 28 January 2016, the Commission published its first bi-annual report to the European Parliament and the Council on the effects of the reformed GSP, in particular the GSP+ arrangement supporting sustainable development and good governance.

## **Treaties with Switzerland**

### **Bilateral Investment Treaty (BIT)**

On May 2006, Colombia and Switzerland signed a Bilateral Investment Treaty (BIT) which looks for warranting treatment and protection of international standards for investors from any of the two countries, covering companies as well as individuals.

The BIT has a big interest for both countries. In the case of Colombia, Switzerland has become one of the main investment sources of the country. In 2010, the European country had a direct investment of nearly US\$ 47,5 millions.

The investment coming from Switzerland has been of great importance for the Colombian industry. The signature of the BIT opens opportunities to strengthen the economic relations and take advantage of the excellent moment of the Colombian economy. This treaty took effect on October 6, 2009.

### **Double Taxation Treaty**

Colombia and Switzerland signed a double taxation treaty on October 26 2007, was ratified by Constitutional Court of Colombia in June 2010 and entered into force in January 1<sup>st</sup> 2012.

This treaty is expected to encourage foreign investment, guarantee legal stability, to reduce the overall tax burden and to avoid double taxation in both countries. Double taxation treaties also provide important means for the exchange of fiscal information to avoid and control tax evasion.

## **CUSTOMS**

Since January 1, 2002, Colombia has incorporated to the NANDINA standards, based on the WCO harmonised system for labelling and coding goods (HS) for classifying products and assigning tariffs. Its numerical code is composed of 8 figures, but in Colombia as well as the others Andean countries it is added two other figures in order to classify the goods on a more specific level.

The current custom duties were established since January 1, 2002, on the "Arancel de Aduanas de Colombia", under the Law N° 2800 of 20/12/01. Basic rates are calculated on the CIF (Cost, insurance and freight) value of import, in American Dollars, which are changed into Colombian Pesos according to the Exchange Rate.

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<sup>6</sup> <http://ec.europa.eu/trade/wider-agenda/development/generalised-system-of-preferences/>

## **IMPORT AND EXPORT REGULATIONS**

### **Export and Import Steps and Procedures**

#### **Export steps, procedures and Institutions involved in the process**

1. Market study and location of demand. MINCIT, PROCOLOMBIA
2. Tax registration number (RUT). DIAN
3. Completion of the Foreign Trade Registration Form, at the Foreign Trade Window (VUCE) (Decree No. 419/2004) <http://www.vuce.gov.co>. MINCIT, ELECTRONICALLY\*
4. Registration as a national product, should the buyer require a certificate of origin for a preferential tariff. This is done at the Foreign Trade Window (VUCE) (Decree No. 419/2004) <http://www.vuce.gov.co>. MINCIT, ELECTRONICALLY\*
5. The exporter sends the invoice and the importer opens a letter of credit. EXPORTER
6. The exporter receives confirmation from a commercial bank in Colombia and makes shipping arrangements. MINCIT, BANKS
7. If necessary, the exporter obtains a certificate from public health authorities, specific authorizations, or registers with the respective agency. INVIMA, MINCIT
8. Completion of procedures for the certificate of origin, if required. MINCIT
9. The exporter obtains the export document from the customs bureau and fills it out. DIAN, MINCIT.
10. Approval from supervisory authorities is requested, when required for certain products. MINCIT, ICA MINERCOL, INVIMA, MINAMBIENTE, INPA
11. The exporter submits the export declaration to the National Bureau of Revenue and Customs, together with all identification papers, the shipping documents, the commercial invoice and registrations. DIAN
12. DIAN physically inspects the documents and the merchandise then authorizes shipment. DIAN
13. DIAN sends a copy of the export declaration to the Ministry of Commerce for final registration of the export. DIAN, MINCIT.
14. The exporter receives payment for the merchandise, through his financial agent. BANKS
15. The exporter completes the required exchange declaration and sells the foreign currency through an exchange broker. If the financing is for more than 12 months from the date of the export declaration, the transaction must be registered with the Central Bank (Banco de la República). MINCIT, BANCO DE LA REPUBLICA

#### **Import steps, procedures and Institutions involved in the process**

1. Market and feasibility study on the product to be imported. MINCIT
2. Licenses, authorization and procedures with other agencies (Circular 077/2002), at the Foreign Trade Window (Decree No. 419/2004) <http://www.vuce.gov.co>. MINCIT, ELECTRONICALLY\*
3. Import registration or licensing, at the Foreign Trade Window. (Decree No. 419/2004). <http://www.vuce.gov.co>. MINCIT, ELECTRONICALLY\*
4. Payment for the item to be imported. This includes a request for a letter of credit, an exchange declaration, a deposit, and registration of the transaction with the Central Bank (Banco de la República), if the financing is for more than six (6) months. A certifying agency must be engaged to issue a certificate of inspection prior to shipment, if required. IMPORTER
5. Dispatch, shipment and delivery of the merchandise to a bonded warehouse. MINCIT, BANKS
6. Inward customs clearance on the part of the importer, the permanent customs user, the customs broker or the bonded warehouse. This includes completion of the Andean Declaration of Value, if the FOB value is US\$ 5,000 or more, completion of an import declaration, payment of customs duties, presentation of bonded warehouse documents, registration of the documents with DIAN, and physical inspection of the documents and the merchandise, depending on the system. MINCIT, INVIMA
7. Removal of the item and preservation of the following documents for at least five (5) years: import license or registration, Andean Declaration of Value, import declaration, certificate of origin, commercial invoice, certificates and authorizations, inspection certificate, and authorization to conduct import procedures. MINCIT

## **CURRENCY REGULATIONS**

Banco de la República, is the Central Bank of Colombia and therefore this bank is in charge of the monetary policy and the exchange policy.

The aim of the Banco de la Republica's monetary policy is the achievement of coherent inflation rates with the constitutional mandate of guaranteeing price stability in coordination with a general macroeconomic policy that motivates product and employment growth.

