




**COMPANY COMPLIANCE 2020**

 **MEMORANDUM**

The present memorandum is strictly informative and review the legal obligations that a Colombian Company needs to comply during a year regarding corporate, labor, transfer pricing and exchange regulation obligations.





**OBLIGATION**

**ACTIVITIE**

**DUE DATE**

**Mercantile Registry Renewal**

Companies must renew their mercantile registry in the Chamber of Commerce.

Before April 1th.

**Shareholder ordinary assembly**

Company must have a shareholder assembly ever year. In this meeting, by law, the following issues must be addressed, or other matters that at the discretion of the shareholders must be addressed.

On the date indicated in the bylaws and, in silence of these before April 1.

1. Review and approval of the company's financial statements.
2. Presentation and approval of the management report of the legal representative.
3. Approval of profits distribution project, if any.
4. Appointment or ratification of statutory auditors, legal representatives and board members if applicable.

**RUP (Unique Registration of Bidders) Renewal**

The company with this registration must renew it every year.

No later than the fifth business day of April.

**OBLIGATION****ACTIVITIE****DUE DATE****Control Situation**

A company will be subordinated when it is in one or more of the following cases: (i) When more than fifty percent (50%) of the capital belongs to the parent company, directly or through its subordinates; (ii) When the parent and subordinate companies jointly or separately have the right to issue the votes constituting the minimum decision-making majority at the shareholders assembly, or have the number of votes necessary to appoint the majority of the board members, if any; (iii) When the parent company, directly or through or with the help of subordinates, by means of an act or business with the controlled company or its shareholders, exercises a dominant influence on the decisions of the company's management..

Within thirty days of setting up the control situation.

**Financial Statement Deposit**

After the ordinary meeting, companies must deposit their approved financial statements with the Chamber of Commerce.

Within one month of the date they were approved at the ordinary assembly.

**OBLIGATION**

**ACTIVITIE**

**DUE DATE**

**Minute ledger keeping**

Company must have its ledger minute update.

All year

**Shareholders ledger keeping**

Company must have its shareholders ledger minute update.

All year

**Asset Laundering and Terrorist Financing Risk Management and Self-Control Policy**

Companies whose gross income as of December 31 of each year is equal to or major than 160,000 SMMLV must implement it.

Within a period not exceeding 12 months as of December 31 of the year in which it exceeds the aforementioned income.

**Data processing policy**

According to Colombian regulation, all companies must have it.

All year

**National Registry of Databases - RNBD**

The companies that store personal data and carry out treatment (use of data) of the information, must comply with certain obligations and duties, among which are the adoption of policies, procedures, contracts, obtaining authorizations for the treatment of data, registration of databases in the RNBD, among others. The times for registering databases depend on the assets of the company.

- a. Companies and non-profit entities that have total assets greater than 100,000 and up to 610,000 Units of Tax Value (UVT).
- b. Companies and non-profit entities that have total assets greater than 610,000 Units of Tax Value (UVT).

- a. Before September 30th, 2018.
- b. Before November 30th, 2018.

If the company meets the law requirements after these dates, the registry must be done with the next two months.

**OBLIGATION****ACTIVITIE****DUE DATE****Severance Payment**

Pay the employees a salary for every year of work or proportional.

Before February 14th to the Severance Funds.

**Severance Interest**

Payment of the severance interest 12%.

Before January 31th to the Employees.

**Legal Bonus**

Pay employees 30 days' salary for each year worked or in proportion to the time worked.

Half on June 30 and half during the first 20 days of December.

**Auto evaluation for the safety and health management system (SG-SST)**

The employer with assistance of the ARL must execute the auto evaluation to improve and apply the SG-SST in the annual plan of safety and health management system.

Every year.

**Vacations**

Every employee must take minimum six (6) days of vacations during the year.

During the year, after the employee cause his/her right.

**Foreign Employees registry**

Within the next fifteen (15) calendar days after hiring a foreign employee before Migration Colombia, SIRE and RUTEC systems.

Fifteen (15) calendar days.

**OBLIGATION****ACTIVITIE****DUE DATE**

Endowment (Dress and footwear)

Employers must give to its employees dress and footwear for employees with less than two (2) monthly minimum legal salaries (SMLM) and more than three (3) months hired.

Every forth (4) months (April, August, December).

