

Economy Profile
Colombia

Doing Business 2020

Comparing Business
Regulation in
190 Economies



WORLD BANK GROUP

Economy Profile of Colombia

*Doing Business 2020 Indicators
(in order of appearance in the document)*

| | |
|--|--|
| Starting a business | Procedures, time, cost and paid-in minimum capital to start a limited liability company |
| Dealing with construction permits | Procedures, time and cost to complete all formalities to build a warehouse and the quality control and safety mechanisms in the construction permitting system |
| Getting electricity | Procedures, time and cost to get connected to the electrical grid, and the reliability of the electricity supply and the transparency of tariffs |
| Registering property | Procedures, time and cost to transfer a property and the quality of the land administration system |
| Getting credit | Movable collateral laws and credit information systems |
| Protecting minority investors | Minority shareholders' rights in related-party transactions and in corporate governance |
| Paying taxes | Payments, time, total tax and contribution rate for a firm to comply with all tax regulations as well as postfiling processes |
| Trading across borders | Time and cost to export the product of comparative advantage and import auto parts |
| Enforcing contracts | Time and cost to resolve a commercial dispute and the quality of judicial processes |
| Resolving insolvency | Time, cost, outcome and recovery rate for a commercial insolvency and the strength of the legal framework for insolvency |
| Employing workers | Flexibility in employment regulation and redundancy cost |

About Doing Business

The *Doing Business* project provides objective measures of business regulations and their enforcement across 190 economies and selected cities at the subnational and regional level.

The *Doing Business* project, launched in 2002, looks at domestic small and medium-size companies and measures the regulations applying to them through their life cycle.

Doing Business captures several important dimensions of the regulatory environment as it applies to local firms. It provides quantitative indicators on regulation for starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts and resolving insolvency. *Doing Business* also measures features of employing workers. Although *Doing Business* does not present rankings of economies on the employing workers indicators or include the topic in the aggregate ease of doing business score or ranking on the ease of doing business, it does present the data for these indicators.

By gathering and analyzing comprehensive quantitative data to compare business regulation environments across economies and over time, *Doing Business* encourages economies to compete towards more efficient regulation; offers measurable benchmarks for reform; and serves as a resource for academics, journalists, private sector researchers and others interested in the business climate of each economy.

In addition, *Doing Business* offers detailed [subnational studies](#), which exhaustively cover business regulation and reform in different cities and regions within a nation. These studies provide data on the ease of doing business, rank each location, and recommend reforms to improve performance in each of the indicator areas. Selected cities can compare their business regulations with other cities in the economy or region and with the 190 economies that *Doing Business* has ranked.

The first *Doing Business* study, published in 2003, covered 5 indicator sets and 133 economies. This year's study covers 11 indicator sets and 190 economies. Most indicator sets refer to a case scenario in the largest business city of each economy, except for 11 economies that have a population of more than 100 million as of 2013 (Bangladesh, Brazil, China, India, Indonesia, Japan, Mexico, Nigeria, Pakistan, the Russian Federation and the United States) where *Doing Business* also collected data for the second largest business city. The data for these 11 economies are a population-weighted average for the 2 largest business cities. The project has benefited from feedback from governments, academics, practitioners and reviewers. The initial goal remains: to provide an objective basis for understanding and improving the regulatory environment for business around the world.

To learn more about *Doing Business* please visit doingbusiness.org

| | | | | | | |
|---|------------------------|---------------------------|----------------|----|-----------------|------|
| Ease of Doing Business in Colombia  | Region | Latin America & Caribbean | DB RANK | 67 | DB SCORE | 70.1 |
| | Income Category | Upper middle income | | | | |
| | Population | 49,648,685 | | | | |
| | City Covered | Bogota | | | | |

Rankings on Doing Business topics - Colombia



Topic Scores



| | | |
|---|--|--|
| Starting a Business (rank) 95 Score of starting a business (0-100) 87.0 Procedures (number) 7 Time (days) 10 Cost (number) 14.1 Paid-in min. capital (% of income per capita) 0.0 | Getting Credit (rank) 11 Score of getting credit (0-100) 90.0 Strength of legal rights index (0-12) 11 Depth of credit information index (0-8) 7 Credit registry coverage (% of adults) 0.0 Credit bureau coverage (% of adults) 82.4 | Trading across Borders (rank) 133 Score of trading across borders (0-100) 62.7 <i>Time to export</i> Documentary compliance (hours) 48 Border compliance (hours) 112 <i>Cost to export</i> Documentary compliance (USD) 90 Border compliance (USD) 630 <i>Time to export</i> Documentary compliance (hours) 64 Border compliance (hours) 112 <i>Cost to export</i> Documentary compliance (USD) 50 Border compliance (USD) 545 |
| Dealing with Construction Permits (rank) 89 Score of dealing with construction permits (0-100) 69.1 Procedures (number) 13 Time (days) 132 Cost (% of warehouse value) 6.9 Building quality control index (0-15) 11.0 | Protecting Minority Investors (rank) 13 Score of protecting minority investors (0-100) 80.0 Extent of disclosure index (0-10) 9.0 Extent of director liability index (0-10) 7.0 Ease of shareholder suits index (0-10) 8.0 Extent of shareholder rights index (0-6) 4.0 Extent of ownership and control index (0-7) 7.0 Extent of corporate transparency index (0-7) 5.0 | Enforcing Contracts (rank) 177 Score of enforcing contracts (0-100) 34.3 Time (days) 1,288 Cost (% of claim value) 45.8 Quality of judicial processes index (0-18) 9.0 |
| Getting Electricity (rank) 82 Score of getting electricity (0-100) 76.3 Procedures (number) 5 Time (days) 88 Cost (% of income per capita) 494.9 Reliability of supply and transparency of tariff index (0-8) 6 | Paying Taxes (rank) 148 Score of paying taxes (0-100) 58.6 Payments (number per year) 10 Time (hours per year) 256 Total tax and contribution rate (% of profit) 71.2 Postfiling index (0-100) 48.2 | Resolving Insolvency (rank) 32 Score of resolving insolvency (0-100) 71.4 Recovery rate (cents on the dollar) 68.7 Time (years) 1.7 Cost (% of estate) 8.5 Outcome (0 as piecemeal sale and 1 as going concern) 1 Strength of insolvency framework index (0-16) 11.0 |
| Registering Property (rank) 62 Score of registering property (0-100) 71.2 Procedures (number) 7 Time (days) 15 Cost (% of property value) 2.0 Quality of the land administration index (0-30) 16.5 | | |

Starting a Business

This topic measures the number of procedures, time, cost and paid-in minimum capital requirement for a small- to medium-sized limited liability company to start up and formally operate in each economy's largest business city.

To make the data comparable across 190 economies, *Doing Business* uses a standardized business that is 100% domestically owned, has start-up capital equivalent to 10 times the income per capita, engages in general industrial or commercial activities and employs between 10 and 50 people one month after the commencement of operations, all of whom are domestic nationals. Starting a Business considers two types of local limited liability companies that are identical in all aspects, except that one company is owned by 5 married women and the other by 5 married men. The ranking of economies on the ease of starting a business is determined by sorting their scores for starting a business. These scores are the simple average of the scores for each of the component indicators.

The most recent round of data collection for the project was completed in May 2019. [See the methodology for more information.](#)

| What the indicators measure | Case study assumptions |
|--|---|
| <p>Procedures to legally start and formally operate a company (number)</p> <ul style="list-style-type: none"> • Preregistration (for example, name verification or reservation, notarization) • Registration in the economy's largest business city • Postregistration (for example, social security registration, company seal) • Obtaining approval from spouse to start a business or to leave the home to register the company • Obtaining any gender specific document for company registration and operation or national identification card | <p>To make the data comparable across economies, several assumptions about the business and the procedures are used. It is assumed that any required information is readily available and that the entrepreneur will pay no bribes.</p> |
| <p>Time required to complete each procedure (calendar days)</p> <ul style="list-style-type: none"> • Does not include time spent gathering information • Each procedure starts on a separate day (2 procedures cannot start on the same day) • Procedures fully completed online are recorded as ½ day • Procedure is considered completed once final document is received • No prior contact with officials | <p>The business:</p> <ul style="list-style-type: none"> -Is a limited liability company (or its legal equivalent). If there is more than one type of limited liability company in the economy, the limited liability form most common among domestic firms is chosen. Information on the most common form is obtained from incorporation lawyers or the statistical office. -Operates in the economy's largest business city. For 11 economies the data are also collected for the second largest business city. -Performs general industrial or commercial activities such as the production or sale to the public of goods or services. The business does not perform foreign trade activities and does not handle products subject to a special tax regime, for example, liquor or tobacco. It is not using heavily polluting production processes. -Does not qualify for investment incentives or any special benefits. -Is 100% domestically owned. -Has five business owners, none of whom is a legal entity. One business owner holds 30% of the company shares, two owners have 20% of shares each, and two owners have 15% of shares each. -Is managed by one local director. -Has between 10 and 50 employees one month after the commencement of operations, all of them domestic nationals. -Has start-up capital of 10 times income per capita. -Has an estimated turnover of at least 100 times income per capita. -Leases the commercial plant or offices and is not a proprietor of real estate. -Has an annual lease for the office space equivalent to one income per capita. -Is in an office space of approximately 929 square meters (10,000 square feet). -Has a company deed that is 10 pages long. |
| <p>Cost required to complete each procedure (% of income per capita)</p> <ul style="list-style-type: none"> • Official costs only, no bribes • No professional fees unless services required by law or commonly used in practice | <p>The owners:</p> <ul style="list-style-type: none"> -Have reached the legal age of majority and are capable of making decisions as an adult. If there is no legal age of majority, they are assumed to be 30 years old. -Are in good health and have no criminal record. -Are married, the marriage is monogamous and registered with the authorities. -Where the answer differs according to the legal system applicable to the woman or man in question (as may be the case in economies where there is legal plurality), the answer used will be the one that applies to the majority of the population. |
| <p>Paid-in minimum capital (% of income per capita)</p> <ul style="list-style-type: none"> • Funds deposited in a bank or with third party before registration or up to 3 months after incorporation | |

Starting a Business - Colombia

Standardized Company

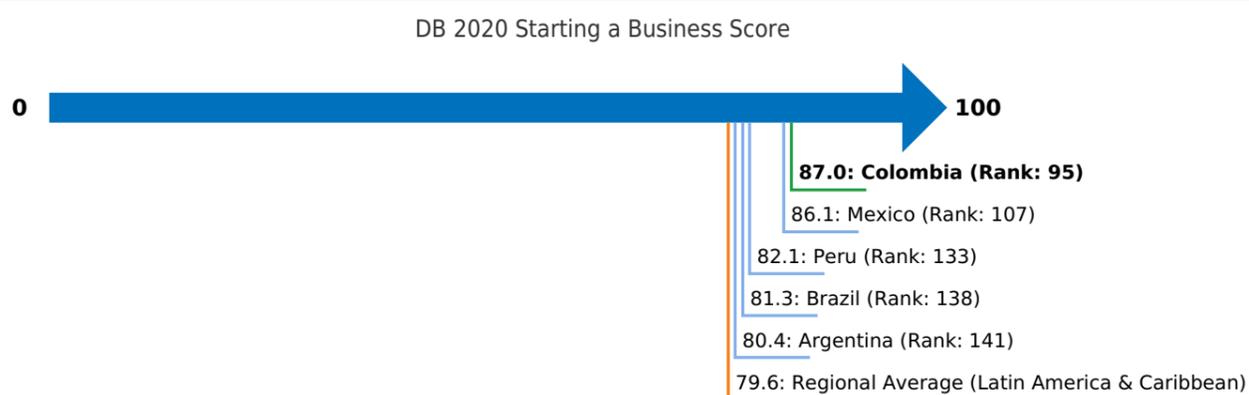
| | |
|-------------------------------------|--|
| Legal form | Sociedad por Acciones Simplificada (SAS) |
| Paid-in minimum capital requirement | No minimum |
| City Covered | Bogota |

| Indicator | Colombia | Latin America & Caribbean | OECD high income | Best Regulatory Performance |
|---|----------|---------------------------|------------------|-----------------------------|
| Procedure - Men (number) | 7 | 8.1 | 4.9 | 1 (2 Economies) |
| Time - Men (days) | 10 | 28.8 | 9.2 | 0.5 (New Zealand) |
| Cost - Men (% of income per capita) | 14.1 | 31.4 | 3.0 | 0.0 (2 Economies) |
| Procedure - Women (number) | 7 | 8.1 | 4.9 | 1 (2 Economies) |
| Time - Women (days) | 10 | 28.8 | 9.2 | 0.5 (New Zealand) |
| Cost - Women (% of income per capita) | 14.1 | 31.4 | 3.0 | 0.0 (2 Economies) |
| Paid-in min. capital (% of income per capita) | 0.0 | 0.4 | 7.6 | 0.0 (120 Economies) |

Figure - Starting a Business in Colombia - Score

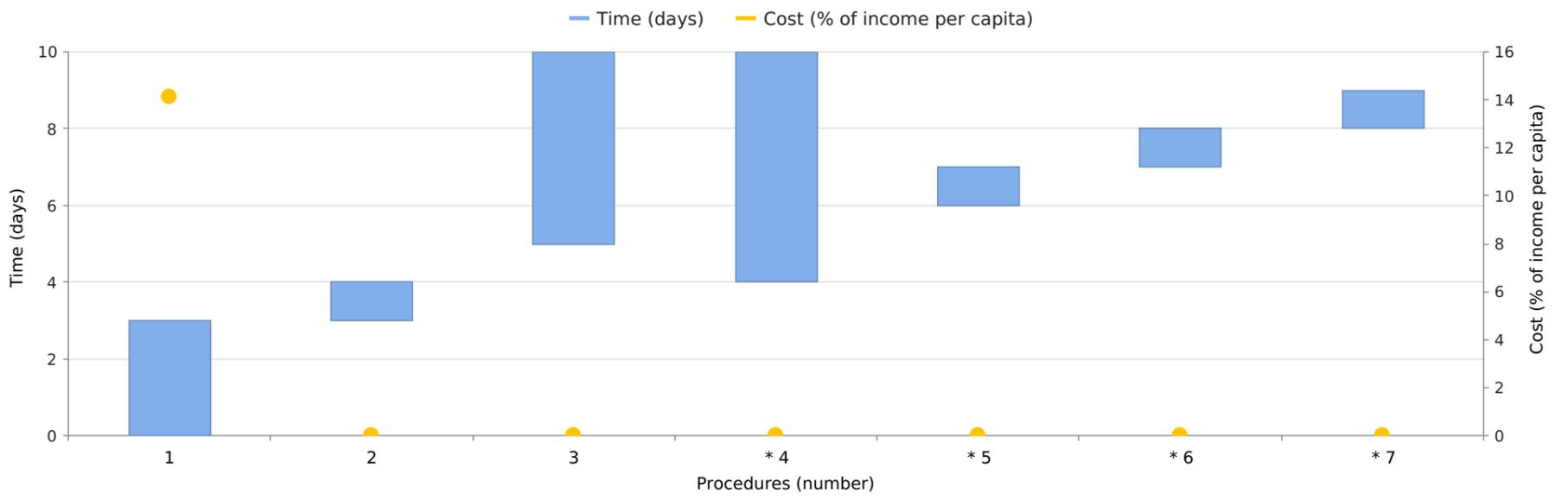


Figure - Starting a Business in Colombia and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of starting a business is determined by sorting their scores for starting a business. These scores are the simple average of the scores for each of the component indicators.

Figure - Starting a Business in Colombia - Procedure, Time and Cost



*This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the *Doing Business* website (<http://doingbusiness.org/en/methodology>). For details on the procedures reflected here, see the summary below.

Details - Starting a Business in Colombia - Procedure, Time and Cost

| No. | Procedures | Time to Complete | Associated Costs |
|-----|---|---|---|
| 1 | <p>Register with the Registry of Commerce and obtain a taxpayer ID (RUT) <i>Agency</i> : Chamber of Commerce of Bogota A Sociedad por Acciones Simplificada (SAS) is incorporated by the parties (or by a lawyer) through a private document that is submitted to the Chamber of Commerce. It is not required to have a public deed. However, if the procedure includes the transfer of real property, it is mandatory to set up the company by public deed (Notary Public).</p> <p>It is also necessary to submit the following documents: (i) Acceptance letters to the corporate positions of the company (i.e. legal representative, members of the Board of Directors and Statutory Auditor), with a copy of each of their ID, (ii) Legalized and/or apostilled POA if the incorporation procedure is going to be done by a lawyer or a third person, (iii) "Pre-RUT" form issued and downloaded by the National Tax Authority's (DIAN) website, and (iv) "RUES" form issued and downloaded by the Chamber of Commerce of Bogota website.</p> <p>Applicants can also use the online service to register the documents regarding the consolidation of a Pre-Rut through the DIAN website www.dian.gov.co. Therefore, documents regarding the incorporation of the company must be registered in the Chamber of Commerce, procedure that can be fulfilled online by accessing the following portal: https://linea.ccb.org.co/SAS/index.html#/. The portal provides access to information and speeds up the process of starting a business.</p> <p>At the end of the process, a Business certificate (Matricula) and a Taxpayer's ID (RUT) from the Tax Authorities are provided.</p> | 3 days | 0.7% of Capital registration tax + Company registration fee (COP 1,129,000) + Business establishment fee (COP 139,000) + Document registration fixed fee (COP 43,000) + Registration form (COP 5,800) + Certificate of existence and legal representative (COP 5,800) + Registration fee per book (COP 14,400). |
| 2 | <p>Obtain an authorization for invoices and an electronic signature <i>Agency</i> : Tax Authorities (Dirección de Impuestos y Aduanas Nacionales, DIAN) Business founders must visit DIAN's offices to obtain an electronic signature for the company's legal representatives, along with an authorization for the company's invoices (Autorización de numeración de facturación). The authorization for invoices can also be requested online, by filing a form with the company information. Information is available at http://www.dian.gov.co/contenidos/otros/Facturacion_Numeracion.html.</p> | 1 day | no charge |
| 3 | <p>Register with the Family Compensation Fund (Caja de Compensación Familiar), the National Training Service (Servicio Nacional de Aprendizaje, SENA) and the Colombian Family Welfare Institute (Instituto Colombiano de Bienestar Familiar, ICBF) <i>Agency</i> : Family Compensation Fund (Caja de Compensación Familiar), the National Training Service (Servicio Nacional de Aprendizaje, SENA) and the Colombian Family Welfare Institute (Instituto Colombiano de Bienestar Familiar, ICBF) Article 3 of Decree 1362 of 2011 created a unified form to self-assess and pay social security and payroll contribution. The unified form can be submitted electronically but not in person to the National Training Service (Servicio Nacional de Aprendizaje, or SENA), the Colombian Family Welfare Institute (Instituto Colombiano de Bienestar Familiar, or ICBF) and the Family Compensation Fund (Caja de Compensación Familiar). To register for the Family Compensation Fund, the company must consult the Family Compensation Funds available in the market and apply for the membership, in general this process is available online.</p> <p>The term for payment of the monthly contributions to the Family Compensation Fund expires within the first thirteen business days of each month depending on the last number of the Tax Identification Number (NIT) of the company.</p> | 5 days | no charge |
| ⇒ 4 | <p>Register the employees for public health coverage <i>Agency</i> : EPS To register employees for health coverage, the company must submit a form that indicates the affiliation of its employees to the national health system (Plan Obligatorio de Salud, POS), be it through the public entity) or through a private "promoter of health" (EPS). Each employee has the right to choose a provider, and the company is obliged to submit the respective form to the provider designated by the employee. Normally, each company must make its submissions to at least one provider.</p> <p>In practice, it can take longer than assumed here, because the providers normally do not accept affiliations immediately. The employer is obligated to complete and present different forms, enclosing the documents requested by each entity (which may vary), including the administrator of professional risks.</p> | 6 days (simultaneous with previous procedure) | no charge |
| ⇒ 5 | <p>Register the employer and employees for pension with Colpensiones or one of the private funds <i>Agency</i> : Public fund (Colpensiones) or one of the private funds The company must affiliate itself with a pension system. The company must then submit a form that indicates employee affiliation to the pension system (affiliation either to the public pension fund through Colpensiones or to a private pension and compensation fund). The employer cannot choose the pension fund on behalf of the employee. Each employee has the right to choose between the public or private pension fund, and the company must complete the respective submissions to the pension funds.</p> | 1 day (simultaneous with previous procedure) | no charge |

| | | | |
|-----|---|--|-----------|
| ⇒ 6 | <p>Register the company with the Labor Risks Administrator (Administradora de Riesgos Laborales, ARL)</p> <p><i>Agency</i> : Labor Risks Administrator (Administradora de Riesgos Laborales, ARL)</p> <p>The company must submit a form listing its affiliation and its employees to an administrator of labor risks (ARL), which covers workplace injury and professional illness. The employer chooses the ARL to which it affiliates all employees and pays the monthly contributions. Coverage begins 24 hours after submitting the form. Before affiliating employees, some administrators of professional risks request that they attend a short course.</p> | 1 day (simultaneous with previous procedure) | no charge |
| ⇒ 7 | <p>Register the employees with a severance fund</p> <p><i>Agency</i> : Severance fund</p> <p>The company is required to present a form that indicates employee affiliation to the severance fund. Each employee has the right to freely choose the severance fund. Consequently, the company is obliged to complete the respective submission to the severance fund requested by the employee. Although 1 day is typically required to affiliate an employee to a severance fund, the time frame may vary depending on the number of entities chosen by the employees. The employer must deposit the employee's severance payment annually before February 15th.</p> | 1 day (simultaneous with previous procedure) | no charge |

⇒ Takes place simultaneously with previous procedure.

