

DOING BUSINESS IN COLOMBIA 2026

Technical guide on legal, tax, corporate, and compliance issues

Prepared by Audit and Management S.A.S. | 2026 Edition

 Revised technical reference |  Compliance with regulations |  International investment

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01 EXECUTIVE SUMMARY

Colombia presents a jurisdiction rich in investment opportunities; however, it entails a compliance burden that necessitates prior structuring. Market entry should be assessed from corporate, tax, labor, foreign exchange, accounting, and compliance viewpoints.

This guide does not substitute for personalized legal or tax counsel. Its aim is to function as a technical resource for boards of directors, investors, financial managers, and international expansion teams intending to initiate or consolidate operations in Colombia in 2026.



KEY INDICATORS 2026

35% Corporate rate • 19% GST • 42-hour Workday

KEY ASPECTS OF MARKET ENTRY

Selection of legal entity and corporate governance.

Registration of foreign investments and exchange transactions.

RUT activation, electronic invoicing, electronic payroll, and tax schedule.

Compliance requirements: RUB, SAGRILAF/PTTE, transfer pricing, and labor obligations.




ENTRY METHODS AND CORPORATE STRUCTURE

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The Simplified Stock Corporation (SAS) is frequently the preferred structure due to its flexibility, limited liability, the option of a single shareholder, and extensive bylaws. Nevertheless, in dealings with a foreign parent company, a branch of a foreign entity, a permanent establishment, collaboration agreements, or the acquisition of a local entity may be taken into account.

The decision must take into account liability, profit repatriation, corporate governance, tax implications, and the simplicity of contracting, invoicing, importing, or obtaining sector-specific licenses.

Legal Automobile	Suggested Application	Technical considerations
 S.A.S.	Sustainable and scalable operation	You are required to adhere to RUT, Chamber of Commerce regulations, accounting standards, tax obligations, and labor requirements.
 International subsidiary	Direct oversight from the parent company	Increased transparency regarding the financial statement framework of the parent company and its subsidiaries.
 Permanent establishment	Foreign engagement with substantial presence	Risk of taxation in Colombia without formal registration

ADVANTAGE S.A.S.

Statutory flexibility, limited liability, allowance for a sole shareholder, and operational simplicity for foreign investors.

03

CONSTITUTION AND OPERATIONAL AUTHORIZATION



The incorporation process extends beyond mere commercial registration. Effective operation necessitates the preparation of an initial file that encompasses bylaws, a tax identification number (RUT), a bank account, electronic invoicing, commercial registration, corporate books, accounting policies, and fundamental contracts.

The investor must account for the time required for bank due diligence, validation of beneficial owners, apostilled powers of attorney, official translations when applicable, and the definition of tax responsibilities in the RUT (Taxpayer Identification Number).

PROJECTED IMPLEMENTATION DURATION

4 to 8 weeks from establishment to full operation

Key technical considerations

Enablement Checklist

Verify the name and the purpose of the business.

Draft bylaws, powers of attorney, and shareholder agreements.

Register the business with the Chamber of Commerce.

Obtain the NIT and update the RUT to reflect tax obligations.

Open a bank account and provide documentation for the source of funds.

Enable electronic invoicing, electronic payroll, and relevant supporting documentation, when applicable.

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CORPORATE GOVERNANCE, LITERATURE, AND CORPORATE COMPLIANCE




Companies are required to maintain minutes, shareholder registers, accounting records, decision-making documents, and management documentation. In corporate groups, it is essential to assess the presence of subordination, the corporate group structure, and any necessary disclosures to the Chamber of Commerce.

Management is obligated to uphold duties of diligence, loyalty, and good faith. Transactions involving related parties, parent companies, shareholders, or directors necessitate financial support and internal approvals.

Key technical considerations

 **Books and minutes:** maintain records of the assembly, board of directors, and resolutions of the sole shareholder.

 **Commercial Registry:** update the commercial registration on an annual basis.

 **Conflicts and Associated Parties:** document conflicts of interest and transactions involving related parties.

 **Business group:** evaluate the control environment and business group.

 **Continuity:** examine the reasons for dissolution stemming from non-compliance with the going concern assumption, when relevant.

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TAX REGISTRATION, RUT, AND DIAN OBLIGATIONS

The Single Taxpayer Registry (RUT) delineates formal and substantive obligations before the DIAN (National Tax and Customs Directorate). Mischaracterizing these obligations may result in omissions, penalties, or non-compliance with regulations pertaining to invoicing, external reporting, VAT, withholdings, or the RUB (Single Taxpayer Registry).