### **Registration procedure for products**

See steps, procedures and institutions involved in importing part of this section.

### **Standards, technical rules, labelling regulations**

- If a certification of inspection is required, an inspection firm must be engaged for this purpose.
- Health and sanitation certificate, expressed authorization or register is required depending on the goods.
- To be imported, some products are required to be approved for the Agricultural Minister.
- To be imported, some goods are required to follow the Colombian Standard Certification System, which is issued by ICONTEC (Instituto Colombiano de Normas Técnicas), which is the body that sets standards and provides texts and information on standards and regulations. [www.icontec.org.co](http://www.icontec.org.co)
- Also, ISO standards are often required.

Special labelling and packaging are required for the following items:

Pesticides, alcoholic drinks, Medicines, cosmetic and related products, products of personal hygiene, bathroom, hygiene and cleanliness and related products, lacteal products, seeds, cattle inputs, footwear.

### **TAXES**

Under the Colombian tax code some taxes are national and others are local.

The main national taxes include income and income-related taxes, the net worth tax (temporary), the value-added tax, the tax on financial transactions, the stamp tax and registration fees. The main regional or local taxes include an industry and commerce tax and property taxes.

### **VAT (IVA = Impuesto al Valor Agregado = Value Added Tax)<sup>7</sup>**

The Colombian value added tax (VAT) is a tax based on the value-added method.

VAT is due on:

- The sale of movable tangible property located in Colombia, that is not expressly excluded
- The supplies of services inside the Colombian territory (as an exception, the tax law establishes that some services performed from abroad and used by resident in Colombia, are regarded as rendered in Colombia and therefore subject to VAT)
- The importation of movable tangible properties that are not expressly excluded and
- The sale or running of gambling and gaming services (excluding lottery).

For VAT purposes, the concept of taxable "sale" includes:

- All acts involving the transfer of ownership of movable tangible property
- The incorporation of movable tangible property to immovable property or services not taxed, as well as the transformation of movable tangible
- The removal of movable property by the owner for his personal use or consumption or in order to form part of the fixed assets of the company.

Under the VAT system, tax is levied at each stage of the manufacturing and distribution process on a non-cumulative basis. The accumulation of tax is avoided through the deduction of VAT invoiced to the entity.

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<sup>7</sup> <http://www.kpmg.com/global/en/issuesandinsights/articlespublications/vat-gst-essentials/pages/colombia.aspx>

The entity should assess the VAT over the total amount invoiced in each bimonthly tax period, but it is entitled to recover the input VAT that was invoiced to the entity during the same period. If, in any tax period, the credit for input VAT is higher than the amount of VAT due on output, the entity is not entitled to a refund (unless the input VAT is related to exports, to exempt goods produced or is VAT withheld). Instead the excess of input VAT is credited against future VAT liabilities.

The prevailing standard rate of VAT is 19 percent, and there is a reduced rate of 5 percent applicable to certain goods and services.

There is also a reduced rate of 1.6 percent for:

- Cleaning services
- Some security services
- Some temporary employment services

There is an increased rate of 20 percent for certain goods and services:

- Mobile phone service
- Some truck whose value FOB is less than USD 30,000
- Some recreational and sport boats

There is an increased rate of 25 percent for:

- Some vehicles whose value FOB is less than USD 30,000
- Motorcycles and motorbikes with more than 185 cc engine

There is an increased rate of 35 percent for:

- Some vehicles whose value FOB is equal to or greater than USD 30,000
- Private aerodynes.

#### **Exempt services and goods:**

The supply of the below goods and services is zero-rated but the VAT incurred on their purchase is recoverable:

- Exports of goods
- Domestic sales of movable tangible properties deemed to be exported, to international marketing companies as well as the intermediate production services provided to such companies
- Services that are provided locally based on a written agreement when they are used exclusively abroad by companies or persons without any business or activities in Colombia
- some tourist services used in Colombian territory and rendered to non-residents
- books and magazines of scientific and cultural nature as defined by the government
- some type of school notebooks.

Exempted services and goods with no entitlement to input tax recovery.

For example:

- Medical, dental, hospital, clinical and laboratory health services
- Public, terrestrial, fluvial and maritime transportation of people in national territory
- Public or private transport service national and international maritime, fluvial, terrestrial and air cargo
- Interest and financial yields under certain conditions
- Some fees earned through trust/fiduciary, stock exchange brokers, investment administrators
- Financial leasing
- Public services of energy, aqueduct and sewage, public cleaning, garbage collection and gas
- Education services
- Reinsurance brokerage services
- Some connection and internet access services

- Crude oil to be refined

Other local indirect taxes beside VAT are Excise tax, financial tax (GMF in Spanish), and registry tax.

## Registration

Individuals and entities rendering taxable supplies of goods and or services, importers of goods, in the sale of aircrafts: the traders and the occasional sellers of such goods, individuals and entities that hired foreign companies or individuals providers of services or goods subject to tax are required to register for Colombian VAT.

VAT registration of overseas company is not necessary. Non-resident companies that sell goods from overseas or render services to local customers are not responsible for VAT. The VAT will be accrued by the local customer (purchaser) via a reverse charge mechanism.

If the foreign company establishes a branch in Colombia, such entity should register for VAT purposes if it carries out activities subject to this.

VAT registration of overseas company is not necessary. Non-resident companies that sell goods from overseas or render services to local customers are not responsible for VAT.

Foreign entities that perform permanent activities (e.g. sale goods or rendered services) in Colombia should incorporate a branch office or a subsidiary company for such purpose, entities that will need to appoint a fiscal representative.

Taxpayers are required to submit VAT returns on a bimonthly basis.

As a general rule, the payments stated in foreign currency (beside -exchange transactions) shall be paid in the Colombian pesos by applying the exchange rate valid on the transaction unless the parties have agreed on a different reference rate.

Exports of goods are exempt from VAT (zero-rated). Therefore the VAT paid on the acquisition of goods used for such exports is deductible.