Dealing with Construction Permits

This topic tracks the procedures, time and cost to build a warehouse—including obtaining necessary the licenses and permits, submitting all required notifications, requesting and receiving all necessary inspections and obtaining utility connections. In addition, the Dealing with Construction Permits indicator measures the building quality control index, evaluating the quality of building regulations, the strength of quality control and safety mechanisms, liability and insurance regimes, and professional certification requirements. The most recent round of data collection was completed in May 2019. [See the methodology for more information](#)

What the indicators measure

Procedures to legally build a warehouse (number)

- Submitting all relevant documents and obtaining all necessary clearances, licenses, permits and certificates
- Submitting all required notifications and receiving all necessary inspections
- Obtaining utility connections for water and sewerage
- Registering and selling the warehouse after its completion

Time required to complete each procedure (calendar days)

- Does not include time spent gathering information
- Each procedure starts on a separate day—though procedures that can be fully completed online are an exception to this rule
- Procedure is considered completed once final document is received
- No prior contact with officials

Cost required to complete each procedure (% of income per capita)

- Official costs only, no bribes

Building quality control index (0-15)

- Quality of building regulations (0-2)
- Quality control before construction (0-1)
- Quality control during construction (0-3)
- Quality control after construction (0-3)
- Liability and insurance regimes (0-2)
- Professional certifications (0-4)

Case study assumptions

To make the data comparable across economies, several assumptions about the construction company, the warehouse project and the utility connections are used.

The construction company (BuildCo):

- Is a limited liability company (or its legal equivalent) and operates in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Is 100% domestically and privately owned; has five owners, none of whom is a legal entity. Has a licensed architect and a licensed engineer, both registered with the local association of architects or engineers. BuildCo is not assumed to have any other employees who are technical or licensed experts, such as geological or topographical experts.
- Owns the land on which the warehouse will be built and will sell the warehouse upon its completion.

The warehouse:

- Will be used for general storage activities, such as storage of books or stationery.
- Will have two stories, both above ground, with a total constructed area of approximately 1,300.6 square meters (14,000 square feet). Each floor will be 3 meters (9 feet, 10 inches) high and will be located on a land plot of approximately 929 square meters (10,000 square feet) that is 100% owned by BuildCo, and the warehouse is valued at 50 times income per capita.
- Will have complete architectural and technical plans prepared by a licensed architect. If preparation of the plans requires such steps as obtaining further documentation or getting prior approvals from external agencies, these are counted as procedures.
- Will take 30 weeks to construct (excluding all delays due to administrative and regulatory requirements).

The water and sewerage connections:

- Will be 150 meters (492 feet) from the existing water source and sewer tap. If there is no water delivery infrastructure in the economy, a borehole will be dug. If there is no sewerage infrastructure, a septic tank in the smallest size available will be installed or built.
- Will have an average water use of 662 liters (175 gallons) a day and an average wastewater flow of 568 liters (150 gallons) a day. Will have a peak water use of 1,325 liters (350 gallons) a day and a peak wastewater flow of 1,136 liters (300 gallons) a day.
- Will have a constant level of water demand and wastewater flow throughout the year; will be 1 inch in diameter for the water connection and 4 inches in diameter for the sewerage connection.

Dealing with Construction Permits - Colombia

Standardized Warehouse

| | |
|------------------------------|--------------------|
| Estimated value of warehouse | COP 949,503,419.20 |
| City Covered | Bogota |

| Indicator | Colombia | Latin America & Caribbean | OECD high income | Best Regulatory Performance |
|---------------------------------------|----------|---------------------------|------------------|-----------------------------|
| Procedures (number) | 13 | 15.5 | 12.7 | None in 2018/19 |
| Time (days) | 132 | 191.2 | 152.3 | None in 2018/19 |
| Cost (% of warehouse value) | 6.9 | 3.6 | 1.5 | None in 2018/19 |
| Building quality control index (0-15) | 11.0 | 9.0 | 11.6 | 15.0 (6 Economies) |

Figure - Dealing with Construction Permits in Colombia - Score



Procedures



Time

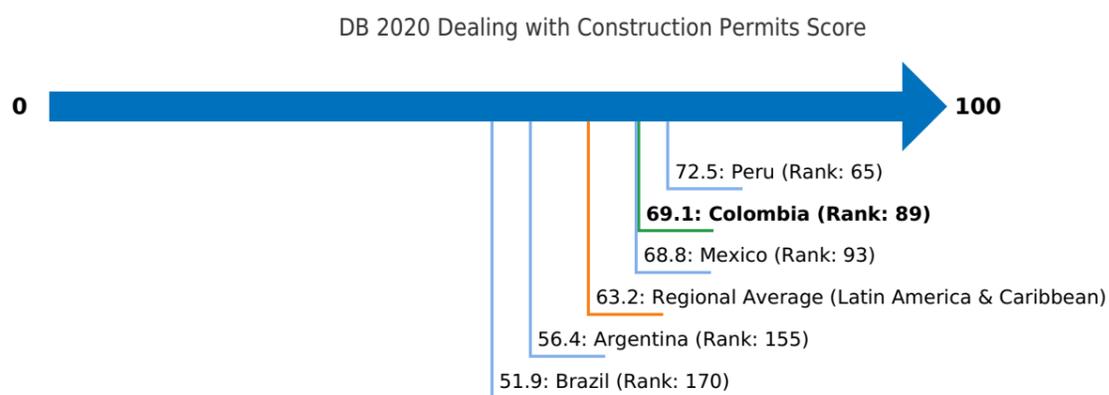


Cost



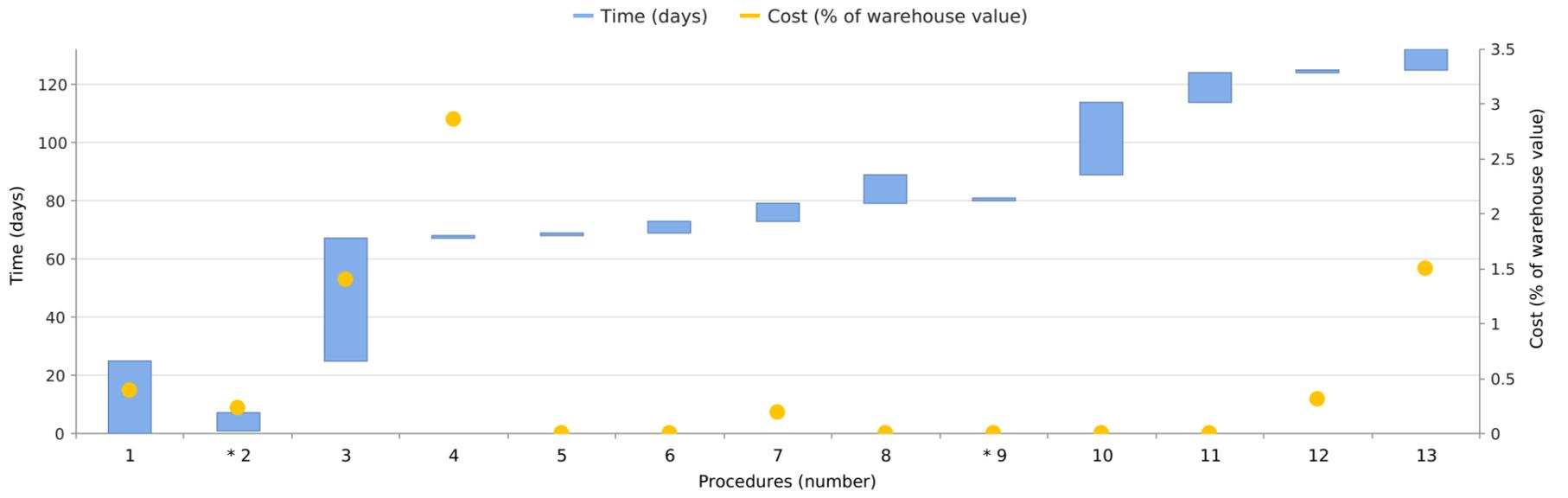
Building quality control index

Figure - Dealing with Construction Permits in Colombia and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of dealing with construction permits is determined by sorting their scores for dealing with construction permits. These scores are the simple average of the scores for each of the component indicators.

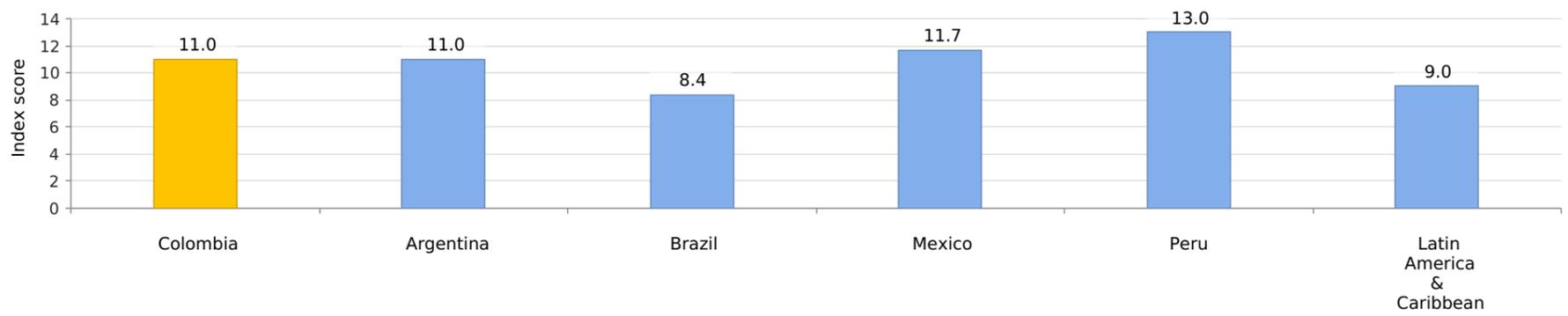
Figure - Dealing with Construction Permits in Colombia - Procedure, Time and Cost



*This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the *Doing Business* website (<http://doingbusiness.org/en/methodology>). For details on the procedures reflected here, see the summary below.

Figure - Dealing with Construction Permits in Colombia and comparator economies - Measure of Quality



Details - Dealing with Construction Permits in Colombia - Procedure, Time and Cost

| No. | Procedures | Time to Complete | Associated Costs |
|-----|---|------------------|------------------|
| 1 | Obtain a soil test report <i>Agency</i> : Private Laboratory According to Article H in Chapter 10 of the Reglamento Colombiano de Construcción Sismo Resistente NSR-10 20, it is a requirement to obtain a Soil Test Report. | 25 days | USD 1,200 |
| ⇒ 2 | Obtain a topographical plan <i>Agency</i> : Private Engineer Based on Decree 564/2006-Art.19 and on Decision 0462/2017-Art. 2.1.a), a topographical survey is needed. | 6 days | USD 700 |

| | | | |
|---|---|---------|----------------|
| 3 | <p>File for and obtain construction license (licencia de construcción) <i>Agency</i> : Curaduría Urbana (Urban Curator)</p> <p>The latest update for this procedure is specified by Article 2.2.6.6.8.3 of Decree N. 1077 (2015). According to the regulations, any license application must be accompanied by the following documents:</p> <ul style="list-style-type: none"> • Certificate of good standing (copy). The certificate's date of issuance cannot be older than one month before the date of application. • Unique national format of application for a license (completed). This format was adopted by Resolution 0984 2005 of the Ministry of Environment, Housing, and Territorial Development • When the applicant for a license is a corporation, the existence and representation must be certified through the proper legal document. The certificate's date of issuance cannot be older than one month before the date of application. • Power of attorney, when needed • Payment receipt for real property tax of the plot for the past 5 years, stating the plot's alphanumeric nomenclature or its identification. Whenever there is a payment agreement, the interested party will have to bring a certificate of fulfillment, issued by the Secretariat of Finance. • Plot location and identification plan • List of the adjoining plots (the real property contiguous to the project) • Manifestation whether the project under consideration will be assigned as a social interest dwelling. Such evidence must be recorded within the act that resolves the license. <p>Article 21 of Decree 564 also establishes these additional documents for construction license applications:</p> <ul style="list-style-type: none"> • Copy of (a) the report of the structural calculations and the structural designs; and (b) the reports of other nonstructural designs and of geotechnical and soil studies that determine the stability of the work, elaborated according to the norms in force at the moment of application, duly signed and labeled by professionals authorized for such purpose. These persons will be legally responsible for the designs and the information in them. • Heliographic and magnetic copy of the architectural project, elaborated according to the architectural and urban planning norms in force at the moment of application, duly signed and labeled by a registered architect who will be legally responsible for the design and the information contained therein. • If the application is presented to a different authority than the one that issued the original license, the interested party will present the previous licenses. <p>Decree 1272 (2009) introduces risk-based categories to determined the time to complete this process. The case study analyzed by Doing Business will be Category III (Medium complex between 500 sq. m. and 2,000 sq. m.) and should be approved by the Curator within 30 business days (42 calendar days). However, if it requests additional documentation, such requests suspend the 42-day term until the requesting party presents the additional documents. In addition to the suspension of the terms explained above, the urban curator may extend the original 42-day term -- only if correctly justified by written resolution -- up to 90 calendar days. If process has no delays, the "silent is consent" rule will apply and the license will be issued within 42 calendar days.</p> <p>Article 118 of Decree No. 1469 (2010) specifies that licenses may not be granted by the urban curator without the previous payment of any taxes caused by the license procedure. BuildCo must also pay the urban delimitation and occupation tax (impuesto de delimitación urbana y ocupación) at the local bank. The fees and taxes must be deposited at a designated account held by the district authorities at any bank in Bogotá.</p> <p>Direct costs are those related to materials, labor, and ancillary elements such as tools and so forth. Indirect costs relate to fees charged by the architects and the engineers and to ancillary payments related to such honoraria. It does not include costs for taxes, land acquisition, project financing, or utility surcharges.</p> <p>According to Decrees 1272 of 2009 and 1469 of 2010, in cities with more than 500,000 inhabitants, the presentation of documents by a license applicant which contain information available through virtual or remote inquiry is no longer necessary. Urban curators must check by these means the information at the time of filing of the application. This is why the following documents are no longer required to be obtained by the entrepreneur:</p> <ul style="list-style-type: none"> • Legal representation certificate (Certificado de Exsitencia y Representación Legal) • Certificate of good standing (Certificado de libertad y tradición) • Proof of municipal tax payment (Paz y salvo de impuesto predial) | 42 days | COP 13,296,014 |
| 4 | <p>Pay tax on urban delineation (impuesto de delimitación urbana) at the bank <i>Agency</i> : Commercial Bank</p> <p>This is a one-time payment. The fees and taxes must be deposited at a designated account held by the district authorities at any bank in Bogota. This tax is payable once the license has been approved, and it is a precondition for the issuance of the approved license. Urban delimitation and occupation tax for the warehouse is calculated at a rate of 2.6% over the minimum building direct completion costs. Among the documents required by the Bogota Tax Authority to estimate the tax to be paid by BuildCo are the approved construction license or its initial filing. Therefore, payment of the urban delineation tax should be completed after the approval of the construction license. If at the end of the construction the actual costs surpass the estimated ones, BuildCo must pay an additional 3% of the difference.</p> | 1 day | COP 27,194,911 |
| 5 | <p>Receive random inspection <i>Agency</i> : Municipality</p> <p>Mandatory inspections during construction are based on Art. 2.2.6.1.4.11 of Decree 1077 of 2015 of the Ministry of Environment, Housing and Territorial Development to describe the details of the procedure, since it is mandatory by law.</p> | 1 day | no charge |

| | | | |
|-----|--|---------|----------------|
| 6 | <p>Request water and sewage connection approval from EAAB and receive water and sewage inspection</p> <p><i>Agency:</i> Empresa de Acueducto y Alcantarillado de Bogotá (EAAB)</p> <p>EAAB undertakes supervision, control, and evaluation of construction according to regulations. It takes place during the whole construction process.</p> <p>The water connection approval from EAAB only happens after the inspection is conducted, which usually takes 3 to 4 business days. From the time the inspection takes place, it takes another 6 days for the approval to be processed.</p> | 4 days | no charge |
| 7 | <p>Receive water and sewage connection approval from EAAB</p> <p><i>Agency:</i> Empresa de Acueducto y Alcantarillado de Bogotá (EAAB)</p> <p>The owner of the plot (or a representative) must request a water connection by providing Bogotá's public water utility (Empresa de Acueducto y Alcantarillado de Bogotá, EAAB) with copies of the following documents:</p> <ul style="list-style-type: none"> • Nomenclature certificate (boletín de nomenclatura) of the plot where the warehouse will be located • Certificate of free transferability of the plot • Authorization of the plot owner for the installation service request, if the owner is not requesting the service directly • Description of the warehouse purpose (whether commercial or industrial) <p>EAAB has 21 points of service at the different service centers that the local government has established throughout Bogotá.</p> | 6 days | COP 1,845,300 |
| 8 | <p>Obtain water and sewage connection from EAAB</p> <p><i>Agency:</i> Empresa de Acueducto y Alcantarillado de Bogotá (EAAB)</p> | 10 days | no charge |
| ⇒ 9 | <p>Receive inspection from authorized contractor</p> <p><i>Agency:</i> Codensa S.A. ESP</p> <p>No later than 20 days after requesting the connection, Codensa must send a service agent that will review the construction.</p> | 1 day | no charge |
| 10 | <p>Request and awaits final inspection from the Mayor's Office</p> <p><i>Agency:</i> Mayor's Office (Alcaldía Distrital)</p> <p>Through its agents, the Mayor's Office (Alcaldía Distrital) is the entity in charge of monitoring and controlling construction projects in Bogotá. The inspections are carried out to confirm that the construction has been completed according to the construction license. According to Law 1796 (2016)-Art. 6, an independent technical supervisor to certify under oath that the works are in accordance with the approved plans.</p> | 25 days | no charge |
| 11 | <p>Obtain occupancy permit</p> <p><i>Agency:</i> Mayor's Office (Alcaldía Distrital)</p> <p>According to Decree 1469 (2010) and Decree 1077 (2015) of the Ministry of Environment, Housing and Territorial Development-Art. 2.2.6.1.4.1, BuildCo must obtain an occupancy permit. Once the approved project has been completed, the owner or builder who is responsible for the works requests the occupancy permit from the authority responsible for executing the urban control and subsequent works.</p> | 10 days | no charge |
| 12 | <p>Obtain a public deed from the notary</p> <p><i>Agency:</i> Public Notary</p> <p>In order to register the warehouse with the public registry so that it can be used as collateral or be sold, it is necessary to submit a public deed prepared by a public notary. This public deed is referred to as "denuncia de la construcción".</p> <p>Once the building is completed, it is necessary to formalize the public deeds of "Declaration of the Building" at a Public Notary. The public deeds must be registered at the Public Office of Registration after having been updated by a notary.</p> | 1 day | COP 2,978,415 |
| 13 | <p>Register building at Real Estate Registry</p> <p><i>Agency:</i> Public Office of Registration</p> <p>Registration of the building is required for it to be registered as collateral. Once the building is completed, it is necessary to formalize the public deeds of "Declaration of the Building" at a Public Notary in order to Register the building. Time for registration at the Registry can vary from 1 to 2 weeks, depending on the location in the city. The registry where the warehouse is located takes on average one week.</p> | 7 days | COP 14,242,551 |

⇒ Takes place simultaneously with previous procedure.

