



Doing Business in Colombia 2010

COMPARING REGULATION IN 21 CITIES AND 183 ECONOMIES

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Doing Business in Colombia 2010 and other subnational and regional *Doing Business* studies can be downloaded at no charge at <http://subnational.doingbusiness.org>

Additional copies of the *Doing Business* global reports: *Doing Business 2010: Reforming through Difficult Times*, *Doing Business 2009*, *Doing Business 2008*, *Doing Business 2007: How to Reform*, *Doing Business in 2006: Creating Jobs*, *Doing Business in 2005: Removing Obstacles to Growth* and *Doing Business in 2004: Understanding Regulations*, may be obtained at www.doingbusiness.org

About the Investment Climate Advisory Services of the World Bank Group

The Investment Climate Advisory Services of the World Bank Group helps governments implement reforms to improve their business environment, and encourage and retain investment, thus fostering competitive markets, growth and job creation. Funding is provided by the World Bank Group (IFC, MIGA, and the World Bank) and over fifteen donor partners working through the multi-donor FIAS platform.

Doing Business in Colombia 2010 is the second subnational report of the *Doing Business* series in Colombia. In 2007, quantitative indicators on business regulations were created for 13 cities and departments. This year, *Doing Business in Colombia 2010* expands the analysis to a total of 21 cities and documents progress in the 13 cities previously measured. The data for Bogotá and the rest of the world are based on the indicators in *Doing Business 2010: Reforming through Difficult Times*, the seventh in a series of annual reports published by the World Bank and the International Finance Corporation. The indicators in *Doing Business in Colombia 2010* are also comparable with the data in other subnational *Doing Business* reports. All *Doing Business* data and reports are available at <http://subnational.doingbusiness.org>.

Doing Business investigates the regulations that enhance business activity and those that constrain it. The cities and departments covered in *Doing Business in Colombia 2010* were selected

together with the National Department of Planning and the Ministry of Trade, Industry and Tourism and are the following: Armenia (Quindío), Barranquilla (Atlántico), Bogotá (Distrito Capital), Bucaramanga (Santander), Cali (Valle del Cauca), Cartagena (Bolívar), Cúcuta (Norte de Santander), Ibagué (Tolima), Manizales (Caldas), Medellín (Antioquia), Montería (Córdoba), Neiva (Huila), Pasto (Nariño), Pereira (Risaralda), Popayán (Cauca), Riohacha (La Guajira), Santa Marta (Magdalena), Sincelejo (Sucre), Tunja (Boyacá), Valledupar (Cesar), Villavicencio (Meta). Regulations affecting six stages of the life of a business are measured at the subnational level in Colombia: starting a business, dealing with construction permits, registering property, paying taxes, trading across borders and enforcing contracts. These indicators have been selected because they cover areas of local jurisdiction or practice. The data in *Doing Business in Colombia 2010* are current as of July 2009.

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About *Doing Business* and *Doing Business in Colombia*

In 1664 William Petty, an adviser to England's Charles II, compiled the first known national accounts. He made 4 entries. On the expense side, "food, housing, clothes and all other necessities" were estimated at £40 million. National income was split among 3 sources: £8 million from land, £7 million from other personal estates and £25 million from labor income.

In later centuries estimates of country income, expenditure and material inputs and outputs became more abundant. But it was not until the 1940s that a systematic framework was developed for measuring national income and expenditure, under the direction of British economist John Maynard Keynes. As the methodology became an international standard, comparisons of countries' financial positions became possible. Today the macroeconomic indicators in national accounts are standard in every country.

Governments committed to the economic health of their country and opportunities for its citizens now focus on more than macroeconomic conditions. They also pay attention to the laws, regulations and institutional arrangements that shape daily economic activity.

The global financial crisis has renewed interest in good rules and regulation. In times of recession, effective

business regulation and institutions can support economic adjustment. Easy entry and exit of firms, and flexibility in redeploying resources, make it easier to stop doing things for which demand has weakened and to start doing new things. Clarification of property rights and strengthening of market infrastructure (such as credit information and collateral systems) can contribute to confidence as investors and entrepreneurs look to rebuild.

Until very recently, however, there were no globally available indicator sets for monitoring such microeconomic factors and analyzing their relevance. The first efforts, in the 1980s, drew on perceptions data from expert or business surveys. Such surveys are useful gauges of economic and policy conditions. But their reliance on perceptions and their incomplete coverage of poor countries constrain their usefulness for analysis.

The *Doing Business* project, launched 8 years ago, goes one step further. It looks at domestic small and medium-sized companies and measures the regulations applying to them through their life cycle. *Doing Business* and the standard cost model initially developed and applied in the Netherlands are, for the present, the only standard tools used across a broad range of jurisdictions to measure the impact of government rule-making on business activity.¹

Doing Business in Colombia 2010 is the second subnational report of the series in Colombia. In 2007, quantitative indicators were compiled regarding regulations on business activity and their enforcement in 13 Colombian cities and departments. *Doing Business in Colombia 2010* expands the analysis to a total of 21 cities and documents progress in the 13 cities previously measured. This time, the World Bank Group worked jointly with a national research center, the Center for Strategy and Competitiveness at *Universidad de los Andes*, with the collaboration of the Private Com-

petitiveness Council. Such collaboration is part of the World Bank Group's vision of promoting the transfer of knowledge, in this case the project methodology for *Doing Business in Colombia*.

WHAT *DOING BUSINESS IN COLOMBIA 2010* COVERS

Doing Business in Colombia 2010 provides a quantitative measure of the national, department and municipal regulations for starting a business, dealing with construction permits, registering property, paying taxes, trading across borders, and enforcing contracts—as they apply to domestic small and medium-sized enterprises.

A fundamental premise of *Doing Business* is that economic activity requires good rules. These include rules that establish and clarify property rights and reduce the costs of resolving disputes, rules that increase the predictability of economic interactions and rules that provide contractual partners with core protections against abuse. The objective is: regulations designed to be efficient, to be accessible to all who need to use them and to be simple in their implementation. Accordingly, some *Doing Business* indicators give a higher score for more regulation, such as stricter disclosure requirements in related-party transactions. Some give a higher score for a simplified way of implementing existing regulation, such as completing business start-up formalities in a one-stop shop.

Doing Business in Colombia 2010 encompasses 2 types of data. The first come from readings of laws and regulations. The second are time and motion indicators that measure the efficiency in achieving a regulatory goal (such as granting the legal identity of a business). Within the time and motion indicators, cost estimates are recorded from official fee schedules where applicable. Here, *Doing Business* builds on Hernando de Soto's pioneering work in applying the

time and motion approach first used by Frederick Taylor to revolutionize the production of the Model T Ford. De Soto used the approach in the 1980s to show the obstacles to setting up a garment factory on the outskirts of Lima, Peru.²

WHAT DOING BUSINESS IN COLOMBIA 2010 DOES NOT COVER

It is important to know the scope and limitations of *Doing Business in Colombia 2010* in order to interpret the results of this report.

LIMITED IN SCOPE

Doing Business in Colombia 2010 focuses on 6 topics, with the specific aim of measuring the regulation and red tape relevant to the life cycle of a domestic small to medium-sized firm. Accordingly:

- *Doing Business in Colombia 2010* does not measure all 10 indicators covered in the general *Doing Business* report. The report covers only those 6 areas of business regulation where local differences exist.
- *Doing Business in Colombia 2010* does not measure all aspects of the business environment that matter to firms or investors—or all factors that affect competitiveness. It does not, for example, measure security, macroeconomic stability, corruption, labor skills of the population, the underlying strength of institutions or the quality of infrastructure. Nor does it focus on regulations specific to foreign investment.
- *Doing Business in Colombia 2010* does not assess the strength of the financial system or market regulations, both important factors in understanding some of the underlying causes of the global financial crisis.

- *Doing Business* does not cover all regulations, or all regulatory goals, in any city. As economies and technology advance, more areas of economic activity are being regulated. For example, the European Union's body of laws (*acquis*) has now grown to no fewer than 14,500 rule sets. *Doing Business in Colombia 2010* measures just 6 phases of a company's life cycle, through 6 specific sets of indicators. The indicator sets also do not cover all aspects of regulation in the particular area. For example, the indicators on starting a business do not cover all aspects of commercial legislation.

BASED ON STANDARDIZED CASE SCENARIOS

The indicators analyzed in *Doing Business in Colombia 2010* are based on standardized case scenarios with specific assumptions, such as that the business is located in one of the 21 localities in Colombia. Economic indicators commonly make limiting assumptions of this kind. Inflation statistics, for example, are often based on prices of consumer goods in a few urban areas. Such assumptions allow global coverage and enhance comparability, but they inevitably come at the expense of generality.

In areas where regulation is complex and highly differentiated, the standardized case used to construct each *Doing Business in Colombia 2010* indicator needs to be carefully defined. Where relevant, the standardized case assumes a limited liability company. This choice is in part empirical: private, limited liability companies are the most prevalent business form in most economies around the world. The choice also reflects one focus of *Doing Business*: expanding opportunities for entrepreneurship. Investors are encouraged to venture into business when potential losses are limited to their capital participation.

FOCUSED ON THE FORMAL SECTOR

In defining the indicators, *Doing Business in Colombia 2010* assumes that entrepreneurs are knowledgeable about all regulations in place and comply with them. In practice, entrepreneurs may spend considerable time finding out where to go and what documents to submit. Or they may avoid legally required procedures altogether—by not registering for social security, for example.

Where regulation is particularly onerous, levels of informality are higher. Informality comes at a cost: firms in the informal sector typically grow more slowly, have poorer access to credit and employ fewer workers—and their workers remain outside the protections of labor law.³ *Doing Business in Colombia 2010* measures one set of factors that help explain the occurrence of informality and give policy makers insights into potential areas of reform. Gaining a fuller understanding of the broader business environment, and a broader perspective on policy challenges, requires combining insights from *Doing Business in Colombia 2010* with data from other sources, such as the World Bank Enterprise Surveys.⁴

WHY THIS FOCUS

Doing Business in Colombia 2010 functions as a kind of cholesterol test for the regulatory environment for domestic businesses. A cholesterol test does not tell us everything about the state of our health. But it does measure something important for our health. And it puts us on watch to change behaviors in ways that will improve not only our cholesterol rating but also our overall health.

One way to test whether *Doing Business* serves as a proxy for the broader business environment and for competitiveness is to look at correlations between the *Doing Business* rankings and other major economic benchmarks. The indicator set closest to *Doing Business* in what it measures is the Organization

for Economic Co-operation and Development's indicators of product market regulation; the correlation here is 0.75. The World Economic Forum's Global Competitiveness Index and IMD's World Competitiveness Yearbook are broader in scope, but these too are strongly correlated with *Doing Business* (0.79 and 0.72, respectively). These correlations suggest that where peace and macroeconomic stability are present, domestic business regulation makes an important difference in economic competitiveness.

A bigger question is whether the issues on which *Doing Business* focuses matter for development and poverty reduction. The World Bank study *Voices of the Poor* asked 60,000 poor people around the world how they thought they might escape poverty.⁵ The answers were unequivocal: women and men alike pin their hopes above all on income from their own business or wages earned in employment. Enabling growth—and ensuring that poor people can participate in its benefits—requires an environment where new entrants with drive and good ideas, regardless of their gender or ethnic origin, can get started in business and where good firms can invest and grow, generating more jobs.

Small and medium-sized enterprises are key drivers of competition, growth and job creation, particularly in developing countries. But in these economies up to 80% of economic activity takes place in the informal sector. Firms may be prevented from entering the formal sector by excessive bureaucracy and regulation.

Where regulation is burdensome and competition limited, success tends to depend more on whom you know than on what you can do. But where regulation is transparent, efficient and implemented in a simple way, it becomes easier for any aspiring entrepreneurs, regardless of their connections, to operate within the rule of law and to benefit from the opportunities and protections that the law provides.

In this sense *Doing Business* values good rules as a key to social inclusion. It also provides a basis for studying effects of regulations and their application. For example, *Doing Business 2004* found that faster contract enforcement was associated with perceptions of greater judicial fairness—suggesting that justice delayed is justice denied.⁶

In the current global crisis policy-makers face particular challenges. Both developed and developing economies are seeing the impact of the financial crisis flowing through to the real economy, with rising unemployment and income loss. The foremost challenge for many governments is to create new jobs and economic opportunities. But many have limited fiscal space for publicly funded activities such as infrastructure investment or for the provision of publicly funded safety nets and social services. Reforms aimed at creating a better investment climate, including reforms of business regulation, can be beneficial for several reasons. Flexible regulation and effective institutions, including efficient processes for starting a business and efficient insolvency or bankruptcy systems, can facilitate reallocation of labor and capital. And regulatory institutions and processes that are streamlined and accessible can help ensure that, as businesses rebuild, barriers between the informal and formal sectors are lowered, creating more opportunities for the poor.

DOING BUSINESS IN COLOMBIA 2010 AS A BENCHMARKING EXERCISE

Doing Business in Colombia 2010, in capturing some key dimensions of regulatory regimes, can be useful for benchmarking. Any benchmarking—for individuals, firms or economies—is necessarily partial: it is valid and useful if it helps sharpen judgment, less so if it substitutes for judgment.

Doing Business in Colombia 2010 provides 2 approaches on the data it collects: it presents “absolute” indicators for each city for each of the 6 regulatory topics it addresses, and it provides rankings of cities, both by indicator and in aggregate. Judgment is required in interpreting these measures for any city and in determining a sensible and politically feasible path for reform.

Reviewing the *Doing Business* rankings in isolation may show unexpected results. Some cities may rank unexpectedly high on some indicators. And some cities that have had rapid growth or attracted a great deal of investment may rank lower than others that appear to be less dynamic.

But for reform-minded local governments, how much their indicators improve matters more than their absolute ranking. As cities develop, they strengthen and add to regulations to protect investor and property rights. Meanwhile, they find more efficient ways to implement existing regulations and cut outdated ones. One finding of *Doing Business*: dynamic and growing economies continually reform and update their regulations and their way of implementing them, while many poor economies still work with regulatory systems dating to the late 1800s.

DOING BUSINESS—A USER'S GUIDE

Quantitative data and benchmarking can be useful in stimulating debate about policy, both by exposing potential challenges and by identifying where policy makers might look for lessons and good practices. These data also provide a basis for analyzing how different policy approaches—and different policy reforms—contribute to desired outcomes such as competitiveness, growth and greater employment and incomes.

Seven years of *Doing Business* data have enabled a growing body of research

on how performance on *Doing Business* indicators—and reforms relevant to those indicators—relate to desired social and economic outcomes. Some 405 articles have been published in peer-reviewed academic journals, and about 1,143 working papers are available through Google Scholar.⁷ Among the findings:⁸

- Lower barriers to start-up are associated with a smaller informal sector.
- Lower costs of entry encourage entrepreneurship, enhance firm productivity and reduce corruption.
- Simpler start-up translates into greater employment opportunities.

HOW DO GOVERNMENTS USE DOING BUSINESS?

A common first reaction is to doubt the quality and relevance of the *Doing Business* data. Yet the debate typically proceeds to a deeper discussion exploring the relevance of the data to the economy and areas where reform might make sense.

Most reformers start out by seeking examples, and *Doing Business* helps in this. For example, Saudi Arabia used the company law of France as a model for revising its own. Many countries in Africa look to Mauritius—the region's strongest performer on *Doing Business* indicators—as a source of good practices for reform. In the words of Luis Guillermo Plata, the minister of commerce, industry and tourism of Colombia,

It's not like baking a cake where you follow the recipe. No. We are all different. But we can take certain things, certain key lessons, and apply those lessons and see how they work in our environment.

Over the past 7 years there has been much activity by governments in reforming the regulatory environment for do-

mestic businesses. Most reforms relating to *Doing Business* topics were nested in broader programs of reform aimed at enhancing economic competitiveness. The same can be said at the subnational level. The 13 cities covered in the *Doing Business in Colombia 2008* report introduced reforms in at least one of the indicators.

In structuring their reform programs, governments use multiple data sources and indicators. And reformers respond to many stakeholders and interest groups, all of whom bring important issues and concerns into the reform debate. World Bank support to these reform processes is designed to encourage critical use of the data, sharpening judgment and avoiding a narrow focus on improving *Doing Business* rankings.

METHODOLOGY AND DATA

Doing Business in Colombia 2010 covers 21 cities, including Bogotá. The data are based on national and local laws and regulations as well as administrative requirements. For a detailed explanation of the *Doing Business in Colombia 2010* methodology, see the Data notes section at the end of this report.

INFORMATION SOURCES FOR THE DATA

Most of the indicators are based on laws and regulations. In addition, most of the cost indicators are backed by official fee schedules. *Doing Business* respondents both fill out written surveys and provide references to the relevant laws, regulations and fee schedules, aiding data checking and quality assurance.

For some indicators part of the cost component (where fee schedules are lacking) and the time component are based on actual practice rather than the law on the books. This introduces a degree of subjectivity. The *Doing Business* approach has therefore been to work with legal practitioners or professionals

who regularly undertake the transactions involved. Following the standard methodological approach for time and motion studies, *Doing Business* breaks down each process or transaction, such as starting and legally operating a business, into separate steps to ensure a better estimate of time. The time estimate for each step is given by practitioners with significant and routine experience in the transaction.

The *Doing Business* approach to data collection contrasts with that of enterprise or firm surveys, which capture often one-time perceptions and experiences of businesses. A corporate lawyer registering 100–150 businesses a year will be more familiar with the process than an entrepreneur, who will register a business only once or maybe twice. A bankruptcy judge deciding dozens of cases a year will have more insight into bankruptcy than a company that may undergo the process.

DEVELOPMENT OF THE METHODOLOGY

The methodology for calculating each indicator is transparent, objective and easily replicable. Leading academics collaborate in the development of the indicators, ensuring academic rigor. Seven of the background papers underlying the indicators have been published in leading economic journals. One is at an advanced stage of publication.

Doing Business uses a simple averaging approach for weighting subindicators and calculating rankings. Other approaches were explored, including using principal components and unobserved components. The principal components and unobserved components approaches turn out to yield results nearly identical to those of simple averaging. The tests show that each set of indicators provides new information. The simple averaging approach is therefore robust to such tests.

IMPROVEMENTS TO THE METHODOLOGY AND DATA REVISIONS

The *Doing Business* methodology has undergone continual improvement over the years. Changes have been made mainly in response to country suggestions. In accordance with the *Doing Business* methodology, all these changes were incorporated into *Doing Business in Colombia 2008* and *Doing Business in Colombia 2010*.

Doing Business in Colombia 2010 has made a methodological change for how the trading across borders indicator is measured. In 2007 the report measured the time, cost and documents required to export and import from each of the cities through the closest port. This time, the trading across borders indicator measures the process to export and import from the capital city of Bogotá through the four largest ports in Colombia—Barranquilla, Buenaventura, Cartagena and Santa Marta. Because only the ports rather than the 21 cities are benchmarked, trading across borders is not included in the aggregate ease of doing business index.

Doing Business in Colombia 2010 also adds a new indicator—dealing with construction permits—which was not included in the previous edition. This area is predominantly determined at the municipal level.

All the methodological changes are explained in the Data Notes section of this report and on the *Doing Business in Colombia 2010* web page (www.doingbusiness.org/colombia). The web site also provides data time series for each indicator and city, beginning with the first year the indicator or city was included in the report. To provide a comparable time series, the data set is back-calculated to adjust for changes in methodology and corrections resulting from the information received in the period covered since each report. The

web site also makes available all original data sets used for background papers.

Information on data corrections is provided in the Data Notes and on the website. A transparent complaint procedure allows anyone to challenge the data. If errors are confirmed after a data verification process, they are expeditiously corrected.

1. The standard cost model is a quantitative methodology for determining the administrative burdens that regulation imposes on businesses. The method can be used to measure the effect of a single law or of selected areas of legislation or to perform a baseline measurement of all legislation in a country.
2. de Soto, Hernando. 2000. *The Mystery of Capital: Why Capitalism Triumphs in the West and Fails Everywhere Else*. New York: Basic Books.
3. Schneider, Friedrich. 2005. "The Informal Sector in 145 Countries." Department of Economics, University Linz.
4. <http://www.enterprisesurveys.org>.
5. Narayan, Deepa, Robert Chambers, Meera Kaul Shah and Patti Pettesh. 2000. *Voices of the Poor: Crying Out for Change*. Washington, DC: World Bank.
6. World Bank 2003. *Doing Business in 2004: Understanding Regulation*. Washington, DC: World Bank Group.
7. <http://scholar.google.com>.
8. Full citations available in World Bank. 2009. *Doing Business 2010: Reforming through Difficult Times*. Washington, DC: World Bank Group.

Overview

TABLE 1.1

Where is it easier to do business in Colombia—and where not?

| RANK | Easiest | RANK | Most difficult |
|------|------------------------|------|----------------------------|
| 1 | Manizales, Caldas | 12 | Bogotá, Distrito Capital |
| 2 | Ibagué, Tolima | 13 | Riohacha, La Guajira |
| 3 | Pereira, Risaralda | 14 | Montería, Córdoba |
| 4 | Sincelejo, Sucre | 15 | Cúcuta, Norte de Santander |
| 5 | Valledupar, Cesar | 16 | Medellín, Antioquia |
| 6 | Santa Marta, Magdalena | 17 | Barranquilla, Atlántico |
| 7 | Armenia, Quindío | 18 | Bucaramanga, Santander |
| 8 | Popayán, Cauca | 19 | Villavicencio, Meta |
| 9 | Pasto, Nariño | 20 | Cali, Valle del Cauca |
| 10 | Tunja, Boyacá | 21 | Cartagena, Bolívar |
| 11 | Neiva, Huila | | |

Source: *Doing Business* database.

Nobody would question that Colombians are entrepreneurial. International studies confirm it.¹ The development of Colombia's cut flower industry over the last 4 decades is a telling example. From virtually non-existent, the sector flourished, thanks to the efforts of local producers,² and now cut-flower exports bring in around US\$ 1 billion per year.³ Colombia managed to sustain 5% annual economic growth from 2002 to 2007, before it dropped to 2.5% in 2008, due to the global economic crisis.⁴ This growth was partly due to improved security conditions in the formerly violence-prone nation. Safer conditions help entrepreneurs trust enough to do business with strangers. Also, more security offers opportunities to introduce new products and services and expand operations to new locations. In this context, the laws and regulations that govern business start-ups and operations become more critical than ever.

Doing Business studies business regulations from the perspective of a small-to medium-sized domestic firm. Bogotá represents Colombia in the annual *Doing Business* report that compares 183 economies globally. Yet, within Colombia, entrepreneurs face different local regulations and practices across cities. *Doing Business in Colombia 2008* was the first report to go beyond the capital, Bogotá,

to capture these differences in 12 other Colombian cities. This report updates the information presented in 2008 and tracks the progress of the implementation of reforms. It also expands the analysis to 8 additional cities to provide a more representative map of the ease of doing business in Colombia. The results of this new 21-city comparison are presented here (table 1.1). Doing business is easiest in Manizales, Ibagué and Pereira and more difficult in Cali and Cartagena.

Pereira and Manizales were already at the top of the list in *Doing Business in Colombia 2008*. Other cities—like Bucaramanga and Cali—dropped relative to their peers. Some of the changes can be attributed to the addition of 8 new cities—some of which have competitive regulatory frameworks—and to changes in the indicators that were measured in the final ranking. A new set of indicators, measuring the ease to deal with construction permits, was added, while the trading across borders indicator for the 4 ports is no longer part of the aggregate ranking. Note that the ranking may favor smaller cities where the demand for business services is lower. Government offices in large business centers—like Bogotá, Medellín, Cali or Barranquilla—deal with a high volume of operations, which can lead to bottlenecks and higher costs for professional

services. On the other hand, these cities benefit from economies of scale and have more resources at their disposal to invest in administrative modernization than their smaller neighbors. All in all, Neiva made the most progress since 2008. After introducing reforms in business start-up and property registration, it jumped from the bottom position to rank 11 out of 21 cities.

Much has changed in recent years. This is not surprising. Colombia, represented by Bogotá, has been one of the top 10 reforming economies for 3 consecutive years according to *Doing Business 2008, 2009* and *2010*. With a total of 24 reforms across the 10 *Doing Business* topics benchmarked annually, Colombia has made it easier for firms to start and operate, strengthened property rights and improved bankruptcy procedures (table 1.2). This consistent pace of reform allowed Colombia to move up the ease of doing business ranking over time. In the most recent report, *Doing Business 2010*, Colombia ranks 37th of 183 economies—an improvement of 12 positions from one year before. Within Latin America, Colombia currently occupies the number 1 position for its ease of doing business.⁵

Colombia's start-up reforms have cut 10 procedures and 40 days from the process to start a business in Bogotá,

TABLE 1.2
Colombia,* a consistent reformer, 2006–2009

| Doing Business report | Starting a business | Dealing with construction permits | Employing workers | Registering property | Getting credit | Protecting investors | Paying taxes | Trading across borders | Enforcing contracts | Closing a business |
|-----------------------|---------------------|-----------------------------------|-------------------|----------------------|----------------|----------------------|--------------|------------------------|---------------------|--------------------|
| DB 2005 | ✓ | | ✓ | ✓ | | | | | ✓ | |
| DB 2006 | | | | | | | | | | |
| DB 2007 | | | | | | ✓ | | ✓ | | |
| DB 2008 | | ✓ | | | | ✓ | ✓ | ✓ | | |
| DB 2009 | ✓ | ✓ | | | | | ✓ | ✓ | | ✓ |
| DB 2010 | ✓ | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | | ✓ |

* Represented by Bogotá

Source: Doing Business database.

which now takes 9 steps and 20 days. The successful introduction of the one-stop shops at the Chambers of Commerce (known as *Centros de Atención Empresarial* or CAEs) and subsequent CAE upgrades account for much of this progress. Also, the time and cost to start a business dropped, thanks to legal changes that allow the creation of a company with a private document, without a notary.⁶ In 2008, the government also issued decrees to cut the number of mandatory company books and the cost of registering them.⁷ Last year, improvements in customer service at the public pension fund (*Instituto de Seguro Social*) cut the time to register new employees by 2 weeks.

Obtaining a construction permit in Bogotá became easier through a new risk categorization of construction projects and through the strict application of time limits.⁸ The latest reforms build on a long process that has turned Colombia's *curadores urbanos*—private professionals that review and approve construction permits—into a model now being considered by other countries.⁹ An electronic single window (*Ventanilla Única de Registro*, or, VUR) is easing the process of transferring property by allowing notaries online access to information about the property and its tax status.

Access to credit is also improving. A new credit information law (*Ley de Habeas Data*) regulates credit information sharing and introduces protections

for consumers by allowing them to access and review their data. Minority shareholder rights were strengthened by a decree that clarified the duties of directors and the ease of challenging transactions harmful to the company in court.¹⁰ Finally, the Insolvency Law 1116 of 2006 and subsequent regulation is transforming bankruptcy procedures in Colombia.

Colombia also modernized its system to pay taxes and social security contributions. Now businesses pay all social security contributions online using a single electronic form—instead of separate payments to health care providers, pension funds, professional risk insurers and other welfare entities. As of 2008, income and value added taxes can also be paid online.

Thanks to multiple reforms, the time to export a container from Bogotá through the port of Cartagena fell from 34 days in 2006 to 14 in 2009, while the time to import dropped from 48 to 14 days. Customs declarations are now submitted online. A new system to coordinate simultaneous inspections was implemented this year. Investments in road and port infrastructure also helped cut delays for traders.

Despite the hardships imposed by the current economic crisis on businesses globally, June 2008 to May 2009 was a record year for regulatory reforms. *Doing Business 2010* recorded 287 reforms in 131 of 183 economies—20%

more than in the previous year. In Latin America and the Caribbean, 19 of the 32 economies reformed, up from just half (16) the previous year. Peru followed Colombia's steps and reformed 6 areas of regulation in 2008/09. Guatemala reformed in 4 areas, Mexico in 2. Such reforms are timelier than ever. Firms in developing economies have been affected by lower demand for their exports and a drop in capital flows and remittances. At the same time, businesses in low-income economies still face twice as many regulatory burdens as their counterparts in high-income economies when starting a business, transferring property, filing taxes or resolving a commercial dispute through the courts. There is more work to be done.

REFORMS IMPLEMENTED AT THE LOCAL LEVEL

Department and municipal governments in Colombia have been actively reforming over the past 2 years. *Doing Business in Colombia 2008* identified good practices in 13 cities, pointed out bottlenecks and provided recommendations for reform. Two years later, this report tracks the reforms' progress over time. The results are impressive. All 13 cities show improvements in at least 1 of the areas measured, thanks to local-level reforms (table 1.3).

Neiva, which ranked last in *Doing Business in Colombia 2008*, set up an

“anti-red tape” committee that brings together the municipality, chamber of commerce, business associations and representatives of national agencies—such as the police and the tax authority. This committee meets every month to propose changes to the regulatory environment and monitor progress. Neiva launched a CAE (one-stop shop) for business registration, which connected the municipal and department governments. As a result of its reforms, Neiva eliminated 11 procedures to start a business—including its sanitation and fire department certificates.¹¹ Neiva also eliminated 2 procedures to register property. Reforms in Manizales and Pereira, top ranked cities, also cut 4 procedures to start a business.

Medellín is also a good example of a local government striving to apply existing regulations more efficiently while eliminating outdated ones. For example, Medellín’s more efficient CAE and its elimination of the land use certificate

cut 3 procedures to start a business. Also, the municipal government made registering property easier by combining 2 certificates into 1, while the department government eliminated the need to get a stamp to confirm payment of the registration tax. Some of these reforms are reflected in the quality of services rather than in higher scores. For example, a good practice in the municipality of Medellín is the inspection of all new buildings to ensure compliance with the construction permit requirements. Few other cities in Colombia do that. The creation of new courts to process more delegation orders is already felt in faster resolutions to commercial disputes—they now take approximately 2 years, compared to 3 to 4 years in Bogotá, Cali, Barranquilla or Cartagena.

However, Medellín is the 4th most expensive city for starting a business and obtaining construction permits and the 6th for contract enforcement—with total costs above 40% of claim value.

High business volumes and demand for professional services can drive up costs and make processes slower in this city. An example is registering the deed at the Registry office, which takes 8 days—35% of the total time to register a property in Medellín—making it slower than the average Colombian city. Another example is the delay to approve local water and sewer grids for construction permits: they take 56 days in Medellín, compared to 10 days in Bogotá. The final approval of new constructions in Medellín, while being a good practice, takes long—45 days on average. Bucaramanga and Cartagena also suffer from similar delays and high costs despite recent reforms. This report can point out some areas that are ripe for reform. Smart regulatory reforms can reduce the time and cost to do business and make regulations accessible to all who need them.

All cities benefited from the roll out of nation-wide start-up reforms summarized above, although results on the

TABLE 1.3
National and local reforms implemented in all cities benchmarked in 2007

| City | City or departmental reforms | | | Implementation of national reforms* | | | | |
|---------------|------------------------------|----------------------|--------------|-------------------------------------|----------------------|--------------|---------------------|--------------------------|
| | Starting a business | Registering property | Paying taxes | Starting a business | Registering property | Paying taxes | Enforcing contracts | Trading across borders** |
| Barranquilla | ✓ | | ✓ | △ | | △ | | △ |
| Bogotá | ✓ | ✓ | | △ | | △ | | |
| Bucaramanga | ✓ | ✓ | ✓ | △ | | △ | | |
| Cali | ✓ | ✓ | | △ | | △ | | |
| Cartagena | ✓ | ✓ | ✓ | △ | | △ | | △ |
| Cúcuta | ✓ | | | △ | | △ | | |
| Manizales | ✓ | | ✓ | △ | △ | △ | | |
| Medellín | ✓ | ✓ | ✓ | △ | | △ | △ | |
| Neiva | ✓ | ✓ | | △ | △ | △ | | |
| Pereira | ✓ | ✓ | | △ | △ | △ | | |
| Popayán | ✓ | | | △ | △ | △ | | |
| Santa Marta | ✓ | | | △ | △ | △ | △ | △ |
| Villavicencio | ✓ | | | △ | △ | △ | | |

✓ Local level △ National level

* National reforms reflected in *Doing Business in Colombia 2010* data by city

** This indicator also measures import and export procedures through the port of Buenaventura

Note: The reforms took place between July 2007 and July 2009

Source: *Doing Business* database.

ground vary. One-stop shops (CAEs) to start a business are now operating in the 13 cities measured in 2008—and in 3 of the 8 additional cities. The 6 cities that introduced a CAE after July 2007 cut the number of procedures by 5, on average, compared to the previous report. Affiliation to the health care plan and public pension is now faster across Colombia—by 8 days and 13 days, respectively. However, enrollment time varies across cities.

Not all national level reforms have been implemented at the local level yet. For example, Decree 1879 of 2008 reinforced the 2005 prohibition¹² on requesting local certificates and licenses to start a business—such as the certificate of land use. Most of the 13 cities included in *Doing Business in Colombia 2008* have eliminated it. Yet, Cartagena, Villavicencio and 4 of the 8 cities benchmarked for the first time still require it.

Eleven of the 13 cities in both studies show improvements in property registration. Medellín eliminated 2 procedures related to municipal certificates. Bogotá, Cali, Cartagena and Neiva also eliminated 1 procedure related to municipal certificates, while Bucaramanga and Pereira cut their cost. Administrative reforms at registry offices in Manizales, Neiva, Pereira, Santa Marta and Villavicencio now allow for faster property registration. Also, in Manizales, Neiva and Popayán, registry and cadastre offices now share information, sparing the entrepreneur from having to visit the cadastre office in person.

Reforms to tax payments are also taking place at the municipal level. In 2008, Barranquilla reduced the number of categories for the industry and commerce (ICA) tax in order to simplify the administrative burden on companies. Bucaramanga revised and unified its tax codes to provide clear and concise information regarding the number of yearly payments, tax rates and payment options. Manizales and Medellín revised their municipal tax codes.

Trading across borders also benefited from smart regulations and investments in infrastructure. Reforms in customs administration have helped reduce the amount of time it takes to prepare documentation by over 60% for exports and 40% for imports, compared to *Doing Business in Colombia 2008*. Improvements in the efficiency of the ports have reduced port-handling times from 4 to 2 days in Buenaventura and from 3 to 2 days in Barranquilla since 2008.

Finally, the Supreme Council of the Judicature has taken measures to address the congestion in the civil municipal courts. Enforcing contracts is becoming easier as a result. The most important measure was the dismissal of 43,948 inactive claims in civil courts (12.2% of total inactive cases) through the application of Law 1194 of 2008.¹³ Judges in Santa Marta now refer in their writs to the terms established in the law, urging plaintiffs to deliver summons to defendants in a timely fashion. As a result, Santa Marta cut its average filing time in half—from 60 to 30 days. Administrative measures—such as the creation of 2 additional courts in Medellín to process administrative orders—also cut the time required to enforce contracts. Ongoing reforms—such as the quashing (*perención*) of enforcement procedures under Law 1285 of 2009—are expected to have even a larger impact.

COMPARING REGULATIONS ACROSS CITIES

STARTING A BUSINESS

The number of procedures to start a business varies from 8 to 15 across Colombia. The requirement of the certificate of land use and other local certificates account for most of the differences. An entrepreneur in Neiva can register a business in just 8 days, but it would take her 43 days to register the same business in Tunja. The cost to open a business varies from 13.1% of income per capita in Pasto to

30% in Neiva. The variation is due to different registry tax rates and stamp duties levied by municipal or departmental governments.

DEALING WITH CONSTRUCTION PERMITS

Obtaining the approvals to build a warehouse and connect it to utilities is, on average, faster and cheaper in Colombia than elsewhere in Latin America, but variations exist across Colombian cities. The number of procedures range from 11 in Bogotá and Popayán to 19 in Cali—due to the existence of certain pre-construction requirements and stamp duties in some cities. The main delays often occur when obtaining the construction permits and connecting to utilities. Time varies greatly—from 38 days in Popayán to 217 days in Ibagué. Only a few cities carry out the final inspection to ensure that the building conforms to the approved construction permit, which seems like a critical oversight. Reforms are needed to improve the capacity of municipal governments to supervise construction projects.

REGISTERING PROPERTY

The number of procedures to register property ranges from 7 in Bogotá to 13 in Barranquilla, Bucaramanga and Cúcuta. Local requirements related to tax-payment certificates and stamp duties account for the differences in procedures across cities. Variations in time stem mainly from the efficiency of the registry offices. In Manizales, Sincelejo and Valledupar, registering property takes 2 weeks, compared with more than 1 month in Pasto and Cartagena. Costs vary from 1.9% of property value in Ibagué to 4.0% in Barranquilla—mainly due to stamp duties and legal fees.

TRADING ACROSS BORDERS

It is fastest to import to and export from Bogotá through the port of Santa Marta—13 days to export and 11 days to import. The ports of Barranquilla and

Cartagena are not far behind—taking 14 days to import and export in Cartagena and 14 days to export and 15 days to import in Barranquilla. It takes the longest time to trade through the port of Buenaventura, 18 days to export and 19 days to import. This is largely due to the longer times for inland transportation and the heavy port congestion for import inspections. Overall, the costs associated with trading across Colombia's borders are high and regionally uncompetitive. Exporting a container from Bogotá through the port of Barranquilla costs US\$ 1,600 (Colombia's cheapest) while it costs US\$ 1,890 to do the same through Buenaventura (Colombia's most expensive). Inland transportation represents the lion's share of the costs.

PAYING TAXES

The national government collects 58.4% of all the taxes paid by businesses. For municipal taxes, the national government establishes the floor and ceiling for tax rates and each municipality defines the actual rate within that range. Thus, the variations in the effective municipal tax rates (ICA and property tax) create local variations in total tax burdens.¹⁴ In Pereira, entrepreneurs pay the equivalent of 6.01% of their commercial profits as ICA tax,¹⁵ while entrepreneurs in Santa Marta pay 17.68% for the same tax. The statutory property tax rate also varies significantly from 0.0002% in Bogotá to 0.2% for entrepreneurs doing business in Medellín. In addition to the tax rates, the number of tax payments also varies across cities

ENFORCING CONTRACTS

The number and type of procedures to enforce a contract are the same across all Colombian cities. However, the time and cost to resolve a commercial dispute through the courts vary greatly from city to city. In Armenia and Montería, it takes less than 1 year to enforce a contract, while in Barranquilla and Pasto, the same

case will be resolved in 4 years. Some of the difference is due to a greater or lesser use of alternative resolution methods. The resources and equipment available in cities' courts also matter. Nevertheless, the main sources of delays are case backlogs and an increasing volume of filings, which include a significant percentage of constitutional protection actions (*tutelas*).¹⁶ There are also differences in the costs to enforce a contract. These range from 21% of the claim value in Manizales to 52.6% in Bogotá and are mainly due to legal and expert fees.

LEARNING FROM EACH OTHER

Benchmarking exercises like *Doing Business* inspire governments to reform. They point out potential challenges and identify where policy makers can look for good practices. Comparisons between cities within the same country are even stronger drivers of reform as local governments have a hard time explaining why doing business in their city may be harder than in neighboring cities. The good news is that sharing a national legal framework facilitates the implementation of existing good practices within a country. National governments can also use *Doing Business* data to monitor how changes in national regulations and administrative practices are implemented by local branches of their agencies. In a world where locations compete against each other to attract investment, subnational *Doing Business* data allow local governments to review the conditions facing entrepreneurs in their cities from a comparative perspective. Subnational data are now available for almost 300 locations in 41 countries.

The example of Mexico is telling. After the first subnational *Doing Business* report was published in 2005, the 12 benchmarked states competed to reform. One year later, 75% of them had implemented reforms, a subsequent report found. More states asked to be included

in the study and the benchmarking exercise was expanded to all 31 Mexican states. With additional competition, the pace of reform accelerated. The latest *Doing Business in Mexico* report showed reforms in 90% of states between 2007 and 2009, up from 75% between 2005 and 2007. Similarly, *Doing Business in India 2009* showed that 9 out of 10 Indian states benchmarked for the second time had introduced reforms. As a result of these reforms, the average time to start up a company dropped from 54 to 35 days and the time to obtain a building permit was reduced by 25 days, on average.

In Colombia, the example of Neiva highlights how reform-minded governments can use *Doing Business* indicators to motivate and sustain reform efforts. The example shows that there is no need to reinvent the wheel: it is sufficient to start by introducing reforms successfully implemented in other cities. In fact, Colombian cities have a lot to gain from adopting the best regulations and practices that are working elsewhere in the country. A hypothetical city adopting all the best practices identified in this report would rank 17th of 183 countries globally—20 places ahead of Colombia's position in *Doing Business 2010* (table 1.4).¹⁷ Reducing start-up procedures to the 8 procedures and 8 days of Neiva would make opening a business faster than the OECD average. Fast approval of construction permits, like in Popayán, would mean that dealing with construction permits would be as speedy as it is in Finland (38 days). To register property, only 12 days, like in Manizales, would be required—similar to the United States. Fewer municipal tax payments, like in Armenia, would put the total number of tax payments at 15—1 less than in Germany. Importing a container to this hypothetical Colombian city would take 11 days, comparable to Spain, and exporting would take 13 days, similar to Taiwan, China. Finally, resolving a commercial dispute would be as speedy as it

is in Armenia (293 days), faster than in France and the United States.

A recent study showed that only 17% of new companies—started within the previous 42 months—operate in the formal sector in Colombia. This number is low, but it's better than the 13.9% seen in 2007. For those companies older than 42 months, the rate of formality is 48%.¹⁸ Programs undertaken by the national and local governments, as well as the chambers of commerce, have contributed to re-

duce that rate over the years. Regulatory reforms can help create the conditions and incentives for formalization.

The reform strategy in Colombia follows the pattern of consistent reformers globally. First, they follow a long-term agenda and continually push forward. The top ranked economy on the ease of doing business, Singapore, introduces reforms every year. Second, the reforms are comprehensive, thus increasing the chances of success and impact. For ex-

ample, studies show that when the cost of entry is low, firms benefit the most from trade openness.¹⁹ Third, consistent reformers are inclusive, involving all relevant actors and institutionalizing the reform effort. Finally, they stay focused by setting specific goals and regularly monitoring progress. The national and local governments in Colombia can continue to follow similar strategies to further improve their regulatory environment.

