



**INVESTMENT
GUIDE**
2024-2025

**BARRANQUILLA AND
THE STATE OF ATLÁNTICO**



INVESTMENT
GUIDE
2024-2025



EDITORIAL

BARRANQUILLA AND THE STATE OF ATLÁNTICO: LOGISTICS AND EXPORT PLATFORM

Barranquilla and the state of Atlántico have historically been gateways for major advancements in Colombia's international trade, such as river navigation, aviation, and the country's first free trade zone. These milestones have defined the region's business and port vocation.

The state's strategic location has allowed for the development of competitive port and logistics infrastructure, including 8 public service port terminals, 4 permanent free trade zones, 28 industrial parks, and 20 business centers.

Atlántico has experienced significant growth in non-mining and non-energy exports, increasing from 560 million USD in 2004 to 2.19 billion USD in 2023, an

increase of almost four times. Additionally, it is the state with the largest share of GDP in the Colombian Caribbean region, accounting for 29% of the total production. Its economy is one of the most diversified in Colombia, and it is supported by a local high-potential workforce: over the past 10 years, Atlántico has registered 240,000 graduates from higher education programs, 38% of the region's graduates (Rank 1) and 4% of the national total (Rank 5).

These advantages, among many others, are the pillars that ProBarranquilla, as an Investment Promotion Agency, highlights in its efforts to attract and retain direct investment in the state.



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The state's strategic location has allowed for the development of competitive port and logistics infrastructure

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EDITORIAL

In the last decade, ProBarranquilla has supported the establishment and expansion of 456 investment projects, representing over 4.109 billion USD and the creation of more than 30,000 formal jobs.

Recently, the outlook for direct investment, both national and foreign, has been very positive. In 2023, investments reached 602 million dollars, a historic amount that exceeded 2022 results by 130%. Industrial projects, which accounted for 54% of this investment, stood out on the global stage, allowing Barranquilla to be recognized by the international magazine FDI Intelligence,

affiliated with the Financial Times, as one of the 100 cities with the highest growth in attracting foreign direct investment (FDI), ranking 27th worldwide and 3rd in Latin America and the Caribbean.

At ProBarranquilla, we understand the importance of closely supporting investors, from the exploration stage of the territory as a potential destination for

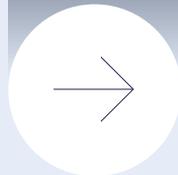
their project to aftercare or post-investment once they are operating in the state. Our mission is to facilitate all the powerful connections needed to successfully establish your investment in Barranquilla and the state of Atlántico. This investor guide is an essential tool for understanding all the competitive advantages of the territory. We invite you to read it!

ABOUT PROBARRANQUILLA

ProBarranquilla is a non-profit organization that has been working for 35 years to foster prosperity and sustainable development in Barranquilla, Atlántico, and its economic influence area.



ProBarranquilla offers free and confidential services to national and international companies during their investment decision-making processes in the state of Atlántico.



It works towards building a competitive territory with economic development and quality of life by attracting and retaining investments, marketing the region, attracting business events, and engaging with business and institutional stakeholders.

It is supported by

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ABOUT PROBARRANQUILLA

SERVICES TO INVESTORS

DESTINATION EXPLORATION

- Introduction to Barranquilla and the state of Atlántico.
- Tailored sector-specific information.
- Overview of tax incentives and free trade zone regime.
- Understanding of real estate and logistics corridors.
- Networking with local actors.

DECISION-MAKING

- Customized visit agendas and logistical support.
- Search for land or warehouse for the project.
- Validation of public services connectivity.
- Provision of comparative information with other destinations.
- Interaction with public and private sectors.
- Validation of available human resources and salary ranges.

INSTALLATION

- Search and connection with local suppliers.
- Engagement with legal advisory firms for company formation.
- Facilitation of procedures for certificates and permits.
- Interaction with human resource firms.

AFTERCARE

- Support for reinvestment projects in the territory.
- Monitoring business climate initiatives.
- Public-private relationship management.
- Identification of partnership opportunities.





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**Barranquilla
and the state
of Atlántico:
A destination
for investments**



BARRANQUILLA AND THE STATE OF ATLÁNTICO

To the north of Colombia in the Caribbean region and along the banks of the Magdalena River lies Barranquilla, the capital of the state of Atlántico. Barranquilla positions itself as one of the most important cities in the country due to its economic, cultural, and social relevance.



TERRITORY CHARACTERIZATION

The state of Atlántico has a territorial extension of 3,386 km², 23 municipalities, and a population of 2,827,124 inhabitants, accounting for 23% of the population of the Colombian Caribbean region. Barranquilla itself covers 154 km², representing 4.5% of the territory of the state of Atlántico, and is administratively organized into 5 districts and 187 neighborhoods. With 1,334,509 inhabitants, it is the fourth most populated city in Colombia.

Politically, the state is bordered to the north by the Caribbean Sea, to the east by the Magdalena River, for a length of 105 km, and to the south, southwest and west by the state of Bolívar. This location provides the state with a robust logistical, productive, and tourism offer, both

independently and through its proximity to the states of Magdalena and Bolívar.

The city's territorial development is closely connected to the rest of the Atlántico. This allows for the existence of conurbations such as the Barranquilla Metropolitan Area, which includes, in addition to the capital, the municipalities of Soledad, Puerto Colombia, Galapa, and Malambo.

It is the first conurbation in the Colombian Caribbean region, the most densely populated, and the fourth largest in the country. The population of the Barranquilla Metropolitan Area is estimated at 2,284,351, equivalent to 81% of Atlántico's population.



Area
3.386 km²

23%
of the population
of the Colombian
Caribbean region

4.5%
of the territory of
the state of
Atlántico

Area
154 km²

→ **1.334.509 inhabitants**

Fourth most populated city in Colombia

5 districts

187 neighborhoods



Barranquilla

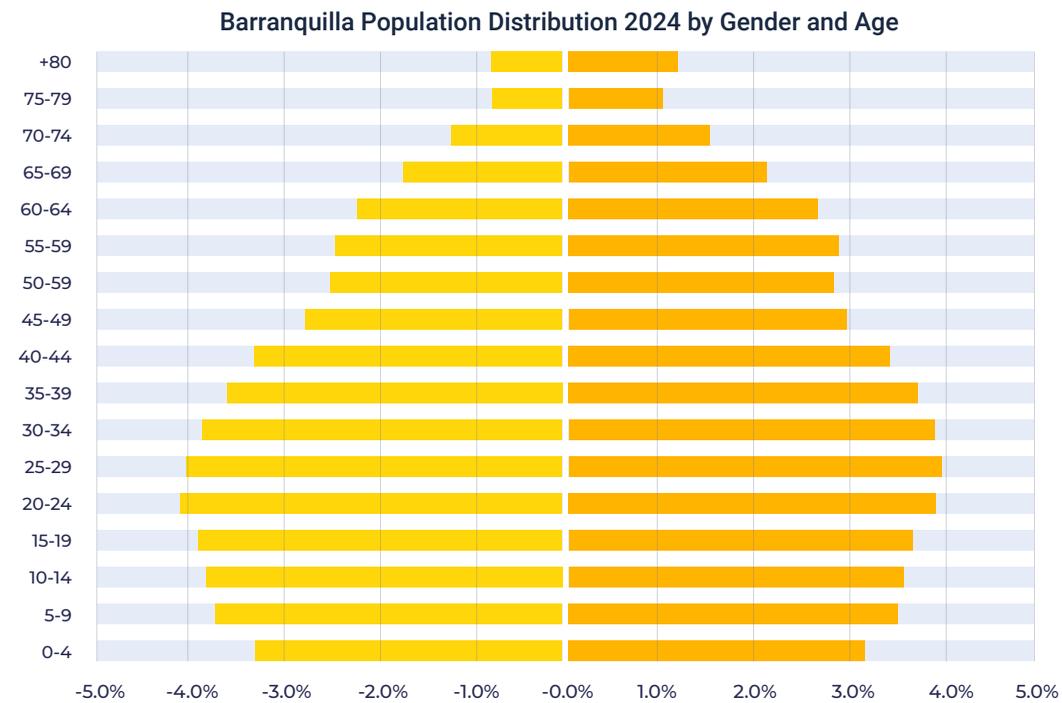
POPULATION

In terms of population, Barranquilla is the fourth most populated city in the country, with over 1.3 million inhabitants, equivalent to 47% of the department's total population and 3% nationwide. Its population consists of 52% women and 48% men.

The young population (0 to 28 years) of the state of Atlántico is 1.3 million people, 46% of the total population.



	Population 2024	Share in Colombian Caribbean Region	National share
Barranquilla	1.334.509	11%	3%
Barranquilla Metropolitan Area	2.284.351	19%	4%
State of Atlántico	2.827.124	23%	5%



52%
Women

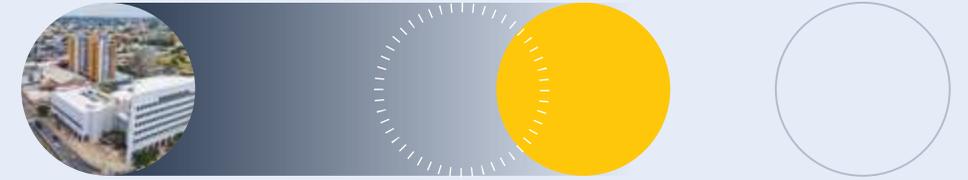
48%
Men

Source: Population Projection, DANE

ECONOMIC STRUCTURE

Atlántico plays a crucial role in the economic structure of the region and the country. In 2023, the state's GDP at current prices reached USD 17.346 billion. In real terms, the GDP grew by 0.7%, and over the last 10 years, it has recorded an average growth of 3.6%, above the national average, positioning itself as the

top economy in the Colombian Caribbean region. The state of Atlántico accounts for 29% of the region's GDP and 45% of the national GDP. Barranquilla and its metropolitan area play a significant role in this economic dynamic, contributing 89% of the total added value.



The economy of Atlántico is distinguished by its strategic sectors that outline the region's productive capacity. The state showcases a notable sectoral composition, led by Trade and vehicle repair (24%), followed by Public administration and defense (17%) and Manufacturing industries (17%). The manufacturing sector has experienced a significant rise in national relevance. In 2013, this sector

represented 5.72% of the total manufacturing output, increasing its share to 6.29% in 2023, showing a growth of 0.57 percentage points. On the other hand, the segment with the highest national share in this territory is Electricity, gas, and water, accounting for around 9.51% of the total produced in this economic sector nationwide.

Distribution of Atlántico's GDP by economic activities



FOREIGN TRADE

The state of Atlántico has increased its exports by 61% over the last five years (2019-2023), which reflects its export vocation.

In 2023, its exports reached USD 2.482 billion, with the largest share concentrated in basic industry products (64.2%). Imports during the same year amounted to USD 2.876 billion, with 44% of imports concentrated in basic industry products.

The region's exports and imports are 98.9% and 97.1% non-mining energy, respectively.

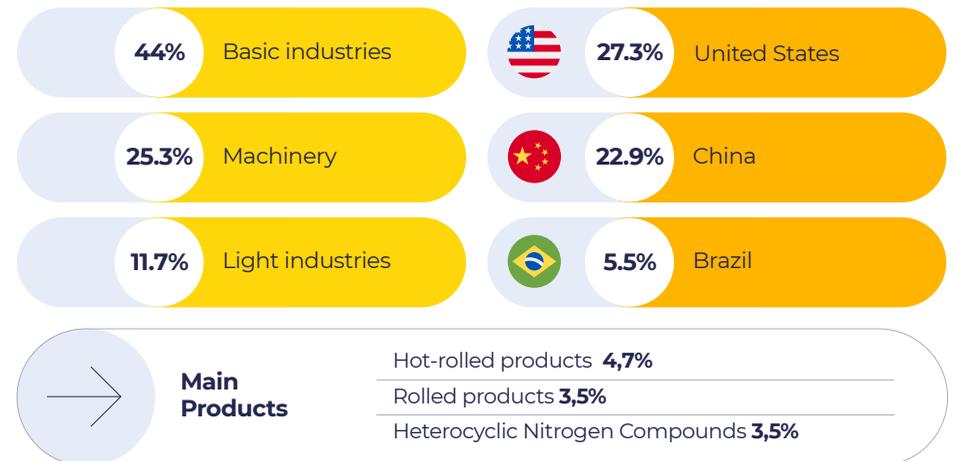


For 2023, the state represents 16% of the exports from the Colombian Caribbean Region, moving over 1,500 products from 37 sectors to more than 120 countries.

EXPORTS



IMPORTS



CONNECTIVITY AND INFRASTRUCTURE



The city and state boast strong logistical capabilities, supported by a port zone with 8 public terminals in operation.

It is also strategically located in the center of the Colombian Caribbean port region, less than 100 kilometers from the ports of the cities of Cartagena and Santa Marta, two of the country's main ports, complementing Barranquilla's offering and facilitating cargo movement to over 120 countries worldwide.

The Ernesto Cortissoz International Airport is located just 1 hour from the hub of the Americas in Panama and 3 hours from Miami. Locally, it offers direct flights to the main cities of the country with around 189 weekly frequencies, as well as 31 frequencies to four international destinations (Miami, Panamá, Fort Lauderdale, Curacao).

In terms of telecommunications, Atlántico is the entry point for three of the 10 submarine cables that connect Colombia to the world, providing the department with high redundancy and outstanding internet connectivity. It is also home to four of the world's major telecommunications infrastructure operators (iFX, Globenet, Cable & Wireless, Ufinet).

The area is not particularly prone to hurricanes, which results in a low risk of interruptions in telecommunications and internet connectivity. Additionally, the department has a direct connection to the NAP (Network Access Point) of the Americas, improving data security, enabling fast information transfers, and helping to enhance service quality and customer satisfaction.



→ **Free Trade Zones and Industrial Parks**

Offer of 4 permanent free zones that host more than 180 companies to date. The free trade zone regime serves as a framework that promotes investment attraction due to the tax, customs, and operational benefits it offers.

These are complemented by the availability of around 28 industrial parks, including PIMSA Malambo, which is in the process of becoming a certified Eco-Industrial Park supported by the United Nations Industrial Development Organization (UNIDO). It is one of 3 such projects in the country and the only one in the Colombian Caribbean region, and it will be implemented in the medium term, including sustainable development actions focused on combating climate change and strengthening institutional capacities.



→ **Business Centers and Co-Working Spaces**

In terms of road infrastructure, the state has a last generation highway, which aims to enhance traffic flow along the corridor between the cities of Cartagena and Barranquilla. It also includes the Circunvalar de la Prosperidad highway, designed to strengthen connectivity between the Barranquilla Metropolitan Area and the southern municipalities of the state of Atlántico, passing through key locations such as PIMSA in Malambo (the largest industrial park in the state), Zofia Free Trade Zone in Galapa, La Cayena Free Trade Zone in Juan Mina, and Vía 40 corridor, among others.

→ **Road Infrastructure**

Availability of more than 20 Business Centers, which consist of Class A+ buildings, less than 10 years old, with superior design features and located in strategic areas.

Additionally, there is a supply of more than a dozen co-working spaces in response to the growing local entrepreneurial community and to accommodate companies seeking flexibility in their initial operational costs.

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Company creation and corporate affairs



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MOST COMMON TYPES OF COMPANIES AND INVESTMENT VEHICLES

To establish a business in Colombia, regulations establish the possibility of doing so through two entities: commercial companies or branches of foreign companies.

The most commonly used commercial companies are the Simplified Stock Company (SAS), the Corporation (SA), and the Limited Liability Company (LTDA).



MAIN CHARACTERISTICS OF INVESTMENT VEHICLES

	Simplified Stock Company (SAS)	Corporation (SA)	Limited Liability Company (LTDA)	Branch of a Foreign Company
Legal Name	Denomination of the company followed by the acronym S.A.S.	Denomination of the company followed by the acronym S.A.	Denomination of the company followed by the acronym Ltda.	The same name as the parent company, adding "Sucursal Colombia".
Shareholders / Partners	Minimum of one (1) shareholder, natural or legal person, national or foreign.	Minimum of five (5) shareholders, natural or legal person, national or foreign.	Minimum of two (2), and a maximum of twenty-five (25) partners, natural or legal person, national or foreign.	The foreign company is the sole owner. The branch of the foreign company is considered a commercial establishment.
Constitution	Established by contract or unilateral act in a private document, with personal recognition, registered in the commercial registry of the local Chamber of Commerce where the company establishes its main office.	Established by public deed, registered in the commercial registry of the local Chamber of Commerce where the company establishes its main office.	Established by public deed, registered in the commercial registry of the local Chamber of Commerce where the company establishes its main office.	The resolution to open the branch must be elevated to a public deed and registered in the commercial registry of the Chamber of Commerce where the company establishes its main office.
Business Purpose	The business purpose can be undefined allowing any lawful commercial activity.	The business purpose must be specific, with a description of the activities the company will develop.	The business purpose must be specific, with a description of the activities the company will develop.	The business purpose must be specific, with a description of the activities the branch will develop, which will depend on those established by the parent company.
Capital	Subscription and payment of capital are established by the shareholders in the bylaws. In any case, the term for payment of shares cannot exceed two years.	At the time of constitution, shareholders must subscribe at least 50% of the authorized capital, and pay at least 1/3 of the value of each share. The remaining 2/3 must be paid within a maximum term of one year.	The share capital must be fully paid at the time of company incorporation, as well as when formalizing any increase.	Consists of assigned capital and supplemental investment capital. The assigned capital must be fully paid, and its increase requires authorization from the respective body in the parent company and amendment of bylaws. The increase of supplementary investment does not require such amendment and can be made in cash from abroad.
Duration	The term of duration can be indefinite.	The term of duration must be defined and can be extended by the shareholders.	The term of duration must be defined and can be extended by the partners.	The term of duration must be defined and can be extended by decision of the parent company.
Responsibility of Shareholders / Partners	Shareholders are liable up to the amount of their respective contributions, except in cases of fraud or abuse of the company to the detriment of third parties.	Shareholders are liable up to the amount of their respective contributions.	Partners are liable up to the amount of their contributions, but are jointly and unlimitedly liable for labor, tax, customs and exchange obligations.	The branch is a commercial establishment owned by the parent company, which is responsible for its activities in the country. If the branch's capital is insufficient, the foreign company is jointly liable.

The Simplified Stock Company (SAS) is a corporate type adopted from French law and has existed in Colombia since 2008, following the enactment of Law 1258 of 2008.

Some of the benefits of establishing a SAS are:

- It is formed through a private document with personal acknowledgment, registered in the Chamber of Commerce of the company's domicile.
- It can be established by a single shareholder, whether a natural or legal person.
- Flexible bylaws.
- Indefinite duration.
- Capital payment can be made within a maximum of two years.
- Immediate appointment of a Statutory Auditor is not mandatory.

According to its sponsor, Dr. Francisco Reyes Villamizar, former Superintendent of Companies, 98% of the companies registered in Colombia are SAS.



STEPS AND DOCUMENTS FOR THE REGISTRATION OF INVESTMENT VEHICLES

Below is a list of the steps and documents required for the formation of investment vehicles. It is important to note that this is a general list of what is typically required;

however, it is essential to consider the specific requirements and details of each particular case for the constitution of any of the mentioned investment vehicles.

