



Bogotá's Legal Guide to Foreign Direct Investment

2026

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BUSINESS CREATION

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What should I know about incorporating a company in Colombia?

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

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What types of legal entities exist?

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

Which legal entities are most commonly used by investors?

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

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

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

Atento - Av. El Dorado

What are the steps to incorporate a company¹?

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



What are branches of foreign companies?

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

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

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

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

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

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



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



● Control Situation:

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



● Corporate Group (Grupo Empresarial):

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



● Registration Obligation:

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

● Complejo Empresarial Calle 116

Additional Obligations Arising from Control Situation:

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



Subsidiary Liability of the Controlling Company:

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



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



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



Tax Implications

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

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



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