

Law Obligations

# FOREING BRANCHES

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20. Affiliation and payment of social security contributions.

### Information to consider

Minimum legal monthly wage of 2022:  
COP\$1.000.000

Minimum legal monthly wage of 2023:  
COP\$1.160.000

Dollar exchange rate used in the document:  
COP\$4,802.48 equals US\$1.

### Commercial Obligations Calendar

23	24	25	26	27	28	29
30	31					

27	28					
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### March

MON	TUE	WED	THU	FRI	SAT	SUN
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24		26
27	28	29	30	31		

### April

MON	TUE	WED	THU	FRI	SAT	SUN
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3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

Renewal of the Mercantile Registration.

Preparation of the previous year's information and approval by the competent corporate body.

Submission of general purpose financial statements.

Renewal of the Sole Registry of Bidders.

### May

MON	TUE	WED	THU	FRI	SAT	SUN
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

### June

MON	TUE	WED	THU	FRI	SAT	SUN
		1	1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

Submission of report on business practices.

Submission of consolidated or combined financial statements.



# COMMERCIAL OBLIGATIONS

Compliance with legal obligations applicable to **foreign company branches**.

The following is a summary of the main procedures that foreign company branches are obliged to comply as per Colombian Law:

## RENEWAL

### 1. Renewal of the Mercantile Registration

The mercantile registration of commercial companies should be annually renewed by March 31<sup>st</sup>. This same procedure should be carried out for commercial establishments (agencies and branches of foreign companies) registered before the Chamber of Commerce. Please note that not renewing the mercantile registration may cause fines up to 17 current minimum legal monthly wages (for 2023 COP\$19,720,000, equivalent to US\$4,106). Not renewing the mercantile registration for 5 years has the following effects: (i) dissolution in the case of companies -inactivation of the registration- and (ii) deregistration in the case of commercial establishments. Furthermore, be informed that the mercantile registration is mandatory to perform any economic activities in Colombia. Failure to comply with this provision could lead to the imposition of the sanctions.



## 2. Renewal of the Sole Registry of Bidders

The Sole Registry of Bidders (RUP) managed by the chamber of commerce should be annually renewed, on the fifth working day of April, at the latest, for the year 2023 will be April 7<sup>th</sup>. The non-renewal will trigger the loss of the effects of such registry. For renewal purposes, the form provided by the Superintendence of Industry and Commerce should be filed attaching the required annexes.

### FILING AND REGISTRATION

## 1. Submission of the financial statements

In accordance with the commercial law, a copy of the general-purpose financial statements of the branch, together with the notes and the corresponding report, shall be submitted at the Chamber of Commerce of the corporate domicile, within the month following the date of approval by the competent body of the parent company.

The above is mandatory, unless the branch is monitored, controlled or receives a special request from the Superintendence of Companies, in which case it is not obliged to submit information to the Chamber of Commerce, but shall submit (electronically) the information as of December 31<sup>st</sup> through an application called XBRL Express, on the dates provided by the Superintendence of Companies for such purpose. For 2023, such dates are provided in the External Circular No 100-000012 issued by the aforementioned entity on November 22<sup>nd</sup>, 2022. This document can be accessed at the following LINK.

Thus, the general purpose financial statements must be submitted between Tuesday, April 11<sup>th</sup> and Tuesday, May 9<sup>th</sup>, depending on the last two digits of the NIT of the entity. The consolidated or combined financial statements must be



submitted no later than May 31<sup>st</sup>, 2023. Finally, the Report 42 on Business Practices must be submitted between Tuesday, May 16<sup>th</sup> and Tuesday, May 30<sup>th</sup>, depending on the last two digits of the NIT of the entity.

## 2. Registration of the control situation and business group

When a situation of control or business group is configured, the controlling company, shall register before the competent Chamber of Commerce a private document that must contain certain minimum information related to the assumption that gives rise to the situation of control or business group. The registration shall be carried out within 30 days following the configuration of the control situation or business group.

## 3. Database registration

The obligation to register databases is applicable to data controllers whose total assets are on or above 100.000 tax value units (equivalent to US\$989,083).

The mere fact that a foreign company is processing data of Colombian residents or offering its services in Colombia does not automatically trigger the obligation to register databases in the National Database Registry, as the Colombian General Data Protection Law (CGDP) is not outright clear on the applicability of this obligation vis-à-vis foreign entities.