Simplified Stock Company (SAS)

1. Preparation of the private constitution document along with its bylaws.
2. Registration of the private constitution document with the Chamber of Commerce in the city where the company will have its main office, along with the following documents:
 - Registration forms.
 - If the shareholders are individuals copies of their identification.
 - If the shareholders are legal entities, documents proving their existence and showing the information of their legal representative.
 - Powers of attorney if representation is exercised by a third party.
 - Letters of acceptance for the positions to be appointed.
3. Payment of the corresponding registration fees and taxes.
4. Once the company is registered, a Certificate of Existence and Legal Representation (CERL) can be purchased to verify the corresponding registrations.
5. Request for a Tax Identification Number (RUT) from the DIAN.
6. Registration of corporate books.

Corporation (SA) and Limited Liability Company (LTDA)

1. Preparation of the incorporation document along with its bylaws, and formalization of the document by public deed.
2. Registration of the public deed with the Chamber of Commerce of the company's main office, along with the following documents:
 - Registration forms.
 - If the shareholders/partners are individuals, copies of their identification.
 - If the shareholders/partners are legal entities, documents proving their existence and showing the information of their legal representative.
 - Powers of attorney if representation is exercised by a third party.
 - Letters of acceptance for the positions to be appointed.
3. Payment of the corresponding registration fees and taxes.
4. Once the company is registered, a Certificate of Existence and Legal Representation (CERL) can be purchased to verify the corresponding registrations.
5. Request for a Tax Identification Number (RUT) from the DIAN.
6. Registration of corporate books.

Branch of a Foreign Company

1. Formalization by public deed of the parent company, the opening resolution and other documents indicated by the Commercial Code.
2. Registration of the public deed mentioned above with the Chamber of Commerce.
3. Payment of the corresponding registration fees and taxes.
4. Once the branch is registered, a Certificate of Existence and Legal Representation (CERL) can be purchased to verify the corresponding registrations.
5. Request for a Tax Identification Number (RUT) from the DIAN.
6. Registration of corporate books.



Documents issued in other countries must be apostilled to be valid in Colombia. Additionally, if these are in a language other than Spanish, they must be translated by an official translator authorized in Colombia, who is duly registered on the list of official translators by the Ministry of Foreign Affairs of Colombia.

It is important to highlight the obligation to comply with the Ultimate Beneficiary Registry - RUB, before the DIAN, which must be done within a maximum of two months from the date the company is registered with the Chamber of Commerce of the chosen domicile.

AUTHORITIES IN CHARGE OF REGISTRATIONS

In the process of constitution and registration of investment vehicles in the country, several authorities are

responsible for overseeing compliance with legal and regulatory requirements. The most important ones include:

Chambers of Commerce

According to Confecámaras, "Chambers of Commerce are nonprofit legal entities of a corporate and professional nature, subject to private law in the execution of all their administrative, management, and contracting activities. Their purpose is to defend and stimulate the general interests of the business community in Colombia and to maintain the commercial registries, the registries of nonprofit entities, and the single registry of legally delegated bidders, without being part of the public administration or subject to the legal regime applicable to entities within it." The Chamber of Commerce of Barranquilla performs all functions stipulated in Article 86 of the Colombian Commercial Code.

[→ Click for more information](#)

National Tax and Customs Directorate – DIAN

The Special Administrative Unit of the National Tax and Customs Directorate -DIAN- "aims to help guarantee the fiscal security of the Colombian State and the protection of the national economic public order, through the administration and control of due compliance with tax, customs and exchange obligations, and the facilitation of foreign trade operations in conditions of equity, transparency and legality."

[→ Click for more information](#)

IMPORTANCE OF CORPORATE AFFAIRS MANAGEMENT IN COMPANIES

In Colombia, proper management of corporate affairs is essential to ensure the sustainability and success of any organization. This area is responsible for strategically understanding the environment, evaluating opportunities, mitigating risks, and managing communications.

Corporate affairs management has become a fundamental pillar in aligning initiatives and products with the

company's mission and vision, preventing decisions that may create conflicts and affect the sustainability of the business.

This function goes beyond managing legal procedures; its strategic focus directly contributes to achieving competitive advantages and mitigating risks.

CORPORATE OBLIGATIONS

Compliance with legal obligations imposed on companies in Colombia is crucial to ensure their transparency and proper functioning. This compliance not only prevents legal sanctions but also strengthens the trust of investors, shareholders/partners, and other stakeholders. Below are some of these obligations and their importance:

→ Corporate Books

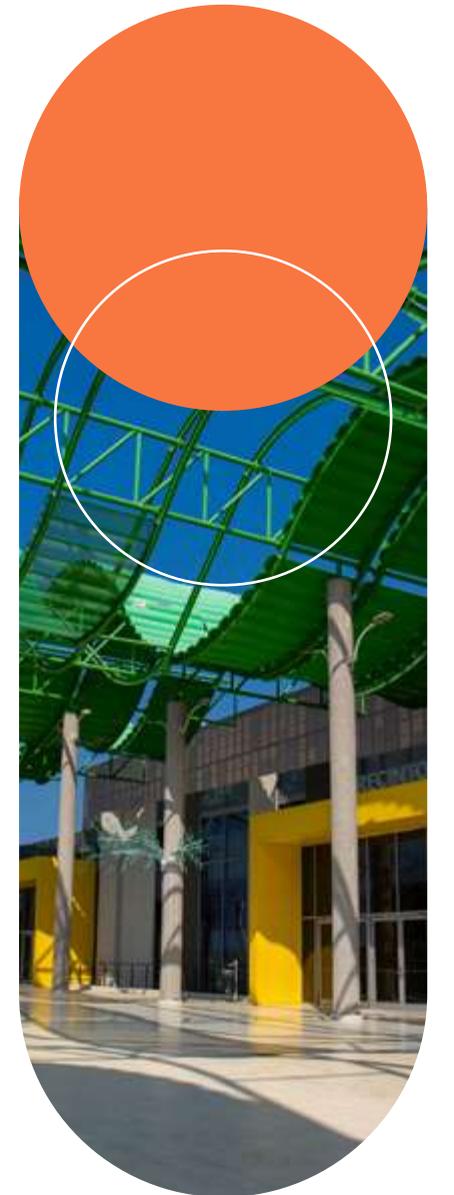
It is vital for companies to maintain an accurate and orderly record of all operations and decisions. Depending on the type of company and its governing bodies, these books may include the Shareholders' General Assembly Minutes Book, Board of Directors Minutes Book, Shareholders Registry Book, among others. Keeping these records updated ensures transparency in management and facilitates decision-making.

→ Holding Ordinary and Extraordinary Meetings

Holding meetings of the company's governing bodies, in compliance with all formal and substantive requirements, is crucial for the legitimacy of business decisions. In particular, the Ordinary Meeting for presenting results of the Shareholders' Assembly or Partners' Board, which must generally be held no later than March 31 each year, where discussions include (i) the management report from the administrators, (ii) the review and approval of Financial Statements, (iii) the Statutory Auditor's report (if applicable), (iv) the distribution of profits, among other important aspects.

→ Registration of Social Capital

Companies must ensure that all transactions related to social capital are duly authorized and registered with the Chamber of Commerce of the company's domicile.



REGISTRATION OF FOREIGN INVESTMENT

In the case of receiving Foreign Direct Investment (FDI), it is important to note that Colombia does not have foreign exchange controls. However, to channel foreign currency, a procedure is established where minimum information about the operation, classified as

mandatorily channeled through a Foreign Exchange Market Intermediary (IMC). This information must be registered with the central bank, Banco de la República. Companies must ensure that all transactions are properly registered with Banco de la República.

This procedure is mandatory, and failure to comply may result in penalties.



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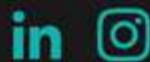


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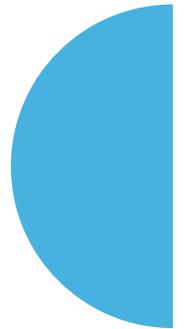
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Foreign investment registration



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FOREIGN INVESTMENT REGISTRATION

WHY IS FOREIGN INVESTMENT REGISTRATION REQUIRED?

Colombia is one of the countries that maintains regulations regarding the foreign exchange market solely for statistical purposes.

Although currency flows freely, there are foreign exchange regulations that require some transactions to be channeled through the foreign exchange market, specifying the procedures and penalties for violations of these regulations.

The foreign exchange regulations are issued by the Congress of the Republic, the National Government, and the Banco de la República. The Banco de la Repúbli-

ca is Colombia's central bank and is the highest authority on credit, monetary, and exchange matters, and thus is responsible for regulating foreign exchange operations.

Foreign investments in Colombia as well as Colombian investments abroad, their reinvestment, and the distribution of corresponding profits are controlled operations. This means they must be conducted through a foreign exchange market intermediary and/or through a compensation account.

WHAT NEEDS TO BE REGISTERED FOR FOREIGN INVESTMENT?

As a controlled operation, it is necessary to report the initial inflow of money into Colombia, any capitalizations, and dividend payments. When the foreign investment is sold, the company has a

period of 6 months to report the cancellation or replacement of the investment through the Foreign Exchange Information System (Sistema de Información Cambiaria).

WHAT REGULATIONS GOVERN FOREIGN INVESTMENT?

Foreign capital investments are allowed in Colombia under Decree No. 1735 of 1993 and Decree No. 1068 of 2015. However, certain specific sectors are prohibited for foreign investments, such as investments in national security and defense activities or in activities related to the processing and disposal of toxic, hazardous, or radioactive waste produced abroad.

The Banco de la República, in its External Resolution No. 1 of 2018, stipulates that foreign exchange intended for capital investments from abroad in Colombia

must be channeled through foreign exchange market intermediaries or compensation accounts and registered with the Banco de la República in accordance with the general regulations issued by this entity. For investments requiring prior authorization or approval, the number, date, and conditions of such authorization or approval must be indicated. Additionally, External Circular DCIP-83 of the Banco de la República refers to the general functioning of foreign exchange market operations.



WHAT PROCEDURE SHOULD BE FOLLOWED FOR FOREIGN INVESTMENT REGISTRATION?

Foreign investment should be reported in the following ways:



When there is an actual transfer of foreign currency through a foreign exchange declaration for international investments (formerly Form No. 4 of the Banco de la República).

This type of registration applies to foreign currency remitted to Colombia for direct and portfolio investments, provided the operation is conducted through the foreign exchange market. This means through a Foreign Exchange Market Intermediary (IMC) or a compensation account.



When there is no actual transfer of foreign currency, it is done through the submission of a Declaration of International Investments Registration (formerly Form No. 11 of the Banco de la República) through the Banco de la República's Foreign Exchange Information System.

This type of registration applies to investments under the modality of sums with the right to transfer, whether direct or portfolio investments. It also applies to investments resulting from participation transfers due to mergers or spin-offs.

WHAT IS A FOREIGN EXCHANGE MARKET INTERMEDIARY (IMC)?

Foreign Exchange Market Intermediaries (IMCs) include commercial banks, mortgage banks, financial companies, commercial financial entities, Banco de

Comercio Exterior de Colombia S.A. (BANCOLDEX), cooperative financial institutions, brokerage firms, and currency exchange agents.

WHAT IS A COMPENSATION ACCOUNT?

Residents in Colombia can hold accounts in currencies other than Colombian pesos at financial institutions abroad. If the account is used for transactions that must be channeled through the foreign

exchange market, it becomes a "compensation account."

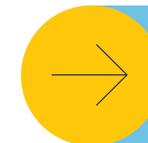
These accounts are subject to the following requirements:

Requirements

Must be registered with the Banco de la República within one month of the first controlled transaction.

Every month, account holders must report the consolidated movement of the operations carried out through the account to the Banco de la República by submitting the Movement Report, which is carried out through the Foreign Exchange Information System.

Additionally, there is a quarterly obligation to report to the DIAN (national tax authority) the transactions carried out through the account and which correspond to those that are the responsibility of this entity. This is known as the exogenous foreign exchange information report.



It is important to note that transactions through compensation accounts are prohibited on behalf of third parties.

WHAT IS THE FOREIGN EXCHANGE INFORMATION SYSTEM?

It is a system managed by the Banco de la República. In this system, individuals

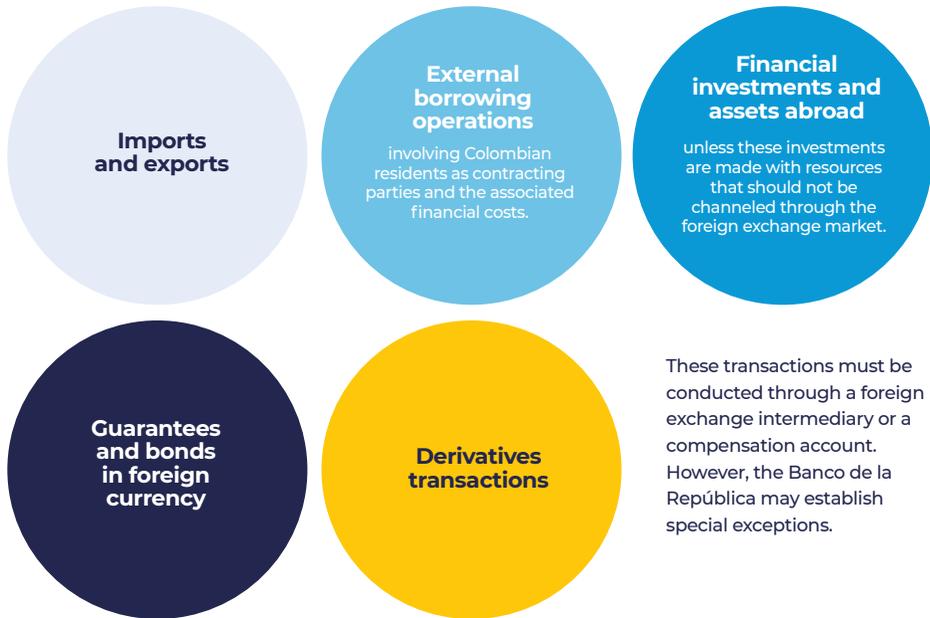
create a profile that will be linked to the company as the legal representative.

[→ Click for access to the system](#)

WHAT OTHER TRANSACTIONS MUST BE REPORTED?

In addition to investment operations, all controlled transactions that require an

actual transfer of foreign currency must be reported, including:



DOES NON-COMPLIANCE WITH THE REGIME GENERATE PENALTIES?

The foreign exchange regime has two main entities that oversee compliance with its obligations:

- Superintendencia de Sociedades investigates and sanctions violations related to international investments and borrowing, as outlined in Decree 1746 of 1991.
- DIAN (national tax authority) investigates and sanctions other operations, such as imports and exports, derivatives, free market transactions, or compensation accounts, according to Decree 2245 of 2011.

[→ Click for more information](#)



4

General guidelines for real estate due diligence

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VALL DE RUTÉN & JUBIZ

GENERAL GUIDELINES FOR REAL ESTATE DUE DILIGENCE

The following are guidelines for proper real estate management in the city of Barranquilla and the state of Atlántico, considering (i) legal matters and (ii) technical-urban matters.



LEGAL MATTERS

→ Property Registration

What is the public property registry?

The Registro Público de Bienes is a public service that records essential data on a real estate title document, including contracts or judicial rulings, administrative or arbitration decisions subject to registration and those that order their cancellation, so that any interested person may be informed of the legal status of registered properties at any time.

Who manages the public property registry?

The Registro Público de Bienes is provided by the Oficinas de Registro de Instrumentos Públicos (public document registration offices), which are supervised by the Superintendencia Delegada para el Registro – SDR (deputy superintendent for registration) of the Superintendencia de Notariado y Registro – SNR (superintendency of notary and registry). This national entity is responsible for safeguarding and providing legal protection of real estate in Colombia.

→ [Visit SNR page](#)

What is the Matrícula Inmobiliaria?

It is a document designated for the registration of acts, contracts, and rulings related to a property, which will be distinguished by an alphanumeric code indicating the internal order of each office and the sequence in which entries are made. Additionally, it will specify, with distinctive figures, the registry office, department, and municipality, district, or village where the property is located, as well as the unique property identification number in municipalities where it exists, or the cadastral identification in those municipalities where that identifier has not yet been implemented. It will also indicate whether the property is urban or rural, specifying it by its number, name, or address, respectively, and describing it by its boundaries, perimeter, area, administrative act data, and the map containing the boundaries, their updates or modifications, and any other identification elements that

may be obtained. It will reflect the legal nature of each of the acts subject to registration, such as ownership transfers, encumbrances, restrictions, limitations, precautionary measures, possession, false ownership, cancellations, and others.

What is the Certificado de Tradición?

This is a public document issued by the Oficina de Registro de Instrumentos Públicos (public document registration office) that contains the complete history and legal status of a property, providing a faithful and complete reproduction of the entries in the property registration sheet.

Where can this certificate be obtained?

This certificate has a value of COP\$20,900 (5.2 USD) and will be available at the Oficina de Registro de Instrumentos Públicos of the registry circle where the property is located. Currently, the state of Atlántico has three (3) registry circles distributed as follows:

Registration Circle	Municipalities	Addresses
Barranquilla	Barranquilla, Puerto Colombia, Baranoa, Galapa y Tubará	Carrera 42D1 No. 80 A-136. ofiregisbarranquilla@supernotariado.gov.co
Soledad	Soledad, Santo Tomas, Sabanagrande, Malambo, Palmar de Varela.	Autopista Aeropuerto # 23 No. 135 Centro Comercial Plaza de la Arboleda - 2nd Floor. ofiregissoledad@supernotariado.gov.co
Sabanalarga	Repelón, Manatí, Polonuevo, Candelaria, Suan, Ponedera, Campo de la Cruz, Juan de acosta, Luruaco, Usiacurí, Santa Lucía, Piojó.	Corner of the Calle 26 con Carrera 27 ofiregissabanalarga@supernotariado.gov.co

Additionally, we recommend inquiring about the legal status of the property with the Unidad de Restitución de Tierras (land restitution unit) and the Agencia Nacional de Tierras (national land agency), both national entities affiliated with the Ministry of Agriculture and Rural Development.

→ The Catastro

What is the Catastro?

The Catastro is a detailed record or survey of real estate across the country, covering both public and private properties, regardless of the type of ownership. It must be updated and classified to achieve its legal, physical, and economic identification based on technical and objective criteria.

What is the Número Único Predial - NUPRE?

It is a unique numerical code assigned to each property, enabling its precise identification in cadastral records according to the model determined by the Agustín Codazzi Geographic Institute. For the purpose of forming the national cadastral database, the Agustín Codazzi Geographic Institute will adopt a unique identifier for each property.

Interrelation between the Catastro and registry information

A property shall be considered interconnected when the homologation of the

property-folio pair in the Catastro and the one in the registry database (NUPRE) is assured, complying with the non-duplication validations and other requirements set forth by the Superintendencia de Notariado y Registro. Likewise, the Catastro's interrelation is defined as the level of correspondence between the Catastro and registry information at the alphanumeric level, guaranteeing the association of the property-folio pair through the Unique Property Number (NUPRE).

What is the Ficha Predial?

