



**PROCOLOMBIA**  
EXPORTS TOURISM INVESTMENT COUNTRY BRAND



**Gobierno de  
Colombia**

# LEGAL GUIDE TO DO BUSINESS IN

**COLOMBIA** 

**2023**



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# CHAPTER 13

*ACCOUNTING  
REGULATION  
FOR COMPANIES*

**COLOMBIA** 

# ACCOUNTING REGULATION FOR COMPANIES

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Seven things an investor should know about accounting regulation for companies in Colombia:

1. In Colombia, all companies that carry out commercial acts must keep their accounting under the technical accounting frameworks in force in the country, which are based on the International Financial Reporting Standards issued by the IASB<sup>1</sup> (NIIFs for its acronym in Spanish and IFRS for its acronym in English). Although Colombia's technical accounting frameworks are based on IFRS, some provisions of IFRS are not applied in Colombia.
2. Within the local technical accounting frameworks, there are three different set of rules depending on the characteristics of the entity: (i) Group 1 Technical Framework based on IFRS, which applies generally to large companies, financial corporations and insurance companies; (ii) Group 2 Technical Framework, based on IFRS for SMEs, which applies generally to entities that do not belong to Group 1 or Group 3 and (iii) Group 3 Technical Framework is applicable to Micro companies, which are those whose annual revenue from ordinary activities is less than or equal to certain amounts that depend on the sector to which the company belongs. (Decree 2420 of 2015).
3. At the end of each financial year and at least once a year, companies shall close their books to prepare general purpose financial statements, the cutoff date will be December 31st. The financial statements must be signed by a Certified Public Accountant or the statutory auditor, depending on the Company and such statements shall be disseminated together with the corresponding professional opinion, if any, or if the company is required to have one (Art. 34 of Law 222 of 1995).

<sup>1</sup> Accounting standards issued by the International Accounting Standards Board (IASB).

4. The legal representative is required to sign and submit the general-purpose financial statements. These are normally used by the highest corporate body to support some of its decisions, and it is mandatory to disclose the results of the period and/or the retained profits (Art. 151 of the Commercial Code).
5. For tax purposes, according to the Tax Statute, the accounting of a company is the starting point for the determination of assets, liabilities, income, costs, and deductions for income tax purposes. However, the tax law establishes some exceptions to determine the realization of income, costs, deductions, etc. For instance, fair value adjustments, provisions and equity method do not generate income, costs, or income tax deductions.
6. Colombia has also adopted the International Standards on Auditing that apply to those who perform audits and statutory audit work (Decree 2420 of 2015).
7. In Colombia there is an institution known as the Statutory Auditor, exercised by an accountant and has additional obligations besides the audit of financial statements. For example, the statutory auditor must certify some tax returns, review and

report possible irregularities that occur in the operation of the company and in the development of its business, ensure that the company's assets are preserved.

Joint stock companies, branches of foreign companies and those companies with more than 5,000 SMMLV<sup>2</sup> of gross assets or 3,000 SMMLV of income are required to have a Statutory Auditor, although they may also be designated voluntarily by any company.

### 13.1. Regulatory Generalities

In Colombia, Law 1314 of 2009 established that companies must apply the globally accepted international financial reporting standards.

For income tax purposes, the tax regulations refer to the accounting bases; however, accounting regulations are independent from tax regulations and from other legal regulations unrelated to accounting. This is with the purpose that the financial information in Colombia reflects the economic essence of the transactions.

On another note, as development of this law, regulations have been issued in accounting and information assurance matters, which are compiled in the Decree 2420 of 2015 and the other decrees that have added or modified it<sup>3</sup>.

Every year, accounting standards in Colombia are updated with some of the changes established by the IASB for IFRS. The changes established by the IASB would only be applicable in Colombia if

<sup>2</sup> Current legal monthly minimum wage, for 2023 one (1) SMMLV is COP \$1,160,000.

<sup>3</sup> See the "Annex: Regulatory Decrees" of this chapter for a complete list of the regulatory decrees that have been issued in implementation of Law 1314 of 2009.

they are established through the issuance of a decree.

### 13.2. Accounting frameworks applicable in Colombia

As indicated in previous paragraphs, companies and other entities in Colombia would generally apply one of three accounting frameworks: IFRS, IFRS for SMEs (small and medium companies), and the regulatory technical framework for financial reporting for micro-enterprises. In addition to these frameworks, companies and entities in a liquidation process or in imminent liquidation (i.e., in terms of their accounting framework for entities that do not meet the going concern assumption), must apply a special technical accounting framework, which is regulated by the Decree 2101 of 2016; this framework is known as the Accounting Framework for Entities that do not meet the going concern assumption. In order to identify which of the accounting frameworks is applicable to a company or entity, the company must meet certain characteristics and/or parameters

established by the regulations and report at the time of the company's creation.

### 13.3. IFRS in force in Colombia to date

To date, the Full IFRS in Spanish issued up to January 1st of 2020 by the IASB<sup>4</sup> and the IFRS for SMEs in their 2015 version have been incorporated in Colombia through regulatory decrees<sup>5</sup>. However, the IASB has issued other documents that Colombia has not adopted yet, hence there could be differences between the financial statements of a Colombian company and a company from another country.