In the past couple of years the Data Protection Authority (DPA) has issued several decisions (at least four) asserting jurisdiction over foreign entities, levying administrative orders upon them (e.g., ordering them to register their databases), and further indicating that they are subject to the CGDP. These decisions have involved major foreign tech companies (e.g., Facebook, Google, WhatsApp) and as part of its reasoning the DPA has argued that the CGDP applies to them in consideration of the nature and extent of the activities that they conduct in Colombia –at least two of them have local subsidiaries (others do not have a local



subsidiary or presence), and in most instances they target their services/products at Colombian residents.

As a practical matter, we are of the opinion that not all foreign entities that offer services to Colombian residents are under the obligation to register their databases, and common practice suggests that foreign entities generally register their databases when required so by the DPA and following an assessment on the specific facts surrounding their data processing operations. Instead, we do consider and recommend in general terms that foreign entities adjust their privacy policies and consent documents to make them align with requirements under the CGDP -because these relate to the data processing activities that they arguably conduct in Colombia (i.e., collect data of Colombian residents and direct it abroad) and are effectively aimed at ensuring the protection of data subjects who are Colombian residents-, and that foreign entities monitor closely their data processing operations of Colombian residents and the enforcement environment on the part of the DPA.

#### 4. Registration of websites and internet sites of Colombian origin

Web pages and internet sites of Colombian origin that operate on the internet, whose economic activity is of a commercial, financial or service provision nature must be registered in the Merchant's Registry.



## SURVEILLANCE

### 1. Surveillance situation

Branches whose assets or income as of December 31 st are greater than above 789,390.6 Tax Value Units (“UVT”) (for 2022 COP \$COP\$30,000,000,362.4, equivalent to US \$6,246,772) as of the date of the last fiscal year, will be subject to the surveillance of the Superintendence of Companies. If this is the case, the branch must inform the Superintendence about the configuration of the surveillance situation within 15 business days following the date on which the financial statements that account for such situation have been approved. Likewise, the branch must pay the surveillance contribution rate indicated by the Superintendence of Companies.





## Compliance

### 1. SELF-CONTROL AND RISK MANAGEMENT SYSTEM

Against Money Laundering, Financing of Terrorism and Financing de Proliferation of Weapons of Mass Destruction.

Branches subject to the surveillance of the Superintendence of Companies with a gross income or total assets equal or exceeding 40,000 current minimum legal monthly wages (for 2023 COP \$46,400,000,000, equivalent to US\$9,661,674) as of December 31<sup>st</sup>, or that belong to the real estate; commercialization of precious metals and precious stones; legal services; accounting services, construction of buildings and civil work, virtual assets services and special supervised services or special regimes provided that they comply with the requirements established in Chapter X of the Basic Legal Circular (modified by External Circulars 100-000016 of December 24<sup>th</sup>, 2020 and 100-000004 of April 9<sup>th</sup>, 2021) of said entity, must implement a self-control and risk management system against money laundering, financing of terrorism and financing of proliferation of weapons of mass destruction - SAGRILAFT (approved by the Board of Directors or maximum social body) before May 31<sup>st</sup> of the following year where the abovementioned threshold was exceeded or that being one of the aforementioned sectors, it met the requirements.

Failure to comply totally or partially to the requirements set forth in Chapter X of the Legal Basic Circular of the Superintendence of Companies may lead to successive fines up to 200 current minimum legal monthly wages (for 2023 COP\$232,000,000, equivalent to US \$48,308). Fines may be imposed to the compliance officer, statutory auditor, administrators, or the branch itself.

### 2. REPORTS TO THE UIAF

Branches obliged to implement SAGRILAFT, must present the following reports to the UIAF:



- **Suspicious Operation Report (“ROS”)**: This report must be reported immediately and once the Compliance Officer have determined that the Unusual Operation has not been clarified and should be classified as a Suspicious Operation. This report must be submitted through SIREL.
- **Absence of Suspicious Operation Report (“AROS”)**: If a quarter elapses without ROS been made or identified, the Compliance Officer must report this fact to the UIAF within the first 10 calendar days of the month following the expiration of the respective quarter, through SIREL. The reporting months are January, April, July and October.

If the branch identifies assets or the presence of an individual and/or entity that is linked to a Colombian Binding List, the Compliance Officer must immediately report it to the UIAF through [cumplimentogafi67@uiaf.gov.co](mailto:cumplimentogafi67@uiaf.gov.co) and make it known to the Attorney General’s Office.

