PEÑALOSA ABOGADOS

ASESORES LEGALES

Doing Business in Colombia 2026

A legal guide for foreign companies and investors

BOGOTÁ · COLOMBIA

LEGAL GUIDE

Doing Business in Colombia 2026

A practical summary of what a foreign company should know before starting operations in Colombia: investment regime, corporate vehicles, employment obligations, taxes and compliance.

COP 1,750,905 Monthly minimum wage 2026	COP 52,374 Tax value unit (UVT) 2026	35% General corporate income tax rate	42 h Maximum working week from July 2026

CONTENTS

01 **Foreign investment regime**
Equal treatment, open access to almost every sector and registration of the investment with the Central Bank.

02 **Vehicles to operate in Colombia**
The S.A.S. is the most widely used vehicle; a branch is the alternative for operating under the parent company's legal personality.

03 **Hiring staff**
The labour reform (Law 2466 of 2025) made indefinite-term contracts the rule and adjusted working hours, premiums and apprenticeships.

04 **Tax regime**
A 35% general income tax rate, 19% VAT and a network of double taxation treaties.

05 **Compliance and business protection**
Anti-money laundering, data protection, intellectual property and contracts that protect the operation.

Foreign investment regime

Equal treatment, open access to almost every sector and registration of the investment with the Central Bank.

Principles

The general international investment regime is compiled in Decree 1068 of 2015 (which incorporates Decree 119 of 2017). Foreign investment receives the same treatment as domestic investment and, as a rule, requires no prior authorisation.

- It is permitted in all sectors except defence and national security, and the processing or disposal of toxic or radioactive waste not produced in Colombia.
- Some sectors have special rules: financial services, insurance, oil and gas, mining, television and private security, among others.

Registration with the Central Bank

The investment must be registered so that the investor keeps its exchange rights: remitting profits abroad, reinvesting them and repatriating capital.

- Foreign currency is channelled through the exchange market (banks or offshore compensation accounts) with the corresponding exchange declaration.
- Contributions in kind, intangibles or capitalisations are registered using the applicable registration form.
- Since Decree 1044 of 2026, substitutions and cancellations of investments may be registered at any time, without the former six-month deadline.

KEY POINT

Register the investment from the first transfer: without registration, the investor's rights to remit profits and repatriate capital may be limited.

Vehicles to operate in Colombia

The S.A.S. is the most widely used vehicle; a branch is the alternative for operating under the parent company's legal personality.

Simplified stock corporation (S.A.S.)

Governed by Law 1258 of 2008. It may be incorporated by private document, with one or more shareholders, individuals or companies, Colombian or foreign.

- Shareholders' liability is limited to their contributions.
- Broad freedom to define bylaws, share classes and management bodies.
- A statutory auditor is required only when legal asset or revenue thresholds are exceeded.

Branch of a foreign company

An establishment of the foreign company without a separate legal personality, governed by articles 471 et seq. of the Commercial Code.

- The parent company's documents must be apostilled, translated and recorded before a notary.
- It must have assigned capital, a legal representative and a statutory auditor.

Steps to start operations

- Incorporation and registration with the Chamber of Commerce.
- Tax registration (RUT) and tax ID (NIT) with the DIAN.
- Opening a bank account and channelling the investment.
- Registration of the investment and of the ultimate beneficial owners (RUB).
- Employer registration with the social security system.

KEY POINT

Before incorporating, decide who will represent the company in Colombia and how decisions will be made: a sound shareholders' agreement prevents later disputes.

Hiring staff

The labour reform (Law 2466 of 2025) made indefinite-term contracts the rule and adjusted working hours, premiums and apprenticeships.

2026 parameters

- Minimum wage: COP 1,750,905 per month plus a transport allowance of COP 249,095 (Decrees 1469 and 1470 of 2025).
- Maximum working week: 42 hours from 15 July 2026 (Law 2101 of 2021).
- Night work: from 7:00 p.m., with a 35% premium.
- Sunday and holiday premium: 90% from July 2026 and 100% from July 2027.

Benefits and contributions

In addition to salary, employers pay a service bonus, severance, interest on severance and paid leave (15 working days per year), and contribute to health, pension, occupational risk and family compensation funds.

Foreign staff

Foreign workers need a visa that allows them to work, and the employer must report their hiring and termination to Migración Colombia (SIRE).

KEY POINT

Review contracts, shifts and payroll against the 2026 working hours and premiums to prevent employment contingencies.

Tax regime

A 35% general income tax rate, 19% VAT and a network of double taxation treaties.

Main taxes

- Corporate income tax: 35% general rate (Law 2277 of 2022), with a 15% minimum effective tax.
- Dividends paid to non-resident companies and individuals: 20% general rate, subject to treaties.
- Value added tax (VAT): 19% general rate.
- Industry and commerce tax (ICA): municipal, depending on the activity and the city.
- Free trade zones: preferential 20% rate on export income, subject to an internationalisation plan.

Treaties and transfer pricing

Colombia has double taxation treaties with countries such as Spain, Mexico, Chile, Canada, Switzerland, the United Kingdom, France, Italy and Japan, and applies transfer pricing rules to transactions with foreign related parties.

KEY POINT

Before defining the structure, check whether there is a double taxation treaty with the investor's country.

Compliance and business protection

Anti-money laundering, data protection, intellectual property and contracts that protect the operation.

Common obligations

- SAGRILAFT and business ethics programmes, for supervised companies above the thresholds of the Superintendence of Companies.
- Personal data protection (Law 1581 of 2012) and, depending on company size, registration of databases with the RNBD.
- Trademark registration with the Superintendence of Industry and Commerce (Andean Decision 486).
- Annual renewal of the commercial registration and ordinary shareholders' meetings.

Key contracts

Shareholders' agreements, distribution and supply agreements, employment and service contracts, and internal policies that reduce contingencies from the outset.

KEY POINT

An ongoing counsel arrangement ensures timely compliance with periodic obligations and anticipates regulatory changes.

HOW WE SUPPORT YOU

We structure your company's entry, incorporate the local vehicle, register the investment, prepare the contracts and handle ongoing compliance through an ongoing counsel arrangement.

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This guide is for information purposes only and does not constitute legal advice. The information reflects the regulations in force as of October 2026 and may change. Please consult a lawyer about your specific case.