The exports of services are VAT exempt provided that certain requirements are fulfilled.

When goods are imported into Colombian territory, the VAT due on the importation and the customs duties should be paid when the goods are released from the customs' control.

Some services explicitly referred to in the law, rendered from abroad in favor of users or recipients located in Colombia, are considered as rendered in Colombia and therefore trigger VAT.

In such cases, the local taxpayer must self-assess the VAT. The amount withheld must be included it in its withholding tax return and paid the tax to the tax authorities. This is known as the reverse charge mechanism. The Colombian company might deduct the VAT withheld as input VAT in the relevant bimonthly VAT return.

The following are some of the VAT-excluded goods and operations:

- National or imported equipment and elements used for the construction, installation, assembly and operation of environmental monitoring and control systems.
- Imports made under special import/export programs, such as the Vallejo Plan.
- Machinery or equipment for waste or garbage processing and recycling, if such type of machinery or equipment is not manufactured in the country.
- Ordinary imports of industrial machinery not produced in the country and destined to the transformation of raw materials by highly exporting users – ALTEX.
- The sale of fixed assets.

**Exempt goods and services:** Some goods and services are not only VAT-exempt, but the producer or exporter is entitled to reimbursement or offsetting of the VAT paid to produce the good or render the service, mainly:

- Chattel goods that are either exported or sold in the country to international marketing companies provided such goods are, in fact, exported.
- Services rendered in Colombia by foreign persons not domiciled in the country.

**TAX on Financial Transactions:** The rate is four per thousand on the amount of each transaction, from 2004. The tax is accrued on every transaction aimed at withdrawing resources from checking, deposit or savings accounts, and on cashier's checks.

There is an exemption for transfers between checking or savings accounts within the same institution, when the affected accounts belong to the same account holder.

**Stamp TAX:** This contribution over the expedition of any official document, and over the validity of private documents, as is the case of any kind of contract or contractual modifications disappeared in most of the cases for 2010 but is still in force for the visas and other documents.

### **Tax regime for foreign investors**

#### **Colombian companies with foreign investors and branches of foreign companies**

**Income tax:** Colombian companies holding foreign investment are subject to the same income tax as fully Colombian companies, regardless of their foreign interest share.

- Colombian companies, with or without foreign investment, are subject to an income tax on income obtained from national and foreign sources, at a rate of 35%.
- Branches of foreign companies are subject to the income tax only on income obtained from Colombian sources, at the same rates applicable to Colombian companies.
- For foreign companies with no domicile in Colombia and foreign individuals not resident in Colombia, dividends or interest share earnings are subject to a 7% income tax. Such tax is withheld at the source, at the time of payment or deposit to an account. If the tax corresponding to the dividends or interest share earnings to be distributed is not paid by the company distributing them, then the applicable rate is 35%. The additional 7% to which foreigners are subject is calculated after applying the 35%, so that the net withholding is 39.55%. Nevertheless, if such dividends or interest share earnings are reinvested in the country, the tax payment is deferred as long as the investment remains in the country. Furthermore, if the investment remains in the country for at least five years, such dividends or interest share earnings become exempt of the 7% income tax.

For this purpose, reinvestment is deemed to remain in the country by the mere fact that the profits continue to be a part of the company's net worth.

#### **Income-deductible expenses**

Foreign-owned affiliates, branches, subsidiaries or agencies established in Colombia are entitled to deduct from their income any amounts paid for administration or management expenses, and for royalties and exploitation or acquisition of intangibles, provided they perform the corresponding tax withholdings when paying such expenses. Likewise, they are entitled to deduct expenses incurred abroad if directly in connection with the activities that generate income in Colombia, provided they perform the corresponding tax withholdings when paying such expenses, if such payments are taxable in Colombia for their beneficiaries. If no tax withholding has been made on such expenses, this deduction is limited to 15% of the taxpayer's net income, except in some specific cases, which are not subject to this limitation, regardless of whether the tax withholding has been made (i.e., purchase of productive real fixed assets, payments to brokers abroad, payments of foreign credit interests and income from international leasing contracts).

**Remittance tax:** For foreign company branches, the remittance tax is accrued on the mere realization of profits, which are presumed to be transferred abroad. If the profits are reinvested in the country, payment of the tax is deferred as long as the reinvestment remains in the country. Furthermore, if the reinvestment remains in the country for over five years, the profits become exempt of this tax. For this purpose, reinvestment is deemed to remain in the country by the mere fact that the profits continue to be a part of the company's net worth.

**International treaties:** Colombia has subscribed the following international and bilateral agreements aimed at avoiding double taxation:

- With the United States, Argentina, Germany, Chile, Brazil, Italy, France and Venezuela, regarding air and sea transportation matters.
- With Venezuela, regarding tax regulations affecting state investments and investments by international transportation companies.
- With member countries of the Andean Community of Nations, to avoid double taxation between companies owned by such states and holding multilateral investments.
- With Switzerland: On October 2007, Swiss and Colombian governments signed an agreement to avoid double tax for those companies that own investments in both countries.
- With Canada: This treaty entered into force June 12<sup>th</sup> 2011.

These treaties are applicable to people domiciled in any member country, regarding income and wealth taxes. The tax is only levied in the country where the income is generated.

### **Transfer prices**

Transfer price provisions became effective in Colombia on January 1, 2004.

For such purpose, taxpayers must adjust the amount of their income, costs and deductions for operations made with economically affiliated companies, to the price that would have been agreed if it had been negotiated between independent parties under comparable circumstances. The provisions regarding transfer prices are only applicable for operations with economically related parties or with related parties located abroad.

Besides the defined economic relationship, there is a presumed relationship in the case of operations with companies or individuals located in jurisdiction classified as tax heavens.

### **Duty-free zones**

Duty-free zones are designed to promote foreign trade, to create jobs and to act as poles of industrial development in the regions where they are located.

These geographical areas operate according to special conditions established by law.

