

Managing a Business in Colombia

Legal and Regulatory Obligations

We are an innovative international law firm that offers comprehensive legal services to clients in Colombia and around the world



Regulatory Obligations for Businesses

Managing a business in Colombia requires ongoing compliance with variety of legal and regulatory obligations.

Compliance With Local Obligations is Key

For foreign investors, starting a company in Colombia can provide any number of benefits. For existing businesses, a Colombian company can decrease fixed expenses by offshoring key operations like sales and marketing while minimizing overall tax obligations. Starting a Colombian company can also help foreign investors tap into growth industries in the local market like travel, hospitality and agriculture. However, no Colombian business venture will have long-term success if it fails to comply with local legal and regulatory obligations.

And that's where Lagon comes in. Our practice has helped hundreds of businesses navigate local legal obligations since 2011. From structuring vendor agreements and drafting annual corporate filings to managing industry-specific requirements, Langon has the knowledge and experience necessary to ensure that your Colombian business is always in compliance with local obligations.

Our Legal Compliance Services

Langon provides ongoing, comprehensive assistance to Colombian businesses to ensure that they comply with local legal and regulatory obligations.

Langon clients can take advantage of the following:

Unparalleled Service:

If you have ever dealt with service providers in Colombia you already know that client service is often lacking. Documentation is not always provided by set deadlines. Phone calls are not always returned promptly. Emails go unanswered. Unlike local alternatives, Langon is committed to providing our clients with world-class client service.

Experience:

Langon has registered hundreds of businesses throughout Colombia since 2011.

English-Language Service:

Our legal services are managed by English-speaking attorneys for the convenience of our international clients.

Our Firm

We are an innovative law firm that offers comprehensive legal services to businesses, private equity entities and high net worth individuals in Colombia and around the world. At Langon, we distinguish ourselves by offering an internationally focused, multi-jurisdictional and multi-disciplinary approach to client service.

The depth and breadth of our practice allows us to provide our clients with creative legal solutions tailored to their specific needs. From securing Colombian visas and negotiating multi-million dollar M&A transactions to developing tax-efficient international expansion strategies, Langon Colombia can help your business navigate the legal and regulatory landscape in Colombia from day one.



langoncolombia.com

General Legal Obligations: Compliance Considerations

Below are key legal obligations applicable to all local companies in Colombia

Business Contracts

The local company may enter into a variety of commercial/business contracts in connection with their local operations. Each contract will need to be properly negotiated and executed under local laws. In addition, the local company will need to implement a robust compliance program to ensure regular compliance with applicable contractual terms, including compensation, notice and termination obligations.

Relevant commercial/business contracts include, but are not limited to:

- vendor agreements;
- lease agreements;
- services/consultancy agreements;
- agency, distribution and franchise agreements;
- joint venture agreements;
- purchase and supply agreements;
- contracts involving the sale and purchase of goods

