



GLOBAL EXPANSION GUIDEBOOK CORPORATE

Colombia



Downloaded: 01 May 2025

INTRODUCTION

Welcome to the 2024 edition of DLA Piper's *Global Expansion Guidebook – Corporate*.

GLOBAL EXPANSION GUIDEBOOK SERIES

To compete and be successful today, companies need to develop and scale their businesses globally. Each country presents its own set of unique laws, rules and regulations and business practices that companies must understand to be successful. In order to help clients meet the opportunities and challenges of expanding internationally, we have created a handy set of global guides that cover the basics companies need to know when going into and doing business in new countries. The *Global Expansion Guidebook* series reviews business-relevant corporate, employment, intellectual property and technology, executive compensation, and tax laws in key jurisdictions around the world.

CORPORATE

The *Global Expansion Guidebook – Corporate* has been created based on our research, our experience and feedback we have received from clients in both established and emerging businesses that have expanded internationally. We hope it will be a helpful resource for you.

The *Global Expansion Guidebook – Corporate* covers corporate basics in 54 key jurisdictions across the Americas, Asia Pacific, Europe and the Middle East. We touch on a wide range of corporate issues for companies expanding internationally, including establishing a corporate presence and choice of entity, liability considerations, tax presence and tax filings, capital requirements, the formation process, director, officer and shareholder requirements, registration processes, office lease processes and possible exit strategies.

With more than 600 lawyers, DLA Piper's global Corporate group is one of the largest in the world, with one of the widest geographical footprints of any global law firm and experience across the legal areas companies need as they expand internationally. With both global experience and local knowledge, we partner with our clients wherever they do business to find solutions and manage their risk in relation to their challenges and objectives.

While this guide provides high-level guidance, it is not a substitute for legal advice, and we encourage you to seek advice regarding the specific matters that concern you. If you wish to speak to any of our contributors, you may find their contact details at the end of the guide.

We hope you find this guide valuable, and we welcome your feedback.

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This is a general reference document and should not be relied upon as legal advice. The application and effect of any law or regulation upon a particular situation can vary depending upon the specific facts and circumstances, and so you should consult with a lawyer regarding the impact of any of these regimes in any particular instance.

DLA Piper and any contributing law firms accept no liability for errors or omissions appearing in this publication and, in addition, DLA Piper accepts no liability at all for the content provided by the other contributing law firms. Please note that corporate law is dynamic, and the legal regime in the countries surveyed could change.

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COLOMBIA



Last modified 24 June 2024

FORM OF ENTITY

Under Colombian law, there are 5 types of commercial entities that can be incorporated:

General partnership (*Sociedad Colectiva*)

Partners have subsidiary personal liability, and the partnership board is the highest corporate body. A minimum of 2 partners is required at all times. General Partnerships are closed companies where partners must manage the company themselves or unanimously authorize a third person to do so, as well as unanimously authorize total or partial assignment of participation in the company, or the possibility for partners to carry out similar lines of business on their own.

Limited partnership (*Sociedad en Comandita Simple y por Acciones*)

A hybrid type of company, where partners can either be managing partners or limited partners. Each type of partner has different levels of liability, functions, voting rights and participation in the company. There are also 2 types of limited partnerships under Colombian law. The simple limited partnership, where partner's contributions are established as participation quota or membership interests; and the share limited partnership, where partner's contributions are established as shares.

Limited liability partnership (*Sociedad de Responsabilidad Limitada*)

The limited liability partnership is a hybrid type of company where partners can limit their responsibility to the amount of their contributions as a general rule, but there are certain exceptions, such as responsibility regarding taxation, labor regulation or if such extended responsibility is included in the company's bylaws. Limited liability companies must have a minimum of 2 partners and a maximum of 25.

Corporation (*Sociedad Anónima*)

Generally, shareholders have limited liability to the amount of the partners' contributions. Nonetheless, the following exceptions may apply: (i) liability for outstanding obligations of the affiliate when the bankruptcy has been produced due to or as a result of the actions of the parent company; and (ii) subsidiary liability in compulsory liquidation proceeding when it has been proved that shareholders utilized the company to defraud creditors.

A corporation must have the Shareholders General Assembly as the highest corporate body, a board of directors, a legal representative designated by the board of directors and a statutory auditor. A minimum of 5 shareholders is required, and it is generally used for large enterprises or financial institutions that are subject to control and surveillance of the Colombian Superintendence of Finance.

Simplified stock company (Sociedad por Acciones Simplificada)

Most recent and flexible type of the commercial entity created under Colombian legislation. Shareholders have no personal liability, as long as they refrain from employing the company for unlawful activities or engaging in actions aimed at defrauding 3rd parties. A simplified stock company must have a Shareholders General Assembly as the highest corporate body and a legal representative. It can have a board of directors if shareholders require it. A minimum of one shareholder is required and there is no maximum requirement.