Details - Dealing with Construction Permits in Colombia - Measure of Quality

| | Answer | Score |
|---|--|-------------|
| Building quality control index (0-15) | | 11.0 |
| Quality of building regulations index (0-2) | | 2.0 |
| How accessible are building laws and regulations in your economy? (0-1) | Available online; Free of charge. | 1.0 |
| Which requirements for obtaining a building permit are clearly specified in the building regulations or on any accessible website, brochure or pamphlet? (0-1) | List of required documents; Fees to be paid; Required preapprovals. | 1.0 |
| Quality control before construction index (0-1) | | 1.0 |
| Which third-party entities are required by law to verify that the building plans are in compliance with existing building regulations? (0-1) | Licensed architect; Licensed engineer. | 1.0 |
| Quality control during construction index (0-3) | | 0.0 |
| What types of inspections (if any) are required by law to be carried out during construction? (0-2) | Unscheduled inspections. | 0.0 |
| Do legally mandated inspections occur in practice during construction? (0-1) | Mandatory inspections are always done in practice. | 0.0 |
| Quality control after construction index (0-3) | | 3.0 |
| Is there a final inspection required by law to verify that the building was built in accordance with the approved plans and regulations? (0-2) | Yes, final inspection is done by government agency. | 2.0 |
| Do legally mandated final inspections occur in practice? (0-1) | Final inspection always occurs in practice. | 1.0 |
| Liability and insurance regimes index (0-2) | | 2.0 |
| Which parties (if any) are held liable by law for structural flaws or problems in the building once it is in use (Latent Defect Liability or Decennial Liability)? (0-1) | Architect or engineer; Professional in charge of the supervision; Construction company. | 1.0 |
| Which parties (if any) are required by law to obtain an insurance policy to cover possible structural flaws or problems in the building once it is in use (Latent Defect Liability Insurance or Decennial Insurance)? (0-1) | No party is required by law to obtain insurance ; Insurance is commonly taken in practice. | 1.0 |
| Professional certifications index (0-4) | | 3.0 |
| What are the qualification requirements for the professional responsible for verifying that the architectural plans or drawings are in compliance with existing building regulations? (0-2) | Minimum number of years of experience; University degree in architecture or engineering; Being a registered architect or engineer; Passing a certification exam. | 2.0 |
| What are the qualification requirements for the professional who supervises the construction on the ground? (0-2) | University degree in engineering, construction or construction management; Being a registered architect or engineer. | 1.0 |

⚡ Getting Electricity

This topic measures the procedures, time and cost required for a business to obtain a permanent electricity connection for a newly constructed warehouse. Additionally, the reliability of supply and transparency of tariffs index measures reliability of supply, transparency of tariffs and the price of electricity. The most recent round of data collection for the project was completed in May 2019. [See the methodology for more information.](#)

What the indicators measure

Procedures to obtain an electricity connection (number)

- Submitting all relevant documents and obtaining all necessary clearances and permits
- Completing all required notifications and receiving all necessary inspections
- Obtaining external installation works and possibly purchasing material for these works
- Concluding any necessary supply contract and obtaining final supply

Time required to complete each procedure (calendar days)

- Is at least 1 calendar day
- Each procedure starts on a separate day
- Does not include time spent gathering information
- Reflects the time spent in practice, with little follow-up and no prior contact with officials

Cost required to complete each procedure (% of income per capita)

- Official costs only, no bribes
- Value added tax excluded

The reliability of supply and transparency of tariffs index (0-8)

- Duration and frequency of power outages (0-3)
- Tools to monitor power outages (0-1)
- Tools to restore power supply (0-1)
- Regulatory monitoring of utilities' performance (0-1)
- Financial deterrents limiting outages (0-1)
- Transparency and accessibility of tariffs (0-1)

Price of electricity (cents per kilowatt-hour)*

- Price based on monthly bill for commercial warehouse in case study

*Note: *Doing Business* measures the price of electricity, but it is not included in the ease of doing business score nor in the ranking on the ease of getting electricity.

Case study assumptions

To make the data comparable across economies, several assumptions about the warehouse, the electricity connection and the monthly consumption are used.

The warehouse:

- Is owned by a local entrepreneur and is used for storage of goods.
- Is located in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Is located in an area where similar warehouses are typically located and is in an area with no physical constraints. For example, the property is not near a railway.
- Is a new construction and is being connected to electricity for the first time.
- Has two stories with a total surface area of approximately 1,300.6 square meters (14,000 square feet). The plot of land on which it is built is 929 square meters (10,000 square feet).

The electricity connection:

- Is a permanent one with a three-phase, four-wire Y connection with a subscribed capacity of 140-kilo-volt-ampere (kVA) with a power factor of 1, when 1 kVA = 1 kilowatt (kW).
- Has a length of 150 meters. The connection is to either the low- or medium-voltage distribution network and is either overhead or underground, whichever is more common in the area where the warehouse is located and requires works that involve the crossing of a 10-meter road (such as by excavation or overhead lines) but are all carried out on public land. There is no crossing of other owners' private property because the warehouse has access to a road.
- Does not require work to install the internal wiring of the warehouse. This has already been completed up to and including the customer's service panel or switchboard and the meter base.

The monthly consumption:

- It is assumed that the warehouse operates 30 days a month from 9:00 a.m. to 5:00 p.m. (8 hours a day), with equipment utilized at 80% of capacity on average and that there are no electricity cuts (assumed for simplicity reasons) and the monthly energy consumption is 26,880 kilowatt-hours (kWh); hourly consumption is 112 kWh.
- If multiple electricity suppliers exist, the warehouse is served by the cheapest supplier.
- Tariffs effective in January of the current year are used for calculation of the price of electricity for the warehouse. Although January has 31 days, for calculation purposes only 30 days are used.

Getting Electricity - Colombia

Standardized Connection

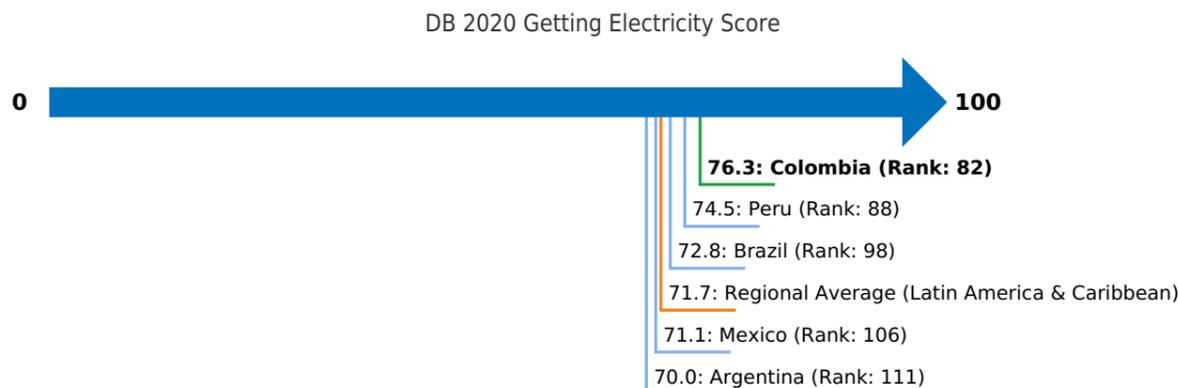
| | |
|---|---------|
| Name of utility | CODENSA |
| Price of electricity (US cents per kWh) | 19.9 |
| City Covered | Bogota |

| Indicator | Colombia | Latin America & Caribbean | OECD high income | Best Regulatory Performance |
|--|----------|---------------------------|------------------|-----------------------------|
| Procedures (number) | 5 | 5.5 | 4.4 | 3 (28 Economies) |
| Time (days) | 88 | 66.8 | 74.8 | 18 (3 Economies) |
| Cost (% of income per capita) | 494.9 | 407.2 | 61.0 | 0.0 (3 Economies) |
| Reliability of supply and transparency of tariff index (0-8) | 6 | 4.4 | 7.4 | 8 (26 Economies) |

Figure - Getting Electricity in Colombia - Score

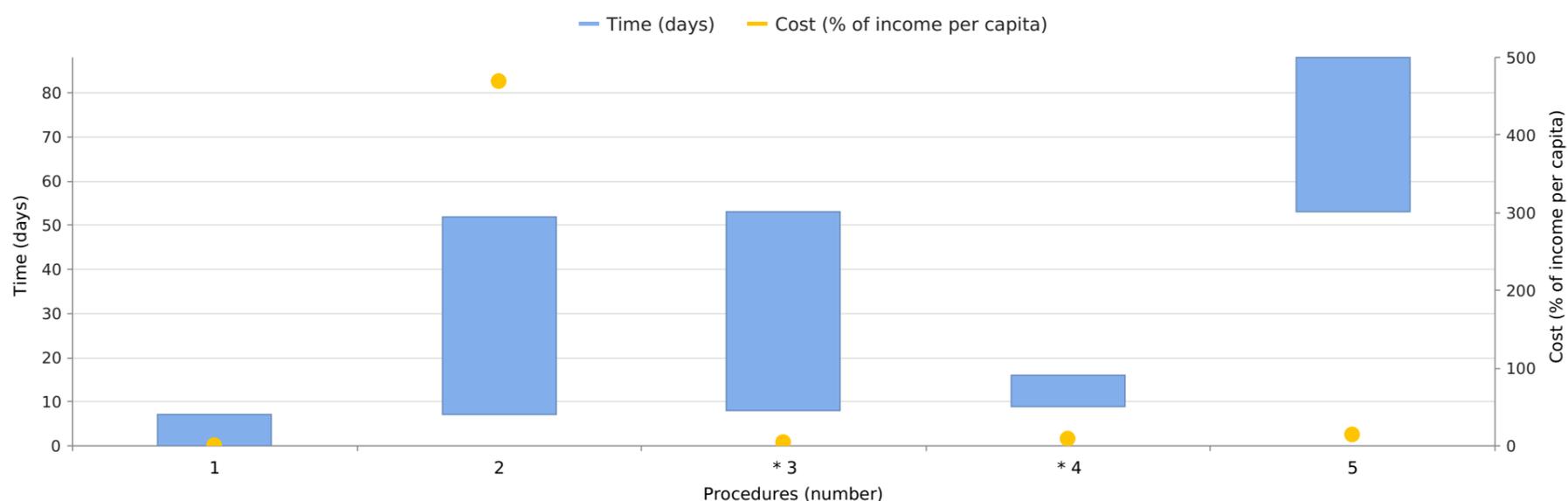


Figure - Getting Electricity in Colombia and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of getting electricity is determined by sorting their scores for getting electricity. These scores are the simple average of the scores for all the component indicators except the price of electricity.

Figure - Getting Electricity in Colombia - Procedure, Time and Cost

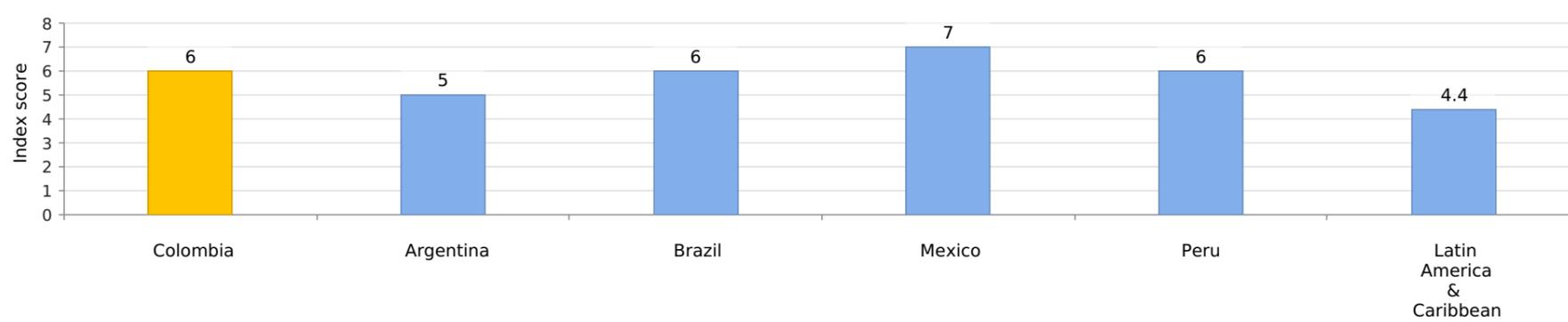


*This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the *Doing Business* website (<http://doingbusiness.org/en/methodology>). For details on the procedures

reflected here, see the summary below.

Figure - Getting Electricity in Colombia and comparator economies - Measure of Quality



Details - Getting Electricity in Colombia - Procedure, Time and Cost

| No. | Procedures | Time to Complete | Associated Costs |
|-----|---|------------------|------------------|
| 1 | <p>Submit application to Codensa and await feasibility study and cost estimate <i>Agency : Codensa</i> The customer submits an Availability of Service Requirement and a Request of Service Application to Codensa. The submission of these 2 forms can be done by email (https://www.codensa.com.co/empresas/nuevas-conexiones/solicitud-de-servicio), by telephone or through one of the offices of Codensa.</p> <p>The availability of Service Requirement has to indicate the electricity load required. Codensa will conduct an internal study to assess whether the new connection is feasible or not. In simple cases, Codensa will just authorize the connection. In more complicated cases, the utility will request a design of the works necessary to do the connection first.</p> <p>The client will receive a letter summarizing the availability of electricity in the area in question and the works that will be required for the connection. The Request of Service Application will afford the client a document that has validity for 1 year.</p> | 7 calendar days | COP 0 |
| 2 | <p>Hire private firm to design and carry out external works <i>Agency : Authorized electric engineer or construction company</i> If the customer chooses a private company to do the external connection works, the firm will first have to prepare a design of the planned works.</p> <p>According to the regulations, only an electrical engineer (ingeniero electricista) is allowed to prepare the design for the external connection works. The actual works can be later carried out by an electrician (técnico con matrícula). In the majority of the cases, the construction firm that built the building will also do the connection works of installing a dedicated distribution transformer or a small sub-station.</p> <p>During the design preparation phase, the company can also request an excavation permit from the IDU. Once the design is ready and the permit is provided, the connection works can be carried out. The actual works take only a few days.</p> | 45 calendar days | COP 89,000,000 |
| ⇒ 3 | <p>Obtain permit for construction of new connection <i>Agency : IDU and Secretaria de Transito</i> As the design of connection works are being prepared, the company will also have to obtain the relevant excavation permit from the Instituto de Desarrollo Urbano (IDU). Once the permit is obtained, the sub-contractor can carry out the need connection works.</p> | 45 calendar days | COP 750,000 |
| ⇒ 4 | <p>Obtain certification of internal wiring by registered firm <i>Agency : Firm accredited with ONAC (Organismo Nacional De Acreditación) or the Superintendencia de Industria y Comercio (SIC)</i> The customer has to request an inspection of the internal wiring installations from a firm registered with the ONAC (Organismo Nacional De Acreditación) or the Superintendencia de Industria y Comercio (SIC). The firm will assess whether the internal wiring installations comply with the standards of the RETIE (Reglamento Técnico de Instalaciones Eléctricas) and issue an inspection certificate to the customer. The inspection certificate has to be submitted to Codensa before the electricity supply is turned on.</p> <p>Since the internal wiring installations are completed, they can be verified in parallel with the excavation permit and connection works.</p> | 7 calendar days | COP 1,600,000 |
| 5 | <p>Receive inspection of external works, meter installation and electricity flow <i>Agency : Codensa</i> After the completion of connection works, Codensa carries out a technical visit, which consists in an inspection of such works. If the works are approved, Codensa installs the meter and initiates supply.</p> | 35 calendar days | COP 2,627,114 |

⇒ Takes place simultaneously with previous procedure.

Details - Getting Electricity in Colombia - Measure of Quality

| | Answer |
|---|---|
| Reliability of supply and transparency of tariff index (0-8) | 6 |
| Total duration and frequency of outages per customer a year (0-3) | 1 |
| System average interruption duration index (SAIDI) | 4.5 |
| System average interruption frequency index (SAIFI) | 3.8 |
| What is the minimum outage time (in minutes) that the utility considers for the calculation of SAIDI/SAIFI | 3.0 |
| Mechanisms for monitoring outages (0-1) | 1 |
| Does the distribution utility use automated tools to monitor outages? | Yes |
| Mechanisms for restoring service (0-1) | 1 |
| Does the distribution utility use automated tools to restore service? | Yes |
| Regulatory monitoring (0-1) | 1 |
| Does a regulator—that is, an entity separate from the utility—monitor the utility's performance on reliability of supply? | Yes |
| Financial deterrents aimed at limiting outages (0-1) | 1 |
| Does the utility either pay compensation to customers or face fines by the regulator (or both) if outages exceed a certain cap? | Yes |
| Communication of tariffs and tariff changes (0-1) | 1 |
| Are effective tariffs available online? | Yes |
| Link to the website, if available online | https://www.enel.com.co/es/empresas/enel-codensa/conexiones-electrica/licencia-de-construccion.html |
| Are customers notified of a change in tariff ahead of the billing cycle? | Yes |

Note:

If the duration and frequency of outages is 100 or less, the economy is eligible to score on the Reliability of supply and transparency of tariff index.

If the duration and frequency of outages is not available, or is over 100, the economy is not eligible to score on the index.

If the minimum outage time considered for SAIDI/SAIFI is over 5 minutes, the economy is not eligible to score on the index.

Registering Property

This topic examines the steps, time and cost involved in registering property, assuming a standardized case of an entrepreneur who wants to purchase land and a building that is already registered and free of title dispute. In addition, the topic also measures the quality of the land administration system in each economy. The quality of land administration index has five dimensions: reliability of infrastructure, transparency of information, geographic coverage, land dispute resolution, and equal access to property rights. The most recent round of data collection for the project was completed in May 2019. [See the methodology for more information.](#)

What the indicators measure

Procedures to legally transfer title on immovable property (number)

- Preregistration procedures (for example, checking for liens, notarizing sales agreement, paying property transfer taxes)
- Registration procedures in the economy's largest business city.
- Postregistration procedures (for example, filling title with municipality)

Time required to complete each procedure (calendar days)

- Does not include time spent gathering information
- Each procedure starts on a separate day - though procedures that can be fully completed online are an exception to this rule
- Procedure is considered completed once final document is received
- No prior contact with officials

Cost required to complete each procedure (% of property value)

- Official costs only (such as administrative fees, duties and taxes).
- Value Added Tax, Capital Gains Tax and illicit payments are excluded

Quality of land administration index (0-30)

- Reliability of infrastructure index (0-8)
- Transparency of information index (0-6)
- Geographic coverage index (0-8)
- Land dispute resolution index (0-8)
- Equal access to property rights index (-2-0)

Case study assumptions

To make the data comparable across economies, several assumptions about the parties to the transaction, the property and the procedures are used.

The parties (buyer and seller):

- Are limited liability companies (or the legal equivalent).
- Are located in the periurban (that is, on the outskirts of the city but still within its official limits) area of the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Are 100% domestically and privately owned.
- Perform general commercial activities.

The property (fully owned by the seller):

- Has a value of 50 times income per capita, which equals the sale price.
- Is fully owned by the seller.
- Has no mortgages attached and has been under the same ownership for the past 10 years.
- Is registered in the land registry or cadastre, or both, and is free of title disputes.
- Is located in a periurban commercial zone (that is, on the outskirts of the city but still within its official limits), and no rezoning is required.
- Consists of land and a building. The land area is 557.4 square meters (6,000 square feet). A two-story warehouse of 929 square meters (10,000 square feet) is located on the land. The warehouse is 10 years old, is in good condition, has no heating system and complies with all safety standards, building codes and legal requirements. The property, consisting of land and building, will be transferred in its entirety.
- Will not be subject to renovations or additional construction following the purchase.
- Has no trees, natural water sources, natural reserves or historical monuments of any kind.
- Will not be used for special purposes, and no special permits, such as for residential use, industrial plants, waste storage or certain types of agricultural activities, are required.
- Has no occupants, and no other party holds a legal interest in it.