TABLE 1.4
Best practices in Colombia, compared internationally

| | Global ranking (183 economies) |
|--------------------------------------------------------------------------------------------|-----------------------------------|
| Number of procedures to start a business: Armenia, Pereira, Neiva (8 procedures) | 93 |
| Days to start a business: Neiva (8 days) | 29 |
| Cost to start a business: Pasto (13.1% of income per capita) | 90 |
| Number of procedures to build a warehouse: Bogotá, Popayán (11 procedures) | 13 |
| Days to build a warehouse: Popayán (38 days) | 3 |
| Cost to build a warehouse: Valledupar (79.7% of income per capita) | 60 |
| Number of procedures to register property: Bogotá (7 procedures) | 114 |
| Days to register property: Manizales (12 days) | 24 |
| Cost to register property: Ibagué (1.9% of the property value) | 37 |
| Days to export: Bogotá - Santa Marta (13 days) | 38 |
| Cost to export: Bogotá - Barranquilla (USD 1,600) | 139 |
| Days to import: Santa Marta - Bogotá (11 days) | 25 |
| Cost to import: Santa Marta - Bogotá (USD 1,562) | 120 |
| Total tax rate: Sincelejo (66.1 % of the profit) | 166 |
| Tax payments: Armenia, Sincelejo (15 payments per year) | 48 |
| Days to enforce a contract: Armenia (293 days) | 18 |
| Cost to enforce a contract: Manizales (21.4% of the claim value) | 50 |

Source: Doing Business database.

1. Global Entrepreneurship Monitor. 2008. *Reporte Anual Colombia 2008*. <http://www.gemcolombia.org/doc/GEM-Colombia08.pdf>; IMD. 2009. *World Competitiveness Yearbook*. Lausanne.
2. Mendez, Jose A. 1991. "The Development of the Colombian Cut Flower Industry." Policy Research Working Paper Series 660. World Bank. Washington DC.
3. National Statistics Office (*Departamento Administrativo Nacional de Estadística*, or DANE). http://www.dane.gov.co/daneweb_V09/index.php?option=com_content&view=article&id=76&Itemid=56
4. World Bank. *World Development Indicators*.
5. *Doing Business* rankings are recalculated every year to account for the inclusion of new countries and changes in methodology.
6. Law 1014 of 2006 and, more recently, Law 1258 of 2008.
7. Decree 1868 of May 29, 2008 and Decree 1878 of May 29, 2008.
8. Decree 1272 of April 16, 2009.
9. Espinosa, Alejandro. 2009. *Private Help for a Public Problem*. Doing Business Reform Case Study. <http://www.doingbusiness.org/reformers/CS09-Colombia.aspx>
10. Decree 1925 of May 28, 2009.
11. *Acuerdo 003 de 2008* and *Decreto 00233 de 2008*; *Convenio de Cooperación Inter-institucional No. 275 of 2007*.
12. Law 962 of 2005.
13. Superior Council of the Judicature (CSJ).
14. The fuel tax rate, while collected by the municipalities, is the same across the 21 benchmarked cities.
15. Following the *Doing Business* methodology, the tax rate described here is designed to provide a comprehensive measure of the cost of the ICA tax a business bears. It differs from the statutory tax rate, which merely provides the factor to be applied to the tax base. For more information, see the detailed description of the standard case in the Data notes section.
16. The *tutela* is regulated in Art. 86 of the Constitution, which determines a fast-track and preferential procedure for the protection of fundamental rights.
17. This calculation is based on *Doing Business 2010* data under the assumptions that data for all other economies remain unchanged.
18. Global Entrepreneurship Monitor. 2008. *Reporte Anual Colombia 2008*. <http://www.gemcolombia.org/doc/GEM-Colombia08.pdf>.
19. Chang, Roberto, Linda Kaltani and Norman Loayza. 2009. "Openness Can Be Good for Growth: The Role of Policy Complementarities." *Journal of Development Economics* 90:33-49; Helpman, Elhanan, Marc Melitz and Yona Rubinstein. 2008. "Estimating Trade Flows: Trading Partners and Trading Volumes." *Quarterly Journal of Economics* 123 (2): 441-87; Freund, Caroline and Bineswaree Bolaky. 2008. "Trade, Regulation and Income." *Journal of Development Economics* 87: 309-21.

Starting a business

TABLE 2.1
Where is it easier to start a business—and where not?

| RANK | Easiest | RANK | Most difficult |
|------|----------------------------|------|------------------------|
| 1 | Armenia, Quindío | 12 | Cali, Valle del Cauca |
| 2 | Pereira, Risaralda | 13 | Sincelejo, Sucre |
| 3 | Manizales, Caldas | 14 | Valledupar, Cesar |
| 4 | Pasto, Nariño | 15 | Bucaramanga, Santander |
| 5 | Santa Marta, Magdalena | 15 | Villavicencio, Meta |
| 6 | Bogotá, Distrito Capital | 17 | Riohacha, La Guajira |
| 6 | Neiva, Huila | 18 | Popayán, Cauca |
| 8 | Ibagué, Tolima | 19 | Montería, Córdoba |
| 9 | Cúcuta, Norte de Santander | 20 | Cartagena, Bolívar |
| 10 | Medellín, Antioquia | 21 | Tunja, Boyacá |
| 11 | Barranquilla, Atlántico | | |

Note: The ease of starting a business is a simple average of the city rankings on the number of procedures, the associated time and cost (% of GNI per capita) required at the start of the business. See the data notes for details.

Source: Doing Business database.

Cecilia loves cooking. She used to bake *bizcochos de achira* for her family in their hometown of Neiva. Eventually, Cecilia turned her baking passion into an informal business and brought in her son Sergio, who delivered the goodies. Cecilia had not thought of formalizing her activity because registering a business in Neiva used to be a complicated affair. In July 2007, it took 19 procedures, 32 days and cost the equivalent of 38% of income per capita to open a new business. Thanks to several reforms passed during the past two years, Cecilia registered her business in August 2009 with just 8 procedures over 8 days (figure 2.1). Now her bakery stands near the Cathedral. It pays taxes and employs 3 people who were previ-

ously part of the informal economy.

Business registration is the first contact a new entrepreneur has with government regulators. In some countries, the process is straightforward and affordable, while in others it is so cumbersome that entrepreneurs either bribe officials to speed up the process or simply run their business informally.

Research shows that the number of new firms increases and employment grows when starting a business becomes easier. In Mexico, after the introduction of a one-stop shop for business registration, the number of new firms increased by 5% and employment grew by 2.8%.¹ In Colombia, after the introduction of one-stop shops (*Centros de Atención Em-*

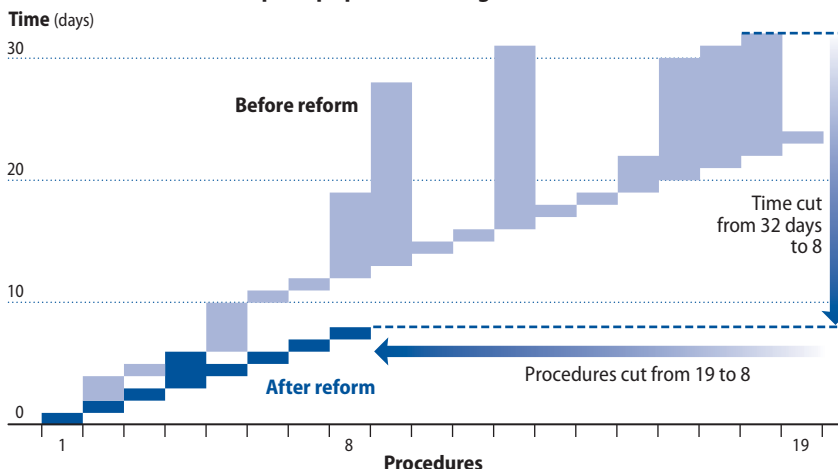
presarial or CAEs) in 6 cities, new firm registration increased by 5.2%.² These findings are confirmed by additional studies in other countries.³

Business registration also relates to informality and productivity. Requiring fewer procedures to start a business is associated with a smaller informal sector.⁴ In addition, formally registered businesses grow larger and more productive than informal ones. In a recent study on informality in São Paulo, entrepreneurs reported that they could double operations after registering.⁵ Upon formal registration, entrepreneurs could access courts and credit, supply more important customers and avoid harassment from government inspectors or the police. Reforms that ease new firms' entry are relatively simple and inexpensive to implement,⁶ and often do not require major legislative changes.

New Zealand is the top performer in starting a business among the 183 economies ranked by *Doing Business*. It takes only 1 procedure, 1 day and a cost of US\$ 112 (or 0.4% of income per capita) to start operating a business. Other economies in North America and the Caribbean are not far behind: in the United States, it takes 6 procedures and 6 days to start a business, while in Jamaica opening a business can be accomplished in 8 days.

While there is no minimum capital

FIGURE 2.1
Introduction of a one-stop shop speeds starting a business in Neiva



Source: Doing Business database.

What is measured?

Doing Business records all procedures that are officially required for an entrepreneur to start and formally operate a business. These include obtaining the necessary licenses and permits and completing all required notifications, verifications and registrations with the relevant authorities for the company and its employees. The standard company analyzed by the report is small- or medium-sized and performs general industrial or commercial activities. See the detailed description of the standard case in the Data notes.

requirement, starting a business in Colombia is still a relatively burdensome process compared to other countries (figure 2.2). Among the 21 Colombian cities studied, starting a business takes, on average, 10 procedures, 20 days and costs 16.3% of the national income per capita. An average Colombian city would rank 80th among the 183 economies measured by *Doing Business*. At the same

time, an all-star Colombian city, which would include the best practices found among the 21 cities, would require 8 procedures, 8 days, costing 13.1% of income per capita and it would rank 43rd among the 183 economies.

It is easier to start a business in Armenia than in any other Colombian city measured in this report (table 2.1): it only takes 8 procedures, 12 days, and a cost equivalent to 14% of income per capita. By contrast, in Tunja it takes 15 procedures, 43 days, and it costs equivalent to 15.4% of income per capita. Despite a national legislative framework that regulates business registration across Colombia, there are marked differences across cities. These differences stem from the performance levels of local branches of national agencies as well as variations in departmental taxes and fees.

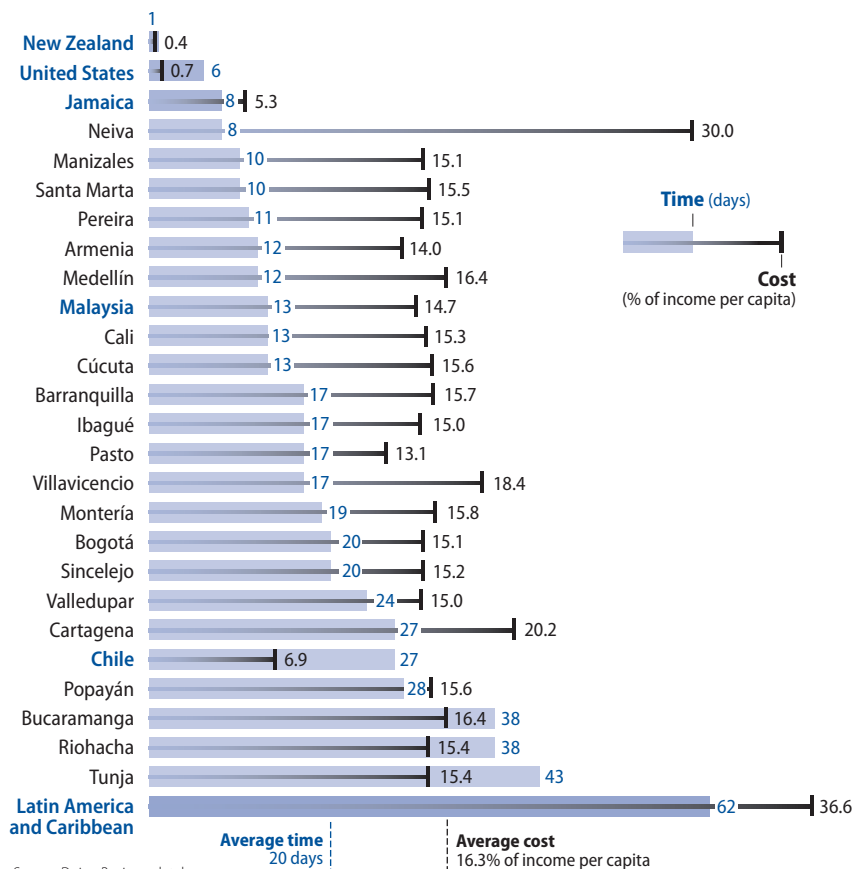
In 2001, the Chamber of Commerce of Bogotá launched an initiative to open

one-stop shops (CAEs) for business registration. CAEs simplified considerably the requirements to open a business. Typically, officials within a CAE provide advice to entrepreneurs who want to open a new business. They also handle business registration for the Registry of Commerce, let entrepreneurs register their accounting books and company statutes and issue the certificate of existence and legal representation. CAEs connect the business registration processes of municipal, departmental and national agencies in order to save the entrepreneur from visiting each agency personally. For example, local CAEs connect with the national tax authority (DIAN, for its initials in Spanish⁷) to provide entrepreneurs with the Tax Identification Numbers.

By July 2007, CAEs operated within the Chambers of Commerce of 6 Colombian cities: Barranquilla, Bogotá, Bucaramanga, Cali, Cartagena and Medellín. Currently, CAEs operate in 16 of the 21 cities analyzed in this report—the 5 excluded are Montería, Riohacha, Sincelejo, Tunja and Valledupar. In 2009, Tunja started the implementation of the CAE. In theory, all regional CAEs operate the same way. In reality, CAEs operate with varying degrees of integration with municipal agencies. For example, in Cúcuta entrepreneurs still need to pay the departmental registry tax separately. In all other cities where a CAE operates, the entrepreneur is allowed to pay departmental taxes directly at the CAE. In Ibagué and Popayán, entrepreneurs will go to the municipal finance office (*Secretaría de Hacienda Municipal*) to register the company for local taxes. In the other cities, the CAE will notify the municipality without requiring a visit.

The introduction of CAEs cut start-up procedures at an accelerated pace. In fact, cities that introduced a CAE after July 2007 removed an average of 5 procedures, compared to the *Doing Business in Colombia 2008* results (table 2.2).

FIGURE 2.2
Time and cost to start a business in Colombia



Source: *Doing Business* database.

TABLE 2.2

All 13 cities measured in 2007 reformed starting a business

| | Lowered cost for registering company books | Mainstreamed use of private documents for companies constitution | Accelerated the affiliation to health care plan | Accelerated the affiliation to public pension fund | Accelerated the affiliation to Family Compensation Fund | Completed the implementation of CAE | Combined procedures into CAE | Eliminated the requirement for land use certificate | Lowered stamp duty | Eliminated the requirement for Fire Department certificate |
|---------------|--------------------------------------------|------------------------------------------------------------------|-------------------------------------------------|----------------------------------------------------|---------------------------------------------------------|-------------------------------------|------------------------------|-----------------------------------------------------|--------------------|------------------------------------------------------------|
| Barranquilla | △ | △ | | △ | | | ✓ | ✓ | | |
| Bogotá | △ | △ | △ | △ | △ | | | ✓ | | |
| Bucaramanga | △ | △ | | | | | ✓ | ✓ | | |
| Cali | △ | △ | | △ | △ | | ✓ | ✓ | | |
| Cartagena | △ | △ | △ | △ | | | ✓ | ✓ | | |
| Cúcuta | △ | △ | △ | △ | | ✓ | | ✓ | | |
| Manizales | △ | △ | △ | | △ | ✓ | | ✓ | | |
| Medellín | △ | △ | △ | △ | △ | | ✓ | ✓ | | |
| Neiva | △ | △ | △ | △ | △ | ✓ | | ✓ | ✓ | ✓ |
| Pereira | △ | △ | △ | △ | △ | ✓ | | | ✘ | |
| Popayán | △ | △ | | △ | △ | ✓ | | ✓ | | |
| Santa Marta | △ | △ | △ | | △ | ✓ | | ✓ | | |
| Villavicencio | △ | △ | | | △ | ✓ | | | | |

Reforms making it easier to do business

△ National level ✓ Local level

✘ Reform making it more difficult to do business

Note: The reforms took place between July 2007 and August 2009.
Source: Doing Business database.

Cities that already had a CAE in 2007 removed an average of 3 procedures over the 2 years between reports. In Neiva an entrepreneur had to go through 19 procedures that took 32 days to open a business in July 2007. The municipal government passed a reform the year after that introduced a CAE⁸ and connected it with the Department of Huila for the payment of the departmental registration tax.⁹ As a result, 11 start-up procedures were removed and the process takes now 24 fewer days.

While the red-tape reducing Law 232 of 1995 (*Ley Antitrámites*) clearly defined the certificates and documents that can be requested from an entrepreneur during business registration, many cities still require redundant certificates—such as a certificate for land use, a permit to operate from the fire department and a sanitary inspection from the municipality. In response to this practice, the national government passed a new decree in 2008 prohibiting any authority from requesting certificates that were not ex-

plicitly named in the previous laws.¹⁰ Since then, Santa Marta has eliminated 3 procedures connected to the certificate of land use. At the same time, Popayán eliminated 2 procedures connected with the same certificate.

Post-registration procedures contribute heavily to the final number of requirements in Colombia. Currently, an entrepreneur has to visit up to 6 different agencies to register employees to the social security system.¹¹ In 2004, an integrated form for online social contribution payments known as PILA facilitated payments to all these agencies¹² but the affiliation to each agency still needs to be done separately.

The time to open a business varies from 8 days in Neiva to 43 days in Tunja. In Tunja, obtaining the required certificate from the fire department alone takes 20 days, and obtaining the certificate for land use takes another 9 days. The good news is that the average time to open a business was cut by more than half—or, 23 days—from the 2008 report to the

current one. Manizales and Medellín reduced the time required to register a business by 36 days.

Three national reforms contributed to the reduction of time: (1) the introduction of a new public-private health-care provider (called *Nueva Entidad Promotora de Salud*, or, Nueva EPS) that replaces the old public healthcare service provider (called the *Instituto de Seguro Social*, or, EPS-ISS); (2) an easier process to sign up with the public pension system; and (3) procedural changes within Colombia's Family Compensation Funds (*Cajas de Compensación Familiar*).

Aiming to offer more efficient healthcare, Nueva EPS began operating in August 2008, after transferring affiliates from the old EPS-ISS.¹³ The new agency operates like a traditional insurance company, without its own clinics, but using those existing within the network of the old EPS-ISS. The Nueva EPS reduced the average time required to sign up employees to a compulsory healthcare plan by almost 8 days. In

Cartagena, Cúcuta, Medellín, Pereira and Santa Marta, it used to take 14 to 15 days, on average, to enroll. Now it takes only 1 to 2 days in those cities.

Enrolling employees in the public pension system through the Institute for Social Security (ISS) has also considerably improved since the last report. In fact, the time required for registering employees to the ISS dropped by 13 days, on average. In Barranquilla, Cúcuta and Medellín, where affiliation used to take 30 days, it now takes only 1 to 5 days. In March 2008, Colombia's Superintendency of Finance authorized the creation of a new tool to enable pre-enrollment through the ISS website. A year earlier, in February 2007, the ISS had outsourced its enrollment to a third-party service, automating and improving forms submissions and standardizing other enrollment features. In this area, the differences between cities are now due to the irregular implementation of the ISS's changes, in addition to varying technical and human capacities in local branches of the ISS. Also, a "silence is consent" rule governing applications is unevenly followed by Colombian cities.

The Family Compensation Funds now offer a faster registration process. After the 2004 introduction of the integrated payment form, the Funds started to accept every new business requests for enrollment, provided they paid the family subsidy and complied with the legal minimum monthly wage regulation and its statutes. Now the Funds will only issue an official notice if a request is rejected. As a result, the average time to register employees decreased by 3 days. Differences are considerable among cities: in Armenia, Barranquilla, Bogotá, Bucaramanga, Cartagena, Cúcuta, Pasto and Sincelejo it takes an average of 10 days to complete the registration, while in Cali, Santa Marta, Tunja and Villavicencio it takes only 1 day.

The cost to start a business varies from 13.1% of income per capita in Pasto

to 30% in Neiva. Sixteen cities show just a small variation from the national average cost of COP\$ 1,675,989 (or US\$ 761). In 3 cities, however, start-up costs are significantly higher than average. In Neiva, for example, the departmental registration tax is 0.7% of the initial capital of the company, in alignment with the national average. However, the Department of Huila requires an additional 1.5% of the initial capital of the company for the payment of 4 duty stamps. As a result, the cost of business registration is almost 130% higher in Neiva than it is in Pasto. Villavicencio and Cartagena have start-up costs over 40% higher than those in Pasto.

In 2008, the national government introduced 2 decrees that substantially reduced costs and simplified requirement for accounting books across the country. Decree 1868 of 2008 lowers the cost to register accounting books at the Chamber of Commerce to 1.74% of the minimum daily wage, which is approximately COP\$ 8,600 for each book (about US\$ 4). Decree 1878 of 2008 establishes the specific accounting books needed for a commercial company—the inventory and balance sheet book, the minutes book and the shareholders book (*libro de balance, libro de actas and libro de socios*). This new decree is far from being applied uniformly: entrepreneurs register 3 to 6 accounting books depending on the city where they operate.

In July 2007, starting a business in all Colombian cities required submitting the new company's statute to a notary before registration could occur. This burdensome process required 3 to 7 days and cost COP\$ 21,094 (almost US\$ 10). While Law 14 of 2006 explicitly allowed the creation of companies with fewer than 10 employees through a private deed, the practice persisted that entrepreneurs first visited a notary to legally certify the owners' signatures. But thanks to a successful public campaign carried out by local Chambers of Commerce, in addition to a 2007 decision by the Constitutional

Court,¹⁴ entrepreneurs now establish their companies through a private deed and the identity is certified at the time of registration, thus saving precious time and money. No notary is required.

The recent introduction of a new "simplified stock company" (*Sociedad por Acciones Simplificada*, S.A.S.) is rapidly changing the way that entrepreneurs register their small- and medium-sized enterprises. Law 1258 of December 2008, which created this new type of company, allows entrepreneurs greater flexibility in starting their business: companies can now be created by a private deed and they can have an undefined corporate purpose. This reform does not directly impact the *Doing Business* start-up indicator, but it does represent an important change in Colombian company law.

WHAT TO REFORM?

COMPLETE THE IMPLEMENTATION OF CAE

The municipalities of Montería, Riohacha, Sincelejo, Tunja and Valledupar should accelerate the implementation of the CAE. Tunja has been working on the implementation for several months now. The introduction of a one-stop shop for business registration is associated with increased entrepreneurship and employment.

UNIFY THE AFFILIATION TO SOCIAL SECURITY AGENCIES

The introduction of a single online system for paying all social security contributions reduced paperwork for firms. A similar type of reform could allow an entrepreneur to enroll employees in all social security agencies through a unified, standardized form. The different entities would then share the information—and 6 procedures would be combined into 1. The government has already rallied ample support for the proposed reform from both public and private providers of social benefits. That support should accelerate its approval and acceptance.

CENTRALIZE REGISTRATION

After unifying enrollment with the social security agencies, entrepreneurs could submit this standardized form directly to the CAE during the registration process, and the CAE could then submit the application form to all the agencies. In Neiva, Armenia, and Pereira—where it currently takes 8 procedures to start a business—an entrepreneur could start up with only 2 procedures: registering the company at CAE and opening a bank account.

PUBLICIZE REFORMS

The law explicitly states that entrepreneurs should not be required to submit certificates or inspections like the certificate of land use, the certificate of sanitary conditions or undergo inspections from the fire department. Nevertheless, entrepreneurs in many cities still go through these procedures during business registration due to their lack of knowledge of recent changes in the law. Municipalities should better publicize reforms once new decrees are enacted.

PROMOTE ELECTRONIC SERVICES

Decree 1151 of 2008 promotes the use of electronic services and establishes guidelines to further Colombia's information and communication technologies (ICT) agenda within government agencies. Entrepreneurs can now go online (www.crearempresa.com.co) to review requirements for opening a business and download forms. The reform could go further by offering all CAE services online—including payment of the departmental tax. New Zealand offers an online one-stop shop: entrepreneurs file all necessary information, pay the

registration fee and receive the certificate of incorporation via the Internet. In addition, Colombia's government could allow entrepreneurs to keep electronic accounting books, instead of requiring the purchase of paper-based books. In Colombia, where only 38% of the population currently has access to the Internet¹⁵ CAEs would do well to offer Internet stations where entrepreneurs would go and expedite the procedures online.

1. Bruhn, Miriam. 2008. "License to Sell: The Effect of Business Registration Reform on Entrepreneurial Activity in Mexico." Policy Research Working Paper 4538, World Bank, Washington, DC. Bruhn obtained the results after controlling for GDP per capita, number of economic establishments per capita, fixed assets per capita, and investment per capita in the benchmarked municipalities. Kaplan et al. (2007) found a smaller effect on new firms' registration. See Kaplan, David, Eduardo Piedra and Enrique Seira. 2007. "Entry Regulation and Business Start-Ups: Evidence from Mexico." Policy Research Working Paper 4322, World Bank, Washington, DC.
2. Cardenas, Mauricio, and Sandra Roza. 2007. "La informalidad empresarial y sus consecuencias: ¿Son los CAE una solución?" Documento de Trabajo 38, Fedesarrollo. Bogotá, Colombia.
3. See, for example: Fisman, Raymond and Virginia Sarria-Allende. 2004. "Regulation of Entry and the Distortion of Industrial Organization," NBER Working Paper W10929, Cambridge, MA.
4. Djankov, Simeon, Rafael La Porta, Florencio López-de-Silanes, and Andrei Shleifer. 2002. "The Regulation of Entry." *The Quarterly Journal of Economics* 117 (1): 1-37, MIT Press.
5. Bertrand, Marianne, Simeon Djankov, Sendhil Mullainathan, and Phillip Schnabl. 2006. "Who Runs Informal Businesses in São Paulo?" Harvard University, Department of Economics, Cambridge, MA.
6. The introduction of a fast-track system to start a business in Portugal cut the time by 46 days in 2006. The reform was implemented in 5 months and cost USD 350,000. World Bank. 2005. *Doing Business 2006: Creating Jobs*. World Bank, Washington, DC.
7. *Dirección de Impuestos y Aduanas Nacionales*.
8. Municipal Agreement 003 and Decree 233 of 03/10/2008.
9. *Convenio de Cooperación Interinstitucional 275* of 2007.
10. Decree 1879 of 05/29/2008.
11. These agencies are: Family Compensation Fund (*Caja de Compensación Familiar*); the Government Learning Service (*Servicio Nacional de Aprendizaje*, SENA); the Colombian Family Institute (*Instituto Colombiano de Bienestar Familiar*, ICBF); the Administrator of Professional Risks (*Administradora de Riesgos Profesionales*, ARP); the Institute of Social Security (*Instituto de Seguro Social*, ISS) or a private pension fund; Health Care Provider (*Entidad Promotora de Salud*, EPS); and a severance fund (*fondo de cesantía*).
12. *Planilla Integrada de Liquidación de Aportes* (PILA): Decree 3667 of 11/08/2004.
13. *Nueva EPS* was initially authorized by the Decrees 055 (01/15/2007), 781 (03/13/2007) and 2713 (07/16/2007); it was subsequently established by Resolution 371 (04/03/2008) of the National Health Superintendence. Its initial capital was COP\$ 100 million and its shareholders include various family compensation funds (Cafam, Colsubsidio, Compensar, Confandi, Comfenalco Antioquia and Comfenalco Valle) with 50% of the shares plus one, and the public sector through La Previsora Vida S.A. that holds the remaining shares.
14. Judicial Decision C-392 of the Colombian Constitutional Court (05/23/2007).
15. International Telecommunication Union (2009).

Dealing with construction permits

TABLE 3.1

Where is it easier to deal with construction permits—and where not?

| RANK | Easiest | RANK | Most difficult |
|------|--------------------------|------|----------------------------|
| 1 | Popayán, Cauca | 10 | Neiva, Huila |
| 2 | Valledupar, Cesar | 13 | Armenia, Quindío |
| 3 | Santa Marta, Magdalena | 14 | Pereira, Risaralda |
| 3 | Tunja, Boyacá | 15 | Medellín, Antioquia |
| 5 | Montería, Córdoba | 16 | Cartagena, Bolívar |
| 6 | Riohacha, La Guajira | 16 | Ibagué, Tolima |
| 7 | Bogotá, Distrito Capital | 18 | Cúcuta, Norte de Santander |
| 8 | Barranquilla, Atlántico | 19 | Bucaramanga, Santander |
| 8 | Sincelejo, Sucre | 20 | Cali, Valle del Cauca |
| 10 | Manizales, Caldas | 21 | Villavicencio, Meta |
| 10 | Pasto, Nariño | | |

Note: The ease of dealing with construction permits is a simple average of the city rankings on the number of procedures, and the associated time and cost to build a warehouse. See the Data notes for details.

Source: *Doing Business* database.

Jaime is a young entrepreneur who owns a fashion boutique in Bogotá. He is planning to open more stores across the country. As a first step, he decided to visit different cities, in order to find out where it is cheapest and fastest to build a warehouse to store clothes. He asked construction professionals for advice and they recommended taking into account the different regional requirements—such as building permits, inspections, local taxes and utility connections.

After six months of intensive research in 21 Colombian cities, Jaime discovered that it would be easiest to deal with construction permits and utility connections for warehouses in 4 cities: Popayán, Valledupar, Santa Marta and

Tunja. In contrast, if he set up a warehouse in Cúcuta, Bucaramanga, Cali or Villavicencio, he'd spend a lot more time and money (table 3.1).

As a whole, construction requirements in Colombia tend to be less onerous than those found in other Latin American countries. *Doing Business* found that an entrepreneur in Colombia needs an average of 109 days, 14 procedures and an investment of COP\$17,393,160 (169.6% of income per capita) to build a warehouse and connect it to public utilities, according to regulations. In the average country in Latin America, it would take 225 days, 17 procedures and cost 210.8% of income per capita (figure 3.1). In fact, in the average Colombian city, it is faster

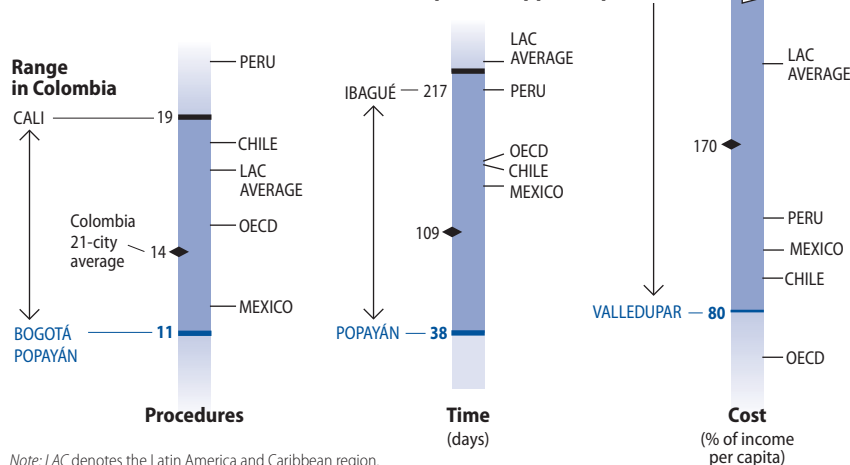
to get a construction permit than in the average OECD country (where it would take an average of 157 days). However, Colombia's permits are more expensive relative to earnings: the average OECD country's permits cost just 56.1% of income per capita.

Finding the right balance between safety and efficiency is important in a sector like construction. Good, smart regulations ensure both public safety and revenues for the government, while making the process easier for entrepreneurs like Jaime. A complex and confusing regulatory framework hurts businesses and can be a seedbed for corruption. Instead of promoting public safety, overly rigid rules and regulations may push construction into the informal economy, undermining their intent. According to a recent survey of countries belonging to the Asia Pacific Economic Cooperation (APEC), the time and procedures for dealing with construction permits are considered the “biggest regulatory impediment” to doing business.¹ Also, the World Bank Enterprise Surveys found that firms perceive higher levels of corruption in countries where dealing with construction permits is more difficult (figure 3.2).

The ease of obtaining construction permits in Popayán is remarkable enough to rank it higher than 94% of the

FIGURE 3.1

Some cities have more efficient construction permits approval process



Note: LAC denotes the Latin America and Caribbean region.
Source: *Doing Business* database.

What is measured?

Doing Business looks at construction permits as an example of the licensing regulations that businesses face. This indicator measures the procedures, time and cost to build a commercial warehouse, hook it up to basic utilities and register it. The recorded procedures include: submitting project documents (building plans, site maps), obtaining clearances and permits, passing inspections and obtaining connections from electricity, water, sewerage and telephone providers. The time and cost to complete each procedure under normal circumstances are calculated. All official fees associated with completing the procedures are included. It assumes that the warehouse will be used for storage of nonhazardous goods and is located in the peri-urban area of the benchmarked city. See the detailed description of the standard case in the Data notes.

183 economies ranked by *Doing Business* worldwide. That is to say, Colombia's stand-out city of Popayán would rank 11th among 183 economies on the ease of dealing with construction permits—ahead of such OECD countries as the United Kingdom and France.

Some procedures are common across most Colombian cities. These include: 1) obtaining land ownership documents, such as the certificate of free transferability and evidence of property tax payment, 2) obtaining a certificate of existence and legal representation, 3) obtaining a construction license, 4) paying the urban alignment tax (or construction

tax), 5) connecting to public utilities and 6) passing inspections. Yet regional variations are significant. In Popayán, Jaime would have to complete 11 procedures for his warehouse; in Cali, he would have to complete 19 for the same project.

The regional differences are mainly due to special inspections, land-use certificates and local stamp duties (which need to be paid separately) that are required in certain cities and not others. For example, in Cali, an entrepreneur would have to undergo an inspection by the local fire department, obtain an additional land-use-authorization certificate and pay special stamp duties—on top of the standard taxes and fees—in order to build. On the other hand, in Barranquilla and Bogotá, a simple construction project, like the one analyzed by *Doing Business*, does not require an inspection from the fire department. Furthermore, “urban curators”—that is, private professionals who review and approve construction permit applications in Colombia—can put through an online permit application with the certificate of existence and legal representation and evidence that there are no outstanding property tax payments, among other pre-construction requirements.² Since 2009, this electronic filing has been mandated by law in all cities with over 500,000 inhabitants and it is gradually being implemented. As a result, the number of required procedures should fall in cities with populations above 500,000 in the next two years.

Most inspections of public utilities and building construction are mandated by national laws, so little to no regional variation is found here. In fact, inspections of electricity, water and sewerage are strictly implemented. Moreover, there is a mandatory electricity inspection made by a private company certified by the national government. This company checks internal electrical wiring installations and issues the so-called “RETIE”³ certificate if they comply with Colom-

bian norms. After construction, the law mandates a final inspection by municipal authorities to determine if the building is in full compliance with all requirements. However, in most cities, this final inspection is random or absent due to a lack of administrative capacity. Within our sample, Medellín was the only city where the municipal government could review all projects and coordinate with the local utility companies to verify the soundness of the project. Yet, the approval of the final construction takes on average 45 days, and public service connections may be suspended during that time. While ensuring the compliance of the final construction with building regulations is important, the inspection and approval should be fast and with clear criteria.

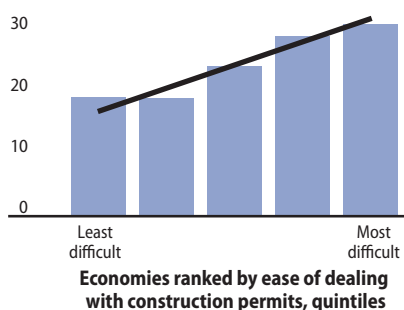
On average, Colombian business owners may spend 109 days to obtain all the approvals for warehouse construction projects, as measured by *Doing Business*. But our subnational study found that a boutique owner like Jaime could save about two months by going through the process in Popayán or Santa Marta (measured at 38 and 43 days, respectively). If he set up his warehouse in Ibagué, he might have to double the time allotted to the project, because there it could take up to 217 days (figure 3.3).

Obtaining a building permit and utility connections are the main causes of delays. But, once again, regional variation is significant. For example, Jaime would need just 20 days to obtain the building permit in Popayán or Santa Marta, compared to 60 days in Ibagué. The minimum time required in any city is 12 days, which is the time the urban curators must allow to inform neighbors about new construction. The time to issue the building permit is also related to the construction volume—small cities like Popayán and Riohacha have lower levels of construction activity. In fact, due to its small size, Riohacha is the only city in the subnational study without urban curators. There, the Local Planning Office

FIGURE 3.2

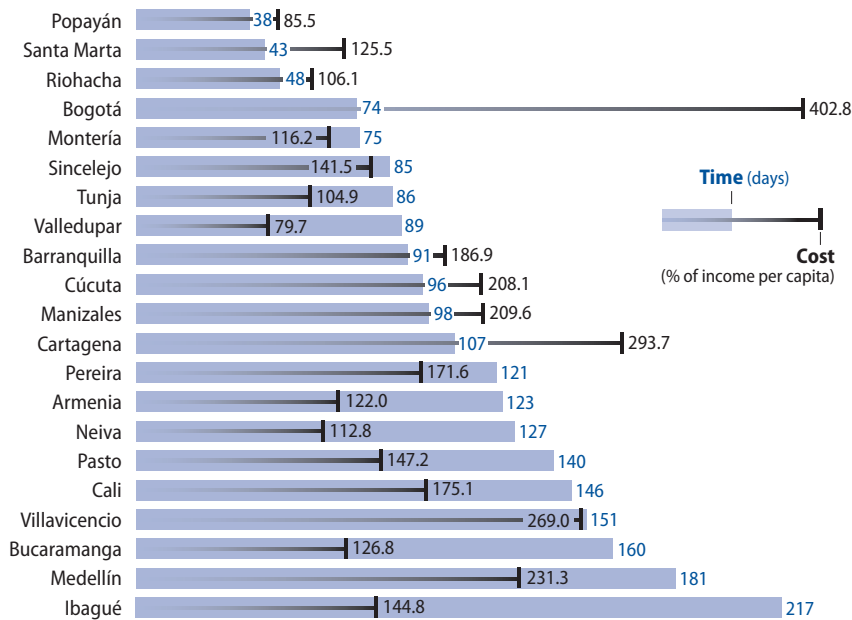
Difficulty in dealing with construction permits is associated with corruption

Share of firms that expect to give gifts in exchange for construction permits (%)



Note: Relationships are significant at the 1% level and remain significant when controlling for income per capita.
Source: *Doing Business* database, World Bank Enterprise Survey database.

FIGURE 3.3

Dealing with construction permits—Popayán is the fastest and Valledupar the least costly

Source: *Doing Business* database.

issues building permits. Meanwhile, the time required to get utility connections depends on the availability and proximity of inspectors at the local public utility companies. For instance, in Valledupar, the time required for electricity inspections is up to 30 days because approval from the electricity company offices over in Santa Marta is required.

Small business owners like Jaime also care how much money they must spend on construction permits. On average, entrepreneurs need to pay 169.6% of the country's average income per capita. This cost places Colombia 97th out of 183 economies globally. If Jaime looked for the cheapest place within Colombia in our study, he would decide to build in Valledupar—where construction permits cost just 79.7% of income per capita. Jaime would probably want to avoid the most expensive cities—Cartagena, at 293.7% of income per capita, and Bogotá, at 402.8% of income per capita (figure 3.3).

The building permit and the urban alignment or construction tax are the main source of cost differences among

Colombian cities (figure 3.4). On average, the building permit represents 61% of total costs across the 21 cities. The building permit cost is calculated according to a formula established by national law that includes a local factor—depending on the size and income level of the city—which accounts for the regional variations seen above. Meanwhile, the construction tax is determined by municipal governments and varies greatly. In Bogotá for example, the construction tax rate is 2.6% of the building costs, which accounts for 53% of the total cost. In contrast, Valledupar does not have such a tax at all. Another important source of cost differences is the existence of additional local taxes and stamp duties. In cities like Pereira, Villavicencio, Cúcuta and Cartagena such taxes represent between 20% and 40% of total costs.

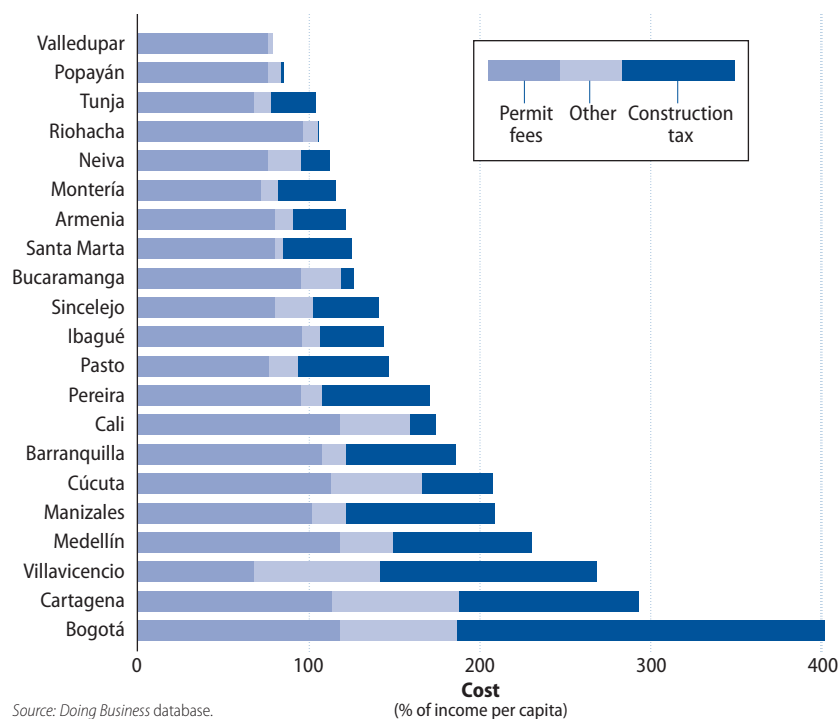
Colombia has been a pioneer in Latin America on construction regulations; it became the first country in the region to privatize its building-permit review process. In 1995 it moved the administration of building permits out of the state-run Planning Offices into

the private domain. Private professionals known as “urban curators” (*curadores urbanos*) became responsible for the complete and timely review of building permit applications. By 1996, the system of private urban curators was up and running and today, with the exception of Riohacha, all the cities analyzed in this study have it.