Article 261 of the National Development Plan 2022-2026 (Law 2294 of 2023) of the current government modified the simplified stock companies' regime (Law 1258 of 2008) in order to authorize these types of companies to be issuers of securities, under the terms and conditions determined by the National Government through the Ministry of Finance and Public Credit. However, as of this date, the regulation for the issuance of securities by simplified stock companies has not been enacted, hence, the authorization granted for these purposes has not yet entered into force.

ENTITY SET UP

General partnership (Sociedad Colectiva)

- Minimum of 2 partners, and there is no maximum
- Partners have subsidiary personal liability; creditors must first pursue the General Partnership's patrimony
- At a corporate level, general partnerships are taxed based on their earnings; at a natural person's level, partners are taxed based on distributed dividends
- Private companies, meaning partners must manage the company themselves or unanimously authorize a third person to do so, as well as unanimously authorize total or partial assignment of participation in the company, or the possibility for partners to carry out similar lines of business on their own
- Incorporation must be through public deed registered by the Registry of Commerce
- Partnership board has overall management responsibility
- Partners have a veto right and can oppose any proposal, and such opposition suspends the proposed activity or project until majority vote is obtained
- Partnership board must meet by the end of every business activity and approve the company's financial statements at least once a year
- Colombian law requires any foreign investment to be declared through the Colombian Central Bank

- Colombian law does not require general partnerships to have a statutory auditor, unless (i) the value of the company's assets is equivalent to or greater than 5,000 times the Colombian minimum monthly legal wage (MMLW) or (ii) the gross income for the previous year is equivalent to or greater than 3,000 times the MMLW.

For year 2024 the following considerations are applicable:

1. Monthly MMLW: COP 1.160.000 = USD 290 (considering that COP 4.000 = USD 1)
2. 5,000 x MMLW (COP 1.160.000 = USD 290) = COP 5.800.000.000 = USD 1,450,000
3. 3,000 x MMLW (COP 1.160.000 = USD 290) = COP 3.480.000.000 = USD 870,000

Limited liability partnership (*Sociedad en Comandita Simple y por Acciones*)

- 2 types of partners: managing partners (1 or more) and a limited partner (1 or more). In case of a share limited partnership, there must be at least 1 managing partner and 5 share limited partners
- Managing partners have personal liability, and limited partners have limited liability
- At a corporate level, limited partnerships are taxed based on their earnings; at a personal level, partners are taxed based on distributed dividends
- Limited partnerships are hybrid companies, meaning that, to transfer participation of a managing partner, partners of the company must agree unanimously and amend company's bylaws. On the other hand, to transfer participation of a limited partner, rest of limited partners must agree unanimously and amend company's bylaws
- Incorporation must be through public deed registered by the Registry of Commerce
- Partnership board is the highest corporate body; managing partners have the responsibility of managing and legally representing the company
- Company's capital is composed by the limited partner's contribution. However, managing partners may also contribute to the company's capital
- Managing partners each have a vote in the partnership board. Limited partners have a number of votes that proportionally corresponds to their ownership in the company
- Partnership board must meet and approve the company's financial statements at least once a year
- Colombian law requires any foreign investment to be declared through the Colombian Central Bank
- Colombian law does not require limited partnerships to have a statutory auditor, unless (i) the value of the company's assets is equivalent to or greater than 5,000 times the MMLW or (ii) the gross revenue for the previous year is equivalent to or greater than 3,000 times the MMLW.

For year 2024 the following considerations are applicable:

1. Monthly MMLW: COP 1,160,000 = USD 290 (considering that COP 4.000 = USD 1)

2. $5,000 \times \text{MMLW}$ ($\text{COP}1,160,000 = \text{USD}290$) = $\text{COP}5,800,000,000 = \text{USD}1,450,000$
3. $3,000 \times \text{MMLW}$ ($\text{COP}1,160,000 = \text{USD}290$) = $\text{COP}3,480,000,000 = \text{USD}870,000$

Limited liability partnership

- Must be at least 2 partners and no more than 25 partners
- Limited liability to the amount of the partners' contributions, except in the following situations: (i) when the bylaws stipulate a greater responsibility for all or some partners; (ii) some tax obligations; (iii) labor liabilities; (iv) when the capital has not been fully paid, partners are jointly liable; (v) jointly liability for the value attributed to contribution in kinds
- At a corporate level, limited liability partnerships are taxed based on their earnings; at a personal level, partners are taxed based on distributed dividends.
- In a limited liability partnership, transfer of participation must be carried out through a bylaw reform, following procedures regarding pre-emptive rights.
- Incorporation must be through public deed registered by the Registry of Commerce.
- Partnership board is the highest corporate body.
- Company's capital must be totally paid by the time of incorporation, and any modification of the capital must be established through a registered amendment to the bylaws of the company.
- Partners' votes proportionally correspond to their participation in the company.
- Partnership Board must meet and approve the company's financial statements at least once a year.
- Colombian law requires any foreign investment to be declared through the Colombian Central Bank.
- Colombian law does not require a limited liability partnership to have a statutory auditor, unless the (i) the value of the company's assets is equivalent to or greater than 5,000 times the MMLW or (ii) the gross income for the previous year is equivalent to or greater than 3,000 times the MMLW.