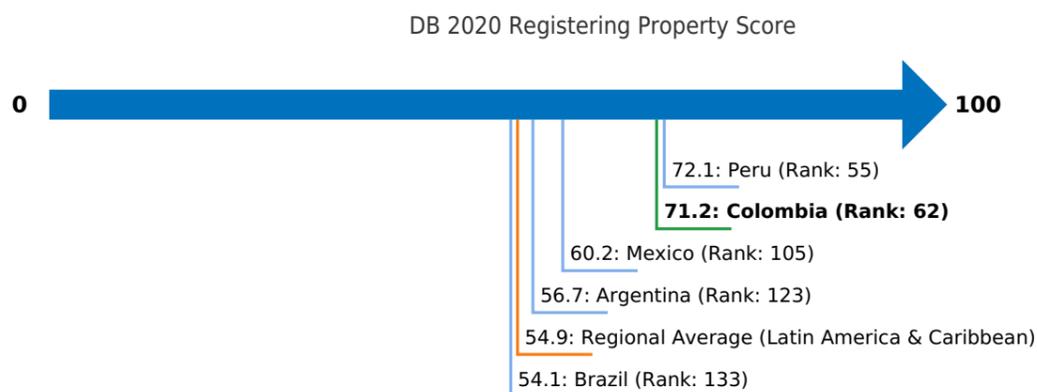
Registering Property - Colombia

| Indicator | Colombia | Latin America & Caribbean | OECD high income | Best Regulatory Performance |
|---|----------|---------------------------|------------------|-----------------------------|
| Procedures (number) | 7 | 7.4 | 4.7 | 1 (5 Economies) |
| Time (days) | 15 | 63.7 | 23.6 | 1 (2 Economies) |
| Cost (% of property value) | 2.0 | 5.9 | 4.2 | 0.0 (Saudi Arabia) |
| Quality of the land administration index (0-30) | 16.5 | 12.0 | 23.2 | None in 2018/19 |

Figure - Registering Property in Colombia - Score

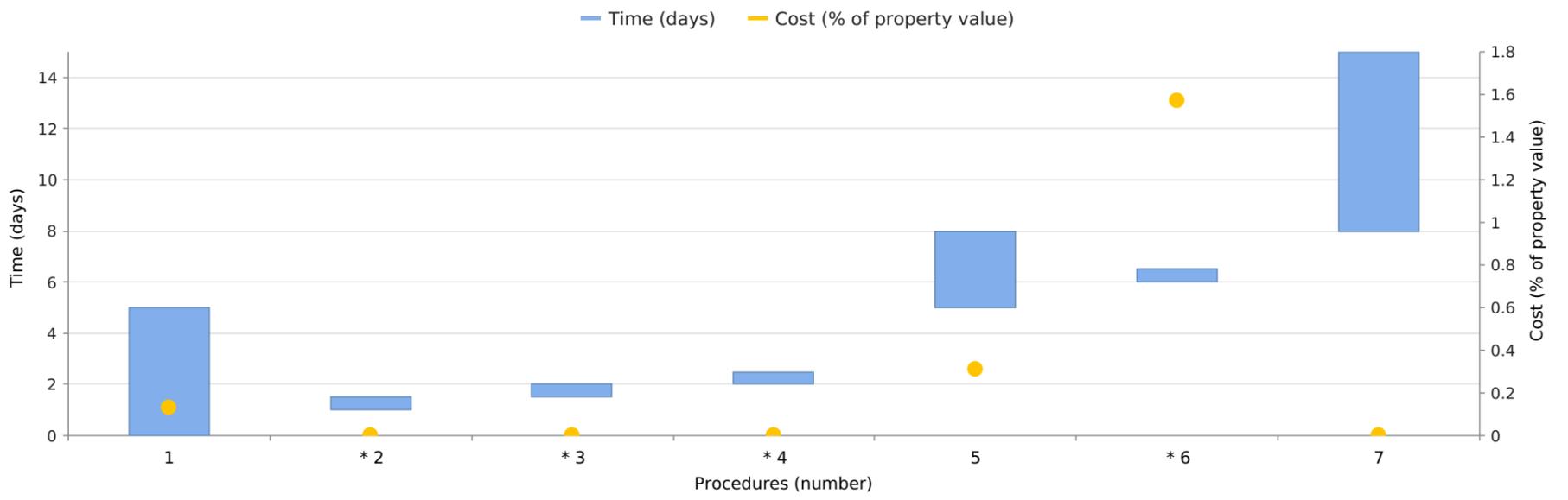


Figure - Registering Property in Colombia and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of registering property is determined by sorting their scores for registering property. These scores are the simple average of the scores for each of the component indicators.

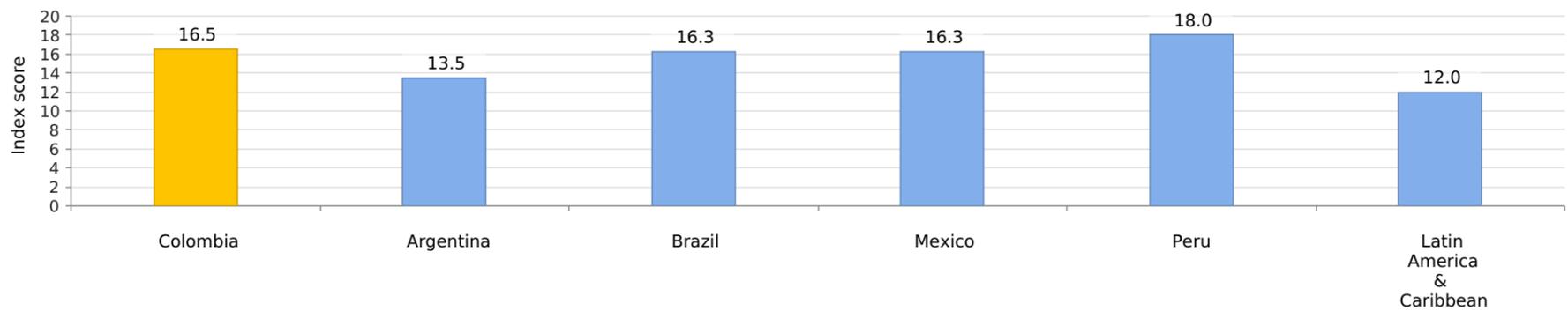
Figure - Registering Property in Colombia - Procedure, Time and Cost



*This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the *Doing Business* website (<http://doingbusiness.org/en/methodology>). For details on the procedures reflected here, see the summary below.

Figure - Registering Property in Colombia and comparator economies - Measure of Quality



Details - Registering Property in Colombia - Procedure, Time and Cost

| No. | Procedures | Time to Complete | Associated Costs |
|-----|--|---------------------------|--|
| 1 | <p>A study of the titles of the property is done by a lawyer <i>Agency</i> : Lawyer's office A lawyer is hired to conduct a study of the past titles of the property and the history of the owners to carry out the transaction. The study of the titles is not legally required, but it is broadly done for property transactions and commonly by a lawyer. As part of the process, the interested party or the lawyer can obtain online the necessary certificates for the study of the titles (the ones described in procedures 2,3 and 4). For the study, the following documents are needed:</p> <ul style="list-style-type: none"> (i) Non-lien certificate ("certificado de tradición y libertad") (ii) The certificate of good standing of the companies ("Existencia y representación legal") (iii) Tax payment certificates ("predial" and "valorización") (iv) The title of acquisition of the property by the seller; (v) Any other document corresponding to inscriptions made in the Real Estate Registry within the past ten years (such as mortgages, attachment, etc.); (vi) A copy of the minutes of the meeting of the Board of Quota holders or Board of Directors (if applicable) in which the Company's Legal Representative is authorized to carry out the transaction. <p>Procedures 2, 3 and 4 are simultaneous with this procedure.</p> | 5 days | COP 1,242,174; (Between 1 and 2 minimum wages) |
| ⇒ 2 | <p>Obtain ownership history and no-lien certificate (certificado de tradición y libertad) at the Registry Office <i>Agency</i> : Land Registry (Superintendencia de Notariado y Registro) The certificate carries information on the legal provisions of the property as well as the current and previous owners. The process is supported by Law 1579 of 2012, and the fee is based on the Resolution 2854 of 2018. Any person can request the issuance of this certificate through the website of the Superintendencia de Notariado y Registro https://snrbotondopago.gov.co/certificado, which contains the legal information of the properties from all over the country.</p> | Less than one day, online | COP 15,400; (COP 15,400 online certificate or COP 16.300 at the Registry office) |
| ⇒ 3 | <p>A certificate of good standing ("Existencia y Representación legal") of the company must be obtained at the Chamber of Commerce <i>Agency</i> : Bogotá Chamber of Commerce In order to carry out the transaction when the parties are companies, a certificate of good standing of the company ("Certificado de Existencia y Representación legal de la Compañía") must be requested at the Chamber of Commerce. This certificate does not have an expiration date for its validity, but some entities, such as banks or authorities, ask for certificates issued with less than three months to obtain updated information.</p> <p>Electronic Certificates of Existence and Legal Representation can also be obtained online since 2010. The certificate can be requested, paid and obtained online. Payment can be done by credit card. The certificate provides real-time information about the company (Bogotá Chamber of Commerce: http://linea.ccb.org.co/certificadoselectronicos). The value of the Certificate of Existence and Legal Representation is updated once a year according to the increase of the minimum monthly legal wage. The amount to pay is approximately 0.70% of the minimum legal monthly salary.</p> | Less than one day, online | COP 5,796.81; (0.70% of the minimum wage) |
| ⇒ 4 | <p>Obtain tax certificates ("predial" and "valorización") <i>Agency</i> : Ventanilla Unica de Registro (or CADE) From the VUR website, it is now possible to see and obtain online the "certificado de paz y salvo predial" (stating municipal property taxes have been paid, issued by the Secretaría de Hacienda del Distrito) and the "certificado de paz y salvo de valorización" (taxes related to increases in the value of the property due to constructions, roads, etc. issued by the Instituto de Desarrollo Urbano or IDU).</p> <p>For properties with no liens, the certificates obtained and printed out from the internet at the notary's offices can now be submitted to the Land Registry. Notaries have a special login to access these certificates. This certificate has no cost if requested online and can be obtained by submitting the "chip catastral". The VUR website is: http://www.vur.gov.co/</p> | Less than one day, online | no charge |

| | | | |
|-----|--|---------------------------|---|
| 5 | <p>The notary prepares the public deed <i>Agency</i> : Notary</p> <p>The notary public will prepare the final public deed with all the documentation previously obtained by the parties. The notary will also check the Board of directors' minutes authorizing the sale and purchase of each property respectively for each limited liability company.</p> <p>The participation of a notary in the preparation of the public deed is mandatory by law, and his/her fees are also established by law (0.3% of property value + other indicated fees). Notary fees change on a yearly basis.</p> <p>The deed or ("minuta") establishes the terms of the sale between the parties. It is not mandatory, but it is normally prepared by a lawyer. If parties prepare the minuta, the notary will review it while preparing the public deed.</p> | 3 days | COP 2,980,614.96; (COP 22.200 on the first COP 165,100 + 0.3% of the contract's value above COP165,100 + COP 3,700 for each page of the original and the 3 authentic copies of the Public Deed (aprox. 4 pages each) + COP 23.200 for the National Notary Fund + COP 23.200 for the Superintendence of Notary and Registry + COP 6,800 for biometric identification of fingerprint and signature) |
| ⇒ 6 | <p>The notary pays transfer tax and registration fee online <i>Agency</i> : Registry Office (Oficina de Registro de Instrumentos Públicos)</p> <p>The "registry tax" or "Impuesto de Registro" can be paid at the registry office in the city of Bogotá and other large cities, where the commercial bank in charge of the collection of this tax has installed a branch for this purpose. The payment can also be made online at the website https://www.abcpagos.com/instrumentos_publicos/.</p> <p>The "Impuesto de Registro" is a tax that goes to finance state-level programs on public health. It is not a fee for a service but a tax.</p> | Less than one day, online | COP 14,907,203.68; (1% of property value (Registry Tax) + 0.57% of property value (Registration Fee)) |
| 7 | <p>The public deed must be registered at the Registry Office <i>Agency</i> : Registry Office (Oficina de Registro de Instrumentos Públicos)</p> <p>After the "registry tax" and the registration fee are paid, the public deed prepared by the notary must be registered at the Registry Office for its validity. After registration, the new public deed is automatically sent (internal procedure) to the Office of the Cadaster to register the change of ownership.</p> | 7 days | already paid in Procedure 6 |

⇒ Takes place simultaneously with previous procedure.

Details - Registering Property in Colombia - Measure of Quality

| | Answer | Score |
|---|---|-------------|
| Quality of the land administration index (0-30) | | 16.5 |
| Reliability of infrastructure index (0-8) | | 6.0 |
| Type of land registration system in the economy: | Deed Registration System | |
| What is the institution in charge of immovable property registration? | Registry Office (Oficina de Registro de Instrumentos Públicos de Bogotá) | |
| In what format are past and newly issued land records kept at the immovable property registry of the largest business city of the economy—in a paper format or in a computerized format (scanned or fully digital)? | Computer/Scanned | 1.0 |
| Is there a comprehensive and functional electronic database for checking for encumbrances (liens, mortgages, restrictions and the like)? | Yes | 1.0 |
| Institution in charge of the plans showing legal boundaries in the largest business city: | Cadastral Office (Unidad Administrativa Especial de Catastro) | |
| In what format are past and newly issued cadastral plans kept at the mapping agency of the largest business city of the economy—in a paper format or in a computerized format (scanned or fully digital)? | Computer/Fully digital | 2.0 |
| Is there an electronic database for recording boundaries, checking plans and providing cadastral information (geographic information system)? | Yes | 1.0 |
| Is the information recorded by the immovable property registration agency and the cadastral or mapping agency kept in a single database, in different but linked databases or in separate databases? | Different databases but linked | 1.0 |
| Do the immovable property registration agency and cadastral or mapping agency use the same identification number for properties? | No | 0.0 |
| Transparency of information index (0-6) | | 3.5 |
| Who is able to obtain information on land ownership at the agency in charge of immovable property registration in the largest business city? | Anyone who pays the official fee | 1.0 |
| Is the list of documents that are required to complete any type of property transaction made publicly available—and if so, how? | Yes, online | 0.5 |
| Link for online access: | https://www.nomasfilas.gov.co/memofichatramite/-/tramite/T8390 | |
| Is the applicable fee schedule for any type of property transaction at the agency in charge of immovable property registration in the largest business city made publicly available—and if so, how? | Yes, online | 0.5 |
| Link for online access: | https://www.supernotariado.gov.co/PortalSNR/faces/oracle/webcenter/portalapp/pagehierarchy/Page562.jspx?publicacion_id=WLSWCCPORTAL01166620&_afLoop=3309207566501921&_afWindowMode=0&_afWindowId=null#%40%3Fpublicacion_id%3DWSWCCPORTAL01166620%26_afWindowId%3Dnull%26_afLoop%3D3309207566501921%26_afWindowMode%3D0%26_adf.ctrl-state%3DI5wxnss68_41 | |

| | | |
|--|---|------------|
| Does the agency in charge of immovable property registration agency formally commit to deliver a legally binding document that proves property ownership within a specific timeframe –and if so, how does it communicate the service standard? | Yes, online | 0.5 |
| Link for online access: | | |
| Is there a specific and independent mechanism for filing complaints about a problem that occurred at the agency in charge of immovable property registration? | No | 0.0 |
| Contact information: | | |
| Are there publicly available official statistics tracking the number of transactions at the immovable property registration agency? | No | 0.0 |
| Number of property transfers in the largest business city in 2018: | | |
| Who is able to consult maps of land plots in the largest business city? | Freely accessible by anyone | 0.5 |
| Is the applicable fee schedule for accessing maps of land plots made publicly available—and if so, how? | Yes, online | 0.5 |
| Link for online access: | http://mapas.bogota.gov.co | |
| Does the cadastral/mapping agency formally specifies the timeframe to deliver an updated cadastral plan—and if so, how does it communicate the service standard? | No | 0.0 |
| Link for online access: | | |
| Is there a specific and independent mechanism for filing complaints about a problem that occurred at the cadastral or mapping agency? | No | 0.0 |
| Contact information: | | |
| Geographic coverage index (0-8) | | 2.0 |
| Are all privately held land plots in the largest business city formally registered at the immovable property registry? | No | 0.0 |
| Are all privately held land plots in the economy formally registered at the immovable property registry? | No | 0.0 |
| Are all privately held land plots in the largest business city mapped? | Yes | 2.0 |
| Are all privately held land plots in the economy mapped? | No | 0.0 |
| Land dispute resolution index (0-8) | | 5.0 |
| Does the law require that all property sale transactions be registered at the immovable property registry to make them opposable to third parties? | Yes | 1.5 |
| Legal basis: | Articles 756 and 759 of the Colombian Civil Code (Law 57 of 1887) | |
| Is the system of immovable property registration subject to a state or private guarantee? | Yes | 0.5 |
| Type of guarantee: | State guarantee | |
| Legal basis: | Article 58 of the National Constitution. | |
| Is there a is a specific, out-of-court compensation mechanism to cover for losses incurred by parties who engaged in good faith in a property transaction based on erroneous information certified by the immovable property registry? | No | 0.0 |
| Legal basis: | | |
| Does the legal system require a control of legality of the documents necessary for a property transaction (e.g., checking the compliance of contracts with requirements of the law)? | Yes | 0.5 |
| If yes, who is responsible for checking the legality of the documents? | Registrar; Notary; | |
| Does the legal system require verification of the identity of the parties to a property transaction? | Yes | 0.5 |
| If yes, who is responsible for verifying the identity of the parties? | Registrar; Notary; | |
| Is there a national database to verify the accuracy of government issued identity documents? | Yes | 1.0 |

| | | |
|--|-----------------------------------|------------|
| What is the Court of first instance in charge of a case involving a standard land dispute between two local businesses over tenure rights for a property worth 50 times gross national income (GNI) per capita and located in the largest business city? | Juez Civil del Circuito de Bogotá | |
| How long does it take on average to obtain a decision from the first-instance court for such a case (without appeal)? | Between 2 and 3 years | 1.0 |
| Are there publicly available statistics on the number of land disputes at the economy level in the first instance court? | No | 0.0 |
| Number of land disputes in the economy in 2018: | | |
| Equal access to property rights index (-2-0) | | 0.0 |
| Do unmarried men and unmarried women have equal ownership rights to property? | Yes | |
| Do married men and married women have equal ownership rights to property? | Yes | 0.0 |

Getting Credit

This topic explores two sets of issues—the strength of credit reporting systems and the effectiveness of collateral and bankruptcy laws in facilitating lending. The most recent round of data collection for the project was completed in May 2019. [See the methodology for more information.](#)

What the indicators measure

Strength of legal rights index (0-12)

- Rights of borrowers and lenders through collateral laws (0-10)
- Protection of secured creditors' rights through bankruptcy laws (0-2)

Depth of credit information index (0-8)

- Scope and accessibility of credit information distributed by credit bureaus and credit registries (0-8)

Credit bureau coverage (% of adults)

- Number of individuals and firms listed in largest credit bureau as a percentage of adult population

Credit registry coverage (% of adults)

- Number of individuals and firms listed in credit registry as a percentage of adult population

Case study assumptions

Doing Business assesses the sharing of credit information and the legal rights of borrowers and lenders with respect to secured transactions through 2 sets of indicators. The depth of credit information index measures rules and practices affecting the coverage, scope and accessibility of credit information available through a credit registry or a credit bureau. The strength of legal rights index measures the degree to which collateral and bankruptcy laws protect the rights of borrowers and lenders and thus facilitate lending. For each economy it is first determined whether a unitary secured transactions system exists. Then two case scenarios, case A and case B, are used to determine how a nonpossessory security interest is created, publicized and enforced according to the law. Special emphasis is given to how the collateral registry operates (if registration of security interests is possible). The case scenarios involve a secured borrower, company ABC, and a secured lender, BizBank.

In some economies the legal framework for secured transactions will allow only case A or case B (not both) to apply. Both cases examine the same set of legal provisions relating to the use of movable collateral.

Several assumptions about the secured borrower (ABC) and lender (BizBank) are used:

- ABC is a domestic limited liability company (or its legal equivalent).
- ABC has up to 50 employees.
- ABC has its headquarters and only base of operations in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Both ABC and BizBank are 100% domestically owned.

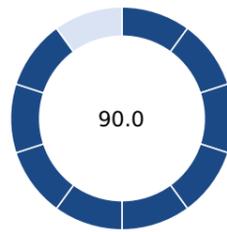
The case scenarios also involve assumptions. In case A, as collateral for the loan, ABC grants BizBank a nonpossessory security interest in one category of movable assets, for example, its machinery or its inventory. ABC wants to keep both possession and ownership of the collateral. In economies where the law does not allow nonpossessory security interests in movable property, ABC and BizBank use a fiduciary transfer-of-title arrangement (or a similar substitute for nonpossessory security interests).

In case B, ABC grants BizBank a business charge, enterprise charge, floating charge or any charge that gives BizBank a security interest over ABC's combined movable assets (or as much of ABC's movable assets as possible). ABC keeps ownership and possession of the assets.