### 13.4. Reporting of financial information to supervisory and control bodies

Annually, the entities under inspection, surveillance and control of the competent authorities must report their separate, individual, and consolidated financial statements to the authorities. This report must be made between April and June of each year.

### 13.5. Annex: Regulatory Decrees

RULE	SUBJECT
<b>Decree 3567 of 2011</b>	Lays down provisions on the organization and functioning of the Technical Council of Public Accounting.
<b>Decree 3048 of 2011</b>	Creates the Intersectoral Commission on Accounting, Financial Reporting, and Information Assurance Standards.
<b>Decree 2706 of 2012</b>	Regulates Law 1314 of 2009 on the technical regulatory framework for financial reporting for microenterprises.

<sup>4</sup> Decree 938 of 2021, which amends and adds to DUR 2420 of 2015.

<sup>5</sup> Decree 2496 of 2015, which amends and adds to DUR 2420 of 2015.

RULE	SUBJECT
<b>Decree 2784 of 2012</b>	Regulates Law 1314 of 2009 on the technical regulatory framework for financial information preparers that make up Group 1.
<b>External Circular 115-000002 of 2012</b>	Process of Convergence of Accounting and Financial Reporting Standards with International Standards.
<b>Circular letter 01 of 2013</b>	Plan for the implementation of financial reporting standards - (NIF) Group 1 supervised entities.
<b>Decree 1851 of 2013</b>	Regulates Law 1314 of 2009 on the technical regulatory framework for financial information preparers that are classified in paragraph a) of article 1 of Decree 2784 of 2012 and that are part of Group 1.
<b>Decree 3019 of 2013</b>	Whereby the Financial Reporting Technical Standards Framework for Microenterprises, annexed to Decree 2706 of 2012, is amended.
<b>Decree 3022 of 2013</b>	Regulates Law 1314 of 2009 on the technical regulatory framework for financial information preparers that make up Group 2.
<b>Decree 3023 of 2013</b>	Partially amends the regulatory technical framework for financial reporting for financial information preparers that make up Group 1 contained in the Annex to Decree 2784 of 2012.
<b>Decree 3024 of 2013</b>	Amends Decree 2784 of 2012 and issues other provisions.
<b>Decree 2129 of 2014</b>	Whereby a new deadline is set for the financial information preparers that make up Group 2 to comply with the provisions of paragraph 4 of article 3 of Decree 3022 of 2013.
<b>Decree 2267 of 2014</b>	Partially amends Decrees 1851 and 3022 of 2013 and issues other provisions.

RULE	SUBJECT
<b>Decree 2548 of 2014</b>	Regulates articles 4 of Law 1314 of 2009, 165 of Law 1607 of 2012, 773 and 774 of the Tax Statute.
<b>Decree 302 of 2015</b>	Regulates Law 1314 of 2009 on the technical regulatory framework for information assurance standards.
<b>Unified Regulatory Decree (DUR) 2420 of 2015</b>	Compiles the regulatory decrees of law 1314 of 2009 with respect to IFRS and IASs, Decrees 2706 of 2012, 2784 of 2012, 3022 of 2013 and 302 of 2015.
<b>Decree 2496 of 2015</b>	Whereby DUR 2420 of 2015 is amended, about the accounting frameworks applicable by Group 1 and 2 entities and other provisions are issued.
<b>Decree 2101 of 2016</b>	Whereby a title 5, entitled financial reporting standards for entities that do not meet the going concern assumption, is added to Part 1 of Book 1 of DUR 2420 of 2015 and other provisions are issued.
<b>Decree 2131 of 2016</b>	Whereby DUR 2420 of 2015 is amended, about the accounting frameworks applicable to Group 1 and 2 entities and other provisions are issued.
<b>Decree 2132 of 2016</b>	By means of which the technical regulatory framework of the information assurance standards, provided for in article 1.2.1.1 of book 1, part 2, title 1 of DUR 2420 of 2015, is partially amended and other provisions are issued.
<b>Decree 2170 of 2017</b>	Partially amends the technical accounting frameworks for Group 1 and 2 entities and information assurance.

RULE	SUBJECT
<b>Decree 2483 of 2018</b>	Compiles and updates the technical frameworks of the Financial Reporting Standards IFRS for Group 1 and the Financial Reporting Standards, IFRS for SMEs, Group 2, annexed to DUR 2420 of 2015, and issuing other provisions.
<b>Decree 2270 of 2019</b>	By which the technical frameworks of the Financial Reporting Standards for Group 1 and the Information Assurance Standards are compiled and updated, an Annex No 6 is added to DUR 2420 of 2015, and other provisions are issued.
<b>Law 2069 of 2020</b>	Whereby the grounds for dissolution due to losses are repealed and the grounds for dissolution due to non-compliance with the going concern hypothesis are included, in accordance with the conceptual framework of the IFRS.
<b>Decree 560 of 2020</b>	Temporarily suspends the going concern hypothesis as grounds for corporate dissolution for 24 months from the date of issue of Decree 560 dated 15 April 2020
<b>Decree 938 of 2021</b>	Amends IASs 1, 16, 37, 39 and 4, and IFRSs 1, 3, 4, 7, 9 and 16 of the Technical Annex to the Financial Reporting Standards for Group 1, applicable in Colombia.
<b>Decree 1611 of 2022</b>	Amends the Technical Annex to Financial Reporting Standards for Group 1

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