Family days

Employers must give to its employees two (2) days a year to be with their family or develop family recreation activities.

One day from January to June and another day from July to December, depending on the service provided.

Certificates of home loans and payments of health and education.

To update the tax benefits every year the employer must request to his employees a certificate of home loans and payments of health and education.

The company must have the information before April 15th.

Certificate of income and deductions.

Certificate provided by the employer to his employees regarding all its employee incomes and withholdings.

Before March 18th.

SENA apprentices.

Company must inform SENA when there are changes in the number of personnel.

There are two periods to report any updates:

1. On July and January and,
2. On March and September.

**OBLIGATION**

Registration book vacation and overtime

**ACTIVITIE**

Every employer must have a mechanism (digital, ledger, other) to register vacations taken, paid and enjoy by its employees. As well as the control of the overtime expend by its employees.

**DUE DATE**



Joint committee on safety and health at work (COPASST) and Work cohabitation committee (CCL)

These committees must have meetings every year.

COPASTTS Every month and CLL every three months.



**FOREIGN DIRECT INVESTMENT IN COLOMBIA**

| <b>ACTIVITIES</b>   | <b>DUE DATE</b>    |
|--|---|
| <p>Investor must properly channel the value of the investment through a Colombian Bank (“IMC”) or through a Compensation Account. The legal representative of the company receiving the investment can also do it.</p>   | <p>When transferring the investment money.</p>  |
| <p>Substitute and cancel investments when the foreign investor sells or transfers all or part of its investment to another non-resident investor.</p>  | <p>Six (6) months after the date of the transaction.</p>  |
| <p>Keep the information and documents that prove the amount, characteristics and other conditions of the registered investment, its substitution, cancellation or modifications to the registry. The foregoing, for a period equal to the expiration of the sanctioning action for violations of the exchange and investment regime, that is, two (2) years.</p>   | <p>N/A</p>  |
| <p>Only the branches belonging to the special regime (hydrocarbons and mining sector), must inform the update of the patrimonial accounts simultaneously with the registration of the supplementary investment to the assigned capital, using the Form No. 13. In any case, the update of the capital accounts must be informed, regardless no additional investment has been made to the capital allocated during the reporting period.</p> | <p>The deadline for reporting the update of the equity accounts by transmission of Form No. 13, is six (6) months counted from the accounting closing on December 31th.</p> |

## USE OF COMPENSATION ACCOUNTS

### ACTIVITIES



The compensation accounts must be registered directly by the owner before the Central Bank within the following calendar month, counted from the day of the first operation obligatorily channeled through the exchange market, or the first operation to the fulfillment of obligations derived from internal operations.

The holders of the compensation accounts must report the movements corresponding to the operations carried out through them during the immediately preceding month, within of the following calendar month.

This obligation must be fulfilled even if the compensation account had no movements and even if the movements were different from mandatory channeling operations.

Inform to DIAN the movements of the compensation accounts, on a quarterly basis.

### DUE DATE



No later than one month after the first operation.

One (1) month

Next month to quarter.

Colombia transfer pricing regulations since the year 2004. Its legislation follows the OECD Guidelines, in 2016 enacted a tax reform in order to include BEPS Action 13. (Three level documentations).

Transactions that trigger transfer pricing obligations are all transactions carried out by a Colombian taxpayer with:

**Related parties from abroad**

**Local related parties located on free trade zones**

**Entities located in non-cooperating jurisdictions or preferential tax regimes ("NJP")**

Transfer pricing formal obligations in Colombia are:

### **Informative Return Form**

Certain thresholds must be met regarding gross income or gross equity in a given year, if the Colombian taxpayer has transactions with NJP entities no threshold apply.

Usually deadlines are set in July

### **Local File**

Certain thresholds must be met regarding the accumulated amount recorded by type of transactions.

### **Master File**

All Colombian taxpayers that are member of a multinational group that obligated to prepare and submit the local file, must submit the master file.

Usually deadlines are set in December

### **Country by Country Report**

Applicable to Colombia Headquarters, or entities designated as substitute entities, or other types of situation regarding the multilateral agreements to exchange information.

### **Country by Country Notification**

All Colombian taxpayers that are members of a multinational group, that are not obligated to file the informative return form must comply with the CbC notification.

Usually deadlines are set in July

Mazars is present in 5 continents.

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