For year 2024 the following considerations are applicable:

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Corporation (*Sociedad Anónima*)

- Must have a minimum of 5 shareholders, none of which may have 95 percent or more of the company's outstanding capital. There is no upper limit to the number of shareholders.
- Limited liability to the amount of the shareholders' contributions, except in the following situations: (i) Liability for outstanding obligations of the affiliate when the bankruptcy has been produced due to or as a

result of the actions of the parent company; (ii) Subsidiary liability in compulsory liquidation proceedings when it has been proved that shareholder utilized the company to defraud creditors.

- At a corporate level, corporations are taxed based on their earnings; at a personal level, shareholders are taxed based on distributed dividends.
- Shareholders have pre-emptive rights to subscribe and pay shares if the Shareholders General Assembly agrees to increase its capital.
- The incorporation must be through public deed registered by the Registry of Commerce.
- Shareholders General Assembly is the highest corporate body, and the board of directors is the managing body. Corporations must also have a legal representative and a statutory auditor.
- Company's capital is divided into stock.
- Shareholders typically incorporate a corporation or may purchase shares from existing shareholders.
- Shareholders of a corporation may execute a shareholders' agreement or determine certain provisions in the company's bylaws like certain rights and obligations regarding negotiation of shares, vote rights, majorities for decision-making, drag-along and tag-along rights, put and call options, deadlock solution procedures, issuance of non-voting shares, etc.
- Shareholders General Assembly must meet and approve the company's financial statements at least once a year.
- Colombian law requires any foreign investment to be declared through the Colombian Central Bank.
- Colombian law does require a corporation to have a statutory auditor.

Simplified stock company (*Sociedad por Acciones Simplificada*)

- Must have a minimum of 1 shareholder with no maximum requirements.
- Limited liability to the amount of the shareholders' contributions unless they utilize the company to break the law or defraud 3rd parties.
- At a corporate level, simplified stock companies are taxed based on their earnings; at a personal level, shareholders are taxed based on distributed dividends.
- Shareholders have pre-emptive rights to subscribe and pay shares if the Shareholders General Assembly approves to increase its capital.
- The incorporation can be carried out by means of a private document duly registered before the Chamber of Commerce of the company's domicile. Public deed is only required in the event of contributions of certain specific types of assets (ie, real estate property).

- Shareholders General Assembly is the highest corporate body.
- A simplified stock company must have a legal representative and can have board of directors if shareholders prefer to.
- Company's capital is divided in stock.
- Shareholders typically incorporate simplified stock company or may purchase shares from existing shareholders.
- Shareholders of a simplified stock company may execute a shareholders' agreement or determine certain provisions in the company's bylaws, such as certain rights and obligations regarding negotiation of shares, vote right, majorities for decisions, drag-along and tag-along rights, put and call options, deadlock solution procedures, issuance of non-voting shares, etc.
- Shareholders General Assembly must meet and approve the company's financial statements at least once a year.
- Colombian law requires any foreign investment to be declared through the Colombian Central Bank.
- Colombian law does not require a simplified stock company to have a statutory auditor, unless (i) the value of the company's assets is equivalent to or greater than 5,000 times the MMLW or (ii) the gross income for the previous year is equivalent to or greater than 3,000 times the MMLW.

For year 2024 the following considerations are applicable:

- Monthly MMLW: COP1,160,000 = USD290 (considering that COP4,000 = USD1)
- $5,000 \times \text{MMLW}$ (COP1,160,000 = USD290) = COP5,800,000,000 = USD1,450,000
- $3,000 \times \text{MMLW}$ (COP1,160,000 = USD290) = COP3,480,000,000 = USD870,000

MINIMUM CAPITAL REQUIREMENT

General partnership (*Sociedad Colectiva*)

No minimum capital requirement. When incorporating a general partnership, partners must indicate amount of their contributions to the company.

Limited partnership (*Sociedad en Comandita Simple y por Acciones*)

No minimum capital requirement. The company's capital is composed of contributions made by limited partners. Managing partners may also contribute to the company's capital.

Limited liability partnership (*Sociedad de Responsabilidad Limitada*)

No minimum capital requirement. When incorporating a limited liability partnership, partners must indicate amount of their contributions to the company.

Corporation (*Sociedad Anónima*)

Generally, there is no minimum capital requirement. Colombian Superintendence of Finance establishes minimum capital requirements if a corporation plans to carry out financial activities. A corporation has authorized capital, subscribed capital and paid capital.

Simplified stock company (*Sociedad por Acciones Simplificada*)

No minimum capital requirement. A simplified stock company has authorized capital, subscribed capital and paid capital.