### 3. REPORT 50

ML/FT to the Superintendence of Companies.

Branches obliged to implement SAGRILAF in 2022 must fill out the Report 50- ML/FT risk prevention corresponding to the management of the year 2022 on the dates determined by the Superintendency of Companies.

### 4. BUSINESS ETHICS PROGRAMS

Are obliged to implement a Business Transparency and Ethics Program - PTEE for its acronym in Spanish, in accordance with the External Circular 100-000011 of 2021 of the Superintendency of Companies:

- Branches under surveillance of the Superintendency of Companies that have carried out international transactions of any nature and who have perceived an income or have assets equal to or greater than 100 current minimum legal monthly wages (for 2023, COP \$116,000,000 equivalent to US\$24,024) and whose total or active income or have assets equal to or greater than 30,000 current



minimum legal monthly wages (for 2023 COP\$34,800,000,000 equivalent to US\$7,246,256), as of December 31<sup>st</sup> of the previous year.

- Branches that have entered into contracts with state entities whose amount is equal to or greater (individually or jointly) than 500 current minimum legal monthly wages (for 2023, COP\$580,000,000 equivalent to US\$120,770) and that have total income or assets equal to or greater than 30,000 current minimum legal monthly wages (for 2023 COP\$34,800,000,000 equivalent to US\$7,246,256), as of December 31<sup>st</sup> of the previous year.
- Branches that meet all the requirements established for the pharmaceutical, infrastructure and construction, manufacturing, mining-energy, information and communication technologies, trade in vehicles, their parts, and auxiliary financial services activities.

Branches that meet all the requirements, will be under the obligation of implementing an Ethics Program previously approved by the Board of Directors or maximum corporate body by May 31<sup>st</sup> of the following year in which they met the criteria described above.

Failure to comply totally or partially to the requirements set forth in Chapter XIII of the Legal Basic Circular of the Superintendence of Companies may lead to successive fines up to 200 current minimum legal monthly wages (for 2023 COP\$232,000,000, equivalent to US\$48,308). Fines may be imposed to the compliance officer, statutory auditor, administrators, or the branch itself.

## 5. REPORT 52

### PTEE to the Superintendence of Companies.

Branches obliged to implement PTEE in 2022 must fill out the Report 52 - transnational bribery and corruption risk prevention corresponding to the management of the year 2022 on the dates determined by the Superintendency of Companies.



## Foreign Exchange

### 1. INTERNATIONAL INVESTMENT:

#### Contribution of the Assigned Capital and Supplementary Investment.

In accordance with the international investment regime in force in Colombia, the contributions of the assigned capital and supplementary investments in the branches of foreign companies shall be made through the transfer of foreign currency through the exchange market and its formalization with an international investments foreign exchange form. In case of assigned capital in any kind of branches (under special foreign exchange regime or ordinary foreign exchange regime) is also admitted contributions and increasement through the performance of any act, contract or lawful operation, in which case, it is required to register international investments through the filing with the Central Bank of the form Declaration of Registration of International Investments, which may be electronically filed at any time, using the new system of registration of international investments before the Colombian Central Bank.

Capital movements and cancellations of foreign investment that have occurred shall be reported to the Central Bank within 6 months from the date of the corresponding transaction.

These proceedings must be formalized directly in the new system of registration of international investment provided by the Colombian Central Bank, and the registration is automatic (is not subject to authorization or formal issuance by the Colombian Central Bank). To comply with these proceedings is required to make a formal prior registration of the corporation or the international investors and be approved to act on their behalf by the Colombian Central Bank (this authorization can take about 3 or 4 weeks).

The supplementary investment to the capital assigned to the branches of foreign companies of the general regime must be increased or decreased exclusively with foreign currency transferred through the exchange market and formalized in the international investment exchange form.



The supplementary investment to the capital assigned in the branches of foreign companies under the special regime, i.e., applicable to branches dedicated to E&P of oil, natural gas, coal, ferronickel and uranium or to those providing services inherent to the hydrocarbons sector duly recognized by the Ministry of Mines and Energy, may be made in foreign currency or by virtue of any lawful act or contract. Therefore, they are obliged to register the movement of the supplementary investment to the assigned capital and update the registration of the foreign investment before the Department of International Exchange of the Central Bank, by means of the electronic presentation of the form for Registration of Supplementary Investment to the Assigned Capital which may be electronically filed at any time, using the new system of registration of international investments before the Colombian Central Bank.

