



Bogotá's Legal Guide to Foreign Direct Investment

2026

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FDI INCENTIVES

 Esguerra JHR ANDERSEN.

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

☎ Phone: +57 (601) 432 2099

✉ Email: info@esguerrajhr.com

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

Centro Internacional

1. General background

1.1 Why are tax incentives key to attracting foreign investment?

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

1.2 Bogotá as Colombia's economic and logistic center

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

2. Tax incentives in Bogotá D.C.

2.1 Exclusions from the Industry and Commerce Tax (ICA)

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

¹ Bogotá Decree 352 of 2002, Section 43.



2.2 Exports excluded from ICA

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

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

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

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

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

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

3. National level investment incentives in Colombia

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

3.1 Free Trade Zone Regime

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

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

⁴ Law 1004 of 2005; Decree 2147 of 2016.

⁵ Law 1715 of 2014, Section 11.

⁶ Law 1715 of 2014, Section 12.



3.2 Incentives for non-conventional energy source projects

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

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

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

⁸ Law 1715 of 2014, Section 14.

3.3 Incentives associated with environmental projects:

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

3.4 Capital market incentives

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

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

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

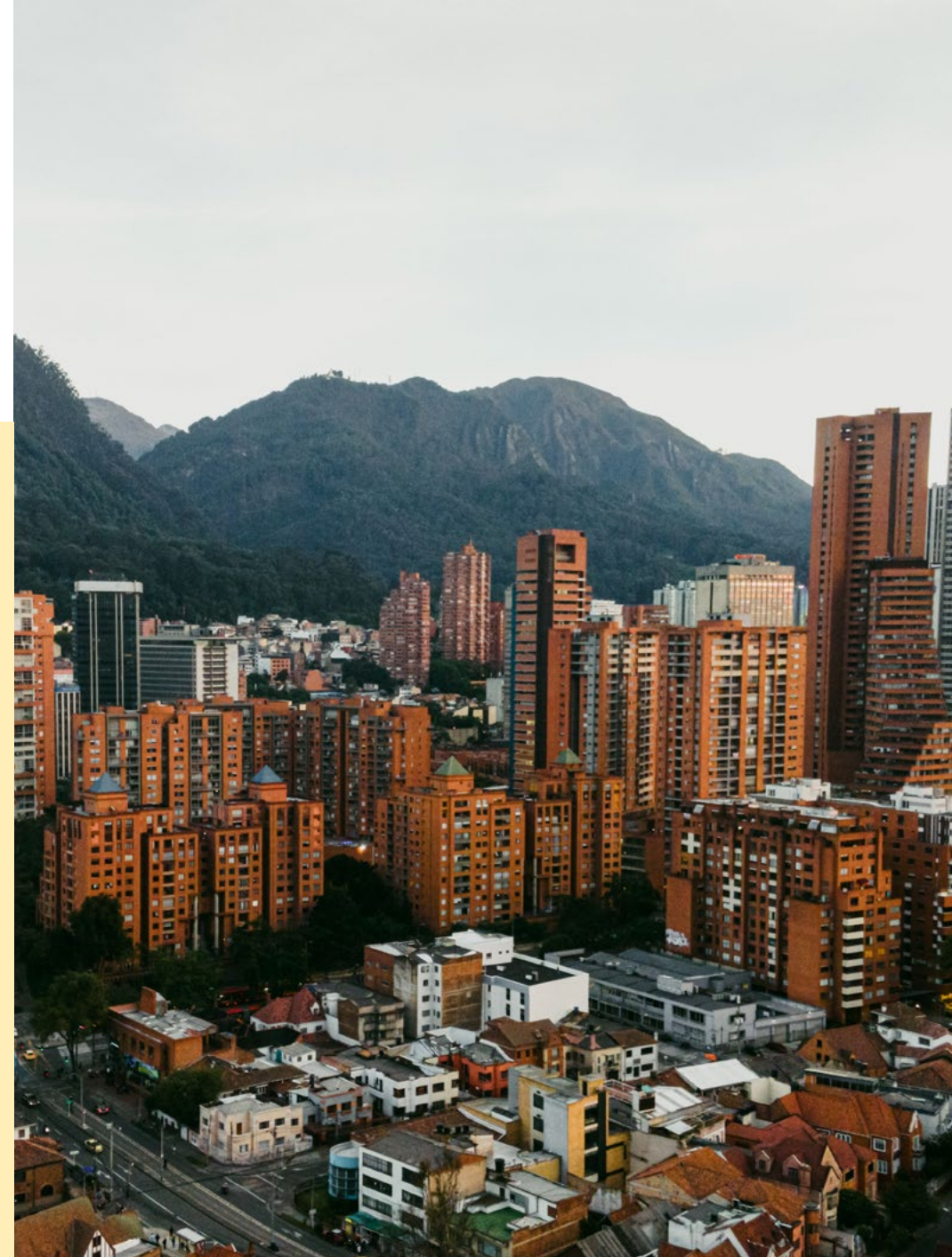
⁹ Colombian Tax Code, Section 255.

¹⁰ Colombia Tax Code, Section 235-2.

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

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

¹³ Colombia Tax Code, Section 36-1.



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



• Avenida Circunvalar · Cerros Orientales

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

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

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

¹⁵ Decree 1080 of 2015, Section 2.10.2.6.5.



• Centro Empresarial Santa Bárbara

3.6 Incentives related to the employment of specific populations

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

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

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

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



• Movistar Arena

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

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

Impact of incentives on economic competitiveness

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

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



• Centro de convenciones Ágora Bogotá - Ricardo Báez



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