LEGAL LIABILITY

General partnership (*Sociedad Colectiva*)

Partners of a general partnership have subsidiary personal liability for the debts of the company, aside from their contribution to the partnership.

Limited partnership (*Sociedad en Comandita Simple y por Acciones*)

Managing partners have personal liability and limited partners have limited liability.

Limited liability partnership (*Sociedad de Responsabilidad Limitada*)

Limited liability to the amount of the partners' contributions, except in the following situations: (i) when the bylaws stipulate a greater responsibility for all or some partners; (ii) some tax obligations; (iii) labor liabilities; (iv) when the capital has not been fully paid, partners are jointly liable; (v) jointly liability for the value attributed to contribution in kinds. Partners have limited liability. Taxation and labor obligations exceptions exist under the laws.

Corporation (*Sociedad Anónima*)

Limited liability to the amount of the shareholders' contributions, except in the following situations: (i) liability for outstanding obligations of the affiliate when the bankruptcy has been produced due to or as a result of the actions of the parent company; (ii) subsidiary liability in compulsory liquidation proceedings when it has been proven that shareholder utilized the company to defraud creditors

Simplified stock company (*Sociedad por Acciones Simplificada*)

Limited liability to the amount of the shareholders' contributions unless they utilize the company to break the law or defraud 3rd parties.

TAX PRESENCE

At a corporate level, all entities are taxed based on their earnings. At a personal level, partners and shareholders are taxed based on distributed dividends.

INCORPORATION PROCESS

For all entity types:

- Search for homonyms
- Drafting and approval of bylaws and articles of incorporation
- Formalization of documents with a Colombian Notary Public and
- Registration of the public deed with Registry of Commerce. As an exception, an entity can be incorporated through private documents when they satisfy the characteristics of a micro-enterprise under Colombian law.

Simplified stock company (*Sociedad por Acciones Simplificada*)

- Homonymy search
- Drafting and approval of bylaws and articles of incorporation and
- Registration of the private document before the Registry of Commerce

BUSINESS RECOGNITION

General partnership (*Sociedad Colectiva*)

Rarely used.

Limited partnership (*Sociedad en Comandita Simple y por Acciones*)

Rarely used.

Limited liability partnership (*Sociedad de Responsabilidad Limitada*)

Not frequently used.

Corporation (*Sociedad Anónima*)

Widely used.

Simplified stock company (*Sociedad por Acciones Simplificada*)

Widely used. Most common type of company used in Colombia, except for cases in which the law requires another type of company (ie, corporations for the performance of financial activities subject to surveillance of the Colombian Superintendency of Finance).

SHAREHOLDER MEETING REQUIREMENTS

General partnership (*Sociedad Colectiva*)

Required to hold annual partnership board meetings.

Limited partnership (*Sociedad en Comandita Simple y por Acciones*)

Required to hold annual partnership board meetings.

Limited liability partnership (*Sociedad de Responsabilidad Limitada*)

Required to hold annual partnership board meetings.

Corporation (*Sociedad Anónima*)

Required to hold annual shareholders general assembly meetings.

Simplified stock company (*Sociedad por Acciones Simplificada*)

Required to hold annual shareholders general assembly meetings.

COVID regulations applicable to all companies.

BOARD OF DIRECTOR MEETING REQUIREMENTS

General partnership (*Sociedad Colectiva*)

There is no board of directors in a general partnership.

Limited partnership (*Sociedad en Comandita Simple y por Acciones*)

There is no board of directors in a limited partnership.

Limited liability partnership (*Sociedad de Responsabilidad Limitada*)

There is no obligation to have a board of directors, but it can be created.

Corporation (*Sociedad Anónima*)

There is a board of directors in a corporation that must have a minimum of 3 members. The board of directors must also follow notification requirements and meet at least once a year.

Simplified stock company (Sociedad por Acciones Simplificada)

There can be a board of directors that must meet at least once a year.

ANNUAL COMPANY TAX RETURNS

All entity types must annually file tax returns with Colombian tax authorities.

BUSINESS REGISTRATION FILING REQUIREMENTS

All entity types are bound to register before the Registry of Commerce and tax authorities. As an exception a simplified stock company is incorporated by a private document that is registered with the Registry of Commerce.

BUSINESS EXPANSION

General partnership (Sociedad Colectiva)

There is no legal requirement to change as business expands. If the general partnership exceeds a certain amount of assets and fulfills the characteristics described in Law 43 of 1990, then the company must designate a statutory auditor.

Limited partnership (Sociedad en Comandita Simple y por Acciones)

There is no legal requirement to change as business expands. If the limited partnership exceeds a certain amount of assets and fulfills the characteristics described in Law 43 of 1990, then the company must designate a statutory auditor.

Limited liability partnership (Sociedad de Responsabilidad Limitada)

There is no legal requirement to change as business expands. If the limited liability partnership exceeds a certain amount of assets and fulfills the characteristics described in Law 43 of 1990, then the company must designate a statutory auditor.