Those branches are obliged to inform the current status of the Patrimony (as of December 31 st ) by filling an Update of Equity Accounts - Special Regime Branches no later than June 30 th of each year.

## 2. COMPENSATION ACCOUNTS

Colombian residents can open bank accounts abroad. However, whenever such accounts are used to complete mandatorily traded foreign exchange transactions (import and export of goods; foreign indebtedness operations; foreign investments; guarantees and collateral in foreign currency; derivatives transactions and payments | two residents in foreign currency), the account must be registered with the Colombian Central Bank as compensation account. Once the account is registered as compensation account, it is subject to periodic reports before the Colombian Central Bank (monthly report) and the Tax Authority - DIAN (quarterly report). The aforementioned reports must be made regardless of whether the bank account has had any movements.

Branches of foreign companies under the special regime, are not allowed to have compensation accounts as per the current foreign exchange regulations.



## Tax

From the tax point of view, permanent establishments and branches of foreign companies in Colombia must comply with a series of substantial and formal obligations depending on the particular situation and characteristics of the corporate entity. For the purposes of this letter, we draw attention to the following:

### 1. INCOME TAX

Foreign companies having a permanent establishment or branch in the country will be subject to income tax on occasional income and profits of national source attributable to such establishment or branch.

In that sense, in order to determine the assets, liabilities, capital, income, costs and expenses attributable to a branch, an attribution study must be prepared in accordance with the principle of full competition taking into account the functions, assets, personnel and risks assumed by the company through the establishment or branch.

Likewise, permanent establishments and branches of foreign companies must keep separate accounting records for each establishment and/or branch they have in the country.

### 2. TRANSFER PRICING REGIME

In accordance with the transfer pricing regime, for the taxable year 2023, the permanent establishments or branches of foreign companies, taxpayers of income tax, shall present a local report and a master report, when they celebrate or carry out operations with related parties from abroad and/or related parties located in the free trade zone. Likewise, when the related parties carry out operations with individuals or foreign entities in benefit of the branch or the Permanent Establishment.

Additionally, income taxpayers that carry out operations with related parties abroad or with related parties domiciled in free trade zones must



must file a transfer pricing information return if they have (i) gross assets, as of December 31st, 2022, greater than or equal to COP\$3,800,400,000 (equivalent to US\$803,581) or, (ii) gross revenues greater than or equal to COP\$2,587,132,000 (equivalent to US\$547,039). They must also submit the transfer pricing documentation, consisting of the Local Report and the Master Report, in case they comply with the limits established to be obliged to submit the information statement and at least one same type of operation as of December 31st, 2022, is equal to or greater than COP\$1,710,180,000 (equivalent to US\$361,611). The due dates to file the informative declaration and transfer documentation for fiscal year 2022 expire in July of the current year (i.e., 2023).

However, it is important to note that branches and permanent establishments that carry out transactions with individuals, companies or entities domiciled or resident in non-cooperative, low or non-taxable jurisdictions; as well as with entities belonging to preferential tax regimes, must file the transfer pricing information return, regardless of whether they exceed the income or equity caps mentioned above, and must prepare the local transfer pricing report if the total transactions as of December 31st, 2021 are equal to or exceed COP\$380,040,000 (equivalent to US\$80,358).

Additionally, certain taxpayers may be required to file the submit the Country-by-Country Report if its group's gross revenue for FY 2022 is equal to or greater than 80,000,000 UVT (COP\$3,078,324,000,000, equivalent to US\$650,900,545). This report should contain information regarding the global allocation of income and taxes paid by the business group, along with certain indicators regarding its economic activity at the global level, among other relevant information. The due dates to file the Country-by-Country Report for FY 2022 expire in December 2023. However, there are multiple exceptions to the obligation to submit this report, including the failure of the parent company to submit the Country-by-Country Report in its country of residence, but this will have to be analyzed on a case-by-case basis.

### **3. VALIDITY OF THE ELECTRONIC SIGNATURE**

Per sections 2 and 4 of Resolution 70 of 2016 issued by the DIAN, the Electronic Signature Instrument (ESI) system is valid for 3 years since the date of issuance or renewal of the ESI is completed.



According to the migration schedule of the Digital Mechanism to the ESI, the first dates ended in November and December 2016, so the first expirations already began to apply. We suggest an internal confirmation of the deadline in your case for this renewal process. This verification is very important since the deadlines for withholding tax and VAT are approaching and, if the ESI is not renewed in time, there could be complications in their submission.