It is a document, in either analog or digital format, in which the information corresponding to each property of the cadastral organic unit is recorded, according to the model determined by the Agustín Codazzi Geographic Institute, in accordance with the variables of the LADM Model (Land Administration Domain Model). Once the property file is completed, it becomes the proof of property identification.

What is the Certificado Catastral Especial?

It is a document with municipal information, issued by the cadastral authority at the request of the owner or possessor, certifying the Catastro of the property or improvement. It includes the location of the property or improvement, property number, name and identification of the owner and/or possessor, land area, built area, value, property registration sheet,

address or property name, certificate number, issuance date, information contained in the property file such as measurements and boundaries, and geoeconomic zone values.

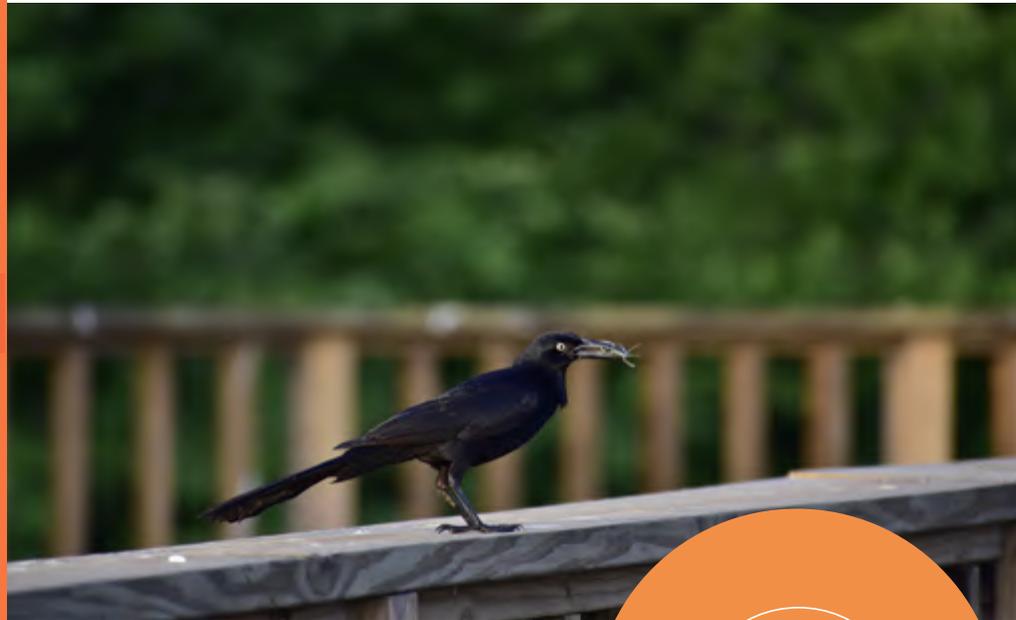
What is the purpose of Certificado Catastral Especial

- To demonstrate the real and official property address to public service entities.
- To demonstrate property information (value, area, registration, etc.) to notaries, registrars, and urban planning commissioners.
- To verify property information for the payment of property taxes, income tax returns the Dirección de Impuestos y Aduanas Nacionales - (DIAN).

Authorities that manage Catastro

This function belongs to the Agustín Codazzi Geographic Institute; however, some territorial entities have assumed their own, such as the District of Barranquilla and the municipalities of Soledad and Sabanalarga. In the case of the municipalities of Malambo, Galapa, and Puerto Colombia, this management is carried out by the Barranquilla Metropolitan Area.





→ **Environmental Matters**

What is an environmental license?

It is the authorization granted by the environmental authority for the execution of a project, work, or activity, which, according to the law and its regulations (Decree 1076 of 2015), have the potential to generate significant environmental impacts.

Authorities competent to grant or deny an environmental license

The environmental authorities responsible for issuing, denying, suspending, or

revoking environmental licenses are the Autoridad Nacional de Licencias Ambientales (ANLA), the regional autonomous corporations and sustainable development corporations, municipalities, districts, and metropolitan areas with a population exceeding one million inhabitants within their urban perimeter, and environmental authorities created under Law 768 of 2002. Decree 1076 of 2015, in its article 2.2.2.3.1.2, defines the responsibilities of these authorities.

TECHNICAL - URBAN MATTERS

→ **The real estate registry**

What is it?

It is the designation assigned to the land, subject to the activities that are allowed to be carried out. Land use is established in the Territorial Organization Plan (POT) of the respective municipality, which is adopted according to the legal framework established in Law 388 of 1997 and Decree 1077 of 2015. Therefore, when a use is not contemplated in the POT, it is considered prohibited, and no urban actions or omissions may be carried out in that regard.

What is the Certificado de Uso del Suelo?

This written certificate, issued by the Curaduría Urbana (urban planning

commissioner office) or the competent district or municipal authority, informs the interested party about the permitted use or uses of a property or building, according to the urban regulations adopted in the Territorial Organization Plan (POT).

How many types of land exist?

Land-use plans classify the territory of municipalities and districts into urban, rural, and urban expansion land. Within these categories, suburban and protection areas may be established, in accordance with the general criteria set out in Law 388 of 1997, in line with the relevant regulations.

→ **Urban Licenses**

An urban license is an authorization issued by an urban planning commissioner or the competent municipal authority, allowing specific actions such as urbanization and subdivision of properties, construction, expansion, modification, adaptation, structural reinforcement, restoration, reconstruction, fencing, and demolition of

buildings, public space interventions, and the lotting or subdivision of land. Currently, Barranquilla has two (2) urban planning commissioner offices, Puerto Colombia has one (1), Soledad has two (2), and in other municipalities, the respective planning office of the municipality holds this authority.



5

Mergers and acquisitions



Chapter in partnership with:

Brigard
Urrutia

FUSIONES Y ADQUISICIONES

As a result of sustained improvement in the national economy and investment conditions in recent years, the Colombian market continues to consolidate as one of the five leading Mergers and Acquisitions markets in Latin America, as shown by the fourth-quarter 2023 reports from TTR Data.



According to TTR Data, Colombia ranked fourth in both the number of transactions and their aggregate value at the regional level



a 4% increase from **2022**
252
transactions

a 58% increase from **2021**
167
transactions

The most attractive sub-sectors in the Mergers and Acquisitions market in Colombia during 2023



Internet software and IT services



Professional and business support



Industry-specific software



Banking and investment services and operations

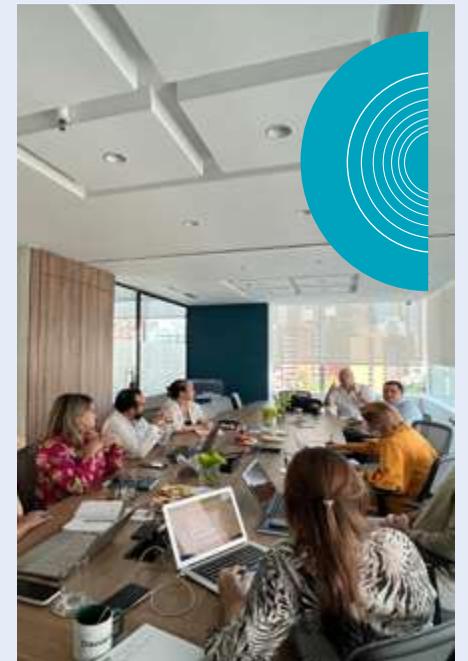
In general, the trend identified in 2022 has been maintained.

Likewise, according to information provided by the Banco de la República, during the fourth quarter of 2023, the country received USD 3.946 billion in Foreign Direct Investment (FDI, the direct investment made by non-resident investors in companies domiciled in Colombia), equivalent to 4.4% of the quarterly Gross Domestic Product (GDP). Meanwhile, cumulative FDI flows at the end of 2023 totaled USD 17.147 billion.

A few years ago, most M&A activity in Colombia was driven by strategic players making acquisitions to grow in the country and seize opportunities. Currently, while this trend continues, M&A activity is bolstered by a more robust domestic market, venture capital investments, and strategic cross-border investments. Finally, new

trends are emerging, such as mergers and acquisitions of financially distressed companies (distressed M&A), venture capital operations, and efforts to open up private participation in areas previously reserved for the public sector.

Additionally, the devaluation of the Colombian peso has made investment opportunities in Colombia more attractive to foreign investors, which could be another factor driving M&A activity in Colombia in 2024.



General framework

Corporate acquisitions in Colombia are primarily governed by contract and corporate law. In practice, acquisition agreements are often based on the Anglo-American model, including clauses that contain representations and warranties, closing conditions, limits on indemnity obligations, and the application

of foreign law, often closely following the laws and standards of the State of New York. Despite this, Colombian companies are generally subject to Colombian law, albeit with some degree of flexibility.

The main legal framework for Mergers and Acquisitions in Colombia is established in the following laws:

certain special protections regarding the accuracy of the information contained in the going concern's balance sheet.

Regarding mergers, the Commercial Code focuses on regulating: (i) the approval of the merger project by the shareholders; (ii) rights and notifications to creditors of the companies involved; (iii) rights related to the valuation of the transaction; and (iv) authorization procedures before the relevant authorities (usually the Superintendency of Companies or Superintendencia de Sociedades in Spanish).

Additionally, the Commercial Code also establishes the rules applicable to companies, including matters related to Mergers and Acquisitions, such as dividend distribution, capital increases, amendments to the bylaws, and board of directors' authorizations.

Finally, the Commercial Code establishes specific rules applicable to sale and purchase agreements, including the rights and obligations of the parties, implied warranties, and other supplemental or default rules.

COLOMBIAN COMMERCIAL CODE

The Colombian Commercial Code governs most Mergers and Acquisitions transactions. These are typically structured as acquisitions of shares or assets and, to a lesser extent, as mergers.

The Colombian Commercial Code establishes that, as a general rule, the shares of a company's capital are freely transferable. This default rule will apply to most share acquisitions, unless the shareholders agree to preferential rights in the company's bylaws or constitutive documents, or in private agreements. There are also preferential rights in the transfer of shares established by law for very specific cases, such as, for example, in the transfer of shares owned by the Colombian State.

Asset acquisitions, in turn, according to the dominant interpretation of the provisions of the Colombian Commercial Code, can be structured as direct asset sales or as sales of what the Colombian Commercial Code refers to as a "Business Establishment." In the first case, the buyer acquires title to the assets while the seller remains solely responsible for the liabilities associated with the business carried out with those assets.

In the second case, both the assets and the liabilities are transferred to the buyer, implying that the seller's business is transferred to the buyer as a going concern. Based on the foregoing, (i) different rules on notifications to protect the seller's or the business's creditors will apply, and (ii) the buyer will be entitled to



These rules govern M&A agreements (for both asset and share acquisitions) that are subject to Colombian law in the absence of specific provisions agreed upon by the parties in the transaction documents.

COLOMBIAN CIVIL CODE

Unless otherwise provided in the Colombian Commercial Code, the Colombian Civil Code governs the validity and enforceability requirements of contracts and the general rules that regulate obligations and their fulfillment, as well as provisions related to the legal capacity of individuals.

It also contains specific provisions applicable to sale and purchase contracts, which govern both share and asset acquisitions in the absence of specific provisions established in the relevant sale and purchase agreement and supplemental rules of the Commercial Code.

LAW 222 OF 1995

Law 222 of 1995 amends several articles of the Commercial Code and establishes rules applicable to spin-offs (which generally follow the same rules as mergers), and also includes the right of withdrawal and the option to buy in the context of mergers and spin-offs.

Law 222 also amended the provisions of the Colombian Commercial Code regarding the fiduciary duties of managers and directors, and their liability for breach of these duties. The "Corporate Jurisdiction Divisions," administered by the Superintendency of Companies, have

issued several rulings on the fiduciary duties of managers in the context of M&A transactions. Although these decisions have not developed special or "intermediate" review standards applicable to decisions made regarding acquisitions in market conditions, they have applied general fiduciary principles in transactions between related parties, creating standards similar to "entire fairness" in common law jurisdictions, which must be considered in M&A transactions.

LAW 1258 OF 2008

Law 1258 of 2008 created the simplified joint-stock company (hereinafter referred to as "SAS"), which offers useful tools for M&A practice that were not allowed for other types of companies. Thus, the SAS Law (i) gives greater recognition and enforceability to shareholders' agreements, as it includes a legal mandate that SAS managers must disregard any decision that conflicts with a duly registered shareholders' agreement; (ii) establishes rules on the exclusion of shareholders; (iii) establishes restrictions on the transfer of shares for up to 10 years (which can be successively extended for the same period); (iv) allows SAS shareholders to agree on the obligation to notify any change of control, and the right to exclude shareholders who

fail to comply with this obligation; (v) allows for mergers and spin-offs involving the exit of one of the shareholders with the payment of their shares (cash-out mergers); and (vi) allows for abbreviated mergers when the absorbing company holds more than 90% of the capital stock of the absorbed company.

LAW 1340 OF 2009

Law 1340 of 2009 establishes the rules applicable to antitrust clearance procedures in the context of M&A transactions. The Colombian antitrust authority is the Superintendency of Industry and Commerce (hereinafter "SIC"). Whenever a transaction may result in a company controlling a competitor (horizontal integration) or an important customer or supplier (vertical integration), either (1) a notification must be filed with the SIC or (b) authorization from the SIC must be obtained to carry out the transaction. The need for a simple notification or authorization depends on the combined market share of the parties involved in the transaction.

DECREE 2555 OF 2010

Decree 2555 of 2010 regulates, among other matters related to securities, the public tender process to acquire a substantial interest in a publicly traded

company. According to the Decree, a "substantial interest" is defined as 25% or more of the voting capital of a company, and it establishes a mandatory tender offer process whereby the buyer is required to make the offer to all shareholders of the company.

This Decree also regulates "subsequent" public tender offers. These are required in specific cases set out in the Decree, including those required as a result of an indirect change of control and a delisting decision.



DECREE 1074 OF 2015

Decree 1074 of 2015 sets forth the criteria for determining which companies are subject to supervision by the Superintendency of Companies. These companies, according to External Circular 001 of 2007, require authorization from the Superintendency of Companies to consummate a merger or spin-off.

Additionally, the Decree contains rules regulating conflicts of interest among managers, and establishes, among other things, the procedure required to resolve the conflict—which requires shareholder authorization in all cases, the information duties of managers and board members in a conflict-of-interest situation, applicable remedies when the duty of loyalty is breached, and certain procedural rules. These rules are particularly relevant in the context of transactions between related parties.

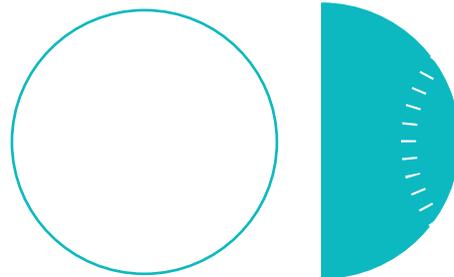
LAW 1564 OF 2012

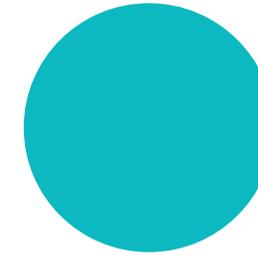
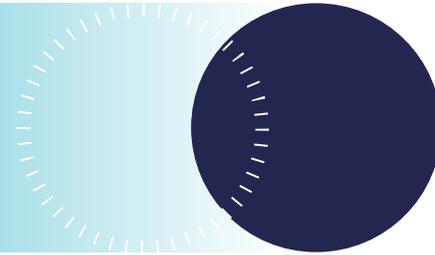
The enactment of the General Procedure Code (Código General del Proceso) marked a significant advance in the legal framework for M&A, mainly because it strengthens the enforceability of shareholders' agreements and assigns judicial jurisdiction to the Superintendency of Companies regarding disputes related to their enforcement, and the execution of the agreements and obligations contained therein. This is particularly important

given that administrative and judicial authorities are increasingly aware of the importance of shareholders' agreements in M&A and corporate activity.

The general rule in Colombia is that shareholder agreements of companies other than simplified joint stock companies are enforceable between the parties, but not against the company or third parties if they do not meet all the requirements set forth in article 70 of Law 222 of 1995. Additionally, the Superintendency of Companies has recognized that only shareholder agreements that include voting agreements are required by law to be deposited.

This interpretation makes the other agreements valid between the parties, but unenforceable against the company. Finally, it has been widely recognized that shareholder agreements entered into with respect to a simplified joint stock company are enforceable against the company and all its shareholders.





DECREE 663 OF 1993 – FINANCIAL ENTITIES

Transactions involving financial entities are subject to the rules of the so-called Organic Statute of the Financial System ("OSFS"), which establish the following:

- a. The transfer of 25% or more of the assets, liabilities, and contracts of a financial entity requires prior approval from the Financial Superintendency (Superintendencia Financiera de Colombia in Spanish). Once the transfer is made, both the seller and the buyer must comply with the applicable solvency regulations. The OSFS also contains provisions to facilitate the transfer of agreements and liabilities through a constructive consent process.
- b. In Colombia, a financial entity cannot be the parent company of another financial entity, except in specific cases provided by the applicable regulations. If this occurs, after the acquisition of shares, the acquiring entity must

merge with the target company. The OSFS establishes the procedures and deadlines applicable to the mandatory merger process.

- c. The merger of companies supervised by the Financial Superintendency is subject to special rules that take precedence over the general rules explained above. It is a highly regulated process that requires notification to all creditors and avoids the objection process that applies to mergers of non-financial institutions.
- d. The acquisition of 10% or more of the shares of a financial entity requires prior approval from the Financial Superintendency. The transaction can be carried out in a single transaction or in successive operations.

DECREE 2555 OF 2010 – LISTED COMPANIES

Acquisitions of listed companies must comply, in addition to commercial and civil legislation, with the regulations

applicable to the securities market, which establish the following:

- a. If a person or group of people who constitute the same beneficial owner wishes to acquire or become the beneficial owner of 25% or more of the voting securities of a listed company, that person or group of people must launch a public tender offer for the securities exceeding the indicated threshold. A public tender offer is also required if the buyer is already the beneficial owner of 25% or more of the voting securities of a listed company and wishes to increase its participation by more than 5%. A person or group of people is considered the beneficial owner of a security to the extent that they can (i) vote with that security and (ii) transfer that security.
- b. Public tender offers are highly regulated. Additionally, Colombian securities regulations allow third parties to launch competing offers following a public tender offer, so the risk of

interlopers is always present in public M&A transactions. This is one of the biggest challenges in this type of transaction and has, on several occasions, led to a preference for delisting the company to avoid the application of these rules.

- c. In addition to the above, transactions involving listed companies that include acquisitions, mergers, transformations, spin-offs, etc., must be approved by the Financial Superintendency.

LAW 226 OF 1995 – PRIVATIZATIONS

Any sale of shares (or any other form of participation in a company's capital) and convertible securities owned by the State is governed by Law 226 of 1995, provided the buyer is not another government entity. This legal framework is based on two rules that significantly hinder M&A transactions involving state-owned companies: (1) the right of first offer to employees, unions, and pension funds, among others (the "solidarity sector"), to acquire the securities under special conditions, including a fixed price established by decree, access to loans under specific conditions, and grace periods; (2) the Colombian Political Constitution requires the government to promote the democratization of ownership, so anyone who meets the objective qualification requirements must be entitled to participate in the second phase

of the sale. As a result, this type of sale must be conducted through a public auction process that allows for the participation of the general public.