Corporation (Sociedad Anónima)

There is no legal requirement to change as business expands.

Simplified stock company (Sociedad por Acciones Simplificada)

There is no legal requirement to change as business expands.

EXIT STRATEGY

General partnership (*Sociedad Colectiva*)

Aside from the general causes of dissolution applicable for every company in Colombia, the dissolution causes specific to a general partnership are:

- One of the partners dies and there is no legal heir.
- Legal incapacity of one of the partners, unless their agent is authorized to represent partner's interests in the company.
- Bankruptcy of a partner and no assignment of their participation in the company.
- Forceful assignment of participation of a partner to a 3rd person if the rest of the partners do not accept such situation.
- Resignation of one of the partners, if the rest of the partners do not acquire such partner's participation.

Limited partnership (*Sociedad en Comandita Simple y por Acciones*)

Aside from the general causes of dissolution applicable for every company in Colombia, the dissolution causes specific to a limited partnership are:

- Managing partner dies and has no legal heir.
- Legal incapacity of the managing partner, unless his or her agent is authorized to represent partner's interests in the company,
- Bankruptcy of the managing partner and no assignment of their participation in the company occurs, forceful assignment of participation of the managing partner to a 3rd person if the rest of the partners do not accept such situation, and the resignation of the managing partner, if the rest of the partners do not acquire such partner's participation. Also, when either 1 of the 2 types of partners disappear.

Limited liability partnership (*Sociedad de Responsabilidad Limitada*)

General causes of dissolution applicable for every company in Colombia.

Law 2069 of 2020 expressly repealed the cause of dissolution when the patrimony is less than half of the subscribed capital. This cause had been suspended for 24 months by Decree Law 560 of April 15, 2020, issued in the context of the COVID-19 pandemic emergency, and was replaced with the non-compliance with the going concern assumption at year-end cause (*causal de no cumplimiento de la hipótesis de negocio en marcha al Cierre del ejercicio*).

Corporation (*Sociedad Anónima*)

Aside from the general causes of dissolution applicable for every company in Colombia, the dissolution cause specific to a Corporation is when 95 percent of the company's shares belong to the same shareholder.

Law 2069 of 2020 expressly repealed the cause of dissolution when the patrimony is less than half of the subscribed capital. This cause had been suspended for 24 months by Decree Law 560 of April 15, 2020, issued in the context of the COVID-19 pandemic emergency, and was replaced with the non-compliance with the going concern assumption at year-end cause (*causal de no cumplimiento de la hipótesis de negocio en marcha al Cierre del ejercicio*).

Simplified stock company (*Sociedad por Acciones Simplificada*)

Only the general causes of dissolution applicable for every company in Colombia are applicable to the simplified stock company, these are: expiration of the term of the company, the impossibility to carry out the company's objective, and because of the decision of the shareholders or national authority. Non-compliance with the going concern assumption at year-end cause (*causal de no cumplimiento de la hipótesis de negocio en marcha al Cierre del ejercicio*) set forth in Law 2069 of 2020 is also applicable.

ANNUAL CORPORATE MAINTENANCE REQUIREMENTS

General partnership (*Sociedad Colectiva*)

The partnership board must approve the annual financial statements and annually renew the Commerce Registration.

Limited partnership (*Sociedad en Comandita Simple y por Acciones*)

The partnership board must approve the annual financial statements and annually renew the Commerce Registration.

Limited liability partnership (*Sociedad de Responsabilidad Limitada*)

The partnership board must approve the annual financial statements and annually renew the Commerce Registration

Corporation (*Sociedad Anónima*)

The shareholders general assembly must approve the annual financial statements.

Simplified stock company (*Sociedad por Acciones Simplificada*)

The shareholders general assembly must approve the annual financial statements.

DIRECTOR / OFFICER REQUIREMENTS

General partnership (*Sociedad Colectiva*)

All partners must participate and manage a general partnership, unless a 3rd person is designated unanimously by the partnership board.

Limited partnership (*Sociedad en Comandita Simple y por Acciones*)

All managing partners must participate and manage a limited partnership.

Limited liability partnership (*Sociedad de Responsabilidad Limitada*)

All partners must participate and manage a limited liability partnership; however, partners can designate a manager.

Corporation (*Sociedad Anónima*)

The board of directors can designate officers and legal representatives.

Simplified stock company (*Sociedad por Acciones Simplificada*)

The shareholders general assembly and, if there is a board of directors, the board of directors can designate officers and legal representatives.

For more information on directors' duties, see our [Global Guide to Directors' Duties](#).

LOCAL CORPORATE SECRETARY REQUIREMENT

There is no requirement to designate a secretary.

LOCAL LEGAL OR ADMIN REPRESENTATIVE REQUIREMENT

The company must have a legal representative.

LOCAL OFFICE LEASE REQUIREMENT

Not required.

