



Bogotá's Legal Guide to Foreign Direct Investment

2026



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Centro Internacional

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

Employment contract

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

Employment agreements may be executed under the following duration modalities:

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

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

Employment Costs

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

Remuneration

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

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



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Statutory Benefits

Employees are entitled to the following statutory benefits:



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



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



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



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



Complejo Empresarial 116

Social Security and Parafiscal Contributions

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

Employer and employee contributions are generally as follows:

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

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

2026 Labor Cost Overview

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

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

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

Termination of Employment

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

Salary Level

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

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

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

Additional termination mechanisms include:

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

Working Time

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

Overtime is limited to:

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

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

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

 Statutory surcharges:

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

Outsourcing and Labor Intermediation

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

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



Weekly Rest

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

Leave Entitlements and Permits

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

- a. Leave to exercise the right to vote

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

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

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

Remote Work Arrangements

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

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

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



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

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



Institutional Framework, Inclusion, and Workplace Protection

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Internal Work Regulations (Reglamento Interno de Trabajo – RIT)

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

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

Sexual Harassment

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

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

Workplace Harassment

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

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



Right to Disconnect

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

Inclusion of Persons with Disabilities

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

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

These requirements will become enforceable as of June 2026.

Occupational Health and Safety (SG-SST)

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

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

Collective Labor Law

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

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

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

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



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