APPLICABLE TAX REGIME

Colombian tax regulations vary depending on the structure of the transaction. Mergers and spin-offs are tax-neutral as long as shareholders, partners, or participants holding (collectively) at least 75% of the shares or quotas of each of the merged or spin-off companies (or 85% in the case of a transaction between related parties) receive an economically equivalent stake in the resulting entity as a consequence of the merger or spin-off, and that the shares or participations in the resulting company constitute at least 99% of the consideration received by the shareholders of the companies involved in the split or spin-off, based on reasonable commercial terms.

On the other hand, sales of shares and assets are subject to income tax, which is levied on the difference between the sale price and the adjusted tax basis of the shares or assets. Rates vary depending on whether the seller is a national entity, a non-Colombian entity, a foreign individual non-resident, or a Colombian individual, among others. For example, the applicable rate for non-Colombian entities and permanent establishments, and for foreign non-resident individuals, is 35%, while for Colombian resident individuals, the rates vary depending on the taxable base from 0% to 39%, provided the income is not attributable to a permanent establishment in Colombia. However, the sale of shares, participations, or assets held for two (2) years or more generates a capital gain (as opposed to ordinary income) and is subject to 15%, regardless of the seller's status. Note that taxes may also apply depending on the type of

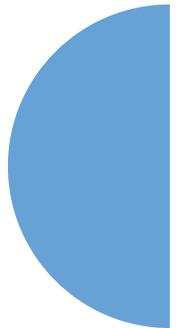
transaction and asset, such as VAT, registration tax, and industry and commerce tax. For example, the sale of inventory may be subject to VAT at the general rate of 19%, while the sale of fixed assets and intangibles (such as shares) is not subject to VAT.

In general, the transfer of funds deposited in Colombian bank accounts is subject to the Financial Transactions Tax (GMF) at a rate of 0.4%.





6 | Labor regime



Chapter in partnership with:



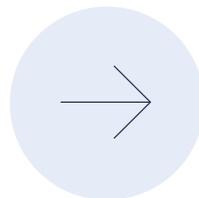
LABOR REGIME

HUMAN RESOURCES AVAILABILITY

As of 2023, the state of Atlántico had a population of 2,835,000. Of this population, 2,153,000 (75.9%) were of working age (over 15 years), of which 1,402,000 were employed or seeking for work. It is

estimated that this figure has the potential to grow by 160,000 in 2024. Of the 1,402,000 people, 1,274,000 residents of Atlántico were employed, primarily in the following economic sectors:

Sector	Employed
Commerce and vehicle repair	273.000
Manufacturing industries	149.000
Public administration, defense, education, and healthcare	145.000
Artistic, entertainment, and recreational activities, and other services	143.000
Transportation and storage	131.000
Other	433.000



495,581 people residents of the state of Atlántico received professional training in 2023, of which 85,474 were formal education, and 410,107 engaged complementary training.



EMPLOYMENT CONTRACT AND ITS TYPES

An employment contract is an agreement whereby a person agrees to provide personal services under the dependence of the service beneficiary. It is presumed that there is an employment contract with

the simple provision of the service, and it is up to the employer to prove that there is no subordination, thereby challenging this presumption.

Types of employment contracts by duration

Contract Type	Definition	Formalities or Requirements
Indefinite term (Article 47 of the C.S.T.)	No specified end date for the contract	No formalities required. Can be verbal or written.
Fixed-term (Article 46 of the C.S.T.)	Definite end date for the contract	<ul style="list-style-type: none"> It must be in writing. Otherwise, it is considered to be of indefinite duration. It cannot be agreed upon for an initial term longer than 3 years, but it can be extended indefinitely without becoming an indefinite-term contract. If the term is less than 1 year, it can only be extended for 3 additional periods, equal to or shorter than the initial term. After the last extension, the term will be set at 1 year
For the duration of a specific work or project (Article 45 of the C.S.T.)	For specific tasks or projects, ending when the work is completed	No formalities required. Can be verbal or written, but written form is recommended for evidential purposes.
Temporary, occasional, or accidental (Article 6 of the C.S.T.)	For occasional, accidental, or temporary needs not exceeding 30 days	No formalities. Can be either verbal or written.

LABOR COSTS

In addition to the salary (minimum 1,300,000 COP for 2024**, 326 USD***),

the employer is responsible for various labor costs, estimated as follows:

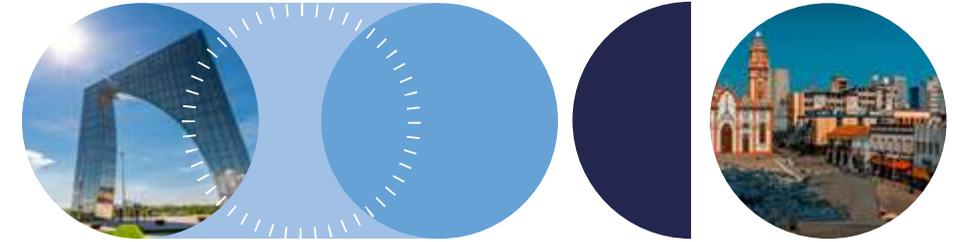
Concept	What does it cover?	% of Salary (Monthly)
Social Benefits	Service bonus	Worker's share in employer profits 8.33%
	Severance pay	Assistance in case of unemployment or for home purchase/improvement or education 8.33%
	Interest on severance pay	Interest on severance saved by the worker during the year 1.00%
Vacations	15 days of paid vacation per year of service or proportional	4.17%
Transportation assistance	Provided to workers earning up to 2 minimum wages for commuting	162.000 COP** (41 USD***)
Equipment	Provided by the employer for workers earning less than 2 minimum wages	Depends on the equipment provided
Contributions to the Social Security System	Health	Assistance and economic benefits for illnesses of common origin 8.5% ¹ <small>* In this case, the employee must also contribute 4% from their salary</small>
	Pension	Assistance and economic benefits for old age, disability, or death of the employee 12% <small>* In this case, the employee must also contribute 4% from their salary</small>
	Occupational Risks	Social and economic benefits derived from work-related illnesses or accidents Between 0.5222% and 6.90%, depending on the company's risk level
Parafiscal Contributions	Colombian Institute of Family Welfare (ICBF)	Fiscal contribution based on payroll, directed to the institution that serves children and adolescents in Colombia. 3%
	National Learning Service (SENA)	Fiscal contribution based on payroll, directed to the entity responsible for training and technical education for Colombians. 2%
	Family Compensation Fund	Fiscal contribution based on payroll, directed to the entity responsible for covering family subsidies for the worker, as well as other welfare benefits for the worker and their family. 4%

*Labor Code of Colombia. **Value fixes from January 1st to December 31th, 2024. *** Calculated taking into account the average of the historical series of the representative market rate for the last 12 months. ¹ In accordance with Article 114-1 of the Tax Code, employers that are corporations, legal entities, and similar income tax filers are exempt from the payment of contributions to the Contributory Health Regime and from parafiscal contributions for workers who earn less than 10 times the minimum legal monthly wage (SMLMV).

OBLIGATIONS AND PROHIBITIONS OF THE PARTIES

The employment contract must be executed in good faith, which means that it not only obligates the parties to what is expressly stated but also to all matters that arise from the nature of the legal relationship or that are required by law.²

Similarly, as a general rule, the employer has the obligation to ensure the protection and safety of the employee, while the employee has an obligation of obedience and loyalty towards the employer.³



	Employer	Employee
<p>General and Specific Obligations</p> <p>(Articles 57 and 58 of the Labor Code)</p>	<ul style="list-style-type: none"> a. Provide workers with adequate tools for performing their tasks. b. Ensure workers have proper protective equipment against accidents and occupational diseases. c. Immediately provide first aid in case of accidents or illnesses. d. Pay wages according to the agreed terms and periods. e. Respect the personal dignity, beliefs, and feelings of the worker. f. Upon the expiration of the contract, issue a certificate to the worker indicating the duration of service; if requested by the worker, perform a medical exit examination. g. Pay reasonable moving expenses if the worker had to relocate to provide their services. This includes the expenses for family members living with the worker. h. Comply with regulations, maintain order, morality, and respect for the law. 	<ul style="list-style-type: none"> a. Personally perform the tasks as agreed; observe the regulations, follow and comply with the employer's orders and instructions. b. Do not share work-related information with third parties without express authorization. c. Preserve and return in good condition, except for normal wear and tear, the tools and equipment provided for the job. d. Maintain moral conduct in relations with superiors and colleagues. e. Promptly inform the employer of any observations deemed appropriate to prevent damage or harm. f. Provide assistance in the event of disasters or imminent risks that affect or threaten the company's people or property. g. Follow instructions and preventive orders regarding accidents or occupational diseases with great care and diligence. h. Pregnant workers must begin to take their paid maternity leave.

	Employer	Employee
<p>Special Prohibitions</p> <p>(Articles 59 and 60 of the Labor Code)</p>	<ul style="list-style-type: none"> a. Deduct, withhold, or compensate any amount from the worker's salary or money benefits without prior written authorization. b. Force workers to buy goods or groceries from stores designated by the employer. c. Demand or accept money from the worker to admit them to the job. d. Limit or pressure workers in exercising their right of association. e. Impose religious or political obligations on workers or prevent them from exercising their right to vote. f. Conduct, authorize, or tolerate political propaganda in the workplace. g. Organize or allow any kind of raffles, collections, or subscriptions in the workplace. h. Use symbols in certifications that are intended to harm the employee. i. Perform or authorize any act that undermines or restricts workers' rights or offends their dignity. 	<ul style="list-style-type: none"> a. Remove work tools, raw materials, or finished products without the employer's permission. b. Report to work intoxicated or under the influence of narcotics or drugs. c. Keep weapons of any kind in the workplace, except for those legally authorized for security personnel. d. Be absent from work without a valid reason or the employer's permission, except in cases of strike. e. Intentionally reduce the pace of work, suspend work, or promote sudden work stoppages. f. Organize collections, raffles, subscriptions, or any kind of propaganda in the workplace. g. Restrict the freedom to work or not work, or to join or leave a union. h. Use tools or equipment provided by the employer for purposes other than the contracted work.

² Labor Code. Article 55.

³ Labor Code. Article 56.

HIRING FOREIGN WORKERS IN COLOMBIA

To hire a foreign worker in Colombia, the following is required:

- The employee must have one of the following documents:
 1. Visitor, Migrant, or Resident visa with an open work permit, as stipulated by Resolution 5477 of 2022 from the Ministry of Foreign Affairs.
 2. Foreign identification card (Cédula de Extranjería) issued by the Colombian Migratory Authority (Migración Colombia).
 3. Temporary Protection Permit (PPT), which applies only to Venezuelans.

- Enroll the foreign worker in the General Social Security System (Health, Pensions, and Occupational Risks).

- If the hired profession or trade is one of the so-called "regulated" professions, the corresponding license, professional card, or permit must be obtained from the competent authority. For example, engineers must have a license issued by the National Professional Engineering Council (COPNIA by the acronym in Spanish).

- Register the employment contract in the Single Registry of Foreign Workers in Colombia (RUTEC) of the Ministry of Labor, as well as its termination.

- Report the hiring of the foreign worker in the Information System for Reporting Foreigners (SIRE) of Colombian Migratory Authority (Migración Colombia), as well as its termination.



Once the foreign worker is hired in the country, they have the same rights and obligations as Colombian nationals, including those previously listed.

For more information, refer to the chapter "Guidelines for Hiring Foreign Workers" in the current Guide.

→ [Go to the chapter](#)



TERMINATION OF EMPLOYMENT CONTRACTS AND JOB SECURITY

In accordance with the Labor Code, companies can terminate employment contracts with or without just cause, in

which case they must pay compensation to the employee according to the following table:

Type of Contract		Compensation	
Indefinite Term	Employee	Workers earning less than 10 SMLMV:****	Workers earning 10 SMLMV or more:
	Years of services		
	1 year or less	30 days of salary	20 days of salary
	More than 1 year	20 days of salary for each year of service, in addition to the 30 days for the first year	15 days of salary for each year of service, in addition to the 20 days for the first year
Fixed Term	Salaries corresponding to the remaining time to fulfill the term stipulated in the contract		
For the Duration of the Project or Task	Salaries corresponding to the remaining time to fulfill the period determined by the duration of the project or task. It cannot be less than 15 days of salary.		

**** Current legal monthly minimum wage: 1,300,000 COP for 2024, 326 USD.



However, in Colombia, there are also some protections for reinforced job security (known as "fuero"), which limit the

exercise of the termination authority, including terminations with just cause. These include:

Type of Protection	Condition Protected	Guarantee
Union	Members of a union or its sub-directive, who hold positions such as executives, founders, supporters, or claimants, as per Article 406 of the Labor Code.	They cannot be dismissed, transferred, or have their working conditions worsened without just cause and prior authorization from a labor judge.
Circumstantial	Unionized workers who initiate a collective labor dispute. Also applies to those who join a union with an ongoing collective dispute.	They cannot be dismissed without just cause.
Maternity for Mother or Father	Pregnant workers or those within 18 weeks following childbirth, or workers whose spouse, partner, or permanent companion does not have a formal employment relationship during pregnancy or within 18 weeks following childbirth.	They cannot be dismissed except for just cause and with prior authorization from the labor inspector.
Health	Workers with a physical, mental, intellectual, or sensory impairment that substantially prevents them from performing their duties under normal conditions over the medium and long term.	They cannot be dismissed without just cause and with prior authorization from the labor inspector.
Pre-pension	Workers with 3 or fewer years remaining to meet the requirements for old-age pension or minimum old-age pension, depending on the applicable regime.	They cannot be dismissed without just cause.
Workplace Harassment	Workers who have filed a complaint about workplace harassment.	They cannot be dismissed without just cause within 6 months following the filing of the complaint or until the harassment process is concluded.



7

Guidelines for hiring foreign employees



Chapter in partnership with:

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GUIDELINES FOR HIRING FOREIGN EMPLOYEES

In the era of globalization, the hiring of foreign employees has become a common practice for many companies in Colombia.

The growing need for international talent, workforce diversification, and the expansion of business operations have driven this trend, presenting a series of challenges and opportunities for both employers

and foreign workers.

The hiring of foreigners in Colombia is governed by a clear legal and administrative framework that establishes the requirements, procedures, and responsibilities for both employers and foreign workers. In this context, the Special Administrative Unit of Migration Colombia (Migración Colombia in Spanish), attached to the Ministry of Foreign Affairs (Ministe-

rio de Relaciones Exteriores in Spanish), plays a crucial role as the authority responsible for supervising and regulating the migration and foreigner-related processes in the country.

Therefore, the following is a summarized and practical guide that employers should consider when hiring foreign workers. One of the most important aspects to

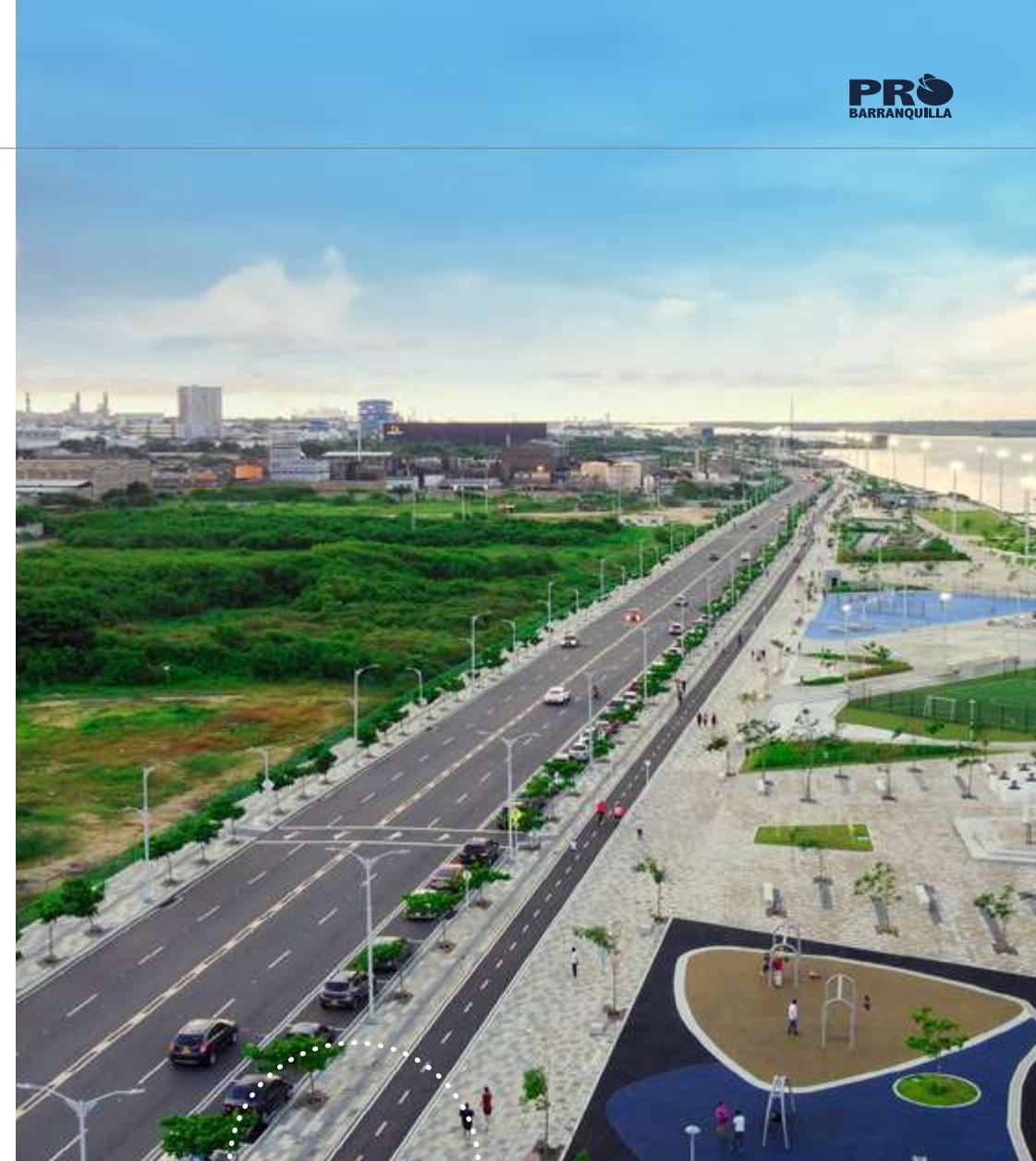
consider when hiring foreigners in Colombia is compliance with visa and work permit requirements. Depending on the type of work to be performed, foreign workers must obtain the corresponding visa that allows them to work in the country legally.



WHAT ARE THE REQUIREMENTS FOR FOREIGN EMPLOYEES WHO ASPIRE TO WORK IN COLOMBIA?