OTHER PHYSICAL PRESENCE REQUIREMENTS

All entity types must have a domicile and notification address, a limited liability partnership must only have a domicile.

SUFFICIENCY OF VIRTUAL OFFICE

The company must have at least a domicile and notification address.

PROVISION OF LOCAL REGISTERED ADDRESS BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Permitted.

PROVISION OF LOCAL DIRECTOR OR CORPORATE SECRETARY BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Limited liability partnership (LLC)

Not allowed for incorporation.

NATIONALITY OR RESIDENCY REQUIREMENTS FOR SHAREHOLDERS, DIRECTORS AND OFFICERS

There are no specific nationality requirements; however, in the incorporation documents, intended partners of a future entity must state their nationality and domicile.

RESTRICTIONS REGARDING APPOINTMENT OF NOMINEE SHAREHOLDERS OR DIRECTORS

General partnership (*Sociedad Colectiva*)

A general partnership is a closed company. To assign or transfer a partner's participation or designate a 3rd party to manage the company, partners must unanimously approve.

Limited partnership (*Sociedad en Comandita Simple y por Acciones*)

To assign or transfer the participation of a managing partner, partners of the company must agree unanimously and make amendments to the company's bylaws. To transfer participation of a limited partner, the rest of limited partners must unanimously agree and amend the company's bylaws.

Limited liability partnership (*Sociedad de Responsabilidad Limitada*)

The assignment or transfer of a partner's participation must be carried out through a bylaws amendment, following procedures regarding pre-emptive rights.

Corporation (*Sociedad Anónima*)

None.

Simplified stock company (*Sociedad por Acciones Simplificada*)

None.

SUMMARY OF DIRECTOR'S, OFFICER'S AND SHAREHOLDER'S AUTHORITY AND LIMITATIONS THEREOF

General partnership (*Sociedad Colectiva*)

The partnership board is composed by all the partners of the company. It is the highest corporate body and can designate officers, legal representatives, statutory auditors and any other position. Some decisions must be unanimously agreed by the partners, such as authorizing total or partial assignment of participation in the company, but generally, majority is simple. Partners also hold a veto right with which they can oppose any proposal, and such opposition suspends the proposed activity or project until majority vote is obtained.

Limited partnership (*Sociedad en Comandita Simple y por Acciones*)

The partnership board is composed by all the partners of the company. It is the highest corporate body and can designate officers, legal representatives, statutory auditors and any other position. Decisions are adopted by the majority of managing partners, and the vote of a plural number of limited partners or share limited partners, depending on the case, that compose at least half of the company's capital. Decisions regarding management can only be taken by the managing partners.

Limited liability partnership (*Sociedad de Responsabilidad Limitada*)

The partnership board is composed by all the partners of the company. It is the highest corporate body and can designate officers, legal representatives, statutory auditors and any other position. Most decisions must be taken by the majority of the partners. Bylaw reforms must have the positive vote of 70 percent of the partners.

Corporation (*Sociedad Anónima*)

The shareholders general assembly is the highest corporate body and can designate offices, determine economic policies of the company and distribute profits. The board of directors is the highest management corporate body, a legal representative designated by the board of directors that permanently represents the company and a statutory auditor.

Simplified Stock company (*Sociedad por Acciones Simplificada*)

The shareholders general assembly is the highest corporate body, and the company must have a legal representative. Shareholders can designate a board of directors if they wish to and a statutory auditor. The shareholders general assembly is in charge of approving the company's financial statements, designating officers, managing the company and general activities.

PUBLIC DISCLOSURE OF IDENTITY OF DIRECTORS, OFFICERS AND SHAREHOLDERS

Such information is public since each entity is incorporated through public deed that must be registered with the Registry of Commerce.

MINIMUM AND MAXIMUM NUMBER OF DIRECTORS AND SHAREHOLDERS

General partnership (*Sociedad Colectiva*)

There must be a minimum of 2 partners, and no maximum number. Partners are directors of the company, unless they unanimously designate a 3rd person.

Limited partnership (*Sociedad en Comandita Simple y por Acciones*)

There must be a minimum of 1 managing partner and 1 limited partner. In case of a share limited partnership, there must be at least 5 share limited partners.

Limited liability partnership (*Sociedad de Responsabilidad Limitada*)

A minimum of 2 partners and a maximum of 25.

Corporation (*Sociedad Anónima*)

There must be a minimum of 5 shareholders with no maximum number.

Simplified stock company (*Sociedad por Acciones Simplificada*)

There must be a minimum of 1 shareholder with no maximum number.

MINIMUM NUMBER OF SHAREHOLDERS REQUIRED

General partnership (*Sociedad Colectiva*) and limited liability partnership (*Sociedad de Responsabilidad Limitada*)

2 partners.

Limited partnership (*Sociedad en Comandita Simple y por Acciones*)

There must be a minimum of 1 managing partner and 1 limited partner, and, in case of a share limited partnership, a minimum of 5 share limited partners.