Before this reform, construction companies dealing with the Planning Office rarely interacted with the authorities reviewing their cases. If documents were missing, or if something needed to be corrected, the wait could be daunting. In contrast, builders in cities like Bogotá and Medellín can now submit documents and then follow up on their progress online. There is a case management system to keep customers up-to-date on the status of their permit. In 1995, obtaining a building permit in Bogotá took on average 1,080 days—or, approximately 3 years. By 2009, this wait dropped to just 33 days—less than 1/17th of the old wait. The average time savings: about 2 years and 10 months.⁴

Recently, more improvements and innovations have taken place. Colombia's Decree 1272 of 2009 categorizes construction projects based on their complexity and risk. With this regulation, a simple warehouse like the one used by *Doing Business* would have a faster approval process than a more complex building. Prior to the decree, there was no distinction between a skyscraper and a simple warehouse; both types of structures had a legal approval time of 45 working days. In contrast, today simpler structures have a legal approval time of just 25 working days. Bogotá already implemented this faster procedure. Cities like Bucaramanga, Cali and Cartagena are working towards this goal. Bogotá also cut 10 days from the time to obtain the water connection by introducing a new process that includes performance-based payments to the providers that install the connection.

FIGURE 3.4

Taxes account for over half of construction permit costs in Bogotá**WHAT TO REFORM?****ALLOW ONLINE APPLICATIONS FOR BUILDING PLAN APPROVAL AND UTILITIES CONNECTIONS**

In Singapore, builders submit permit applications electronically. Developers in Austria, Denmark, Iceland, Malaysia, Norway and the United States also complete their applications online. In Colombia, a recent law mandates that the urban curators verify some requirements online in cities over 500,000 inhabitants. However, in most of the country building applications are still processed manually. In the future, the system could be further computerized, so that building information would be easily accessible and new permit applications could be cross-checked for ownership, compliance, permits and inspections. A first step would be to offer application forms online. Several municipalities have websites in place, but they do not offer services related to building permits online. Utility providers also have well-established websites where an entrepreneur can easily access contact

information and information regarding application procedures. As a next step, making it possible for individuals and firms to apply online for new connections would save time for both applicants and utility companies.

RATIONALIZE TAXES AND SHARE BEST LOCAL PRACTICES

Municipalities should do a cost-benefit analysis of their local taxes and stamp duties to assess how much is collected versus the administrative costs of these procedures. The findings could be shared with other municipal governments to arrive at best practices. In addition, electronic tax filing and payment, which have been successfully implemented in Bogotá, would benefit other areas. There is also room for improvement regarding construction tax: It could be more homogeneous and transparent across the country.

RATIONALIZE INSPECTIONS

While Colombian municipal and national laws require several inspections

for a construction project, Denmark requires only one. This does not imply that buildings in Denmark are less safe. In Colombia, a critical factor today is that the final inspection is absent or random in most municipalities. Colombia should implement reforms to guarantee that at least one inspection is performed. One way to make inspections more efficient is to change from a system of random inspections to risk-based assessments, in which inspections are performed at critical phases of the construction process. In addition, local planning and building offices should increase and adapt the capacity of their staffs to ensure quality of service, reduce waiting times and enforce time limits.


Another popular approach among the best-performing economies is the privatization of the inspection process. The Czech Republic adopted this method, creating a new and independent profession: authorized inspectors. In Colombia, there is already an example of private electricity inspections. While these private inspectors can speed up the process, they tend to be more expensive than the inspections made by the local electricity provider. In any case, these private inspectors should be complemented with strong governmental regulation and enforcement.

INVOLVE STAKEHOLDERS IN THE REFORM PROCESS

In dealing with construction permits, there are a great number of stakeholders involved—namely, the national and local governments, urban curators, the chambers of commerce, the public utilities providers and private inspectors. Some municipalities—like Bogotá, Barranquilla, Bucaramanga, Cali, Cartagena, Medellín, and Neiva—have created consulting boards for stakeholders to discuss new reforms and improve the system's accountability. These boards could be set up across the country in order to share best practices and promote new reforms.

STRENGTHEN THE URBAN CURATOR SYSTEM

The introduction of the urban curators system has been a success, but improvements in oversight and accountability could strengthen the system further. A robust governance structure for professional oversight should be developed. Currently, supervision is scattered among a number of local and national entities (e.g., it may be the *Procuraduría*, *Contraloría* or *Personería*) and citizens may not know where to go with a complaint. The creation of a construction board or commission could help define and coordinate governance issues. Liability rules should also be further clarified and risks should be appropriately covered through insurance schemes. As it stands now, urban curators are liable for negligence or misconduct, but they often pay penalties with their own resources.

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1. Singapore Business Federation. 2009. "Key Findings from ABAC 'Ease of Doing Business' Survey." Presentation at the Singapore Business Federation session, "Removing Barriers for business growth in APEC," Singapore, July 9, 2009.
 2. Decree 1272 of April 16, 2009.
 3. *Reglamento Técnico de Instalaciones Eléctricas*.
 4. Espinosa, Alejandro. 2009. Private Help for a Public Problem. Doing Business Reform Case Study. <http://www.doingbusiness.org/reformers/CS09-Colombia.aspx>.

Registering property

TABLE 4.1
Where is it easier to register property—and where not?

| RANK | Easiest | RANK | Most difficult |
|------|--------------------------|------|----------------------------|
| 1 | Ibagué, Tolima | 12 | Neiva, Huila |
| 2 | Manizales, Caldas | 13 | Cali, Valle del Cauca |
| 3 | Sincelejo, Sucre | 13 | Pasto, Nariño |
| 4 | Valledupar, Cesar | 15 | Popayán, Cauca |
| 5 | Pereira, Risaralda | 16 | Villavicencio, Meta |
| 6 | Bogotá, Distrito Capital | 17 | Bucaramanga, Santander |
| 7 | Tunja, Boyacá | 18 | Montería, Córdoba |
| 8 | Riohacha, La Guajira | 19 | Cúcuta, Norte de Santander |
| 9 | Armenia, Quindío | 20 | Barranquilla, Atlántico |
| 10 | Santa Marta, Magdalena | 21 | Cartagena, Bolívar |
| 11 | Medellín, Antioquia | | |

Note: The ease of registering property is a simple average of the city rankings on the number of procedures, and the associated time and cost (as % of property value). See the Data notes for details.

Source: *Doing Business* database.

Isidro is a rice trader from Ibagué. Rice is one of the most important staple foods for Colombians. With a comfortable level of reserves from last year's sales and promising crop predictions, Isidro has great expectations for the season ahead. As a result, he wants to open up a wholesale rice store in Ibagué to expand his business. Unfortunately, his savings are not sufficient to fulfill his plans. However, a local bank accepts his house as collateral for a loan.

Entrepreneurs, like Isidro, are aware that an efficient property registration system has real benefits. In fact, property registration should be a priority in every society. When there's a formal deed, entrepreneurs have an incentive to invest in their properties and can use their immovable assets to obtain credit and grow their businesses. A recent study in Peru suggests that property titles are associated with a 10% increase in loan approval rates for construction materials.¹ Indeed, banks in countries lacking adequate creditor information prefer land titles as collateral since land is difficult to move or hide.² Property registration also benefits governments, as more property registered translates into greater property tax revenues.

The importance of securing property rights was recognized early on in the "New World." In fact, Colombia's

modern registration system was first established in 1790 during Spanish colonization. After winning independence from Spain in 1819, the Colombian government began adjudicating public lands. In the early stages, titling was costly—it involved hiring lawyers and surveyors, putting up fencing and more. Only the wealthiest Colombians were able to register public lands, thus turning themselves into powerful landowners. Indeed, land prices skyrocketed over the next century, due to the high prices of primary products as world markets expanded from 1870 up to early 20th century.³ In order to take full advantage of the business opportunities offered by the global markets, titling became a must for agricultural producers. There were several occasions when terrains already occupied by peasants were claimed by somebody wealthier. Consequently, the "unfair" land allocation system and weakness in property rights enforcement led to agrarian conflicts and legal disputes⁴ over land between peasant settlers and landowners up to the 1940s.⁵

Isidro's country, Colombia, represented by Bogotá, ranked 51st of 183 economies on the ease of registering property in *Doing Business 2010*. It also ranked 6th (out of 17 countries) in Latin America. Between 2008 and 2009, Colombia has been an important reformer,

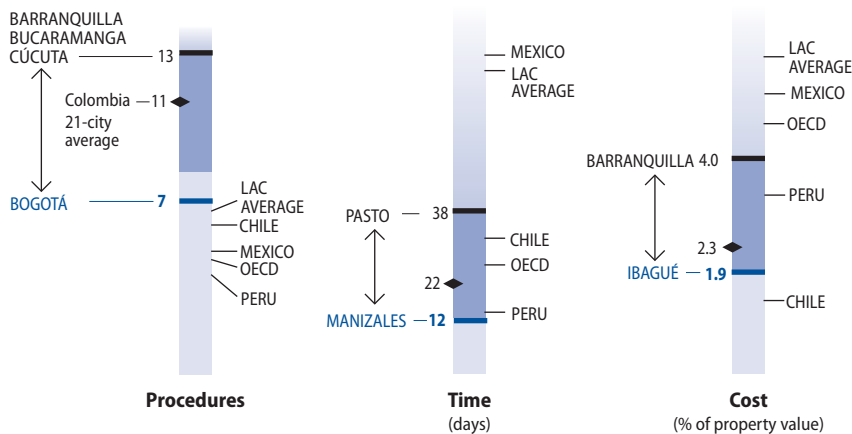
moving up 27 places in the global study. Currently, it takes 7 procedures, 20 days and costs 2% of the underlying property value to register a property in Bogotá. However, registering a property is not easy everywhere in the country. Procedures, time and cost vary substantially among the 21 Colombian cities in this report—due to local regulations, municipal administrative practices and local taxes.⁶ Registering a property is easier in Ibagué, Manizales and Sincelejo and harder in Cúcuta, Barranquilla and Cartagena (table 4.1). Despite some great reforms, challenges remain.

As a starting point, Colombia's top performing cities provide good examples from which other cities in the country could learn. If all cities were to adopt the existing best practices found in these 3 cities, Colombia would move up 8 positions to 43rd out of 183 economies on

What is measured?

Doing Business records the sequence of procedures, time and costs necessary to transfer a property title from one local business to another, when a company purchases land and a building. All procedures are recorded until the buyer can house his business in the property, sell the property to another company, or use the property as collateral to obtain a loan. It is assumed that the property is registered and free of title dispute. See the detailed description of the standard case in the Data notes section.

FIGURE 4.1
Some cities have more efficient property registration



Note: LAC denotes the Latin America and Caribbean region.
Source: Doing Business database.

the ease-of-registering-property ranking worldwide.

The number of procedures required ranges from 7 in Bogotá to 13 in Barranquilla, Bucaramanga and Cúcuta. Naturally enough, local requirements account for the differences in procedures across cities (figure 4.1). For instance, during October 2007, the national government launched an electronic single window for registries—known as “VUR” for *Ventanilla Única de Registro*. The first VUR was located in Bogotá. By accessing the VUR⁷ website, notaries can now download, free of charge, 3 necessary documents: 1) the certificate of free transferability (*Certificado de Libertad y Tradición*), which displays 20 years of ownership

history; 2) the certificate of property tax payment (*Certificado de Paz y Salvo Predial*) stating that the municipal property taxes were duly paid to the Urban Development Institute (IDU) and 3) the certificate declaring the payment of other taxes related to increases in the value of the property due to constructions, roads or the like (*Certificado de Paz y Salvo de Valorización*). In addition, in Bogotá, it is also possible to access the certificate that confirms the legal existence and representation of the buyer and seller of the property (*Certificado de Existencia y Representación Legal*) at the website of Bogotá’s Chamber of Commerce.⁸ These reforms made 2 procedures easier and eliminated 2 others altogether.

Other cities have taken measures to improve efficiency and save money. In Manizales, the latest property tax receipt is sufficient proof of payment—no separate certificate is required. In Ibagué, once the entrepreneur pays the property tax, she receives the corresponding certificates showing that the property is up to date on municipal taxes (*Certificado de Paz y Salvo Predial y Valorización*), free of charge. In April 2009, Riohacha’s municipal authorities signed an agreement with the local Chamber of Commerce to allow an entrepreneur to obtain the local registration tax invoice and pay it in a single procedure at the Chamber

of Commerce.⁹

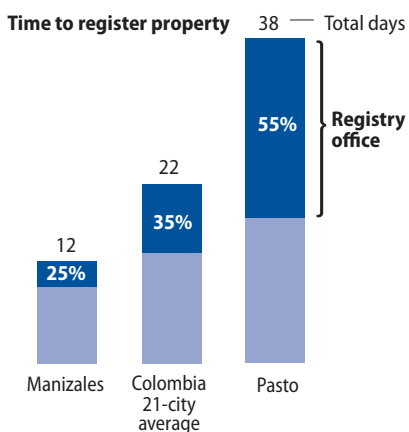
In contrast, some local initiatives add steps and expenses. For example, local stamp duties (*estampillas*) increase the number of procedures in cities like Barranquilla, where an entrepreneur must first obtain an invoice for the stamp duty (which goes to financing public hospitals) at the municipal finance office and then the next step is to pay it at a commercial bank. In addition, in 9 cities—Barranquilla, Bucaramanga, Cartagena, Cúcuta, Montería, Pereira, Sincelejo, Santa Marta, and Villavicencio—it is still common practice for an entrepreneur to personally notify the local cadastre office (*Instituto Geográfico Agustín Codazzi*, or IGAC) about a change in ownership, despite the fact that, in theory, the registry accomplishes the same thing.

The overall time it takes to register a property varies considerably across the 21 cities. In Manizales, Sincelejo and Valledupar—the 3 fastest cities—the process takes about two weeks. This span is similar to the United States, but still 6 times longer than in Saudi Arabia or New Zealand (where it takes only 2 days). In contrast, in Pasto or Cartagena an entrepreneur must wait over a month—38 and 33 days, respectively.

Although the time to register the public deed is regulated by a national decree that set a 3-business-day time limit, not every city abides by this rule.¹⁰ In fact, only 7 of the 21 cities comply with this limit. In the other cities, the main bottleneck continues to be the registry offices, despite some improvements. This procedure takes, on average, 35.4% of the total time required to complete a title transfer (figure 4.2). Regional delays are caused by the lack of qualified personnel, inadequate or outdated data, and/or increasingly high transaction volumes.

A major cause of delays within the registry offices, as mentioned in *Doing Business Colombia 2008*, has been, paradoxically, the implementation of the System of Registry Information (*Sistema*

FIGURE 4.2
Registry offices: the main bottleneck



Source: Doing Business database.

de Información Registro, or SIR), which intends to create a single electronic database of registered property titles for the nation. Since 2007, improvements have been made to the system. At the moment, 52 registry offices around the country are linked online, allowing an entrepreneur to obtain the certificate of free transferability/ownership history (*Certificado de Libertad y Tradición*) which displays a registered property's ownership history for the past 20 years in any office connected to the SIR.

Ibagué has the lowest cost to register property—totaling just 1.9% of the underlying property value—due to relatively low lawyers' fees charged there for the study of the property title and for the preparation of the preliminary deed. Ibagué entrepreneurs like Isidro also benefit from the absence of additional local taxes—such as stamp duties (*estampillas*). For costs, Ibagué performs almost as well as Canada (where registrations cost an average of 1.8% of property value). Barranquilla and Neiva are the cities where registering property is most expensive—at 4.0% and 3.4% of property value, respectively. These cities costs are similar to those found in Nicaragua

(3.8%) and Paraguay (3.5%). In Barranquilla, the municipal stamp duty to finance public hospitals (*estampilla pro-hospitales*) accounts for 1.5% of the underlying property value alone. In Neiva, high costs are due to a 1.5% stamp duty levied to finance the expansion of the electricity grid, public universities and cultural and developmental activities.

Stamp duties make property registration costly in Colombia. Departments and cities take advantage of this tool to boost regional or municipal tax revenues when they may face fiscal imbalances or when there is a perceived need to promote local investments. In addition to Barranquilla, Armenia and Santa Marta also charge stamp duties to finance public hospitals at 0.5% and 0.35% of property value, respectively. Moreover, in Cúcuta an entrepreneur incurs an extra local cost (COP\$ 2,100) above and beyond the national fee (COP\$ 3,500) when obtaining the certificate confirming the legal existence and representation of the buyer and seller at the Chamber of Commerce.

Looking back to *Doing Business in Colombia 2008*, we find that 11 out of the 13 cities assessed in 2007 have improved at least 1 aspect related to prop-

erty registration over the past 2 years (table 4.2). Nine cities have eliminated at least 1 procedure, with the top 3 reformers—Bogotá, Medellín and Neiva—each eliminating 2. The best practices seen for the simplification of procedures are: 1) accepting the latest property tax receipt (*Impuesto Predial*) as sufficient proof of payment, as seen in Cartagena and Pereira; 2) issuing a single certificate including the information found in both tax certificates (*Paz y Salvo Predial and Paz y Salvo de Valorización*), as seen in Medellín; 3) obtaining the tax certificates in a single window office, as seen in Cali and Neiva; and 4) allowing the preliminary deed to be prepared by notaries instead of lawyers, as seen in Pereira and Barranquilla.

From all 13 cities measured in our 2 studies, 10 reduced the time to register property. Neiva, Pereira, Manizales and Santa Marta each cut at least 7 days from the registration process. The most common administrative improvement was the modernization of the local registry offices, which included updating computer systems and hiring skilled staff. Manizales, Neiva, Pereira, Santa Marta and Villavicencio were among the cities to modernize their registry offices. In addition, cities like Manizales, Neiva and Popayán effectively linked their registry offices to their local cadastre offices.

Meanwhile, some municipal authorities are now housing several property registry services under one roof to improve tax collection, reduce taxpayers commuting costs, fight corruption and remove the need to hire external intermediaries (*tramitadores*) to run between offices. For instance, in Cali there are the *SiCali* offices, where an entrepreneur may pay stamp duties and request certificates of property tax payment in one stop.

In addition, competition between local notaries has spurred efficient and expanded services—including payment of the registration tax. Notaries in Barranquilla and Cúcuta cut the time to pre-

TABLE 4.2

Combining procedures for tax compliance certificates—the most popular reform

| | Improved the administrative efficiency of the Property Registry | Linked the Property Registry and the Cadastre | Cut fees and/or rates | Combined or cut procedures for special certificates |
|---------------|-----------------------------------------------------------------|-----------------------------------------------|-----------------------|-----------------------------------------------------|
| Barranquilla | | | | |
| Bogotá | | | | ✓ |
| Bucaramanga | | | ✓ | |
| Cali | | | | ✓ |
| Cartagena | | | | ✓ |
| Cúcuta | | | | |
| Manizales | △ | △ | | |
| Medellín | | | | ✓ |
| Neiva | △ | △ | | ✓ |
| Pereira | △ | | ✓ | |
| Popayán | | △ | | |
| Santa Marta | △ | | | |
| Villavicencio | △ | | | |

△ National level ✓ Local level

Note: The reforms took place between July 2007 and August 2009.

Source: *Doing Business* database.

pare the public deed from 6 and 8 days in 2007, respectively, to just 3 days a piece in the 2010 report. Notaries in Cúcuta increased staff and upgraded equipment in order to serve growing lists of clients. In Pereira and Barranquilla, notaries began providing free legal assistance to entrepreneurs preparing their public deeds, reducing their need to hire lawyers.

Medellín and Pereira also reduced costs by simplifying the procedures mentioned previously. In addition, Bucaramanga reduced the fee for the 2 tax certificates (*Paz y Salvo Predial and Paz y Salvo de Valorización*).¹¹

WHAT TO REFORM?

ELIMINATE THE NEED FOR SPECIAL CERTIFICATES (SUCH AS PAZ Y SALVO PREDIAL AND PAZ Y SALVO DE VALORIZACIÓN) OR MAKE THEM ELECTRONICALLY AVAILABLE

Making property registration simple, fast and cheap allows entrepreneurs to focus on their businesses. Moreover, cutting unnecessary procedures not only reduces delays but also discourages corruption. Eliminating the requirement to obtain a formal certificate that the property is up to date on property tax payments (*Paz y Salvo Predial*) and the separate certificate that declares that there are no outstanding contributions owed regarding property value increases due to public infrastructure works (*Paz y Salvo de Valorización*) would cut, on average, 2 procedures per city. The receipts issued once the property tax and contributions are paid should be sufficient as proof. Manizales already eliminated these procedures. Alternatively, allowing online access to certificates and other information is an effective way to reduce the time and costs. Bogotá serves as a positive example of a city with certificates available through its VUR website. In the global context, out of 72 economies that have electronic records for encumbrances, 14 of them (including France) only allow access to authorized parties—such as

notaries or lawyers. In Barranquilla, notaries can access the City Tax Information System (*Sistema de Información y Tributario Distrital*) online to obtain the property tax certificate.¹²

COMBINE PROCEDURES AND ALLOW FOR ELECTRONIC PAYMENTS

Some cities—like Barranquilla, Ibagué, Santa Marta and Villavicencio—have combined the departmental registry tax and the registration fee into a single payment. Government agencies can also link their systems to exchange information and create online portals in order to make certificates and their payments available online. Guatemala, for example, is linking its land registry to its municipalities in order to automatically update property value and ownership. Another time-saving alternative is to implement fast-track procedures, which speeds up service for an extra fee. The Mexican state Michoacán implemented this system and the total time to register a property fell from 1 month to 2 weeks.

INTRODUCE LOW, FIXED FEES AND TRY REDUCING MUNICIPAL STAMP DUTIES

Stamp duties tied to transactions are not necessarily the best choice for financing the expansion of a local electricity grid or other basic public goods. Transactions are unpredictable; hence, their revenue is also unpredictable. Municipalities would have a hard time to plan for long-term projects based on these funds. Besides, high stamp duties charged on a percentage of property value can encourage fraudulent declarations of the property value. Furthermore, in some cases, the management costs of collecting municipal stamp duties may turn out to be higher than the total tax revenues.¹³ Reducing stamp duties—or replacing them with a fixed fee—makes registration more attractive. Moreover, the rise in registrations may offset the municipality's financial loss due to duty cuts. For

example, in 2008, Egypt adopted a reduction in property registration fees. The reform paid off: property registration and local revenues rose 6 months after implementation.¹⁴

IMPROVE THE IMPLEMENTATION OF THE SYSTEM FOR REGISTRY INFORMATION (SIR) AND EXTEND THE SINGLE WINDOW FOR REGISTRIES (VUR) TO OTHER CITIES

The SIR and the VUR must continue to improve and expand. During the next few months, 39 registry offices will be linked to the SIR. In 2011, all 192 registry offices in Colombia are expected to be part of the information-sharing system. The VUR results in Bogotá are outstanding: it simplified 2 procedures and eliminated 2 others. In light of this good experience, the VUR should extend its services to other cities in the country. In the future, the VUR's services are expected to include 1) a single payment unifying registry taxes and registration fees, 2) a preliminary deed format available online (*Minuta Virtual*) and 3) all payments centralized with the notaries.

IMPROVE THE EFFICIENCY OF REGISTRY OFFICES AND LINK THEM TO THE CADASTRES

Extra work is required now in order to reduce the time it takes to register a public deed over the long term. In some cities, registration takes more than the statutory 3 days—the legal time limit set by law. Efficiency is increasing in some cities. For example, in Bogotá, Cali and Medellín, once a property is registered at the registry office, its new ownership is automatically updated in the cadastre. However, this does not occur immediately in 9 cities. In those cities, an entrepreneur, perhaps doubting the communication between agencies, often personally visits the local cadastre himself to update information. Keeping cadastres updated and linked with the registry office gives governments more accurate information and also helps increase tax collection.

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2. World Bank. 2009. *Doing Business 2010: Reforming through Difficult Times*. Washington, DC: World Bank Group.
3. O'Rourke, Kevin and Jeffrey Williamson. 1999. *Globalization and History: The Evolution of a Nineteenth-Century Atlantic Economy*. Cambridge, MA: MIT Press.
4. One, 69, 137 and 241 agrarian conflicts were registered between 1827-1869, 1870-1900, 1901-1917 and 1918-1931, respectively, according to LeGrand, Catherine. 1988. *Colonización y Protesta Campesina en Colombia: 1850-1930*. Bogotá D.C.: Universidad Nacional de Colombia.
5. Sánchez Fabio, Antonella Fazio, María del Pilar López. 2008. "Land Conflict, Property Rights, and the Rise of the Export Economy in Colombia, 1850-1925" Faculty of Economics, Universidad de los Andes, Documento CEDE 16.
6. World Bank 2007. *Doing Business in Colombia 2008*. Washington, DC: World Bank Group.
7. www.registratupropiedad.com.
8. <http://serviciosonline.ccb.org.co/>
9. More information at: <http://www.camaraguajira.org/comunicacion/bolprensa/2009/ABRIL/29.htm>.
10. According to Article 22, Decree 1250 of 1970.
11. In Bucaramanga the *Paz y Salvos* fee was reduced from COP\$ 28,000 to 14,500.
12. The on line access to the city tax information system can be found at www.barranquilla.gov.co.
13. World Bank. 2007. *Doing Business 2008*. Washington, DC: World Bank Group.
14. When Egypt adopted the reduction in property registration fee, 90% properties were either not registered or declared undervalued. World Bank. 2007. *Doing Business in Egypt 2008*. Washington, DC: World Bank Group.

Paying taxes

TABLE 5.1
Where is it easier to pay taxes –and where not?

| RANK | Easiest | RANK | Most difficult |
|------|----------------------------|------|--------------------------|
| 1 | Sincelejo, Sucre | 12 | Manizales, Caldas |
| 2 | Ibagué, Tolima | 12 | Valledupar, Cesar |
| 3 | Cúcuta, Norte de Santander | 14 | Montería, Córdoba |
| 4 | Pereira, Risaralda | 15 | Barranquilla, Atlántico |
| 5 | Pasto, Nariño | 16 | Medellín, Antioquia |
| 5 | Tunja, Boyacá | 17 | Riohacha, Guajira |
| 7 | Popayán, Cauca | 17 | Santa Marta, Magdalena |
| 8 | Bucaramanga, Santander | 19 | Bogotá, Distrito Capital |
| 8 | Neiva, Huila | 20 | Cali, Valle del Cauca |
| 10 | Armenia, Quindío | 21 | Cartagena, Bolívar |
| 11 | Villavicencio, Meta | | |

Note: Rankings are the average of the city rankings on the number of payments, time and total tax rate. See the Data notes for details.
Source: *Doing Business* database.

Last year, María Elena started a shoe manufacturing company in Bogotá. Now that the young business is up and running, the stressful time has come to pay taxes. María Elena knows it is important to support government, as it provides for infrastructure, education and other amenities that are key to achieving the common goal of a prosperous, functional and orderly society.

While acknowledging her obligation to pay taxes for society overall, María Elena is concerned about having to part with 78.7% of her company's profits on 20 different payments to comply with all tax requirements in Bogotá. Her country, Colombia, ranked 115th out of 183 economies on the ease of paying taxes in *Doing Business 2010*. She wonders what the situation would be like if she were doing business elsewhere. Indeed, taxes are lower and less cumbersome in other countries around the world—and even in other cities around Colombia.

Paying taxes in some of Colombia's neighboring countries would be easier and cheaper for María Elena. In Mexico, she would spend, on average, 51% of her company's profits on just 6 payments over the course of a year. If she were doing business in Chile, she would spend just 25.3% of her company's profits on 10 payments. Even though 20 payments are required, it is faster to prepare, file

and pay taxes in Bogotá (208 hours a year) than in the average Latin American country (the regional average is 385 hours a year). In contrast, the region's total tax rate, an average of 48.3% of profits, remains significantly below Bogotá's 78.7%.¹ To compare, Ireland collects 26.5% of companies' gross profit in just 9 payments per year.²

The good news, for María Elena and other entrepreneurs, is that tax requirements are not equally cumbersome in all Colombian cities. It is easier for taxpayers to comply with tax requirements in Sincelejo, Ibagué and Cúcuta—especially when compared to Bogotá, Cali and Cartagena (table 5.1). Why such differences?

Some cities require fewer payments than others. Most taxes are collected by the national government, but some—like the industry and commerce (ICA), property or fuel tax—are levied at the local level. Even municipalities with the same municipal tax rate may require different numbers of payments. For example, in the city of Armenia, the ICA is paid once a year; in Bucaramanga, it's 3 times a year; in Barranquilla, it's 6 times a year and, in Cartagena, the ICA is paid on a monthly basis—12 times a year. Due to local fiscal structures and varied tax requirements, the total number of payments ranges from 15 in Armenia

and Sincelejo to 26 in Cartagena, Villavicencio and 4 other cities. Seven cities, including Barranquilla, Bogotá and Neiva sit in the middle with 20 payments a year (figure 5.1).

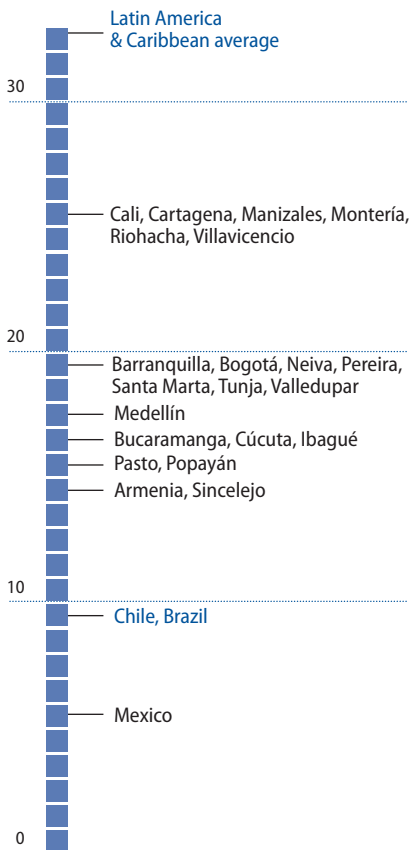
The size of the tax burden on businesses matters for investment and growth. Where taxes are high and corresponding gains seem low, the incentive for businesses to opt out of the formal sector increases. A recent study shows that higher tax rates are associated with lower private investment and fewer formal businesses. A 10 percentage point increase in the effective corporate tax rate is associated with a reduction in the ratio of investment to GDP of up to two percentage points and a decrease in the business entry rate of about one percentage point.³ Other research suggests that a one percentage point increase in the statutory corporate tax rate would reduce the local profits of existing investments by 1.31 percentage points on average⁴ and lead to an 18 percentage point increase in average debt-to-asset ratios (part of the reason for the lower reported profits).⁵ A one percentage point increase in effective corporate tax rates reduces the likelihood of establishing a subsidiary in an economy by 2.9 percentage points.⁶

In addition to the taxes paid, there are costs associated with complying with

FIGURE 5.1

The number of tax payments varies across Colombian cities

Tax payments (number per year)



Source: Doing Business database.

tax and of managing the revenue authority. Worldwide, on average, a standard small to medium sized business still spends three working days a month complying with tax obligations as measured by *Doing Business*. Where tax compliance imposes heavy burdens of cost and time, it can create a disincentive to investment and encourage informality.⁷ Particularly in developing countries, like Colombia, large informal sectors contribute to the creation of an uneven playing field for formal small and medium sized enterprises, squeezed between smaller informal competitors and larger competitors whose greater resources can help win a more effective audience with government and thus greater tax concessions.

Worldwide, economies that make

paying taxes easy tend to focus on lower tax rates accompanied by wider tax bases, simpler and more efficient tax administration and one tax per tax base. They also tend to provide electronic filing and payment systems, which reduce the tax burden for firms while lightening their administrative requirements.

Since April 2008, national taxes—the corporate income tax, the value added tax and social security contributions—can be prepared, filed and paid online via predefined online forms, saving entrepreneurs around 50 hours per year.⁸ In contrast, most municipal taxes are prepared manually and paid in person at the treasury offices of each municipality. On average, entrepreneurs spend 208 hours a year in order to meet their fiscal obligations in Colombia.⁹

The time to prepare, file and pay taxes across municipalities is also dependent upon the availability of accounting software, the reach and sophistication of the local banking system, the information available to taxpayers and the number of forms to be filled out. In Armenia and Barranquilla, entrepreneurs are encouraged to pay at their local banks; in Ibagué, the municipal government introduced online tax filing and enabled payments by direct transfer from the company's checking account (or by check at a local bank). In Bucaramanga, the local tax authority provides free courses to teach entrepreneurs how to fill out and file forms efficiently. The major bottleneck in most cities is created by the local ICA tax, which requires, in many municipalities, frequent payments and multiple forms. For example, to file and pay the ICA tax every year, 27 forms must be filled out in Cúcuta, compared to 108 forms in Villavicencio.

Although the national government has the sole authority to create or eliminate local taxes, municipalities set the local tax rates.¹⁰ As a result, variations in cities' tax burdens are observed. For example, in Sincelejo, María

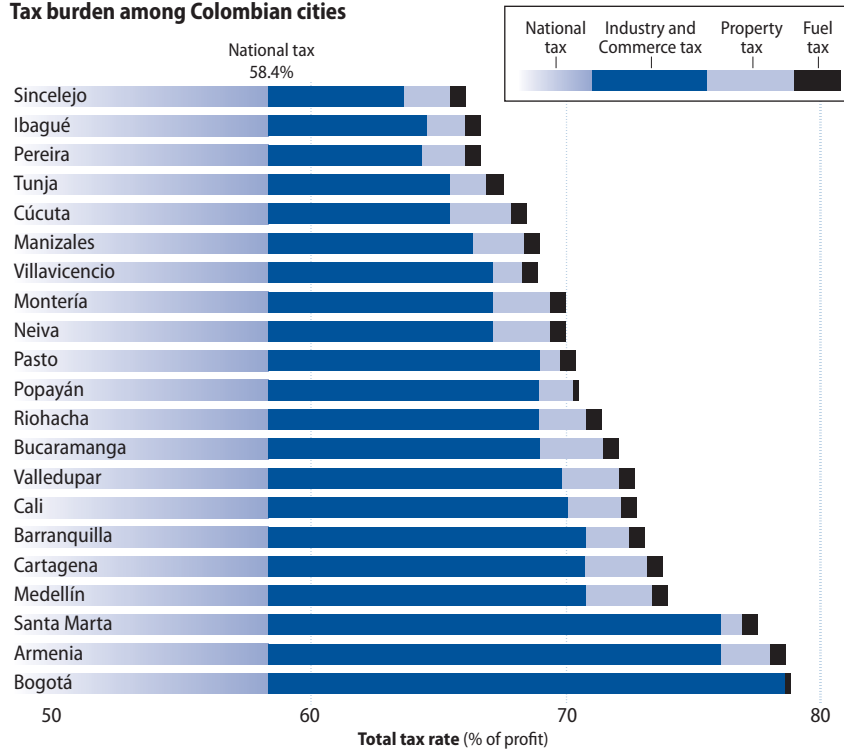
What is measured?

Doing Business records all taxes and mandatory contributions that a medium-sized company had to pay in fiscal year 2008. It also measures the administrative burden of paying these taxes and contributions. In doing so, *Doing Business* goes beyond the traditional definition of a tax: as defined for the purposes of government national accounts, taxes include only compulsory, unrequited payments to general government. *Doing Business* differs from this definition because it measures imposed charges that affect business accounts, not government accounts. The main differences relate to labor contributions and value-added tax. *Doing Business* measure includes government-mandated contributions paid by the employer to a required private pension fund or workers' insurance fund. It excludes value-added taxes because they do not affect the accounting profits of the business—that is, they are not reflected in the income statement. See the detailed description of the standard case in the Data notes.

Elena would pay the equivalent of 66.0% of her commercial profits in taxes and labor contributions, compared to 78.4% in Armenia.¹¹ Drilling down to the local numbers, in Pereira, entrepreneurs pay the equivalent of 6.01% of their commercial profits as ICA tax, while entrepreneurs in Santa Marta pay 17.67% for the same tax.¹² The local property tax rate varies from 0.0002% in Bogotá to 0.2% for entrepreneurs doing business in Medellín (figure 5.2).

The administrative complexity of municipal taxes can also add to entrepreneurs' burdens, depending on the city. For example, the ICA tax rate may depend upon the activity of the business. Specifically, in Cúcuta, Ibagué and Pereira, entrepreneurs pay different tax rates depending on their activity, while in Manizales, Popayán and Santa Marta, the same ICA tax rate applies to all activities. Furthermore, local property tax rates vary depending on land use and if the property has a building or not. For instance, in Bucaramanga, the statutory property tax rate for a commercial building is 0.0084% of the property

FIGURE 5.2
Tax burden among Colombian cities



Source: Doing Business database.

value while the property tax rate for a piece of land is 0.033% of the property value. In Cartagena, property tax rates are 0.0105% for a commercial building and 0.0255% for a piece of land.

In addition to money, businesses in Colombia spend a lot of time complying with tax regulations. Complex tax rules for businesses are unlikely to bring more revenue—quite the opposite. “The Colombian municipal tax laws are obscure, complicated and sometimes contradictory,” says a local tax expert in Medellín. “For instance, cities charge different ICA tax rates for the same activity. Why?” the expert asked rhetorically. International evidence shows that having a clear tax code increases tax revenue by 6% on average.¹³

A number of exemptions apply to businesses in certain locations. Ibagué, Manizales and Sincelejo offer tax exemptions to help promote employment. In Ibagué, entrepreneurs that create and maintain up to 100 new jobs are entitled to a 70% discount on the ICA.¹⁴ In Man-

izales, the local authorities established an exemption from the ICA back in 2001 that was renewed in August 2008. To benefit from the tax holiday, Manizales firms are required to create a minimum of 5 jobs and maintain them until 2018.¹⁵ In Sincelejo, new companies that create and maintain more than 15 new jobs get a 50% discount on ICA.¹⁶ In contrast, Cartagena eliminated its tax exemption on ICA for firms founded in or relocated to this municipality.

Some municipalities are also offering discounted rates to foster growth in critical sectors. Armenia reduced some of its ICA tax rates to encourage textiles, tourism and shoe manufacturing businesses. Ibagué is offering an 80% discount on the property tax for new buildings. Montería reduced its property tax rates to compensate for increasing property values. Finally, Sincelejo established a 90% discount on its property tax to companies building new commercial facilities; the discount is valid until 2018.¹⁷

Since 2007, Colombia has implemented several important tax reforms. It reduced tax rates: the corporate income tax rate was cut from 35% to 33% while the equity tax rate was cut from 1.2% to 0.6%. Following Ireland’s example, Colombia simplified the process of paying taxes by unifying all contributions to social security into a single payment (called PILA, for *Plantilla Integrada de Liquidación de Aportes*). That reform reduced the number of payments by 35; labor risk insurance and welfare security (so called “*aportes parafiscales*”) are now paid jointly with social security contributions. It also upgraded and improved its electronic filing and payment of national taxes (with a system called MUISCA, that stands for *Modelo Unico de Ingresos, Servicio y Control Automatizado*.)

Reforms have also been made at the municipal level. In 2007, Ibagué reduced the number of ICA payments required annually. In 2008, Barranquilla limited the number of tax categories for ICA in order to simplify tax payment and administration. In 2008, Bucaramanga and Manizales revised and unified its tax codes to provide clear and concise information about the number of yearly payments, tax rates and payment options. Also in 2008, Medellín and Pasto reduced their ICA tax rates,¹⁸ while Sincelejo reduced the number of ICA payments to just one per year. Table 5.2 summarizes the reforms undertaken by the 13 cities benchmarked in *Doing Business in Colombia 2008*.

Municipalities are also innovating with incentives to encourage tax payment. Medellín, Montería, Pasto and Valledupar are offering entrepreneurs that pay 100% of their fiscal debts up to 50% off late fees. Sincelejo went a step further to encourage payments. It created the “*Plan Papayaso*” that offers up to 100% off late fees to entrepreneurs that pay the total of their debts with the municipal tax authority.¹⁹

TABLE 5.2

Cities revised their tax codes, eliminated and consolidated taxes and simplified the process in 2007–9

| | Reduced profit tax rates | Introduced online payment | Consolidated labor taxes and social contributions | Consolidated tax code | Lowered property tax rates | Simplified process of paying taxes | Simplified tax rates |
|---------------|--------------------------|---------------------------|---------------------------------------------------|-----------------------|----------------------------|------------------------------------|----------------------|
| Barranquilla | △ | △ | △ | | | ✓ | |
| Bogotá | △ | △ | △ | | | | |
| Bucaramanga | △ | △ | △ | ✓ | ✓ | | |
| Cali | △ | △ | △ | | | | |
| Cartagena | △ | △ | △ | | | | ✓ |
| Cúcuta | △ | △ | △ | | | | |
| Manizales | △ | △ | △ | ✓ | ✓ | | |
| Medellín | △ | △ | △ | | ✓ | | |
| Neiva | △ | △ | △ | | | | |
| Pereira | △ | △ | △ | | | | |
| Popayán | △ | △ | △ | | | | |
| Santa Marta | △ | △ | △ | | | | |
| Villavicencio | △ | △ | △ | | | | |

△ National level ✓ Local level

Note: The reforms took place between July 2007 and July 2009

Source: Doing Business database.

WHAT TO REFORM?

PROVIDE MORE TRANSPARENT INFORMATION TO FACILITATE COMPLIANCE

Many cities benchmarked in *Doing Business in Colombia 2010* could make their municipal tax systems more transparent by following the example set by Bucaramanga and Manizales, where recent reforms were made to improve tax transparency. Ideally, governments should aim for simple tax systems. Having a transparent tax system is a good step forward. In Colombia, different rates apply to identical businesses in different cities. In order to find out how much is owed, entrepreneurs must either hire a tax expert or look in several tax codes. Clearly, this increases the costs of paying taxes.

Local governments can make more tax information available to businesses. Simple guidelines regarding the forms, timeline and locations to pay taxes can especially help small businesses. With more relevant information at their disposal, entrepreneurs may find paying taxes less stressful.

MAKE COMPLIANCE EASIER THROUGH BROAD-BASED REFORMS

Many tax reforms are aimed at simplifying tax law and making it easier for firms to comply with regulations. A complex tax administration is costly, both for entrepreneurs (who spend time dealing with paperwork) and for the government (whose fiscal revenues get eroded by tax evasion). Fiscal complexity can also encourage corruption and rent-seeking behavior.

A bold step to this end would be to eliminate tax exemptions, tax holidays and other types of special treatment for certain businesses in order to achieve equal treatment for all. Eliminating tax exemptions can be difficult, because they are often used as incentives with specific objectives. Tax exemptions may also be hard to reform because they face stiff opposition from constituencies that have benefited from them. However, rationalizing the tax incentive policy regime can reduce its complexity, which businesses may find more attractive than specific exemptions or special treatment. Moreover, the benefits often outweigh the

costs as tax compliance becomes easier. Municipalities across Colombia can look to the example of Ibagué. Ibagué simplified its ICA categories and its administration. Bucaramanga's efforts to revise and unify its tax code are another good example of how to ease compliance requirements for all businesses.

When considering the burden of taxes on business, it is important to look at all the taxes that companies pay. Corporate income tax is only one of the many taxes with which business has to comply. In a recession, company profits, and therefore corporate income tax payments, may fall, but the cost of taxes for business may still increase where other taxes paid are not linked to profitability.