Getting Credit - Colombia

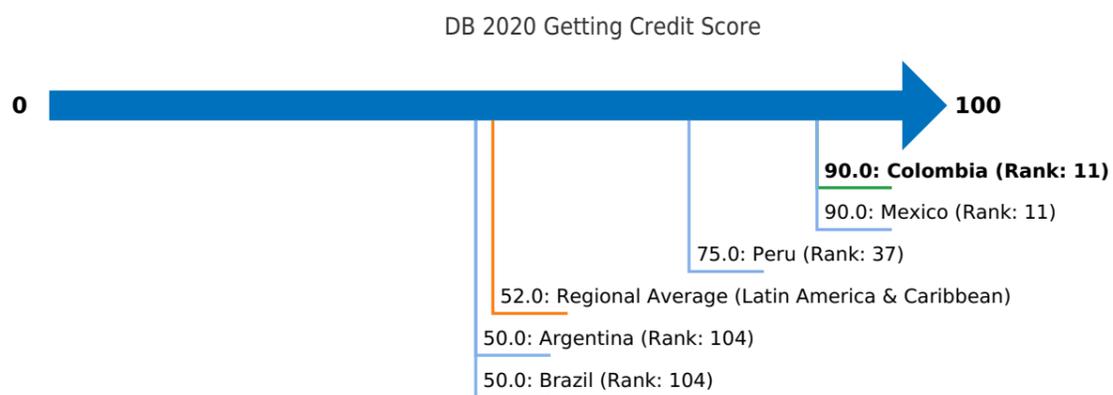
| Indicator | Colombia | Latin America & Caribbean | OECD high income | Best Regulatory Performance |
|---|----------|---------------------------|------------------|-----------------------------|
| Strength of legal rights index (0-12) | 11 | 5.3 | 6.1 | 12 (5 Economies) |
| Depth of credit information index (0-8) | 7 | 5.1 | 6.8 | 8 (53 Economies) |
| Credit registry coverage (% of adults) | 0.0 | 14.6 | 24.4 | 100.0 (2 Economies) |
| Credit bureau coverage (% of adults) | 82.4 | 47.6 | 66.7 | 100.0 (14 Economies) |

Figure - Getting Credit in Colombia - Score



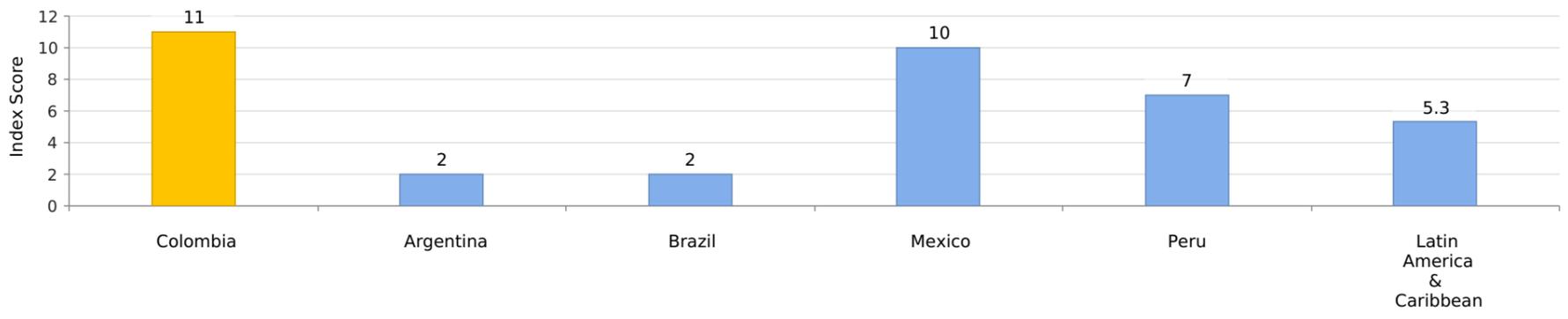
Score - Getting Credit

Figure - Getting Credit in Colombia and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of getting credit is determined by sorting their scores for getting credit. These scores are the sum of the scores for the strength of legal rights index and the depth of credit information index.

Figure - Legal Rights in Colombia and comparator economies



Details - Legal Rights in Colombia

Strength of legal rights index (0-12)

11

Does an integrated or unified legal framework for secured transactions that extends to the creation, publicity and enforcement of functional equivalents to security interests in movable assets exist in the economy? Yes

Does the law allow businesses to grant a non possessory security right in a single category of movable assets, without requiring a specific description of collateral? Yes

Does the law allow businesses to grant a non possessory security right in substantially all of its assets, without requiring a specific description of collateral? Yes

May a security right extend to future or after-acquired assets, and does it extend automatically to the products, proceeds and replacements of the original assets? Yes

Is a general description of debts and obligations permitted in collateral agreements; can all types of debts and obligations be secured between parties; and can the collateral agreement include a maximum amount for which the assets are encumbered? Yes

Is a collateral registry in operation for both incorporated and non-incorporated entities, that is unified geographically and by asset type, with an electronic database indexed by debtor's name? Yes

Does a notice-based collateral registry exist in which all functional equivalents can be registered? Yes

Does a modern collateral registry exist in which registrations, amendments, cancellations and searches can be performed online by any interested third party? Yes

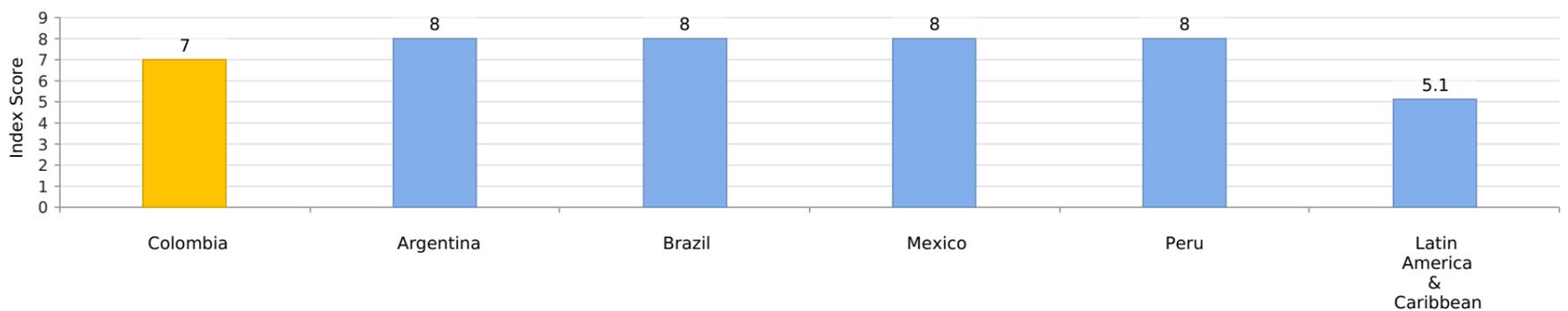
Are secured creditors paid first (i.e. before tax claims and employee claims) when a debtor defaults outside an insolvency procedure? No

Are secured creditors paid first (i.e. before tax claims and employee claims) when a business is liquidated? Yes

Are secured creditors subject to an automatic stay on enforcement when a debtor enters a court-supervised reorganization procedure? Does the law protect secured creditors' rights by providing clear grounds for relief from the stay and sets a time limit for it? Yes

Does the law allow parties to agree on out of court enforcement at the time a security interest is created? Does the law allow the secured creditor to sell the collateral through public auction or private tender, as well as, for the secured creditor to keep the asset in satisfaction of the debt? Yes

Figure - Credit Information in Colombia and comparator economies



Details - Credit Information in Colombia

| Depth of credit information index (0-8) | Credit bureau | Credit registry | Score |
|---|---------------|-----------------|-------|
| Are data on both firms and individuals distributed? | Yes | No | 1 |
| Are both positive and negative credit data distributed? | Yes | No | 1 |
| Are data from retailers or utility companies - in addition to data from banks and financial institutions - distributed? | Yes | No | 1 |
| Are at least 2 years of historical data distributed? (Credit bureaus and registries that distribute more than 10 years of negative data or erase data on defaults as soon as they are repaid obtain a score of 0 for this component.) | No | No | 0 |
| Are data on loan amounts below 1% of income per capita distributed? | Yes | No | 1 |
| By law, do borrowers have the right to access their data in the credit bureau or credit registry? | Yes | No | 1 |
| Can banks and financial institutions access borrowers' credit information online (for example, through an online platform, a system-to-system connection or both)? | Yes | No | 1 |
| Are bureau or registry credit scores offered as a value-added service to help banks and financial institutions assess the creditworthiness of borrowers? | Yes | No | 1 |

Note: An economy receives a score of 1 if there is a "yes" to either bureau or registry. If the credit bureau or registry is not operational or covers less than 5% of the adult population, the total score on the depth of credit information index is 0.

| Coverage | Credit bureau | Credit registry |
|---------------------------------------|---------------|-----------------|
| Number of individuals | 27,268,183 | 0 |
| Number of firms | 957,666 | 0 |
| Total | 28,225,849 | 0 |
| Percentage of adult population | 82.4 | 0.0 |

Protecting Minority Investors

This topic measures the strength of minority shareholder protections against misuse of corporate assets by directors for their personal gain as well as shareholder rights, governance safeguards and corporate transparency requirements that reduce the risk of abuse. The most recent round of data collection for the project was completed in May 2019. [See the methodology for more information.](#)

What the indicators measure

- **Extent of disclosure index (0-10):** Disclosure, review, and approval requirements for related-party transactions
- **Extent of director liability index (0-10):** Ability of minority shareholders to sue and hold interested directors liable for prejudicial related-party transactions; Available legal remedies (damages, disgorgement of profits, disqualification from managerial position(s) for one year or more, rescission of the transaction)
- **Ease of shareholder suits index (0-10):** Access to internal corporate documents; Evidence obtainable during trial and allocation of legal expenses
- **Extent of conflict of interest regulation index (0-30):** Sum of the extent of disclosure, extent of director liability and ease of shareholder suits indices
- **Extent of shareholder rights index (0-6):** Shareholders' rights and role in major corporate decisions
- **Extent of ownership and control index (0-7):** Governance safeguards protecting shareholders from undue board control and entrenchment
- **Extent of corporate transparency index (0-7):** Corporate transparency on ownership stakes, compensation, audits and financial prospects
- **Extent of shareholder governance index (0-20):** Sum of the extent of shareholders rights, extent of ownership and control and extent of corporate transparency indices
- **Strength of minority investor protection index (0-50):** Sum of the extent of conflict of interest regulation and extent of shareholder governance indices

Case study assumptions

To make the data comparable across economies, a case study uses several assumptions about the business and the transaction.

The business (Buyer):

- Is a publicly traded corporation listed on the economy's most important stock exchange.
- Has a board of directors and a chief executive officer (CEO) who may legally act on behalf of Buyer where permitted, even if this is not specifically required by law.
- Has a supervisory board in economies with a two-tier board system on which Mr. James appointed 60% of the shareholder-elected members.
- Has not adopted bylaws or articles of association that go beyond the minimum requirements. Does not follow codes, principles, recommendations or guidelines that are not mandatory.
- Is a manufacturing company with its own distribution network.

The transaction involves the following details:

- Mr. James owns 60% of Buyer, sits on Buyer's board of directors and elected two directors to Buyer's five-member board.
- Mr. James also owns 90% of Seller, a company that operates a chain of retail hardware stores. Seller recently closed a large number of its stores.
- Mr. James proposes that Buyer purchase Seller's unused fleet of trucks to expand Buyer's distribution of its food products, a proposal to which Buyer agrees. The price is equal to 10% of Buyer's assets and is higher than the market value.
- The proposed transaction is part of the company's principal activity and is not outside the authority of the company.
- Buyer enters into the transaction. All required approvals are obtained, and all required disclosures made—that is, the transaction was not entered into fraudulently.
- The transaction causes damages to Buyer. Shareholders sue Mr. James and the executives and directors that approved the transaction.

Protecting Minority Investors - Colombia

Stock exchange information

| | |
|-------------------------------------|------------------------------|
| Stock exchange | Bolsa de Valores de Colombia |
| Stock exchange URL | http://www.bvc.com.co |
| Listed firms with equity securities | 71 |
| City Covered | Bogota |

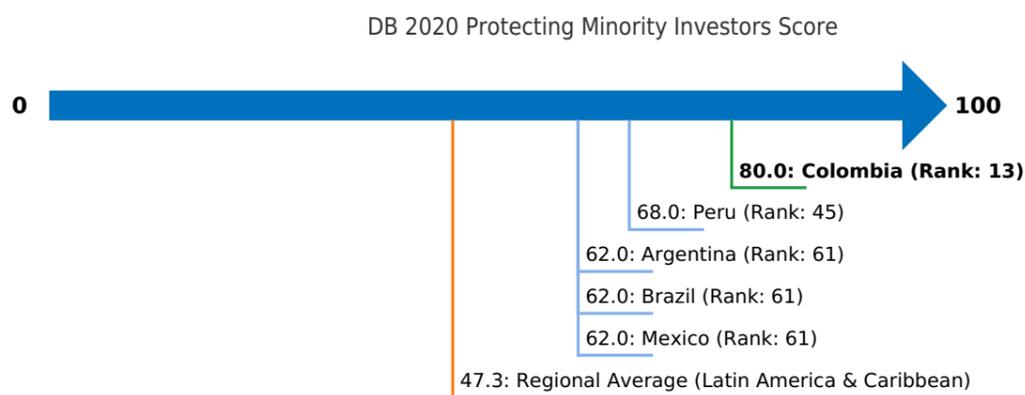
| Indicator | Colombia | Latin America & Caribbean | OECD high income | Best Regulatory Performance |
|--|----------|---------------------------|------------------|-----------------------------|
| Extent of disclosure index (0-10) | 9.0 | 4.1 | 6.5 | 10 (13 Economies) |
| Extent of director liability index (0-10) | 7.0 | 5.2 | 5.3 | 10 (3 Economies) |
| Ease of shareholder suits index (0-10) | 8.0 | 6.7 | 7.3 | 10 (Djibouti) |
| Extent of shareholder rights index (0-6) | 4.0 | 3.0 | 4.7 | 6 (19 Economies) |
| Extent of ownership and control index (0-7) | 7.0 | 2.3 | 4.5 | 7 (9 Economies) |
| Extent of corporate transparency index (0-7) | 5.0 | 2.3 | 5.7 | 7 (13 Economies) |

Figure - Protecting Minority in Colombia - Score



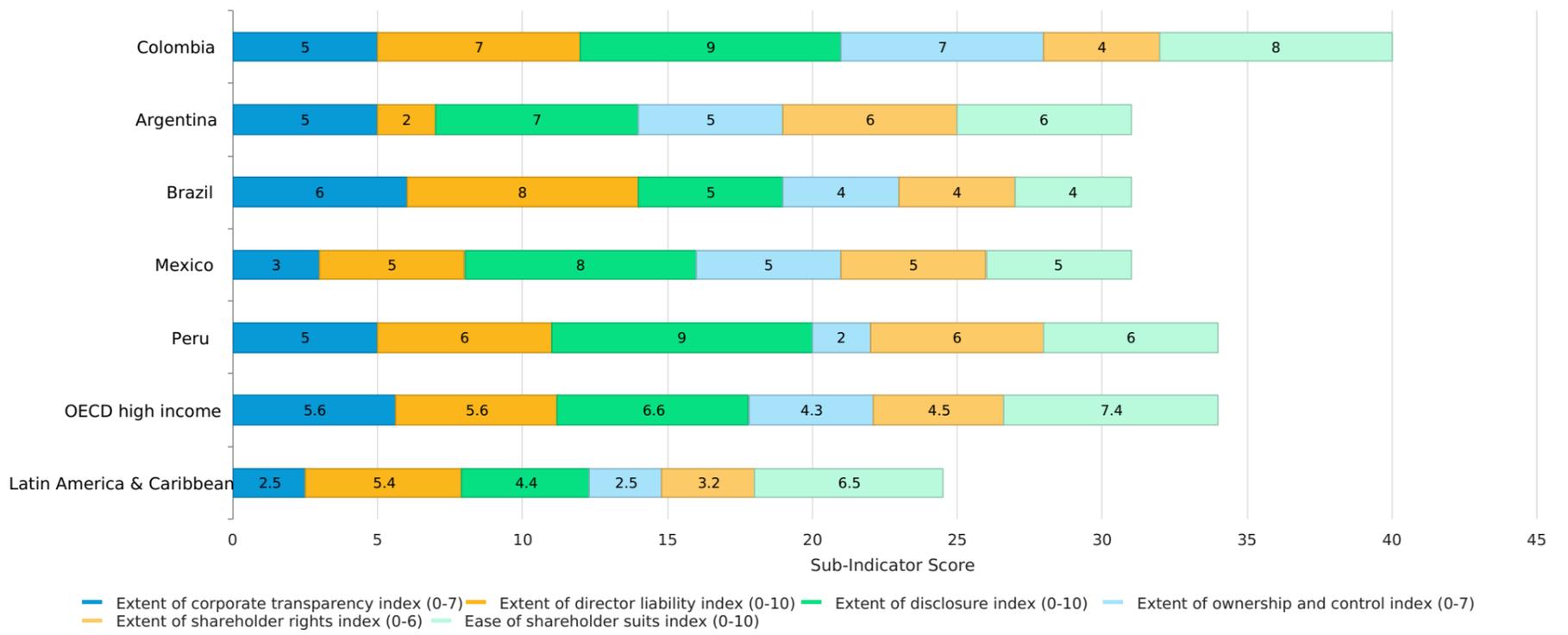
Score - Protecting Minority Investors

Figure - Protecting Minority Investors in Colombia and comparator economies - Ranking and Score



Note: The ranking of economies on the strength of minority investor protections is determined by sorting their scores for protecting minority investors. These scores are the simple average of the scores for the extent of conflict of interest regulation index and the extent of shareholder governance index.

Figure - Protecting Minority Investors in Colombia and comparator economies - Measure of Quality



Details - Protecting Minority Investors in Colombia - Measure of Quality

| | Answer | Score |
|--|---|------------|
| Extent of conflict of interest regulation index (0-30) | | |
| Extent of disclosure index (0-10) | | 9.0 |
| Whose decision is sufficient to approve the Buyer-Seller transaction? (0-3) | Shareholders excluding interested parties | 3.0 |
| Must an external body review the terms of the transaction before it takes place? (0-1) | No | 0.0 |
| Must Mr. James disclose his conflict of interest to the board of directors? (0-2) | Full disclosure of all material facts | 2.0 |
| Must Buyer disclose the transaction in periodic filings (e.g. annual reports)? (0-2) | Disclosure on the transaction and on the conflict of interest | 2.0 |
| Must Buyer immediately disclose the transaction to the public? (0-2) | Disclosure on the transaction and on the conflict of interest | 2.0 |
| Extent of director liability index (0-10) | | 7.0 |
| Can shareholders representing 10% of Buyer's share capital sue for the damage the transaction caused to Buyer? (0-1) | Yes | 1.0 |
| Can shareholders hold Mr. James liable for the damage the transaction caused to Buyer? (0-2) | Liable if unfair or prejudicial | 2.0 |
| Can shareholders hold the other directors liable for the damage the transaction caused to Buyer? (0-2) | Liable if negligent | 1.0 |
| Must Mr. James pay damages for the harm caused to Buyer upon a successful claim by shareholders? (0-1) | Yes | 1.0 |
| Must Mr. James repay profits made from the transaction upon a successful claim by shareholders? (0-1) | Yes | 1.0 |
| Is Mr. James disqualified upon a successful claim by shareholders? (0-1) | No | 0.0 |
| Can a court void the transaction upon a successful claim by shareholders? (0-2) | Voidable if negligently concluded | 1.0 |
| Ease of shareholder suits index (0-10) | | 8.0 |
| Before suing, can shareholders representing 10% of Buyer's share capital inspect the transaction documents? (0-1) | Yes | 1.0 |
| Can the plaintiff obtain any documents from the defendant and witnesses at trial? (0-3) | Any relevant document | 3.0 |
| Can the plaintiff request categories of documents from the defendant without identifying specific ones? (0-1) | No | 0.0 |
| Can the plaintiff directly question the defendant and witnesses at trial? (0-2) | Yes | 2.0 |
| Is the level of proof required for civil suits lower than that of criminal cases? (0-1) | Yes | 1.0 |
| Can shareholder plaintiffs recover their legal expenses from the company? (0-2) | Yes if successful | 1.0 |
| Extent of shareholder governance index (0-20) | | |
| Extent of shareholder rights index (0-6) | | 4.0 |
| Does the sale of 51% of Buyer's assets require shareholder approval? | No | 0.0 |
| Can shareholders representing 10% of Buyer's share capital call for a meeting of shareholders? | No | 0.0 |
| Must Buyer obtain its shareholders' approval every time it issues new shares? | Yes | 1.0 |
| Do shareholders automatically receive preemption rights every time Buyer issues new shares? | Yes | 1.0 |
| Do shareholders elect and dismiss the external auditor? | Yes | 1.0 |
| Are changes to the rights of a class of shares only possible if the holders of the affected shares approve? | Yes | 1.0 |
| Extent of ownership and control index (0-7) | | 7.0 |

| | | |
|---|-----|------------|
| Is it forbidden to appoint the same individual as CEO and chairperson of the board of directors? | Yes | 1.0 |
| Must the board of directors include independent and nonexecutive board members? | Yes | 1.0 |
| Can shareholders remove members of the board of directors without cause before the end of their term? | Yes | 1.0 |
| Must the board of directors include a separate audit committee exclusively comprising board members? | Yes | 1.0 |
| Must a potential acquirer make a tender offer to all shareholders upon acquiring 50% of Buyer? | Yes | 1.0 |
| Must Buyer pay declared dividends within a maximum period set by law? | Yes | 1.0 |
| Is a subsidiary prohibited from acquiring shares issued by its parent company? | Yes | 1.0 |
| Extent of corporate transparency index (0-7) | | 5.0 |
| Must Buyer disclose direct and indirect beneficial ownership stakes representing 5%? | Yes | 1.0 |
| Must Buyer disclose information about board members' primary employment and directorships in other companies? | No | 0.0 |
| Must Buyer disclose the compensation of individual managers? | No | 0.0 |
| Must a detailed notice of general meeting be sent 21 days before the meeting? | Yes | 1.0 |
| Can shareholders representing 5% of Buyer's share capital put items on the general meeting agenda? | Yes | 1.0 |
| Must Buyer's annual financial statements be audited by an external auditor? | Yes | 1.0 |
| Must Buyer disclose its audit reports to the public? | Yes | 1.0 |

Paying Taxes

This topic records the taxes and mandatory contributions that a medium-size company must pay or withhold in a given year, as well as the administrative burden of paying taxes and contributions and complying with postfiling procedures (VAT refund and tax audit). The most recent round of data collection for the project was completed in May 2019 covering for the Paying Taxes indicator calendar year 2018 (January 1, 2018 – December 31, 2018). [See the methodology for more information.](#)

What the indicators measure

Tax payments for a manufacturing company in 2018 (number per year adjusted for electronic and joint filing and payment)

- Total number of taxes and contributions paid or withheld, including consumption taxes (value added tax, sales tax or goods and service tax)
- Method and frequency of filing and payment

Time required to comply with 3 major taxes (hours per year)

- Collecting information, computing tax payable
- Preparing separate tax accounting books, if required
- Completing tax return, filing with agencies
- Arranging payment or withholding

Total tax and contribution rate (% of commercial profits)

- Profit or corporate income tax
- Social contributions, labor taxes paid by employer
- Property and property transfer taxes
- Dividend, capital gains, financial transactions taxes
- Waste collection, vehicle, road and other taxes

Postfiling Index

- Time to comply with VAT refund (hours)
- Time to obtain VAT refund (weeks)
- Time to comply with a corporate income tax correction (hours)
- Time to complete a corporate income tax correction (weeks)

Case study assumptions

Using a case scenario, *Doing Business* records taxes and mandatory contributions a medium size company must pay in a year, and measures the administrative burden of paying taxes, contributions and dealing with postfiling processes. Information is also compiled on frequency of filing and payments, time taken to comply with tax laws, time taken to comply with the requirements of postfiling processes and time waiting.