- a. Workers must obtain the corresponding work visa that enables them to practice their profession, occupation, labor activity, or trade in the country. If it is the first time they are applying for the visa, or if it has expired, they must carry out the procedure through a Colombian Consulate abroad, requesting a temporary visa for the worker. It is emphasized that entering the country as a tourist does not grant the right to work or to obtain a temporary worker visa within Colombian territory.
- b. To practice regulated professions or activities, foreign workers must meet the same requirements as Colombian citizens, which includes the homologation or validation of degrees, as well as obtaining provisional permits, registrations, professional certificates, or experience certificates issued by Professional Councils or competent authorities as applicable.
- c. If the foreign worker is the holder of a spouse or permanent partner visa of a Colombian citizen, they may work in the country after obtaining authorization in the corresponding visa.
- d. Once the foreign worker is hired, they must comply with their duties of: i) renew the visa or foreigner's identification card in accordance with the

validity periods granted; ii) inform the Special Administrative Unit for Migration Colombia, attached to the Ministry of Foreign Affairs, about changes in Employer and/or contractor; iii) refrain from engaging in unauthorized activities or professions, under penalty of sanctions that may be imposed by Migration Colombia as part of its supervision and control functions in migration and foreigner matters.



TYPES OF VISAS TO WORK IN COLOMBIA

According to Decree 1067 of May 26, 2015, in order to work in Colombia, foreign citizens must apply for one of the visa categories that best suits their particular situation. These are the available options:

- 

Visa TP-4 Intended for foreigners who wish to enter Colombian for the purpose of working or providing services to natural or legal persons domiciled in Colombia, as well as to artistic, sports or cultural groups that visit the country to offer public performances. This visa has a duration that coincides with the labor or service contract, not exceeding three (3) years.
- 

Visa TP-7 Intended for foreigners seeking to enter Colombia to perform various activities or occupations such as pensioners, renters, partners or owners of companies, receiving medical treatment, accompanying someone receiving medical treatment, property owners, or engaging in independent trades or occupations not contemplated in the decree. This visa is valid for one (1) year with multiple entries.
- 

Visa TP-9 Designed for foreigners recognized as refugees or asylum seekers by the National Government, in accordance with the relevant international instruments. This type of visa allows foreigners to exercise any legal occupation in Colombia and has a duration of five (5) years.
- 

Visa TP-10 Granted to foreigners who wish to enter Colombia as spouses or permanent partners of Colombian citizens. It is valid for three (3) years.
- 

Visa TP-12 For foreigners planning to attend or participate in academic, scientific, artistic, cultural, sports events, job interviews, business trainings, commercial contacts, or covering journalistic events. This visa is valid for ninety (90) days with multiple entries.

Visa TP-13 For foreigners that will provide specialized technical assistance to public or private entities in Colombia. It is valid for one hundred eighty (180) days with multiple entries.



Visa TP-15 For citizens of Mercosur and its Associate States who wish to temporarily reside in Colombia. This visa allows the foreigner to engage in any legal occupation in the country and is valid for two (2) years.



Visa TP-16 For foreigners from countries with which Colombia has signed international agreements that include the Working Holiday Program. This visa is valid for up to one (1) year with multiple entries, allowing the holder to engage in paid activities to support themselves while enjoying a period of rest or leisure in the country.



It is important to note that the Temporary TP Visa will be cancelled if the foreigner is absent from the country for a period of more than one hundred and eighty (180) consecutive days. In addition, according to the same Decree 1067, holders of TP4, TP7

and TP9 visas, among others, may opt for the Resident Visa (RE) after having held them for a minimum of five continuous and uninterrupted years, or two continuous and uninterrupted years in the case of the TP15 Visa.

The Resident Visa allows them to exercise any legal occupation in Colombia and is valid for five years, but they will lose the right to it if they are absent from the country for a period of two (2) years or more continuously.

 [Click more information](#)



WHAT ARE THE REQUIREMENTS FOR EMPLOYERS WHO WISH TO HIRE FOREIGN WORKERS IN COLOMBIA?

- a. It is imperative to require the candidate to present a Visa that includes an open or closed work permit, or to have a special work permit that allows the foreigner to perform the authorized activity, occupation, or trade.
- b. If the foreigner's visa has been granted for 3 months or more and their stay in the country corresponds to this time, the candidate must apply for the Foreign Identity Card within 15 days.
- The visa application can be processed through the following link. [Click here](#)
 - The Foreign Identity Card application is processed by: i) First, filling out the Unique Procedures Form (Formulario Único de Trámites in spanish) through the Migration Colombia website. ii) Then, the corresponding fee for the issuance of the Foreign Identity Card must be paid, either online or directly at the Migration Colombia office. iii) Finally, the physical Foreign Identity Card must be collected at the Migration office within six (6) months from the issuance of the document.
- c. The employer must fulfill the obligation to notify the Special Administrative Unit of Migration Colombia in writing about the hiring, contracting, or admission of the foreign worker, as well as their termination or the end of the contract, within fifteen (15) calendar days from the start or end of the job. The registration must be done through the SIRE - Information System for the Reporting of Foreigners platform (SIRE - Sistema de Información para el Reporte de Extranjeros in spanish), available at the following link. [Click here](#)
- Additionally, a report must be submitted to the Ministry of Labor (Ministerio del Trabajo in spanish) within 120 days through the RUTEC - Unique Registry of Foreign Workers in Colombia platform (RUTEC - Registro Único de Trabajadores Extranjeros en Colombia in spanish) available at the following link. [Click here](#)
 - It is essential for employers to bear in mind that in Colombia, there are certain regulated professions that require a Temporary Special License issued by the respective Professional Councils. The professions requiring this can be consulted at the following link. [Click here](#)
- d. The employer or contractor must cover the return expenses of the foreign worker and their family or dependents if the worker was hired abroad to work in Colombia, as established in Article 2.2.1.11.5.7 of Decree 1067 of 2015.
- Now, in the case of hiring Venezuelan nationals, companies must meet all the

forementioned requirements, with the particularity that, regarding the visa requirement, there is the alternative of hiring the worker with the presentation of the Special Stay Permit - PEP (Permiso Especial de Permanencia – PEP, in spanish).

This is in accordance with the creation of the Temporary Statute for Venezuelan Migrants (ETPV) as a protection mechanism for Venezuelan citizens in Colombia. These individuals are covered by a Special Regime for their employment, which seeks to provide temporary benefits for regulating the migration and employment status of the Venezuelan population in Colombia, given the political and social situation in the neighboring country. The ETPV will be valid for 10 years and consists of two phases:

- a. Unique Registry of Venezuelan Migrants (RUMV): Its goal is to characterize the Venezuelan population in Colombia to facilitate decision-making.
- b. Issuance of the Temporary Protection Permit (PPT): This physical or electronic document regulates the applicant's migration status. It is important to note that enrollment in the RUMV does not guarantee the issuance of the PPT.

In order to access the temporary protection regime, Venezuelan migrants must meet one of the following conditions:

- a. Be in Colombian territory in a regular manner with one of the following permits: Entry and Stay Permit (PIP),

Temporary Stay Permit (PTP), Special Stay Permit (PEP) in force (including the PEPFF and the Complementary Special Stay Permit (PECP).

- b. Be in Colombian territory with a SC-2 safe-conduct within the framework of an application for recognition of refugee status.
- c. Be in Colombian territory irregularly as of January 31, 2021.
- d. Enter Colombian territory in a regular manner after January 31, 2021 and during the first two years of validity of the Statute, through an authorized immigration checkpoint, complying with the requirements established in the immigration regulations.

For more information, you can consult the Guide for Hiring Refugees and Venezuelan Migrants in Colombia, created by the Ministry of Labor.

[→ Click to view the guide](#)

The above guidelines refer to specific conditions or requirements that companies must observe when hiring foreigners, which are in addition to compliance with the legal framework surrounding the hiring of personnel. This means that, in addition to verifying visa conditions, permits, and compliance with registrations on the respective platforms, the hiring must comply with applicable laws based on the nature of the contract:

a. If the employment is through civil and commercial contracts such as service contracts, freelance work, agency agreements, etc., the contracts must comply with the legal requirements for this type of hiring and ensure that the foreign worker contributes to Social

Security and complies with Occupational Safety and Health regulations, as applicable.

b. If the employment is through labor contracts, the employer must respect the minimum rights and guarantees established by the legal system.

For more information, refer to the chapter "Labor Regime" in the current guide.

[→ Click to view the chapter](#)



ANNEX: EMPLOYER REQUIREMENTS

Requirement	Description	Consultation Link
Work Visa	Verify that the worker presents the corresponding Visa for the authorized activity	→ Click here
Foreign Identity Card	If the foreigner's stay is for 3 months or more, they must apply for the Foreign Identity Card	→ Click here
Special Stay Permit (PEP)	Special Case: Only applies to Venezuelan workers	→ Click here
Notify Migration Colombia	Notify Migration Colombia in writing within 15 days after the start or end of the foreign worker's contract	SIRE - INFORMATION SYSTEM FOR THE REPORTING OF FOREIGNERS → Click here
Report to Ministry of Labor	Submit the report to the Ministry of Labor within 120 days through the Unique Registry of Foreign Workers in Colombia	RUTEC - UNIQUE REGISTRY OF FOREIGN WORKERS IN COLOMBIA → Click here
Regulated Professions	In Colombia, certain regulated professions require a Temporary Special License issued by the respective Professional Councils	→ Click here
Cover Return Expenses	The employer or contractor must cover the return expenses of the foreign worker and their family if they were hired abroad to work in Colombia	Decree 1067, 2015



8

Main national tax obligations and benefits applicable to national and local scope

Chapter in partnership with:

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RUIZ** 

MAIN NATIONAL TAX OBLIGATIONS

MAIN NATIONAL TAX OBLIGATIONS

Below, there is a summary of the most relevant taxes for the 2024 tax period in Colombia.

Income tax

This tax is levied on the profits obtained by taxpayers in the development of their ordinary activities; in this case, the fiscal period is equal to the calendar year.

Applicability to Legal Entities

The income tax rate for corporations and other legal entities is 35%. There are some exceptions to this rate, such as for companies considered users and industrial operators of goods or services in free trade zones, for which the rate is 20%.

Sector surcharges: The following industries will be subject to a surcharge on the corporate income tax:

Sector		Surcharge
Financial sector (until 2027)		5%
Coal and carbon extraction (according to the average price of the product)	Percentile < 45	0%
	Percentile 45 a 60	5%
	Percentile > 60	10%
Oil extraction (according to the average price of the product)	Percentile < 30	0%
	Percentile 30 a 45	5%
	Percentile 45 a 60	10%
	Percentile > 60	15%
Hydroelectric power generators (until 2026)		3%

- **Minimum Tax:** As a general rule, taxpayers must pay income tax on at least 15% of their accounting profit (with some adjustments allowed by tax regulations).
- **Benefit Limitations:** Some benefits of the income tax are limited to 3% of the taxpayer's ordinary net income. This includes, among others, expenses associated with deductions for employee education and discounts for environmental investments.
- **Deductions:** As a general rule, expenses that are necessary, proportional, and related to the taxpayer's activity are deductible from corporate income tax. For example, the following expenses are deductible:

Salaries that (i) have complied with mandatory labor contributions; (ii) have been subject to withholding as appropriate, and (iii) have been reported in the DIAN electronic payroll system.

Applicable Deductions

Taxes, fees, and contributions paid as long as they are directly related to the taxpayer's economic activity. 50% of the financial transaction tax (GMF per its acronym in Spanish).

Expenses incurred outside Colombia if they are directly related to the taxpayer's production activity and the withholding tax has been duly applied, if applicable.





Individuals: Individual investors who are tax residents in Colombia must calculate income tax at the marginal and progressive rate ranging from 0% to 39%, depending on the individual's income level.

From	To	Rate
0	COP 51.300.850 / USD 12.825	0%
COP 51.300.850 / USD 12.825	COP 80.010.500 / USD 20.000	19%
COP 80.010.500 / USD 20.000	COP 192.966.500 / USD 48.240	28%
COP 192.966.500 / USD 48.240	COP 408.053.550 / USD 102.000	33%
COP 408.053.550 / USD 102.000	COP 892.823.050 / USD 223.206	35%
COP 892.823.050 / USD 223.206	COP 1.459.015.000 / USD 364.750	37%
COP 1.459.015.000 / USD 364.750	Onwards	39%

- The tax rate for individual investors who are non-residents is **35%**.
- **General Limit on Special Deductions:** Deductions and exempt income can be taken up to 40% or COP \$63,067,100 (approximately USD \$15,750) of the net income.

Dividend tax

Non-Residents

Dividends paid to individual and foreign non-resident investors will be subject to a general withholding tax of 20%. In any case, the potential application of preferential rates under Double Taxation Agreements should be analyzed.

Distribution Among Colombian Companies

The withholding tax rate applicable to the distribution of dividends among Colombian companies will be 10%. In the case of dividends distributed among national companies: (i) the tax is incurred at the first level of distribution; and (ii) the withholding tax does not apply when the distribution is among a duly registered business group in the commercial registry or among companies with a duly registered control situation before the mercantile registry.

Resident Individuals

For resident individuals, the withholding tax rate is 15% when the amount to be distributed exceeds COP 51,300,850 or USD 12,825. Dividends distributed from profits that have not been taxed at the level of the national company declaring them, will be subject to the income tax rate applicable for the respective tax year plus the respective dividend tax.

Capital gains tax

This tax levies profits not related to the ordinary economic activity of the taxpayer, which includes the following:

	Profit from the sale of a fixed asset held for a period of at least two years.
Taxable Occasional Gains	Liquidation of companies, determined by the excess of contributed capital, provided that it does not correspond to profits that can be distributed as non-taxed dividends and that the company has existed for a term of two years or more.

Value-added tax - VAT

The sale of goods, the provision of services, and imports are subject to the Value-added tax (VAT) at the general rate of 19%. The general rate has certain exceptions regarding specific goods or services. Exports are exempt from VAT and entitle the exporter to request a refund of the VAT generated in the value chain of the respective exported good or service. The deadlines for filing this tax are bimonthly and quarterly, depending on the gross income of the taxpayer or whether they are an exporter. If no taxable transactions have been carried out in the respective period, there is no obligation to file a return.

Wealth tax

With certain particularities and rules that differs from the income tax rules, this tax primarily levies the net worth (equity) of Colombian resident individuals, and the net equity held directly in Colombia by non-residents. The rates for 2024 are as follows:

From	To	Rate
0	COP 3.624.005.000 / USD 906.000	0%
COP 3.624.005.000 / USD 906.000	COP 5.741.930.000 / USD 1.435.483	0.5%
COP 5.741.930.000 / USD 1.435.483	COP 11.248.535.000 / USD 2.812.134	1.0%
COP 11.248.535.000 / USD 2.812.134	Onwards	1.5%*

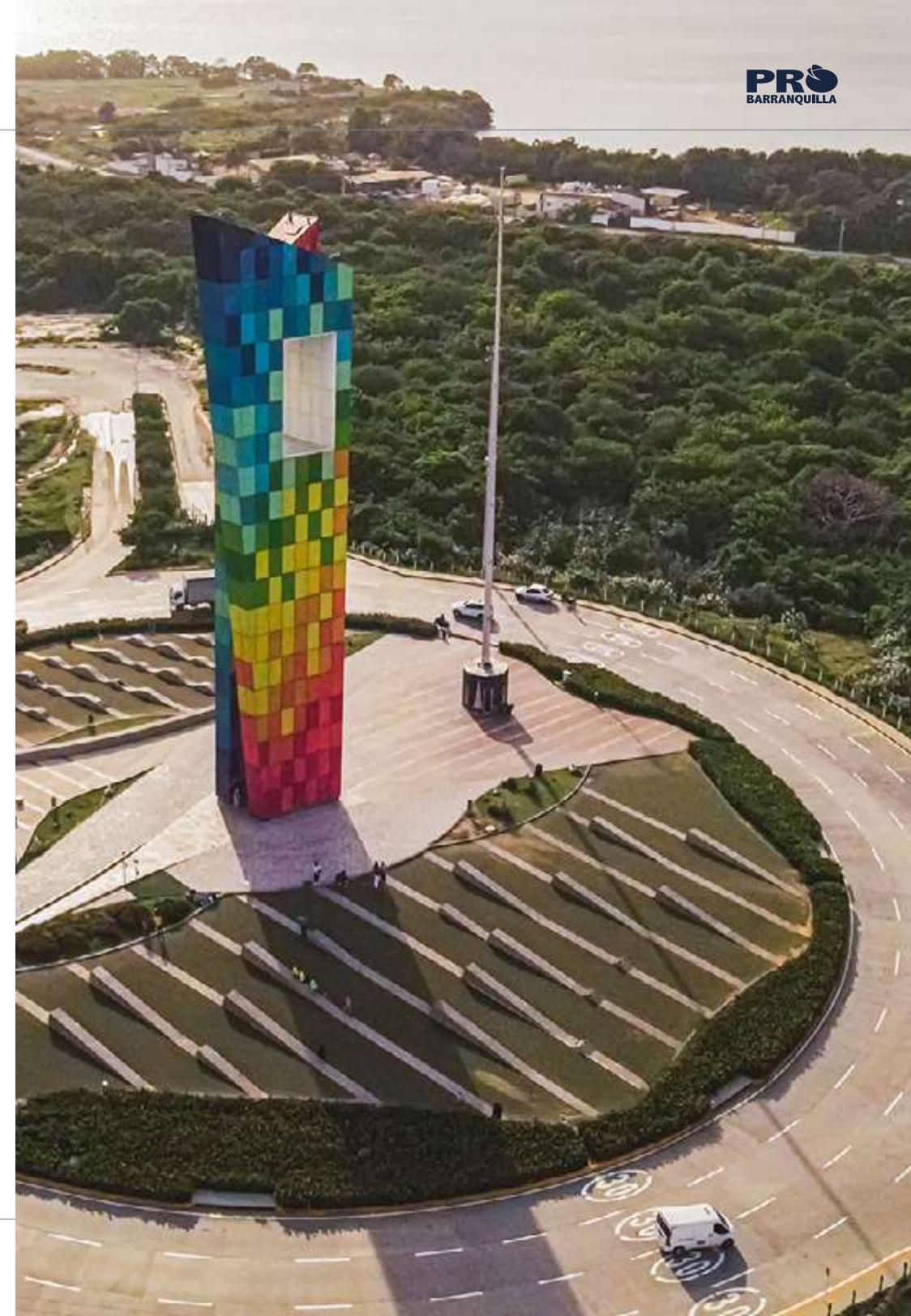
* The 1.5% rate will be in effect only until 2026 inclusive.

Financial transactions tax (GMF)

The financial transactions tax (GMF), with a rate of 0.4%, is a tax that levies financial transactions in which money is transferred in savings or credit accounts, among other scenarios.

Registry tax

Capital contributions made in Colombian commercial companies are subject to the registry tax, which has a rate of 0.7% for the increase in subscribed capital and 0.3% for the premium on the placement of shares that may apply.