MAKE SYSTEMS ELECTRONIC

Many economies are eager to make use of technology to ease the paying of taxes—and with good reason. If properly implemented, electronic tax systems can speed up processing times, improve data collection and reduce errors. However, its successful implementation requires the buy-in and trust of taxpayers with re-

gards to the tax payment system, as well as the availability of technology.

To expand the benefits of online payments, ease-of-use is critical. Although the introduction of online payments benefits many businesses, learning a new system or filing new forms may discourage entrepreneurs from making the switch from paper. In Colombia, the new MUISCA system for online payments requires entrepreneurs to prepare an additional form (called *medios magnéticos*) and in it provide detailed information regarding the business's interactions with suppliers and clients. Preparing this form takes an additional 70 hours, on average. More taxpayers could benefit from the MUISCA system if it worked with the information entrepreneurs already have.

Another issue may be access to an electronic system. To encourage the use of new technology, Peru and South Africa provide free software that helps automate the filing process. In Chile, taxpayers can use their universal identification number and a password to access forms. In Colombia, many entrepreneurs are not taking advantage of online payments because they are only available to certain businesses, as determined by the national tax authority (DIAN) in accordance with the number of employees and annual revenues. If online payments were available to all businesses, regardless of the number of employees or annual revenues, the impact of Colombia's national reforms would be significantly higher.

Faster processing times and faster refunds for electronic transactions are key incentives to encourage online payment of taxes. Also, France introduced tax credits for individual taxpayers filing returns electronically (though in the future this will apply only to first-time electronic filers). Sharing the rewards reaped from administrative efficiency encourages taxpayers to use a new, better system. Colombia could learn from France and expand the number of busi-

nesses that benefit from the MUISCA. If small-businesses face capacity constraints and find it difficult to take the time to switch to electronic filing and payment, it may be worthwhile making it optional for them.

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2. Ibid.
3. Djankov, Simeon, Tim Garsen, Caralee McLiesh, Rita Ramalho and Andrei Scheleifer. Forthcoming. "The Effect of Corporate Taxes on Investment and Entrepreneurship." *American Economic Journal: Macroeconomics*. Available at SSRN: <http://ssrn.com/abstract=1091238>.
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6. Nicodème, Gaëtan. 2008. "Corporate Income Tax and Economic Distortions." CESifo Working Paper 2477, CESifo Group, Munich.
7. Everest-Phillips, Max, and Richard Sandall. 2009. "Linking Business Tax reform to Governance: How to measure success." In Practice note series, Investment Climate Department, World Bank Group, Washington, DC.
8. World Bank. 2009. *Doing Business 2010: Reforming through Difficult Times*. Washington, DC: The World Bank Group; World Bank. 2008. *Doing Business 2009*. Washington, DC: World Bank Group.
9. Time is recorded in hours per year. The indicator measures the time taken to prepare, file and pay three major types of taxes and contributions: the corporate income tax, value added or sales tax and labor taxes, including payroll taxes and social contributions. In Colombia, these taxes are collected by the national government. Thus, we do not observe differences at the municipal level.
10. The fuel tax rate, while collected by the municipalities, is the same across the 21 benchmarked cities.
11. The total tax rate measures the amount of taxes and mandatory contributions borne by the business in the second year of operation expressed as a share of commercial profit. *Doing Business in Colombia 2010* reports the total tax rate for fiscal 2008.
12. Following the *Doing Business* methodology, the tax rate described here is designed to provide a comprehensive measure of the cost of the ICA tax a business bears. It differs from the statutory tax rate, which merely provides the factor to be applied to the tax base. For more information, see the detailed description of the standard case in the data notes section.
13. World Bank, *World Development Indicators* database.
14. Agreement 031 of 2008 establishes incentives for the industrial, commercial and services that foster economic development increase on investment and employment generation in Ibagué. The Council of Ibagué, October 22, 2008.
15. Agreement 521 of 2008, which establishes an exemption schedule for which any firm that creates more than 5 jobs has a 20% discount on the ICA payment until 2018, plus 4% for each additional job with a limit of 100%.
16. Agreement 023 and Agreement 041 of 2008 grants firms that create more than 15 jobs a 50% exemption from the ICA for five years.
17. Agreement 042 of 2008 grants a 90% discount on property tax for companies building new commercial facilities from 2008 to 2018.
18. Updates in tax rates are not considered as reforms in table 5.2 as they are a response to inflation and not an effort on behalf of the government to ease the process of paying taxes for their constituents.
19. Agreement 023 of 2008 establishes a schedule for entrepreneurs to pay off their debts with the municipal tax authority. Discounts range from 50 to 100% of the late fees.

Trading across borders

TABLE 6.1
**Where is it easier to trade—
and where not?**

| RANK | |
|------|--------------|
| 1 | Santa Marta |
| 2 | Barranquilla |
| 3 | Cartagena |
| 4 | Buenaventura |

Note: Rankings are the average of the port's rankings on the documents, time and cost required to export and import from/to Bogotá. See Data notes for details.

Source: *Doing Business* database.

Ximena is the commercial manager for a small manufacturing business based in Bogotá that produces backpacks, briefcases, handbags and wallets made from recycled rubber inner tubes. Ximena is trying to expand her business and sell products abroad, but she is afraid of the time and cost it might take to export. Her cargo would have to be transported from Bogotá to one of the 4 major ports in Colombia—Barranquilla, Buenaventura, Cartagena or Santa Marta—crossing numerous checkpoints, which could delay shipment. Once at the port, the cargo could be delayed further because of congestion and administrative procedures, adding to the cost and uncertainty.

Each of Colombia's 4 major ports provides competitive advantages and disadvantages. On the country's Atlantic coast, the port of Barranquilla is based in a large and growing industrial center and is a hub for the export of manufactured goods. Yet, Barranquilla's river entrance for cargo ships (23 km from the Caribbean Sea) can delay exports, when seasonal changes in the water level make it too shallow for ships. The port in Cartagena with its modern infrastructure is second to none in Colombia. However, it is the furthest port from Bogotá—more than 1,000 km away by road. The smaller port of Santa Marta is efficient and well managed. The problem with

Santa Marta is that the small size of its cargo holding area can cause delays and limits its potential for growth. Finally, on the Pacific coast, there is Colombia's largest port, Buenaventura, with access to China, other large markets in East Asia and the West Coast of the United States. But accessing Buenaventura comes with risks and security concerns, too, as the single lane road from Cali is notoriously dangerous and slow.

Ximena faces a burdensome environment to export to overseas markets. Exporting a container for textiles from Bogotá through the port of Cartagena requires, on average, 6 documents, 14 days and costs US\$ 1,770. Meanwhile, in Singapore, the best performer in *Doing Business 2010*, it takes only 4 documents, 5 days and costs US\$ 456 to complete all export requirements.

To produce the handbags, Ximena needs to import aluminum buckles from China, where they are manufactured at the most competitive prices. She needs to receive the material on time and cheaply to keep her costs low. Importing a container from China to Bogotá through the port of Buenaventura requires on average 7 documents and 19 days with a cost of US\$ 1,990. In Denmark, the same process requires 3 documents and takes 5 days to complete at a cost of US\$ 744.

The ease of international trade is

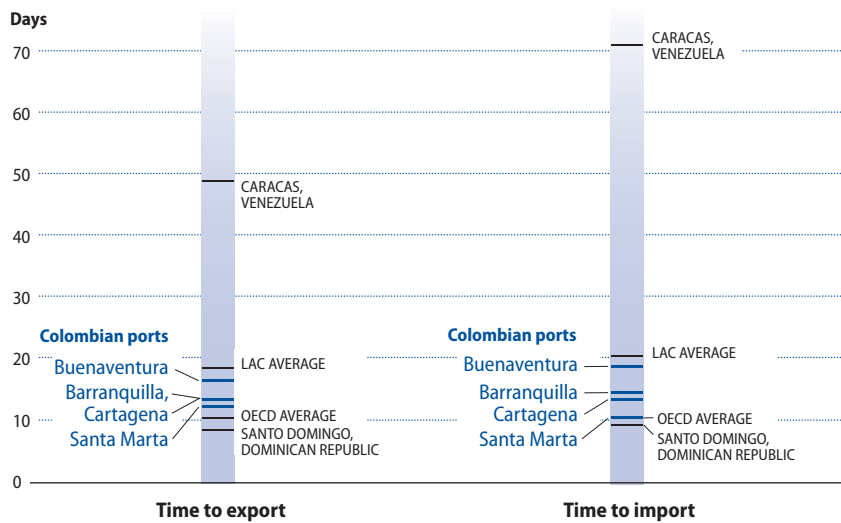
important to businesses large and small. The more time-consuming the export or import process, the less likely it is that a trader will be able to reach international markets in a timely fashion. There are many successful entrepreneurs like Ximena who would be more encouraged to expand their activities abroad if they could expect to spend less time and money on paperwork, clearance procedures, port activities and inland transportation. Obstacles to trade affect entrepreneurs' ability to expand their businesses and create jobs. A recent study of 126 economies calculates the loss from export delays at around 1% of trade for each extra day. For perishable agricultural products, the cost is nearly 3% of the volume of trade for each day's delay.¹

The administrative requirements, time and cost to import and export goods

What is measured?

Doing Business measures procedural requirements—including necessary documents and the associated time and cost (excluding trade tariffs)—for exporting and importing a standardized shipment of goods by ocean transport. For exports, procedures range from packing the goods at the warehouse to their departure from the port of exit. For imports, procedures range from the vessel's arrival at the port of entry to the cargo's delivery at the factory warehouse. See the detailed description of the standard case in the Data notes section.

FIGURE 6.1
Colombian ports are competitive on the time to export and import, but could still improve



Note: LAC denotes the Latin America and Caribbean region.
 Source: Doing Business database.

vary among the 4 ports measured in Colombia (table 6.1). It is fastest to import and export to and from Bogotá through the port of Santa Marta: 13 days to export and 11 days to import. This would make Santa Marta similar to the OECD average, but still slightly slower than the fastest port in Latin America and the Caribbean—Santo Domingo, Dominican Republic, where it takes only 9 days to export. Barranquilla and Cartagena are not far behind: It takes 14 days to import and export in Cartagena and 14 days to export and 15 days to import in Barranquilla. Trading in Buenaventura takes longer: 18 days to export and 19 days to import. This is largely due to Buenaven-

tura's slower inland transportation and the congestion of containers in the port for import inspections. Nevertheless, all 4 ports in Colombia are faster than the regional average for Latin America and the Caribbean and significantly faster than neighboring Caracas, Venezuela, where it takes 49 days to export and 71 days to import (figure 6.1).

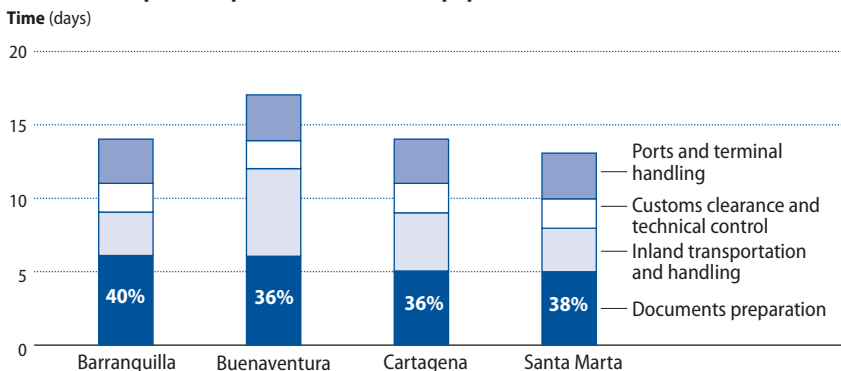
A breakdown of the export process into its different stages sheds light on the main bottlenecks. Preparing documents represents between 36% and 40% of the total time to export (figure 6.2). Despite efforts to digitize required documents for online access, a reliance on paperwork still prevails in Colombia. In fact, Co-

lombia's paper-pushing adds a significant amount of time to the export process. The same is true for document preparation for imports—which takes between 42%, in Buenaventura, to 54% (in Barranquilla) of the total time to import. Transporting the goods from Bogotá to the port is the second major source of delays. It takes 5 to 6 days to transport a container by truck from Buenaventura to Bogotá and 2 to 3 days from the 3 closer ports on the Atlantic coast. Road delays are exacerbated by official and unofficial checkpoints along the principal trade routes, in particular just outside of the port gates.

The good news is that infrastructure investments across all ports—such as the purchase of straddle carriers and stacking cranes—seems to have paid off: the time for port handling, customs and inspections is minimal in comparison to the other delays. Port handling accounts for less than 25% of the total time, while customs and inspections take 15% or less. This suggests the largest delays for traders are not at the ports but before and after the cargo has left their gates.

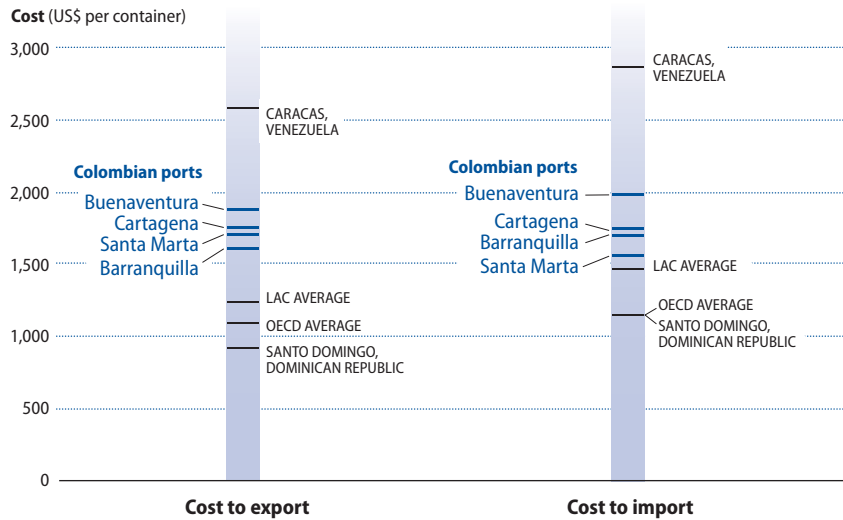
As mentioned above, inland transportation—an important component of trading—is one of the main sources of delays among the 4 Colombian ports (figure 6.2). The time it takes to transport cargo to the seaport could be reduced through improvements in road infrastructure and security. A World Bank report published in 2006 found that many trunk roads connecting major cities to the ports of Colombia would reach an unstable service-level flow by 2010 without major infrastructure investments.² Most of these needed investments have not yet happened. In addition, a substantial portion of inland transportation delays also stem from inspections and random police checkpoints, which take place outside of the port. Several respondents to our survey said that police checkpoints directly outside of the ports of Buenaventura and Cartagena

FIGURE 6.2
Colombian exporters spend most time with paperwork



Source: Doing Business database.

FIGURE 6.3
Cost to export and import above the regional average in all Colombian ports



Note: LAC denotes the Latin America and Caribbean region.
 Source: Doing Business database.

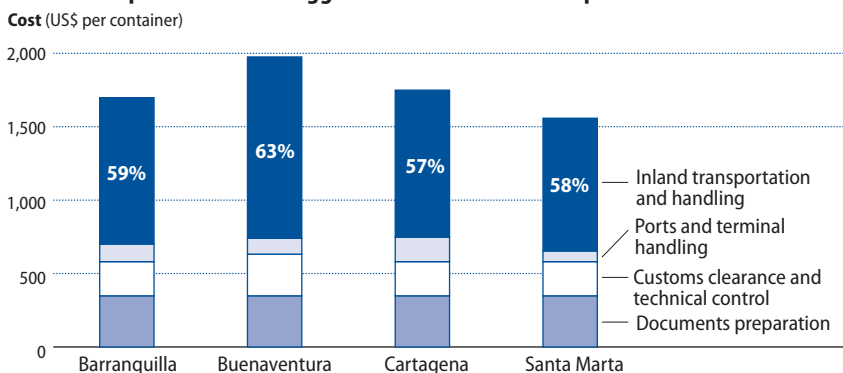
sometimes check paperwork in just half an hour, but sometimes they delay the process by 4 or 5 days by demanding physical inspections off site. Streamlining those inspections would not require a significant investment and would reduce transportation time significantly.

The costs associated with trading across borders from Colombia are relatively high. Exporting through the port of Barranquilla is the least expensive option—US\$ 1,600 for a 20-foot container—but this is still higher than the regional average of US\$ 1,244³ and significantly higher than the OECD average of US\$ 1,090 per container (figure 6.3). Through the port of Buenaventura,

the cost to export is US\$ 1,890 and to import is US\$ 1,990, making it one of the most expensive ports for trade in the region. Buenaventura even approaches the extremely high costs of trade seen in Caracas Venezuela, Latin America’s most expensive (figure 6.3).

Far and away the biggest cost for importers in Colombia is inland transportation. In all 4 ports of Colombia, inland transportation represents more than half of traders’ total expenses (figure 6.4). In Buenaventura this cost represents 63% of the total associated with importing a 20-foot container. Documentation preparation—which includes acquiring and filling out customs and

FIGURE 6.4
Inland transportation is the biggest cost for Colombian importers



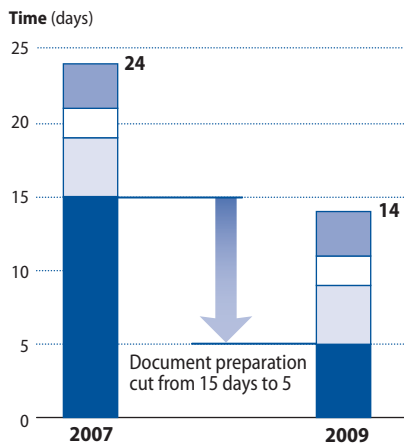
Source: Doing Business database.

import (or export) declarations documents—is also relatively expensive. Specifically, it costs US\$ 325 to prepare the documentation for importing a 20-foot container through Buenaventura. To compare, in Santiago, Chile and Lima, Peru—two of Buenaventura’s principal competitors on the Pacific coast—it costs 43% less, or US\$ 185, for the same process. The good news is that costs associated with inspections, customs and port handling—which are controlled by the port authorities—together represent less than a quarter of the total costs and are regionally competitive with the top ports in Latin America.

Since 2008, when the last subnational *Doing Business* report for Colombia was published, the country has become a top reformer on the global stage. For trading across borders, the national government and port authorities have made a lot of improvements to make it easier for businesses like Ximena’s to trade and thrive. Together, a new electronic customs system (called MUISCA) for submitting export and import documentation, online payments for import duties and more efficient letter-of-credit processing by banks have reduced the amount of time it takes to prepare documentation by over 60% for exports and over 40% for imports.

In January 2009, Colombia’s Ministry of Trade, Industry and Tourism issued a “Simultaneous Inspection Manual” to regulate inspections at the seaports by the technical control authorities. The one-pass inspection by the agriculture department (ICA), the sanitation department (INVIMA), the tax and customs department (DIAN) and the antinarcotics police aims to reduce the time spent on customs clearances and inspections inside all Colombian ports. However, in practice, respondents report that the technical control authorities are not using simultaneous inspections consistently, given Colombia’s increase in risks related to drug trade. Several

FIGURE 6.5
Cartagena—export time cut by 10 days



Source: Doing Business database.

respondents reported that not all of the agencies are keeping the inspection point open for 24 hours, as directed in the manual. In one case, a respondent stated that antinarcotics police shuts down at 5pm and that the wait for cargo trucks at inspections often lasts several hours. If this is the case, and a truck does not make it to the front of the line before 5pm, the cargo must wait until the next day for the inspection to take place.

Another common problem is that physical or intrusive inspections are still very common. In fact, since September 2009 after a series of large busts uncovered containers filled with US\$ 22 million,⁴ the percentage of physical inspections has increased from 40% to 60% of all cargo handled across the 4 ports. As a net result, the time required for customs clearance and inspection has not changed significantly since 2008, despite the “Simultaneous Inspection Manual” reform.

In the meantime, improvements in the efficiency of port handling have cut the time required in Buenaventura from 4 to 2 days and in Barranquilla from 3 to 2 days since 2008. However, many ports and container deposits continue to suffer from congestion, leading to delays (particularly for exports in Barranquilla and imports in Buenaventura). In some cases, the congestion is caused by limited

storage areas, which could be expanded. Congested storage space is also commonly caused by traders’ long storage times, which could be limited.

Taking a closer look at exports from Bogotá through Cartagena, the process has been sped up by 10 days over 2 years—from 24 days in 2008 to 14 days in 2010 (figure 6.5). Meanwhile, the amount of time it takes to import along the same route has dropped 6 days—from 20 days in 2008 to 14 days in 2010. There have been significant improvements for entrepreneurs like Ximena. However, these improvements are not enough. The costs associated with importing and exporting in Colombia remain high—too high to be truly competitive. The focus of the next round of reforms should be cost reduction for cross-border trade.

WHAT TO REFORM?

CONTINUE TO STREAMLINE AND INCREASE THE USE OF SIMULTANEOUS INSPECTIONS

The agencies performing the simultaneous inspections could be better coordinated to work 24 hours a day. Also, physical, intrusive inspections can cause significant delays for compliant traders. Investing in modern scanner technology could better detect and identify cargo which needs a physical inspection.

INCREASE CONTAINER CAPACITY AT PORTS

Congestion problems can be addressed with an effective storage-management system—such as the one in operation in Cartagena—or through expanding container storage space—as is underway in Santa Marta. Another practical option is to introduce and enforce storage time limits and raise fees for longer storage at ports and container deposits. Cargo should be held at ports and container deposits for as short a time as possible; in order to avoid delays, these should not be used as intermediate storage areas.

REDUCE AND STREAMLINE DOCUMENTATION REQUIREMENTS

While significant improvements have been made, Colombian traders continue to spend too much time complying with burdensome paperwork. Traders currently need 6 separate documents to export, and 7 to import. With an electronic customs declaration form already available, Colombian ports could simply consolidate other information onto the form, in line with systems in Antwerp or Panama.

IMPLEMENT INVESTMENTS TO IMPROVE INLAND ROAD INFRASTRUCTURE

Colombia’s Ministry of Transportation, its National Planning Department (DNP) and the International Finance Corporation (IFC) have put together a package of US\$ 2.5 billion to rehabilitate existing roads. The plan is to add a second lane and construct new segments for the 900 km “Ruta del Sol” that runs from Bogota to the port of Santa Marta.⁵ The trunk road from Cali to Buenaventura is also being worked on to create double lanes, but this has taken too long and construction itself has created addition delays to transport cargo.⁶ These projects are desperately needed as inland transportation remains the largest obstacle (in time and cost) for sea cargo trade in Colombia. However, many more road investments—such as adding or widening lanes—are critical to maintain a level of acceptable service because 80% of all Colombian cargo must pass through these inland roads.⁷

REDUCE AND STREAMLINE INFORMAL INLAND CHECKPOINTS

Cargo is often significantly delayed because of the number of official and unofficial checkpoints on the principal trade routes, in particular just outside the port gates. Official checkpoints are typically operated by the military or police departments and are aimed to control trade of

illegal drugs and contraband. However, in practice, there is little coordination between inspection authorities. In most cases, each operates its own post. The delays at each post are generally short, but can extend to several days in some situations, adding time and unpredictability to road transportation. In fact, in many cases inspections by the antinarcotics police are repetitive as containers are supposed to be inspected to the same end as part of the simultaneous inspection procedures inside the port. The total number of checkpoints and informal inspections should be reduced and streamlined to the greatest extent possible.

IMPROVE REGULATION OF TRUCK INDUSTRY

A final component which contributes to the high inland transportation costs of cargo in Colombia has to do with truck drivers and operators. Simply put, the truck industry is a major source of inefficiency for trading across borders in Colombia. Better regulation of the truck industry could lead to significant reductions in logistics costs.⁸ This could be done by improving entry regulations for the trucker so that only qualified operators are on the road. Encouraging more competition and better monitoring charges for inland cargo would also help (as several respondents indicated that cargo charges are significantly higher than those suggested by the Ministry of Transport).

1. Djankov, Simeon, Caroline Freund and Cong Pham. Forthcoming. "Trading on Time". *Review of Economics and Statistics*.
2. Reis, Jose Guilherme, Guasch, Jose Luis, and Barbero, Jose, *Infraestructura Logística y de Calidad para la Competitividad de Colombia*, World Bank Group, 2006.
3. For "Latin America and the Caribbean" (LAC).
4. "22 millones de dólares suman caletas halladas en las últimas 48 horas en Buenaventura", *El Tiempo*, Colombia, September 11, 2009.
5. <http://www.proyectorutadelsol.org/>
6. "Avanza Doble Calzada De Buenaventura", *El Tiempo*, Colombia, June 18, 2009.
7. *Ibid.*
8. *Ibid.*

Enforcing contracts

TABLE 7.1

Where is it easier to enforce a contract—and where not?

| RANK | Easiest | RANK | Most difficult |
|------|------------------------|------|----------------------------|
| 1 | Manizales, Caldas | 11 | Pasto, Nariño |
| 2 | Valledupar, Cesar | 13 | Cúcuta, Norte de Santander |
| 3 | Santa Marta, Magdalena | 14 | Barranquilla, Atlántico |
| 4 | Armenia, Quindío | 14 | Medellín, Antioquia |
| 4 | Ibagué, Tolima | 14 | Neiva, Huila |
| 6 | Pereira, Risaralda | 17 | Tunja, Boyacá |
| 7 | Bucaramanga, Santander | 18 | Cali, Valle del Cauca |
| 7 | Popayán, Cauca | 19 | Riohacha, La Guajira |
| 7 | Sincelejo, Sucre | 20 | Cartagena, Bolívar |
| 10 | Villavicencio, Meta | 21 | Bogotá, Distrito Capital |
| 11 | Montería, Córdoba | | |

Note: Rankings are the average of the economy's rankings on the procedures, time and cost to resolve a commercial dispute through the courts. See Data notes for details.

Source: *Doing Business* database.

In Colombia there is a popular saying: “It is better to reach a bad settlement than to engage in a good litigation.” That may be the case when entrepreneurs have to wait 2 to 4 years for a court decision. It is also true that when defendants benefit from court delays, breaches of contracts may become more frequent and opportunities to settle become scarcer. Weak judicial systems undermine commercial trust and reduce the scope of commercial activity because entrepreneurs prefer to enter commercial agreements primarily with people they know. Thus, efficient contract enforcement is essential for investment, trade and economic growth.¹

Two years ago, *Doing Business in Colombia 2008* benchmarked the ease of enforcing contracts through the courts in 13 Colombian cities. This year, *Doing Business* updated the measurement for those 13 cities and added 8 more locations. Of the 21 cities measured, the easiest cities to enforce a contract are Manizales and Valledupar and the most difficult ones are Cartagena and Bogotá (table 7.1).

On average, it takes 833 days to enforce a contract—less than in Guatemala or Italy, but over 3 times as long as in Rwanda and twice as long as in Peru and Mexico. The average cost is 34% of the value of the claim—3.5 times more expensive than Luxembourg, which was

the top ranking country globally on the ease of enforcing a contract indicator.² Despite the common procedures across Colombia, the time and cost vary greatly from city to city.

Procedural steps are the same across Colombia. Commercial procedures are ruled by the Code of Civil Procedure and the Commercial Code. Despite the fact that Colombia has 34 of the 100 possible procedures in the *Doing Business* standardized list, the lowest number in Latin America and the Caribbean, the average time to enforce a contract in the 21 Colombian cities is 1.4 times longer than in Argentina, the top performing country in this region.

While in Armenia, Montería and Sincelejo enforcing a contract takes up to 350 days, it takes almost 4 times as long in Barranquilla, Pasto and Bogotá. Generally, differences in the time to enforce a contract among cities, show a relation between the size of the city (and therefore the complexity of the business transactions, and structure of the business community) and the efficiency of the municipal courts. However, variances in performance also occur among the largest cities. In Medellín, the second largest city in Colombia, enforcing a contract takes 768 days, whereas in Bogotá, Cali or Barranquilla it can take 1,300 days or more. There are also notable

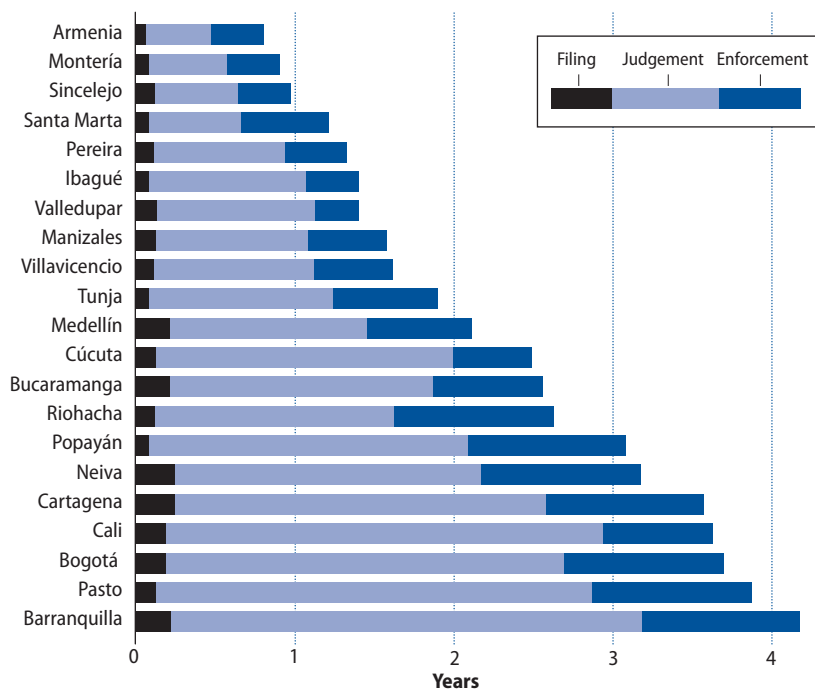
differences among mid-sized cities. In Valledupar, where there are 6 municipal courts, it is possible to enforce a contract in 510 days. In Pasto, where there are also 6 courts, it would take up to 1,410 days. Some regional differences in the structure of the legal profession or business practices, such as frequency of out-of-court settlements, may explain some of the variations, as the internal structure of the courts is essentially the same.

Not surprisingly, some practitioners say that enforcing contracts may be easier in cities where there is a greater use of alternative dispute-resolution methods. In Armenia, where alternative resolution methods are popular, it takes only 293 days to enforce a contract, while in Barranquilla, where the majority of disputes are resolved in courts, it takes 1,520 days. Use of alternative resolution methods could help reduce backlogs in courts, since they could reduce the number of

What is measured?

Doing Business tracks the efficiency of the judicial system in resolving a commercial dispute, following the step-by-step evolution of a commercial sale dispute before local courts. It studies the time, cost and number of procedures from the moment the plaintiff files a lawsuit, through trial and then judgment, until the actual payment through a public sale of the defendant's movable goods. See the detailed description of the standard case in the Data notes section.

FIGURE 7.1

Wide variation in the time to enforce a contract

Source: Doing Business database.

new filings. However, the main issue related to duration of cases is the efficiency and performance of individual judges and judicial staff.

There are uniform legal rules regarding the modes of service and notification that could help reducing the duration of some procedures. For instance, in 2003, the Code of Civil Procedure was amended to make it possible for plaintiffs to directly deliver summons to defendants instead of relying on the process server or court clerk (*notificador*). Despite the change in the Code, notifications can still take up to 90 days in some cities. “It is common that defendants delay notification by not appearing before the court,” says one lawyer in Armenia. To expedite this stage, the 2003 Code reform introduced also notification by electronic means.³ To date, this reform has not been put into practice and plaintiffs continue to deliver summons by regular mail. In contrast, countries like Costa Rica and Peru have moved forward on the use of email for serving process to defendants.

Once a defendant is served with process, the trial period begins. The trial and sentencing account for 65% of the total time to enforce a contract and are the main causes of delays and differences among cities (figure 7.1). In Sincelejo, courts will issue a judgment in 190 days. Meanwhile, in Barranquilla courts take 6 times longer. Within the general framework established by the Superior Council of the Judicature, courts have certain degree of organizational autonomy in each city and some courts are more efficient than others. Some are more centrally located and have more modern technical equipment than others. Additionally, some judges exercise better control over court staff and use their resources more efficiently.⁴ An in-depth look into the evaluations of court staff may help explain the different outcomes (sometimes within the same city) and may help also find practical solutions—like training or transfers—to make court performance more homogenous across the country.

Lawyers concur that backlogs are one of the main reasons for delays in

courts. An increase in the number of constitutional protection actions (*tutelas*) has contributed to these backlogs.⁵ In 2007, in Bogotá, *tutelas* represented 1% of the claims handled by municipal courts. By the end of 2008, the number of *tutelas* had risen to 10% of the claims and in 2009, *tutelas* came to represent 23% of the claims filed before courts.⁶ Judges must give priority to these types of claims and resolve them within 10 days of filing. Lawyers in Pasto and Santa Marta commented that a single court can receive up to 15 constitutional claims on a given day, in addition to an average of 40 motions. It is, therefore, not surprising that judgments on commercial disputes are often put on hold.

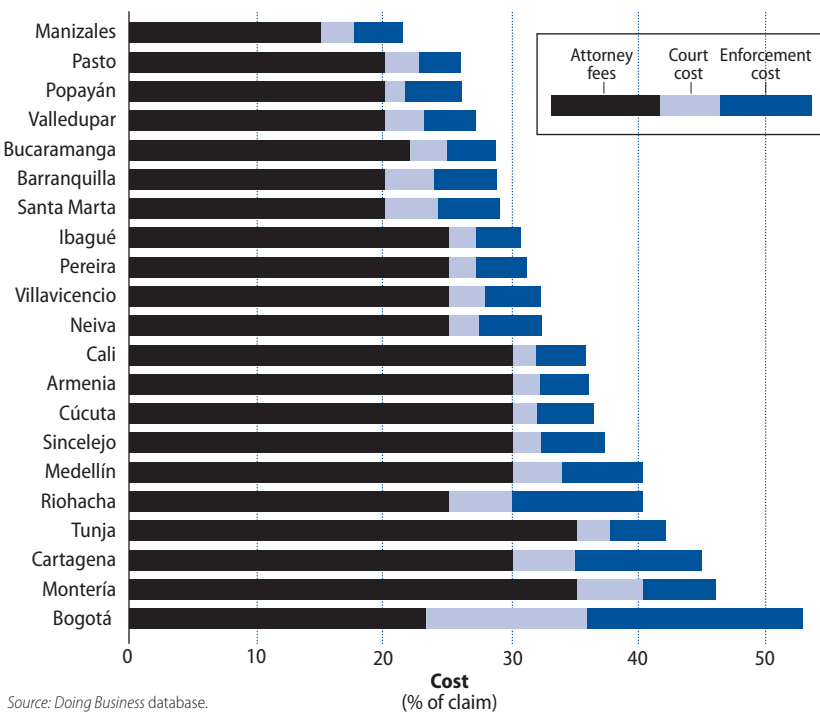
Since the beginning of 2009, the Superior Council of the Judicature has taken administrative measures to reduce backlogs in courts by creating positions for adjunct judges and providing more clerks. These measures are temporary, but are expected to produce a favorable outcome in expediting proceedings in the short run.⁷

The sentencing stage is followed by enforcement and then public auction. Time to enforce a judicial decision is, on average, 237 days, but in some cities— notably, Armenia, Montería, Ibagué and Sincelejo—it takes only 120 days.⁸ Even though the enforcement stage is more efficient in these cities, it is still twice as long as in France.

The Code of Civil Procedure allows lawyers to file the petition for enforcement before the same judge that ruled on the merits of the case. This makes it easier for the plaintiff to obtain a writ of execution (*mandamiento de pago*) since the case is not subject to another judicial review.⁹ Nevertheless, during this stage, there are also delays. One bottleneck is the system of “delegation orders” (*despachos comisorios*), whereby lower courts and police inspectors are mandated to carry out cautionary measures (seizure and attachment of assets) among other

FIGURE 7.2

Cost to enforce a contract across Colombia



Source: *Doing Business* database.

proceedings. The Colombian Superior Council of the Judicature started to assign adjunct judges to expedite these delegation orders.

Since *Doing Business in Colombia 2008*, the time it took to enforce a decision dropped by 2 months in Medellín, where the Superior Council of the Judicature created 2 municipal courts dedicated solely to carrying out delegation orders in February of 2009. Similar measures were adopted in Bogotá, where 12 new municipal courts were created with the purpose of reducing the number of days to enforce a judgment. The results in Bogotá remain to be seen.¹⁰

Most measures adopted to reduce backlogs in Colombia's courts today are temporary. The cases assigned to adjunct judges will return to existing courts if they are still pending. Thus, capacity within the existing courts should be reinforced for long term improvements.

One of the core principles of Colombia's justice system is that citizens should have access to it at no cost.¹¹ Nevertheless, in practice, going to court can

be expensive. Costs among cities vary. For example, in Manizales (the top performer overall), it costs 21% of the total value of the claim to bring a case before the courts—half as much as in Montería, Cartagena or Tunja. Variations of legal and expert fees related to the competitive structure of the legal profession and the availability of experts may explain these differences (figure 7.2).

Even though there are non-mandatory parameters for lawyers fees set forth by the Colombian Bar Association (*Corporación Colegio Nacional de Abogados, CONALBOS*) and by the percentage of lawyers' fees taxed by the court as litigation costs (*Agencias en Derecho*), ultimately, these fees may be negotiated by the parties. The average for lawyers' fees is 25% of the total value of the claim. Since *Doing Business in Colombia 2008*, legal fees have increased, in general. The time needed to enforce a contract is a factor, especially if lawyers have entered into "Quota Litis" or contingent-fee agreement¹² with their client. Lawyers' fees are higher in cities like Cali,

Cartagena and Tunja where enforcing a contract takes longer. Conversely, fees are lower in cities like Manizales where enforcing a contract is faster.¹³

Two more sources of cost variations among cities are the expert and bailiff fees. Since 2002, the Superior Council of the Judicature has enacted rules for expert and bailiff fees.¹⁴ Despite the fact that litigants base their estimates on the legal rules, the final fees vary between 1.5% and 10.0% of the claim value in practice. For instance, an expert in Riohacha or Montería may receive 3.5 times more than an expert in Popayán. Lawyers comment that the current rules are confusing and make it difficult for judges to effectively allocate expert fees according to the degree of complexity of the subject matter and the experience of the expert. As a result, judges have ample discretionary powers to set expert fees. In addition, parties often object either to the qualifications of the expert or the level of their fees, which may also add to delays of trial.

Doing Business in Colombia 2008 stated that one of the main causes of backlogs is the high percentage of inactive cases due to inactivity by either party. According to a justice from the Superior Council of the Judicature, "Inactive cases account for up to 52% of the total inventory of cases currently filed in Colombian courts." To address this problem, Congress issued Law 1194 (*Ley de Desistimiento Tácito*) regarding "implied abandonment" in May, 2008. This law sets forth mechanisms for the judges to dismiss cases whenever there is no activity on behalf of the parties.

As a result of the application of "implied abandonment," judges in 150 municipal courts in Colombia have dismissed almost 32,283 cases. Furthermore, in civil courts—municipal and circuit level¹⁵—a total of 43,948 cases have been dismissed as of June 2009—that is, 12.2% of the total inventory of inactive cases.¹⁶ Reducing the number of pending

cases was not the only positive result of the “implied abandonment” law: judges in Santa Marta have also incorporated in their writs a reference to the terms established in the law, urging plaintiffs to deliver summons to defendants. As a result, Santa Marta has reduced the filing period by half—from 60 to 30 days.

In addition to the “implied abandonment” law, Congress passed Law 1285 of 2009, introducing the concept of quashing (*perención*) for enforcement procedures (*procesos ejecutivos*)—effectively allowing judges to dismiss inactive cases after a certain time period. Another bill (197 of 2008) now before Congress aims to further reduce backlogs in courts (*Proyecto de Ley de Descongestión Judicial*). On top of that, the government has started to gradually implement oral procedures in all civil courts to make them more efficient.

Although Colombia is reforming its judicial system to reduce backlogs and run more efficiently, there are many challenges ahead, especially in the cities where enforcing a contract is currently most difficult. Sectional Councils of the Judicature (*Consejos Seccionales de la Judicatura*) should periodically update statistics of courts’ performances in their territories. Based on this information, they can present recommendations before the Supreme Council of the Judicature on how to guide the allocation of resources.¹⁷ This is an important role for pinpointing further improvements.

WHAT TO REFORM?

RELY ON SMALL CLAIMS COURTS

In January of 2009, Law 1285 amended the Statute of Judicial Administration (*Ley Estatutaria de la Administración de Justicia*) and introduced, once more, small claims courts as part of the judicial structure. Small claims courts can help resolve simple disputes more efficiently—and with fewer procedural and evidentiary requirements. These types

of courts already exist in 48 economies around the world. If Colombia effectively implements its small claims courts, establishing proper claim thresholds and commercial matters under their jurisdiction, it could reduce the burden on higher instance courts. Colombia should look to the results seen in cities like Seoul, where 70% of civil suits are decided in small claims courts and take an average of 230 days.

INTRODUCE SPECIALIZED COURTS OR REASSIGN WORKLOADS TO SPECIAL-PURPOSE COURTS

Countries around the world have benefited from establishing specialized courts. In Argentina, commercial disputes are resolved by commercial judges (*Jueces Nacionales de Primera Instancia en lo Comercial*). Several countries in Africa have also introduced commercial courts or commercial sections within their existing courts, achieving a 19% reduction in the time to enforce a contract.

In Colombia, civil courts have jurisdiction over constitutional, commercial and civil claims. For civil and commercial claims, the same courts handle judgment and enforcement procedures—i.e., cases disputed on their merits and cases to enforce judicial or commercial titles.

Colombian judicial authorities have identified that the greatest number of claims filed before the courts belong to enforcement procedures (*juicio ejecutivo singular*). According to their statistics, 88.5% of the total numbers of claims handled by municipal courts are debt collections.¹⁸ In order to reduce the burden on municipal courts, Colombia is considering the creation of specialized courts that exclusively carry out enforcement procedures. Nevertheless, since these entail complementary activities such as cautionary measures and public auctions, enforcement courts will not become an aid for the prompt and effective collection of debts, unless comprehensive reforms cover all of these aspects.

