

Establishing a subsidiary in Colombia is one way to expand your business in a limited liability setting. However, it's important to follow all Colombia subsidiary laws to stay compliant. The entire subsidiary setup process can take months, leaving employees you want to hire to search for different positions.

Instead, Globalization Partners offers a better way. We reduce this months-long process and help you get your business running in a matter of days.

## How to Set Up a Colombia Subsidiary

Colombian commercial law is flexible, but the Colombia subsidiary setup process still involves a variety of steps. A minimum of two partners and a maximum of 25 must incorporate an LLC. This type of subsidiary is governed and operated by a board of partners.

You'll need to have a statutory auditor if you meet one of these conditions:

- The Articles of Incorporation require one
- Assets are greater than 5,000 times the minimum legal wages
- Revenues are greater than 3,000 times the minimum legal wages

If your subsidiary has assets or revenues higher than 30,000 times the minimum legal wage or the supervision doesn't correspond to any other Superintendence, then your subsidiary will be under the supervision of the Companies Superintendence.

## Colombia Subsidiary Laws

Subsidiary laws vary by country, and you need to know these laws before you begin. Each step of the process can take anywhere from days to weeks, and any mistakes will only extend the process further. Colombia subsidiary laws mandate:

- No investment capital is required as long as the subsidiary has two quota holders at all times. You must pay the capital at the time of the incorporation.
- You do not need a Board of Directors. Instead, you can have Partners and the General

Manager make decisions.

- There is a registration fee between USD 17 and USD 873 a year.

Colombia subsidiary law is not found in one place. Instead, you must follow a variety of rules and regulations for Colombian business organizations. You'll need to examine each of these rules before you open your subsidiary. They include but are not limited to:

- Law 1258 (2008)
- External Circular 001 (2007) of the Superintendency of Companies
- Code of Commerce
- Regulatory Circular DCIN 83 issued by the Colombian Central Bank
- Act 1429 (2010)
- Decree 19 (2012)

## **Benefits of Setting Up a Colombia Subsidiary**

Setting up a subsidiary in Colombia offers numerous benefits. Although the process is lengthy, you can eventually expand your business to a new location and serve a broader base of customers. With a subsidiary, there is limited liability between the subsidiary and the parent company. The subsidiary can also operate under a degree of autonomy from the parent company, allowing you to create your own workplace culture that fits the overall culture of Colombia.

## **Other Important Considerations**

To set up a subsidiary on your own, you'll first need to understand Colombia subsidiary laws fully. You'll also need a significant amount of time and money. Setting up a subsidiary yourself instead of Colombia subsidiary outsourcing also requires travel back and forth to Colombia, which can be costly.

Colombia subsidiary law says you also need to register your foreign currency as a foreign investment. You can do this by filling out form No. 4 Exchange Declaration for international investments with the Colombian Central Bank. Companies must also register any other foreign investments with the bank. You'll have to update the bank on your foreign direct

investment registration every year if you aren't obligated to submit any financial statements.

### **Let Globalization Partners Help With Your Expansion**

Working with a global PEO provides even more benefits than setting up your own Colombia subsidiary. Globalization Partners has subsidiaries set up in countries all over the world. We hire employees on your behalf so that you can get your business started quickly.

When you need Colombia subsidiary outsourcing services, [contact Globalization Partners](#). We'll help you set up your subsidiary quickly and make sure you stay compliant.