The duty free zones law approved by the national government through the decree 4051 of 2007 makes Colombia the most attractive destination in Latin America in tax terms. Through the general duty free zones in which companies could be placed inside duty free parks or for big projects in duty free zones uni-entrepreneurial, the companies located in Colombia for manufacturing or logistic and services operations will have a unique rent fare of 15% and total exemption for the partner when profit is allocated; Moreover, through a juridical stability contract, the security of this fare could be for 15 or more years by contract with the government if the investment amount is up of 12 million dollars.

Additionally, it has logistic facilities as no procedures and this, due to the strategic location of Colombia and the current agreements and negotiations about free trade of the country, makes that a company located in a duty free zone, gains competitiveness.

For huge investments, the new decree also enables the existing companies as duty free zones when the companies have a capital of up to 32 million dollars liquid patrimony and the investment is up to 150 million dollars and double in 5 years the liable rent liquid rent.

#### **1. Duty-free Zones for the Tourist Industry**

These are geographical areas established within the country to promote tourist services, specifically as destinations for foreign tourists and, secondly, for domestic tourism. These services include lodging, travel agencies, restaurants, organization of large meetings and conferences, transportation facilities, and athletic, cultural and recreational activities, among others.

## **2. Industrial Duty-free Zones for Goods and Services**

These are geographical areas established within Colombia to promote and develop the industrial processing of goods and services, primarily for export. Foreign exchange, tax, customs and foreign trade incentives are available in these areas.

## **3. Temporary Commercial Duty-free Zones**

These are commerce and service zones established in Colombia for international trade fairs, expositions, conferences and seminars that are important to the national economy and international trade.

### **Users**

Domestic or foreign companies that are legally established may use duty-free zones. There are four types of users of industrial duty-free zones producing goods and services.

- Operators. Companies that promote and manage the zone. They operate exclusively within the area, under authorization from the Ministry of Commerce, Industry and Tourism.
- Industrial Manufacturing Users. Companies that manufacture, produce, transform or assemble goods for export. They are obliged to sign a contract with the operator, specifying the terms and conditions of their involvement in the zone.
- Industrial Service Users. Companies that supply services to firms inside a duty-free zone or to foreign markets, including scientific and technological services. They are obliged to a contract with the operator, outlining the terms and conditions of their involvement in the zone.
- Commercial Users. Companies that store, preserve, handle, distribute, pack, repack, sort or clean goods, which may be destined for foreign markets.

### **Foreign Capital Investments**

The following are authorized investments in duty-free zones.

- Investments in the form of machinery and equipment, raw materials and intermediate goods, foreign exchange, technological services and intangible assets, reinvestment of profits and interest, amortization of loans and capital, and capitalization in the zone of profits generated and distributed by companies with foreign interest that are established in other parts of the country.

### **Incentives**

The following incentives are now in effect:

#### **Tax Incentives**

- Exemption from income and related tax on proceeds from annual sales to foreign markets.
- With respect to industrial users of tourist services, annual sales to foreign markets shall be tantamount to the sale value of services rendered to foreign tourism.
- Exemption from withholding and remittance tax on technical services and interest paid in conjunction with the production process.

#### **Foreign Exchange Incentives**

- Foreign goods brought into a duty-free industrial zone specializing in goods and services are exempt of import duties.
- Domestic goods brought into duty-free industrial zones are considered exports. Therefore, they enjoy the incentives afforded to Colombian exports.
- The foreign components of goods produced in a duty-free zone and imported into Colombia are not subject to import duties.

## Loan Benefits

- Users established in duty-free industrial zones may access ordinary credit from financial institutions established in Colombia, under the same conditions that apply to companies located in other parts of the country. They also have access to the special borrowing facilities provided by Bancoldex.

## Exchange Benefits for Industrial Users

- Industrial users may negotiate all types of foreign currency inside the zone and may deposit it in savings or checking accounts with banks in Colombia or abroad. Industrial users established in a duty-free zone are under no obligation to surrender foreign proceeds from exports or other exchange operations on the exchange market. However, the currency these companies may require to cover their expenses in domestic or foreign currency may be channeled through the exchange market.
- Industrial users may finance the purchase of merchandise with foreign suppliers, exchange brokers and financial institutions, without registration and with no deposit.
- In the case of duty-free zones for tourism, tourists may possess or negotiate all types of foreign currency as payment for tourist services.

## Other Benefits

- A strategic geographic location near ports, airports or roads
- Use of existing facilities (warehouses, yards, roadways and green areas)
- Combined promotion of the companies operating inside the duty-free zone
- Prior deposit of merchandise.
- Partial inward customs clearance.
- Customs offices to guarantee operation round the clock
- Import and export customs procedures performed on-site

## Duty-free Zones Authorized by the Ministry of Commerce, Industry and Tourism

- **Industrial Goods and Services:** Arauca, Barranquilla, Bogotá, Candelaria (in Cartagena), Cúcuta, Malmambo (in Barranquilla), Pacífico (in Cali), Palmaseca (in Cali), Quindío (in Armenia), Rionegro (in Antioquia) and Santa Marta.
- **Tourism:** Barú Beach & Marine Resort (Bogotá), Eurocaribe de Indias (Medellín) and Pozos Colorados (Santa Marta).

## COMMERCIAL LAW

The commercial law is issued by the central government under the advice, supervision and regulation of the Ministerio de Comercio, Industria y Turismo (Ministry of Commerce, Industry and Tourism also known as MINCIT). [www.mincit.gov.co](http://www.mincit.gov.co)

## SETTING UP COMPANIES

The following are the steps required to establish a company or a branch:

- Decide whether to establish a company or branch office. If starting a company, determine what type of corporate structure the company will have.
- Prepare the documents needed to establish the company or branch.
- Obtain Tax Identification Number (NIT) for the foreign partners or shareholders.
- Legalize by public deed the documents needed to establish the company or branch.
- Obtain letters of acceptance from those appointed to positions in the company or branch.
- Register the company or branch and obtain a Tax Identification Number (NIT) for the company or branch.
- Register the books and ledgers at the Chamber of Commerce.
- Open a bank account.
- Register the foreign investment with the Central Bank.