IMPLEMENT MODERN SYSTEMS FOR CASE MANAGEMENT AND JUDICIAL STATISTICS

Having a system that allows users to do a remote search for cases and track their progress can reduce time requirements and costs because parties can follow up on the status of their cases without having to go to court personally. Consolidated statistics are also a valuable tool for the judiciary, since they facilitate the task of measuring caseloads, assessing the performance of judges and clerks and guiding the allocation of resources.¹⁹

CONTINUE MODERNIZING PROCEDURAL RULES

Running an efficient judicial system does not only mean passing new reforms; it also entails implementing the reforms that have been enacted. Putting into practice the system of notifications by e-mail, making greater use of alternative dispute resolution mechanisms and enhancing judges’ control over dilatory practices are three examples.

Colombia can also introduce reforms adopted by other countries. Algeria, for example, amended its procedural rules to reinforce procedural time limits. Norway is also enforcing its procedural deadlines more strictly with judges required to justify delays if cases are not resolved within 6 months. Finally, Portugal reviewed its law on the execution of judgments, allowing more power to bailiffs thereby concentrating judges in sentencing. These are all positive steps to help enforce contracts efficiently.

STRENGTHEN MECHANISMS FOR THE EVALUATION OF JUDICIAL STAFF

Most issues regarding courts’ performance are related to the profile and skills of court officials. Close tracking of individual and group performances will help ascertain the real causes behind different results observed among cities. The need to establish and maintain national standards while allowing for the par-

particulars of regions and cities may lead to considering changes in the organization structure and job profiles in certain cities, and in the allocation of resources.

PROMOTE ONE-STOP SHOPS

Colombia has already tested one-stop shops in particular locations within the metropolitan area of Bogotá (*SuperCADES*) in partnership with local government agencies. The experience is promising in terms of facilitating service of process, and exchanges of documents without physical displacement to individual court offices thereby reducing time and cost of judicial procedures. The potential for decentralization of these facilities in other cities should be explored.

STANDARDIZE MEDIATION SERVICES

Mediation is a most promising alternative dispute-resolution method that could help reducing backlogs through court-annexed or self-standing facilities. However, its potential has not been fully tapped in part because of the wide variation in the quality of services among more than 300 officially-sanctioned providers. Closer supervision of their performance and establishment of common standards for all (ISO-certifiable) can help improving the quality of the services provided and the use of this alternative.

1. Djankov, Simeon, Rafael La Porta, Florencio Lopez-de-Silanes and Andrei Shleifer. "Courts." *Quarterly Journal of Economics*: 118 (2): 453-517.
2. World Bank. 2009. *Doing Business 2010: Reforming Through Difficult Times*. Washington DC: The World Bank Group.
3. Code of Civil Procedure [C.P.C] art 320 (Col).
4. Corporación Excelencia en la Justicia. 2009. *Propuesta de Ajuste al Modelo de Gestión de los Juzgados Civiles Municipales de Bogotá D.C.* Bogotá D.C.:Secretaría de Desarrollo Económico.
5. The Constitution of 1991 enacted a constitutional action (*tutela*) for the protection of fundamental rights. The majority of tutelas are related to social security and benefits under the programs of the Presidential Agency for Social Action and International Cooperation known as *Acción Social*.
6. Corporación Excelencia en la Justicia, 2009, supra note 4, and statistics provided by the Superior Council of the Judicature (October 2009).
7. Some examples are Agreements PSAA09-5674 of March, 2009, PSAA 09-5647 of March 2009, PSAA09-5677 of March 2009. Colombian Superior Council of the Judicature. Available at http://www.ramajudicial.gov.co/cs_j_portal/jsp/frames/index.jsp?id sitio=6&id seccion=16.
8. Probably as a result of a more limited market for assets given in collateral or closer personal relationships among members of the legal/business communities.
9. Code of Civil Procedure [C.P.C] art 335 (Col).
10. Agreements PSAA 09-5530 of February 2009 and PSAA08-444 of January, 2009. Colombian Superior Council of the Judicature. Available at http://www.ramajudicial.gov.co/cs_j_portal/jsp/frames/index.jsp?itio=6&id seccion=16.
11. Law 270 of 1996. *Ley Estatutaria de la Justicia*. Art 6 (Col.). Available at http://www.secretariasenado.gov.co/senado/basedoc/ley/1996/ley_0270_1996.html.
12. A contingent fee is the fee which will be due and payable to the lawyer only if there is a successful conclusion of the legal work, usually winning or settling a lawsuit in favor of the client.
13. This may also suggests issues of mismatch between supply and demand in the market for legal professional services.
14. Agreements 1518 of August 2002 and 1852 of 2003. Colombian Superior Council of the Judicature. Available at http://www.ramajudicial.gov.co/cs_j_portal/jsp/frames/index.jsp?id sitio=6&id seccion=167
15. *Jueces municipales y civiles de circuito*.
16. Statistics provided by the Superior Council of the Judicature.
17. Law 270 of 1996. *Ley Estatutaria de la Justicia*. Art 101 (Col.). Available at http://www.secretariasenado.gov.co/senado/basedoc/ley/1996/ley_0270_1996.html
18. Corporación Excelencia en la Justicia 2009, supra note 4.
19. Improvements in communications and systems are components of the Justice Service Strengthening Program that the Colombian Government will implement with the support of the World Bank Group. See, Document No 3359 Of December 15 of 2008, approved By the National Council for Economic and Social Policy "CONPES" Available at <http://www.dnp.gov.co/PortalWeb/CONPES/ConpesEcon%C3%B3micos/2008/tabid/752/Default.aspx>.

Data notes

The indicators presented and analyzed in *Doing Business in Colombia 2010* measure government regulation and the protection of property rights—and their effect on businesses, especially small and medium-size domestic firms. First, the indicators document the degree of regulation, such as the number of procedures to start a business, to construct a warehouse or to register commercial property. Second, they gauge regulatory outcomes, such as the time and cost to enforce a contract and to trade across borders. Finally, they document the tax burden on business. For details on how the rankings on these indicators are constructed, see Aggregate Ranking at the end of this section.

In this project, *Doing Business* indicators benchmarked 21 Colombian cities—the complete list is available in the Contents page. The data for all sets of indicators in *Doing Business in Colombia 2010* are for July 2009. The data presented in this report for Bogotá and other countries is based on the global report *Doing Business in 2010: Reforming through Difficult Times*.

METHODOLOGY

The *Doing Business in Colombia 2010* data are collected in a standardized way. To start, the Doing Business team, with academic advisers, designs a survey. The survey uses a simple business case to ensure comparability across countries and over time—with assumptions about the legal form of the business, its size, its location and the nature of its operations. Then the survey is customized to the particular case of Colombia. Surveys are administered through more than 300 local experts, including lawyers, business consultants, accountants, freight forwarders, government officials and other professionals routinely administering or

ECONOMY CHARACTERISTICS

GROSS NATIONAL INCOME (GNI) PER CAPITA

Doing Business in Colombia 2010 reports 2008 income per capita and population as published in the World Bank's World Development Indicators 2009. Income is calculated using the Atlas method (current US\$). For cost indicators expressed as a percentage of income per capita, 2008 GNI in local currency units is used as the denominator. For cost indicators expressed as a percentage of income per capita, 2008 GNI in local currency units is used as the denominator. Colombia's GNI per capita in 2008 = US\$ 4,657.67

EXCHANGE RATE

The exchange rate used in this report is: 1 US\$ = 2,202.07 COP (Colombian pesos)

REGION AND INCOME GROUP

Doing Business uses the World Bank regional and income group classifications available at <http://www.worldbank.org/data/countryclass>. Throughout the report the term rich economies refers to the high income group, middle income economies refers to the upper middle income group and poor economies refers to the lower middle and low income groups

advising on legal and regulatory requirements. These experts have several rounds of interaction with the Doing Business team, through conference calls, written correspondence and country visits. For *Doing Business in Colombia 2010* the team members visited Colombia twice to recruit respondents, verify data and meet with local government officials. The team also invited local government officials and judges to review the preliminary results and offered them a right of reply period. The data from surveys are subjected to numerous tests for robustness, which lead to revisions or expansions of the information collected.

The *Doing Business* methodology offers several advantages. It is transparent, using factual information about what laws and regulations say and allowing multiple interactions with local respondents to clarify potential misinterpretations of questions. Having representative samples of respondents is not an issue, as the texts of the relevant laws and regulations are collected and answers checked for accuracy. The methodology is inexpensive and easily replicable, so data can be collected in a large sample of economies. Because standard assumptions are used in the data collection, comparisons and benchmarks are valid across economies. Finally, the data not only highlight the extent of specific regulatory obstacles to doing business but also identify their source and point to what might be reformed.

LIMITS TO WHAT IS MEASURED

The *Doing Business* methodology applied to *Doing Business in Colombia 2010* has 4 limitations that should be considered when interpreting the data. First, the data often focus on a specific business form—generally a limited liability company (or its legal equivalent) of a specified size—and may not be representa-

tive of the regulation on other businesses, for example, sole proprietorships. Second, transactions described in a standardized case scenario refer to a specific set of issues and may not represent the full set of issues a business encounters. Third, the measures of time involve an element of judgment by the expert respondents. When sources indicate different estimates, the time indicators reported in *Doing Business* represent the median values of several responses given under the assumptions of the standardized case.

Finally, the methodology assumes that a business has full information on what is required and does not waste time when completing procedures. In practice, completing a procedure may take longer if the business lacks information or is unable to follow up promptly. Alternatively, the business may choose to disregard some burdensome procedures. For both reasons the time delays reported in *Doing Business in Colombia 2010* could differ from the perceptions of entrepreneurs reported in the World Bank Enterprise Surveys or other perception surveys.

Most laws and regulations underlying the *Doing Business* data are available on the *Doing Business* website at <http://www.doingbusiness.org>. All the sample surveys and the details underlying the indicators are also published on the website. Questions on the methodology and challenges to data can be submitted through the site's "Ask a Question" function.

STARTING A BUSINESS

Doing Business in Colombia 2010 records all procedures that are officially required for an entrepreneur to start up and formally operate an industrial or commercial business. These include obtaining all necessary licenses

and permits and completing any required notifications, verifications or inscriptions for the company and employees with relevant authorities.

After a study of laws, regulations and publicly available information on business entry, a detailed list of procedures is developed, along with the time and cost of complying with each procedure under normal circumstances and the paid-in minimum capital requirements. Subsequently, local incorporation lawyers and government officials complete and verify the data.

Information is also collected on the sequence in which procedures are to be completed and whether procedures may be carried out simultaneously. It is assumed that any required information is readily available and that all agencies involved in the start-up process function without corruption. If answers by local experts differ, inquiries continue until the data are reconciled.

To make the data comparable across countries, several assumptions about the business and the procedures are used.

ASSUMPTIONS ABOUT THE BUSINESS

The business:

- Is a limited liability company. If there is more than one type of limited liability company in the country, the limited liability form most popular among domestic firms is chosen. Information on the most popular form is obtained from incorporation lawyers or the statistical office.
- Operates in the country's selected cities.
- Is 100% domestically owned and has 5 owners, none of whom is a legal entity.
- Has start-up capital of 10 times income per capita at the end of 2008, paid in cash.
- Performs general industrial or commercial activities, such as the production or sale of products or services to the public. 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.
- Leases the commercial plant and offices and is not a proprietor of real estate.
- Does not qualify for investment incentives or any special benefits.
- Has at least 10 and up to 50 employees 1 month after the commencement of operations, all of them nationals.
- Has a turnover of at least 100 times income per capita.
- Has a company deed 10 pages long.

PROCEDURES

A procedure is defined as any interaction of the company founder with external parties (for example, government agencies, lawyers, auditors or notaries). Interactions between company founders or company officers and employees are not counted as procedures. Procedures that must be completed in the same building but in different offices are counted as separate procedures. If founders have to visit the same office several times for different sequential procedures, each is counted separately. The founders are assumed to complete all procedures themselves, without middlemen, facilitators, accountants or lawyers, unless the use of such a third party is mandated by law. If the services of professionals are required, procedures conducted by such professionals on behalf of the company are counted separately. Each electronic procedure is counted separately. If 2 procedures can be completed through the same website but require separate filings, they are counted as 2 procedures.

Both pre- and post- incorporation procedures that are officially required for an entrepreneur to formally operate a business are recorded.

Procedures required for official correspondence or transactions with public agencies are also included. For example, if a company seal or stamp is required on official documents, such as tax declarations, obtaining the seal or stamp is counted. Similarly, if a company must open a bank account before registering for sales tax or value added tax, this transaction is included as a procedure. Shortcuts are counted only if they fulfill 4 criteria: they are legal, they are available to the general public, they are used by the majority of companies, and avoiding them causes substantial delays.

Only procedures required of all businesses are covered. Industry-specific procedures are excluded. For example, procedures to comply with environmental regulations are included only when they apply to all businesses conducting general commercial or industrial activities. Procedures that the company undergoes to connect to electricity, water, gas and waste disposal services are not included.

TIME

Time is recorded in calendar days. The measure captures the median duration that incorporation lawyers indicate is necessary to complete a procedure with minimum follow-up with government agencies and no extra payments. It is assumed that the minimum time

required for each procedure is 1 day. Although procedures may take place simultaneously, they cannot start on the same day (that is, simultaneous procedures start on consecutive days). A procedure is considered completed once the company has received the final document, such as the company registration certificate or tax number. If a procedure can be accelerated for an additional cost, the fastest procedure is chosen. It is assumed that the entrepreneur does not waste time and commits to completing each remaining procedure without delay. The time that the entrepreneur spends on gathering information is ignored. It is assumed that the entrepreneur is aware of all entry regulations and their sequence from the beginning but has had no prior contact with any of the officials.

COST

Cost is recorded as a percentage of the country's income per capita. It includes all official fees and fees for legal or professional services if such services are required by law. Fees for purchasing and legalizing company books are included if these transactions are required by law. The company law, the commercial code and specific regulations and fee schedules are used as sources for calculating costs. In the absence of fee schedules, a government officer's estimate is taken as an official source. In the absence of a government officer's estimate, estimates of incorporation lawyers are used. If several incorporation lawyers provide different estimates, the median reported value is applied. In all cases the cost excludes bribes.

PAID-IN MINIMUM CAPITAL

The paid-in minimum capital requirement reflects the amount that the entrepreneur needs to deposit in a bank or with a notary before registration and up to 3 months following incorporation and is recorded as a percentage of the country's income per capita. The amount is typically specified in the commercial code or the company law. Many countries have a minimum capital requirement but allow businesses to pay only a part of it before registration, with the rest to be paid after the first year of operation.

*The data details on starting a business can be found for each economy at <http://www.doing-business.org>. This methodology was developed in Djankov, La Porta, López-de-Silanes and Shleifer. 2002. "The Regulation of Entry." *Quarterly Journal of Economics* 117 (1): 1–37; and is adopted here with minor changes.*

DEALING WITH CONSTRUCTION PERMITS

Doing Business in Colombia 2010 records all procedures required for a business in the construction industry to build a standardized warehouse. These procedures include submitting all relevant project-specific documents (for example, building plans and site maps) to the authorities; obtaining all necessary clearances, licenses, permits and certificates; completing all required notifications; and receiving all necessary inspections. *Doing Business in Colombia 2010* also records procedures for obtaining connections for electricity, water, sewerage and a fixed land line. Procedures necessary to register the property so that it can be used as collateral or transferred to another entity are also counted. The survey divides the process of building a warehouse into distinct procedures and calculates the time and cost of completing each procedure in practice under normal circumstances.

Information is collected from experts in construction licensing, including architects, construction lawyers, construction firms, utility service providers and public officials who deal with building regulations, including approvals and inspections. To make the data comparable across economies, several assumptions about the business, the warehouse project and the utility connections are used.

ASSUMPTIONS ABOUT THE CONSTRUCTION COMPANY

The business (BuildCo):

- Is a limited liability company.
- Operates in the country's selected cities.
- Is 100% domestically and privately owned.
- Has 5 owners, none of whom is a legal entity.
- Is fully licensed and insured to carry out construction projects, such as building warehouses.
- Has 60 builders and other employees, all of them nationals with the technical expertise and professional experience necessary to obtain construction permits and approvals.
- Has at least 1 employee who is a licensed architect and registered with the local association of architects.
- Has paid all taxes and taken out all necessary insurance applicable to its general business activity (for example, accidental insurance for construction workers and third-person liability insurance).
- Owns the land on which the warehouse is built.

ASSUMPTIONS ABOUT THE WAREHOUSE

The warehouse:

- Will be used for general storage activities, such as storage of books or stationery. The warehouse will not be used for any goods requiring special conditions, such as food, chemicals or pharmaceuticals.
- Has 2 stories, both above ground, with a total surface of approximately 1,300.6 square meters (14,000 square feet). Each floor is 3 meters (9 feet, 10 inches) high.
- Has road access and is located in the peri-urban area of the economy's selected city (that is, on the fringes of the city but still within its official limits).
- Is not located in a special economic or industrial zone. The zoning requirements for warehouses are met by building in an area where similar warehouses can be found.
- Is located on a land plot of 929 square meters (10,000 square feet) that is 100% owned by BuildCo and is accurately registered in the cadastre and land registry.
- Is a new construction (there was no previous construction on the land).
- Has complete architectural and technical plans prepared by a licensed architect.
- Will include all technical equipment required to make the warehouse fully operational.

ASSUMPTIONS ABOUT THE UTILITY CONNECTIONS

The electricity connection:

- Is 10 meters (32 feet, 10 inches) from the main electricity network.
- Is a medium-tension, 3-phase, 4-wire Y, 140-kVA connection. Three-phase service is available in the construction area.
- Will be delivered by an overhead service, unless overhead service is not available in the peri-urban area.
- Consists of a simple hookup unless installation of a private substation (transformer) or extension of network is required.
- Requires the installation of only one electricity meter.

BuildCo is assumed to have a licensed electrician on its team to complete the internal wiring for the warehouse.

The water and sewerage connection:

- Is 10 meters (32 feet, 10 inches) from the existing water source and sewer tap.
- Does not require water for fire protection reasons; a fire extinguishing system (dry system) will be used instead. If a wet fire protection system is required by law, it is assumed that the water demand specified

below also covers the water needed for fire protection.

- Has an average water use of 662 liters (175 gallons) a day and an average wastewater flow of 568 liters (150 gallons) a day.
- Has 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.

The telephone connection:

- Is 10 meters (32 feet, 10 inches) from the main telephone network.
- Is a fixed land line.

PROCEDURES

A procedure is any interaction of the company's employees or managers with external parties, including government agencies, notaries, the land registry, the cadastre, utility companies, public and private inspectors and technical experts apart from in-house architects and engineers. Interactions between company employees, such as development of the warehouse plans and inspections conducted by employees, are not counted as procedures. Procedures that the company undergoes to connect to electricity, water, sewerage and telephone services are included. All procedures that are legally or in practice required for building a warehouse are counted, even if they may be avoided in exceptional cases.

TIME

Time is recorded in calendar days. The measure captures the median duration that local experts indicate is necessary to complete a procedure in practice. It is assumed that the minimum time required for each procedure is 1 day. Although procedures may take place simultaneously, they cannot start on the same day (that is, simultaneous procedures start on consecutive days). If a procedure can be accelerated legally for an additional cost, the fastest procedure is chosen. It is assumed that BuildCo does not waste time and commits to completing each remaining procedure without delay. The time that BuildCo spends on gathering information is ignored. It is assumed that BuildCo is aware of all building requirements and their sequence from the beginning.

COST

Cost is recorded as a percentage of the economy's income per capita. Only official costs are recorded. All the fees associated with completing the procedures to legally build

a warehouse are recorded, including those associated with obtaining land use approvals and preconstruction design clearances; receiving inspections before, during and after construction; getting utility connections; and registering the warehouse property. Non-recurring taxes required for the completion of the warehouse project also are recorded. The building code, information from local experts and specific regulations and fee schedules are used as sources for costs. If several local partners provide different estimates, the median reported value is used.

The data details on dealing with construction permits can be found for each economy at <http://www.doingbusiness.org>, by selecting the economy in the drop-down list.

REGISTERING PROPERTY

Doing Business in Colombia 2010 records the full sequence of procedures necessary for a business (buyer) to purchase a property from another business (seller) and to transfer the property title to the buyer's name so that the buyer can use the property for expanding its business, use the property as collateral in taking new loans or, if necessary, sell the property to another business. The process starts with obtaining the necessary documents, such as a copy of the seller's title if necessary, and conducting due diligence if required. The transaction is considered complete when it is opposable to third parties and when the buyer can use the property, use it as collateral for a bank loan or resell it.

Every procedure required by law or necessary in practice is included, whether it is the responsibility of the seller or the buyer or must be completed by a third party on their behalf. Local property lawyers, notaries and property registries provide information on procedures as well as the time and cost to complete each.

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

ASSUMPTIONS ABOUT THE PARTIES

The parties (buyer and seller):

- Are limited liability companies.
- Are located in the periurban area of the country's selected cities.
- Are 100% domestically and privately owned.
- Have 50 employees each, all of whom are nationals.
- Perform general commercial activities.

ASSUMPTIONS ABOUT THE PROPERTY

The property:

- Has a value of 50 times income per capita. The sale price equals the value.
- 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, and no rezoning is required.
- Consists of land and a building. The land area is 6,000 square feet (557.4 square meters). A 2-story warehouse of 10,000 square feet (929 square meters) is located on the land. The warehouse is 10 years old, is in good condition and complies with all safety standards, building codes and other legal requirements. The property of land and building will be transferred in its entirety.
- Will not be subject to renovations or additional building 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 (legal or illegal), and no other party holds a legal interest in it.

PROCEDURES

A procedure is defined as any interaction of the buyer or the seller, their agents (if an agent is legally or in practice required) or the property with external parties, including government agencies, inspectors, notaries and lawyers. Interactions between company officers and employees are not considered. All procedures that are legally or in practice required for registering property are recorded, even if they may be avoided in exceptional cases. It is assumed that the buyer follows the fastest legal option available and used by the majority of property owners. Although the buyer may use lawyers or other professionals where necessary in the registration process, it is assumed that it does not employ an outside facilitator in the registration process unless legally or in practice required to do so.

TIME

Time is recorded in calendar days. The measure captures the median duration that property lawyers, notaries or registry officials indicate is necessary to complete a procedure. It is assumed that the minimum time required for each procedure is 1 day. Although procedures may take place simultaneously, they cannot start on the same day. It is assumed that the buyer does not waste time and commits to completing each remaining procedure without delay. If a procedure can be accelerated for an additional cost, the fastest legal procedure available and used by the majority of property owners is chosen. If procedures can be undertaken simultaneously, it is assumed that they are. It is assumed that the parties involved are aware of all regulations and their sequence from the beginning. Time spent on gathering information is not considered.

COST

Cost is recorded as a percentage of the property value, assumed to be equivalent to 50 times income per capita. Only official costs required by law are recorded, including fees, transfer taxes, stamp duties and any other payment to the property registry, notaries, public agencies or lawyers. Other taxes, such as capital gains tax or value added tax, are excluded from the cost measure. Both costs borne by the buyer and those borne by the seller are included. If cost estimates differ among sources, the median reported value is used.

The data details on registering property can be found for each economy at <http://www.doingbusiness.org> by selecting the economy in the drop-down list.

PAYING TAXES

Doing Business in Colombia 2010 records the taxes and mandatory contributions that a medium-size company must pay in a given year, as well as measures of the administrative burden of paying taxes and contributions. Taxes and contributions measured include the profit or corporate income tax, social contributions and labor taxes paid by the employer, property taxes, property transfer taxes, dividend tax, capital gains tax, financial transactions tax, waste collection taxes and vehicle and road taxes.

Doing Business in Colombia 2010 measures all taxes and contributions that are government mandated (at any level—national, department or city), apply to the standardized business and have an impact in its income

statements. In doing so, *Doing Business* goes beyond the traditional definition of a tax: as defined for the purposes of government national accounts, taxes include only compulsory, unrequited payments to general government. *Doing Business* departs from this definition because it measures imposed charges that affect business accounts, not government accounts. The main differences relate to labor contributions and value added tax. The *Doing Business* measure includes government-mandated contributions paid by the employer to a required private pension fund or workers' insurance fund. The indicator includes, for example, Australia's compulsory superannuation guarantee and workers' compensation insurance. It excludes value added taxes from the total tax rate because they do not affect the accounting profits of the business—that is, they are not reflected in the income statement.

Doing Business has prepared a case scenario to measure the taxes and contributions paid by a standardized business and the complexity of an economy's tax compliance system. This case scenario uses a set of financial statements and assumptions about transactions made over the year. Tax experts in each economy compute the taxes and contributions due in their jurisdiction based on the standardized case facts. Information is also compiled on the frequency of filing, tax audits and other costs of compliance. The project was developed and implemented in cooperation with PricewaterhouseCoopers.

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

ASSUMPTIONS ABOUT THE BUSINESS

The business:

- Is a limited liability, taxable company.
- Started operations on January 1, 2007. At that time the company purchased all the assets shown in its balance sheet and hired all its workers.
- Operates in the country's selected cities.
- Is 100% domestically owned and has 5 owners, all of whom are natural persons.
- Has a start-up capital of 102 times income per capita at the end of 2006.
- Performs general industrial or commercial activities. Specifically, it produces ceramic flowerpots and sells them at retail. It does not participate in foreign trade (no import or export) and does not handle products subject to a special tax regime, for example, liquor or tobacco.
- At the beginning of 2008, owns 2 plots of land, 1 building, machinery, office equip-

ment, computers and 1 truck and leases 1 truck.

- Does not qualify for investment incentives or any benefits apart from those related to the age or size of the company.
- Has 60 employees—4 managers, 8 assistants and 48 workers. All are nationals, and 1 manager is also an owner.
- Has a turnover of 1,050 times income per capita.
- Makes a loss in the first year of operation.
- Has a gross margin (pretax) of 20% (that is, sales are 120% of the cost of goods sold).
- Distributes 50% of its net profits as dividends to the owners at the end of the second year.
- Sells one of its plots of land at a profit during the second year.
- Has annual fuel costs for its trucks equal to twice income per capita.
- Is subject to a series of detailed assumptions on expenses and transactions to further standardize the case. All financial statement variables are proportional to 2006 income per capita. For example, the owner who is also a manager spends 10% of income per capita on traveling for the company (20% of this owner's expenses are purely private, 20% are for entertaining customers and 60% for business travel).

ASSUMPTIONS ABOUT THE TAXES AND CONTRIBUTIONS

- All the taxes and contributions paid in the second year of operation (fiscal 2008) are recorded. A tax or contribution is considered distinct if it has a different name or is collected by a different agency. Taxes and contributions with the same name and agency, but charged at different rates depending on the business, are counted as the same tax or contribution.
- The number of times the company pays taxes and contributions in a year is the number of different taxes or contributions multiplied by the frequency of payment (or withholding) for each one. The frequency of payment includes advance payments (or withholding) as well as regular payments (or withholding).

TAX PAYMENTS

The tax payments indicator reflects the total number of taxes and contributions paid, the method of payment, the frequency of payment and the number of agencies involved for this standardized case during the second year of operation. It includes consumption taxes paid by the company, such as sales tax or value added tax. These taxes are traditionally collected from the consumer on behalf of the

tax agencies. Although they do not affect the income statements of the company, they add to the administrative burden of complying with the tax system and so are included in the tax payments measure.

The number of payments takes into account electronic filing. Where full electronic filing and payment is allowed and it is used by the majority of medium-size businesses, the tax is counted as paid once a year even if payments are more frequent.

Where 2 or more taxes or contributions are filed for and paid jointly using the same form, each of these joint payments is counted once. For example, if mandatory health insurance contributions and mandatory pension contributions are filed for and paid together, only one of these contributions would be included in the number of payments.

TIME

Time is recorded in hours per year. The indicator measures the time taken to prepare, file and pay 3 major types of taxes and contributions: the corporate income tax, value added or sales tax and labor taxes, including payroll taxes and social contributions. Preparation time includes the time to collect all information necessary to compute the tax payable. If separate accounting books must be kept for tax purposes—or separate calculations made—the time associated with these processes is included. This extra time is included only if the regular accounting work is not enough to fulfill the tax accounting requirements. Filing time includes the time to complete all necessary tax return forms and make all necessary calculations. Payment time considers the hours needed to make the payment online or at the tax authorities. Where taxes and contributions are paid in person, the time includes delays while waiting.

TOTAL TAX RATE

The total tax rate measures the amount of taxes and mandatory contributions borne by the business in the second year of operation, expressed as a share of commercial profit. *Doing Business in Colombia 2010* and *Doing Business 2010* report the total tax rate for fiscal 2008. The total amount of taxes borne is the sum of all the different taxes and contributions payable after accounting for allowable deductions and exemptions. The taxes withheld (such as personal income tax) or collected by the company and remitted to the tax authorities (such as value added tax, sales tax or goods and service tax) but not borne by the company are excluded. The taxes included can be divided into 5 categories: profit or cor-

porate income tax, social contributions and labor taxes paid by the employer (in respect of which all mandatory contributions are included, even if paid to a private entity such as a required pension fund), property taxes, turnover taxes and other small taxes (such as department fees and vehicle and fuel taxes).

The total tax rate is designed to provide a comprehensive measure of the cost of all the taxes a business bears. It differs from the statutory tax rate, which merely provides the factor to be applied to the tax base. In computing the total tax rate, the actual tax payable is divided by commercial profit.

Commercial profit is essentially net profit before all taxes borne. It differs from the conventional profit before tax, reported in financial statements. In computing profit before tax, many of the taxes borne by a firm are deductible. In computing commercial profit, these taxes are not deductible. Commercial profit therefore presents a clear picture of the actual profit of a business before any of the taxes it bears in the course of the fiscal year.

Commercial profit is computed as sales minus cost of goods sold, minus gross salaries, minus administrative expenses, minus other expenses, minus provisions, plus capital gains (from the property sale) minus interest expense, plus interest income and minus commercial depreciation. To compute the commercial depreciation, a straight-line depreciation method is applied, with the following rates: 0% for the land, 5% for the building, 10% for the machinery, 33% for the computers, 20% for the office equipment, 20% for the truck and 10% for business development expenses. Commercial profit amounts to 59.4 times income per capita.

This methodology is consistent with the Total Tax Contribution framework developed by PricewaterhouseCoopers. This framework measures taxes that are borne by companies and affect their income statements, as does *Doing Business*. But while PricewaterhouseCoopers bases its calculation on data from the largest companies in the economy, *Doing Business* focuses on a standardized medium-size company.

*The data details on paying taxes can be found for each economy at <http://www.doingbusiness.org>. This methodology was developed in Djankov, Simeon, Tim Ganser, Caralee McLiesh, Rita Ramalho and Andrei Shleifer. 2008. *The Effect of Corporate Taxes on Investment and Entrepreneurship*. NBER Working Paper 13756. Cambridge, MA: National Bureau of Economic Research.*

TRADING ACROSS BORDERS

Doing Business in Colombia 2010 compiles procedural requirements for exporting and importing a standardized cargo of goods by ocean transport from or to Bogotá through each of the four major Colombian ports. Every official procedure for exporting and importing the goods is recorded—from the contractual agreement between the 2 parties to the delivery of goods—along with the time and cost necessary for completion. All documents needed by the trader for clearance of the goods across the border are also recorded. For exporting goods, procedures range from packing the goods at the factory to their departure from the port of exit. For importing goods, procedures range from the vessel's arrival at the port of entry to the cargo's delivery at the factory warehouse. The time and cost for ocean transport are not included. Payment is made by letter of credit, and the time, cost and documents required for the issuance of a letter of credit are taken into account.

Local freight forwarders, shipping lines, customs brokers, port officials and banks provide information on required documents and cost as well as the time to complete each procedure. To make the data comparable across economies, several assumptions about the business and the traded goods are used.

ASSUMPTIONS ABOUT THE BUSINESS

The business:

- Has 60 employees.
- Is located in Bogotá.
- Is a private, limited liability company. It does not operate in an export processing zone or an industrial estate with special export or import privileges.
- Is domestically owned with no foreign ownership.
- Exports more than 10% of its sales.

ASSUMPTIONS ABOUT THE TRADED GOODS

- The traded product travels in a dry-cargo, 20-foot, full container load. It weighs 10 tons and is valued at US\$20,000.
- The product:
- Is not hazardous nor does it include military items.
- Does not require refrigeration or any other special environment.
- Does not require any special phytosanitary or environmental safety standards other than accepted international standards.

DOCUMENTS

All documents required per shipment to export and import the goods are recorded. It is assumed that the contract has already been agreed upon and signed by both parties. Documents required for clearance by government ministries, customs authorities, port and container terminal authorities, health and technical control agencies and banks are taken into account. Since payment is by letter of credit, all documents required by banks for the issuance or securing of a letter of credit are also taken into account. Documents that are renewed at least annually and that do not require renewal per shipment (for example, an annual tax clearance certificate) are not included.

TIME

The time for exporting and importing is recorded in calendar days. The time calculation for a procedure starts from the moment it is initiated and runs until it is completed. If a procedure can be accelerated for an additional cost and is available to all trading companies, the fastest legal procedure is chosen. Fast-track procedures applying to firms located in an export processing zone are not taken into account because they are not available to all trading companies. Ocean transport time is not included. It is assumed that neither the exporter nor the importer wastes time and that each commits to completing each remaining procedure without delay. Procedures that can be completed in parallel are measured as simultaneous. The waiting time between procedures—for example, during unloading of the cargo—is included in the measure.

COST

Cost measures the fees levied on a 20-foot container in U.S. dollars. All the fees associated with completing the procedures to export or import the goods are included. These include costs for documents, administrative fees for customs clearance and technical control, terminal handling charges and inland transport. The cost measure does not include customs tariffs and duties or costs related to ocean transport. Only official costs are recorded.

*The data details on trading across borders can be found for each economy at <http://www.doingbusiness.org>. This methodology was developed in Djankov, Simeon, Caroline Freund and Cong Pham. Forthcoming. "Trading on Time." *Review of Economics and Statistics*; and is adopted here with minor changes.*

ENFORCING CONTRACTS

Indicators on enforcing contracts measure the efficiency of the judicial system in resolving a commercial dispute. The data are built by following the step-by-step evolution of a commercial sale dispute before local courts. The data are collected through study of the codes of civil procedure and other court regulations as well as surveys completed by local litigation lawyers as well as by judges.

ASSUMPTIONS ABOUT THE CASE

- The value of the claim equals 200% of the country's income per capita.
- The dispute concerns a lawful transaction between 2 businesses (Seller and Buyer), located in the economy's selected cities. Seller sells goods worth 200% of the economy's income per capita to Buyer. After Seller delivers the goods to Buyer, Buyer refuses to pay for the goods on the grounds that the delivered goods were not of adequate quality.
- Seller (the plaintiff) sues Buyer (the defendant) to recover the amount under the sales agreement (that is, 200% of the country's income per capita). Buyer opposes Seller's claim, saying that the quality of the goods is not adequate. The claim is disputed on the merits.
- A court in the country's selected cities with jurisdiction over commercial cases worth 200% of income per capita decides the dispute.
- Seller attaches Buyer's goods prior to obtaining a judgment because Seller fears that Buyer may become insolvent during the lawsuit.
- Expert opinions are given on the quality of the delivered goods. If it is standard practice in the economy for parties to call witnesses or expert witnesses to give an opinion on the quality of the goods, the parties each call one witness or expert witness. If it is standard practice for the judge to appoint an independent expert to give an expert opinion on the quality of the goods, the judge does so. In this case the judge does not allow opposing expert testimony.
- The judgment is 100% in favor of Seller: the judge decides that the goods are of adequate quality and that Buyer must pay the agreed price (200% of income per capita).
- Buyer does not appeal the judgment. The judgment becomes final.
- Seller takes all required steps for prompt enforcement of the judgment. The money is successfully collected through a public sale of Buyer's movable assets (for example, office equipment).

PROCEDURES

The list of procedural steps compiled for each economy traces the chronology of a commercial dispute before the relevant court. A procedure is defined as any interaction between the parties, or between them and the judge or court officer. This includes steps to file the case, steps for trial and judgment and steps necessary to enforce the judgment.

The survey allows respondents to record procedures that exist in civil law but not common law jurisdictions, and vice versa. For example, in civil law countries the judge can appoint an independent expert, while in common law countries each party submits a list of expert witnesses to the court. To indicate the overall efficiency of court procedures, 1 procedure is now subtracted for economies that have specialized commercial courts and 1 procedure for economies that allow electronic filing of court cases. Some procedural steps that take place simultaneously with or are included in other procedural steps are not counted in the total number of procedures.

TIME

Time is recorded in calendar days, counted from the moment Seller files the lawsuit in court until payment. This includes both the days when actions take place and the waiting periods between. The average duration of different stages of dispute resolution is recorded: the completion of filing and service of process and of pretrial attachment (time to file the case), the issuance of judgment (time for the trial and obtaining the judgment) and the moment of payment (time for enforcement of judgment).

COST

Cost is recorded as a percentage of the claim, assumed to be equivalent to 200% of income per capita. No bribes are recorded. Three types of costs are recorded: court costs, enforcement costs and average attorney fees.

Court costs include all costs Seller must advance to the court or to the expert regardless of the final cost to Seller (plaintiff). Expert fees, if required by law or necessary in practice, are included in court costs. Enforcement costs are all costs Seller must advance to enforce the judgment through a public sale of Buyer's movable assets, regardless of the final cost to Seller (plaintiff). Average attorney fees are the fees Seller (plaintiff) must advance to a local attorney to represent Seller in the standardized case.

The data details on enforcing contracts can be found for each economy at [http://www.doing-](http://www.doing-business.org)

business.org. This methodology was developed in Djankov, La Porta, López-de-Silanes and Shleifer. 2003. "Courts." Quarterly Journal of Economics 118 (2): 453-517; and is adopted here with minor changes.

AGGREGATE RANKING

The aggregate ranking index ranks cities from 1 to 21. The index is calculated as the ranking on the simple average of city percentile rankings on each of the 5 topics covered in *Doing Business in Colombia 2010* for which data is available for 21 locations. The data for the indicator trading across borders are not included in the ranking. The ranking on each topic is the simple average of the percentile rankings on its component indicators.

The aggregate ranking index is limited in scope. It does not account for a country's proximity to large markets, the quality of its infrastructure services (other than services related to trading across borders or construction permits), the security of property from theft and looting, macroeconomic conditions or the strength of underlying institutions. There remains a large unfinished agenda for research into what regulation constitutes binding constraints, what package of reforms is most effective and how these issues are shaped by the context of a country. The *Doing Business* indicators provide a new empirical data set that may improve understanding of these issues.