Companies must ensure that their RUT information is current, including address, ISIC economic activity, legal representatives, responsibilities, and contact details.



Essential technical elements

Common responsibilities include income, VAT, withholding tax, electronic invoicing, exogenous information provision, and final beneficiaries.

The electronic signatures of the legal representative and the accountant/auditor must be processed promptly.

Changes in legal representation, address, or activity must be reflected in the RUT.

06

INCOMETAX AND CORPORATE TAXATION

GENERAL INCOME TAX RATE

35%

on taxable net earnings



The standard corporate income tax rate is maintained at 35% for national companies and permanent establishments, subject to special rates, sectoral surcharges, minimum tax rates, and specific regulations applicable to free zones, financial institutions, or extractive industries.

Tax reconciliation is essential: accounting profit under IFRS does not always align with taxable net income. Permanent and temporary differences, limitations on deductions, thin capitalization, international payments, withholding taxes, and the necessary documentation for costs and expenses must be recognized.

Key technical considerations

Monthly closing: prepare for accounting and tax reconciliation.

Reconciliation: accounting records versus electronic invoicing versus electronic payroll versus supporting documentation.

Deductibility: confirm causality, necessity, proportionality, and realization.

Payments abroad: assess withholding, CDI, beneficial owner, and contractual support.

Deferred tax: documenting temporary differences and reconciling taxes.

Her	Technical intervention	Suggested regulation
General tariff	35% on taxable net earnings	Fiscal framework for the assessment and evaluation of surcharges
Minimum rate	Applicable in accordance with prevailing legal regulations.	Simulation prior to fiscal year-end
International payments	They may require retention and contractual assistance.	Analysis of the CDI, beneficial ownership, and exchange registry
Tax deficits	Subject to indemnity regulations	Control by year, origin, and tax reconciliation.

07

Value Added Tax, Withholdings, and Indirect Taxes



The standard VAT rate is 19%, although certain goods and services may be excluded, exempt, or subject to different rates. The tax is remitted through an electronic invoice or a valid equivalent electronic document. The company is required to monitor deductible taxes, pro-rata allocations, VAT withholdings, and the timing of their recognition.

Withholding taxes function as a mechanism for advance collection. A new company must ascertain whether it operates as a withholding agent and appropriately configure its ERP system, invoicing, accounts payable accrual, and certificates.

Key technical considerations

VAT: Establish VAT frequency.

Configure the rates and tax classifications for products and services.

Withholding tax: Manage withholding tax, VAT withholding, and self-withholding.

Reconcile declarations with electronic invoices received or issued by DIAN.

Issue withholding certificates within the stipulated legal deadlines.

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ICA AND TERRITORIAL TAXATION

The Industry and Commerce Tax (ICA) is imposed on industrial, commercial, and service activities within municipalities or districts. The rate, frequency, tax base, activity codes, and territoriality regulations differ by jurisdiction.

Territorial planning is pertinent for companies engaged in digital sales, operating services across multiple municipalities, managing points of sale, warehouses, commercial agents, or providing services remotely.



Key technical considerations

Register the company in municipalities where such an obligation exists.

Map income by municipality and sector.

Differentiate between ICA, notices and boards, fire surcharges, and ICA withholdings.

Examine the regulations governing territoriality for services, e-commerce, and intermediation.

Reconcile the ICA with accounting income and electronic invoicing.

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ELECTRONIC INVOICING, SUPPORTING DOCUMENTATION, AND RADIAN



Electronic invoicing, equivalent electronic documents, supporting documentation for purchases from entities not mandated to issue invoices, electronic payroll, and RADIAN events constitute essential elements of the Colombian tax control system. The DIAN (Colombian Tax and Customs Authority) cross-references this information with tax returns, expenses, deductions, deductible VAT, and third-party reports.

DIAN Resolution 000165 of 2023 governs the electronic invoicing system and equivalent electronic documents. Prior validation, CUFE/CUDE, XML, graphical representation, credit and debit notes, and

events are technical components that must be accurately configured.

Key technical considerations

Key technical considerations




Enablement: technology provider or proprietary solution.

Parameterization: taxation, units, payment methods, acquirers, and responsibilities.

Reconciliation: XML, ERP, and Tax Return.

RADIAN: events for the circulation of invoices as negotiable instruments.

Supporting documents: supporting documentation and electronic payroll for tax deductibility.