According to Colombian law, there are five types of business companies, which are in turn subdivided into three groups, as follows:

- a) Interest-based companies, which include general partnerships.
- b) Quota-based companies which include limited partnerships, joint-stock companies and limited liability companies.
- c) Share-based companies, which include stock corporations.

General and limited partnerships are normally used by family or small enterprises. The limited liability company is frequently adopted by small and medium enterprises, while the stock corporation is normally a large company.

### **General Partnerships**

- They must have at least two partners and there is no limit as to the maximum number of partners.
- The partners are jointly and severally liable for any company obligations that the company does not respond for.
- The partners are jointly and severally liable for the company's taxes and their update and corresponding interests on a pro-rata basis regarding their interest share.
- The management of the company is the responsibility of all the partners, who can delegate it upon other partners or upon third parties.
- The legal representative of the company is elected by the partners and is responsible for all activities to be carried out during the normal course of business.
- Because this is an individuals' company, the capital contribution at the time of incorporating the company is not of major importance.
- The partners have the right to inspect the company's books and other documents at any time.

### **Partnerships**

There are two types of partnerships: limited partnerships and joint-stock companies.

Partnerships have two types of partners: silent partners, whose liability is only proportional to their contributions, and managing partners, whose liability is several and unlimited, depending on the company's operations. In a co-partnership, contrary to what happens in limited partnerships, limited partners are not jointly and severally liable for the company's taxes.

- The capital of limited partnerships can be formed with the contributions of the silent partners only, or together with those of the managing partners.
- A limited partnership must have at least one managing partner and one limited partner, but no more than 25.
- The company's administration is the managing partners' responsibility and they can exercise it directly or delegate it upon third parties.
- In the case of limited partnerships, the corporate capital must be subscribed in full at the time of incorporation. In the case of co-partnerships, the partners must subscribe at least 50% of the authorized capital and pay at least 33% of the subscribed capital. The remaining capital must be paid within one year following the date of incorporation.
- In a joint-stock company, the capital is represented by equal value titles, whose issuance, placement and negotiation are subject to the rules applicable to stock corporations.
- Aspects not regulated specifically for silent and managing partners are subject to the rules applicable to limited liability companies and general partnership companies, respectively.

### **Limited liability companies**

- Limited liability companies must be incorporated with at least two and no more than 25 partners.
- The partners are liable for the company's obligations up to the amount of their contributions.
- Regarding pending taxes, updates, interests and labour obligations, the partners are liable proportionally to their contributions and proportionally to the time elapsed since they made their contribution for each specific tax year.
- The company's direction and administration are in the hands of the partners' board, where each partner's votes are proportional to the amount of shares they own in the company. The partners' board may delegate the administration of the company upon a third-party manager.

- The corporate capital must be paid in full at the time of incorporating the company and it must be divided into equal price shares.
- A limited liability company must have an External Auditor, if so approved by any number of partners not participating in the company's management and representing at least 20% of the corporate capital.
- The External Auditor requirement is also applicable to any business company, regardless of its type, whose gross assets at December 31 of the immediately previous year were equal to, or greater than 5,000 minimum legal monthly salaries and/or whose gross revenues during the immediately preceding year amounted to or exceeded 3,000 minimum legal monthly salaries, (equivalent to approximately US\$ 1,287,500 based on a \$ 2,000 reference rate) and/or whose gross income during the immediately preceding year amounted to or exceeded 3,000 minimum legal monthly salaries (equivalent to approximately US\$ 772,500 based on a \$2,000 reference rate).
- Any issues not regulated by the law or the by laws regarding limited liability companies shall be subject to the rules applicable to stock corporations.

### **Stock corporations**

- Stock corporations can be incorporated through the ordinary procedure set forth in the Code of Commerce for other commercial companies, or through a successive subscription of shares.
- Stock corporations must have at least five shareholders.
- Shareholders are liable for the company's obligations up to the amount of their contributions.
- At the time of incorporating the company, the shareholders must subscribe at least 50% of the authorized capital and pay at least 33% of the subscribed capital. The remaining subscribed capital must be paid within a year following the date of incorporation.
- The capital of a stock corporation is divided into equal price shares represented by negotiable share titles. Such shares may be ordinary or privileged, depending on the rights they grant to the shareholders.
- The direction and administration of the company is in the hands of the legal representative, the Board of Directors and the General Shareholders' Meeting.
- The legal representative and his deputies are elected and removed by the Board of Directors, unless the by-laws vest this power upon the General Shareholders' Meeting.
- No shareholder may own 95% or more of the total shares into which the corporate capital is divided.
- The Board of Directors is composed of at least three members and their corresponding deputies, and their powers are set forth in the corporate by-laws.
- The General Shareholders' Meeting is composed of the shareholders gathered with the quorum set forth in the corporate by-laws, and it must meet at least once a year, on the date designated by the by-laws or within the first three months following the end of each fiscal year.
- Stock corporations may raise resources by issuing and placing ordinary shares, preferred dividend stocks and stocks without voting rights, ordinary bonds, or bonds mandatorily or optionally convertible into shares.
- Limited liability companies, co-partnerships and stock corporations must create a legal reserve amounting to at least 50% of the subscribed capital, with funds from 10% of the net profit realized during each fiscal year. Furthermore, they may set up statutory and occasional reserves, as resolved by the shareholders' meeting.

### **Sole proprietor company**

- This is an arrangement where part of the assets of an individual or company is set aside and devoted to the performance of one or more business activities.
- A sole proprietor company has its own legal status, regardless of the legal status of the person creating it.
- The capital of this kind of company is divided into equally priced shares called "quotas" and the capital contribution must be done at the time of creating the company.
- The founder of a sole proprietor company is liable for up to the amount of its contribution, except in the case of tax liabilities.
- The management of a sole proprietor company is the responsibility of the founder, who can in turn delegate it upon a third party.
- The capital must be contributed at the time of incorporating the company.
- The owner of a sole proprietor company may not enter into contracts with such company or with other similar companies owned by thereby.