If you are still on time for the renewal procedure it may be carried out through the DIAN's Website. Otherwise, the procedure must be carried out personally or with a third party duly authorized for such purpose at the contact points of the DIAN. In case you need assistance, we will be very happy to help you.





# LABOR OBLIGATIONS

In addition to the obligation to pay the value corresponding to the severance interest (until January 31st, 2023) and to deposit the severance payments corresponding to the year 2022 in the fund that each of the employees has chosen (before February 14th, 2023), any employer shall comply, among others, with the following labor obligations:

## 1. Certificates accrediting interest and monetary correction, paid during the immediately preceding year for purposes and effects of acquiring housing, and health and education payment certificates

The branch should ask those employees who have housing loans for certificates accrediting the interest paid, so that it can update/recalculate the tax benefit. In addition, the branch should request health and education payment certificates corresponding to the last year. The branch should collect this information by April 15<sup>th</sup>, 2023.

Furthermore, the branch should ask its employees to provide a certificate to apply the tax dependent deduction set forth in Section 387 of the Colombian Tax Code. It is advisable that the branch collects this information by April 15<sup>th</sup>, 2023.



## 2. Certificates of income and withholdings

Every year, the branch should provide its employees with a detailed list of payments made for all labor matters, together with the amount withheld in the immediate previous year on account of income taxes. This income and withholdings certificate should be issued by March 31<sup>st</sup>, 2023 and should be retained for a period of at least 5 years from the date on which it is issued.

## 3. Report to SENA

The branch must establish, according to the legal parameters, the quota of apprentices that it should have and engage them in the branch or pay the applicable quota. In addition, the branch must inform to the Servicio Nacional de Aprendizaje - SENA within the first 10 working days of July and January or March and September, any variation in the payroll of the employees that affects the minimum number of apprentices applicable for the branch.

## 4. Overtime authorization

Employers must require prior authorization of the Ministry of Labor once a year if their employees work overtime.

## 5. Service bonus

The service bonus is a legal fringe benefit equal to one monthly salary for each year of service. An initial 50% must be paid in June (no later than June 30<sup>th</sup>) and the remaining 50% in December (no later than December 20<sup>th</sup>) of each year.



## 6. Vacation and overtime records

The branch should keep a special vacation registry, in which it should record the date when each worker commenced its employment relation with the branch, the annual vacation, and the compensation received thereof. In the case of overtime work, the record must contain age, gender, and activity, number of hours worked indicating whether they are day or night, and the liquidation of the surcharge.

## 7. Legal committees' reunions

The Occupational Health and Safety Peer Committee (once a month) and Coexistence Committee (every 3 months) must reunite and keep a record of the minutes of the meetings.

## 8. Footwear and dress

In accordance with the duty for which the employee was hired for, three times a year (no later than April 30<sup>th</sup>, August 31<sup>st</sup>, and December 20<sup>th</sup> of each year), the employer has to provide an endowment of one pair of shoes and one labor dress. Employees entitled to this benefit are the ones that earn up to twice the current minimum legal monthly wage (for 2023 COP\$2,320,000, equivalent to US\$483) and that have been employed for at least 3 months.

## 9. SG-SST Implementation, annual assessment and updating of biosecurity protocols

Branches must apply the evaluation according to the Minimum Standards, formulate the Improvement Plan and the Annual Plan of Occupational Safety and Health Management System for 2023. The entire SG-SST must be documented and comply with 100% of the requirements established in the Resolution 312 of 2019, considering that



the Ministry of Labor will initiate surveillance and control over the implementation of this system.

The Labor Risk Administrators will provide advice, training and technical assistance in the different phases of implementation of the SG-SST. Likewise, they will report to the Ministry of Labor every six months about the degree of implementation of the SG-SST of the branch.

The branch must implement the biosecurity protocol, according to the parameters established by the National Government. Currently, the latest regulation in this regard is Resolution 1238 of 2022.

## 10. Actuarial calculation report

All entities obliged to recognize and pay directly pensions and/or issue pension bonds, must at the end of each period, prepare an actuarial calculation in order to establish the present value of all future obligations regarding these matters. This report shall be submitted to the Superintendence of Companies.