 Document	 Use	 Potential for non-compliance
Electronic invoicing	Sales of products and services	Unreconciled revenues, penalties, and disallowances of acquirer costs
Supporting documentation	Acquisitions from entities not obligated to provide invoices	Elimination of tax deduction or assistance
Electronic payroll system	Tax incentives for labor compensation	Rejection of labor expenses and DIAN verification.
RADIAN	Acceptance, assertion, and dissemination events	Deficiencies in accounts receivable and securities

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TRANSFER PRICING AND AFFILIATED PARTY TRANSACTIONS



Colombian enterprises engaging in transactions with related parties overseas, related parties in free trade zones, or in non-cooperative jurisdictions must evaluate their responsibilities concerning supporting documentation, information declarations, local reports, master reports, and country-by-country reports, in accordance with applicable thresholds.

Transfer pricing policies must be established prior to engaging in substantial transactions. Intragroup services, royalties, loans, cash pooling, management fees, guarantees, and inventory acquisitions represent areas of considerable tax risk.

⚠️ ELEVATED FISCAL RISK

Critical areas include intragroup services, royalties, loans, cash pooling, management fees, guarantees, and inventory purchases. These necessitate supporting documentation and an analysis of economic substance.

👛 Essential technical elements

Identify both domestic and international economic connections.

Prepare the intercompany transaction matrix.

Support for substance, benefits received, and methods of valuation.

Examine intercompany agreements and invoicing.

Assess withholding tax, VAT, foreign exchange registration, and deductibility.

EXCHANGE RATE REGIME AND FOREIGN INVESTMENT



International investments, external debt, imports, exports, guarantees, and sureties may constitute foreign exchange transactions that require processing through intermediaries in the foreign exchange market or clearing accounts. The Central Bank of Colombia (Banco de la República) oversees the Foreign Exchange Information System and its operational regulations, including External Regulatory Circular DCIP-83.

Proper registration of foreign investment is crucial for facilitating capital, substitutions, cancellations, dividends, reimbursements, and reorganizations. Documentation related to foreign exchange must be preserved with traceability among contracts, invoices, declarations, transfers, banking, and accounting records.

Key technical considerations

Register: initial investment and capital growth.

Control: external liabilities and interest obligations.

Document: imports and exports.

Review: compensation pertains to resources managed overseas.

Reconcile: drafts with accounting records, invoices, and exchange declarations.

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EMPLOYMENT AGREEMENTS, SOCIAL SECURITY, AND PAYROLL WORKING HOURS 2026

42h

weekly in accordance with Law 2101 of 2021



Employment contracts necessitate the specification of the contract type, salary, working hours, social benefits, social security, occupational risks, regulations, and internal policies. By 2026, the gradual reduction of working hours to 42 hours per week must be taken into account, in accordance with Law 2101 of 2021 and relevant labor reforms.

The electronic payroll functions as tax documentation and must align with accounting records, the PILA payroll system, employee withholdings, and payments to employees. The UGPP (Special Administrative Unit for Pension and Payroll Management) may conduct audits of social security and parafiscal contributions.

Key technical considerations

Contracts: formalizing agreements and addenda.

Affiliations: EPS, pension plan, ARL, and compensation fund.

Settlement: advantages, leave, additional charges, overtime, and workforce retention.

Electronic payroll: monthly submission and verification.

Reconciliation: PILA versus accounting versus employment certificates.

Obligation	Periodicity	Control
Social security and parafiscal levies	Monthly	Reconciliation of PILA with payroll and accounting
Electronic payroll system	Monthly	Validation of accruals and deductions.
Social advantages	In accordance with accrual and payment	Provision and accounting reconciliation
Working hours and additional charges	Permanent	Shift policies and overtime approvals

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COMMERCIAL CONTRACTS, DATA PROTECTION, AND CONSUMERS



Contracts with clients, suppliers, distributors, agents, and partners must encompass applicable law, jurisdiction, taxation, invoicing, withholdings, data protection, intellectual property, confidentiality, breach management, and termination provisions.

Personal data databases must be registered where applicable and adhere to the principles of authorization, purpose limitation, security, restricted circulation, and the rights of data subjects. B2C transactions must consider consumer protection regulations, e-commerce guidelines, warranties, and the right of withdrawal.

Key technical considerations

Examine the commercial terms and conditions.

Implement data processing policies and privacy notices.

Formalize those accountable for and responsible for the processing.

Examine warranties, advertising, and consumer provisions.

Examine intellectual property and software licenses.

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COMPLIANCE: SAGRILAF, PTEE, RUB, AND DUE DILIGENCE



Companies must evaluate their obligation to implement SAGRILAF, PTEE, or other sector-specific programs. The Superintendency of Companies oversees systems designed to prevent money laundering, terrorist financing, the proliferation of weapons of mass destruction, transnational bribery, and corruption.