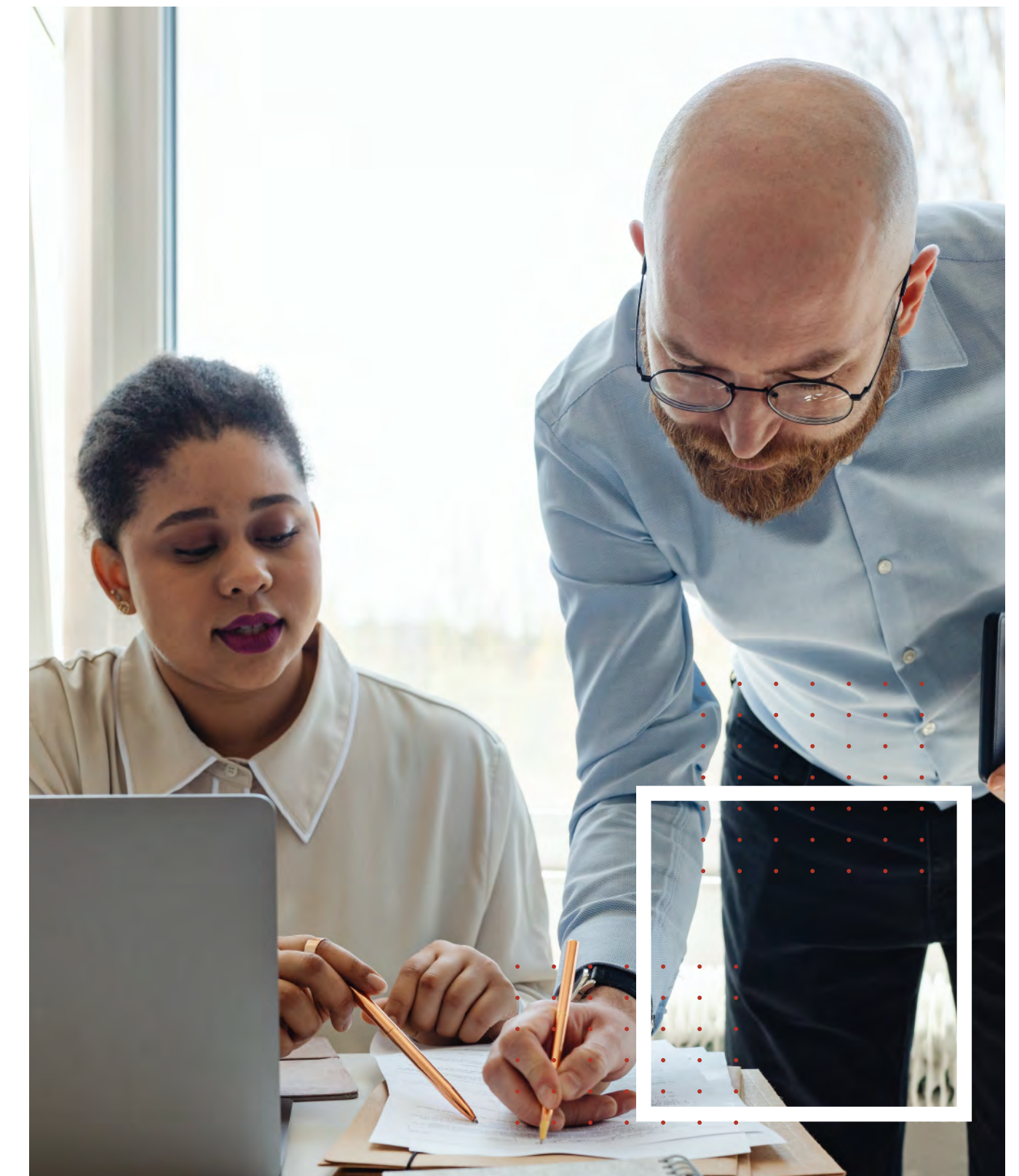
and/or services;

- service agreements and maintenance contracts;
- outsourcing agreements; and
- marketing and sponsorship agreements.

Corporate Obligations

Like other corporate entities in other jurisdictions, local SAS entities are required to engage in certain corporate activities during the fiscal year:

- 1. Shareholders Meetings:** Aside from the initial meeting where company bylaws and other key documents are approved, shareholders are required to have one general meeting every year (between January and March) where shareholders review general company operations, approve company financials, and vote on any executive actions proposed by the company's legal representative. Shareholders can also organize extraordinary meetings to manage any unexpected company business. Both general and extraordinary meetings can be organized on five days' notice and can be held virtually.



2. Board of Director Meetings: Local companies are not required to have a board of directors. Local companies that choose to utilize a board of directors will have a fair amount of flexibility in determining how the board is structured and how it operates via the company bylaws.

Employee-Related Obligations

All business entities in Colombia that hire employees will be required to assume specific legal, regulatory and administrative obligations. You can review a comprehensive summary of these obligations in our [Managing a Business in Colombia: Employee Obligations publication](#).

Legal Representative Obligations

As mentioned in our [Registering a Company in Colombia publication](#), the legal representatives of local companies are required to comply with specific legal and regulatory obligations on a regular basis. This includes, but is not limited to, (1) proposing specific business strategies to the company's shareholders and/or board of directors; (2) ensuring that company books and financials are properly prepared and issued by relevant deadlines, and (2) ensuring that the local company complies with all applicable legal, regulatory and financial obligations under local law.

Business License Renewal

Local companies are required to update their business license with their local Chamber of Commerce by no later

than March 31 on an annual basis. Renewal fees are based on the total value of company assets on the company's balance sheet.

National Declaration Analysis

Capitalizing a local company with foreign funds generates additional regulatory requirements. Foreign investors should consult with our Firm in order to conduct a comprehensive analysis in order to determine how to classify these transfers consistent with applicable regulations. The manner in which these transfers are classified may affect everything from how the local company is taxed, whether foreign investors are taxed, and how profits are transferred out of Colombia in the future. This analysis will also determine how to draft and finalize the declaration forms (the so-called, "formularios") that allow the local company to receive funds from abroad on a regular basis.

Intellectual Property Filings

Local companies should constantly review the need to file for copyright, trademark and even patent protection for key intellectual property developed, managed and/or owned by the local company. As in other jurisdictions, local companies should first conduct a thorough search of current trademarks/patents prior to filing an application. Establishing a robust intellectual property protection audit process is also recommended as it will allow the local company to review existing intellectual property protection protocols on a regular basis.



Industry-Specific Obligations: Compliance Considerations

It is essential that all companies in Colombia determine applicable regulatory obligations specific to their industry.