MOST RELEVANT NATIONAL TAX BENEFITS

Having outlined the main national tax obligations, we will now present the following tax benefits that may have a greater impact on the region:



Denomination	Tax	Incentive	Validity	Who can benefit from it?
Investment in science and technology projects	Income tax	30% discount	Annually	Any natural or legal person wishing to invest in science, technology, and innovation projects, in partnership with a recognized actor by the Ministry of Science, Technology, and Innovation (Minciencias), considering the criteria and conditions defined by the National Council of Tax Benefits in Science, Technology, and Innovation (CNBT). Subject to validation of formal aspects.
Hospitality and tourism	Income tax	Differential rate of 15%	10 years	<p>The following services will be entitled to the special income tax rate:</p> <ul style="list-style-type: none"> • New hotels (constructed, remodeled, or expanded). • New theme parks. • New ecotourism and agrotourism projects. • New marinas. • New assistance centers for elderly tourists. <p>Services rendered in municipalities with up to 200,000 inhabitants will have the special rate for 10 years. These rates and conditions may also benefit remodeled and/or expanded hotels, provided that the value of the expansion is not less than 50% of the acquisition value of the property.</p>
Investment in unconventional energy sources, energy management, smart measurement, and green and blue hydrogen	Income tax	50% Special deduction	Up to 15 years	<p>Any companies or individuals making investments in research, development, and production of electricity with Unconventional Energy Sources (FNCE), and measures for Efficient Energy Management, including smart metering.</p> <p>A certification from UPME is required for the application of the benefit, and the deduction cannot exceed 50% of the net income after subtracting the investment amount.</p>
	VAT	Exemption	Indefinite	<p>Companies or individuals importing or acquiring national equipment, elements, machinery, and national or imported services for energy from unconventional sources or efficient energy management.</p> <p>VAT exclusion will apply for actions and measures of efficient energy management, including smart metering equipment (the project must be evaluated and certified by UPME).</p>
	Tariff incentives	Exemption	Indefinite	<p>Exemption from import duties on machinery, equipment, materials, and supplies without national production, for energy from unconventional sources or efficient energy management.</p> <p>A corresponding certificate from UPME is required</p>
	Accelerated Depreciation	Up to 33.33%	Annually	<p>Accelerated depreciation of up to 33.33% per year for machinery, equipment, and civil works for reinvestment, investment, and operation for energy from unconventional sources or efficient energy management.</p> <p>A corresponding certificate from UPME is required.</p>

MOST RELEVANT NATIONAL TAX BENEFITS

Denomination	Tax	Incentive	Validity	Who can benefit from it?
Labor benefits	Income tax	120% of salaries paid to workers under 28 years	Indefinite	Employers may deduct 120% of the salaries paid to workers under 28 years who are working for the first time from their income tax. The maximum deduction per employee cannot exceed one hundred fifteen (115) UVT monthly and will apply in the tax year in which the employee is hired by the taxpayer. A certificate from the Ministry of Labor is required to obtain the benefit.
		200% deductibility of salaries and social benefits paid to workers with disabilities	Indefinite	Employers who employ workers with a proven disability of at least 25% and who are required to file an income tax return and supplementary returns, have the right to deduct from their income 200% of the value of wages and social benefits paid during the year or taxable period to workers with disabilities, as long as the disability persists
		120% deductibility in income tax of the value of salaries and social benefits paid to individuals who are not beneficiaries of old-age, family, or survivor pensions and who have met the pension age requirement established by law	Indefinite	Contributing employers who are required to file income tax and complementary returns, who hire persons who are not beneficiaries of the old-age, family or survivor's pension and who have met the pension age requirement established by law, have the right to deduct from income tax 120% of the value of the salaries and social benefits paid to these persons during the taxable years in which the employee remains employed by the contributing employer, provided that they correspond to at least 2.5% of the staff for employers who have less than one hundred (100) employees.
		200% deductibility in income tax for salaries and social benefits paid to women workers who are verified victims of violence	Indefinite	Employers who hire female workers who are victims of proven violence and who are required to file income tax and supplementary returns will have the right to deduct from income tax 200% of the value of wages and social benefits paid during the taxable year or period, from the time the employment relationship exists, and for a period of up to three years.
VAT on export of services	VAT	Exempt from VAT with the right to refund	Indefinite	Services provided from national territory to be used exclusively abroad by a natural or legal person with no business or activity in Colombia will be exempt from VAT and have the right to a refund. To request a refund, the conditions established in Article 1.6.1.21.15 of Decree 1625 of 2016 must be met.
Import, formation, and construction of productive fixed assets	Income tax	Discount on income tax for the output VAT	Indefinite	Those who import, form, and construct productive fixed assets will be able to deduct the total VAT paid, including the necessary services to set them up, from their income tax.

MUNICIPAL TAX BENEFITS APPLICABLE WITHIN ATLÁNTICO

Municipality	Tax	% Exemption	Validity	Who can benefit from it?
Barranquilla	Industry and Commerce tax	100%	10 years	New industrial, commercial and service companies to be installed on urban land and urban expansion land located between Avenida Circunvalar and the district perimeter to Puerto Colombia, Tubará and Galapa and on the eastern margin of the Port Corridor (Calle 6) to the Magdalena River from the extension of Carrera 46 to Carrera 8B.
		100%	10 years	Pre-existing industrial, commercial and service located in front of the Vía 40 corridor (from Carrera 50B to 85th Street) and voluntarily move to properties located on urban land and urban expansion land located between Avenida Circunvalar and the district perimeter to Puerto Colombia, Tubará and Galapa and on the eastern margin of the Port Corridor (Calle 6) to the Magdalena River from the extension of Carrera 46 to Carrera 8B.
	Property tax	100%	10 years	New companies that, according to the Planning Act (POT) classification, are installed on urban land and urban expansion located between Avenida Circunvalar and the district perimeter towards Puerto Colombia, Tubará and Galapa and on the eastern margin of the Port Corridor (Calle 6) towards the River Magdalena.
		100%	10 years	Companies that as of 2014 are located in front of the Vía 40 corridor on the western margin and on the eastern margin up to the Magdalena River in the same corridor, and voluntarily move to urban land and urban expansion land located between Avenida Circunvalar and the district perimeter to Puerto Colombia, Tubará and Galapa and on the eastern margin of the Port Corridor (6th Street) to the Magdalena River, and develop industrial uses and trade services that belong to the transportation, storage and warehouse groups, and vehicle maintenance and repair; and trade uses of goods from the group of consumer products and merchandise and all port use groups, according to Planning Act (POT) classification.
Soledad	Industry and Commerce tax	100%	2 years	New commercial and service companies that generate 10 or more permanent direct jobs, of which 70% must be local.
		100%	5 years	New industrial companies that generate 10 or more permanent direct jobs, of which 70% must be local.

MUNICIPAL TAX BENEFITS APPLICABLE WITHIN ATLÁNTICO

Municipality	Tax	% Exemption	Validity	Who can benefit from it?
Malambo	Industry and Commerce Tax	100%	10 years gradually	<p>Companies with industrial activity that demonstrate an investment of no less than 30,000 UVT in the purchase of land or real estate, construction of new buildings, and improvements and adaptations of pre-existing constructions. Additionally, the company must meet the following local hiring requirements:</p> <ul style="list-style-type: none"> • More than 25% of its employees in technical and operational positions and 5% of its administrative, professional, and technical-administrative staff during the first four years. • 35% of its employees in technical and operational positions and 5% of its administrative, professional, and technical-administrative staff from the fifth to the sixth year. • 45% of its employees in technical and operational positions and 5% of its administrative, professional, and technical-administrative staff from the seventh to the eighth year. • 55% of its employees in technical and operational positions and 5% of its administrative, professional, and technical-administrative staff from the ninth to the tenth year. <p>Companies with commercial or service activities that demonstrate an investment of no less than 30,000 UVT in the purchase of land or real estate, construction of new buildings, and improvements and adaptations of pre-existing constructions, which will be applied as follows:</p> <ul style="list-style-type: none"> • A 100% exemption for the first three years, with the requirement of local hiring of more than 25% of its employees in technical and operational positions and 5% of its administrative, professional, and technical-administrative staff. • A 90% exemption in the fourth year, with the requirement of local hiring of more than 25% of its employees in technical and operational positions and 5% of its administrative, professional, and technical-administrative staff. • An 80% exemption in the fifth year, with the requirement of local hiring of 35% of its employees in technical and operational positions and 5% of its administrative, professional, and technical-administrative staff. • A 70% exemption in the sixth year, with the requirement of local hiring of 35% of its employees in technical and operational positions and 5% of its administrative, professional, and technical-administrative staff. • A 50% exemption from the seventh to the tenth year, with the requirement of local hiring of 45% of its employees in technical and operational positions and 5% of its administrative, professional, and technical-administrative staff during the seventh and eighth years, and 55% of its employees in technical and operational positions and 5% of its administrative, professional, and technical-administrative staff during the ninth and tenth years.

MUNICIPAL TAX BENEFITS APPLICABLE WITHIN ATLÁNTICO

Municipality	Tax	% Exemption	Validity	Who can benefit from it?
Palmar de Varela	Industry and Commerce tax	50%	10 years gradually	<p>New industrial, commercial or service companies to be installed in Palmar de Varela. New companies that wish to take advantage of these benefits must guarantee that at least 40% of their hired personnel are from the municipality. The exemption will be given as follows:</p> <ul style="list-style-type: none"> • A 50% exemption for the first two years • A 40% exemption for the third and fourth year • A 30% exemption for the fifth and sixth year • A 20% exemption for the seventh and eighth year • A 10% exemption for the ninth and tenth year <p>Companies that do not comply with the previous condition (40% jobs) may be granted an exemption in the industry and commerce tax up to 50% of the gradual exemptions, as long as the generation of direct jobs in Palmar de Varela is demonstrated.</p>
		100%	7 years	<p>Creative economy companies are exempt from the industry and commerce tax for a period of seven (7) years and only once as long as their main activity takes place in the municipality of Palmar de Varela. This applies for companies from the following CIU's 4 AC classifications: 3210, 3220, 5820, 5911, 5912, 5913, 5914, 5920, 6010, 6020, 6391, 6399 and 7310.</p>
	Property tax	100%	10 years gradually	<p>New companies or those that are installed in the municipality within the industrial zone or that relocate to it and develop projects to expand their employment generation capacity in an investment amount greater than 10,000 UVT. Companies in the construction stage have to give priority in providing jobs to the inhabitants of the municipality of Palmar de Varela.</p>

MUNICIPAL TAX BENEFITS APPLICABLE WITHIN ATLÁNTICO

Municipality	Tax	% Exemption	Validity	Who can benefit from it?
Galapa	Industry and Commerce Tax	100%	10 years	Industrial, commercial, and service companies that establish operations in the municipality and meet the following requirements will be eligible for the exemption: <ul style="list-style-type: none"> • Hire 30% of their employees from individuals with a permanent residence in the Municipality of Galapa during the ten (10) years of the exemption period. • Establish operations in rural, urban, or urban expansion areas in accordance with the PBOT (Territorial Planning Guidelines). • Declare and pay 15% of the exempted tax amount as a contribution to finance the MUNICIPAL EDUCATIONAL FUND. • Declare and pay the complementary Industry and Commerce taxes: Firefighters' Surcharge and Signs and Billboards Tax.
		100%	10 years	Properties that have been developed for free zones and industrial parks, attracting investment, and each new company that establishes operations of an industrial, commercial, or service nature will be eligible for the exemption.
		100%	10 years	Properties where industrial, commercial, and service companies are established.
		100%	10 years	Companies that establish operations in rural areas in accordance with the PBOT (Territorial Planning Guidelines).

Considering the territorial autonomy municipal entities have, all tax benefits are subject to constant changes. Therefore, it is important to perform a prior validation in each case to verify the validity of the applicable benefit.





9

Corporate sustainability and environmental regime



Chapter in partnership with:



CORPORATE SUSTAINABILITY AND ENVIRONMENTAL REGIME

COMPETENT ENVIRONMENTAL AUTHORITIES

SINA - National Environmental System (Law 99 of 1993)

SINA is the set of policies, regulations, activities, resources, programs, and institutions that implement the general environmental principles established in the Constitution and laws. It also includes public authorities responsible for environmental policy, planning, and management in Colombia.



Ministry of Environment and Sustainable Development (MADS)



This is the governing body of SINA, responsible for developing policies and issuing environmental regulations for the entire country. In some cases, it grants certain environmental permits.

National Environmental Licensing Authority (ANLA)



This body, affiliated with MADS, is responsible for granting environmental licenses, permits, concessions, and authorizations for projects, works, or activities with the greatest environmental impact, as defined by law and regulations.

Regional Autonomous Corporation of the state of Atlántico (CRA)



This entity manages renewable natural resources in the state of Atlántico, excluding the urban perimeter of Barranquilla. It grants environmental licenses, permits, concessions, and authorizations and exercises environmental control and supervision within its jurisdiction.



Barranquilla Environmental Public Establishment (Barranquilla Verde)

This entity manages renewable natural resources in the urban perimeter of Barranquilla, excluding rural land and the main water resource (Magdalena River). It grants environmental licenses, permits, concessions, and authorizations and exercises environmental control and supervision within its jurisdiction.

LAND USE PLANNING AND ENVIRONMENTAL DETERMINANTS

The regulations on land use and environmental determinants established in the Territorial Planning Plans (POT) of Barranquilla and other municipalities in the Atlántico Department must be taken into account. These plans establish zoning and some restrictions related to land use and/or protection areas.

Land Use Plan - POT

The POT of Barranquilla, adopted through Decree 212 of 2014, defines protection land use based on the Principal Ecological Structure (EPP) of the District, consisting of the subsystem of watercourse protection and management zones, as well as the Environmental Management and Protection Zones (ZMPA).



Hydrographic Basin Planning and Management Plans – POMCA

The Hydrographic Basin Planning and Management Plans - POMCA, constitute environmental determinants that must be considered when developing projects, works, or activities. Currently, the following POMCA exist:

- **Ciénaga de Mallorquín and Arroyos Grande y León** adopted through Agreement No. 001 of 2007.
- **Canal del Dique** adopted through Agreement No. 002 of 2008.
- **Magdalena River** (in process of adoption).
- **Caribbean Sea** (in process of adoption).



ENVIRONMENTAL LICENSES

The execution of Projects, Works, or Activities (Proyectos, Obras o Actividades - POA) that, according to Law 99 of 1993 and its regulations (Decree 1076 of 2015), could cause severe damage to renewable natural resources or the environment, or introduce significant changes to the landscape, will require an Environmental License. This is understood as an authorization granted by the competent environmental authority, subject to the fulfillment of specific requirements related to the prevention, mitigation, correction, compensation, and management of environmental effects.



Competencies

TYPE OF POA	NATIONAL ENVIRONMENTAL LICENSING AUTHORITY (ANLA)	REGIONAL AUTONOMOUS CORPORATION OF THE STATE OF ATLÁNTICO (CRA) OR BARRANQUILLA ENVIRONMENTAL PUBLIC ESTABLISHMENT (BARRANQUILLA VERDE)
Hydrocarbon Sector	<ul style="list-style-type: none"> a. Seismic exploration with road construction and in marine areas at depths less than 200 meters. b. Exploratory drilling. c. Hydrocarbon exploitation. d. Transportation and conduction of liquid and gaseous hydrocarbons with diameters equal to or greater than six (6) inches. e. Hydrocarbon delivery terminals and transfer stations. f. Construction and operation of refineries and petrochemical developments. 	N/A
Mining Sector	<ul style="list-style-type: none"> a. Coal: more than 800,000 tons/year. b. Construction materials: more than 600,000 tons/year. c. Clays and non-metallic industrial minerals: more than 250,000 tons/year. d. Metallic minerals and precious stones: material removal greater than 2,000,000 tons/year. e. Other minerals and materials: greater than 1,000,000 tons/year. 	<ul style="list-style-type: none"> a. Coal: less than 800,000 tons/year. b. Construction materials: less than 600,000 tons/year. c. Clays and non-metallic industrial minerals: less than 250,000 tons/year. d. Metallic minerals and precious stones: material removal less than 2,000,000 tons/year. e. Other minerals and materials: less than 1,000,000 tons/year.
Dams, reservoirs, and embankments	With a capacity greater than 200 million cubic meters of water.	With a capacity greater than 200 million cubic meters of water.
Steelworks, concrete plants, and cement plants	N/A	Steelworks, cement plants, and fixed concrete plants with a concrete production greater than ten thousand (10,000) cubic meters/month.
Electric Sector	<ul style="list-style-type: none"> a. Construction and operation of power plants with a capacity equal to or greater than 100 MW. b. Exploration and use of alternative energy sources that are virtually polluting, with installed capacity equal to or greater than 100 MW. c. Transmission line projects in the National Transmission System (STN), including substations operating at voltages equal to or greater than 220 KV. 	<ul style="list-style-type: none"> a. Construction and operation of power plants with a capacity between 10 and 100 MW. b. Transmission lines in the Regional Transmission System (STR), including substations between 50 and 220 KV. c. Construction and operation of power plants using hydropower with a capacity of less than 100 MW, except small hydropower plants operating in non-interconnected zones (ZNI) with a capacity equal to or less than ten (10) MW. d. Exploration and use of alternative energy sources with installed capacity between 10 and 100 MW.

Competencies

TYPE OF POA	NATIONAL ENVIRONMENTAL LICENSING AUTHORITY (ANLA)	REGIONAL AUTONOMOUS CORPORATION OF THE STATE OF ATLÁNTICO (CRA) OR BARRANQUILLA ENVIRONMENTAL PUBLIC ESTABLISHMENT (BARRANQUILLA VERDE)
Nuclear energy generation	Nuclear energy generation projects.	N/A
Maritime and Port Sector	<ul style="list-style-type: none"> a. Construction, expansion, and operation of large-draft seaports. b. Deepening dredging of access channels to large-draft seaports. c. Stabilization of beaches and coastal entrances. 	<ul style="list-style-type: none"> a. Construction, expansion, and operation of seaports that are not of large draft. b. Deepening dredging of access channels to non-large-draft ports. c. Private projects related to the construction of hard structures (breakwaters, groynes, dikes) and regeneration of dunes and beaches.
Airports	Construction and operation of international airports and new runways in them.	Construction and operation of national-level airports and new runways in them.
Road network projects	National road network projects related to: <ul style="list-style-type: none"> a. Road construction, including bridges. b. Construction of second lanes. c. Tunnel construction with their accesses. 	Secondary and tertiary road network projects: <ul style="list-style-type: none"> a. Road construction, including bridges. b. Construction of second lanes. c. Tunnel construction with their accesses.
Fluvial Network Projects	Execution of projects in the national fluvial network related to: <ul style="list-style-type: none"> a. Construction and operation of public ports. b. Riverbed rectification, closure of branches, meanders, and oxbow lakes. c. Construction of groynes. d. Diversion of riverbeds in the fluvial network. e. Deepening dredging in navigable channels and delta areas. 	Execution of private works in the national fluvial network: <ul style="list-style-type: none"> a. Construction and operation of ports. b. Riverbed rectification, closure of branches, meanders, and oxbow lakes. c. Construction of groynes. d. Diversion of riverbeds in the fluvial network. e. Deepening dredging in channels and delta areas.
Railways	Construction of railways and/or variants of the national railway network, both public and private.	Construction of regional railways and/or variants of these, both public and private.
Irrigation Districts	Construction and operation of irrigation and/or drainage districts covering more than 20,000 hectares.	Construction and operation of irrigation and/or drainage districts for areas between 5,000 and 20,000 hectares.
Production and import of pesticides and agrochemicals	Imports: <ul style="list-style-type: none"> a. Pesticides for agricultural use, except for biological pesticides made from plant-based extracts. b. Pesticides for veterinary use, except for topical products for pets. c. Pesticides for public health use. d. Pesticides for industrial use. e. Pesticides for domestic use, except those in individual packaging or presentation. 	N/A

Competencias

TYPE OF POA	NATIONAL ENVIRONMENTAL LICENSING AUTHORITY (ANLA)	REGIONAL AUTONOMOUS CORPORATION OF THE STATE OF ATLÁNTICO (CRA) OR BARRANQUILLA ENVIRONMENTAL PUBLIC ESTABLISHMENT (BARRANQUILLA VERDE)
Solid waste	N/A	<ul style="list-style-type: none"> a. Construction and operation of plants for the recovery and valorization of biodegradable organic waste exceeding 20,000 tons/year. b. Storage, treatment, and final disposal of hazardous waste (RESPEL), electronic waste (RAEES), biosolids, and sanitary landfills.
Chemical Manufacturing Industry	N/A	Manufacturing of: <ul style="list-style-type: none"> a. Basic mineral-based chemical substances. b. Alcohols. c. Inorganic acids and their oxygenated compounds.
Gold processing plant	N/A	Construction and operation of gold processing plants.
Introduction of Foreign Species	Introduction into the country of parental species, subspecies, races, hybrids, or foreign varieties for cultivation, raising, biological control, reproduction, and/or commercialization.	N/A
Storage of Hazardous Substances	N/A	Storage of hazardous substances, except for hydrocarbons.
Animal-breeding farms	Species listed in the Appendices of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).	Commercial hunting and establishment of breeding farms for commercial purposes.