Doing Business Indicators

| | Starting a business | | | | | | Dealing with construction permits | | | |
|-------------------------------------|-------------------------------|------------------------------------|---------------------|-------------|----------------------------|--------------------------------------------|--------------------------------------------------|---------------------|-------------|----------------------------|
| | Ease of doing business (rank) | Ease of starting a business (rank) | Procedures (number) | Time (days) | Cost (% of GNI per capita) | Paid-in min. capital (% of GNI per capita) | Ease of dealing with construction permits (rank) | Procedures (number) | Time (days) | Cost (% of GNI per capita) |
| Armenia Quindío | 7 | 1 | 8 | 12 | 14.0 | 0 | 13 | 14 | 123 | 122.0 |
| Barranquilla Atlántico | 17 | 11 | 9 | 17 | 15.7 | 0 | 8 | 13 | 91 | 186.9 |
| Bogotá Distrito Capital | 12 | 6 | 9 | 20 | 15.1 | 0 | 7 | 11 | 74 | 402.8 |
| Bucaramanga Santander | 18 | 15 | 9 | 38 | 16.4 | 0 | 19 | 18 | 160 | 126.8 |
| Cali Valle del Cauca | 20 | 12 | 11 | 13 | 15.3 | 0 | 20 | 19 | 146 | 175.1 |
| Cartagena Bolívar | 21 | 20 | 11 | 27 | 20.2 | 0 | 16 | 14 | 107 | 293.7 |
| Cúcuta Norte de Santander | 15 | 9 | 9 | 13 | 15.6 | 0 | 18 | 16 | 96 | 208.1 |
| Ibagué Tolima | 2 | 8 | 10 | 17 | 15.0 | 0 | 16 | 14 | 217 | 144.8 |
| Manizales Caldas | 1 | 3 | 9 | 10 | 15.1 | 0 | 10 | 13 | 98 | 209.6 |
| Medellín Antioquia | 16 | 10 | 9 | 12 | 16.4 | 0 | 15 | 13 | 181 | 231.3 |
| Montería Córdoba | 14 | 19 | 14 | 19 | 15.8 | 0 | 5 | 13 | 75 | 116.2 |
| Neiva Huila | 11 | 6 | 8 | 8 | 30.0 | 0 | 10 | 14 | 127 | 112.8 |
| Pasto Nariño | 9 | 4 | 9 | 17 | 13.1 | 0 | 10 | 13 | 140 | 147.2 |
| Pereira Risaralda | 3 | 2 | 8 | 11 | 15.1 | 0 | 14 | 14 | 121 | 171.6 |
| Popayán Cauca | 8 | 18 | 12 | 28 | 15.6 | 0 | 1 | 11 | 38 | 85.5 |
| Riohacha Guajira | 13 | 17 | 12 | 38 | 15.4 | 0 | 6 | 14 | 48 | 106.1 |
| Santa Marta Magdalena | 6 | 5 | 9 | 10 | 15.5 | 0 | 3 | 13 | 43 | 125.5 |
| Sincelejo Sucre | 4 | 13 | 12 | 20 | 15.2 | 0 | 8 | 14 | 85 | 141.5 |
| Tunja Boyacá | 10 | 21 | 15 | 43 | 15.4 | 0 | 3 | 13 | 86 | 104.9 |
| Valledupar Cesar | 5 | 14 | 13 | 24 | 15.0 | 0 | 2 | 13 | 89 | 79.7 |
| Villavicencio Meta | 19 | 15 | 10 | 17 | 18.4 | 0 | 21 | 16 | 151 | 269.0 |

| | Registering property | | | | Paying taxes | | | | Enforcing contracts | | | |
|-------------------------------------|-------------------------------------|---------------------|-------------|----------------------------|-----------------------------|-------------------|--------------|------------------------------|------------------------------------|---------------------|-------------|-------------------|
| | Ease of registering property (rank) | Procedures (number) | Time (days) | Cost (% of property value) | Ease of paying taxes (rank) | Payments (number) | Time (hours) | Total tax rate (% of profit) | Ease of enforcing contracts (rank) | Procedures (number) | Time (days) | Cost (% of claim) |
| Armenia Quindío | 9 | 10 | 18 | 2.6 | 10 | 15 | 208 | 78.4 | 4 | 34 | 293 | 35.9 |
| Barranquilla Atlántico | 20 | 13 | 19 | 4.0 | 15 | 20 | 208 | 73.1 | 14 | 34 | 1,520 | 28.8 |
| Bogotá Distrito Capital | 6 | 7 | 20 | 2.0 | 19 | 20 | 208 | 78.7 | 21 | 34 | 1,346 | 52.6 |
| Bucaramanga Santander | 17 | 13 | 20 | 2.4 | 8 | 17 | 208 | 72.0 | 7 | 34 | 930 | 28.6 |
| Cali Valle del Cauca | 13 | 11 | 24 | 2.1 | 20 | 26 | 208 | 72.7 | 18 | 34 | 1,320 | 35.7 |
| Cartagena Bolívar | 21 | 12 | 33 | 2.7 | 21 | 26 | 208 | 73.6 | 20 | 34 | 1,300 | 44.8 |
| Cúcuta Norte de Santander | 19 | 13 | 24 | 2.1 | 3 | 17 | 208 | 68.4 | 13 | 34 | 906 | 36.3 |
| Ibagué Tolima | 1 | 8 | 16 | 1.9 | 2 | 17 | 208 | 66.6 | 4 | 34 | 510 | 30.6 |
| Manizales Caldas | 2 | 10 | 12 | 2.0 | 12 | 26 | 208 | 68.9 | 1 | 34 | 575 | 21.4 |
| Medellín Antioquia | 11 | 10 | 23 | 2.3 | 16 | 18 | 208 | 73.9 | 14 | 34 | 768 | 40.1 |
| Montería Córdoba | 18 | 12 | 27 | 2.0 | 14 | 26 | 208 | 69.9 | 11 | 34 | 330 | 45.8 |
| Neiva Huila | 12 | 11 | 17 | 3.4 | 8 | 20 | 208 | 70.0 | 14 | 34 | 1,155 | 32.2 |
| Pasto Nariño | 13 | 11 | 38 | 2.0 | 5 | 16 | 208 | 70.3 | 11 | 34 | 1,410 | 25.9 |
| Pereira Risaralda | 5 | 11 | 19 | 1.9 | 4 | 20 | 208 | 66.6 | 6 | 34 | 482 | 31.1 |
| Popayán Cauca | 15 | 11 | 28 | 2.0 | 7 | 16 | 208 | 70.3 | 7 | 34 | 1,120 | 26.0 |
| Riohacha Guajira | 8 | 9 | 26 | 2.0 | 17 | 26 | 208 | 71.3 | 19 | 34 | 955 | 40.2 |
| Santa Marta Magdalena | 10 | 11 | 17 | 2.7 | 17 | 20 | 208 | 77.3 | 3 | 34 | 440 | 29.0 |
| Sincelejo Sucre | 3 | 11 | 14 | 2.0 | 1 | 15 | 208 | 66.0 | 7 | 34 | 355 | 37.2 |
| Tunja Boyacá | 7 | 11 | 21 | 1.9 | 5 | 20 | 208 | 67.5 | 17 | 34 | 690 | 41.9 |
| Valledupar Cesar | 4 | 11 | 15 | 2.0 | 12 | 20 | 208 | 72.6 | 2 | 34 | 510 | 27.1 |
| Villavicencio Meta | 16 | 11 | 29 | 2.5 | 11 | 26 | 208 | 68.9 | 10 | 34 | 587 | 32.1 |

Indicator details

Paying taxes

Trading across borders

Enforcing contracts

Paying taxes

| | Payments (number per year) | Time (hours per year) | National taxes (% of profit) | | | Local taxes (% of profit) | | | Total Tax Rate |
|-------------------------------------|----------------------------------|-----------------------------|---------------------------------|--------------------------------|----------------|------------------------------|-----------------|-------------|-------------------|
| | | | Profit tax | Labor tax and contributions | Other taxes | Industry and commerce tax | Property tax | Fuel tax | |
| Armenia Quindío | 15 | 208 | 24.3 | 33.9 | 0.2 | 17.7 | 1.9 | 0.6 | 78.4 |
| Barranquilla Atlántico | 20 | 208 | 24.3 | 33.9 | 0.2 | 12.4 | 1.7 | 0.6 | 73.1 |
| Bogotá Distrito Capital | 20 | 208 | 24.3 | 33.9 | 0.2 | 20.2 | 0.0 | 0.2 | 78.7 |
| Bucaramanga Santander | 17 | 208 | 24.3 | 33.9 | 0.2 | 10.6 | 2.5 | 0.6 | 72.0 |
| Cali Valle del Cauca | 26 | 208 | 24.3 | 33.9 | 0.2 | 11.7 | 2.1 | 0.6 | 72.7 |
| Cartagena Bolívar | 26 | 208 | 24.3 | 33.9 | 0.2 | 12.4 | 2.3 | 0.6 | 73.6 |
| Cúcuta Norte de Santander | 17 | 208 | 24.3 | 33.9 | 0.2 | 7.1 | 2.4 | 0.6 | 68.4 |
| Ibagué Tolima | 17 | 208 | 24.3 | 33.9 | 0.2 | 6.2 | 1.5 | 0.6 | 66.6 |
| Manizales Caldas | 26 | 208 | 24.3 | 33.9 | 0.2 | 8.0 | 2.0 | 0.6 | 68.9 |
| Medellín Antioquia | 18 | 208 | 24.3 | 33.9 | 0.2 | 12.4 | 2.6 | 0.6 | 73.9 |
| Montería Córdoba | 26 | 208 | 24.3 | 33.9 | 0.2 | 8.8 | 2.2 | 0.6 | 69.9 |
| Neiva Huila | 20 | 208 | 24.3 | 33.9 | 0.2 | 8.8 | 2.2 | 0.6 | 70.0 |
| Pasto Nariño | 16 | 208 | 24.3 | 33.9 | 0.2 | 10.6 | 0.8 | 0.6 | 70.3 |
| Pereira Risaralda | 20 | 208 | 24.3 | 33.9 | 0.2 | 6.0 | 1.7 | 0.6 | 66.6 |
| Popayán Cauca | 16 | 208 | 24.3 | 33.9 | 0.2 | 10.6 | 1.3 | 0.2 | 70.3 |
| Riohacha Guajira | 26 | 208 | 24.3 | 33.9 | 0.2 | 10.6 | 1.8 | 0.6 | 71.3 |
| Santa Marta Magdalena | 20 | 208 | 24.3 | 33.9 | 0.2 | 17.7 | 0.8 | 0.6 | 77.3 |
| Sincelejo Sucre | 15 | 208 | 24.3 | 33.9 | 0.2 | 5.3 | 1.8 | 0.6 | 66.0 |
| Tunja Boyacá | 20 | 208 | 24.3 | 33.9 | 0.2 | 7.1 | 1.4 | 0.7 | 67.5 |
| Valledupar Cesar | 20 | 208 | 24.3 | 33.9 | 0.2 | 11.5 | 2.2 | 0.6 | 72.6 |
| Villavicencio Meta | 26 | 208 | 24.3 | 33.9 | 0.2 | 8.8 | 1.1 | 0.6 | 68.9 |

Trading across borders

| | Barranquilla | | Buenaventura | | Cartagena | | Santa Marta | |
|-----------------------------------------|--------------|------------|--------------|------------|-------------|------------|-------------|------------|
| | Time (days) | Cost (USD) | Time (days) | Cost (USD) | Time (days) | Cost (USD) | Time (days) | Cost (USD) |
| Nature of export procedures | 14 | 1,600 | 18 | 1,890 | 14 | 1,770 | 13 | 1,717 |
| Documents preparation | 6 | 225 | 6 | 225 | 5 | 350 | 5 | 350 |
| Customs clearance and technical control | 2 | 260 | 2 | 310 | 2 | 250 | 2 | 270 |
| Ports and terminal handling | 3 | 115 | 3 | 105 | 3 | 170 | 3 | 97 |
| Inland transportation and handling | 3 | 1,000 | 7 | 1,250 | 4 | 1,000 | 3 | 1,000 |
| Nature of import procedures | 15 | 1,700 | 19 | 1,990 | 14 | 1,750 | 11 | 1,562 |
| Documents preparation | 7 | 325 | 7 | 325 | 7 | 330 | 5 | 325 |
| Customs clearance and technical control | 2 | 260 | 4 | 310 | 2 | 250 | 2 | 240 |
| Ports and terminal handling | 2 | 115 | 2 | 105 | 2 | 170 | 2 | 97 |
| Inland transportation and handling | 3 | 1,000 | 5 | 1,250 | 3 | 1,000 | 2 | 900 |

Export documents

- Commercial invoice
- Certificate of origin
- Bill of lading
- Customs export declaration
- Inspection report
- Packing list

Import documents

- Commercial invoice
- Certificate of origin
- Bill of lading
- Customs import declaration
- Inspection report
- Cargo release order
- Terminal handling receipts

Enforcing contracts

| | Procedures (number) | Time (days) | | | | Cost (% of claim) | | | |
|-------------------------------------|------------------------|-----------------------|-----------------------|----------------------------|---------------|----------------------|---------------|---------------------|---------------|
| | | Filing and service | Trial and judgment | Enforcement of judgment | Total time | Attorney cost | Court cost | Enforcement Cost | Total cost |
| Armenia Quindío | 34 | 23 | 150 | 120 | 293 | 30.0 | 2.1 | 3.8 | 35.9 |
| Barranquilla Atlántico | 34 | 80 | 1,080 | 360 | 1,520 | 20.0 | 3.8 | 4.9 | 28.8 |
| Bogotá Distrito Capital | 34 | 68 | 913 | 365 | 1,346 | 23.2 | 12.6 | 16.8 | 52.6 |
| Bucaramanga Santander | 34 | 80 | 600 | 250 | 930 | 22.0 | 2.8 | 3.8 | 28.6 |
| Cali Valle del Cauca | 34 | 70 | 1,000 | 250 | 1,320 | 30.0 | 1.8 | 3.9 | 35.7 |
| Cartagena Bolívar | 34 | 90 | 850 | 360 | 1,300 | 30.0 | 4.9 | 9.9 | 44.8 |
| Cúcuta Norte de Santander | 34 | 46 | 680 | 180 | 906 | 30.0 | 1.9 | 4.4 | 36.3 |
| Ibagué Tolima | 34 | 30 | 360 | 120 | 510 | 25.0 | 2.1 | 3.5 | 30.6 |
| Manizales Caldas | 34 | 45 | 350 | 180 | 575 | 15.0 | 2.6 | 3.8 | 21.4 |
| Medellín Antioquia | 34 | 78 | 450 | 240 | 768 | 30.0 | 3.8 | 6.3 | 40.1 |
| Montería Córdoba | 34 | 30 | 180 | 120 | 330 | 35.0 | 5.1 | 5.6 | 45.8 |
| Neiva Huila | 34 | 90 | 700 | 365 | 1,155 | 25.0 | 2.3 | 4.9 | 32.2 |
| Pasto Nariño | 34 | 45 | 1,000 | 365 | 1,410 | 20.0 | 2.7 | 3.2 | 25.9 |
| Pereira Risaralda | 34 | 42 | 300 | 140 | 482 | 25.0 | 2.1 | 4.0 | 31.1 |
| Popayán Cauca | 34 | 30 | 730 | 360 | 1,120 | 20.0 | 1.6 | 4.4 | 26.0 |
| Riohacha Guajira | 34 | 45 | 545 | 365 | 955 | 25.0 | 5.0 | 10.2 | 40.2 |
| Santa Marta Magdalena | 34 | 30 | 210 | 200 | 440 | 20.0 | 4.1 | 4.8 | 29.0 |
| Sincelejo Sucre | 34 | 45 | 190 | 120 | 355 | 30.0 | 2.2 | 5.0 | 37.2 |
| Tunja Boyacá | 34 | 30 | 420 | 240 | 690 | 35.0 | 2.6 | 4.3 | 41.9 |
| Valledupar Cesar | 34 | 50 | 360 | 100 | 510 | 20.0 | 3.1 | 4.0 | 27.1 |
| Villavicencio Meta | 34 | 42 | 365 | 180 | 587 | 25.0 | 2.8 | 4.3 | 32.1 |

List of procedures

Starting a business

Dealing with construction permits

Registering property

LIST OF PROCEDURES

Starting a business

Armenia, Quindío

Procedure 1. Register the company in the Mercantile Registry, obtain the certificate of existence and legal representation, register the company's books and register with the National Tax Authority (DIAN) at the Business Services Center (CAE) of the Chamber of Commerce

Time: 1 day

Cost: COP\$1,439,637 [COP\$307,719: departmental registration tax (0.3% of the company's initial capital); COP\$307,719: pro-hospital stamp duty (0.3% of the company's initial capital); COP\$665,000: commercial license (133.92% of the legal minimum monthly wage in effect); COP\$83,000: commercial establishment fee; COP\$3,500: registration form; COP\$26,000: registration at the Chamber of Commerce and registration of the public document on company's incorporation; COP\$3,500: certificate of existence and legal representation; COP\$17,400: purchase cost of the company's books (3 books, COP\$5,800 each, COP\$58 per page, 100 pages per book); COP\$25,800: registration fee for the books (COP\$8,600 each book)].

Comments: Municipal Decree 100 of December 18, 2007, authorized the operation of the CAE in Armenia, regulated the procedures related to legalization of companies, and eliminated the requirement of obtaining land use and sanitary certificates.

The CAE makes it possible to perform the following procedures simultaneously at a single location:

1. Register the company and the commercial establishment (if applicable) at the Mercantile Registry
2. Obtain a copy of the certificate of existence and legal representation
3. Register the company's books
4. Register the company in the Unified Tax Registry (RUT) of DIAN and obtain the Tax Identification Number (NIT)

The company's books are submitted to the Chamber of Commerce for the pages to be subscribed and numbered. A form requesting the books is filled out and the amount is paid directly at the cashier booth. If the company carries out the company's establishment procedure using the website www.crearempresa.com.co, it may at the same time request registration of the books, without having to wait for the company to be registered first.

Registration for payment of city sales tax (*Industria y Comercio*) is also done directly at the CAE. The forms may be obtained at the CAE or may be downloaded from the website www.crearempresa.com.co.

The rates to register a company or commercial establishment, certificates and application forms are set at the national level (Decree 393 of 2002); the rates indicated above are for the year 2009. The registration tax and pro-hospital stamp duty are established by the Department of Quindío.

Procedure 2. Open a bank account

Time: 1 day

Cost: No cost

Comments: The company needs to open an account at a commercial bank in order to operate. Opening a savings account only takes a few minutes, but opening a checking account may take up to three days, because the bank is required to verify the applicant's information before approving the account. Each financial entity may have its own additional requirements for opening an account, such as a minimum deposit amount.

In general, a checking account can be opened with a minimum deposit of COP\$100,000, and a savings account can be opened with the equivalent of one legal monthly minimum wage, which is currently COP\$496,900.

Procedure 3. Register the company with a family compensation fund (*caja de compensación familiar*), the National Training Service (SENA) and the Colombian Family Welfare Institute (ICBF)

Time: 10 days

Cost: No cost

Comments: Once it is registered, the company must pay these payroll-based contributions within the first eight days of each month. The contribution is then distributed internally between *SENA* and *ICBF*. The registration procedure at a family compensation fund only takes a few minutes, but the request is subject to evaluation for approval or rejection.

The documents that must be submitted include: registration form, certificate of existence and legal representation issued by the Chamber of Commerce, photocopy of the legal representative's identification card and the payroll list, with copies of the employees' identification cards and documentation related to their children.

Decree 3667 of November 8, 2004, establishes that all employers must submit a single integrated statement reporting all payroll contributions to the social security system and parafiscal fees. Payment of the parafiscal fees to the family compensation fund, *SENA*, *ICBF*, *ESAP*, industrial and technical schools and the social security contributions must be made at the locations indicated by the respective entities within one calendar month of the respective payroll time period.

Procedure 4*. Affiliate the company to an Occupational Risk Management Company (ARP)

Time: 1 day

Cost: No cost

Comments: The Occupational Risk Management Company (ARP) insures against risks due to work accidents and disability due to occupational illnesses. The company must affiliate its employees to a public or private ARP of its choice. The application procedure only takes a few minutes and consists in submitting a form. However, coverage only begins the next day. Monthly payments are made through an integrated form for social security contributions (PILA).

Procedure 5*. Affiliate employees to the public pensions system

Time: 1 day

Cost: No cost

Comments: The company must affiliate its employees to a pension fund, which may be either the government's Social Security Institute (ISS) or a private pension fund. Employees may select the fund of their choice. The application process to the ISS takes one day and is formalized once the appropriate form is submitted. An agent from the public pension fund may visit the company and perform the registration procedure.

Procedure 6*. Affiliate employees to a private pension fund

Time: 1 day

Cost: No cost

Comments: When employees select a private fund, a representative of the fund will generally visit the company to assist in filling out the forms and expediting the registration process.

Procedure 7*. Affiliate employees to a mandatory healthcare plan

Time: 1 day

Cost: No cost

Comments: The company is required to affiliate its employees to a Mandatory Health Plan (POS) through a Healthcare Promotion Entity (EPS). Each employee has the right to select the EPS of his or her choice, and companies are required to register the employee at the selected EPS. The employee registration process varies depending on the EPS and the employee's background.

The EPS representative visits the company's facilities, obtains the information required for affiliation and submits the request to the EPS. Requirements: copy of the each employee's identification card, filled out form and copy of the labor contract. If the employee has a family, copies of the civil registration certificates of the children and identification card of the spouse or companion must be included.

In August of 2008, a new EPS named Nueva EPS S.A. was created as a result of the exceptional transfer of the affiliates of the public-sector EPS ISS, in the framework of Decree 055 of 2007. Nueva EPS was established as a healthcare promotion entity under the contributive regime by means of Resolution 371 of April 3, 2008 of the National Health Superintendence.

Procedure 8*. Affiliate employees to a severance fund

Time: 1 day

Cost: No cost

Comments: Each employee is free to select the severance fund of his or her choice. The company submits the documents for affiliation and must deposit every year –on February 14th– payment of each employee's severance entitlement.

* This procedure is simultaneous with a previous procedure.

STARTING A BUSINESS

Barranquilla, Atlántico

Procedure 1. Purchase the company books

Time: 1 day

Cost: COP\$57,000 (6 books, COP\$9,500 per book, COP\$95 per page, 100 pages per book).

Comments: The company books can be acquired in a commercial establishment or in the Chamber of Commerce.

Limited liability companies shall use the following six books:

1. Inventory and balance sheet book: An inventory and a general balance must be made when initiating activities and at least once per year to get to know in a clear and concise manner the state of company's assets and liabilities
2. Ledger book: In this book the operations of the accounts are entered using the double entry system; this allows the company to summarize on a monthly basis all its operations for each account
3. Cash Book - daily: In this book the accounting operations are entered in chronological order, either individually or by summaries not to exceed one month
4. Minutes Book: It could be of two types: Minutes book of shareholders' meeting minutes and minutes' book of the Board of Directors. The first must be kept by all companies, the second only by those companies that have a board of directors. The minutes of the meetings must be recorded in chronological order, and must be signed by the persons designated as secretary and president of the meetings
5. Shareholders' book: In this book the shares must be recorded with the title, number, and date of inscription, as well as the changes in ownership
6. Subsidiary book: It is kept to record in detail, in chronological order the main accounts, keeping a total of the debits, credits, and balances that continue on at the end of each term to the daily book and the ledger book; this book does not need to be registered in the Chamber of Commerce

Once the company has been registered, its owner, or legal representative must present and request the registry of the commerce books through a letter addressed to the Chamber of Commerce, and fill in the respective application form; the duly numbered book or pages must be presented. The first page in each book or set of pages should be labeled in pencil in the upper side with the name of the company and function given to each book; the pages must be consecutively numbered and have no accounting entries.

Procedure 2. Register the company in the Mercantile Registry, obtain the certificate of existence and legal representation, register the company's books and register with the National Tax Authority (DIAN) at the Business Services Center (CAE) of the Chamber of Commerce

Time: 5 days

Cost: COP\$1,550,610 [COP\$718,010: departmental registry tax (0.7% of the initial capital of the company); COP\$665,000: commercial license (133.92% of the legal minimum monthly wage in effect); COP\$83,000: tariff for the business establishment; COP\$3,500: cost of the registry's application form; COP\$26,000: inscription in the Chamber of Commerce and registry of the document of incorporation; COP\$3,500: certificate of existence and legal representation; COP\$51,600: cost of registering the company's books (COP\$8,600 each book)].

Comments: The CAE makes it possible to perform the following procedures simultaneously at a single location:

1. Register the company and the commercial establishment (if applicable) at the Mercantile Registry
2. Obtain a copy of the certificate of existence and legal representation
3. Register the company's books
4. Register the company in the Unified Tax Registry (RUT) of the DIAN and obtain the Tax Identification Number (NIT)

The company's books are submitted to the Chamber of Commerce for the pages to be subscribed and numbered. A form requesting the books is filled out and the amount is paid directly at the cashier booth. If the company carries out the company's establishment procedure using the website www.crearempresa.com.co, it may at the same time request registration of the books, without having to wait for the company to be registered first.

The forms may be obtained at the CAE or may be downloaded from the website www.crearempresa.com.co.

The rates to register a company and commercial establishment, certificates and application forms are national (Decree 393 of 2002) and correspond to 2009. In order to facilitate the process of obtaining the NIT, the Chamber of Commerce of Barranquilla, requires applicants to follow these steps:

1. The respective form is filled out in the webpage of the DIAN and the system delivers to the user a code, named pre-RUT (prior form identification number) which should be taken to the Chamber of Commerce for the company to obtain then the RUT (Unified Tax Registry)
2. The entrepreneur can also go personally to DIAN's office and obtain the pre-RUT, which must be attached to the other documents that are to be delivered to the Chamber of Commerce. Once the company is legally incorporated, the Chamber of Commerce, by virtue of an agreement with DIAN, will deliver the RUT certificate

On September 8th of 2009, the Chamber of Commerce and the District's Municipal Government signed an Agreement (0047), which seeks to continue with the Procedure Simplification Program for the business sector initiated with Agreement 004 of 2001. The agreement includes information on uses of the land for the Chamber of Commerce to implement a tool for official consultation of the different land uses, while the Municipal Government is in charge of validating the information generated from the automated consultation. Registration for payment of city sales tax (*industria y comercio*) is also done directly at the CAE.

Procedure 3. Open a bank account

Time: 1 day

Cost: No cost

Comments: The company needs to open an account at a commercial bank in order to operate. Open a savings account takes only a few minutes, but if it is a checking account the bank may take up to three days to grant approval because it has the legal obligation of verifying the applicant's information.

Each financial entity may impose some additional requirements, for example minimum amounts for opening the accounts. The checking account generally must be opened with a minimum amount of COP\$100,000 and in the case of savings account the amount corresponds to a legal minimum monthly wage in effect (*smlmv*) which currently comes to COP\$496,900.

Procedure 4. Register the company with a family compensation fund (*caja de compensación familiar*), the National Training Service (SENA) and the Colombian Family Welfare Institute (ICBF)

Time: 10 days

Cost: No cost

Comments: Once it is registered, the company must pay these payroll-based contributions within the first eight days of each month. The contribution is then distributed internally between *SENA* and *ICBF*. The registration procedure at a family compensation fund only takes a few minutes, but the request is subject to evaluation for approval or rejection.

The documents required are: affiliation form, certificate of existence and legal representation issued by the Chamber of Commerce, photocopy of identity card of the legal representative and payroll and list of persons that the company will have with the corresponding photocopies of the identity cards and of the documents of the employee's children.

Decree 3667 of November 8, 2004, establishes that all employers must submit a single integrated statement reporting all payroll contributions to the social security system and parafiscal fees. Payment of the parafiscal fees to the family compensation fund, *SENA*, *ICBF*, *ESAP*, industrial and technical schools and the social security contributions must be made at the locations indicated by the respective entities within one calendar month of the respective payroll time period.

Procedure 5*. Affiliate the company to an Occupational Risk Management Company (ARP)

Time: 1 day

Cost: No cost

Comments: The Occupational Risk Management Company (ARP) insures against risks due to work accidents and disability due to occupational illnesses. The company must affiliate its employees to a private or public ARP of its choice.

The registration procedure before the ARP takes a few minutes and consists of the presentation of the form but the coverage begins the following day.

Monthly payments are made through the Comprehensive Form of Liquidation and Contributions of Social Security (PILA).

Procedure 6*. Affiliate employees to the public pensions system

Time: 1 day

Cost: No cost

Comments: The company must affiliate its employees to a pension fund, which may be either the government's Social Security Institute (ISS) or a private pension fund. Employees may select the fund of their choice. The affiliation to the pension fund takes a day to be legalized, once the corresponding form is submitted. A public pension fund agent goes to the company and carries out the affiliation procedure.

Procedure 7*. Affiliate employees to a private pension fund

Time: 1 day

Cost: No cost

Comments: When employees select a private fund, a representative of the fund will generally visit the company to assist in filling out the forms and expediting the registration process.

Procedure 8*. Affiliate employees to a mandatory healthcare plan

Time: 1 day

Cost: No cost

Comments: The company is required to affiliate its employees to a Mandatory Health Plan (POS) through a Healthcare Promotion Entity (EPS). Each employee has the right to select the EPS of his or her choice, and companies are required to register the employee at the selected EPS. The affiliation process for employees varies depending on the EPS and employees' records.

The EPS representative visits the company installations, obtains the information required for the affiliation and files the affiliation before the EPS. Requirements: copy of the identity card of each employee, fill out the form, copy of work contract; when the employee has family, copy of the civil registration of the children and identity card of the spouse or life partner.

In August of 2008, a new EPS named Nueva EPS S.A. was created as a result of the exceptional transfer of the affiliates of the public-sector EPS ISS, in the framework of Decree 055 of 2007. Nueva EPS was established as a healthcare promotion entity under the contributive regime by means of Resolution 371 of April 3, 2008 of the National Health Superintendence.

Procedure 9*. Affiliate employees to a severance fund

Time: 1 day

Cost: No cost

Comments: Each employee is free to join the severance fund of his or her choice. The entrepreneur presents the documents for this affiliation and must deposit yearly – on February 14 – the severance pay of each employee.

*This procedure is simultaneous with a previous procedure.

STARTING A BUSINESS

Bogotá, D. C.

Procedure 1. Purchase the company books

Time: 1 day

Cost: COP\$24,000 (3 books, COP\$8,000 each book)

Comments: The company's books can be purchased at a commercial establishment or in the Chamber of Commerce.

Limited liability companies shall use the following three books:

1. Inventory and balance sheet book: An inventory and a general balance must be made when initiating activities and at least once per year to get to know in a clear and concise manner the state of company's assets and liabilities
2. Ledger book: In this book the operations of the accounts are entered using the double entry system; this allows the company to summarize on a monthly basis all the operations for each account
3. Cash Book - daily: In this book the accounting operations are entered in chronological order, either individually or by summaries not to exceed one month

Once the company has been registered, its owner, or legal representative must present and request the registry of the books through a letter addressed to the Chamber of Commerce, and fill in the respective application form; the duly numbered book or pages must be presented. The first page in each book or set of pages should be labeled in pencil in the upper side with the name of the company and function given to each book; the pages must be consecutively numbered and have no accounting entries.

Procedure 2. Register the company in the Mercantile Registry, obtain the certificate of existence and legal representation, register the company's books and register with the National Tax Authority (DIAN) at the Business Services Center (CAE) of the Chamber of Commerce

Time: 2 days

Cost: COP\$1,521,510 [COP\$718,010: departmental registry tax (0.7% of the initial capital of the company); COP\$665,000: commercial license (133.92% of the legal minimum monthly wage (smlmv) in effect); COP\$83,000: rate for the business establishment; COP\$3,500: cost of the registry application form; COP\$26,000: inscription at the Chamber of Commerce and registry of the document of incorporation; COP\$26,000: cost of registering the company's books (COP\$8,666 each book)].

Comments: The Business Services Center (CAE) began to operate in May of 2003. The CAE allows to complete in a sole step and at the same location the following procedures:

1. Register the company and the commercial establishment (if applicable) at the Mercantile Registry
2. Obtain a copy of the certificate of existence and legal representation
3. Register the company's books
4. Register the company in the Unified Tax Registry (RUT) of the DIAN and obtain the Tax Identification Number (NIT)

The company's books are submitted to the Chamber of Commerce for the pages to be subscribed and numbered. A form requesting the books is filled out and the amount is paid directly at the cashier booth. If the company carries out the company's establishment procedure using the website www.crearempresa.com.co, it may at the same time request registration of the books, without having to wait for the company to be registered first.

The registration for the payment of industry and commerce tax is also carried out immediately in the CAE. Forms may be obtained directly at the CAE or be downloaded from the webpage www.crearempresa.com.co.

The rates to register a company and commercial establishment, certificates, and application forms are national (Decree 393 of 2002) and correspond to 2009.

Procedure 3. Open a bank account

Time: 1 day

Cost: No cost

Comments: The company needs to open an account at a commercial bank in order to operate. Opening a savings account only takes a few minutes, but opening a checking account may take up to three days, because the bank is required to verify the applicant's data before approving the account. Each financial entity may impose some additional requirements, for example minimum amounts for opening the accounts. The checking account generally must be opened with a minimum amount of COP\$100,000 and in the case of savings account the amount corresponds to a legal minimum monthly wage in effect (smlmv) which currently comes to COP\$496,900.

Procedure 4. Register the company with a family compensation fund (*caja de compensación familiar*), the National Training Service (SENA) and the Colombian Family Welfare Institute (ICBF)

Time: 10 days

Cost: No cost

Comments: Once it is registered, the company must pay these payroll-based contributions within the first eight days of each month. The contribution is then distributed internally between *SENA* and *ICBF*. The registration procedure at a family compensation fund only takes a few minutes, but the request is subject to evaluation for approval or rejection.

The documents required are: affiliation form, certificate of existence and legal representation issued by the Chamber of Commerce, photocopy of identity card of the legal representative and payroll and list of persons that the company will have with the corresponding photocopies of the identity cards and of the documents of the employee's children.

Decree 3667 of November 8, 2004, establishes that all employers must submit a single integrated statement reporting all payroll contributions to the social security system and parafiscal fees. Payment of the parafiscal fees to the family compensation fund, *SENA*, *ICBF*, *ESAP*, industrial and technical schools and the social security contributions must be made at the locations indicated by the respective entities within one calendar month of the respective payroll time period.

Procedure 5*. Affiliate the company to an Occupational Risk Management Company (ARP)

Time: 1 day

Cost: No cost

Comments: The Occupational Risk Management Company (ARP) insures against risks due to work accidents and disability due to occupational illnesses. The company must affiliate its employees to a private or public ARP of its choice. The registration procedure before the ARP takes a few minutes and consists of the presentation of the form but the coverage begins as of the next day. Monthly payments are made through the Comprehensive Form of Liquidation and Contributions of Social Security (PILA).

Procedure 6*. Affiliate employees to the public pensions system

Time: 14 days

Cost: No cost

Comments: The company must affiliate its employees to a pension fund, which may be either the government's Social Security Institute (ISS) or a private pension fund. Employees may select the fund of their choice. The application process to the ISS takes one day and is completed once the appropriate form is submitted. However, the ISS may take, on average, 14 days to confirm the affiliation. A public pension fund agent goes to the company and carries out the affiliation procedure.

Procedure 7*. Affiliate employees to a private pension fund

Time: 1 day

Cost: No cost

Comments: When employees select a private fund, a representative of the fund will generally visit the company to assist in filling out the forms and expediting the registration process.

Procedure 8*. Affiliate employees to a mandatory healthcare plan

Time: 6 days

Cost: No cost

Comments: The company is required to affiliate its employees to a Mandatory Health Plan (POS) through a Healthcare Promotion Entity (EPS). Each employee has the right to select the EPS of his or her choice, and companies are required to register the employee at the selected EPS. The affiliation process for employees varies depending on the EPS and employees' records.

The EPS representative visits the company installations, obtains the information required for the affiliation and files the affiliation before the EPS. Requirements: copy of the identity card of each employee, fill out the form, copy of work contract; when the employee has family, copy of the civil registration of the children and identity card of the spouse or life partner.

In August of 2008, a new EPS named Nueva EPS S.A. was created as a result of the exceptional transfer of the affiliates of the public-sector EPS ISS, in the framework of Decree 055 of 2007. Nueva EPS was established as a healthcare promotion entity under the contributive regime by means of Resolution 371 of April 3, 2008 of the National Health Superintendence.

Procedure 9*. Affiliate employees to a severance fund

Time: 1 day

Cost: No cost

Comments: Each employee freely chooses the severance fund of his or her choice. The entrepreneur presents the documents for this affiliation and must deposit yearly – on February 14 – the severance pay of each employee.

* This procedure is simultaneous with a previous procedure.

STARTING A BUSINESS

Bucaramanga, Santander

Procedure 1. Purchase the company books

Time: 1 day

Cost: COP\$27,600 [6 books (COP\$4,600 per book, COP\$46 per page, 100 pages per book)].

Comments: The company's books can be purchased at a commercial establishment or in the Chamber of Commerce. Limited liability companies shall use the following six books:

1. Inventory and balance sheet book: An inventory and a general balance must be made when initiating activities and at least once per year to get to know in a clear and concise manner the state of company's assets and liabilities
2. Ledger book: In this book the operations of the accounts are entered using the double entry system; this allows the company to summarize on a monthly basis, all operations for each account
3. Cash Book - daily: In this book the accounting operations are entered in chronological order, either individually or by summaries not to exceed one month
4. Minutes Book: It could be of two types: Minutes book of shareholders' meeting and minutes' book of the Board of Directors. The first must be kept by all companies, the second only by those companies that have a board of directors. The minutes of the meetings must be recorded in chronological order, and signed by persons designated as secretary and president of the meetings
5. Book of shareholders: in this are recorded the shares, noting the title, number and date of registration, and likewise for change of ownership

6. **Subsidiary Ledger:** used to record chronologically details of the main accounts, totaling debits, credits and balances that pass at the end of each period to the daily and the main ledger, this book need not be registered with the Chamber of Commerce

Once the company has been registered, its owner, or legal representative must present and request the registry of the books through a letter addressed to the Chamber of Commerce, and fill in the respective application form; the duly numbered book or pages must be presented. The first page in each book or set of pages should be labeled in pencil in the upper side with the name of the company and function given to each book; the pages must be consecutively numbered and have no accounting entries.

Procedure 2. Register the company in the Mercantile Registry, obtain the certificate of existence and legal representation, register the company's books and register with the National Tax Authority (DIAN) at the Business Services Center (CAE) of the Chamber of Commerce

Time: 4 days

Cost: COP\$1,653,743 [COP\$820,583: departmental registration tax (0.8% of the company's initial capital); COP\$665,000: commercial license (133.92% of the legal minimum monthly wage); COP\$83,000: rate for the business establishment; COP\$4,060: cost of the registry's application form; COP\$26,000: registration at the Chamber of Commerce and registration of the document of incorporation; COP\$3,500: certificate of existence and legal representation; COP\$51,600: cost of registering the company's books (COP\$8,600 each book)]

Comments: The CAE makes it possible to complete the following procedures simultaneously at a single location:

1. Register the company and the commercial establishment (if applicable) at the Mercantile Registry
2. Obtain a copy of the certificate of existence and legal representation
3. Register the company's books
4. Register the company in the Unified Tax Registry (RUT) of the DIAN and obtain the Tax Identification Number (NIT)

The company's books are submitted to the Chamber of Commerce for the pages to be subscribed and numbered. A form requesting the books is filled out and the amount is paid directly at the cashier booth. If the company performs the company establishment procedure using the website www.crearempresa.com.co, it may at the same time request registration of the books, without having to wait for the company to be registered first.

Forms may be obtained directly at the CAE or may be downloaded from the webpage www.crearempresa.com.co. The registration for the payment of industry and commerce tax is also carried out immediately in the CAE.

The rates to register a company and commercial establishment, certificates, and application forms are national (Decree 393 of 2002) and correspond to 2009.

The NIT is assigned by the DIAN. However the procedure is carried out in the CAE, where its agents provide assistance to fill out the forms for RUT's inscription and then they send the information to DIAN. The entrepreneur receives his or her Mercantile Registration certificate with the assigned NIT in an average time of 4 days; the RUT certificate will also be provided.

Procedure 3. Open a bank account

Time: 1 day

Cost: No cost

Comments: The company needs to open an account at a commercial bank in order to operate. Opening a savings account only takes a few minutes, but opening a checking account may take up to three days, because the bank is required to verify the applicant's data before approving the account. Each financial entity may have its own additional requirements for opening an account, such as a minimum deposit amount. In general, a checking account can be opened with a minimum deposit of COP\$100,000, and a savings account can be opened with the equivalent of one legal monthly minimum wage, which is currently COP\$496,900.

Procedure 4. Register the company with a family compensation fund (caja de compensación familiar), the National Training Service (SENA) and the Colombian Family Welfare Institute (ICBF)

Time: 10 days

Cost: No cost

Comments: Once it is registered, the company must pay these payroll-based contributions within the first eight days of each month. The contribution is then distributed internally between *SENA* and *ICBF*. The registration procedure at a family compensation fund only takes a few minutes, but the request is subject to evaluation for approval or rejection.

The documents that must be submitted include: registration form, certificate of existence and legal representation issued by the Chamber of Commerce, photocopy of the legal representative's identification card and the payroll list, with copies of the employees' identification cards and documentation related to their children.

Decree 3667 of November 8, 2004, establishes that all employers must submit a single integrated statement reporting all payroll contributions to the social security system and parafiscal fees. Payment of the parafiscal fees to the family compensation fund, *SENA*, *ICBF*, *ESAP*, industrial and technical schools and the social security contributions must be made at the locations indicated by the respective entities within one calendar month of the respective payroll time period.

Procedure 5*. Affiliate the company to an Occupational Risk Management Company (ARP)

Time: 1 day

Cost: No cost

Comments: The Occupational Risk Management Company (ARP) insures against risks due to work accidents and disability due to occupational illnesses. The company must affiliate its employees to a public or private ARP of its choice. The registration procedure before the ARP takes a few minutes and consists of the presentation of the form but the coverage begins the following day. Monthly payments are made through the Comprehensive Form of Liquidation and Contributions of Social Security (PILA).

Procedure 6*. Affiliate employees to the public pensions system

Time: 30 days

Cost: No cost

Comments: The company must affiliate its employees to a pension fund, which may be either the government's Social Security Institute (ISS) or a private pension fund. Employees may select the fund of their choice. The application process to the ISS takes one day and is completed once the appropriate form is submitted. However, the ISS may take, on average, 30 days to confirm the affiliation. An agent from the public pension fund may visit the company and perform the registration procedure.

Procedure 7*. Affiliate employees to a private pension fund

Time: 1 day

Cost: No cost

Comments: When employees select a private fund, a representative of the fund will generally visit the company to assist in filling out the forms and expediting the registration process.

Procedure 8*. Affiliate employees to a mandatory healthcare plan

Time: 1 day

Cost: No cost

Comments: The company is required to affiliate its employees to a Mandatory Healthcare Plan (POS) through a Healthcare Promotion Entity (EPS). Each employee has the right to select the EPS of his or her choice, and companies are required to register the employee at the selected EPS. The employee registration process varies depending on the EPS and the employee's record.

The EPS representative visits the company's facilities, obtains the information required for affiliation and submits the request to the EPS. Requirements: copy of the identity card of each employee, fill out the form, copy of work contract; when the employee has family, copy of the civil registration of the children and identity card of the spouse or life partner.

In August of 2008, a new EPS named Nueva EPS S.A. was created as a result of the exceptional transfer of the affiliates of the public-sector EPS ISS, in the framework of Decree 055 of 2007. Nueva EPS was established as a healthcare promotion entity under the contributive regime by means of Resolution 371 of April 3, 2008 of the National Health Superintendence.

Procedure 9*. Affiliate employees to a severance fund

Time: 1 day

Cost: No cost

Comments: Each employee is free to select the severance fund of his or her choice. The company submits the documents for affiliation and must deposit every year –on February 14th– payment of each employee's severance entitlement.

*This procedure is simultaneous with a previous procedure.

STARTING A BUSINESS

Cali, Valle del Cauca**Procedure 1. Visit a Business Service Center (CAE) and obtain application forms****Time:** 1 day**Cost:** COP\$3,500 [COP\$3,500 is cost of the application form for both the company and the business establishment; the registration form for the company for the payment of industry and commerce tax have no cost].**Comments:** It is necessary to visit the CAE to obtain the application forms for both the company and the business establishment.

The form comes in two parts: The first part contains the entrepreneur's information, and the second part contains the information of the business establishment; if the new company has more than one commercial establishment another form must be acquired. Additionally, another form is given (at no cost) to provide detailed information to industry and commerce and to the Office of Municipal Planning, according to the guidelines of the agreement signed between the Municipal Government of Santiago de Cali and the Municipality of Yumbo to simplify the procedures for starting a business.

It is important for the entrepreneur to define the name of the Company and the fiscal obligations that he must comply with before moving on in the advisory process; then he or she must go to the correspondent booths to purchase the necessary forms.

Procedure 2. Purchase the company books**Time:** 1 day**Cost:** COP\$15,000 [5 books (COP\$3,000 per book) COP\$30 (per page, 100 pages per book)].**Comments:** The company's books can be purchased at a commercial establishment or from the Chamber of Commerce.

Limited liability companies shall use the following five books:

1. Inventory and balance sheet book: An inventory and a general balance must be made when initiating activities and at least once per year to get to know in a clear and concise manner the state of company's assets and liabilities
2. Ledger book: In this book the operations of the accounts are entered using the double entry system; this allows the company to summarize on a monthly basis all its operations for each account
3. Cash Book - daily: In this book the accounting operations are entered in chronological order, either individually or by summaries not to exceed one month
4. Minutes Book: It could be of two types: Minutes book of shareholders' meeting and minutes' book of the Board of Directors. The first must be kept by all companies, the second only by those companies that have a board of directors. The minutes of the meetings must be recorded in chronological order, and signed by the secretary and the president
5. Shareholders book: In this book the shares must be recorded with the title, number, and date of inscription, as well as the changes in ownership

Once the company has been registered, its owner, or legal representative must present and request the registry of the commerce books through a letter addressed to the Chamber of Commerce, and fill in the respective application form; the duly numbered book or pages must be presented. The first page in each book or set of pages should be labeled in pencil in the upper side with the name of the company and function given to each book; the pages must be consecutively numbered and have no accounting entries.