- If the company is ever owned by two or more persons, it must adopt any of the above-described forms of business companies. Conversely, business companies left with only one partner may become a sole proprietor company.
- All aspects not specifically regulated for sole proprietor companies are subject to the general rules governing business companies and especially to those applicable to limited liability companies.

### **Overseas branch offices**

- Every overseas company wishing to do permanent business in Colombia must set up a branch in Colombia. Likewise, any foreign company may establish a branch in Colombia, even if its business is not considered permanent under Colombian commercial legislation. The commercial legislation lists the cases in which a foreign company is understood to be developing permanent business in Colombia.
- For the incorporation of an overseas branch in Colombia, it is necessary to register the documents evidencing its existence and legal representation, and the resolution or other act showing the foreign company's decision to set up a branch in Colombia. The incorporation of the branch must be formalized in an incorporation public deed to be registered with the chamber of commerce of the domicile chosen.
- Overseas branch offices are subject to Government supervision through the Superintendency of Corporations, except if such supervision falls under other Superintendency, given the nature of the branch's business.

### **JOINT VENTURE OPPORTUNITIES**

Colombia legislation allows the establishment of temporary unions, consortiums and joint ventures. Its purposes must be to perform work or render services within or outside the country. As there are no special private law rules regulating for this type of agreements (except in exceptional cases), they are subject to the general rules applicable to business contracts.

The controls on foreign investment in Colombia and Colombian foreign investment abroad are outlined in the Rules on Foreign Capital Investment in Colombia and Colombian Capital Investment Abroad (Decree 2080 of 2000), a portion of which was modified by National Decree 1844 of 2003.

Colombian legislation on foreign investment is based on four principles.

- **Equal Treatment:** Foreign investments are subject to the same treatment as investments by Colombian nationals. There is no discriminatory treatment based on origin of the investment.
- **Universality:** Foreign investment is permitted in every sector of the economy, with the following exceptions: activities involving national defence or security and the processing, dumping and disposal of toxic, hazardous and radioactive waste not produced in Colombia.
- **Automatic Authorization:** Foreign investment is allowed in every sector of the economy, without prior approval or authorization. However, the National Economic and Social Policy Council (CONPES) is authorized to identify sectors of the economy where the government is at liberty to decide whether to allow investment of this type.
- **Stability:** The conditions for repayment of the investment and remittance of profits that are effective when the investment is registered may not be changed in a way that is unfavourable for the investor, unless if international reserves fall below a level equivalent to three months of merchandise imports.

### **PROMOTION OF INVESTMENT**

#### **Types of Foreign Investment**

- **Direct Foreign Investment** Investments of this type include the purchase of company stock or shares, convertible bonds or any other investment in company capital. The acquisition of interest in independent assets constituted through a commercial trust agreement and investments in real estate or real estate securitization bonds also is considered a direct foreign investment. The same is true of contracts for technology transfer, collaboration, concessions, management and licensing services, as well as investments in branches established in Colombia by a foreign entity.
- **Portfolio Investment** Investments of this type are made through foreign capital investment funds and include stock, convertible bonds and other securities that are negotiable on the stock exchange and managed locally (by trust companies or stockbrokers).

## **Modes of Foreign Investment**

Foreign investment in Colombia may be made in cash, through the import of foreign exchange converted into domestic currency, or kind, which may include tangibles and intangibles. In the case of the latter, company capital may consist of contributions in the form of technology, brands and patents, among others.

Foreign investment in Colombia also may include capitalization of resources in domestic currency entitled to remittance abroad as foreign credit, reimbursable imports, profits entitled to remittance, royalties on licensing agreements for brands and patents, and, in general, contracts for technology transfer.

## **Registration**

Registration is done in accordance with the procedure established by the Central Bank (Banco de la República). However, the terms and conditions for direct investments are different from those for portfolio investments. As a general rule, a foreign investment is registered automatically when the international investor files the exchange declaration with an exchange market intermediary or the respective foreign exchange declaration is presented. In other cases, registration requires a request to this effect submitted to the Central Bank (Banco de la República), with the supporting documents, or the presentation of a registration request and proof that the requirements for the investment have been met.

## **Foreign Exchange Entitlements and Other Guarantees**

Foreign capital investments are entitled to:

- Reinvestment of profits or retention as surplus undistributed profits, with remittance rights.
- Capitalization of amounts entitled to remittance and originating with obligations derived from the investment.
- Foreign remittance, in freely convertible currency, of proven net profits generated regularly by the investment, pursuant to the financial statements presented at the end of each accounting period, or on the basis of these and the record or contract governing the investment, in the case of resources invested directly, or the manager's closing accounts, in the case of portfolio investments.
- Foreign remittance, in freely convertible currency, of sums received from sale of the investment within the country, or from liquidation of the company or the portfolio, or from a reduction in its capital.
- With respect to refund or repayment of the investment and remittance of profits, the conditions in force when the foreign investment is registered may not be altered in a way that is unfavourable to the investor, unless international reserves fall below a level equivalent three (3) months of imports.

## **Special Arrangements for Investment**

Foreign capital investments in the financial and insurance sectors, hydrocarbons, mining and television are subject to special rules. For more information, contact the Ministry of Commerce, Industry and Tourism at [www.mincit.gov.co](http://www.mincit.gov.co).

## **Information for Investors**

Procolombia promotes and facilitates foreign investment in the country by providing current and potential investors with general and up-to-date information on the economy, legal matters and business opportunities.