Corporation (*Sociedad Anónima*)

5 shareholders.

Simplified stock company (*Sociedad por Acciones Simplificada*)

1 shareholder.

REMOVAL OF DIRECTORS OR OFFICERS

Removal of directors must hold the same formalities as their designation.

REQUIRED AND OPTIONAL OFFICERS

Legal representative is required.

BOARD MEETING REQUIREMENTS

General partnership (*Sociedad Colectiva*)

Meetings of the partnership board must occur at least once a year, and ordinary and extraordinary meetings must comply with notification formalities. Every decision and meeting must be duly recorded in minutes and books of the company. Generally, meetings must be held in the company's domicile, unless the bylaws state other possibilities.

Limited partnership (*Sociedad en Comandita Simple y por Acciones*)

Meetings of the partnership board must occur at least once a year, and ordinary and extraordinary meetings must comply with notification formalities. Every decision and meeting must be duly recorded in the minutes and books of the company. Generally, meetings must be held in the company's domicile, unless the bylaws state other possibilities.

Limited liability partnership (*Sociedad de Responsabilidad Limitada*)

Meeting of the partnership board must occur at least once a year, and ordinary and extraordinary meetings must comply with notification formalities. Every decision and meeting must be duly recorded in the minutes and books of the company. Generally, meetings must be held in the company's domicile, unless the bylaws state other possibilities.

Corporation (*Sociedad Anónima*)

Meeting of the shareholders general assembly and the board of directors must occur at least once a year, and ordinary and extraordinary meetings must comply with notification formalities. Every decision and meeting must be duly recorded in the minutes and books of the company. Generally, meetings must be held in the company's domicile, unless the bylaws state other possibilities.

Simplified Stock Company (*Sociedad por Acciones Simplificada*)

Meetings of the shareholders general assembly and the board of directors must occur at least once a year, and ordinary and extraordinary meetings must comply with notification formalities. Every decision and meeting must be duly recorded in the minutes and books of the company. Generally, meetings must be held in the company's domicile, unless the bylaws state other possibilities.

QUORUM REQUIREMENTS FOR SHAREHOLDER AND BOARD MEETINGS

General partnership (*Sociedad Colectiva*)

Whether the partnership board encounters in an ordinary or extraordinary meeting, the majority of partners must be present or duly represented in order to have quorum. Colombian law allows partners to be present

through simultaneous communication, but such event must be recorded in the correspondent minutes. Meetings can be held in person, virtually or mixed (in person and virtually simultaneously). The quorum count will depend on the meeting's nature and will consider the virtually connected when it is a virtual or combined meeting.

Limited partnership (*Sociedad en Comandita Simple y por Acciones*)

Whether the partnership board encounters in an ordinary or extraordinary meeting, all the managing partners and the limited partners or share limited partners that represent at least half of the company's capital must be present or duly represented in order to have quorum. Colombian law allows partners to be present through simultaneous communication, but such event must be recorded in the correspondent minutes. Meetings can be held in person, virtually or mixed (in person and virtually simultaneously). The quorum count will depend on the meeting's nature and will consider the virtually connected when it is a virtual or combined meeting.

Limited liability partnership (*Sociedad de Responsabilidad Limitada*)

Whether the partnership board encounters in an ordinary or extraordinary meeting, the majority of partners must be present or duly represented in order to have quorum. Colombian law allows partners to be present through simultaneous communication, but such event must be recorded in the correspondent minutes. Meetings can be held in person, virtually or mixed (in person and virtually simultaneously). The quorum count will depend on the meeting's nature and will consider the virtually connected when it is a virtual or combined meeting.

Corporation (*Sociedad Anónima*)

Whether the shareholders general assembly and the board of directors encounters in an ordinary or extraordinary meeting, the majority of shareholders or members of the board of directors must be present or duly represented in order to have quorum. Colombian law allows partners to be present through simultaneous communication, but such event must be recorded in the correspondent minutes. Meetings can be held in person, virtually or mixed (in person and virtually simultaneously). The quorum count will depend on the meeting's nature and will consider the virtually connected when it is a virtual or combined meeting.

Simplified stock company (*Sociedad por Acciones Simplificada*)

Whether the shareholders general assembly and the board of directors, if it is the case, encounters in an ordinary or extraordinary meeting, the majority of shareholders or members of the board of directors must be present or duly represented in order to have quorum. Colombian law allows partners to be present through simultaneous communication, but such event must be recorded in the correspondent minutes. Meetings can be held in person, virtually or mixed (in person and virtually simultaneously). The quorum count will depend on the meeting's nature and will consider the virtually connected when it is a virtual or combined meeting.

MUST A BANK ACCOUNT BE OPENED PRIOR TO INCORPORATION, AND MUST THE BANK ACCOUNT BE LOCAL?

Not necessary for incorporation. When necessary, a bank account must be opened in Colombia.