Procedure 3. Register the company in the Mercantile Registry, obtain the certificate of existence and legal representation, register the company's books and register with the National Tax Authority (DIAN) at the Business Services Center (CAE) of the Chamber of Commerce**Time:** 3 days**Cost:** COP\$1,541,510 [COP\$718,010: departmental registration tax (0.7% of the company's initial capital); COP\$665,000: commercial license (133.92% of the legal minimum monthly wage); COP\$83,000: commercial establishment fee; COP\$3,000: cost of the registry's application form; COP\$26,000: registration at the Chamber of Commerce and registration of the document of incorporation; COP\$3,500: certificate of existence and legal representation; COP\$43,000: cost of registering the company's books (COP\$8,600 each book)].**Comments:** The CAE makes it possible to complete the following procedures simultaneously at a single location:

1. Register the company and the commercial establishment (if applicable) at the Mercantile Registry
2. Obtain a copy of the certificate of existence and legal representation

3. Register the company's books
4. Register the company in the Unified Tax Registry (RUT) of the DIAN and obtain the Tax Identification Number (NIT)

The company's books are submitted to the Chamber of Commerce for the pages to be subscribed and numbered. A form requesting the books is filled out and the amount is paid directly at the cashier booth. If the company performs the company establishment procedure using the website www.crearempresa.com.co, it may at the same time request registration of the books, without having to wait for the company to be registered first. Registration for payment of Industry and Commerce tax is also done directly at the CAE.

The forms may be obtained at the CAE or may be downloaded from the website www.crearempresa.com.co.

The rates to register a company and commercial establishment, certificates, and application forms are national (Decree 393 of 2002) and correspond to 2009.

Procedure 4. Open a bank account**Time:** 1 day**Cost:** No cost**Comments:** The company needs to open an account at a commercial bank in order to operate. Opening a savings account only takes a few minutes, but opening a checking account may take up to three days, because the bank is required to verify the applicant's data before approving the account. Each financial entity may have its own additional requirements for opening an account, such as a minimum deposit amount. In general, a checking account can be opened with a minimum deposit of COP\$100,000, and a savings account can be opened with the equivalent of one legal monthly minimum wage, which is currently COP\$496,900.**Procedure 5*. Pay departmental duty stamps in support of hospitals****Time:** 1 day**Cost:** COP\$7,500**Comments:** The payment is made at the Office of the Municipal Treasury.**Procedure 6. Register the company with a family compensation fund (caja de compensación familiar), the National Training Service (SENA) and the Colombian Family Welfare Institute (ICBF)****Time:** 1 day**Cost:** No cost**Comments:** Once it is registered, the company must pay these payroll-based contributions within the first eight days of each month. The contribution is then distributed internally between *SENA* and *ICBF*. The registration procedure at a family compensation fund only takes a few minutes, but the request is subject to evaluation for approval or rejection.

The documents that must be submitted include: registration form, certificate of existence and legal representation issued by the Chamber of Commerce, photocopy of the legal representative's identification card and the payroll list, with copies of the employees' identification cards and documentation related to their children.

Decree 3667 of November 8, 2004, establishes that self-liquidation and payment of the contribution to the Comprehensive Social Security System and parafiscal contributions must be carried out through a sole comprehensive form, and all employers must effect the payment of parafiscal contributions to the family compensation funds, the *SENA*, the *ICBF*, and *ESAP*, industrial schools and technical institutes, and the contributions to the Comprehensive Social Security in the locations determined by the administrating entities, within a calendar month following the worked period.

Procedure 7*. Affiliate employees to the public pensions system**Time:** 1 day**Cost:** No cost**Comments:** The company must affiliate its employees to a pension fund, which may be either the government's Social Security Institute (ISS) or a private pension fund. Employees may select the fund of their choice. The application process to the ISS takes one day and is completed once the appropriate form is submitted. It is done only in the main branch of the ISS located in the Versalles neighborhood on Carrera 4 West 12-89, Cali.**Procedure 8*. Affiliate employees to a private pension fund****Time:** 1 day**Cost:** No cost**Comments:** When employees select a private fund, a representative of the fund will generally visit the company to assist in filling out the forms and expediting the registration process.

Procedure 9*. Affiliate employees to a mandatory healthcare plan**Time:** 1 day**Cost:** No cost

Comments: The company is required to affiliate its employees to a Mandatory Healthcare Plan (POS) through a Healthcare Promotion Entity (EPS). Each employee has the right to select the EPS of his or her choice, and companies are required to register the employee at the selected EPS. The employee registration process varies depending on the EPS and the employee's records.

The EPS representative visits the company's facilities, obtains the information required for affiliation and submits the request to the EPS. Requirements: copy of the identity card of each employee, fill out the form, copy of work contract; when the employee has family, copy of the civil registration of the offspring and identity card of the spouse or life partner.

In August of 2008, a new EPS named Nueva EPS S.A. was created as a result of the exceptional transfer of the affiliates of the public-sector EPS ISS, in the framework of Decree 055 of 2007. Nueva EPS was established as a healthcare promotion entity under the contributive regime by means of Resolution 371 of April 3, 2008 of the National Health Superintendence.

Procedure 10*. Affiliate the company to an Occupational Risk Management Company (ARP)**Time:** 1 day**Cost:** No cost

Comments: The Occupational Risk Management Company (ARP) insures against risks due to work accidents and disability due to occupational illnesses. The company must affiliate its employees to a public or private ARP of its choice. The registration procedure before the ARP takes a few minutes and consists of the presentation of the form but the coverage begins as of the next day. Monthly payments are also made by means of the integrated form for social security contributions (PILA).

Procedure 11*. Affiliate employees to a severance fund**Time:** 1 day**Cost:** No cost

Comments: Each employee is free to select the severance fund of his or her choice. The company submits the documents for affiliation and must deposit every year –on February 14th– payment of each employee's severance entitlement.

*This procedure is simultaneous with a previous procedure.

STARTING A BUSINESS

Cartagena, Bolívar**Procedure 1. Purchase the company books****Time:** 2 days**Cost:** COP\$14,000 [4 books (COP\$3,500 per book, COP\$35 per page, 100 pages per book)]

Comments: The company's books can be purchased at a commercial establishment or from the Chamber of Commerce.

Limited liability companies shall use the following four books:

1. Inventory and balance sheet book: An inventory and a general balance must be made when initiating activities and at least once per year to get to know in a clear and concise manner the state of company's assets and liabilities
2. Ledger book: In this book the operations of the accounts are entered using the double entry system; this allows the company to summarize on a monthly basis all its operations for each account
3. Cash Book - daily: In this book the accounting operations are entered in chronological order, either individually or by summaries not to exceed one month
4. Minutes Book: It could be of two types: Minutes book of shareholder's meeting and minutes' book of the Board of Directors. The first must be kept by all companies, the second only by those companies that have a board of directors. The minutes of the meetings must be recorded in chronological order, and signed by the secretary and the president

Once the company has been registered, its owner, or legal representative must present and request the registry of the commerce books through a letter addressed to the Chamber of Commerce, and fill in the respective application form; the duly numbered book or pages must be presented. The first page in each book or set of pages should be labeled in pencil in the upper side with the name of the company and function given to each book; the pages must be consecutively numbered and have no accounting entries.

Procedure 2. Pay departmental stamp duty *pro-cultura***Time:** 1 day**Cost:** COP\$512,864 (0.5% of initial capital).

Comments: The entrepreneur must pay the Departmental Government of Bolívar, the equivalent amount of the *pro cultura* duty stamp provided the document of incorporation of the company is a public deed (Ordinance 11 of 2006).

Procedure 3. Register the company in the Mercantile Registry, obtain the certificate of existence and legal representation, register the company's books and register with the National Tax Authority (DIAN) at the Business Services Center (CAE) of the Chamber of Commerce**Time:** 5 days

Cost: COP\$1,533,410 [COP\$718,010: departmental registration tax (0.7% of the company's initial capital); COP\$665,000: commercial license (133.92% of the legal minimum monthly wage); COP\$83,000: commercial establishment fee; COP\$3,500: registration form; COP\$26,000: registration at the Chamber of Commerce and registration of the document of incorporation; COP\$3,500: certificate of existence and legal representation; COP\$34,400: Cost of registering the company's books (COP\$8,600 each book)].

Comments: The CAE makes it possible to complete the following procedures simultaneously at a single location:

1. Register the company and the commercial establishment (if applicable) at the Mercantile Registry
2. Obtain a copy of the certificate of existence and legal representation
3. Register the company's books
4. Register the company in the Unified Tax Registry (RUT) of the DIAN and obtain the Tax Identification Number (NIT)

The company's books are submitted to the Chamber of Commerce for the pages to be subscribed and numbered. A form requesting the books is filled out and the amount is paid directly at the cashier booth. If the company performs the company establishment procedure using the website www.crearempresa.com.co, it may at the same time request registration of the books, without having to wait for the company to be registered first. Company Registration for Industry and Commerce is also done directly at the CAE

The forms may be obtained at the CAE or may be downloaded from the website www.crearempresa.com.co.

The rates to register a company and commercial establishment, certificates, and forms are national (Decree 393 of 2002) and correspond to 2009

Procedure 4. Open a bank account**Time:** 1 day**Cost:** No cost

Comments: The company needs to open an account at a commercial bank in order to operate. Opening a savings account only takes a few minutes, but opening a checking account may take up to three days, because the bank is required to verify the applicant's data before approving the account. Each financial entity may have its own additional requirements for opening an account, such as a minimum deposit amount. In general, a checking account can be opened with a minimum deposit of COP\$100,000, and a savings account can be opened with the equivalent of one legal monthly minimum wage, which is currently COP\$496,900.

Procedure 5. Obtain a land use certificate**Time:** 8 days**Cost:** COP\$15,800

Comments: Obtaining a land use certificate from the municipal authorities is required for operating a business. The interested party may complete the procedure before the District's Planning Secretariat, a dependency of the Municipal Government, or he or she may also do the consultation through any of the following WebPages: www.sintramites.com.co/consultas.htm, or www.crearempresa.com.co

This procedure is completed before the Municipal Government (Registration and Correspondence Office) and this office is in charge of sending the application to the District's Planning Secretariat, which finally issues the certificate. The reduction in the number of days with respect to the average in *Doing Business in Colombia, 2008*, is due to the implementation of the recommendations by the Technical Committee for Improvement in Procedures: there is now an official dedicated solely to the consultation of compatibilities of land usage with the POT, and the certificates are signed by a different agent from the Planning Secretariat.

Procedure 6. Register the company with a family compensation fund (caja de compensación familiar), the National Training Service (SENA) and the Colombian Family Welfare Institute (ICBF)

Time: 10 days

Cost: No cost

Comments: Once it is registered, the company must pay these payroll-based contributions within the first eight days of each month. The contribution is then distributed internally between *SENA* and *ICBF*. The registration procedure at a family compensation fund only takes a few minutes, but the request is subject to evaluation for approval or rejection. The quality of the service has improved much in the last 2 years.

The documents that must be submitted include: registration form, certificate of existence and legal representation issued by the Chamber of Commerce, photocopy of the legal representative's identification card and the payroll list, with copies of the employees' identification cards and documentation related to their children.

Decree 3667 of November 8, 2004, establishes that self-liquidation and payment of the contribution to the Comprehensive Social Security System and extra-fiscal contributions must be carried out through a sole comprehensive form, and all employers must effect the payment of extra-fiscal contributions to the family compensation funds, the *SENA*, the *ICBF*, and *ESAP*, industrial schools and technical institutes, and the contributions to the Comprehensive Social Security in the locations determined by the administrating entities, within a calendar month following the worked period.

Procedure 7*. Affiliate the company to an Occupational Risk Management Company (ARP)

Time: 1 day

Cost: No cost

Comments: The Occupational Risk Management Company (ARP) insures against risks due to work accidents and disability due to occupational illnesses. The company must affiliate its employees to a public or private ARP of its choice. The registration procedure before the ARP takes a few minutes and consists of the presentation of the form but the coverage begins as of the next day. Monthly payments are made through the Comprehensive Form of Liquidation and Contributions of Social Security (PILA).

Procedure 8*. Affiliate employees to the public pensions system

Time: 1 day

Cost: No cost

Comments: The company must affiliate its employees to a pension fund, which may be either the government's Social Security Institute (ISS) or a private pension fund. Employees may select the fund of their choice. The application process to the ISS takes one day and is completed once the appropriate form is submitted. An agent from the public pension fund may visit the company and perform the registration procedure.

Procedure 9*. Affiliate employees to a private pension fund

Time: 1 day

Cost: No cost

Comments: When employees select a private fund, a representative of the fund will generally visit the company to assist in filling out the forms and expediting the registration process.

Procedure 10*. Affiliate employees to a mandatory healthcare plan

Time: 1 day

Cost: No cost

Comments: The company is required to affiliate its employees to a Mandatory Healthcare Plan (POS) through a Healthcare Promotion Entity (EPS). Each employee has the right to select the EPS of his or her choice, and companies are required to register the employee at the selected EPS. The employee registration process varies depending on the EPS and the employee's records.

The EPS representative visits the company's facilities, obtains the information required for affiliation and submits the request to the EPS. Requirements: copy of the identity card of each employee, fill out the form, copy of work contract; when the employee has family, copy of the civil registration of the offspring and identity card of the spouse or life partner.

In August of 2008, a new EPS named Nueva EPS S.A. was created as a result of the exceptional transfer of the affiliates of the public-sector EPS ISS, in the framework of Decree 055 of 2007. Nueva EPS was established as a healthcare promotion entity under the contributive regime by means of Resolution 371 of April 3, 2008 of the National Health Superintendence.

Procedure 11*. Affiliate employees to a severance fund

Time: 1 day

Cost: No cost

Comments: Each employee is free to select the severance fund of his or her choice. The company submits the documents for affiliation and must deposit every year –on February 14th– payment of each employee's severance entitlement.

*This procedure is simultaneous with a previous procedure.

STARTING A BUSINESS

Cúcuta, Norte de Santander

Procedure 1. Register the company in the Mercantile Registry, obtain the certificate of existence and legal representation, register the company's books and register with the National Tax Authority (DIAN) at the Business Services Center (CAE) of the Chamber of Commerce

Time: 2 days

Cost: COP\$831,500 [COP\$665,000: commercial license (133.92% of the legal minimum monthly wage); COP\$83,000: commercial establishment fee; COP\$3,500: registration form; COP\$26,000: registration at the Chamber of Commerce and registration of the document of incorporation; COP\$3,500: certificate of existence and legal representation; COP\$2,100: departmental duty stamp pro- hospital; COP\$14,000: cost of the company's books (4 books, COP\$3,500 each, COP\$35 per page, 100 pages per book); COP\$34,400: registration fee for the books (COP\$8,600 each book)].

Comments: The CAE makes it possible to complete the following procedures simultaneously at a single location:

1. Register the company and the commercial establishment (if applicable) at the Mercantile Registry
2. Obtain a copy of the certificate of existence and legal representation
3. Register the company's books
4. Register the company in the Unified Tax Registry (RUT) of the DIAN and obtain the Tax Identification Number (NIT)

The entrepreneur can obtain the application forms directly at the CAE or download them from the webpage www.crearempresa.com.co. He or she can also register the company in the Registry for Industry and Commerce

The rates to register a company and commercial establishment, certificates, and application forms are national (Decree 393 of 2002) and correspond to 2009.

The company's books are submitted to the Chamber of Commerce for the pages to be subscribed and numbered. A form requesting the books is filled out and the amount is paid directly at the cashier booth. If the company performs the company establishment procedure using the website www.crearempresa.com.co, it may at the same time request registration of the books, without having to wait for the company to be registered first.

For the issuance of the certificate of existence and legal representation a duty stamp "Pro- Empresa Social del Estado Hospital Universitario Erasmo Meoz (pro- ESE HUEM)" must be paid, in support of the hospital Erasmo Meoz.

Procedure 2*. Pay departmental registry tax

Time: 1 day

Cost: COP\$769,297 (0.75% of the initial capital).

Comments: The registry tax must currently be paid at the Departmental Office of the Treasury, because the Municipal Government cancelled the contract it had with the Chamber of Commerce, which was in charge of receiving this payment when the company was registered.

Procedure 3. Open a bank account

Time: 1 day

Cost: No cost

Comments: The company needs to open an account at a commercial bank in order to operate. Opening a savings account only takes a few minutes, but opening a checking account may take up to three days, because the bank is required to verify the applicant's data before approving the account. Each financial entity may have its own additional requirements for opening an account, such as a minimum deposit amount. In general, a checking account can be opened with a minimum deposit of COP\$100,000, and a savings account can be opened with the equivalent of one legal monthly minimum wage, which is currently COP\$496,900.

Procedure 4. Register the company with a family compensation fund (*caja de compensación familiar*), the National Training service (SENA) and the Colombian Family Welfare Institute (ICBF)

Time: 10 days

Cost: No cost

Comments: Once it is registered, the company must pay these payroll-based contributions within the first eight days of each month. The contribution is then distributed internally between *SENA* and *ICBF*. The registration procedure at a family compensation fund only takes a few minutes, but the request is subject to evaluation for approval or rejection.

The documents that must be submitted include: registration form, certificate of existence and legal representation issued by the Chamber of Commerce, photocopy of the legal representative's identification card and the payroll list, with copies of the employees' identification cards and documentation related to their children.

Decree 3667 of November 8, 2004, establishes that self-liquidation and payment of the contribution to the Comprehensive Social Security System and extra-fiscal contributions must be carried out through a sole comprehensive form, and all employers must effect the payment of extra-fiscal contributions to the family compensation funds, the *SENA*, the *ICBF*, and *ESAP*, industrial schools and technical institutes, and the contributions to the Comprehensive Social Security in the locations determined by the administrating entities, within a calendar month following the worked period.

Procedure 5*. Affiliate the company to an Occupational Risk Management Company (ARP)

Time: 1 day

Cost: No cost

Comments: The Occupational Risk Management Company (ARP) insures against risks due to work accidents and disability due to occupational illnesses. The company must affiliate its employees to a public or private ARP of its choice. The registration procedure before the ARP takes a few minutes and consists of the presentation of the form but the coverage begins as of the next day. Monthly payments are also made by means of the integrated form for social security contributions (PILA).

Procedure 6*. Affiliate employees to the public pensions system

Time: 5 days

Cost: No cost

Comments: The company must affiliate its employees to a pension fund, which may be either the government's Social Security Institute (ISS) or a private pension fund. Employees may select the fund of their choice. The application process to the ISS takes one day and is completed once the appropriate form is submitted. However, the ISS may take, on average, 5 days to confirm the affiliation. An agent from the public pension fund may visit the company and perform the registration procedure. An agent from the public pension fund may visit the company and perform the registration procedure.

Procedure 7*. Affiliate employees to a private pension fund

Time: 1 day

Cost: No cost

Comments: When employees select a private fund, a representative of the fund will generally visit the company to assist in filling out the forms and expediting the registration process.

Procedure 8*. Affiliate employees to a mandatory healthcare plan

Time: 1 day

Cost: No cost

Comments: The company is required to affiliate its employees to a Mandatory Healthcare Plan (POS) through a Healthcare Promotion Entity (EPS). Each employee has the right to select the EPS of his or her choice, and companies are required to register the employee at the selected EPS. The employee registration process varies depending on the EPS and the employee's records.

The EPS representative visits the company's facilities, obtains the information required for affiliation and submits the request to the EPS. Requirements: copy of the identity card of each employee, fill out the form, copy of work contract; when the employee has family, copy of the civil registration of the offspring and identity card of the spouse or life partner.

In August of 2008, a new EPS named Nueva EPS S.A. was created as a result of the exceptional transfer of the affiliates of the public-sector EPS ISS, in the framework of Decree 055 of 2007. Nueva EPS was established as a healthcare promotion entity under the contributive regime by means of Resolution 371 of April 3, 2008 of the National Health Superintendence.

Procedure 9*. Affiliate employees to a severance fund

Time: 1 day

Cost: No cost

Comments: Each employee is free to select the severance fund of his or her choice. The company submits the documents for affiliation and must deposit every year –on February 14th– payment of each employee's severance entitlement.

*This procedure is simultaneous with a previous procedure.

STARTING A BUSINESS

Ibagué, Tolima

Procedure 1. Purchase the company books

Time: 1 day

Cost: COP\$13,572 [3 books (COP\$4,524 per book, 100 pages per book)]

Comments: The company books can be purchased at a commercial establishment or from the Chamber of Commerce.

Limited liability companies shall use the following three books:

1. Inventory and balance sheet book: An inventory and a general balance must be made when initiating activities and at least once per year to get to know in a clear and concise manner the state of company's assets and liabilities
2. Ledger book: In this book the operations of the accounts are entered using the double entry system; this allows the company to summarize on a monthly basis, all its operations for each account
3. Cash Book - daily: In this book the accounting operations are entered in chronological order, either individually or by summaries not to exceed one month

Once the company has been registered, its owner, or legal representative must present and request the registry of the commerce books through a letter addressed to the Chamber of Commerce, and fill in the respective application form; the duly numbered book or pages must be presented. The first page in each book or set of pages should be labeled in pencil in the upper side with the name of the company and function given to each book; the pages must be consecutively numbered and have no accounting entries.

Procedure 2. Register the company in the Mercantile Registry, obtain the certificate of existence and legal representation, register the company's books and register with the National Tax Authority (DIAN) at the Business Services Center (CAE) of the Chamber of Commerce

Time: 3 days

Cost: COP\$1,521,310 [COP\$718,010: departmental registration tax (0.7% of the company's initial capital); COP\$665,000: commercial license (133.92% of the legal minimum monthly wage); COP\$83,000: rate for the business establishment; COP\$26,000: registration at the Chamber of Commerce and registration of the document of incorporation; COP\$3,500: certificate of existence and legal representation; COP\$25,800: cost to register the company's books (COP\$8,600 each book)]

Comments: The CAE makes it possible to complete the following procedures simultaneously at a single location:

1. Register the company and the commercial establishment (if applicable) at the Mercantile Registry
2. Obtain a copy of the certificate of existence and legal representation
3. Register the company's books
4. Register the company in the Unified Tax Registry (RUT) of the DIAN and obtain the Tax Identification Number (NIT)

The company's books are submitted to the Chamber of Commerce for the pages to be subscribed and numbered. A form requesting the books is filled out and the amount is paid directly at the cashier booth. If the company completes the company establishment procedure using the website www.crearempresa.com.co, it may at the same time request registration of the books, without having to wait for the company to be registered first.

At the CAE the entrepreneur has the option of drafting the a private incorporation document through the Internet page www.crearempresa.com.co. Likewise if the he opts to draft the document personally, he gets assistance so he can further send the documents to the notaries that have agreements with the Chamber of Commerce of Ibagué. If the procedure is completed through Internet the registration forms are free.

Procedure 3. Open a bank account**Time:** 1 day**Cost:** No cost

Comments: The company needs to open an account at a commercial bank in order to operate. Opening a savings account only takes a few minutes, but opening a checking account may take up to three days, because the bank is required to verify the applicant's data before approving the account. Each financial entity may have its own additional requirements for opening an account, such as a minimum deposit amount. In general, a checking account can be opened with a minimum deposit of COP\$100,000, and a savings account can be opened with the equivalent of one legal monthly minimum wage, which is currently COP\$496,900.

Procedure 4*. Register the company for the payment of Industry and Commerce tax**Time:** 1 day**Cost:** No cost

Comments: This procedure constitutes the local fiscal registration. To register, the entrepreneur must obtain an application form at the Municipal Government, fill it out and submit it along with a certificate of existence and legal representation, copy of the RUT and copy of the identification card of the legal representative.

Procedure 5. Register the company with a family compensation fund (*caja de compensación familiar*), the National Training Service (SENA) and the Colombian Family Welfare Institute (ICBF)**Time:** 3 days**Cost:** No cost

Comments: Once it is registered, the company must pay these payroll-based contributions within the first eight days of each month. The contribution is then distributed internally between *SENA* and *ICBF*. The registration procedure at a family compensation fund only takes a few minutes, but the request is subject to evaluation for approval or rejection.

The documents that must be submitted include: registration form, certificate of existence and legal representation issued by the Chamber of Commerce, photocopy of the legal representative's identification card and the payroll list, with copies of the employees' identification cards and documentation related to their children.

Decree 3667 of November 8, 2004, establishes that self-liquidation and payment of the contribution to the Comprehensive Social Security System and parafiscal contributions must be carried out through a sole comprehensive form, and all employers must effect the payment of parafiscal contributions to the family compensation funds, the *SENA*, the *ICBF*, and *ESAP*, industrial schools and technical institutes, and the contributions to the Comprehensive Social Security in the locations determined by the administrating entities, within a calendar month following the worked period.

Procedure 6*. Affiliate the company to an Occupational Risk Management Company (ARP)**Time:** 3 days**Cost:** No cost

Comments: The Occupational Risk Management Company (ARP) insures against risks due to work accidents and disability due to occupational illnesses. The company must affiliate its employees to a public or private ARP of its choice. The registration procedure before the ARP takes a few minutes and consists of the presentation of the form but the coverage begins as of the next day. An agent from the public pension fund may visit the company and perform the registration procedure. Monthly payments are made through the Comprehensive Form of Liquidation and Contributions of Social Security (PILA).

Procedure 7*. Affiliate employees to the public pensions system**Time:** 9 days**Cost:** No cost

Comments: The company must affiliate its employees to a pension fund, which may be either the government's Social Security Institute (ISS) or a private pension fund. Employees may select the fund of their choice. The application process to the ISS takes one day and is completed once the appropriate form is submitted. However, the ISS may take, on average, 9 days to confirm the affiliation. An agent from the public pension fund may visit the company and complete the registration procedure.

Procedure 8*. Affiliate employees to a private pension fund**Time:** 3 days**Cost:** No cost

Comments: When employees select a private fund, a representative of the fund will generally visit the company to assist in filling out the forms and expediting the registration process.

Procedure 9*. Affiliate employees to a mandatory healthcare plan**Time:** 3 days**Cost:** No cost

Comments: The company is required to affiliate its employees to a Mandatory Healthcare Plan (POS) through a Healthcare Promotion Entity (EPS). Each employee has the right to select the EPS of his or her choice, and companies are required to register the employee at the selected EPS. The employee registration process varies depending on the EPS and the employee's records.

The EPS representative visits the company's facilities, obtains the information required for affiliation and submits the request to the EPS. Requirements: copy of the identity card of each employee, fill out the form, copy of work contract; when the employee has family, copy of the civil registration of the children and identity card of the spouse or life partner.

In August of 2008, a new EPS named Nueva EPS S.A. was created as a result of the exceptional transfer of the affiliates of the public-sector EPS ISS, in the framework of Decree 055 of 2007. Nueva EPS was established as a healthcare promotion entity under the contributive regime by means of Resolution 371 of April 3, 2008 of the National Health Superintendence.

Procedure 10*. Affiliate employees to a severance fund**Time:** 3 days**Cost:** No cost

Comments: Each employee is free to select the severance fund of his or her choice. The company submits the documents for affiliation and must deposit every year –on February 14th– payment of each employee's severance entitlement.

*This procedure is simultaneous with a previous procedure.

STARTING A BUSINESS

Manizales, Caldas**Procedure 1. Purchase the company books****Time:** 1 day**Cost:** COP\$14,000 [4 books (COP\$3,500 per book, COP\$35 per page, 100 pages per book)]

Comments: The company's books can be purchased at a commercial establishment or from the Chamber of Commerce.

Limited liability companies shall use the following four books:

1. Inventory and balance sheet book: An inventory and a general balance must be made when initiating activities and at least once per year to get to know in a clear and concise manner the state of company's assets and liabilities
2. Ledger book: In this book the operations of the accounts are entered using the double entry system; this allows the company to summarize on a monthly basis all its operations for each account
3. Cash Book - daily: In this book the accounting operations are entered in chronological order, either individually or by summaries not to exceed one month
4. Minutes Book: It could be of two types: Minutes book of shareholder's meeting and minutes' book of the Board of Directors. The first must be kept by all companies, the second only by those companies that have a board of directors. The minutes of the meetings must be recorded in chronological order, and signed by persons designated as secretary and president

Once the company has been registered, its owner, or legal representative must present and request the registry of the commerce books through a letter addressed to the Chamber of Commerce, and fill in the respective application form; the duly numbered book or pages must be presented. The first page in each book or set of pages should be labeled in pencil in the upper side with the name of the company and function given to each book; the pages must be consecutively numbered and have no accounting entries.

Procedure 2. Register the company in the Mercantile Registry, obtain the certificate of existence and legal representation, register the company's books and register with the national tax authority (DIAN) at the Business Services Center (CAE) of the Chamber of Commerce**Time:** 2 days

Cost: COP\$1,533,410 [COP\$718,010: departmental registration tax (0.7% of the company's initial capital); COP\$665,000: commercial license (133.92% of the legal minimum monthly wage); COP\$83,000: commercial establishment fee; COP\$3,500: registration form; COP\$26,000: registration at the Chamber of Commerce and registration of the public document on company's incorporation; COP\$3,500: certificate

of existence and legal representation; COP\$34,400: cost of registry of the company books (COP\$8,600 each book).

Comments: The new CAE located at the Chamber of Commerce of Manizales in September, 2007, makes it possible to complete the following procedures simultaneously at a single location:

1. Register the company and the commercial establishment (if applicable) at the Mercantile Registry
2. Obtain a copy of the certificate of existence and legal representation
3. Register the company's books
4. Register the company in the Unified Tax Registry (RUT) of the DIAN and obtain the Tax Identification Number (NIT)

The company's books are submitted to the Chamber of Commerce for the pages to be subscribed and numbered. A form requesting the books is filled out and the amount is paid directly at the cashier booth. The entrepreneur is provided with continuous pages, numbered, marked, and ready to use, or the businessman brings with him the numbered pages, marked, and only pays COP\$8,600 for registering each book. If the company completes the company establishment procedure using the website www.crearempresa.com.co, it may at the same time request registration of the books, without having to wait for the company to be registered first.

The entrepreneur may carry out the pre-inscription of the RUT in the website www.crearempresa.com.co, or personally in the Chamber of Commerce CAE terminals, with the assistance of the officials. The Chamber of Commerce carries out the procedure of NIT assignment, and registration for the payment of Industry and Commerce tax is also immediate in the CAE.

The rates to register a company and commercial establishment, certificates, and application forms are national (Decree 393 of 2002) and correspond to 2009.

Procedure 3. Open a bank account

Time: 1 day

Cost: No cost

Comments: The company needs to open an account at a commercial bank in order to operate. Opening a savings account only takes a few minutes, but opening a checking account may take up to three days, because the bank is required to verify the applicant's data before approving the account. Each financial entity may have its own additional requirements for opening an account, such as a minimum deposit amount. In general, a checking account can be opened with a minimum deposit of COP\$100,000, and a savings account can be opened with the equivalent of one legal monthly minimum wage, which is currently COP\$496,900.

Procedure 4. Register the company with a family compensation fund (caja de compensación familiar), the National Training Service (SENA) and the Colombian Family Welfare Institute (ICBF)

Time: 3 days

Cost: No cost

Comments: Once it is registered, the company must pay these payroll-based contributions within the first eight days of each month. The contribution is then distributed internally between *SENA* and *ICBF*. The registration procedure at a family compensation fund only takes a few minutes, but the request is subject to evaluation for approval or rejection.

The documents that must be submitted include: registration form, certificate of existence and legal representation issued by the Chamber of Commerce, photocopy of the legal representative's identification card and the payroll list, with copies of the employees' identification cards and documentation related to their children.

Decree 3667 of November 8, 2004, establishes that self-liquidation and payment of the contribution to the Comprehensive Social Security System and parafiscal contributions must be carried out through a sole comprehensive form, and all employers must effect the payment of parafiscal contributions to the family compensation funds, the *SENA*, the *ICBF*, and *ESAP*, industrial schools and technical institutes, and the contributions to the Comprehensive Social Security in the locations determined by the administrating entities, within a calendar month following the worked period.

Procedure 5*. Affiliate employees to a mandatory healthcare plan

Time: 1 day

Cost: No cost

Comments: The company is required to affiliate its employees to a Mandatory Healthcare Plan (POS) through a Healthcare Promotion Entity (EPS). Each employee has the right to select the EPS of his or her choice, and companies are required to register the employee at the selected EPS. The employee registration process varies depending on the EPS and the employee's records.

The EPS representative visits the company's facilities, obtains the information required for affiliation and submits the request to the EPS. Requirements: copy of the identity card of each employee, fill out the form, copy of work contract; when the employee has family, copy of the civil registration of the offspring and identity card of the spouse or life partner.

In August of 2008, a new EPS named Nueva EPS S.A. was created as a result of the exceptional transfer of the affiliates of the public-sector EPS ISS, in the framework of Decree 055 of 2007. Nueva EPS was established as a healthcare promotion entity under the contributive regime by means of Resolution 371 of April 3, 2008 of the National Health Superintendence..

Procedure 6*. Affiliate employees to the public pensions system

Time: 1 day

Cost: No cost

Comments: The company must affiliate its employees to a pension fund, which may be either the government's Social Security Institute (ISS) or a private pension fund. Employees may select the fund of their choice. The application process to the ISS takes one day and is completed once the appropriate form is submitted. An agent from the public pension fund may visit the company and complete the registration procedure.

Procedure 7*. Affiliate employees to a private pension fund

Time: 1 day

Cost: No cost

Comments: When employees select a private fund, a representative of the fund will generally visit the company to assist in filling out the forms and expediting the registration process.

Procedure 8*. Affiliate the company to an Occupational Risk Management Company (ARP)

Time: 1 day

Cost: No cost

Comments: The Occupational Risk Management Company (ARP) insures against risks due to work accidents and disability due to occupational illnesses. The company must affiliate its employees to a public or private ARP of its choice. The registration procedure before the ARP takes a few minutes and consists of the presentation of the form but the coverage begins as of the next day. Monthly payments are made through the Comprehensive Form of Liquidation and Contributions of Social Security (PILA).

Procedure 9*. Affiliate employees to a severance fund

Time: 1 day

Cost: No cost

Comments: Each employee is free to select the severance fund of his or her choice. The company submits the documents for affiliation and must deposit every year –on February 14th– payment of each employee's severance entitlement.

*This procedure is simultaneous with a previous procedure.

STARTING A BUSINESS

Medellín, Antioquia

Procedure 1. Purchase the company books

Time: 1 day

Cost: COP\$24,000 [4 books (COP\$6,000 per book, COP\$60 per page, 100 pages per book)]

Comments: The company's books can be purchased at a commercial establishment or from the Chamber of Commerce.

Limited liability companies shall use the following four books:

1. Inventory and balance sheet book: An inventory and a general balance must be made when initiating activities and at least once per year to get to know in a clear and concise manner the state of company's assets and liabilities
2. Ledger book: In this book the operations of the accounts are entered using the double entry system; this allows the company to summarize on a monthly basis all its operations for each account
3. Cash Book - daily: In this book the accounting operations are entered in chronological order, either individually or by summaries not to exceed one month

4. Minutes Book: It could be of two types: Minutes book of shareholder's meetings and minutes' book of the Board of Directors. The first must be kept by all companies, the second only by those companies that have a board of directors. The minutes of the meetings must be recorded in chronological order, and signed by the persons designated as secretary president

Once the company has been registered, its owner, or legal representative must present and request the registry of the commerce books through a letter addressed to the Chamber of Commerce, and fill in the respective application form; the duly numbered book or pages must be presented. The first page in each book or set of pages should be labeled in pencil in the upper side with the name of the company and function given to each book; the pages must be consecutively numbered and have no accounting entries.

Procedure 2. Register the company in the Mercantile Registry, obtain the certificate of existence and legal representation, register the company's books and register with the National Tax Authority (DIAN) at the Business Services Center (CAE) of the Chamber of Commerce

Time: 4 days

Cost: COP\$1,657,963 [COP\$718,010: departmental registration tax (0.7% of the company's initial capital); COP\$51,286: departmental pro-development stamp duty (0.05% of initial capital); COP\$66,267: departmental tax for appointment of legal representative; COP\$665,000: commercial license (133.92% of the legal minimum monthly wage); COP\$83,000: commercial establishment fee; COP\$3,500: registration form; COP\$26,000: registration at the Chamber of Commerce and registration of the document of incorporation; COP\$3,500: certificate of existence and legal representation; COP\$7,000: assigned company's registry number; COP\$34,400: cost of registering the company's books (COP\$8,600 each book)].

Comments: The CAE located at the Chamber of Commerce of Medellín makes it possible to complete the following procedures simultaneously at a single location:

1. Register the company and the commercial establishment (if applicable) at the Mercantile Registry
2. Obtain a copy of the certificate of existence and legal representation
3. Register the company's books
4. Register the company in the Unified Tax Registry (RUT) of the DIAN and obtain the Tax Identification Number (NIT)
5. Registration of Industry and Commerce
6. Notification of the opening of a business to the correspondent office at the Department of Municipal Planning
7. Payment of departmental income of Antioquia

The company's books are submitted to the Chamber of Commerce for the pages to be subscribed and numbered. A form requesting the books is filled out and the amount is paid directly at the cashier booth. If the company completes the company establishment procedure using the website www.crearempresa.com.co, it may at the same time request registration of the books, without having to wait for the company to be registered first. The registration for the payment of industry and commerce tax is also done immediately at the CAE.

When the company is incorporated by means of a private document, the Chamber of Commerce verifies the signatures contained in the document to prevent potential frauds.

The rates to register a company and commercial establishment, certificates, and application forms are national (Decree 393 of 2002) and correspond to 2009.

The duration of this procedure was reduced because there is more efficiency on the part of the CAE's personnel.

Procedure 3. Open a bank account

Time: 1 day

Cost: No cost

Comments: The company needs to open an account at a commercial bank in order to operate. Opening a savings account only takes a few minutes, but opening a checking account may take up to three days, because the bank is required to verify the applicant's data before approving the account. Each financial entity may have its own additional requirements for opening an account, such as a minimum deposit amount. In general, a checking account can be opened with a minimum deposit of COP\$100,000, and a savings account can be opened with the equivalent of one legal monthly minimum wage, which is currently COP\$496,900.

Procedure 4. Register the company with a family compensation fund (caja de compensación familiar), the National Training Service (SENA) and the Colombian Family Welfare institute (ICBF)

Time: 6 days

Cost: No cost

Comments: Once it is registered, the company must pay these payroll-based contributions within the first eight days of each month. The contribution is then distributed internally between *SENA* and *ICBF*. The registration procedure at a family compensation fund only takes a few minutes, but the request is subject to evaluation for approval or rejection.

The documents that must be submitted include: registration form, certificate of existence and legal representation issued by the Chamber of Commerce, photocopy of the legal representative's identification card and the payroll list, with copies of the employees' identification cards and documentation related to their children.

Decree 3667 of November 8, 2004, establishes that self-liquidation and payment of the contribution to the Comprehensive Social Security System and parafiscal contributions must be carried out through a sole comprehensive form, and all employers must effect the payment of parafiscal contributions to the family compensation funds, the *SENA*, the *ICBF*, and *ESAP*, industrial schools and technical institutes, and the contributions to the Comprehensive Social Security in the locations determined by the administering entities, within a calendar month following the worked period.

Procedure 5*. Affiliate the company to an Occupational Risk Management Company (ARP)

Time: 1 day

Cost: No cost

Comments: The Occupational Risk Management Company (ARP) insures against risks due to work accidents and disability due to occupational illnesses. The company must affiliate its employees to a public or private ARP of its choice. The registration procedure before the ARP takes a few minutes and consists of the presentation of the form but the coverage begins as of the next day. Monthly payments are made through the Comprehensive Form of Liquidation and Contributions of Social Security (PILA).

Procedure 6*. Affiliate employees to the public pensions system

Time: 1 day

Cost: No cost

Comments: The company must affiliate its employees to a pension fund, which may be either the government's Social Security Institute (ISS) or a private pension fund. Employees may select the fund of their choice. The application process to the ISS takes one day and is completed once the appropriate form is submitted. An agent from the public pension fund may visit the company and complete the registration procedure.

Procedure 7*. Affiliate employees to a private pension fund

Time: 1 day

Cost: No cost

Comments: When employees select a private fund, a representative of the fund will generally visit the company to assist in filling out the forms and expediting the registration process.

Procedure 8*. Affiliate employees to a mandatory healthcare plan

Time: 2 days

Cost: No cost

Comments: The company is required to affiliate its employees to a Mandatory Healthcare Plan (POS) through a Healthcare Promotion Entity (EPS). Each employee has the right to select the EPS of his or her choice, and companies are required to register the employee at the selected EPS. The employee registration process varies depending on the EPS and the employee's records.

The EPS representative visits the company's facilities, obtains the information required for affiliation and submits the request to the EPS. Requirements: copy of the identity card of each employee, fill out the form, copy of work contract; when the employee has family, copy of the civil registration of the children and identity card of the spouse or life partner.

In August of 2008, a new EPS named Nueva EPS S.A. was created as a result of the exceptional transfer of the affiliates of the public-sector EPS ISS, in the framework of Decree 055 of 2007. Nueva EPS was established as a healthcare promotion entity under the contributive regime by means of Resolution 371 of April 3, 2008 of the National Health Superintendence.

Procedure 9*. Affiliate employees to a severance fund**Time:** 1 day**Cost:** No cost

Comments: Each employee is free to select the severance fund of his or her choice. The company submits the documents for affiliation and must deposit every year –on February 14th– payment of each employee’s severance entitlement.

*This procedure is simultaneous with a previous procedure.

STARTING A BUSINESS

Montería, Córdoba**Procedure 1. Purchase the company books****Time:** 1 day

Cost: COP\$10,500 [3 books (COP\$3,500 per book, COP\$35 per page, 100 pages per book)]

Comments: The company’s books can be purchased at a commercial establishment or from the Chamber of Commerce.

Limited liability companies shall use the following three books:

1. Inventory and balance sheet book: An inventory and a general balance must be made when initiating activities and at least once per year to get to know in a clear and concise manner the state of company’s assets and liabilities
2. Ledger book: In this book the operations of the accounts are entered using the double entry system; this allows the company to summarize on a monthly basis all its operations for each account
3. Cash Book - daily: In this book the accounting operations are entered in chronological order, either individually or by summaries not to exceed one month

Once the company has been registered, its owner, or legal representative must present and request the registry of the commerce books through a letter addressed to the Chamber of Commerce, and fill in the respective application form; the duly numbered book or pages must be presented. The first page in each book or set of pages should be labeled in pencil in the upper side with the name of the company and function given to each book; the pages must be consecutively numbered and have no accounting entries

Procedure 2. Obtain a Provisional Unified Tax Registry (pre-RUT) from DIAN**Time:** 1 day**Cost:** No cost

Comments: Before registering the company at the Chamber of Commerce, the company’s legal representative must go personally to the DIAN’s office to request a pre-RUT, for which the articles of incorporation of the company are required. The pre-RUT is approved and assigned immediately. If the legal representative cannot go personally, he may present this request through a proxy.