The Single Registry of Beneficial Owners (RUB) is a crucial component of the RUT (Single Taxpayer Registry) and necessitates the identification of individuals who exert control or derive effective benefits. Due diligence must encompass shareholders, administrators, clients, suppliers, employees, PEPs (Politically Exposed Persons), jurisdictions, and atypical transactions.

🔍 SINGLE REGISTRATION OF FINAL BENEFICIARIES (RUB)

Required in the RUT (Single Taxpayer Registry). Identifies individuals with control or effective benefit. An update is necessary upon changes in ownership.

🔍 SINGLE REGISTRATION OF FINAL BENEFICIARIES (RUB)

Required in the RUT (Single Taxpayer Registry). Identifies individuals with control or effective benefit. Update is necessary upon changes in ownership or control structure.

Key technical considerations

Assess whether income, asset, or sector thresholds have been surpassed.

Designate a compliance officer when necessary.

Develop a risk matrix and segment counterparties.

Update the RUB upon any change in ownership or control.

Document initial, enhanced, and continuous due diligence.

ACCOUNTING, IFRS, CLOSURE, AND FINANCIAL REPORTING

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IFRS REGULATORY FRAMEWORK

Colombian enterprises must be categorized into Group 1, 2, or 3 based on their size and nature, adhering to the relevant technical framework.

Colombian enterprises are required to maintain accounting records in accordance with regulatory technical frameworks based on IFRS, categorized by groups. These accounting records must facilitate the traceability of transactions, including supporting documentation, estimates, disclosures, and tax reconciliation.

The financial close must synchronize the accounting, tax, treasury, payroll, accounts receivable, inventory, and legal departments. Discrepancies among local books, reports to headquarters, and tax returns must be recorded.

Key technical considerations

IFRS framework: delineate the IFRS group and accounting policies.

Accounting framework: chart of accounts and cost centers.

Reports: financial statements, notes, and certifications.

Reconciliations: essential accounts on a monthly basis.

Estimates: impairment, provisions, deferred taxes, income, and leases.

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STATUTORY AUDIT AND EXTERNAL AUDIT



The statutory auditor serves as an independent oversight entity established by Colombian law. Its appointment may be obligatory depending on the company's legal structure, activities, bylaws, or thresholds related to assets and income. The statutory auditor provides an opinion on financial statements and reports on legal compliance, internal controls, and other relevant matters in accordance with professional standards.

An audit conducted in accordance with ISAs necessitates a comprehensive understanding of the entity, the identification of risks associated with material misstatement, the determination of materiality, the testing of controls, the execution of substantive procedures, and the communication of findings to management and corporate governance.

Key technical considerations

Assess the necessity of a statutory auditor prior to closure.

Define the parameters of financial, tax, and internal control audits.

Coordinate the schedule for closure and associated deliverables.

Implement the findings matrix and corresponding action plans.

Ensure autonomy, management correspondence, and documentary evidence.

SECTORIZATION: HEALTHCARE, TECHNOLOGY, IMPORTERS, AND FREETRADE ZONES

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The entry analysis must be customized to the sector. Healthcare, fintech, foreign trade, technology, BPO, construction, food, energy, and free trade zones each possess distinct permits, taxes, reporting requirements, and regulatory authorities.

For importers, the matrix must encompass tariff classification, customs valuation, VAT, duties, sanitary registrations, import declarations, and inventory management. In the technology sector, it is essential to examine digital services, withholding taxes, VAT, intellectual property, data, and substantial economic presence.

SECTORS SUBJECT TO SPECIAL REGULATION

 Healthcare |  Technology |  Importers |  Free Trade Zones |  Financial Technology |  Construction

Key technical considerations

Conduct a regulatory assessment by sector.

Identify licenses, registrations, and regulatory bodies.

Align contracts, invoicing, and taxation with the business model.

Assess tax advantages and free trade zones.

Design international trade and customs regulations.

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COMPLIANCE SCHEDULE 2026




OPERATIONAL CALENDAR 2026


Includes: national and territorial taxes, external data, commercial renewals, assemblies, financial statements, certifications, foreign exchange reports, payroll, RUB, and sectoral obligations.


The company must convert tax and corporate obligations into an operational calendar that includes designated responsibilities, information sources, internal closing dates, review dates, and legal deadlines. Merely being aware of the due date is insufficient; a structured workflow for preparation, validation, and approval is essential.


The calendar must encompass national and territorial taxes, external information, commercial renewals, assemblies, financial statements, certifications, exchange reports, payroll, RUB, and sectoral obligations.

Essential technical elements

 Income tax filing and tax reconciliation.