To make data comparable across economies, several assumptions are used:

- TaxpayerCo is a medium-size business that started operations on January 1, 2017. It produces ceramic flowerpots and sells them at retail. All taxes and contributions recorded are paid in the second year of operation (calendar year 2018). Taxes and mandatory contributions are measured at all levels of government.

The VAT refund process:

- In June 2018, TaxpayerCo. makes a large capital purchase: the value of the machine is 65 times income per capita of the economy. Sales are equally spread per month (1,050 times income per capita divided by 12) and cost of goods sold are equally expensed per month (875 times income per capita divided by 12). The machinery seller is registered for VAT and excess input VAT incurred in June will be fully recovered after four consecutive months if the VAT rate is the same for inputs, sales and the machine and the tax reporting period is every month. Input VAT will exceed Output VAT in June 2018.

The corporate income tax audit process:

- An error in calculation of income tax liability (for example, use of incorrect tax depreciation rates, or incorrectly treating an expense as tax deductible) leads to an incorrect income tax return and a corporate income tax underpayment. TaxpayerCo. discovered the error and voluntarily notified the tax authority. The value of the underpaid income tax liability is 5% of the corporate income tax liability due. TaxpayerCo. submits corrected information after the deadline for submitting the annual tax return, but within the tax assessment period.

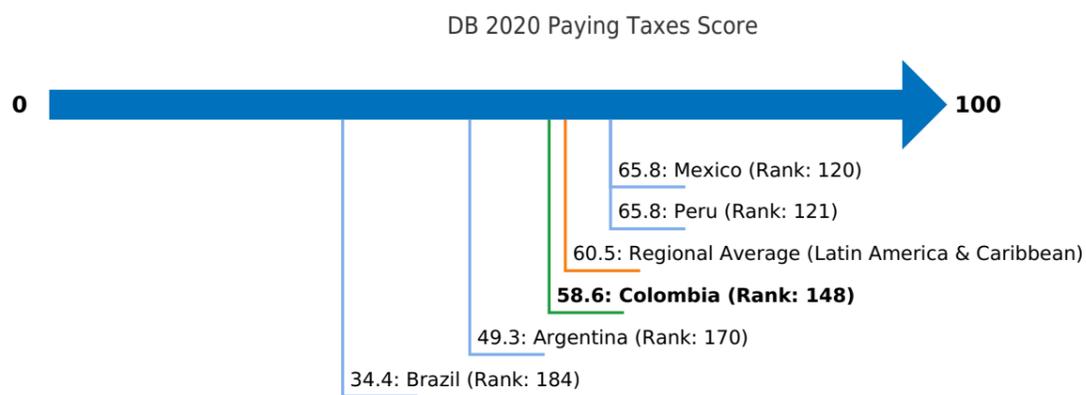
Paying Taxes - Colombia

| Indicator | Colombia | Latin America & Caribbean | OECD high income | Best Regulatory Performance |
|---|----------|---------------------------|------------------|-----------------------------|
| Payments (number per year) | 10 | 28.2 | 10.3 | 3 (2 Economies) |
| Time (hours per year) | 256 | 317.1 | 158.8 | 49 (3 Economies) |
| Total tax and contribution rate (% of profit) | 71.2 | 47.0 | 39.9 | 26.1 (33 Economies) |
| Postfiling index (0-100) | 48.2 | 47.5 | 86.7 | None in 2018/19 |

Figure - Paying Taxes in Colombia - Score

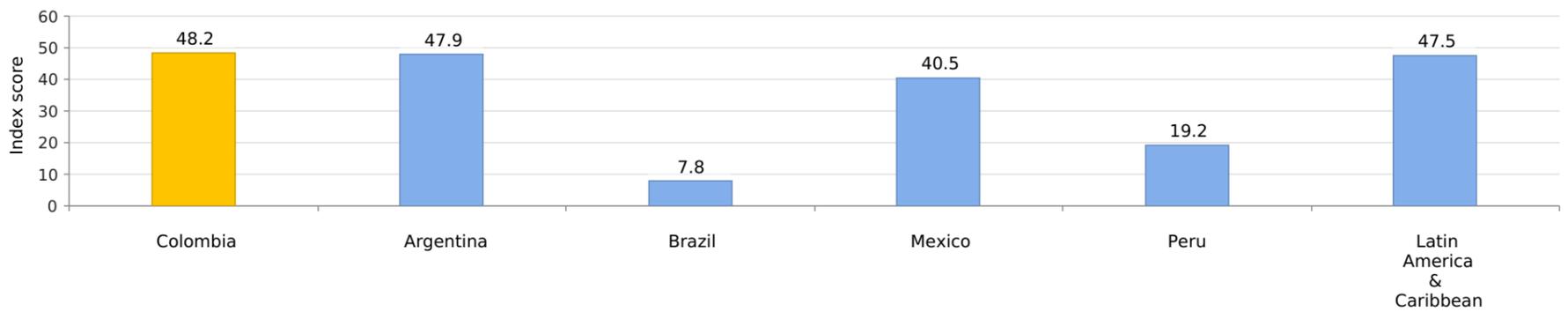


Figure - Paying Taxes in Colombia and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of paying taxes is determined by sorting their scores for paying taxes. These scores are the simple average of the scores for each of the component indicators, with a threshold and a nonlinear transformation applied to one of the component indicators, the total tax and contribution rate. The threshold is defined as the total tax and contribution rate at the 15th percentile of the overall distribution for all years included in the analysis up to and including Doing Business 2015, which is 26.1%. All economies with a total tax and contribution rate below this threshold receive the same score as the economy at the threshold.

Figure - Paying Taxes in Colombia and comparator economies - Measure of Quality



Details - Paying Taxes in Colombia

| Tax or mandatory contribution | Payments (number) | Notes on Payments | Time (hours) | Statutory tax rate | Tax base | Total tax and contribution rate (% of profit) | Notes on TTCR |
|-------------------------------|-------------------|--------------------|--------------|--------------------|-------------------------------|---|-------------------------|
| Corporate income tax | 1.0 | online | 97.5 | 33% | taxable profit | 21.07 | |
| Municipal tax | 1.0 | online | | 0.01104 | turnover | 19.52 | |
| Social security contributions | 1.0 | online | 87.0 | 0.12 | gross salaries | 14.12 | |
| Financial transactions tax | 1.0 | | | 0.004 | withdrawals from bank account | 9.45 | |
| Payroll tax | 0.0 | online and jointly | | 0.04 | gross salaries | 4.51 | |
| Real estate tax | 1.0 | | | 0.01 | assessed real estate value | 1.48 | |
| Urban Boundary Tax | 1.0 | | | 0.026 | Project budget | 0.79 | |
| Vehicle tax | 1.0 | | | 0.025 | | 0.26 | |
| Welfare security system | 0.0 | online and jointly | | 0.085 | gross salaries | 0.00 | included in other taxes |
| Value added tax (VAT) | 1.0 | online | 71.0 | 0.19 | value added | 0.00 | not included |
| Stamp duty | 1.0 | | | | | 0.00 | small amount |
| Fuel tax | 1.0 | | | 0.06 | consumption value | 0.00 | small amount |
| Labor risk insurance | 0.0 | online and jointly | | 0.00522 | gross salaries | 0.00 | included in other taxes |
| Employee contributions | 0.0 | | | 8% - 10% | | 0.00 | not included |
| Totals | 10 | | 256 | | | 71.2 | |

Details - Paying Taxes in Colombia - Tax by Type

| Taxes by type | Answer |
|---|--------|
| Profit tax (% of profit) | 21.1 |
| Labor tax and contributions (% of profit) | 23.6 |
| Other taxes (% of profit) | 26.6 |

Details - Paying Taxes in Colombia - Measure of Quality

| | Answer | Score |
|---|---------------------------------------|-------------|
| Postfiling index (0-100) | | 48.2 |
| VAT refunds | | |
| Does VAT exist? | Yes | |
| Does a VAT refund process exist per the case study? | No | |
| Restrictions on VAT refund process | Restricted to international traders | |
| Percentage of cases exposed to a VAT audit (%) | Not applicable | |
| Is there a mandatory carry forward period? | No | |
| Time to comply with VAT refund (hours) | No VAT refund per case study scenario | 0.0 |
| Time to obtain VAT refund (weeks) | No VAT refund per case study scenario | 0.0 |
| Corporate income tax audits | | |
| Does corporate income tax exist? | Yes | |
| Percentage of cases exposed to a corporate income tax audit (%) | 0% - 24% | |
| Time to comply with a corporate income tax correction (hours) | 5.5 | 92.7 |
| Time to complete a corporate income tax correction (weeks) | No tax audit per case study scenario | 100 |

Notes: Names of taxes have been standardized. For instance income tax, profit tax, tax on company's income are all named corporate income tax in this table.

The hours for VAT include all the VAT and sales taxes applicable.

The hours for Social Security include all the hours for labor taxes and mandatory contributions in general.

The postfiling index is the average of the scores on time to comply with VAT refund, time to obtain a VAT refund, time to comply with a corporate income tax correction and time to complete a corporate income tax correction.

N/A = Not applicable.

Trading across Borders

Doing Business records the time and cost associated with the logistical process of exporting and importing goods. *Doing Business* measures the time and cost (excluding tariffs) associated with three sets of procedures—documentary compliance, border compliance and domestic transport—within the overall process of exporting or importing a shipment of goods. The most recent round of data collection for the project was completed in May 2019. [See the methodology for more information.](#)

What the indicators measure

Documentary compliance

- Obtaining, preparing and submitting documents during transport, clearance, inspections and port or border handling in origin economy
- Obtaining, preparing and submitting documents required by destination economy and any transit economies
- Covers all documents required by law and in practice, including electronic submissions of information

Border compliance

- Customs clearance and inspections
- Inspections by other agencies (if applied to more than 20% of shipments)
- Handling and inspections that take place at the economy's port or border

Domestic transport

- Loading or unloading of the shipment at the warehouse or port/border
- Transport between warehouse and port/border
- Traffic delays and road police checks while shipment is en route

Case study assumptions

To make the data comparable across economies, a few assumptions are made about the traded goods and the transactions:

Time: Time is measured in hours, and 1 day is 24 hours (for example, 22 days are recorded as $22 \times 24 = 528$ hours). If customs clearance takes 7.5 hours, the data are recorded as is. Alternatively, suppose documents are submitted to a customs agency at 8:00a.m., are processed overnight and can be picked up at 8:00a.m. the next day. The time for customs clearance would be recorded as 24 hours because the actual procedure took 24 hours.

Cost: Insurance cost and informal payments for which no receipt is issued are excluded from the costs recorded. Costs are reported in U.S. dollars. Contributors are asked to convert local currency into U.S. dollars based on the exchange rate prevailing on the day they answer the questionnaire. Contributors are private sector experts in international trade logistics and are informed about exchange rates.

Assumptions of the case study:

- For all 190 economies covered by *Doing Business*, it is assumed a shipment is in a warehouse in the largest business city of the exporting economy and travels to a warehouse in the largest business city of the importing economy.
- It is assumed each economy imports 15 metric tons of containerized auto parts (HS 8708) from its natural import partner—the economy from which it imports the largest value (price times quantity) of auto parts. It is assumed each economy exports the product of its comparative advantage (defined by the largest export value) to its natural export partner—the economy that is the largest purchaser of this product. Shipment value is assumed to be \$50,000.
- The mode of transport is the one most widely used for the chosen export or import product and the trading partner, as is the seaport or land border crossing.
- All electronic information submissions requested by any government agency in connection with the shipment are considered to be documents obtained, prepared and submitted during the export or import process.
- A port or border is a place (seaport or land border crossing) where merchandise can enter or leave an economy.
- Relevant government agencies include customs, port authorities, road police, border guards, standardization agencies, ministries or departments of agriculture or industry, national security agencies and any other government authorities.

Trading across Borders - Colombia

| Indicator | Colombia | Latin America & Caribbean | OECD high income | Best Regulatory Performance |
|--|----------|---------------------------|------------------|-----------------------------|
| Time to export: Border compliance (hours) | 112 | 55.3 | 12.7 | 1 (19 Economies) |
| Cost to export: Border compliance (USD) | 630 | 516.3 | 136.8 | 0 (19 Economies) |
| Time to export: Documentary compliance (hours) | 48 | 35.7 | 2.3 | 1 (26 Economies) |
| Cost to export: Documentary compliance (USD) | 90 | 100.3 | 33.4 | 0 (20 Economies) |
| Time to import: Border compliance (hours) | 112 | 55.6 | 8.5 | 1 (25 Economies) |
| Cost to import: Border compliance (USD) | 545 | 628.4 | 98.1 | 0 (28 Economies) |
| Time to import: Documentary compliance (hours) | 64 | 43.2 | 3.4 | 1 (30 Economies) |
| Cost to import: Documentary compliance (USD) | 50 | 107.3 | 23.5 | 0 (30 Economies) |

Figure - Trading across Borders in Colombia - Score

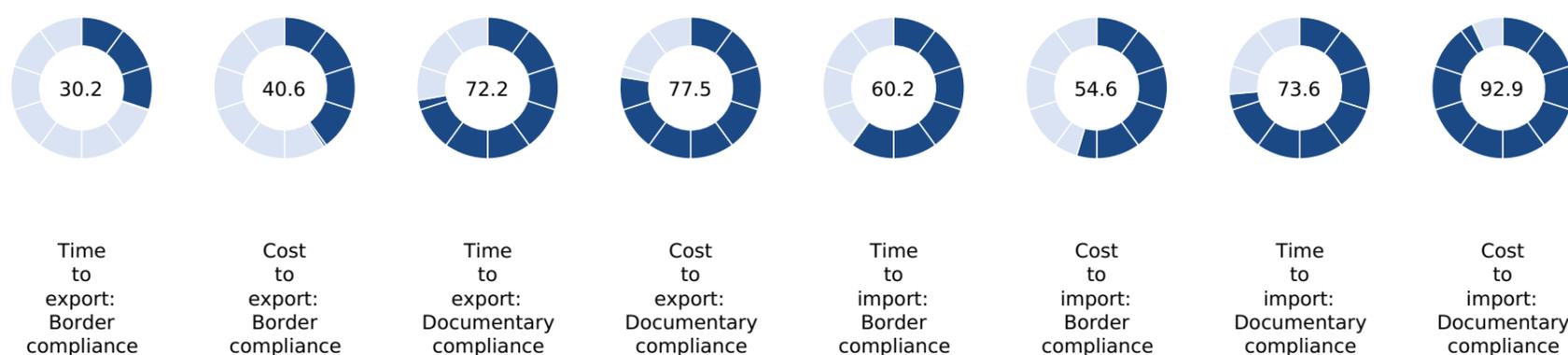
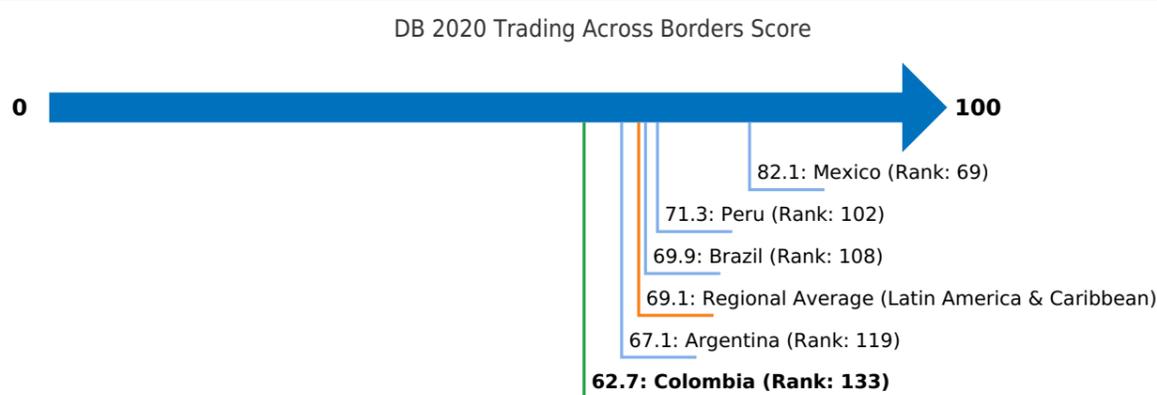
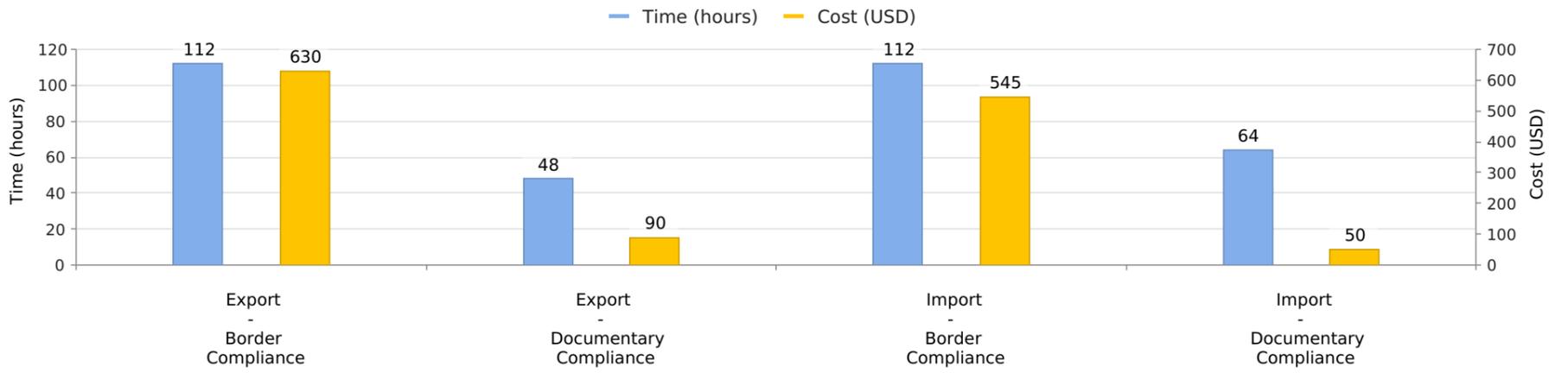


Figure - Trading across Borders in Colombia and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of trading across borders is determined by sorting their scores for trading across borders. These scores are the simple average of the scores for the time and cost for documentary compliance and border compliance to export and import.

