



Corporate Obligations 2023

Gómez-Pinzón
SINCE 1992

Dear customers

As you are aware, according to commercial legislation, Colombian companies must comply with certain corporate obligations within the first three (3) months of each year. Thus, by March 31, 2023 at the latest, Colombian companies and branches of foreign companies in Colombia must comply with the following:



a.) **Renewal of the business registration:** The business registration must be renewed annually. This procedure can be carried out virtually. Failure to timely renew the commercial registration may result in the imposition of a fine by the Superintendence of Industry and Commerce ("SIC") of up to seventeen (17) legal monthly minimum wages in force (SMMLV, in its Spanish acronym) (equivalent to COP \$19.720.000 or USD 4,127 approx. for 2023). In order to renew the commercial registration, the company/branch must have the final financial statements for the period.

b.) **To hold the ordinary meeting of the general shareholders' assembly or the board of partners of the year 2023:**

No later than March 31st of this year, commercial companies must hold an ordinary meeting of the general shareholders' assembly or the board of partners' (in the case of partnerships or Limited Liability Companies) for the purpose of: 1) to know and approve the management report of the legal representative and the board of directors; 2) to review and approve accounts and Financial Statements for the year 2022; 3) to know the report of the statutory auditor, if applicable; 4) to appoint and/or ratify the administrators; 5) distributing profits, if applicable; and 6) adopting all actions tending to ensure compliance with the corporate purpose. Consequently, at this meeting, the following documents shall be submitted for consideration and approval of the highest corporate body:

- ☑ **Management report of the legal representative for the year 2022:** The report shall contain at least: a). A loyal statement on the development of the business and the economic, administrative, and legal situation of the company; b). The most important events that have taken place after December 31, 2022; c). The foreseeable evolution of the company; d). A summary of the transactions entered with partners and directors; e). The status of compliance with intellectual property and copyright regulations; f). The status of implementation of SARLAFT laundering policies; and g). Proof that during 2022 the free circulation of invoices issued by the company's vendors and suppliers was not hindered.

- ✓ **Board of Directors Report:** When the company has a board of directors, this body must prepare a report that includes a). The expenses that constitute the remuneration of the directors, individually considered; b). The disbursements made in favor of advisors or managers whose function is to handle matters before public or private entities; c). Transfers of money and other goods, free of charge, made in favor of individuals or legal entities; and d). The expenses of advertising and public relations, with a breakdown of each one of them. In any case, the board of directors may use the report of the legal representative as its own, so it will not be necessary for this body to prepare an additional report. Finally, if this body exists, the management report of the legal representative must be approved by the board of directors prior to the ordinary meeting of the highest corporate body.
- ✓ **Financial Statements of the Company as of December 31, 2022:** The financial statements must be submitted to the highest corporate body, audited by the tax auditor (when applicable) and certified by the Company's accountant and legal representative, together with the corresponding notes, opinions and other reports prepared by the tax auditor or accountant (Art. 46, Law 222 of 1995).
- ✓ **Report of the tax auditor for the year 2022:** If the company has appointed a tax auditor, the latter must submit a report to the general shareholders' assembly or the board partners on the matters within his competence.

All commercial companies are required to appoint a tax auditor when the gross assets obtained as of December 31 of the immediately preceding year are equal to or greater than 5,000 SMMLV (COP \$5.000.000.000 – USD \$1.047.510,90 approx.), and/or the gross income during said period is equal to or greater than 3,000 SMMLV (COP \$3.000.000.000 – USD \$628.506,54 approx.), or in the case of stock corporations or branches of foreign companies

- ✓ **The proposed distribution of profits:** The general shareholders' assembly or the board of partners must decide on the distribution of profits for the period, if applicable. The proposed distribution of profits will depend on the results reflected in the financial statements as of December 31, 2022 (Art. 46, Law 222 of 1995).

- ✓ **Special report by Business Group:** If the company is part of a Business Group, a special report shall be prepared where the following aspects shall be addressed: a). The most important operations carried out during the year 2022 between the companies belonging to the Business Group; b). The most important operations carried out during 2022 between the company and other entities in the interest of the controlling company; and c). The most important decisions of the controlled company executed by influence or interest of the controlling company.

- ✓ **Management report on activities of collective benefit and interest:** If the company is classified as a B Corporation (BIC, by its Spanish acronym), the legal representative shall prepare and submit a report on the impact of the development of the activities of collective benefit and interest of the company during the immediately preceding year. This report shall be published on the company's website for consultation by the public. If the company does not have a website, the report shall be available at the company's domicile, and shall be sent to whoever so requests in writing by means of a communication addressed to the company's legal representative.



