

COLOMBIA

Colombia is a country in northwestern South America that borders the Pacific Ocean and the Caribbean Sea. It is known for its varied geography, which includes the Andes mountain range, tropical forests, coastal plains, and high-altitude regions. One of the continent's most populous nations, with around 52.3 million people, it is home to a diverse population, consisting of indigenous peoples, Afro-Colombians, and a mix of descendants of Spaniards and other European immigrants. It's economy is one of the most diversified in Latin America, with sectors such as agriculture, mining, manufacturing, services, and tourism.

SOUTH AMERICA

NATIONAL HOLIDAYS

The following are the current public holidays in Colombia:

JAN 1	New Year
JAN 8*	Epiphany Holiday* (<i>*Date varies</i>)
MAR 25*	San Jose Day* (<i>*Date varies</i>)
MAR 28*	Holy Thursday* (<i>*Date varies</i>)
MAR 29*	Good Friday* (<i>*Date varies</i>)
MAY 1	Labor Day
MAY 13*	Ascension Day Holiday* (<i>*Date varies</i>)
JUN 3*	Corpus Christi* (<i>*Date varies</i>)
JUN 10*	Sacred Heart Day* (<i>*Date varies</i>)
JUL 1*	Feast of St Peter and St Paul* (<i>*Date varies</i>)
JUL 20	Independence Day
AUG 7	Battle of Boyacá
AUG 19*	Assumption Day* (<i>*Date varies</i>)
OCT 14*	Day of Respect for Cultural Diversity* (<i>*Date varies</i>)
NOV 4*	All Souls' Day* (<i>*Date varies</i>)
NOV 11*	Independence of Cartagena* (<i>*Date varies</i>)
DEC 8	Immaculate Conception
DEC 25	Christmas

In Colombia, there are a number of public holidays that the law established that if they do not fall on a Monday they will be moved to the following Monday.

EMPLOYMENT CONTRACTS

Overall there are 3 employment contracts in Colombia:

LABOR OR WORK CONTRACT: Specifically tailored for temporary service providers, with duration capped at one year. No notice required for termination.

INDEFINITE DURATION CONTRACT: It is the employment contract that is signed without agreeing or setting a termination date. The contract will last as long as the parties consider it. Its duration is infinite until one of the parties decides to terminate it. In this type of contract, a probationary period of up to two months can be established. Termination without just cause requires compensation to the worker, calculated based on their earned salary.

FIXED-TERM EMPLOYMENT CONTRACT: As the name implies, it is a contract that is born with a defined termination date. From the moment the employment contract is signed, it is agreed that the contract will end on a date specified therein, although this does not prevent the contract from being renewed, either formally or automatically if the legal requirements are met. It is important



to note that, according to the regulation, the fixed-term employment contract must always be in writing and its duration cannot exceed **3 years**, but it can be indefinitely renewable. If the duration of the contract is less than one year, it can be extended up to **three times** (with a renewal equal to or less than the initial term), but after the third renewal, the contract can only be extended for periods of one year. It has a maximum trial period of **2 months**. Termination without just cause necessitates compensating the worker for the entire duration of the agreed-upon contract period.

WORKING HOURS

In Colombia, as of 2023, the standard working hours amount to 47 hours per week or 235 hours per month.

As per the current legislation, Colombia is set to undergo a gradual reduction in working hours annually, culminating in 42 hours per week equating to 210 hours per month by 2026. This reduction will be phased in gradually until 2026. Until then, the following actions will be taken:

- a) Following **July 15, 2024**, the regular workweek will be reduced to **46 hours**, totaling 230 hours per month;
- b) Effective **July 15, 2025**, it will further decrease to **44 hours per week**, or 220 hours per month;
- c) By **July 15, 2026**, the standard workday will be definitively established at **42 hours per week**, amounting to 210 hours per month.



PROBATIONARY PERIOD

The probation period in Colombia is set to be a period of **one-fifth** of the contract duration up to **2 months**.

TERMINATION

WORK OR LABOR CONTRACTS: If all legal requirements for a work or labor contract have been met, there is no need to provide compensation to the employee upon termination.

DEFINITE CONTRACTS: In cases where the contract is not renewed, the employer must inform the employee of the decision not to renew at least 30 days prior to the expiration date.

Failure to do so will result in automatic renewal of the contract for the same initial duration. If the employee chooses to terminate the contract unilaterally, they are required to compensate for the remaining days of salary until the agreed-upon term concludes.