Figure - Trading across Borders in Colombia - Time and Cost



Details - Trading across Borders in Colombia

| Characteristics | Export | Import |
|---------------------------------|--------------------------------------|--|
| Product | HS 09 : Coffee, tea, mati and spices | HS 8708: Parts and accessories of motor vehicles |
| Trade partner | United States | United States |
| Border | Cartagena port | Cartagena port |
| Distance (km) | 1035 | 1035 |
| Domestic transport time (hours) | 44 | 44 |
| Domestic transport cost (USD) | 1525 | 1525 |

Details - Trading across Borders in Colombia - Components of Border Compliance

| | Time to Complete (hours) | Associated Costs (USD) |
|---|--------------------------|------------------------|
| Export: Clearance and inspections required by customs authorities | 36.0 | 175.0 |
| Export: Clearance and inspections required by agencies other than customs | 36.3 | 85.0 |
| Export: Port or border handling | 112.0 | 370.0 |
| Import: Clearance and inspections required by customs authorities | 48.0 | 175.0 |
| Import: Clearance and inspections required by agencies other than customs | 40.0 | 0.0 |
| Import: Port or border handling | 112.0 | 370.0 |

Details - Trading across Borders in Colombia - Trade Documents

| Export | Import |
|--|----------------------------|
| Repeso Certificate (Certificado de Repeso) | Bill of lading |
| Phytosanitary certificate | Cargo Release Order |
| Antinarcotic Inspection Report | Certificate of origin |
| Certificate of Origin | Commercial invoice |
| Commercial Invoice | Customs Import Declaration |
| Customs Export Declaration | Packing list |
| Packing List | Pre-Inspection Report |
| Bill of Lading | Terminal Handling Receipts |
| SOLAS certificate | SOLAS certificate |
| Carta de Responsabilidad | |

Enforcing Contracts

The enforcing contracts indicator measures the time and cost for resolving a commercial dispute through a local first-instance court, and the quality of judicial processes index, evaluating whether each economy has adopted a series of good practices that promote quality and efficiency in the court system. The most recent round of data collection was completed in May 2019. [See the methodology for more information.](#)

What the indicators measure

Time required to enforce a contract through the courts (calendar days)

- Time to file and serve the case
- Time for trial and to obtain the judgment
- Time to enforce the judgment

Cost required to enforce a contract through the courts (% of claim value)

- Average attorney fees
- Court costs
- Enforcement costs

Quality of judicial processes index (0-18)

- Court structure and proceedings (-1-5)
- Case management (0-6)
- Court automation (0-4)
- Alternative dispute resolution (0-3)

Case study assumptions

The dispute in the case study involves the breach of a sales contract between two domestic businesses. The case study assumes that the court hears an expert on the quality of the goods in dispute. This distinguishes the case from simple debt enforcement.

To make the data on the time and comparable across economies, several assumptions about the case are used:

- The dispute concerns a lawful transaction between two businesses (Seller and Buyer), both located in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- The Buyer orders custom-made furniture, then fails to pay alleging that the goods are not of adequate quality.
- The value of the dispute is 200% of the income per capita or the equivalent in local currency of USD 5,000, whichever is greater.
- The Seller sues the Buyer before the court with jurisdiction over commercial cases worth 200% of income per capita or \$5,000 whichever is greater.
- The Seller requests the pretrial attachment of the defendant's movable assets to secure the claim.
- The claim is disputed on the merits because of Buyer's allegation that the quality of the goods was not adequate.
- The judge decides in favor of the seller; there is no appeal.
- The Seller enforces the judgment through a public sale of the Buyer's movable assets.

Enforcing Contracts - Colombia

Standardized Case

| | |
|--------------|------------------------------|
| Claim value | COP 36,211,939 |
| Court name | Bogota Civil Municipal Court |
| City Covered | Bogota |

| Indicator | Colombia | Latin America & Caribbean | OECD high income | Best Regulatory Performance |
|--|----------|---------------------------|------------------|-----------------------------|
| Time (days) | 1288 | 774.2 | 589.6 | 120 (Singapore) |
| Cost (% of claim value) | 45.8 | 32.0 | 21.5 | 0.1 (Bhutan) |
| Quality of judicial processes index (0-18) | 9.0 | 8.8 | 11.7 | None in 2018/19 |

Figure - Enforcing Contracts in Colombia - Score

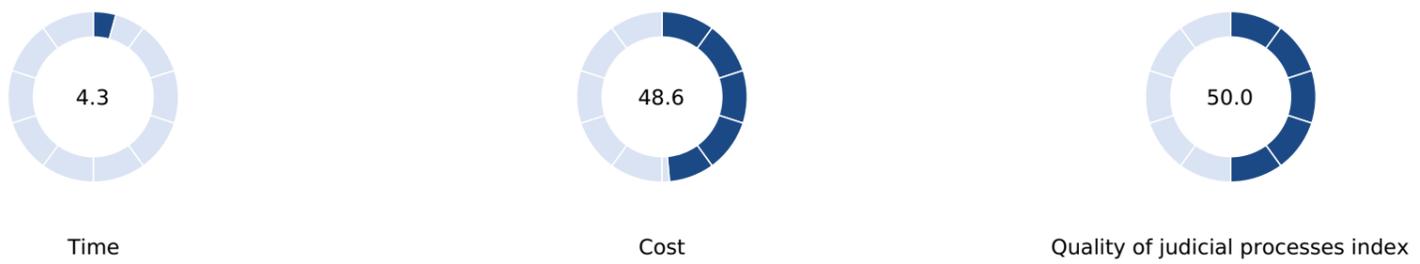


Figure - Enforcing Contracts in Colombia and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of enforcing contracts is determined by sorting their scores for enforcing contracts. These scores are the simple average of the scores for each of the component indicators.

Figure - Enforcing Contracts in Colombia - Time and Cost

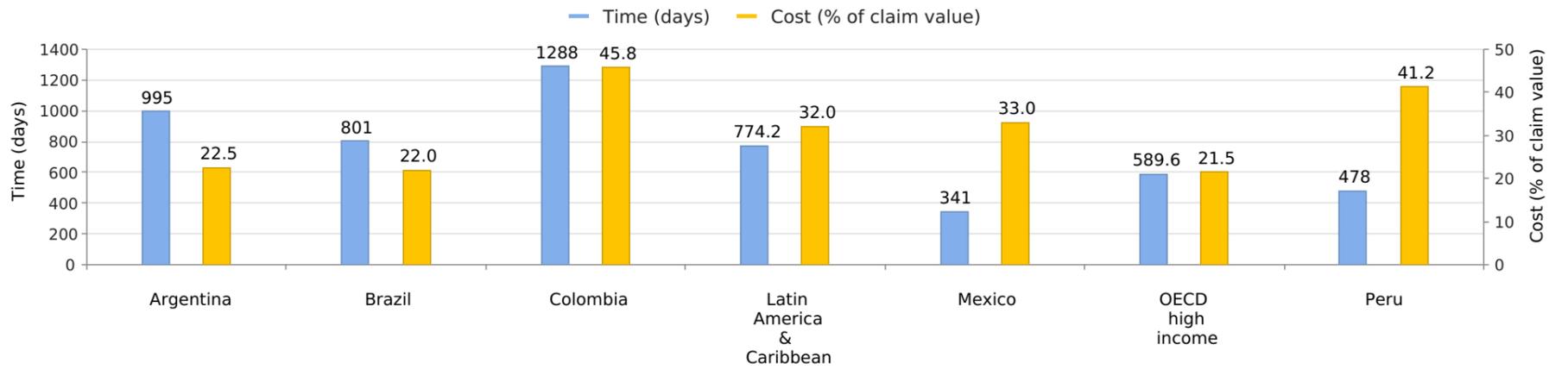
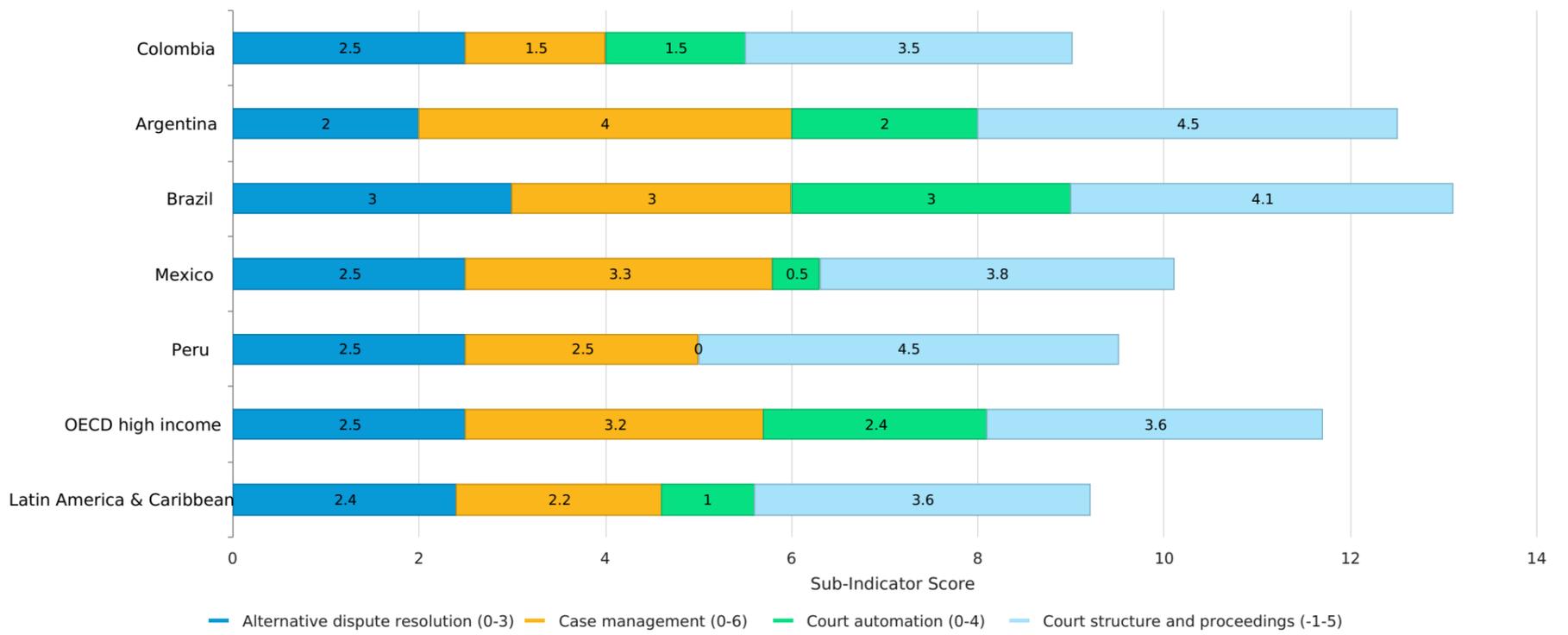


Figure - Enforcing Contracts in Colombia and comparator economies - Measure of Quality



Details - Enforcing Contracts in Colombia

| | Indicator |
|---|-------------|
| Time (days) | 1288 |
| Filing and service | 68 |
| Trial and judgment | 855 |
| Enforcement of judgment | 365 |
| Cost (% of claim value) | 45.8 |
| Attorney fees | 23.2 |
| Court fees | 10.5 |
| Enforcement fees | 12.1 |
| Quality of judicial processes index (0-18) | 9.0 |
| Court structure and proceedings (-1-5) | 3.5 |
| Case management (0-6) | 1.5 |
| Court automation (0-4) | 1.5 |
| Alternative dispute resolution (0-3) | 2.5 |

Details - Enforcing Contracts in Colombia - Measure of Quality

| | Answer | Score |
|--|----------------|------------|
| Quality of judicial processes index (0-18) | | 9.0 |
| Court structure and proceedings (-1-5) | | 3.5 |
| 1. Is there a court or division of a court dedicated solely to hearing commercial cases? | No | 0.0 |
| 2. Small claims court | | 1.5 |
| 2.a. Is there a small claims court or a fast-track procedure for small claims? | Yes | |
| 2.b. If yes, is self-representation allowed? | Yes | |
| 3. Is pretrial attachment available? | Yes | 1.0 |
| 4. Are new cases assigned randomly to judges? | Yes, automatic | 1.0 |
| 5. Does a woman's testimony carry the same evidentiary weight in court as a man's? | Yes | 0.0 |
| Case management (0-6) | | 1.5 |
| 1. Time standards | | 0.5 |
| 1.a. Are there laws setting overall time standards for key court events in a civil case? | Yes | |
| 1.b. If yes, are the time standards set for at least three court events? | Yes | |
| 1.c. Are these time standards respected in more than 50% of cases? | No | |
| 2. Adjournments | | 0.0 |
| 2.a. Does the law regulate the maximum number of adjournments that can be granted? | No | |
| 2.b. Are adjournments limited to unforeseen and exceptional circumstances? | No | |
| 2.c. If rules on adjournments exist, are they respected in more than 50% of cases? | n.a. | |
| 3. Can two of the following four reports be generated about the competent court: (i) time to disposition report; (ii) clearance rate report; (iii) age of pending cases report; and (iv) single case progress report? | Yes | 1.0 |
| 4. Is a pretrial conference among the case management techniques used before the competent court? | No | 0.0 |
| 5. Are there any electronic case management tools in place within the competent court for use by judges? | No | 0.0 |
| 6. Are there any electronic case management tools in place within the competent court for use by lawyers? | No | 0.0 |
| Court automation (0-4) | | 1.5 |
| 1. Can the initial complaint be filed electronically through a dedicated platform within the competent court? | No | 0.0 |
| 2. Is it possible to carry out service of process electronically for claims filed before the competent court? | Yes | 1.0 |
| 3. Can court fees be paid electronically within the competent court? | No | 0.0 |
| 4. Publication of judgments | | 0.5 |
| 4.a. Are judgments rendered in commercial cases at all levels made available to the general public through publication in official gazettes, in newspapers or on the internet or court website? | No | |
| 4.b. Are judgments rendered in commercial cases at the appellate and supreme court level made available to the general public through publication in official gazettes, in newspapers or on the internet or court website? | Yes | |
| Alternative dispute resolution (0-3) | | 2.5 |
| 1. Arbitration | | 1.5 |
| 1.a. Is domestic commercial arbitration governed by a consolidated law or consolidated chapter or section of the applicable code of civil procedure encompassing substantially all its aspects? | Yes | |
| 1.b. Are there any commercial disputes—aside from those that deal with public order or public policy—that cannot be submitted to arbitration? | No | |
| 1.c. Are valid arbitration clauses or agreements usually enforced by the courts? | Yes | |

| | |
|--|-----|
| 2. Mediation/Conciliation | 1.0 |
| 2.a. Is voluntary mediation or conciliation available? | Yes |
| 2.b. Are mediation, conciliation or both governed by a consolidated law or consolidated chapter or section of the applicable code of civil procedure encompassing substantially all their aspects (for example, definition, aim and scope of application, design)? | Yes |
| 2.c. Are there financial incentives for parties to attempt mediation or conciliation (i.e., if mediation or conciliation is successful, a refund of court filing fees, income tax credits or the like)? | No |

Resolving Insolvency

Doing Business studies the time, cost and outcome of insolvency proceedings involving domestic legal entities. These variables are used to calculate the recovery rate, which is recorded as cents on the dollar recovered by secured creditors through reorganization, liquidation or debt enforcement (foreclosure or receivership) proceedings. To determine the present value of the amount recovered by creditors, *Doing Business* uses the lending rates from the International Monetary Fund, supplemented with data from central banks and the Economist Intelligence Unit. The most recent round of data collection was completed in May 2019. [See the methodology for more information.](#)

What the indicators measure

Time required to recover debt (years)

- Measured in calendar years
- Appeals and requests for extension are included

Cost required to recover debt (% of debtor's estate)

- Measured as percentage of estate value
- Court fees
- Fees of insolvency administrators
- Lawyers' fees
- Assessors' and auctioneers' fees
- Other related fees

Outcome

- Whether business continues operating as a going concern or business assets are sold piecemeal

Recovery rate for creditors

- Measures the cents on the dollar recovered by secured creditors
- Outcome for the business (survival or not) determines the maximum value that can be recovered
- Official costs of the insolvency proceedings are deducted
- Depreciation of furniture is taken into account
- Present value of debt recovered

Strength of insolvency framework index (0- 16)

- Sum of the scores of four component indices:
- Commencement of proceedings index (0-3)
- Management of debtor's assets index (0-6)
- Reorganization proceedings index (0-3)
- Creditor participation index (0-4)

Case study assumptions

To make the data on the time, cost and outcome comparable across economies, several assumptions about the business and the case are used:

- A hotel located in the largest city (or cities) has 201 employees and 50 suppliers. The hotel experiences financial difficulties.
- The value of the hotel is 100% of the income per capita or the equivalent in local currency of USD 200,000, whichever is greater.
- The hotel has a loan from a domestic bank, secured by a mortgage over the hotel's real estate. The hotel cannot pay back the loan, but makes enough money to operate otherwise.

In addition, *Doing Business* evaluates the quality of legal framework applicable to judicial liquidation and reorganization proceedings and the extent to which best insolvency practices have been implemented in each economy covered.

Resolving Insolvency - Colombia

| Indicator | Colombia | Latin America & Caribbean | OECD high income | Best Regulatory Performance |
|--|----------|---------------------------|------------------|-----------------------------|
| Recovery rate (cents on the dollar) | 68.7 | 31.2 | 70.2 | 92.9 (Norway) |
| Time (years) | 1.7 | 2.9 | 1.7 | 0.4 (Ireland) |
| Cost (% of estate) | 8.5 | 16.8 | 9.3 | 1.0 (Norway) |
| Outcome (0 as piecemeal sale and 1 as going concern) | 1 | .. | .. | .. |
| Strength of insolvency framework index (0-16) | 11.0 | 7.2 | 11.9 | None in 2018/19 |

Figure - Resolving Insolvency in Colombia - Score

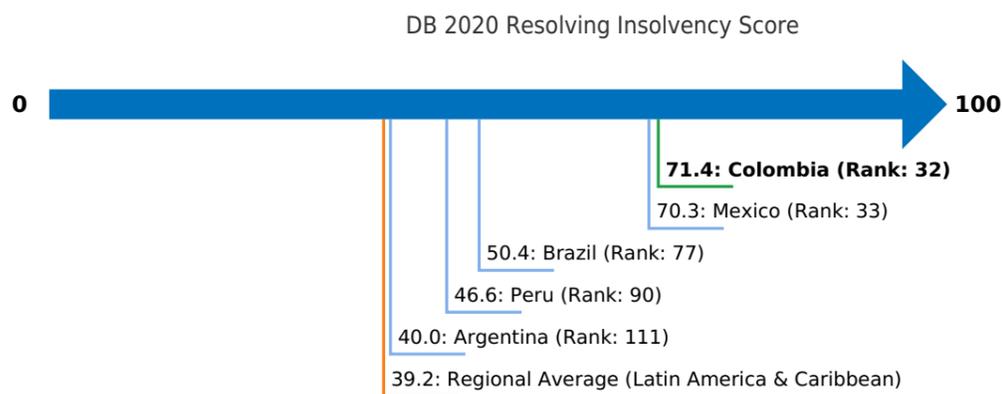


Recovery rate



Strength of insolvency framework index

Figure - Resolving Insolvency in Colombia and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of resolving insolvency is determined by sorting their scores for resolving insolvency. These scores are the simple average of the scores for the recovery rate and the strength of insolvency framework index.