- c.) **Deposit financial statements:** The financial statements as of December 31, 2022, must be filed before the chamber of commerce within the month following the date on which they are approved by the general shareholders' assembly or the board of partners.

Companies or branches of foreign companies subject to surveillance or control by the Superintendence of Companies are required to file their general-purpose financial statements with this entity, and therefore are exempted from filing their financial statements before the chamber of commerce.

d.) Surveillance by the Superintendence of Companies:

It is important to point out that a commercial company will be subject to the surveillance of the Superintendence of Companies for the year 2023, when the following assumptions are met:

Assumptions of surveillance by the Superintendence of Companies	
Assumptions	Value in COP/USD
When total assets as of December 31, 2022, has exceeded 30.000 SMMLV.	COP \$30.000.000.000/ USD \$6.369.683 approx. (Article 2.2.2.1.1.1. Decree 1074, 2015)
When total income as of December 31, 2022, has exceeded 30.000 SMMLV.	
Other assumptions of supervision and surveillance, not tied to the value of assets or income	See Chapter I, articles from 2.2.2.1.1.2. to 2.2.2.1.2.5. of Decree 1074, 2015.

In the event that the company meets any of the assumptions for surveillance, it must notify the Superintendence of Companies as soon as possible before March 31, 2023.

e.) Filing of reports and information with the Superintendence of Companies:

- ✓ **Report 52 on transparency and business ethics:** Companies supervised by the Superintendence of Companies that have implemented a Transparency and Business Ethics Program, are required to submit annually Report No. 52 on Transparency and Business Ethics.
- ✓ **Report 50 on AML/CFT/ATF/AMLF Risk Prevention:** Companies supervised or controlled by the Superintendence of Companies that are obliged to implement a system of self-control, prevention, and risk management against money laundering, financing of terrorism and financing of the proliferation of weapons of mass destruction (SAGRILAF), must submit to this entity Report No. 50 on LA/FT/FPADM Risk Prevention (Chapter X, Basic Legal Circular).

- ✓ **Report 42 on business practices:** Companies that are subject to surveillance or control by the Superintendence of Companies must submit to this entity Report No. 42 on Business Practices.

- ✓ **Report 58 on the designation of the SAGRILAFI Compliance Officer:** It must be presented when there is an appointment or change of the Principal or Alternate SAGRILAFI Compliance Officer (by occurrence).

The above reports must be filed through the Integrated Financial Reporting System (SIRFIN) of the Superintendence of Companies on the filing dates according to the last two digits of the company's NIT, without including the verification digit.

f.) Verify compliance with the business going concern basis:

Based on the financial statements, the directors must determine whether the company will continue to operate during the next 12 months. For the evaluation of this hypothesis, the following should be considered: 1). Non-payment of obligations to third parties; 2). Negative figures of financial indicators; 3). Non-payment of dividends; 4). Loss of jobs; 5). Bad debts; and 6). Inability to pay financial.

g.) Registration of web pages and internet sites of Colombian origin in the commercial registry and reporting of transactions carried out through such means to the DIAN (National Tax and Customs Office):

For purposes of this obligation, web pages and internet sites will be Colombian when the owner of the web page or internet site has its registered office in Colombia. However, the only web pages and internet sites that must be registered are those through which the economic activity of the owner is directly developed (commercial, financial, or service provision activity). The registration may be done at any time, free of charge, where it will only be enough that the legal representative or the attorney-in-fact informs in writing to the chamber of commerce of the domicile the address of the web page or internet site.



h.) Pay the annual special contribution to the Superintendence of Companies:

The companies supervised or controlled by the Superintendence of Companies are obliged to pay the special contribution. Said contribution consists of a fee calculated on the amount of the total assets recorded by the company as of December 31 of the immediately preceding year or that appear in the last balance sheet as of December 31 that is on file with the Superintendence of Companies. The term to pay the special contribution is established by the Superintendence of Companies on an annual basis according to the value established in the payment portal of this entity.

If you require our assistance, we will be glad to help you.

Kind regards,

Gómez-Pinzón
SINCE 1992

Gómez-Pinzón



@GPALegal



CanalGP30



BOGOTÁ

Calle 67 # 7-35 Of. 1204
Edificio Caracol
Bogotá, Colombia
Tel: +571 319 2900

MEDELLÍN

Cra. 43A # 1- 50 Of. 209
San Fernando Plaza
Medellín, Colombia
Tel: +574 444 3815