As in other jurisdictions, local companies will be required to secure licenses and permits applicable to their industry. Foreign investors are strongly encouraged to contact our Firm in order to determine what specific licenses/permits will be required for their local business prior to initiating operations.

Outlining a comprehensive list of potential licenses for all business ventures in Colombia is beyond the scope of this publication. However, below is a non-exhaustive list of key licenses/permits that companies operating in specific industries will be required to secure:

- Zoning/Land Use Permits
- Fire Department Permits
- Police Certificates
- Tourism Licenses
- Public Space Use Licenses
- Environmental Permits



- Health Certificates
- Liquor Licenses
- Sign Permits
- Building/Construction Permits
- Municipal Licenses
- Firearm Permits
- Medical exam testing the senses (restaurants/hospitality sectors)
- Mandated courses regarding how to handle food (restaurants/hospitality sectors)
- Sayco and Acinpro licenses (the local equivalents for ASCAP in the US)

Industry-Specific Obligations: Compliance Considerations

Below are links to select government entities that manage licensing/permits for specific businesses:

Type of License or Permit	Issuing Entity	Website Links
General License	Police station in the local municipality where company will operate	www.policia.gov.co
General License	Ministry of Information and Communications Technologies	www.mintic.gov.co
Land Use	Secretary of Municipal Planning and Urban Planning Office where company will operate	Website of the Mayor's Office of applicable municipality
Establishment of Commerce	Chamber of Commerce where company will operate starting the first month of operations	Website of the Chamber of Commerce of applicable municipality
Firefighter Certification	Fire Department of the municipality where company will operate	Website of the Fire Department of applicable municipality
Copyright Payment	Sayco Acinpro Organization OSA	https://www.osa.org.co/
Use of Public Space	Undersecretariat of Public Space of the municipality where company will operate	Website of the Mayor's Office of applicable municipality
National Tourism Registry	Ministry of Commerce, Industry and Tourism	https://rnt.confecamaras.co/home
Construction License	Mayor's Office or Planning Office of the municipality where company will operate	Website of the Mayor's Office of applicable municipality
Dumping License	Regional Autonomous Corporation of the regional department where company will operate	https://www.car.gov.co/vercontenido/1168
Certification Food Handling Course	Health Secretariat (or certified third party) of the municipality where company will operate	Website of the Mayor's Office of applicable municipality
Sanitary Certificate	Secretary of Health of the municipality where the company will operate	Website of the Mayor's Office of applicable municipality
Liquor Sales Permit	Secretary of Municipal Planning where company will operate	Website of the Mayor's Office of applicable municipality
Permit for Carrying and Transporting Traumatic Weapons	Competent entity established by the Ministry of Defense	www.mindefensa.gov.co
Operating License for Security Companies With Firearms	Superintendence of Surveillance and Private Security	http://visor.suit.gov.co/VisorSUIT/index.jsf?FI=156
Commercial Registry	Directorate of National Taxes and Customs DIAN	https://www.dian.gov.co/
License for the Use of Seeds for Sowing and Grain	Ministry of Justice and Law	http://visor.suit.gov.co/VisorSUIT/index.jsf?FI=54517
License for the Cultivation of Psychoactive Cannabis Plants	Ministry of Justice and Law	http://visor.suit.gov.co/VisorSUIT/index.jsf?FI=54569#:~:text=El%20tr%C3%A1mite%20correspondiente%20a%20la,la%20radicaci%C3%B3n%20de%20nuevas%20solicitudes.
License for the Cultivation of Non-Psychoactive Cannabis Plants	Ministry of Justice and Law	http://visor.suit.gov.co/VisorSUIT/index.jsf?FI=54549
Extraordinary License for the Cultivation of Cannabis Plants	Ministry of Justice and Law	https://www.minsalud.gov.co/sites/rid/Lists/BibliotecaDigital/RIDE/DE/DIJ/resolucion-227-de-2022.pdf
License for the Manufacture of Psychoactive Cannabis Derivatives	National Institute for the Surveillance of Medicines and Food Invima	https://app.invima.gov.co/
License for the Manufacture of Non-Psychoactive Cannabis Derivatives	National Institute for the Surveillance of Medicines and Food Invima	https://app.invima.gov.co/
Extraordinary License for the Manufacture of Derivatives	National Institute for the Surveillance of Medicines and Food Invima	https://app.invima.gov.co/
Opening of Beautician and Similar Establishments	Directorate of Risk Factors of the Sectional Secretariat of Health	https://www.gov.co/ficha-tramites-y-servicios/T43394
Pharmaceutical Dealerships Credential	Secretary of Health where company will operate	Website of the Mayor's Office of applicable municipality
License for Health Facilities	Secretary of Health where company will operate	Website of the Mayor's Office of applicable municipality



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