 Value Added Tax, withholding tax, and self-withholdings.

 ICA, RetelICA, and municipal responsibilities.

 National and regional exogenous information.

 Commercial renewal, preparation, and submission of financial statements when applicable.

PROACTIVE SCHEDULE MANAGEMENT

Awareness of the expiration date alone is insufficient; a comprehensive preparation, validation, and approval workflow is necessary, encompassing responsible parties, information sources, internal deadlines, and legal dates.

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COMMON RISKS AND MITIGATIVE MEASURES



The most common risks for companies entering Colombia stem from initiating commercial operations prior to finalizing tax registrations, employing staff without a proper labor framework, issuing invoices without appropriate guidelines, receiving international payments without exchange support, or underestimating municipal taxes.

A preventive model should integrate legal counsel, tax assessment, accounting execution, internal control audits, and regular monitoring through compliance indicators.

Key technical considerations

Failure to register foreign investment or external debt.

Failure to recognize a permanent establishment.

Inability to align DIAN with accounting practices.

Failure to register ICA in pertinent municipalities.

Do not modify RUB or the due diligence of beneficial owners.

Do not assess transfer prices prior to intragroup transactions.

Risk	Impact	Answer
Ineffective electronic invoicing	Sanctions, denial of expenses, and unenforceable portfolio	Parameterization, testing, and monthly reconciliation.
Exchange rate regime excluded	Risk of sanctions and repatriation restrictions	Matrix of transformation operations and accompanying documentation
inconsistent payroll/PILA	UGPP supervision and workforce contingencies	Monthly reconciliation and payroll review
RUB/SAGRILAFT pending completion	Regulatory and reputational risks	Due diligence and regular updates

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AUDIT AND MANAGEMENT SUPPORT MODEL S.A.S.



Auditoría y Gestión S.A.S. assists both domestic and international enterprises through a comprehensive approach encompassing legal, tax, audit, accounting outsourcing, payroll, compliance, and internal control services. The objective is to guarantee that entering Colombia transcends the mere establishment of a company, ensuring that the entity is fully operational, controlled, and documented.

The firm can develop a phased entry strategy: investment assessment, incorporation, DIAN registration, accounting implementation, tax calendar, payroll, compliance, audit, and monthly support.

4-PHASE IMPLEMENTATION FRAMEWORK

Diagnosis → Execution → Regulation → Intensification

Key technical considerations

Phase 1 - Diagnosis: vehicle, taxation, sector, risks, and timeline.

Phase 2 - Implementation: integration, RUT, invoicing, accounting, and payroll.

Phase 3 - Control: tax assessment, audit, compliance, and management reporting.

Phase 4 - Scaling: transfer pricing, compliance, risk assessment, and corporate governance.

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REQUEST YOUR INITIAL ASSESSMENT

Contact the partner responsible for the relevant area to organize your entry or operation in Colombia with specialized technical assistance.

To organize your entry or operation in Colombia, obtain an initial technical assessment from the partner responsible for the relevant area.

REQUEST YOUR INITIAL ASSESSMENT

Contact the partner responsible for the relevant area to organize your entry or operation in Colombia.

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NORMATIVE REFERENCE SOURCES



This guide has been prepared in accordance with the prevailing Colombian regulations and institutional references as of May 2026. The rules are subject to modification through laws, decrees, resolutions, official doctrine, or changes in the relevant authority.

The applicability of each obligation is contingent upon the sector, income, assets, type of operation, tax residence, municipality, contractual structure, and mode of presence in Colombia.

Normative sources (references)

- ⚖️ Colombian Tax Code.
- ⚖️ Commercial Code and Law 1258 of 2008 regarding S.A.S.
- ⚖️ DIAN Resolution 000165 of 2023 regarding the electronic invoicing system.
- ⚖️ DIAN Resolution 000164 of 2021 and compilations regarding RUB.
- ⚖️ External Regulatory Circular DCIP-83 issued by the Bank of the Republic.
- ⚖️ Fundamental Legal Circular of the Superintendency of Companies, chapters X and XIII.
- ⚖️ Substantive Labor Code, Law No. 2101 of 2021 and Law No. 2466 of 2025.

Auditing and Management S.A.S. | Business Operations in Colombia 2026

! PROFESSIONAL ADVISORY

This booklet serves as a general guide of both a technical and executive nature. It does not provide personalized legal, tax, accounting, labor, or foreign exchange advice.

Each project must be evaluated based on facts, contracts, capital structure, sector, municipality, and relevant jurisdictions.

Colombian regulations may be amended through laws, decrees, resolutions, official doctrine, or directives from competent authorities.