Figure - Resolving Insolvency in Colombia - Time and Cost

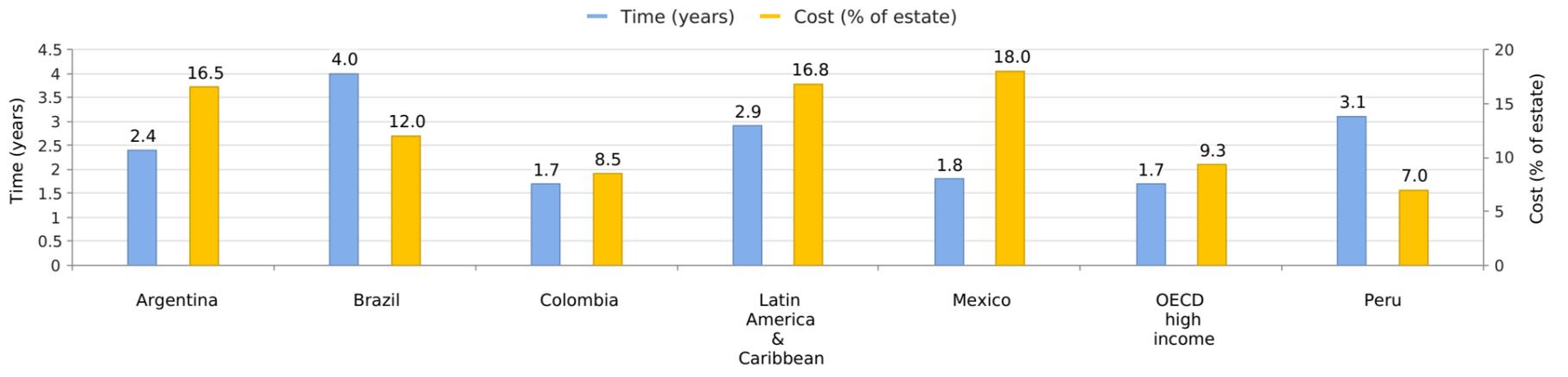
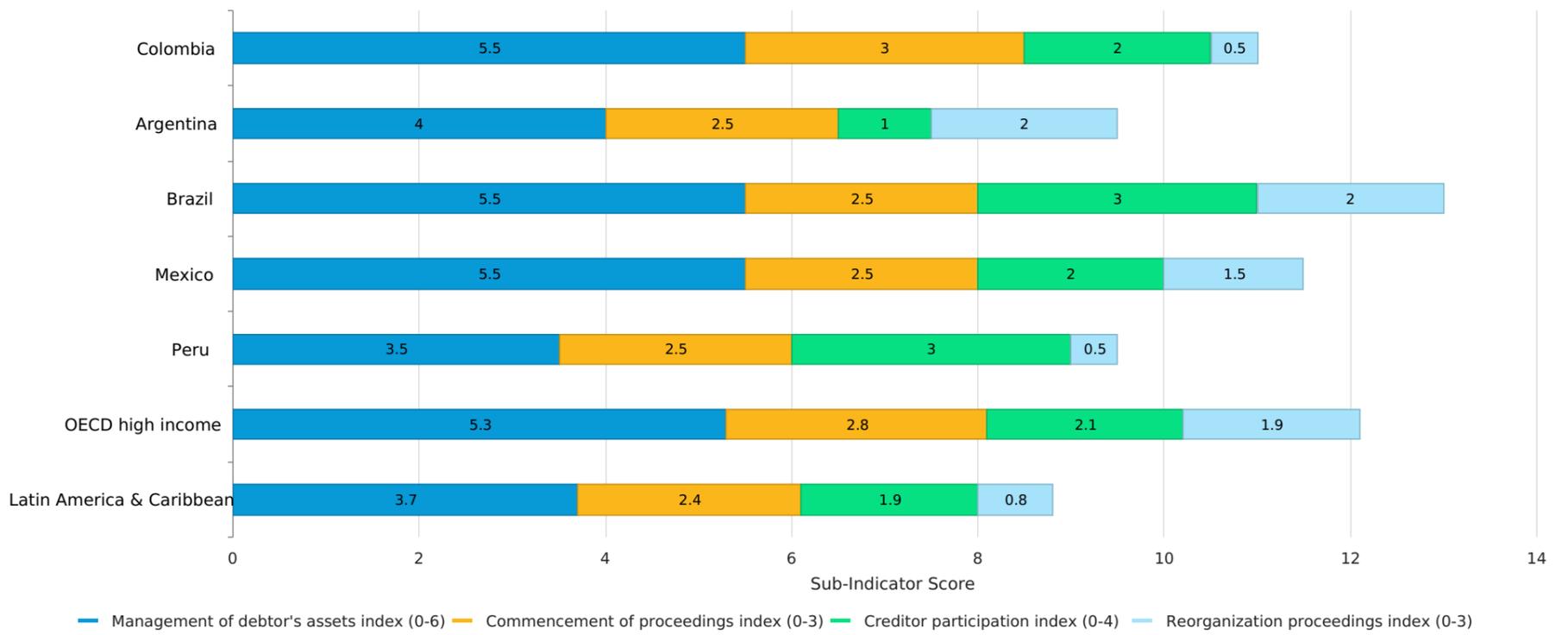
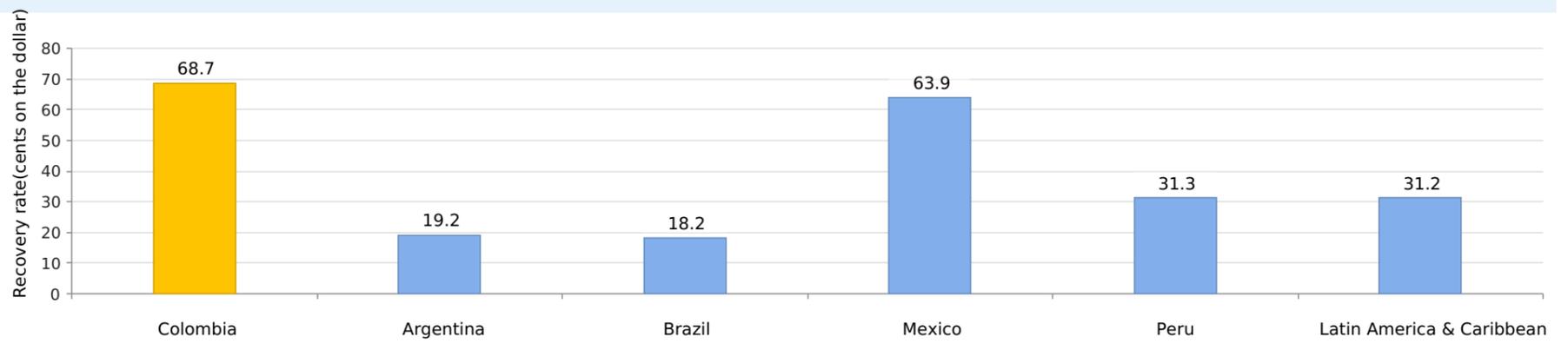


Figure - Resolving Insolvency in Colombia and comparator economies - Measure of Quality



Note: Even if the economy's legal framework includes provisions related to insolvency proceedings (liquidation or reorganization), the economy receives 0 points for the strength of insolvency framework index, if time, cost and outcome indicators are recorded as "no practice."

Figure - Resolving Insolvency in Colombia and comparator economies - Recovery Rate



Details - Resolving Insolvency in Colombia

| Indicator | Answer | Score |
|--|----------------|--|
| Proceeding | reorganization | The most likely procedure in the case of Mirage would be reorganization (art. 9.2 Law 1116) given the operating loss and the circumstance that the company is in a situation in which is unable to pay its debts (imminent default). By filing for a reorganization procedure it would be possible for Mirage to negotiate a reorganization plan that will include instruments of debt rescheduling and will allow the Mirage can continue to operate based on its current financial situation. By commencing the reorganization procedure BizBank wouldn't be in a position to start foreclosure or any type of debt enforcement procedure. |
| Outcome | going concern | The goal of reorganization procedure is that the company continues to operate at the end of the proceedings and that the hotel business can be profitable. The objective of Colombia's insolvency system is for the company to survive |
| Time (in years) | 1.7 | It would take approximately 20 months for a reorganization procedure before the Superintendency of Companies in Bogotá. Once the procedure starts, the phase of advertising, elaborating the creditor list and negotiating the agreement would take approximately 1 year. The time to resolve oppositions is included in this estimate. Once this period finished, it would take approximately 6 months more to judicially validate the agreement. This estimate takes into account the relative simplicity of the case because there is only one secured creditor and the liabilities are less than 1,200 million of pesos, so the time necessary to resolve is less than the average of 2.88 years estimated by the Superintendency of Companies for all the reorganization cases in Colombia. |
| Cost (% of estate) | 8.5 | The costs associated with the reorganization would amount to 8.4% of the estate. The main component are lawyer fees (5%). The remaining costs would be the fees of the promoter (2.4%, taking into account art. 39 of Law 1380 of 2010, 0.2% of the assets of the insolvent company for each month of negotiation). And the remaining 1% is for the court and notification fees related to the process, and the fees of accountants and other professionals. |
| Recovery rate (cents on the dollar) | | 68.7 |

Details - Resolving Insolvency in Colombia - Measure of Quality

| | Answer | Score |
|---|--|-------------|
| Strength of insolvency framework index (0-16) | | 11.0 |
| Commencement of proceedings index (0-3) | | 3.0 |
| What procedures are available to a DEBTOR when commencing insolvency proceedings? | (a) Debtor may file for both liquidation and reorganization | 1.0 |
| Does the insolvency framework allow a CREDITOR to file for insolvency of the debtor? | (a) Yes, a creditor may file for both liquidation and reorganization | 1.0 |
| What basis for commencement of the insolvency proceedings is allowed under the insolvency framework? (a) Debtor is generally unable to pay its debts as they mature (b) The value of debtor's liabilities exceeds the value of its assets | (a) Debtor is generally unable to pay its debts as they mature | 1.0 |
| Management of debtor's assets index (0-6) | | 5.5 |
| Does the insolvency framework allow the continuation of contracts supplying essential goods and services to the debtor? | Yes | 1.0 |
| Does the insolvency framework allow the rejection by the debtor of overly burdensome contracts? | Yes | 1.0 |
| Does the insolvency framework allow avoidance of preferential transactions? | Yes | 1.0 |
| Does the insolvency framework allow avoidance of undervalued transactions? | Yes | 1.0 |
| Does the insolvency framework provide for the possibility of the debtor obtaining credit after commencement of insolvency proceedings? | Yes | 1.0 |
| Does the insolvency framework assign priority to post-commencement credit? | (a) Yes over all pre-commencement creditors, secured or unsecured | 0.5 |
| Reorganization proceedings index (0-3) | | 0.5 |
| Which creditors vote on the proposed reorganization plan? | (a) All creditors | 0.5 |
| Does the insolvency framework require that dissenting creditors in reorganization receive at least as much as what they would obtain in a liquidation? | No | 0.0 |
| Are the creditors divided into classes for the purposes of voting on the reorganization plan, does each class vote separately and are creditors in the same class treated equally? | No | 0.0 |
| Creditor participation index (0-4) | | 2.0 |
| Does the insolvency framework require approval by the creditors for selection or appointment of the insolvency representative? | No | 0.0 |
| Does the insolvency framework require approval by the creditors for sale of substantial assets of the debtor? | No | 0.0 |
| Does the insolvency framework provide that a creditor has the right to request information from the insolvency representative? | Yes | 1.0 |
| Does the insolvency framework provide that a creditor has the right to object to decisions accepting or rejecting creditors' claims? | Yes | 1.0 |

Note: Even if the economy's legal framework includes provisions related to insolvency proceedings (liquidation or reorganization), the economy receives 0 points for the strength of insolvency framework index, if time, cost and outcome indicators are recorded as "no practice."

Employing Workers

Doing Business presents detailed data for the employing workers indicators on the *Doing Business* website (<http://www.doingbusiness.org>). The study does not present rankings of economies on these indicators or include the topic in the aggregate ease of doing business score or ranking on the ease of doing business.

The most recent round of data collection was completed in May 2019. [See the methodology for more information.](#)

What the indicators measure

Hiring

(i) whether fixed-term contracts are prohibited for permanent tasks; (ii) maximum cumulative duration of fixed-term contracts; (iii) length of the maximum probationary period; (iv) minimum wage; (v) ratio of minimum wage to the average value added per worker.

Working hours

(i) maximum number of working days allowed per week; (ii) premiums for work: at night, on a weekly rest day and overtime; (iii) whether there are restrictions on work at night, work on a weekly rest day and for overtime work; (iv) length of paid annual leave.

Redundancy rules

(i) whether redundancy can be basis for terminating workers; (ii) whether employer needs to notify and/or get approval from third party to terminate 1 redundant worker and a group of 9 redundant workers; (iii) whether the law requires employer to reassign or retrain a worker before making worker redundant; (iv) whether priority rules apply for redundancies and reemployment.

Redundancy cost

(i) notice period for redundancy dismissal; (ii) severance payments, and (iii) penalties due when terminating a redundant worker. Data on the availability of unemployment protection for a worker with one year of employment is also collected.

Case study assumptions

To make the data comparable across economies, several assumptions about the worker and the business are used.

The worker:

- Is a cashier in a supermarket or grocery store, age 19, with one year of work experience.
- Is a full-time employee.
- Is not a member of the labor union, unless membership is mandatory.

The business:

- Is a limited liability company (or the equivalent in the economy).
- Operates a supermarket or grocery store in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Has 60 employees.
- Is subject to collective bargaining agreements if such agreements cover more than 50% of the food retail sector and they apply even to firms that are not party to them.
- Abides by every law and regulation but does not grant workers more benefits than those mandated by law, regulation or (if applicable) collective bargaining agreements.

Employing Workers - Colombia

Details - Employing Workers in Colombia

| | Answer |
|---|----------|
| Hiring | |
| Fixed-term contracts prohibited for permanent tasks? | No |
| Maximum length of a single fixed-term contract (months) | 36.0 |
| Maximum length of fixed-term contracts, including renewals (months) | No limit |
| Minimum wage applicable to the worker assumed in the case study (US\$/month) | 269.9 |
| Ratio of minimum wage to value added per worker | 0.4 |
| Maximum length of probationary period (months) | 2.0 |
| Working hours | |
| Standard workday | 8.0 |
| Maximum number of working days per week | 6.0 |
| Premium for night work (% of hourly pay) | 35.0 |
| Premium for work on weekly rest day (% of hourly pay) | 75.0 |
| Premium for overtime work (% of hourly pay) | 25.0 |
| Restrictions on night work? | No |
| Restrictions on weekly holiday? | No |
| Restrictions on overtime work? | No |
| Paid annual leave for a worker with 1 year of tenure (working days) | 15.0 |
| Paid annual leave for a worker with 5 years of tenure (working days) | 15.0 |
| Paid annual leave for a worker with 10 years of tenure (working days) | 15.0 |
| Paid annual leave (average for workers with 1, 5 and 10 years of tenure, in working days) | 15.0 |
| Redundancy rules | |
| Dismissal due to redundancy allowed by law? | Yes |
| Third-party notification if one worker is dismissed? | No |
| Third-party approval if one worker is dismissed? | No |
| Third-party notification if nine workers are dismissed? | No |
| Third-party approval if nine workers are dismissed? | No |
| Retraining or reassignment obligation before redundancy? | No |
| Priority rules for redundancies? | No |
| Priority rules for reemployment? | No |
| Redundancy cost | |
| Notice period for redundancy dismissal for a worker with 1 year of tenure (weeks of salary) | 0.0 |
| Notice period for redundancy dismissal for a worker with 5 years of tenure (weeks of salary) | 0.0 |
| Notice period for redundancy dismissal for a worker with 10 years of tenure (weeks of salary) | 0.0 |
| Notice period for redundancy dismissal (average for workers with 1, 5 and 10 years of tenure, in weeks of salary) | 0.0 |
| Severance pay for redundancy dismissal for a worker with 1 year of tenure (weeks of salary) | 4.3 |
| Severance pay for redundancy dismissal for a worker with 5 years of tenure (weeks of salary) | 15.7 |

| | |
|---|------|
| Severance pay for redundancy dismissal for a worker with 10 years of tenure (weeks of salary) | 30.0 |
| Severance pay for redundancy dismissal (average for workers with 1, 5 and 10 years of tenure, in weeks of salary) | 16.7 |
| Unemployment protection after one year of employment? | Yes |

Business Reforms in Colombia

From May 2, 2018 to May 1, 2019, 115 economies implemented 294 business regulatory reforms across the 10 areas measured by Doing Business. Reforms inspired by *Doing Business* have been implemented by economies in all regions. The following are reforms implemented since *Doing Business* 2008.

✓ = *Doing Business* reform making it easier to do business. ✗ = Change making it more difficult to do business.

DB2020

- ✓ **Starting a Business:** Colombia made starting a business easier by removing the requirement of opening a bank account to obtain the invoice authorization.
- ✓ **Trading across Borders:** Colombia made trading across borders easier by digitizing the responsibility card, one of the requisite export documents.
- ✓ **Resolving Insolvency:** Colombia made resolving insolvency easier by increasing the participation of creditors in insolvency proceedings.

DB2018

Employing Workers: Colombia increased the mandatory length of paid maternity leave.

DB2017

- ✓ **Starting a Business:** Colombia made starting a business easier by streamlining registration procedures.

DB2016

✓ **Paying Taxes:** Colombia made paying taxes less costly for companies by reducing the payroll tax rate and introducing exemptions for health care contributions paid by employers.

DB2015

- ✓ **Registering Property:** Colombia made transferring property easier by eliminating the need for a provisional registration.
- ✓ **Getting Credit:** Colombia improved access to credit by adopting a new secured transactions law that establishes a functional secured transactions system and a centralized, notice-based collateral registry. The law broadens the range of assets that can be used as collateral, allows a general description of assets granted as collateral, establishes clear priority rules inside bankruptcy for secured creditors, sets out grounds for relief from a stay of enforcement actions by secured creditors during reorganization procedures and allows out-of-court enforcement of collateral.
- ✗ **Paying Taxes:** Colombia made paying taxes more complicated for companies by introducing a new profit tax (CREE), though it also reduced the corporate income tax rate and payroll taxes.

DB2014

- ✓ **Getting Electricity:** Colombia made getting electricity easier by opening a one-stop shop for electricity connections and improving the efficiency of the utility's internal processes.
- ✓ **Enforcing Contracts:** Colombia made enforcing contracts easier by simplifying and speeding up the proceedings for commercial disputes.

DB2013

- ✓ **Starting a Business:** Colombia made starting a business easier by eliminating the requirement to purchase and register accounting books at the time of incorporation.

DB2012

- ✓ **Starting a Business:** Colombia reduced the costs associated with starting a business, by no longer requiring upfront payment of the commercial license fee.
- ✓ **Paying Taxes:** Colombia eased the administrative burden of paying taxes for firms by establishing mandatory electronic filing and payment for some of the major taxes.
- ✓ **Resolving Insolvency:** Colombia amended regulations governing insolvency proceedings to simplify the proceedings and reduce their time and cost

DB2011

- ✓ **Starting a Business:** Colombia eased the process of Starting a Business by reducing the number of days to register with the Social Security System.
- ✓ **Dealing with Construction Permits:** Colombia eased construction permitting by improving the electronic verification of prebuilding certificates.

DB2010

- ✓ **Starting a Business:** Colombia made starting a business easier by establishing a new public-private health provider (Nueva EPS) that enables faster enrollment of employees and by introducing online preenrollment with the Social Security Institute (Instituto de Seguro Social).
- ✓ **Dealing with Construction Permits:** Colombia made dealing with construction permits easier by introducing regulations that categorize building projects on the basis of risk and allow electronic verification for certain documents.
- ✓ **Registering Property:** Colombia made transferring property easier by making certificates required for the process available online and providing a standard preliminary sale agreement free of charge, online and in notary offices.
- ✓ **Getting Credit:** Colombia improved access to credit information by guaranteeing borrowers' right to inspect their own data and by making it mandatory for credit providers to consult and share information with credit bureaus.
- ✓ **Protecting Minority Investors:** Colombia strengthened investor protections by making it easier to sue directors when a related-party transaction harms the company.
- ✓ **Paying Taxes:** Colombia made paying taxes easier and less costly for companies by introducing electronic filing and payment and reducing some payments.
- ✓ **Trading across Borders:** Colombia speeded up the customs clearance process by implementing the electronic data interchange system MUISCA.
- ✓ **Resolving Insolvency:** Colombia enhanced its insolvency process through several decrees regulating the profession of insolvency administrators.

DB2009

- ✓ **Starting a Business:** Colombia reduced the time, cost and number of procedures to start a business by introducing online company registration and simplifying other registration formalities.
- ✓ **Dealing with Construction Permits:** Colombia made dealing with construction permits easier by fully adopting the "silence is consent" rule and by introducing a new unified application form for building permits.
- ✓ **Paying Taxes:** Colombia made paying taxes easier for companies by integrating and unifying electronic forms for tax payments and making electronic payment mandatory for companies with more than 30 employees.
- ✓ **Trading across Borders:** Colombia reduced the time for exporting and importing through the implementation of risk management procedures, electronic data interchange and electronic payment of customs duties and through improvements in the banking sector.
- ✓ **Resolving Insolvency:** Colombia improved its insolvency process by introducing 2 new proceedings—a reorganization procedure to restructure insolvent companies and a mandatory liquidation procedure—and tightening the time limits for negotiating reorganization agreements.

DB2008

- ✓ **Protecting Minority Investors:** Colombia strengthened investor protections by increasing disclosure requirements for related-party transactions in the annual report.
- ✓ **Paying Taxes:** Colombia made paying taxes easier for companies through the diffusion of electronic facilities—though it also increased employers' social security contribution rate.
- ✓ **Trading across Borders:** Colombia made trading across borders easier by extending operating hours for customs and the port in Cartagena.

Doing Business 2020 is the 17th in a series of annual studies investigating the regulations that enhance business activity and those that constrain it. It provides quantitative indicators covering 12 areas of the business environment in 190 economies. The goal of the *Doing Business* series is to provide objective data for use by governments in designing sound business regulatory policies and to encourage research on the important dimensions of the regulatory environment for firms.

www.doingbusiness.org



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