AUDITING OF LOCAL FINANCIALS. IF SO, MUST THE AUDITOR BE LOCATED IN LOCAL JURISDICTION, AND MUST THE COMPANY'S BOOKS BE KEPT LOCALLY?

General partnership (*Sociedad Colectiva*)

Statutory auditors are required if the company exceeds certain amount of assets determined by law and must be local. The corporate and accounting books should be kept in the company's domicile.

Limited partnership (*Sociedad en Comandita Simple y por Acciones*)

Statutory auditors are required if the company exceeds certain amount of assets determined by law and must be local. The corporate and accounting books should be kept in the company's domicile.

Limited liability partnership (*Sociedad de Responsabilidad Limitada*)

Statutory auditors are required if the company exceeds certain amount of assets determined by law and must be local. The corporate and accounting books should be kept in the company's domicile.

Corporation (*Sociedad Anónima*)

Statutory auditor is required by law and must be local. The corporate and accounting books should be kept in the company's domicile.

Simplified stock company (*Sociedad por Acciones Simplificada*)

Statutory auditor is not required by law and must be local. The corporate and accounting books should be kept in the company's domicile.

REQUIREMENT REGARDING PAR VALUE OF STOCK

There are no requirements.

INCREASING OF CAPITALIZATION IF NEEDED

General partnership (*Sociedad Colectiva*)

An increase of the company's capital must be executed through a bylaw reform and registered before the Registry of Commerce.

Limited partnership (*Sociedad en Comandita Simple y por Acciones*)

An increase of the company's capital must be registered before the Registry of Commerce.

Limited liability partnership (*Sociedad de Responsabilidad Limitada*)

An increase of the company's capital must be registered before the Registry of Commerce.

Corporation (*Sociedad Anónima*)

An increase of the company's capital must be approved by the shareholders general assembly, and an increase in the authorize capital must be completed through a bylaw reform registered before the Registry of Commerce.

Simplified stock company (*Sociedad por Acciones Simplificada*)

An increase of the company's capital must be approved by the shareholders general assembly, and an increase in the authorize capital must be completed through a bylaw reform registered before the Registry of Commerce.

SUMMARY OF HOW FUNDS CAN BE REPATRIATED FROM YOUR JURISDICTION (IE DIVIDENDS OR REDEMPTION)

Funds can be repatriated abroad but must always be declared before the Colombian Central Bank and are subject to exchange regulation.

RESTRICTIONS ON TRANSFERABILITY OF SHARES

General partnership (*Sociedad Colectiva*)

Participation can generally not be transferred between partners or 3rd parties without the consent of every partner of the company. When such authorization is obtained, participation can be transferred.

Limited partnership (*Sociedad en Comandita Simple y por Acciones*)

To transfer the participation of a managing partners, the partners of the company must unanimously agree and amend the company's bylaws. On the other hand, to transfer the participation of a limited partner, the rest of limited partners must unanimously agree and amend the company's bylaws. In the case of shares of a share limited partner, these can be assigned or transferred without a bylaws amendment.

Limited liability partnership (*Sociedad de Responsabilidad Limitada*)

The assignment or transfer of a partner's participation must be carried out through a bylaws amendment, following procedures regarding pre-emptive rights.

Corporation (*Sociedad Anónima*)

The subscription of shares is subject to pre-emptive rights in a corporation.

Simplified Stock company (*Sociedad por Acciones Simplificada*)

The subscription of shares is subject to pre-emptive rights in a simplified stock company.

OBTAINING A NAME AND NAMING REQUIREMENTS

Proposed name must be approved by the Registry of Commerce.

SUMMARY OF "KNOW YOUR CLIENT" REQUIREMENTS

Depending on the company's object and line of business, it may or may not be obligated to have a Know-Your-Client policy.

APPROVAL REQUIREMENTS FOR AMENDING CHARTER DOCUMENT

General partnership (*Sociedad Colectiva*)

Through an ordinary or extraordinary partnership board meeting with majority vote.

Limited partnership (*Sociedad en Comandita Simple y por Acciones*)

Through an ordinary or extraordinary partnership board meeting with the vote of all managing partners and the vote of a plural number of limited partners or share limited partners that represent at least 1/2 of the company's capital.

Limited liability partnership (*Sociedad de Responsabilidad Limitada*)

Through an ordinary or extraordinary partnership board meeting with a positive vote of at least 70 percent of the partners.

Corporation (*Sociedad Anónima*)

Through an ordinary or extraordinary shareholders general assembly meeting with majority vote.

Simplified stock company (*Sociedad por Acciones Simplificada*)

Through an ordinary or extraordinary shareholders general assembly meeting with majority vote.

LICENSES REQUIRED TO CONDUCT BUSINESS IN JURISDICTION

Only for certain corporate purposes.

PROCESS OF PURCHASING AND UTILIZING A SHELF COMPANY

Shelf companies can be purchased in Colombia but are not widely used. Colombian law has strict regulation regarding taxation and anticorruption policies.

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