

LEX MUNDI
PUBLICATION



ISSUES RELATING TO FOREIGN INVESTMENT

COLOMBIA
Brigard & Urrutia

CONTACT INFORMATION

Francisco Uribe
Brigard & Urrutia
Calle 70 # 4 – 60
Bogotá, Colombia
Tel: (571).540.54.33
www.bu.com.co

1) Is national governmental permission required for foreign investors to acquire real estate? If so, please identify.

Foreign investment pertaining real estate in Colombia is not subject to a national governmental permission. Land Ownership in Colombia is freehold and is subject to registration under the corresponding Office of the Public Registry depending on the location of the property.

2) Are there other national restrictions imposed on ownership of real estate by foreign investors? To acquire interests in entities which own real estate? If so, please identify.

There are no restrictions regarding this matter. However, the foreign investor must comply with the requirement of submitting the international exchange declaration (Form No. 4.) under the foreign exchange market intermediaries.

3) Are foreign investors required to invest with a local partner? If not, is investment with a local partner advisable?

There is no such requirement to invest with a local partner. Additionally, investment with a local partner does not represent any benefit to a foreign investor given that an investor whether is local or foreign is subject to the same conditions to invest in Colombia. However investment with a local partner might be advisable if the foreign investor is not familiar the country's local conditions (i.e. market, legal, customs etc.)

4) What national taxes are levied solely on foreign individuals or entities acquiring or transferring real estate or interests in entities which acquire real estate?

In order to acquire a real property in Colombia, it is compulsory for all individuals to pay the following fees:



1. Notary Fee:

- 0.27 % of the value of the real estate (notary fee)
- Copies of the public deed.
- VAT of 16% over the notary fee plus copies.

2. Registry Tax:

- 1.0 % of the value of the real estate (*Beneficencia*).

3. Registry Fee:

- 0.5 % of the value of the real estate.

4. Withholding Tax:

- In the event where the seller is an individual, should pay 1% of the value of the real estate.
- In the event where the seller is a legal entity, the purchaser will have to withhold 1% of the value of the real estate at the moment of the payment.

5. Income Tax:

- If there is a profit for the seller resulting from a difference between the value of acquisition of the property and the value of the selling, the seller will have to pay the income tax taking in into account some adjustments that may apply if the seller is an individual or a legal entity.

In Colombia local authorities of the Departments and Municipalities are vested to determine the rates of local taxes according to the national law. Thus, the mentioned rates may vary according to the location of the real estate.

There are no national taxes levied solely on foreign individuals.

5) Describe reporting requirements for reporting the acquisition, ownership or disposition of real estate which relate solely to foreign direct or indirect owners of real estate.

There are no reporting requirements related solely to foreign direct or indirect owners of real estate property. However whether the investor is local or foreign, the acquisition, ownership or disposition of a real property must be registered under the Office of the Public Registry by the registration of the corresponding public deed.

Pertaining to foreign direct or indirect owners of real property the requirement mentioned in the answer to question number 2 must be strictly followed.