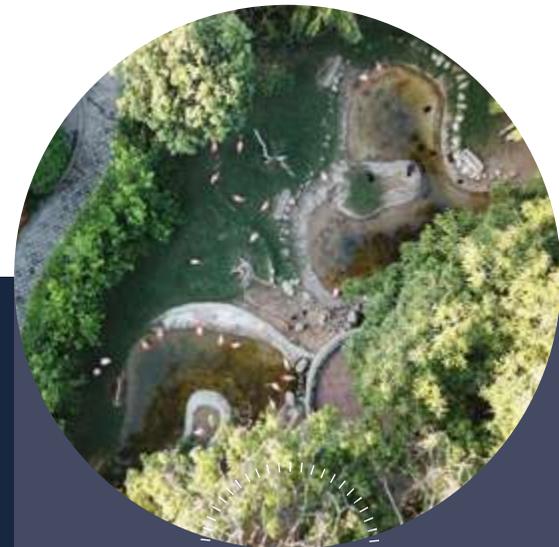
Environmental Diagnosis of Alternatives (DAA)

In some cases, a prior request must be made to the competent environmental authority for a statement regarding the Environmental Alternative Diagnosis (DAA) for the following types of Environmental Management Plans (POA):

- Seismic exploration of hydrocarbons that requires the construction of roads.
- Nuclear energy generation projects.
- Transportation and conduction of liquid or gaseous hydrocarbons with diameters equal to or greater than six (6) inches.
- Construction of ports.
- Liquid hydrocarbon delivery terminals associated with pipeline transportation.
- Construction of airports.
- Construction of refineries and petrochemical projects.
- Construction of roads, infrastructure, and tunnels associated with the national, secondary, and tertiary road network.
- Construction of dams, reservoirs, or impoundments
- Construction of second lanes.
- Construction and operation of power generation plants.
- Execution of works in the national river network, except for deepening dredging projects.
- Exploration and use of alternative energy sources with an installed capacity greater than ten (10) MW.
- Construction of railways and their variants.
- Laying of new transmission lines for the National Transmission System.
- Projects requiring inter-basin water transfers.

Requirements to obtain an Environmental License

- National Unified Form for Environmental License Application.
- Certificate of Existence and Legal Representation.
- Land Use Certificate (when applicable).
- Authorization from the owner, tenant, or holder (when applicable).
- Power of Attorney (when acting through a legal representative).
- Investment and operating costs of the Environmental Management Plan (POA).
- Proof of payment for the evaluation service.
- Certificate from the National Directorate of the National Authority for Prior Consultation (DANCP) of the Ministry of the Interior regarding the presence or absence of ethnic communities.
- Proof of submission of the document to the Colombian Institute of Anthropology and History (ICANH) (when applicable).
- Environmental Impact Assessment (EIA) plans in the Geographic Storage Model (GEODATABASE).
- Form approved by the competent environmental authority for the preliminary verification of documentation.
- Environmental Impact Assessment (EIA).



PERMITS, CONCESSIONS, AUTHORIZATIONS, AND OTHER ENVIRONMENTAL MANAGEMENT AND CONTROL INSTRUMENTS

Environmental Permits

Type of Permit	Applies to	Regulation
Surface Water Concession	Water abstraction from natural surface sources for aqueducts, industry, hydrocarbons, mining, hydroelectric plants, thermal plants, agriculture (irrigation), livestock, and recreational purposes	Decree 1076/2015, Art. 2.2.3.2.7.1
Permit for Groundwater Exploration	Groundwater prospecting and exploration, including test drilling, with the intention of subsequent use	Decree 1076/2015, Art. 2.2.3.2.16.4
Groundwater Concession	Abstraction of water from underground natural sources (aquifers) for the same purposes	Decree 1076/2015, Art. 2.2.3.2.16.4
Authorization for the Occupation and/or Exploitation of Beaches, Riverbeds, and Watercourses	Construction of works that temporarily or permanently occupy beaches, riverbeds, or watercourses	Decree 1076/2015, Art. 2.2.3.2.12.1
Authorization for the Use of Isolated Trees	Felling or pruning of fallen, dead trees for sanitary reasons, emergencies, relocation, or for public or private works in urban and rural areas	Decree 1076/2015, Art. 2.2.1.1.9.1 a 2.2.1.1.9.6
Authorization for Persistent Forest Use	Sustainable exploitation of forest resources in natural forests located on public or private property	Decree 1076/2015, Art. 2.2.1.1.4.1 a 2.2.1.1.4.6
Single Forest Exploitation Permit	Felling in natural or semi-natural ecosystems, secondary vegetation, transformed ecosystems with or without environmental importance, always in rural areas	Decree 1076/2015, Art. 2.2.1.1.5.1 a 2.2.1.1.5.7



Type of Permit	Applies to	Regulation
Permit for Scientific Research Studies on Biological Diversity	Conducting scientific research projects on biological diversity for commercial, industrial, or biological prospecting purposes, involving collection, capture, hunting, fishing, handling, and their mobilization	Decree 1076/2015, Art. 2.2.1.5.1.2
Permit for the Collection of Specimens of Wild Species of Biological Diversity for Environmental Studies	Conducting studies that require the collection of wild species specimens of biological diversity, for the purpose of preparing environmental studies to apply for licenses and other environmental permits	Decree 1076/2015, Art. 2.2.2.9.2.2
Permit for Atmospheric Emissions	Discharge of gases, smoke, vapors, or other similar substances into the air from fixed sources, except boilers or furnaces using natural gas as fuel	Decree 1076/2015, Art. 2.2.5.1.7.2 Resolution 619/1997
Permit for Liquid Discharges	Any commercial and industrial activity that generates discharges into surface waters, marine waters, or the soil, including domestic and non-domestic wastewater, except for discharges into the public sewer system	Decree 1076/2015, Art. 2.2.3.3.5.1

Environmental Plans and Programs

Type of Plan or Program	Applies to	Regulation
Efficient and Sustainable Water Use Program (PUEAA)	All water resource users. Requires approval by the Competent Environmental Authority (AAC) when the water is sourced directly from a natural source.	Decree 1076/2015, Art. 2.2.3.2.1.1.1 to 2.2.3.2.1.1.7; Resolution 1257/2018
Rational and Efficient Energy Use Program (URE)	All energy users. Does not require submission or approval by the Competent Environmental Authority (AAC).	Law 697/2001; Decree 1073/2015, Art. 2.2.3.6.2.1
Comprehensive Management Plan for Hazardous Waste (PGIRP)	All generators of hazardous waste (RESPEL). Does not require submission or approval by the Competent Environmental Authority (AAC).	Decree 1076/2015, Art. 2.2.6.1.3.1
Comprehensive Management Plan for Waste Generated from Healthcare and Similar Activities (PGIRASA)	All generators of waste from healthcare and similar activities (veterinary clinics, laboratories, embalming services, animal slaughterhouses, bioteriums, zoonosis, hospital laundry, and aesthetic centers).	Decree 780/2016, Art. 2.8.10.1; Resolution 591/2024
Environmental Management Plan for Construction and Demolition Waste (RCD)	All generators of RCD in construction and demolition activities. Requires submission and approval when the area exceeds 1,000 m ² (Barranquilla Verde) or 2,000 m ² (CRA).	Resolution 472/2018; Resolution 1257/2021
Management Plan for the Return of Used Lead-Acid Batteries (BUPA) (Individual)	All producers (manufacturers and importers) of Used Lead-Acid Batteries (BUPA) must submit the plan for approval to the ANLA.	Decree 1076/2015, Art. 2.2.6.1.4.1; Resolution 372/2009; Resolution 361/2011

Type of Plan or Program	Applies to	Regulation
Management Plan for the Return of Expired Pharmaceuticals or Medications and their Packaging (Individual or Collective)	All producers (manufacturers and importers) of pharmaceuticals or medications must submit the plan for approval to the ANLA.	Decree 1076/2015, Art. 2.2.6.1.4.1; Resolution 371/2009
Management Plan for the Return of Pesticide Containers (Individual)	All producers (manufacturers and importers) of pesticides (domestic, industrial, veterinary, agricultural) must submit the plan for approval to the ANLA.	Decree 1076/2015, Art. 2.2.6.1.4.1; Resolution 1675/2013
Environmental Management Plan for Paper, Plastic, Glass, Cardboard, and Metal Containers and Packaging (PGAREE) (Individual or Collective)	All producers (manufacturers or importers), defined as companies that place on the market products or goods contained in recyclable packaging made of paper, plastic, glass, cardboard, or metal, must submit the plan for approval to the ANLA.	Resolution 1407/2018; Resolution 803/2024
Selective Collection System for Waste Electrical and Electronic Equipment (RAEES) (Individual or Collective)	All producers (manufacturers or importers) of electrical and electronic equipment (EEE) (including computers, lamps, batteries) for mass, professional, and industrial consumption. Submission to ANLA is required for mass consumption products that exceed the threshold.	Decree 1076/2015, Art. 2.2.7A.1.1 to Art. 2.2.7A.4.6; Resolution 851/2022
Selective Collection System for Used Tires (Individual or Collective)	All producers (manufacturers or importers) of tires must submit the plan to the ANLA, provided they exceed the threshold.	Resolution 1326/2017



Environmental Registrations

Type of registration	Applies to	Regulation
Single Environmental Registry (RUA)	All holders of environmental licenses, permits, concessions, or authorizations, and/or generators of more than 10 kg/month of hazardous waste (RESPEL). Includes the Mandatory Greenhouse Gas Emissions Report (ROE) and the Emissions and Pollutant Transfer Registry (RETC)	Resolution 839/2023
Registry of Hazardous Waste Generators	All non-manufacturing companies generating more than 10 kg/month of hazardous waste (RESPEL). Since 2026, the Single Environmental Registry (RUA) will apply to them.	Decree 1076/2015, Art. 2.2.6.1.6.1; Resolution 1362/2009
Polychlorinated Biphenyls (PCB) Inventory	All owners of equipment or waste containing mineral oils and/or consisting of, containing, or contaminated with Polychlorinated Biphenyls (PCB).	Resolution 222/2011; Resolution 1741/2016
National Registry for the Reduction of Greenhouse Gas Emissions (RENARE)	Registry of greenhouse gas mitigation initiatives that seek to opt for result-based payments or compensations, contributing to national climate change targets under the United Nations Framework Convention on Climate Change (UNFCCC).	Resolution 1447/2018

Disaster Risk Management

Instrument	Applies to	Regulation
Disaster Risk Management Plan (PGRD)	Manufacturing industry, public service providers, cargo transportation and storage, complex constructions, major civil works, and places with high public attendance.	Decree 2157 of 2017; Decree 1081 of 2015
Contingency Plan for Oil and Hazardous Substances Spills	Users engaged in exploration, exploitation, manufacturing, refining, processing, transportation, or storage of hydrocarbons or substances harmful to health and hydrobiological resources. Must be submitted to the Competent Environmental Authority (AAC).	Decree 1076/2015, Art. 2.2.3.3.4.14; Decree 1209/2018; Decree 1868/2021
Single Environmental Contingency Report Form	When an environmental contingency occurs (spill, fire, explosion, or leak), it must be reported to the Competent Environmental Authority (AAC).	Resolution 1767/2016; Resolution 1486/2018
Major Accident Prevention Program (PPAM)	Facilities classified as exceeding the storage threshold for fuels and substances established in the annexes of the regulation.	Decree 1347/2021

ENVIRONMENTAL ECONOMIC OBLIGATIONS

Type of Obligation	Applies to	Regulation
Retributive Fee	Any person who directly or indirectly uses water resources as a recipient of point-source discharges	Decree 1076/2015, Art. 2.2.9.7.1.1
Water Use Fee	Any person using water resources by virtue of a water concession	Decree 1076/2015, Art. 2.2.9.6.1.1
Compensatory Fee for Timber Forest Use	Holders of timber forest use permits who fell trees to obtain timber resources from natural forests on public or private lands.	Decree 1076/2015, Art. 2.2.9.12.1.1
Fees for Evaluation and Monitoring Services	Licenses, permits, concessions, authorizations, and other instruments for environmental management and control.	ANLA: Resolution 1140/2022; CRA: Resolution 261/2023; BV: Resolution 543/2024
Electric Sector Transfer	All public, private, or mixed companies owning hydroelectric or thermoelectric power generation plants with a total installed capacity greater than 10,000 kW, and on gross sales from own generation.	Decree 1076/2015, Art. 2.2.9.2.1.1
Mandatory Investment of No Less than 1%	Any user who directly uses water from a natural source and whose Project of Environmental Management (POA) requires an Environmental License.	Decree 1076/2015, Art. 2.2.9.3.1.1
Compensations for the Biotic Component	Projects of Environmental Management (POAs) that: <ul style="list-style-type: none"> Require an Environmental License (listed in the annex of the regulation) Removal of Forest Reserve Areas Unique Forest Use Permit. 	Resolution 256/2018

ENVIRONMENTAL BENEFITS AND TAX INCENTIVES

General Benefits

- Certifications and/or Accreditations in Environmental Management Systems (SGA for its acronym in Spanish) under ISO 14001:2015
- Colombian Environmental Seal
- Zero Waste Program
- Green Credits

Tax Incentives

Type of investment	Income Tax Deduction or Discounts	VAT Exclusion or Refund	Tariff Incentive	Accelerated Asset Depreciation	Property Tax Discount
Investments in environmental control and improvement	✗	✗	✗	✗	
Non-Conventional Renewable Energy Sources (FNCER)	✗	✗	✗	✗	
Ecotourism	✗				
Donations (protected areas and foundations)	✗				
Environmental science, technology, and innovation	✗	✗	✗		
Civil society nature reserves					✗



10

Free trade zone
regime: A tool for
international
trade



Chapter in partnership with:



ARAÚJOIBARRA
Consultores en Comercio Internacional



FREE TRADE ZONE REGIME: A TOOL FOR INTERNATIONAL TRADE

FREE TRADE ZONE REGIME AND ITS BENEFITS

What are Free Trade Zones?

Free Trade Zones are defined as specific geographic areas within the national territory established for the development of industrial activities for the production of goods, the provision of services, or

commercial activities. These designated zones for business activities are governed by special tax, customs, and foreign trade regulations.

What is the Free Trade Zone Regime?

The current Free Trade Zone Regime was created by Law 1004 of 2005 and is regulated by Decree 2147 of 2016 and its amending Decrees. Free Trade Zones are intended to serve as an instrument for generating formal and direct employment by providing incentives for new investments in real productive fixed assets. This, in turn,

facilitates economies of scale and increases competitiveness for productive activities and foreign trade. Specifically, goods entering the designated Free Trade Zone areas are considered outside the national customs territory (TAN for its acronym in Spanish) for the purposes of taxes related to import activities.

What Benefits Does the Free Trade Zone Regime Offer?

Tax Benefits	Customs Benefits	Foreign Trade Benefits
<p>Special Income Tax Rate</p> <p>20% for income generated from the export of goods or services, compared to 35% in the National Customs Territory.</p> <p>Some activities within the Free Trade Zone are subject to the 20% rate without export requirements (port services, fuel refining, offshore zones, logistics services, and operator users).</p>	<p>No tariffs or VAT</p> <p>The entry of goods from the rest of the world into a Free Trade Zone is not considered an import, and therefore no customs duties are generated or paid while the goods remain in the Free Trade Zone.</p>	<p>Export from free trade zones</p> <p>It is possible to export goods and services from free trade zones to third countries.</p>
<p>VAT Exemption</p> <p>Applies to raw materials, parts, supplies, and finished goods sold to industrial users of goods or services in Free Trade Zones from the National Customs Territory or traded between these users.</p>		<p>Indefinite storage time</p> <p>Foreign goods entering a Free Trade Zone do not have a maximum storage period.</p>



TYPES OF FREE TRADE ZONES AND USERS

	Permanent Free Trade Zone or Multi-User Free Trade Zone	Special Permanent Free Trade Zone	Temporary Free Trade Zone
Characteristics	<ul style="list-style-type: none"> Delimited area within the national territory Multiple industrial or commercial users are installed 	<ul style="list-style-type: none"> Delimited area within the national territory A single industrial user is installed 	<ul style="list-style-type: none"> Delimited area within the national territory Celebration of National or international fairs, exhibitions, or congresses of importance to the economy or international trade
Modalities	<ul style="list-style-type: none"> Permanent Technology Parks Offshore 	<ul style="list-style-type: none"> For goods For services For agribusiness activities For dairy sector For health services For port services Preexisting Special Permanent Zones For Cauca, Caquetá, Huila, Nariño and Putumayo For Cúcuta and Metropolitan Area 	N/A
Types of users	<p>OPERATOR USER</p> <p>Role</p> <ul style="list-style-type: none"> Authorized entity to direct, manage, supervise, promote, and develop one or more free trade zones Qualifies users Monitors, controls, and authorizes entry/exit of goods under customs control <p>Requirements</p> <ul style="list-style-type: none"> Legal entity authorized as an operator user Must not hold any other qualification Must not have economic or corporate links with other users 	<p>OPERATOR USER</p> <p>Role</p> <ul style="list-style-type: none"> Monitors, controls, and authorizes entry/exit of goods under customs control <p>Requirements</p> <ul style="list-style-type: none"> Legal entity authorized as an operator user Must not hold any other qualification Must not have economic or corporate links with other users 	<p>ADMINISTRATOR USER</p> <p>Role</p> <ul style="list-style-type: none"> Entity responsible for managing the área <p>Requirements</p> <ul style="list-style-type: none"> Legal entity Legal capacity to organize national and international events, and to promote, direct, and manage the area

TYPES OF FREE TRADE ZONES AND USERS

	Permanent Free Trade Zone or Multi-User Free Trade Zone	Special Permanent Free Trade Zone	Temporary Free Trade Zone
Types of users	<p>INDUSTRIAL USER OF GOODS</p> <p>Role</p> <ul style="list-style-type: none"> Authorized to produce, transform, or assemble goods <p>Requirements</p> <ul style="list-style-type: none"> Legal entity established in one or more free trade zones Must be new legal entities <hr/> <p>INDUSTRIAL USER OF SERVICES</p> <p>Role</p> <p>Authorized to carry out activities such as:</p> <ol style="list-style-type: none"> logistics and related services telecommunications and data storage scientific and technological research healthcare tourism repair, cleaning, quality testing technical support, maintenance, repair consulting, auditing, management, and related services <p>Requirements</p> <ul style="list-style-type: none"> Legal entity established in one or more free trade zones Must be new legal entities <hr/> <p>COMMERCIAL USER</p> <p>Role</p> <ul style="list-style-type: none"> Authorized to engage in marketing, storage, or conservation of goods <p>Requirements</p> <ul style="list-style-type: none"> Legal entity (does not need to be new) Cannot hold any other qualification simultaneously May not occupy more than 15% of the free trade zone area Can operate both inside and outside the free trade zone 	<p>SINGLE INDUSTRIAL USER</p> <p>Role</p> <ul style="list-style-type: none"> Administrator of the area <p>Requirements</p> <ul style="list-style-type: none"> Legal entity This qualification is not allowed for commercial users 	<p>EXHIBITOR USER</p> <p>Role</p> <ul style="list-style-type: none"> Entity participating as an exhibitor <p>Requirements</p> <ul style="list-style-type: none"> Must sign a contract with the administrator user that establishes terms and conditions

REQUIREMENTS FOR FREE TRADE ZONE DECLARATION

Permanent free trade zones

Requirements

An annual schedule must be in place that demonstrates the following:

By the end of the fifth year following the declaration of existence, the Free Trade Zone must have at least five (5) linked industrial or service users.