## 11. Breastfeeding Rooms

Employers with capital above 1.500 current minimum legal monthly wages (for 2023 COP\$1,740,000,000, equivalent to US\$362,349), or more than 50 female employees, must provide a respectable space within its facilities, for lactating employees to extract maternity milk during working hours, under technical safety standards, to later transport it home.

## 12. Report of Vacancies to the Public Employment Service

It is an obligation of all employers to report every vacancy opening in their payroll, through a vacancy report to the Public Employment Service. This report must be submitted within the 10 business days following the opening. No report must be submitted for those positions that, due to their nature, are strategic or confidential.



### 13. Biannual Workday for Family Purposes

Employers shall enable, promote and manage a bi-annual workday in which their employees can share with their families at spaces provided by the employer, or operated by the Family Compensation Bureaus to which employees are affiliated. If the employer does not manage to enable this session, it shall allow employees to have this space with their families without affecting remunerated resting days, and without prejudice of the agreement on a complementary (flexible) working schedule.

### 14. RUTEC Registry

The registration of foreigners in the RUTEC registry of the Ministry of Labor is mandatory for all entities of the public sector and private sector companies that engage or hire foreign personnel within Colombian territory. Registration in RUTEC must be done within a period not exceeding 120 calendar days following the execution of the contract or from the engagement date of the foreign worker.

### 15. SIRE Registry

The hiring of foreign employees shall be reported at the Integral Report System of Migración Colombia ("SIRE"). This, mainly to monitor foreign contracting practices.

### 16. Policy of disconnection from work

It must be guaranteed the disconnection from work of employees. To this end, employers must implement a policy.



### 17. Establish the working modality for employees (working from home, teleworking, remote work)

Define the modality in which employees will provide services: on-site, distance work (remote work/teleworking/working from home) or hybrid. The employer must define an internal policy in case of having employees working remotely.

### 18. Teleworking policy (if applicable)

An internal teleworking policy shall be adopted and published. This policy shall be published virtually and shall have, at least, the list of positions that can perform their functions through teleworking, conditions on the confidentiality of information and contacts for handling workplace harassment issues.

### 19. Gradual reduction of the maximum legal working schedule (1 hour as of July 2023). The Internal Working Regulations must be updated

As of July 2023, the maximum legal working schedule of 48 hours per weeks shall be reduced in 1 hour (this is: 47 hours per week). If applicable, employers shall update the Internal Working Regulations.

### 20. Affiliation and payment of social security contributions

Affiliate the branch (as employer) to the Social Security System, specifically to (i) a Labor Risks Administrator ("ARL"); and (ii) Family Compensation Fund ("CCF").



Likewise, employers shall affiliate new employees to (i) Health Promoting Entities (“EPS”), as from the hiring date; (ii) ARL, at least 24 hours before the hiring date; (iii) Pension Fund Administrator (“AFP”), as from the hiring date; (iv) CCF, as from the hiring date.

The branch must also perform monthly contributions to the Social Security System in the following percentages:

- **ARL:** Between 0.5% and 6.9% of the employee’s monthly salary if it is ordinary salary. If it is an integrated salary, the contribution is calculated on 70% of the amount of the agreed salary. The contribution must be paid exclusively by the branch. The higher the risk, the higher the percentage.
- **EPS:** The branch pays 8.5% (if applicable) and the employee pays 4% of the amount of the ordinary salary; or 70% of the amount of the integral salary.
- **AFP:** The branch pays 12% and the employee pays 4% of the amount of the ordinary salary; or 70% of the total salary.
- **Pension Solidarity Fund (“FSP”):** This contribution is made by employees earning more than 4 legal monthly minimum salaries in force and varies between 1% and 2% of the amount of the ordinary salary; or 70% of the total salary, depending on the employee’s monthly income.
- **Payroll Taxes:** The branch pays all contributions, specifically 9% of the monthly payroll (4% to the CCF, 3% to the ICBF and 2% to the SENA). This obligation does not arise with respect to employees earning up to 10 legal monthly minimum salaries, in such case the contribution will be only 4% and will be destined to the corresponding CCF.



Brigard  
Urrutia

Please do not hesitate to contact us should you have any queries about the matters referred above. We will be pleased to assist in any requirements you may have.

This document summarizes some of the legal obligations under Colombian Law of the branches of foreign companies domiciled in the country. In case you require to perform any of the actions mentioned in this report, please contact any of the lawyers of the firm.

Sincerely,

**BRIGARD & URRUTIA ABOGADOS S.A.S**