## **ENTRY CONDITIONS, WORK PERMITS, RESIDENCE PERMITS, LABOUR LAW**

To enter the country, tourist or business travelers need a valid passport and a return travel ticket. Type, necessary documents, and cost for a visa depend on the purposes and duration of the journey. Colombia offers many different categories of visas, which enable you to stay in the country for a year or more. In addition, Colombia changed its visa rules in late 2017. The new visa rules went into effect on December 15, 2017. So, it's important to understand the new visa rules before applying for a Colombian visa.

Citizens of several countries including Switzerland do not need a visa to enter Colombia as a tourist for up to 90 days. A Colombian "tourist" visa isn't a formal visa. It's just a stamp in your passport. Furthermore, a "tourist" visa can be extended by 90 days at any Migración Colombia office in the country.

According to Resolución 6045 (Resolution 6045) of 2017, released by the Minister of Exterior Relations on August 2, 2017, Colombia changed its visa rules in 2017. Starting in December 2017, Colombia changed its visa classifications and now has three types of visas:

Visitor (V)  
Migrant (M)  
Resident (R)

The new Colombian visa scheme adds over 30 categories of visas.

### **The New Migrant (M) Colombian Visa**

According to Article 17 of Resolution 6045 there are 11 different conditions (categories) of the new M visas:

1. Be a permanent Colombian national's spouse or partner.
2. Be a Colombian national's father or son by adoption.
3. Be a national of one of the States party to the "Agreement on Residence for nationals of Mercosur, Bolivia and Chile".
4. Be recognized as a refugee in Colombia according to the current regulations.
5. Have permanent employment in Colombia or long-term, by virtue of a labor relationship or contracting of services rendered with natural or legal person domiciled in Colombia.
6. Have constituted or acquired participation in the capital stock in a commercial company valued at least 100 times the minimum monthly wage in Colombia.
7. Have qualification or expertise to practice a profession independently.
8. Come to Colombia as religious, missionary or religious in formation of a church or religious denomination, duly recognized by the Colombian State.
9. Be admitted or enrolled in primary, secondary or a higher education program at an undergraduate educational institution in Colombia.
10. Have registered foreign direct investment in Colombia for real estate valued at least 350 times the minimum monthly wage in Colombia.
11. Receive a pension for retirement or receive periodic income from a creditable legal source. A pension must be at least three times the minimum monthly wage in Colombia or income must be 10 times the minimum monthly wage for a rentier visa.

#### *More Details about M Visas*

The biggest change for M visas is that many of the new M visas will be valid for three years. The only duration exceptions for the new M visas are for work visas (category 5) and student visas (category 9). These may be valid for a shorter duration than three years based on the length of employment contracts or length of studies.

M visas of categories 1 to 4 above will have an open work permit, which allows visa holders to carry out any lawful work activity in Colombia. So, if you have a marriage visa you can work in Colombia.

Also, the M work visa (category 5) or practicing professional (category 7) can work only for the position, entity or profession with which the visa was granted. And the M business investor visa (category 6) can only work for the company in which the visa holder is a partner or shareholder. Especially relevant, if you have a M visa in categories 8 to 11 above, you are not permitted to work in Colombia.

### **The New Resident (R) Colombian Visa**

There are five categories of R visas:

1. Returning Colombian – In some cases, Colombians living in other countries were required to renounce their Colombian citizenship when becoming citizens of their adopted countries.
2. Is the father or mother of a Colombian national by birth.
3. Has held a M visa category 1 to 3 above continuously and uninterrupted for two years.
4. Has continuously and uninterrupted held for five years a M visa category 4 to 11 above.
5. Investment of at least 650 times the minimum monthly wage in Colombia.

The current RE visa rules require TP-10 visa holders to hold the visa three years before becoming eligible for a RE visa. According to Resolution 6045, this will drop to two years for a M category 1 visa (marriage visa) before becoming eligible for a R visa.

In addition, similar to the existing RE visa, if you leave Colombia for more than two years with an R visa, the visa expires and is no longer valid.

### **The New Visitor (V) Colombian Visa**

The new Colombian V visa can be granted for 16 different activities as follows:

1. Carry out direct transit in one of the airports of Colombia and destined to a third country.
2. Visit Colombia for leisure, tourism or cultural interest purposes.
3. Conduct business negotiations, market studies, plans or procedures of direct investment and constitution of commercial society, negotiation, conclusion of contracts or commercial representation.
4. Participate in an academic exchange program, advance training in art or trade, or undertake different studies to primary, secondary or undergraduate higher education program.
5. Attend medical consultation, intervention or treatment or accompany the person who attends consultation, intervention or medical treatment.
6. To carry out administrative and/or judicial proceedings before entities or authorities in Colombia.
7. Enter and work in Colombian jurisdictional waters as a boat crew member or offshore platform.
8. Participate in an event as a lecturer, exhibitor, artist, athlete, jury, contestant or logistical staff.
9. Perform an internship.
10. Volunteer in development cooperation projects or in the promotion and protection of human rights.
11. Perform audiovisual production or digital content.
12. Perform journalistic coverage or stay temporarily as a foreign media correspondent.
13. Provide temporary services to a natural or legal person in Colombia.
14. Hold a position in a Colombian branch of a company with presence abroad, by virtue of intercorporate transfer of personnel.
15. Coming as a foreign government official or foreign government trade representative, on a mission that does not imply accreditation to the Colombian government.
16. Visit Colombia under holiday-work programs agreed by Colombia with other States through treaties in force.

In addition, there are seven additional categories of courtesy visas where a V visa may be issued. For example, one category of courtesy visa is for artistic, technical and foreign production personnel who enter Colombia for projects of production and filming of foreign cinematographic works.

A V visa may be valid for up to two years, taking into account the activity proposed by the foreigner. In addition, the time permitted in Colombia with a V visa is limited to a maximum of 180 continuous (or discontinuous days) per year that cannot be extended for every 365 days.

### **PROCEDURES FOR COLLECTING PAYMENT**

Payments of the goods being imported can be made in any one of the following:

- Direct Payment: payment in advance of the 100%
- Letter of Credit: an exchange declaration is required. Deposit and registration of the transaction with the Central Bank (Banco de la República) are required if financing exceeds six months. [www.banrep.gov.co](http://www.banrep.gov.co).