INDEFINITE CONTRACTS: During the initial year of service, a payment equivalent to **30 days** of salary is required. If the employee continues beyond the first year, an **additional 20 days** of salary must be paid for each subsequent year of service or proportionate to the duration worked beyond the initial year.

BONUS REQUIRED BY LAW

GENERALITIES OF SOCIAL BENEFITS SERVICE PREMIUM: It constitutes a payment equivalent to **50% of the monthly salary**, which is to be

disbursed every **six months** (in June and December) and is prorated based on the duration of employment within the semester.

CESANTIAS (UNEMPLOYMENT): It refers to the compensation amounting to **30 days of salary** for **every year of service rendered**. The calculation period spans from January 1 to December 30, with payments due no later than February 14 of the subsequent year, drawn from the predetermined funds contributed by the employees. The calculation is proportionate to the time worked in the year.

VACATIONS

Every employee is eligible for 15 working days of paid leave per year of service or proportionate to their tenure as applicable.

SICK LEAVE

All employees are entitled to paid sick leave by their employer for the **first two days of leave**, at a rate of 100% of their regular pay rate.

Medical authorization from EPS (Health Promotion Entity) must be obtained for the employee to be paid for their sick leave.

From the **third day onwards**, all payments are assumed by the EPS at a rate of **66.67%**. Still, the law requires that the employer pays from **day 3** until **day 180**, with reimbursement from the EPS.

These same rules also apply to disability leave.

PARENTAL LEAVE

MATERNITY LEAVE

Maternity leave is a paid **18-week break** that the law confers on a woman who has a child, which is paid by the employer and recognized by the EPS. It must start 1 week before the probable date of delivery (or 2 weeks in case of medical recommendation), the other weeks of maternity leave after delivery will be **up to 18 weeks** in total.

The employer is required to provide the worker with **two breaks**, each lasting **30 minutes**, during the day to allow for breastfeeding her child. These breaks are to be provided without any deduction from the worker's salary and are applicable during the first six months of the child's age.

An employer cannot terminate a worker's employment due to pregnancy or lactation without obtaining prior authorization from the Ministry of Labor, substantiated by a justifiable cause. Dismissal arising from pregnancy or breastfeeding is assumed if it occurs during the pregnancy period and/or within **three months** after delivery.

Consequently, while the lactation period spans **6 months**, job stability attributed to these circumstances is applicable only within the **3 months following delivery**.

The employer pays this and is then fully reimbursed by social security (EPS).

PATERNITY LEAVE

As outlined in the second paragraph of **Article 236** of the substantive labor code, paternity leave consists of a paid break of 14 days, inclusive of Sundays and holidays.

The employer pays this and is then fully reimbursed by social security (EPS).

TAXES

As taxes for the **employer**, parafiscal contributions can be taken, which are as follows:

CCF	4%
ICBF	3%
SENA	2%

CCF: CCF (Cajas de compensación familiar) are funds responsible for managing resources contributed by companies, aiming to provide subsidies to workers who have eligible beneficiaries. The family subsidy entails financial assistance granted by the CCF affiliated with the worker, given to the worker for each eligible beneficiary they have. This subsidy typically involves the provision of items such as school supplies, medications, clothing, or footwear. The contribution amounts to **4%** of each worker's salary. The stipulated base for this calculation varies according to the type of salary.



ICBF: The Colombian Institute of Family Welfare (Instituto Colombiano de Bienestar Familiar, in Spanish) aims to promote the well-being of children from low-income backgrounds and families in general. It is an entity responsible for safeguarding the rights of minors who lack the necessary resources to provide themselves with essential care, such as food, clothing, housing, or education. The contribution amounts to **3%** of each worker's salary. The stipulated base for this calculation varies according to the type of salary; applies for salaries greater than 10 SMMLV.

SENA: SENA's function is to train Colombians so that they acquire the knowledge and skills necessary to achieve proper integration and performance in the labor field. The contribution amounts to **2%** of each worker's salary. The stipulated base for this calculation varies according to the type of salary; applies for salaries greater than 10 SMMLV.

Employers also should contribute to social security/pension related taxes, such as:

CONTRIBUTIONS TO WORKERS' COMPENSATION ADMINISTRATORS (ARL): Workers' Compensation Administrators, better known as ARL,

better known as ARL, are insurers that cover occupational risks, including those that may occur during the commute to the workplace. The contribution percentage to occupational risks corresponds to the level of risk to which the worker is exposed in their position, ranging from **0.522% to 6.960%** of each employee's salary, fully paid by the employer.