New investment made by the operator user and/or industrial or service users must be equal to or greater than 924,224 tax value units (UVT).

Depending on the municipality of location, the investment requirement may be reduced as follows:



Prove a net worth of **567.008** tax value units (UVT)

UVT = COP \$47,065 (10.9 USD) according to Resolution 000187 of November 28, 2023, issued by DIAN.

Special permanent free trade zones

Requirements

In general, the requirements for the declaration of Special Permanent Free Trade Zones include:

Execution of 100% of the new investment approved in the General Master Development Plan within three (3) years following the declaration of the Free Trade Zone.

Depending on the municipality of location, the investment requirement may be reduced as follows:



The existence of a Special Permanent Free Trade Zone may be declared without establishing a new legal entity, provided that the following conditions are met:

The legal entity has not previously carried out the activities that the proposed project intends to promote.

The corporate purpose must be modified to exclusively carry out the new investment project, excluding any previously developed activities.

REQUIREMENTS FOR QUALIFICATION AS A USER OF PERMANENT FREE TRADE ZONES

The status of industrial user of goods and/or services or commercial user is obtained through a qualification issued by the operator user. Legal entities seeking qualification as industrial users of goods,

industrial users of services, or commercial users in a Permanent Free Trade Zone must meet the following investment and employment requirements:

Investment	New investment	Employment
Productive fixed assets less than twelve thousand three hundred twenty-six (12,326) UVT.	No new investment requirements.	Generate a minimum of three (3) direct formal jobs at the start of the project, two (2) additional jobs in the following year, and two (2) additional jobs in the third year, totaling seven (7) jobs.
Productive fixed assets between twelve thousand three hundred twenty-seven (12,327) UVT and one hundred twenty-three thousand two hundred sixty-three (123,263) UVT.	New investment of twenty thousand ninety-two (20,092) UVT, in addition to the accredited productive fixed assets at the time of qualification, within three (3) years following this qualification.	Generate a minimum of twenty (20) new direct formal jobs at the start of the project.
Productive fixed assets between one hundred twenty-three thousand two hundred sixty-four (123,264) UVT and seven hundred thirty-nine thousand five hundred seventy-six (739,576) UVT.	New investment of twenty thousand ninety-two (20,092) UVT, in addition to the accredited productive fixed assets at the time of qualification, within three (3) years following this qualification.	Generate a minimum of twenty (20) new direct formal jobs at the start of the project.
Productive fixed assets exceeding seven hundred thirty-nine thousand five hundred seventy-seven (739,577) UVT.	New investment of two hundred thirty-one thousand sixty-eight (231,068) UVT, in addition to the accredited productive fixed assets at the time of qualification, within three (3) years following this qualification.	Generate a minimum of fifty (50) new direct formal jobs at the start of the project.

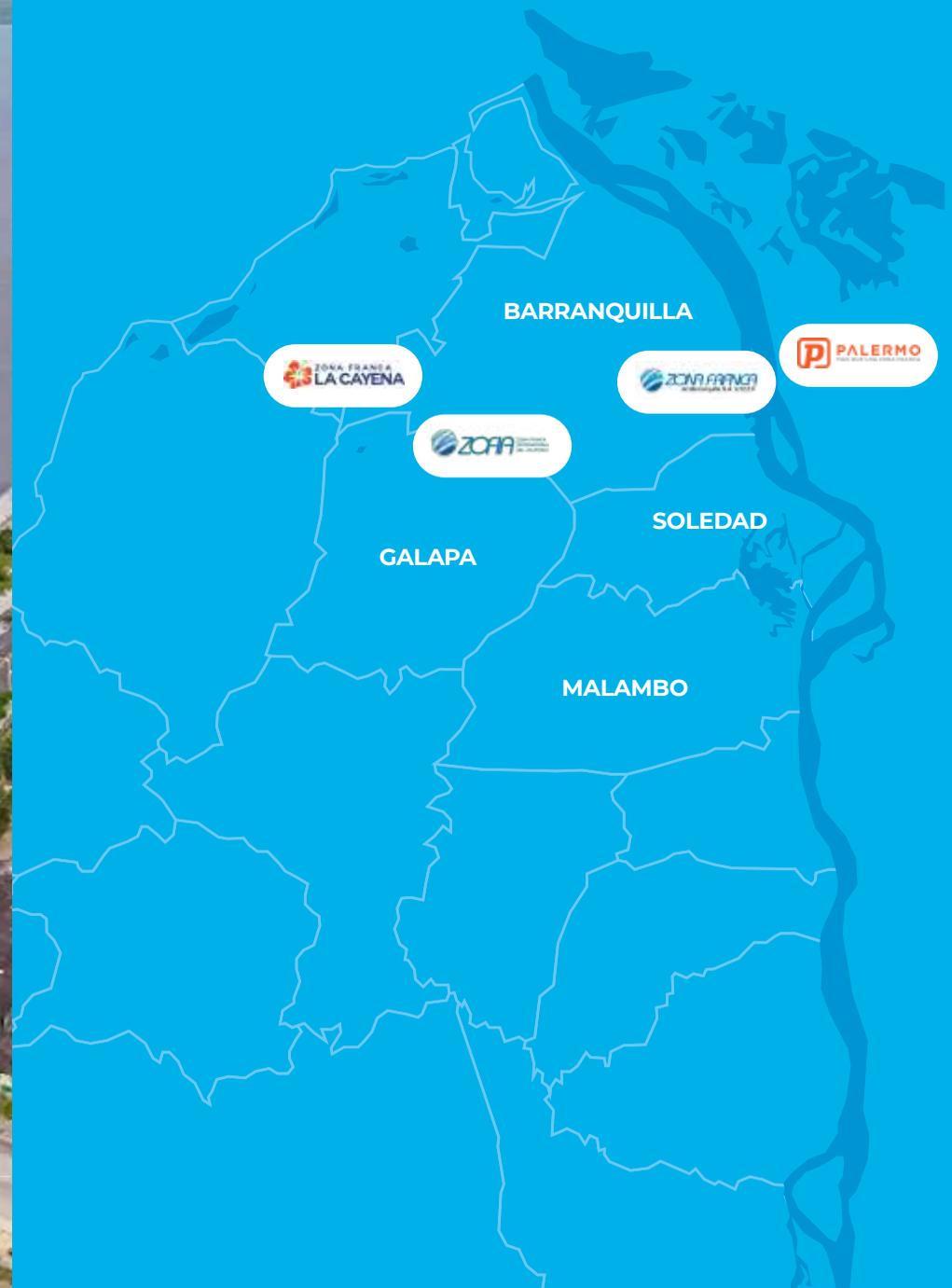


FREE TRADE ZONES IN THE STATE OF ATLÁNTICO

The state of Atlántico has four permanent Free Trade Zones within its economic area of influence, housing more than 150 companies currently in operation. This type of infrastructure serves as a catalyst for businesses due to the tax, customs, and foreign trade benefits they offer.

4
permanent
Free Trade Zones
within its economic
area of influence

150
companies
currently in
operation





Zona Franca de Barranquilla

As the pioneer in Colombia, Zona Franca de Barranquilla spans 1,000,000 m² in the heart of Barranquilla's port area, with an interconnection gateway to the regional Port Society. This makes it the only Free Trade

Zone in Colombia with direct "Port-Zone" access, enabling agile and secure cargo handling. Additionally, it features a bonded port through the Portmagdalena user, specialized in liquid bulk.

Sectors

Currently, there are 50 qualified users and 25 support companies. The sectors of the qualified users include: Food and beverages, storage, footwear, textiles, construction, shipbuilding, leather products, liquor, pharmaceuticals, hydrocarbons, energy, wood and chipboard, metalworking, polypropylene, chemicals, logistics services, and metal recycling. The support companies operate in sectors such as: Restaurants, customs agencies, bank branch extensions, and ATMs.

Offer of spaces and services

The service portfolio includes availability of lots, warehouses, and/or offices for lease; free trade zone management; high-tech platforms; 24/7 customer service; guaranteed public utilities; specialized e-Franco software for handling foreign trade operations; and social responsibility programs. Additionally, the Free Trade Zone offers truck parking, weighing services, and more.





Zona Franca La Cayena

Located in Barranquilla, Zona Franca La Cayena besides offering the benefits of the Free Trade Zone regime, provides exceptional infrastructure conditions based on the highest international competitiveness standards. It is equipped with the best public services and the most competitive rates on the Colombian Caribbean Region. The zone allows companies from any sector to establish their operations, offering a swift and efficient response to their operational needs.

La Cayena promotes the creation of clusters and the integration of industries from various sectors within a single logistics platform, presenting opportunities for investors or companies to engage in economies of scale where business synergies facilitate the creation of global value chains.

Sectors

The Free Trade Zone currently has 50 users. It is a Multisector Free Trade Zone that hosts companies from activities such as Metalworking, Construction Materials, Cosmetics, Packaging and Containers, and Food.

Offer of spaces and services

- Support in business development.
- The only park on the coast connected to a 34.5 KV voltage level (energy cost 7% below the average).
- Sale and lease of lots and warehouses with Free Trade Zone benefits. Lots starting from 2,700 m² and warehouses starting from 500 m².
- Paperless operations.
- Built-to-suit models, allowing you to focus your funds on working capital.





Palermo Zona Franca

Declared in 2013 with an area of 30 hectares, of which 7 hectares have been developed. It is a partnership between Zona Franca de Bogotá Group and Coremar

Group. Its proximity to the Palermo Port Society provides a logistical advantage for users integrating their operations into the Palermo Cluster.

Sectors

They have been pioneers in managing offshore operations from the free trade zone along with the Palermo Port. Additionally, they are developing a steel cluster for construction and the production of concentrated animal feed.

Offer of spaces and services

Palermo has the capability to adjust the available spaces in the lots to meet the needs of clients, offering a comprehensive solution from the adaptation of areas to the design and construction of the facilities required by the users. They have built processing plants, storage warehouses, and shore bases for oil & gas operations, among others.



Zona Franca Internacional del Atlántico - ZOFIA

ZOFIA covers 120 hectares and is located in the municipality of Galapa, Atlántico. It is a reinvention of the Barranquilla Free Trade Zone, offering specialized infrastructure for international logistics. It provides solutions tailored to the needs of foreign trade companies and serves as a strategic point for conquering national and international

markets. Additionally, the park features LED lighting poles, three domestic wastewater treatment plants, stormwater drainage, potable water storage tanks, and a fire protection network. Furthermore, the lots are fully urbanized, equipped with electrical, water, gas, and fiber optic networks. Security is provided 24/7.

Sectors

There are 35 users from the pharmaceutical and cosmetic sectors, food, metalworking, electrical equipment manufacturing, boat manufacturing, leather goods, construction, technology, plastics, paper, logistics services, commerce, among others.

Offer of spaces and services

Warehouses starting from 580 m² and urbanized lots from 1,000 m² available for immediate sale or lease. Custom construction of warehouses is also available, in-house services for foreign trade operations, weighing services and specialized software for foreign trade operations (eFranco).



11

Regulatory framework for investments in renewable energy

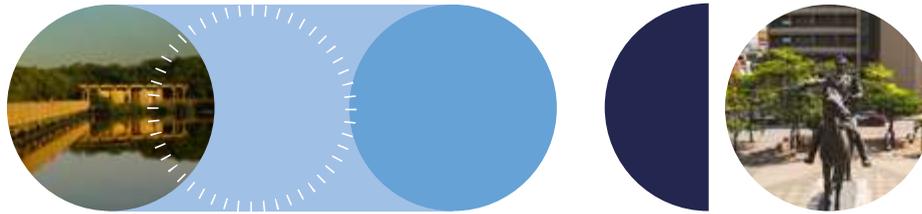


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AMT CONSULTORES LEGALES

REGULATORY FRAMEWORK FOR INVESTMENTS IN RENEWABLE ENERGY



According to the analysis of the subnational energy potential in the National Energy Transition Roadmap, the Colombian Caribbean region has become a focal point of the energy transition due to its abundance of renewable energy sources.

In terms of solar radiation, the region has the highest levels compared to other regions in Colombia, along with topographic conditions that facilitate the implementation of photovoltaic solutions. Additionally, the region has the highest wind speeds and stability in both direction and magnitude, allowing for the development of onshore and offshore wind projects. Offshore, along the Caribbean coast, there are approximately 13 ideal zones for project development, with an estimated potential of around 50GW (Ministry of Mines and Energy, 2022).

The Colombian Caribbean region, and specifically the state of Atlántico, represent a significant opportunity for industrial users, given the potential for alternative business models around electric energy through self-generation processes, distributed generation systems, and the use of non-conventional renewable energies, especially photovoltaic energy, taking advantage of the high solar radiation in the area. These initiatives have strong government support, private credit facilities, and access to public funds for special programs.

The integration of photovoltaic capacity into the system is faster to implement due to its lower impact on ecosystems and minimal land use requirements.

SMALL-SCALE SELF-GENERATION (AGPE)

Self-generation options are a critical element in the cost planning of any industrial or commercial activity. Therefore, the country has been advancing regulations to promote Small-Scale Self-Generation (AGPE), encouraging its implementation through tax incentives and development loans. The maximum power limit for small-scale self-generation is set at one (1) MW.

As stated in the preamble of CREG Resolution 135 of 2021, "Articles 16 and 17 of CREG Resolution 030 of 2018 established that AGPE could deliver their surplus energy according to the following options:

- a. To a retailer serving the regulated market, directly and without public bidding, provided that no control relationship exists between the buyer and the seller, as defined in Paragraph 4 of Article 45 of Decree 2153 of 1992.
- b. To generators or retailers who allocate the energy exclusively to the service of non-regulated users.
- c. To the retailer integrated with the Network Operator (OR), who is obligated to receive the surplus energy offered. In these cases, there is a distinction in the selling price depend-

ding on whether or not the the self-generator uses Non-Conventional Renewable Energy Sources (FNCER)."

Regardless of how small-scale self-generators deliver their surplus energy to the system, Resolution 135 regulated the way they would interact with retailers in the delivery and sale processes of surplus energy. Additionally, Resolution 174 of 2021 established the technical and operational regulations for a self-generator to connect to the National Interconnected System (SIN) by entering into the respective connection contract with the Network Operator (OR).



Distributed Generation

CREG Resolution 174 of 2021 defines Distributed Generation as the activity of generating energy through a system with a nominal capacity of less than 1 MW connected to a Local Distribution System (SDL). In this case, unlike Small-Scale Self-Generation (AGPE) and Large-Scale Self-Generation (AGGE), all the energy produced by the Distributed Generator is sold to the grid since there is no on-site consumption.

The streamlined process established by CREG Resolution 174 of 2021 for the approval of connections and other necessary procedures to launch Distributed Generation projects has led to a significant increase in the number of such projects over the last two years. Today, it is common to see the structuring of individual projects or "clusters" of Distributed Generation projects that, when combined, can generate the same amount of megawatts as a large-scale project, comprising several strategically located Distributed Generation projects.

Additionally, the mechanism of energy surplus production by a Self-Generator and its incorporation into the system as Distributed Generation can be considered. This mechanism involves producing electrical energy near consumption centers, connected to a Local Distribution

System (SDL) or a microgrid. The quantities of energy injected into the grid vary according to the nearby consumption areas and the capacity of the grid to which it is connected. Therefore, the concept of AGPEs associated with Distributed Generation is used, as the integration of higher energy quantities involves different technical scenarios that require more sophisticated solutions.

Distributed Generation can result from an AGPE that produces surplus energy and incorporates it into the grid or from an energy community that generates energy with that specific purpose.



LARGE-SCALE SELF-GENERATION (AGGE)

According to Resolution 174 of 2021, a Large-Scale Self-Generator (AGGE) is defined as a self-generator with installed or nominal capacity in the range of more than 1 MW and less than 5 MW, as determined by the national authority.

Generally, this category includes companies that dedicate their entire energy production mainly to meet their own needs or create structures where consumption is minimal, focusing the benefit on selling Type 2 surplus energy¹.

TAX BENEFITS FOR NON-CONVENTIONAL ENERGY SOURCES (FNCE)

Regarding tax benefits, Chapter III of Law 1715 of 2014 (modified by Law 2099 of 2021) establishes the following in Articles 11, 12, 13, 14, and 14B-1:

- Income tax deductions of 50% of the investment made in Non-Conventional Energy Sources (FNCE) over a period of no more than 15 years, starting from the taxable year following the year in which the investment became operational.
- VAT exemption on the acquisition of goods and services for the development of energy generation projects using FNCE and efficient energy management.
- Exemption from import duties on machinery, equipment, materials, and supplies exclusively for reinvestment activities and investment in new FNCE projects.

- Activities related to energy generation from FNCE and efficient energy management will benefit from the accelerated depreciation regime.

The tax benefits mentioned in Law 1715 will remain in effect for a period of thirty (30) years, starting from July 1, 2021, and require compliance with procedures established by Unidad de Planeación Minero Energética - UPME- (Mining and energy planning unit) and DIAN (National Directorate of Taxes and Customs).

For the steps and forms required to access the tax benefits for projects using Non-Conventional Energy Sources (FNCE),

[→ Click here](#)

¹. Type 2 surplus: This is the energy that can be in your favor if, during the billing cycle, exports are greater than imports. The network operator will pay for this energy at the market price.



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