### **SOURCES OF INFORMATION AND LINKS**

Banco de La República  
Cra. 7 No. 14-78 / Cra. 6 No. 14-85. Bogota  
Phone: ++ 57 1 343 01 90  
E-mail: [webmaster@banrep.gov.co](mailto:webmaster@banrep.gov.co)  
[www.banrep.gov.co](http://www.banrep.gov.co)

Banco de Comercio Exterior de Colombia (Bancoldex).  
Calle 28 No 13 A 15 Pisos 38 Al 42. Bogota  
Phone: ++ 57 1 341 06 77  
[www.bancoldex.com](http://www.bancoldex.com)

Cámara de Comercio de Bogotá  
Av. El Dorado No. 68D-35  
Phone: ++ 57 1 383 03 00  
[www.ccb.org.co](http://www.ccb.org.co)

Departamento Administrativo de Aeronáutica Civil (Daac)  
Aeropuerto Internacional El Dorado. Bogota  
Phone: ++ 57 1 425 10 00  
[www.aerocivil.gov.co](http://www.aerocivil.gov.co)

Departamento Nacional de Planeación  
Calle 26 No. 13 -19 Pisos 1 Al 17. Bogota  
Phone: ++ 57 1 596 03 00 / 566 36 66  
[www.dnp.gov.co](http://www.dnp.gov.co)

Dirección de Impuestos y Aduanas Nacionales (Dian)  
Cra. 7 No. 6 - 64 / Cra. 7 No. 34-65. Bogota  
Phone: ++ 57 1 297 12 20 / 333 81 54  
[www.dian.gov.co](http://www.dian.gov.co)

Instituto Colombiano Agropecuario (Ica)  
Calle 37 No. 8-43 Pisos 4 y 5. Bogota  
Phone: ++ 57 1 332 37 00 / 29  
E-Mail: [lcapres@impsat.net.co](mailto:lcapres@impsat.net.co)

Instituto Colombiano de Normas Técnicas (Icontec)  
Cra. 37 No 52 – 95. Bogota  
Phone: ++ 57 1 315 03 77  
[www.icontec.org.co](http://www.icontec.org.co)

Instituto Colombiano de Desarrollo Rural (Incoder)  
Av. El Dorado CAN, Calle 43 No. 57-41. Bogota  
Phone: ++ 57 1 383 04 44 Ext. 1124  
[www.incoder.gov.co](http://www.incoder.gov.co)

Invima  
Cra. 15 No. 58A-59. Bogota  
Phone: ++ 57 1 222 05 77/ 211 59 51/ 348 30 20/ 347 42 89  
[www.invima.gov.co](http://www.invima.gov.co)

Ministerio de Agricultura y Desarrollo Rural  
Avenida Jiménez No. 7- 65. Bogota  
Phone: ++57 1 334 11 99  
[www.minagricultura.gov.co](http://www.minagricultura.gov.co)

Ministerio de Ambiente y Desarrollo Sostenible  
Calle 37 No. 8-40. Bogota  
Phone: ++57 1 332 34 00  
[www.minambiente.gov.co](http://www.minambiente.gov.co)

Ministerio de Vivienda, Ciudad y Territorio  
Calle 18 No. 7-59. Bogota  
Phone: ++57 1 332 34 34  
[www.minvivienda.gov.co](http://www.minvivienda.gov.co)

Ministerio de Comercio, Industria y Turismo  
(Foreign Trade, Industry and Tourism Ministry)  
Calle 28 No. 13A-15. Bogota  
Phone: ++ 57 1 606 76 76  
Fax: ++57 1 696 75 21  
e-mail: [webmaster@mincit.gov.co](mailto:webmaster@mincit.gov.co)  
[www.mincit.gov.co](http://www.mincit.gov.co)

Ministerio de Tecnologías de la Información y las Comunicaciones  
Edificio Murillo Toro Cra. 8a entre calles 12 y 13. Bogota  
Phone: ++57 1 344 34 60  
[www.mintic.gov.co](http://www.mintic.gov.co)

Ministerio de Cultura  
Cra. 8 No. 8-09. Bogota  
Phone: ++57 1 342 41 00  
[www.mincultura.gov.co](http://www.mincultura.gov.co)

Ministerio de Defensa Nacional  
Avenida El Dorado Carrera 52 CAN. Bogota  
Phone: ++57 1 315 01 11  
[www.mindefensa.gov.co](http://www.mindefensa.gov.co)

Ministerio de Educación Nacional  
Diagonal 38 Bis No. 39-14 CAN. Bogota  
Phone: ++57 1 222 02 06  
[www.mineduacion.gov.co](http://www.mineduacion.gov.co)

Ministerio de Hacienda y Crédito Público  
Carrera 8 No. 6-64. Bogota  
Phone: ++57 1 282 19 00  
[www.minhacienda.gov.co](http://www.minhacienda.gov.co)

Ministerio del Interior y Justicia  
Cra 9a. No. 14-10. Bogota  
Phone: ++57 1 444 31 00  
[www.mininterior.gov.co](http://www.mininterior.gov.co)

Ministerio de Minas y Energía  
Can Avenida El Dorado. Bogota  
Phone: ++57 1 222 45 55 / 222 20 01  
[www.minminas.gov.co](http://www.minminas.gov.co)

Ministerio de Trabajo  
Cra 14 No. 99-33 pisos 6, 7, 10, 11, 12 y 13. Bogota  
Phone: ++57 1 489 39 00  
[www.mintrabajo.gov.co](http://www.mintrabajo.gov.co)

Ministerio de Salud y Protección Social  
Cra. 13 No. 32-76. Bogota  
Phone: ++57 1 324 08 00  
[www.minsalud.gov.co](http://www.minsalud.gov.co)

Ministerio de Relaciones Exteriores  
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