CONTRIBUTIONS TO PENSION (AFP): Employer pays **12%** The **employee** must contribute a monthly payment of **4%** to the Pension Fund Administrators (AFP) selected by the worker, based on the monthly payments received.

ARL	0.522% to 6.960%
AFP	4% employee 12% employer
EPS	8.5% employer 4% employee

In relation to employees, the **employer** is required to apply the "withholding tax" based on their monthly income level. The rate of this tax may fluctuate between **0%** and **39%**, contingent upon their income level and applicable deductions.

0-95 UVT	0%
95-150 UVT	19%
150-360 UVT	28%
360-640 UVT	33%
640-945 UVT	35%
945-2,300 UVT	37%
2,300+ UVT	39%

1 UVT equals to 47,065 COP in 2024.

HEALTH INSURANCE

EPS (Health Promoting Entities) represent Colombia's public health insurance system. Administered by various insurance companies, EPSs direct insured individuals to a network of participating healthcare providers. This system is obligatory for all legal residents of the country. Monthly contributions, if applicable, **employers** should pay **8.5%** and the **employee** contributes **4%** for incomes **exceeding 10 SMMLV**.

EMPLOYEE BENEFITS

Benefits are not mandated by law; within **SGF Global**, only internal personnel receive medical coverage.

LABOR LAW - NUMBER AND VALID PAGE

The primary source of labor law in Colombia is

Código Sustantivo del Trabajo, 1951 (last amended in 2023), commonly translated as the Substantive Labor Code, which governs the terms and conditions of employment such as working hours, holidays and rest periods, wages, overtime, leaves and employment relationships. There are several other laws that amended the Labor Code over a period of time namely, Law 2101 of 2021, Decree 2943 of 2013, Law 1846 of 2017, Law 1822 of 2017, Decree 1406 of 1999 & law 50 of 1990. Check it out in the link below:

SUBSTANTIVE LABOR CODE/CÓDIGO

SUSTANTIVO DEL TRABAJO: <https://www.suin-juriscol.gov.co/viewDocument.asp?ruta=Codigo/30019323>

HOME OFFICE/HYBRID WORK - LAW - GUIDANCE

Law 2121 of 2021 establishes the guidelines for the adoption of telecommuting practices in Colombia.

Remote work involves the compensated execution of tasks or provision of services to third parties using information and communication technologies (ICT) to facilitate communication between the worker and the company, without necessitating the physical presence of the worker at a specific location.

Remote work can be categorized as follows:

SELF-EMPLOYED: Individuals who conduct their professional activities from their own homes or

chosen locations, such as small offices or commercial premises. This category encompasses individuals who predominantly work outside the company premises and only occasionally visit the office.

MOBILE: Telecommuters without a fixed workplace who rely on ICT, particularly mobile devices, to perform their professional duties. For reference, telecommuter means an individual who conducts work activities using ICT outside the physical premises of the company.

HYBRID: Telecommuters who split their workweek between home and the office, typically working remotely for **two or three days** and commuting to the office for the remainder.

Through the **Decree 555 of 2022**, the Colombian Ministry of Labor regulated the conditions that must be met by employers and employees. It was established:

- a) Remote work must be conducted entirely remotely, without any physical interaction **between the employer and the worker;**
- b) The decree explicitly outlines provisions for the welfare of remote workers, allowing

LAW 2121 OF 2021

<https://www.suin-juriscol.gov.co/viewDocument.asp?ruta=Leyes/30042108>

employers and employees to mutually agree on the monthly compensation for work tools;

c) Flexible schedules may be implemented, provided that the maximum weekly working hours are adhered to.

FOREIGN EMPLOYEES: WHICH PAPERS DO THEY NEED TO HAVE TO BE CONTRACTED BY THE LOCAL LAW? MAXIMUM QUOTA ALLOWED.

Foreign personnel must possess:

- a) A foreign residence card;
- b) Work visa;
- c) Or PEP.

In the case of the company, these documents must serve as a guarantee, with the company acting as the sponsor. All paperwork must be processed in the **company's name**, and it is the company's responsibility to ensure the proper use of the work visa.

For the **employee** to manage the visa, they must provide:

- a) The signed contract;
- b) A letter of intent to enter;
- c) Certificates of study.

If the activity is regulated, the employee must seek permission to practice their profession within the national territory before processing the visa.

DECREE 555 OF 2022

<https://www.asocapitales.co/2022/04/decreto-555-del-9-de-abril-de-2022/>