Procedure 3. Register the company before the Mercantile Registry, obtain the certificate of existence and legal representation, register the company’s books, and obtain the Unified tax Registry (RUT) from the Chamber of Commerce**Time:** 5 days

Cost: COP\$1,524,810 [COP\$718,010: departmental registration tax (0.7% of the company’s initial capital); COP\$665,000: commercial license (133.92% of the legal minimum monthly wage); COP\$83,000: commercial establishment fee; COP\$3,500: registration form; COP\$26,000: inscription in the Chamber of Commerce and registration of the document of incorporation; COP\$3,500: certificate of existence and legal representation; COP\$25,800: cost of registering the company’s books (COP\$8,600 each book)].

Comments: There are no Business Service Centers (CAEs) in Montería.

The procedural steps required from the Chamber of Commerce are:

- Present the format, the letter, and the company’s books before any of the booths
- Pay the rights to register the books. A payment received is given with which the company can claim the books

Once the company has been registered, its owner or legal representative, must present and request the registry of the commerce books through a letter addressed to the Chamber of Commerce, and fill out the application form; the books or pages duly numbered must also be presented. The first page in each book or set of pages should be labeled in pencil in the upper side with the name of the company and purpose given to each book; the pages must be consecutively numbered and have no accounting entries.

The application form for registering the company is filled out by advisors from the Chamber of Commerce, who also provide the NIT.

Procedure 4. Open a bank account**Time:** 1 day**Cost:** No cost

Comments: The company needs to open an account at a commercial bank in order to operate. Opening a savings account only takes a few minutes, but opening a checking account may take up to three days, because the bank is required to verify the applicant’s data before approving the account. Each financial entity may have its own additional requirements for opening an account, such as a minimum deposit amount. In general, a checking account can be opened with a minimum deposit of COP\$100,000, and a savings account can be opened with the equivalent of one legal monthly minimum wage, which is currently COP\$496,900.

Procedure 5*. Obtain a certificate from the fire department**Time:** 1 day**Cost:** COP\$15,000

Comments: If the company complies with their safety standards, it can obtain the certificate in one day.

Procedure 6*. Obtain a land use certificate**Time:** 2 days**Cost:** COP\$70,000

Comments: Obtaining a land use certificate from the municipal authorities is required for operating a business. The entrepreneur requests the land use certificate from the Planning Secretariat, which sends inspectors to visit the company; then the urban curator issues the certificate. A certificate of existence and legal representation is required.

Procedure 7*. Obtain the sanitation certificate**Time:** 2 days**Cost:** No cost

Comments: Commercial establishments must comply with specific sanitation requirements. To obtain this certificate, the entrepreneur has to present the certificate of existence and legal representation to the Municipal Health department.

Procedure 8*. Register the company for the payment of Industry and Commerce tax**Time:** 1 day**Cost:** No cost

Comments: This procedure constitutes the local fiscal registration. To register, the entrepreneur must obtain an application form at the Municipal Government, submit the filled out form, and attach a certificate of existence and legal representation, copy of the RUT and copy of the identification card of the legal representative.

Procedure 9. Register the company with a family compensation fund (caja de compensación familiar), the National Training Service (SENA) and the Colombian Family Welfare Institute (ICBF)**Time:** 4 days**Cost:** No cost

Comments: Once it is registered, the company must pay these payroll-based contributions within the first eight days of each month. The contribution is then distributed internally between *SENA* and *ICBF*. The registration procedure at a family compensation fund only takes a few minutes, but the request is subject to evaluation for approval or rejection.

The documents that must be submitted include: registration form, certificate of existence and legal representation issued by the Chamber of Commerce, photocopy of the legal representative’s identification card and the payroll list, with copies of the employees’ identification cards and documentation related to their children.

Decree 3667 of November 8, 2004, establishes that self-liquidation and payment of the contribution to the Comprehensive Social Security System and parafiscal contributions must be carried out through a sole comprehensive form, and all employers must effect the payment of parafiscal contributions to the family compensation funds, the *SENA*, the *ICBF*, and *ESAP*, industrial schools and technical institutes, and the contributions to the Comprehensive Social Security in the locations determined by the administrating entities, within a calendar month following the worked period.

Procedure 10*. Affiliate the company to an Occupational Risk Management Company (ARP)**Time:** 1 day**Cost:** No cost

Comments: The Occupational Risk Management Company (ARP) insures against risks due to work accidents and disability due to occupational illnesses. The company must affiliate its employees to a public or private ARP of its choice. The registration procedure before the ARP takes a few minutes and consists of the presentation of the form but the coverage begins as of the next day. Monthly payments are made through the Comprehensive Form of Liquidation and Contributions of Social Security (PILA).

Procedure 11*. Affiliate employees to the public pensions system**Time:** 5 days**Cost:** No cost

Comments: The company must affiliate its employees to a pension fund, which may be either the government's Social Security Institute (ISS) or a private pension fund. Employees may select the fund of their choice. The application process to the ISS takes one day and is completed once the appropriate form is submitted. However, the ISS may take, on average, 5 days to confirm the affiliation. An agent from the public pension fund may visit the company and complete the registration procedure.

Procedure 12*. Affiliate employees to a private pension fund**Time:** 1 day**Cost:** No cost

Comments: When employees select a private fund, a representative of the fund will generally visit the company to assist in filling out the forms and expediting the registration process. There are six private funds operating in the city.

Procedure 13*. Affiliate employees to a mandatory healthcare plan**Time:** 2 days**Cost:** No cost

Comments: The company is required to affiliate its employees to a Mandatory Healthcare Plan (POS) through a Healthcare Promotion Entity (EPS). Each employee has the right to select the EPS of his or her choice, and companies are required to register the employee at the selected EPS. The employee registration process varies depending on the EPS and the employee's records.

The EPS representative visits the company's facilities, obtains the information required for affiliation and submits the request to the EPS. Requirements: copy of the identity card of each employee, fill out the form, copy of work contract; when the employee has family, copy of the civil registration of the offspring and identity card of the spouse or life partner.

In August of 2008, a new EPS named Nueva EPS S.A. was created as a result of the exceptional transfer of the affiliates of the public-sector EPS ISS, in the framework of Decree 055 of 2007. Nueva EPS was established as a healthcare promotion entity under the contributive regime by means of Resolution 371 of April 3, 2008 of the National Health Superintendence.

Procedure 14*. Affiliate employees to a severance fund**Time:** 1 day**Cost:** No cost

Comments: Each employee is free to select the severance fund of his or her choice. The company submits the documents for affiliation and must deposit every year –on February 14th– payment of each employee's severance entitlement.

*This procedure is simultaneous with a previous procedure.

STARTING A BUSINESS

Neiva, Huila**Procedure 1. Register the company in the Mercantile Registry, obtain the certificate of existence and legal representation, register the company's books and register with the National Tax Authority (DIAN) at the Business Services Center (CAE) of the Chamber of Commerce****Time:** 1 day

Cost: COP\$3,073,904 [COP\$718,010: departmental registry tax (el 0.7% of the initial capital of the company); COP\$256,432: departmental pro-development stamp duty

(0.25% of initial capital); COP\$256,432: departmental pro-USCO stamp duty (0.25% of initial capital); COP\$512,864: departmental pro-electric energy stamp duty (0.5% of initial capital); COP\$512,864: departmental pro-culture stamp duty (0.5% of initial capital); COP\$665,000: commercial license (133.92% of the legal minimum monthly wage); COP\$83,000: commercial establishment fee; COP\$3,500: registration form; COP\$26,000: registration at the Chamber of Commerce and registration of the public document of incorporation; COP\$3,500: certificate of existence and legal representation; COP\$10,500: purchase cost of the company's books (3 books, COP\$3,500 each, COP\$35 per page, 100 pages per book); COP\$25,800: registration fee for the books (COP\$8,600 each book)].

Comments: The CAE makes it possible to complete the following procedures simultaneously at a single location:

1. Register the company and the commercial establishment (if applicable) at the Mercantile Registry
2. Obtain a copy of the certificate of existence and legal representation
3. Register the company's books
4. Register the company in the Unified Tax Registry Registration (RUT) of the DIAN and obtain the Tax Identification Number (NIT)

The rates to register a company and commercial establishment, certificates, and application forms are national (Decree 393 of 2002) and correspond to 2009.

At the CAE, the entrepreneur is helped by an advisor on how to fill out the necessary documents to incorporate the company. Fees for registration, national registration tax, and departmental stamp duties are paid at the same booth. Attorneys of the Chamber of Commerce revise the documents, assign the NIT then provide the certificate of existence and legal representation. This procedure takes one day if there is not a large number of applicants. The Chamber of Commerce sends the information of the incorporation and company registration to Municipal, Planning, the Departmental Treasury, Fire Department, Municipal Justice Directorate, *Zoonosis, Invima*, and *Sayco – Acinpro*, for such entities to carry out the corresponding verification visit.

The company's books are submitted to the Chamber of Commerce for the pages to be subscribed and numbered. A form requesting the books is filled out and the amount is paid directly at the cashier booth. If the company completes the company establishment procedure using the website www.crearempresa.com.co, it may at the same time request registration of the books, without having to wait for the company to be registered first.

The Chamber of Commerce began to program a mobile booth that visits zones where informal companies are located. A CAE's report is submitted every six months to the Municipal Council. They are opening sub-regional CAEs in four cities in Huila.

Procedure 2. Open a bank account**Time:** 1 day**Cost:** No cost

Comments: The company needs to open an account at a commercial bank in order to operate. Opening a savings account only takes a few minutes, but opening a checking account may take up to three days, because the bank is required to verify the applicant's data before approving the account. Each financial entity may have its own additional requirements for opening an account, such as a minimum deposit amount. In general, a checking account can be opened with a minimum deposit of COP\$100,000, and a savings account can be opened with the equivalent of one legal monthly minimum wage, which is currently COP\$496,900.

Procedure 3. Register the company before a Professional Risk Management Company (ARP)**Time:** 1 day**Cost:** No cost

Comments: The Occupational Risk Management Company (ARP) insures against risks due to work accidents and disability due to occupational illnesses. The company must affiliate its employees to a public or private ARP of its choice. The registration procedure before the ARP takes a few minutes and consists of the presentation of the form but the coverage begins as of the next day. Monthly payments are made through the Comprehensive Form of Liquidation and Contributions of Social Security (PILA).

Procedure 4*. Register the company with a family compensation fund (caja de compensación familiar), the National Training Service (SENA) and the Colombian Family Welfare Institute (ICBF)**Time:** 3 days**Cost:** No cost

Comments: Once it is registered, the company must pay these payroll-based contributions within the first eight days of each month. The contribution is then distributed internally between *SENA* and *ICBF*. The registration procedure at a family compensation fund only takes a few minutes, but the request is subject to evalua-

tion for approval or rejection. Currently there is stronger efficiency and therefore the time was reduced in comparison with the time measured in *Doing Business Colombia, 2008* report.

The documents that must be submitted include: registration form, certificate of existence and legal representation issued by the Chamber of Commerce, photocopy of the legal representative's identification card and the payroll list, with copies of the employees' identification cards and documentation related to their children.

Decree 3667 of November 8, 2004, establishes that self-liquidation and payment of the contribution to the Comprehensive Social Security System and parafiscal contributions must be carried out through a sole comprehensive form, and all employers must effect the payment of parafiscal contributions to the family compensation funds, the *SENA*, the *ICBF*, and *ESAP*, industrial schools and technical institutes, and the contributions to the Comprehensive Social Security in the locations determined by the administrating entities, within a calendar month following the worked period.

Procedure 5*. Affiliate employees to the public pensions system

Time: 1 day

Cost: No cost

Comments: The company must affiliate its employees to a pension fund, which may be either the government's Social Security Institute (ISS) or a private pension fund. Employees may select the fund of their choice. The application process to the ISS takes one day and is completed once the appropriate form is submitted. An agent from the public pension fund may visit the company and complete the registration procedure.

Procedure 6*. Affiliate employees to a private pension fund

Time: 1 day

Cost: No cost

Comments: When employees select a private fund, a representative of the fund will generally visit the company to assist in filling out the forms and expediting the registration process.

Procedure 7*. Affiliate employees to a mandatory healthcare plan

Time: 1 day

Cost: No cost

Comments: The company is required to affiliate its employees to a Mandatory Healthcare Plan (POS) through a Healthcare Promotion Entity (EPS). Each employee has the right to select the EPS of his or her choice, and companies are required to register the employee at the selected EPS. The employee registration process varies depending on the EPS and the employee's records.

The EPS representative visits the company's facilities, obtains the information required for affiliation and submits the request to the EPS. Requirements: copy of the identity card of each employee, fill out the form, copy of work contract; when the employee has family, copy of the civil registration of the offspring and identity card of the spouse or life partner.

In August of 2008, a new EPS named Nueva EPS S.A. was created as a result of the exceptional transfer of the affiliates of the public-sector EPS ISS, in the framework of Decree 055 of 2007. Nueva EPS was established as a healthcare promotion entity under the contributive regime by means of Resolution 371 of April 3, 2008 of the National Health Superintendence.

Procedure 8*. Affiliate employees to a severance fund

Time: 1 day

Cost: No cost

Comments: Each employee is free to select the severance fund of his or her choice. The company submits the documents for affiliation and must deposit every year –on February 14th– payment of each employee's severance entitlement.

*This procedure is simultaneous with a previous procedure.

STARTING A BUSINESS

Pasto, Nariño

Procedure 1. Purchase the company books

Time: 1 day

Cost: COP\$21,000 [3 books (COP\$7,000 per book, COP\$70 per page, 100 pages each book)]

Comments: The company's books can be purchased from a retail store or from the Chamber of Commerce.

Limited liability company shall use the following three books:

1. Inventory and balance sheet book: An inventory and general balance must be made when initiating activities and at least once a year to get to know in a clear and concise manner the state of the company's assets and liabilities.
2. Main Ledger: All transactions are entered in this book using the double entry system, which allows a company to summarize on a monthly basis all its transactions
3. Cash book - daily: Accounting transactions in chronological order are entered in this book, individually or summarized, for a maximum of one month

Once the company or is registered, its owner or legal representative should submit and request the registration of the books by means of a letter addressed to the Chamber of Commerce. The first page of each book or sheet should be submitted labeled (marked) in pencil at the top with the name of the company and the intended use to be given to each book; they must also be numbered consecutively and contain no accounting records.

Procedure 2. Register the company before the Mercantile Registry; obtain a copy of the certificate of existence and legal representation; get the Unified Tax Registry (RUT); register the company's books with the Chamber of Commerce; register with the National Tax Authority (DIAN) and obtain the Tax Identification Number (NIT)

Time: 5 days

Cost: COP\$1,319,664 [COP\$512,864: departmental registration tax (0.5% of the company's initial capital); COP\$665,000: commercial license (133.92% of the legal minimum monthly wage); COP\$83,000: commercial establishment fee; COP\$3,500: registration form; COP\$26,000: registration at the Chamber of Commerce and registration of the public document on company constitution; COP\$3,500: certificate of existence and legal representation; COP\$25,800: cost to register the company's books (COP\$8,600 per book)].

Comments: The CAE makes it possible to complete the following procedures simultaneously at a single location:

1. Register the company and the commercial establishment (if applicable) at the Mercantile Registry
2. Obtain a copy of the certificate of existence and legal representation
3. Register the company's books
4. Register the company in Unified Tax Registry (RUT) and obtain the Tax Identification Number (NIT)

The company's books are submitted to the Chamber of Commerce for the pages to be subscribed and numbered. A form requesting the books is filled out and the amount is paid directly at the cashier booth. If the company completes the company establishment procedure using the website www.crearempresa.com.co, it may at the same time request registration of the books, without having to wait for the company to be registered first.

The rates to register a company and commercial establishment, certificates and application forms are national (Decree 393 of 2002) and are applicable for the year 2009. Registration for the payment of tax on industry and trade also takes place immediately at the CAE.

At the CAE the user gets assistance on how to fill out the documentation for the incorporation of the company. Payments for the registration and the national tax registration are made in the same booth. Attorneys from the Chamber of Commerce revise the documents and then if they are complete, the company gets its NIT and certificate of existence and legal representation.

Procedure 3. Open a bank account

Time: 1 day

Cost: No cost

Comments: The company needs to open an account at a commercial bank in order to operate. Opening a savings account only takes a few minutes, but opening a checking account may take up to three days, because the bank is required to verify the applicant's data before approving the account. Each financial entity may have its own additional requirements for opening an account, such as a minimum deposit

amount. In general, a checking account can be opened with a minimum deposit of COP\$100,000, and a savings account can be opened with the equivalent of one legal monthly minimum wage, which is currently COP\$496,900.

Procedure 4. Register the company with a family compensation fund (*caja de compensación familiar*), the National Training Service (SENA) and the Colombian Family Welfare Institute (ICBF)

Time: 10 days

Cost: No cost

Comments: Once it is registered, the company must pay these payroll-based contributions within the first eight days of each month. The contribution is then distributed internally between *SENA* and *ICBF*. The registration procedure at a family compensation fund only takes a few minutes, but the request is subject to evaluation for approval or rejection.

The documents that must be submitted include: Registration form, certificate of existence and legal representation issued by the Chamber of Commerce, photocopy of the legal representative's identification card and the payroll list, with copies of the employees' identification cards and documentation related to their children.

Decree 3667 of 8 November 2004, states that the self-assessment and payment of contributions to the Integrated Social Security System ("*Sistema de Seguridad Social Integral*") and parafiscal contributions shall be completed by a single or integrated form and all employers shall make parafiscal contributions to the family compensation funds, the *SENA*, the *ICBF*, the *ESAP*, industrial schools, technical institutes, and contributions to integrated social security in the places determined by the administrative bodies within the calendar month following each work period.

Procedure 5*. Affiliate the company to an Occupational Risk Management Company (ARP)

Time: 1 day

Cost: No cost

Comments: The Occupational Risk Management Company (ARP) insures against risks due to work accidents and disability due to occupational illnesses. The company must affiliate its employees to a public or private ARP of its choice. The procedure for registration with the ARP takes a few minutes and involves the submission of the form, but coverage begins from the following day. Monthly payments are also made by means of the integrated form for social security contributions (PILA).

Procedure 6*. Affiliate employees to the public pensions system

Time: 2 days

Cost: No cost

Comments: The company must affiliate its employees to a pension fund, which may be either the government's Social Security Institute (ISS) or a private pension fund. Employees may select the fund of their choice. The application process to the ISS takes one day and is completed once the appropriate form is submitted. However, the ISS may take, on average, 2 days to confirm the affiliation. An agent from the public pension fund may visit the company and complete the registration procedure.

Procedure 7*. Affiliate employees to a private pension fund

Time: 1 day

Cost: No cost

Comments: When employees select a private fund, a representative of the fund will generally visit the company to assist in filling out the forms and expediting the registration process.

Procedure 8*. Affiliate employees to a mandatory healthcare plan

Time: 2 days

Cost: No cost

Comments: The company is required to affiliate its employees to a Mandatory Health Plan (POS) through a Healthcare Promotion Entity (EPS). Each employee has the right to select the EPS of his or her choice, and companies are required to register the employee at the selected EPS. The employee registration process varies depending on the EPS and the employee's records.

The EPS representative visits the company's facilities, obtains the information required for affiliation and submits the request to the EPS. Requirements: copy the identity card of each employee, complete the form, attach a copy of the employment contract; when the employee has family, a copy of the civil registration of the children and of the identity card of the spouse or permanent companion must be attached.

In August of 2008, a new EPS named Nueva EPS S.A. was created as a result of the exceptional transfer of the affiliates of the public-sector EPS ISS, in the framework of Decree 055 of 2007. Nueva EPS was established as a healthcare promotion entity under the contributive regime by means of Resolution 371 of April 3, 2008 of the National Health Superintendence.

Procedure 9*. Affiliate employees to a severance fund

Time: 1 day

Cost: No cost

Comments: Each employee is free to select the severance fund of his or her choice. The company submits the documents for affiliation and must deposit every year—on February 14th—payment of each employee's severance entitlement.

*This procedure is simultaneous with a previous procedure.

STARTING A BUSINESS

Pereira, Risaralda

Procedure 1. Register the company in the Mercantile Registry, obtain the certificate of existence and legal representation, register the company's books and register with the National Tax Authority (DIAN) at the Business Services Center (CAE) of the Chamber of Commerce

Time: 3 days

Cost: COP\$1,551,810 [COP\$718,010: departmental registration tax (0.7% of the company's initial capital); COP\$665,000: commercial license (133.92% of the legal minimum monthly wage); COP\$83,000: commercial establishment fee; COP\$3,500: registration form; COP\$26,000: registration at the Chamber of Commerce and registration of the document of incorporation; COP\$3,500: certificate of existence and legal representation; COP\$27,000: purchase cost of the company's books (3 books, COP\$9,000 each, COP\$90 per page, 100 pages per book); COP\$25,800: cost for registering the company's books (COP\$8,600 per book)].

Comments: Since the inauguration of Pereira's CAE in September of 2007, procedures for starting a business at the Chamber of Commerce have been simplified and streamlined. Personal assistance is provided with forms to obtain the pre-RUT, to register in the Mercantile Registry, to register before Industry and Commerce, to verify use of land, and to file reports on tax duties to DIAN and to the Municipal Treasury. The CAE also offers a delivery service for the certificate of existence and legal representation, the RUT, the industry and commerce forms and the books, for a total value of COP \$ 2,400.

The company's books are submitted to the Chamber of Commerce for the pages to be subscribed and numbered. A form requesting the books is filled out and the amount is paid directly at the cashier booth. If the company completes the company establishment procedure using the website www.crearempresa.com.co, it may at the same time request registration of the books, without having to wait for the company to be registered first.

The national tax registration was enacted by means of Act 223 of 1995 and Decree 650 of 1996. In Pereira there was a negative change in the registration tax, which rose from 0.3% to 0.7% of the company's initial capital.

Procedure 2. Open a bank account

Time: 1 day

Cost: No cost

Comments: The company needs to open an account at a commercial bank in order to operate. Opening a savings account only takes a few minutes, but opening a checking account may take up to three days, because the bank is required to verify the applicant's data before approving the account. Each financial entity may have its own additional requirements for opening an account, such as a minimum deposit amount. In general, a checking account can be opened with a minimum deposit of COP\$100,000, and a savings account can be opened with the equivalent of one legal monthly minimum wage, which is currently COP\$496,900.

Procedure 3. Register the company with a family compensation fund (*caja de compensación familiar*), the National Training Service (SENA) and the Colombian Family Welfare Institute (ICBF)

Time: 4 days

Cost: No cost

Comments: Once it is registered, the company must pay these payroll-based contributions within the first eight days of each month. The contribution is then distributed internally between *SENA* and *ICBF*. The registration procedure at a family compensation fund only takes a few minutes, but the request is subject to evaluation for approval or rejection.

The documents that must be submitted include: registration form, certificate of existence and legal representation issued by the Chamber of Commerce, photocopy of the legal representative's identification card and the payroll list, with copies of the employees' identification cards and documentation related to their children.

Decree 3667 of 8 November 2004, states that the self-assessment and payment of contributions to the Integrated Social Security System ("*Sistema de Seguridad Social Integral*") and parafiscal contributions shall be completed by a single or integrated form and all employers shall make parafiscal contributions to the family compensation funds, the *SENA*, the *ICBF*, the *ESAP*, industrial schools, technical institutes, and contributions to integrated social security in the places determined by the administrative bodies within the calendar month following each work period.

Procedure 4*. Affiliate the company to an Occupational Risk Management Company (ARP)

Time: 1 day

Cost: No cost

Comments: The Occupational Risk Management Company (ARP) insures against risks due to work accidents and disability due to occupational illnesses. The company must affiliate its employees to a public or private ARP of its choice. The procedure for registration with the ARP takes a few minutes and involves the submission of the form, but coverage begins from the following day. Monthly payments are also made by means of the integrated form for social security contributions (PILA).

Procedure 5*. Affiliate employees to the public pensions system

Time: 1 day

Cost: No cost

Comments: The company must affiliate its employees to a pension fund, which may be either the government's Social Security Institute (ISS) or a private pension fund. Employees may select the fund of their choice. The application process to the ISS takes one day and is completed once the appropriate form is submitted. An agent from the public pension fund may visit the company and complete the registration procedure.

Procedure 6*. Affiliate employees to a private pension fund

Time: 4 days

Cost: No cost

Comments:

When employees select a private fund, a representative of the fund will generally visit the company to assist in filling out the forms and expediting the registration process.

Procedure 7*. Affiliate employees to a mandatory healthcare plan

Time: 2 days

Cost: No cost

Comments: The company is required to affiliate its employees to a Mandatory Health Plan (POS) through a Healthcare Promotion Entity (EPS). Each employee has the right to select the EPS of his or her choice, and companies are required to register the employee at the selected EPS. The employee registration process varies depending on the EPS and the employee's records.

The EPS representative visits the company's facilities, obtains the information required for affiliation and submits the request to the EPS. Requirements: copy the identity card of each employee, complete the form, attach a copy of the employment contract; when the employee has family, a copy of the civil registration of the children and of the identity card of the spouse or permanent companion must be attached.

In August of 2008, a new EPS named Nueva EPS S.A. was created as a result of the exceptional transfer of the affiliates of the public-sector EPS ISS, in the framework of Decree 055 of 2007. Nueva EPS was established as a healthcare promotion entity under the contributive regime by means of Resolution 371 of April 3, 2008 of the National Health Superintendence.

Procedure 8*. Affiliate employees to a severance fund

Time: 1 day

Cost: No cost

Comments: Each employee is free to select the severance fund of his or her choice. The company submits the documents for affiliation and must deposit every year –on February 14th– payment of each employee's severance entitlement.

*This procedure is simultaneous with a previous procedure.

STARTING A BUSINESS

Popayán, Cauca

Procedure 1. Purchase the company books

Time: 1 day

Cost: COP\$24,000 [6 books (COP\$4,000 per book, COP\$40 per page, 100 pages each book)]

Comments: The company's books can be purchased from a retail store or from the Chamber of Commerce.

Limited liability company shall use the following six books:

1. Inventory and Balance Book: An inventory and general balance sheet must be made at the start of activities and at least once a year to have a clear and complete picture of the assets
2. Main Ledger: All transactions are entered in this book using the double entry system, which allows for the monthly summary of all the account transactions
3. Cash book - daily: Accounting transactions in chronological order are entered in this book, individually or summarized, for a maximum of one month
4. Minutes Book: It could be of two types: Minutes book of shareholders' meetings and minutes' book of the Board of Directors. The first must be kept by all companies, the second only by those companies that have a board of directors. The minutes of the meetings must be recorded in chronological order, and signed by persons designated as secretary and president of the meetings
5. Book of shareholders: in this are recorded the shares, noting the title, number and date of registration, and likewise for change of ownership
6. Subsidiary Ledger: used to record chronologically details of the main accounts, totaling debits, credits and balances that pass at the end of each period to the daily and the main ledger, this book need not be registered with the Chamber of Commerce

Once the company has been registered, its owner or legal representative, must present and request the registry of the commerce books through a letter addressed to the Chamber of Commerce, and fill out the application form; the books or pages duly numbered must also be presented. The first page in each book or set of pages should be labeled in pencil in the upper side with the name of the company and purpose given to each book; the pages must be consecutively numbered and have no accounting entries.

Procedure 2. Register the company in the Commercial Registry, obtain the certificate of existence and legal representation, register the company's books and register with the national tax authority (DIAN) at the Business Services Center (CAE) of the Chamber of Commerce

Time: 5 days

Cost: COP\$1,550,610 [COP\$718,010: departmental registration tax (0.7% of the company's initial capital); COP\$665,000: commercial license (133.92% of the legal minimum monthly wage); COP\$83,000: commercial establishment fee; COP\$3,500: registration form; COP\$26,000: registration at the Chamber of Commerce and registration of document of incorporation; COP\$3,500: certificate of existence and legal representation; COP\$51,600: cost to register the company's books (COP\$8,600 per book)].

Comments: CAE, which was inaugurated in Popayán on March 5th 2008, allows the following procedures to be completed in one step and at the same place:

1. Register the company and the commercial establishment (if applicable) at the Mercantile Registry
2. Obtain a copy of the certificate of existence and legal representation
3. Register the company's books
4. Register the company in the Unified Tax Registry (RUT) and obtain the Tax Identification Number (NIT)

To register the company is necessary to fill out the Unified Business Registration form (*Registro Único Empresarial* or RUE). The certificate of land use can also be obtained at the CAE.

The company's books are submitted to the Chamber of Commerce for the pages to be subscribed and numbered. A form requesting the books is filled out and the amount is paid directly at the cashier booth. If the company completes the company establishment procedure using the website www.crearempresa.com.co, it may at the same time request registration of the books, without having to wait for the company to be registered first.

The rates to register a company and commercial establishment, certificates and application forms are national (Decree 393 of 2002) and correspond to the year 2009.

Procedure 3. Open a bank account**Time:** 1 day**Cost:** No cost

Comments: The company needs to open an account at a commercial bank in order to operate. Opening a savings account only takes a few minutes, but opening a checking account may take up to three days, because the bank is required to verify the applicant's data before approving the account. Each financial entity may have its own additional requirements for opening an account, such as a minimum deposit amount. In general, a checking account can be opened with a minimum deposit of COP\$100,000, and a savings account can be opened with the equivalent of one legal monthly minimum wage, which is currently COP\$496,900.

Procedure 4*. Obtain certificate from the Fire Department**Time:** 15 days**Cost:** COP\$22,000 (5% of industry and commerce tax; COP\$22,000 is the minimum fee).

Comments: The interested party provides information on the company to the Popayán's Fire Department and pays them a fee for the visits or inspection.

Procedure 5*. Receive inspection by the Fire Department**Time:** 1 day**Cost:** No cost

Comments: The Fire Department's officials conduct an inspection and provide recommendations to comply with safety standards.

Procedure 6*. Register the company for payments of Industry and Commercial Tax**Time:** 1 day**Cost:** No cost

Comments: To complete the registry, the entrepreneur must fill out a form provided by the Municipal Government, along with a certificate of existence and legal representation, a copy of the RUT and the identity card of legal representative.

Procedure 7. Register the company with a family compensation fund (caja de compensación familiar), the National Training Service (SENA) and the Colombian Family Welfare Institute (ICBF)**Time:** 5 days**Cost:** No cost

Comments: Once it is registered, the company must pay these payroll-based contributions within the first eight days of each month. The contribution is then distributed internally between *SENA* and *ICBF*. The registration procedure at a family compensation fund only takes a few minutes, but the request is subject to evaluation for approval or rejection.

The documents that must be submitted include: registration form, certificate of existence and legal representation issued by the Chamber of Commerce, photocopy of the legal representative's identification card and the payroll list, with copies of the employees' identification cards and documentation related to their children.

Decree 3667 of 8 November 2004, states that the self-assessment and payment of contributions to the Integrated Social Security System ("*Sistema de Seguridad Social Integral*") and parafiscal contributions shall be completed by a single or integrated form and all employers shall make parafiscal contributions to the family compensation funds, the *SENA*, the *ICBF*, the *ESAP*, industrial schools, technical institutes, and contributions to integrated social security in the places determined by the administrative bodies within the calendar month following each work period.

Procedure 8*. Affiliate the company to an Occupational Risk Management Company (ARP)**Time:** 5 days**Cost:** No cost

Comments: The Occupational Risk Management Company (ARP) insures against risks due to work accidents and disability due to occupational illnesses. The company must affiliate its employees to a public or private ARP of its choice. The procedure for registration with the ARP is the submission of the form and coverage commences the following day. Monthly payments are made by means of the integrated form for social security contributions (PILA).

Procedure 9*. Affiliate employees to the public pensions system**Time:** 3 days**Cost:** No cost

Comments: The company must affiliate its employees to a pension fund, which may be either the government's Social Security Institute (ISS) or a private pension fund. Employees may select the fund of their choice. The application process to the ISS takes one day and is completed once the appropriate form is submitted. However, the ISS may take, on average, 3 days to confirm the affiliation. An agent from the public pension fund may visit the company and complete the registration procedure.

Procedure 10*. Affiliate employees to a private pension fund**Time:** 1 day**Cost:** No cost

Comments: When employees select a private fund, a representative of the fund will generally visit the company to assist in filling out the forms and expediting the registration process.

Procedure 11*. Affiliate employees to a mandatory healthcare plan**Time:** 1 day**Cost:** No cost

Comments: The company is required to affiliate its employees to a Mandatory Health Plan (POS) through a Healthcare Promotion Entity (EPS). Each employee has the right to select the EPS of his or her choice, and companies are required to register the employee at the selected EPS. The employee registration process varies depending on the EPS and the employee's records.

The EPS representative visits the company's facilities, obtains the information required for affiliation and submits the request to the EPS. Requirements: copy the identity card of each employee, complete the form, attach a copy of the employment contract; when the employee has family, a copy of the civil registration of the children and of the identity card of the spouse or permanent companion must be attached.

In August of 2008, a new EPS named Nueva EPS S.A. was created as a result of the exceptional transfer of the affiliates of the public-sector EPS ISS, in the framework of Decree 055 of 2007. Nueva EPS was established as a healthcare promotion entity under the contributive regime by means of Resolution 371 of April 3, 2008 of the National Health Superintendence.

Procedure 12*. Affiliate employees to a severance fund**Time:** 1 day**Cost:** No cost

Comments: Each employee is free to select the severance fund of his or her choice. The company submits the documents for affiliation and must deposit every year – on February 14th – payment of each employee's severance entitlement.

*This procedure is simultaneous with a previous procedure.

STARTING A BUSINESS

Riohacha, La Guajira**Procedure 1. Purchase the company books****Time:** 1 day**Cost:** COP\$36,000 [3 books (COP\$12,000 per book, 100 pages each book)]

Comments: The company's books can be purchased from a retail store or from the Chamber of Commerce.

Limited liability company shall use the following three books:

1. Inventory and Balance Book: An inventory and general balance sheet must be made at the start of activities and at least once a year to have a clear and complete picture of the assets
2. Main Ledger: All transactions are entered in this book using the double entry system which allows for the monthly summary of all the account transactions
3. Cash book - daily: Accounting transactions in chronological order are entered in this book, individually or summarized, for a maximum of one month

Once the company or firm is registered, its owner or legal representative should submit and request the registration of the trade books in a letter to the Chamber of Commerce and fill out the application form concerned, submitting either the books or the appropriately numbered pages. The first page of each book or sheet should be submitted labeled (marked) in pencil at the top with the name of the company and the intended use to be given to each book; they must also be numbered consecutively and contain no accounting records.

Procedure 2. Obtain the provisional Unified Tax Registration (pre-RUT) with DIAN**Time:** 1 day**Cost:** No cost

Comments: Before registering the company before the Chamber of Commerce, the company's legal representative must personally request from the DIAN the pre-RUT, presenting a certificate of existence and legal representation. The pre-RUT is assigned immediately. If the legal representative cannot attend personally, the request may be presented by a proxy.

Procedure 3. Register the company with the Mercantile Registry, obtain a copy of the certificate of existence and legal representation, register the company's books and register the company before the National Tax Authority DIAN**Time:** 10 days

Cost: COP\$1,528,275 [COP\$718,010: departmental registration tax (0.7% of the company's initial capital); COP\$665,000: commercial license (133.92% of the legal minimum monthly wage); COP\$83,000: commercial establishment fee; COP\$3,500: registration form; COP\$26,000: registration at the Chamber of Commerce and registration of the public document on company constitution; COP\$3,500: certificate of existence and legal representation; COP\$25,800: cost to register the company's books (COP\$8,600 per book); COP\$3,465: for the notaries' fund].

Comments: Business Service centers (CAEs) do not operate in Riohacha. Currently, there is a single form to register the company, which can be purchased at the Chamber of Commerce of Riohacha. Once the form is filled out, it is revised by the Chamber of Commerce's agents.

Once the company or firm is registered, its owner or legal representative should submit and request the registration of the company's books by means of a letter addressed to the Chamber of Commerce and fill out an application form. The first page of each book or sheet should be submitted labeled (marked) in pencil at the top with the name of the company and the intended use to be given to each book; they must also be numbered consecutively and contain no accounting records.

The procedures at the Chamber of Commerce are:

- Present the application form and books before any of the authorized booths
- Pay the fee for registering the books. With the payment receipt, the entrepreneur can claim the books

Advisers from the Chamber of Commerce also assign the NIT.

Procedure 4. Open a bank account**Time:** 1 day**Cost:** No cost

Comments: The company needs to open an account at a commercial bank in order to operate. Opening a savings account only takes a few minutes, but opening a checking account may take up to three days, because the bank is required to verify the applicant's data before approving the account. Each financial entity may have its own additional requirements for opening an account, such as a minimum deposit amount. In general, a checking account can be opened with a minimum deposit of COP\$100,000, and a savings account can be opened with the equivalent of one legal monthly minimum wage, which is currently COP\$496,900.

Procedure 5*. Payment for the certificate of land use**Time:** 1 day**Cost:** COP\$16,563

Comments: The payment is made at the bank *Banco de Occidente* in favor of the Municipal Office of Urban Control.

Procedure 6*. Obtain the land use certificate**Time:** 7 days**Cost:** No cost

Comments: After having paid at the bank the correspondent value, the office of Municipal Planning Office issues the certificate.

Procedure 7. Register the company with a family compensation fund (caja de compensación familiar), the National Training Service (SENA) and the Colombian Family Welfare Institute (ICBF)**Time:** 2 days**Cost:** No cost

Comments: Once it is registered, the company must pay these payroll-based contributions within the first eight days of each month. The contribution is then distributed internally between *SENA* and *ICBF*. The registration procedure at a family

compensation fund only takes a few minutes, but the request is subject to evaluation for approval or rejection. Riohacha is small and with fewer users compared to other cities such as Bogota, which facilitates the process.

The documents that must be submitted include: registration form, certificate of existence and legal representation issued by the Chamber of Commerce, photocopy of the legal representative's identification card and the payroll list, with copies of the employees' identification cards and documentation related to their children.

Decree 3667 of 8 November 2004, states that the self-assessment and payment of contributions to the Integrated Social Security System ("*Sistema de Seguridad Social Integral*") and parafiscal contributions shall be completed by a single or integrated form and all employers shall make parafiscal contributions to the family compensation funds, the *SENA*, the *ICBF*, the *ESAP*, industrial schools, technical institutes, and contributions to integrated social security in the places determined by the administrative bodies within the calendar month following each work period.

Procedure 8*. Affiliate the company to an Occupational Risk Management Company (ARP)**Time:** 1 day**Cost:** No cost

Comments: The Occupational Risk Management Company (ARP) insures against risks due to work accidents and disability due to occupational illnesses. The company must affiliate its employees to a public or private ARP of its choice. The procedure for registration with the ARP takes a few minutes and involves the submission of the form, but coverage begins from the following day. Monthly payments are also made by means of the integrated form for social security contributions (PILA).

Procedure 9*. Affiliate employees to the public pensions system**Time:** 15 days**Cost:** No cost

Comments: The company must affiliate its employees to a pension fund, which may be either the government's Social Security Institute (ISS) or a private pension fund. Employees may select the fund of their choice. The application process to the ISS takes one day and is completed once the appropriate form is submitted. However, the ISS may take, on average, 15 days to confirm the affiliation. An agent from the public pension fund may visit the company and complete the registration procedure.

Procedure 10*. Affiliate employees to a private pension fund**Time:** 1 day**Cost:** No cost

Comments: When employees select a private fund, a representative of the fund will generally visit the company to assist in filling out the forms and expediting the registration process.

Procedure 11*. Affiliate employees to a mandatory healthcare plan**Time:** 8 days**Cost:** No cost

Comments: The company is required to affiliate its employees to a Mandatory Health Plan (POS) through a Healthcare Promotion Entity (EPS). Each employee has the right to select the EPS of his or her choice, and companies are required to register the employee at the selected EPS. The employee registration process varies depending on the EPS and the employee's records.

The EPS representative visits the company's facilities, obtains the information required for affiliation and submits the request to the EPS. Requirements: copy the identity card of each employee, complete the form, attach a copy of the employment contract; when the employee has family, a copy of the civil registration of the children and of the identity card of the spouse or permanent companion must be attached.

In August of 2008, a new EPS named Nueva EPS S.A. was created as a result of the exceptional transfer of the affiliates of the public-sector EPS ISS, in the framework of Decree 055 of 2007. Nueva EPS was established as a healthcare promotion entity under the contributive regime by means of Resolution 371 of April 3, 2008 of the National Health Superintendence.

Procedure 12*. Affiliate employees to a severance fund**Time:** 1 day**Cost:** No cost

Comments: Each employee is free to select the severance fund of his or her choice. The company submits the documents for affiliation and must deposit every year –on February 14th– payment of each employee's severance entitlement.

*This procedure is simultaneous with a previous procedure.

STARTING A BUSINESS

Santa Marta, Magdalena**Procedure 1. Purchase the company books****Time:** 1 day**Cost:** COP\$21,000 [6 books (COP\$3,500 per book, COP\$35 per page, 100 pages each book)]**Comments:** The company's books can be purchased from a retail store or in the Chamber of Commerce.

Limited liability company shall use the following six books:

1. Inventory and Balance Book: An inventory and general balance sheet must be made at the start of activities and at least once a year to have a clear and complete picture of the assets
2. Main Ledger: All transactions are entered in this book using the double entry system, which allows for the monthly summary of all the account transactions
3. Cash book - daily: Accounting transactions in chronological order are entered in this book, individually or summarized, for a maximum of one month
4. Minutes Book: It could be of two types: Minutes book of shareholders' meetings and minutes' book of the Board of Directors. The first must be kept by all companies, the second only by those companies that have a board of directors. The minutes of the meetings must be recorded in chronological order, and signed by persons designated as secretary and president of the meetings
5. Book of shareholders: in this are recorded the shares, noting the title, number and date of registration, and likewise for change of ownership
6. Subsidiary Ledger: used to record chronologically details of the main accounts, totaling debits, credits and balances that pass at the end of each period to the daily and the main ledger, this book need not be registered with the Chamber of Commerce

Once the company or firm is registered, its owner or legal representative should request the registration of the books by means of a letter addressed to the Chamber of Commerce. The first page of each book or sheet should be submitted labeled (marked) in pencil at the top with the name of the company and the intended use to be given to each book; they must also be numbered consecutively and contain no accounting records.

Procedure 2. Register the company in the Mercantile Registry, obtain the certificate of existence and legal representation, register the company's books and register with the National Tax Authority (DIAN) at the Business Services Center (CAE) of the Chamber of Commerce**Time:** 2 days**Cost:** COP\$1,565,690 [COP\$718,010: departmental registration tax (0.7% of the company's initial capital); COP\$665,000: commercial license (133.92% of the legal minimum monthly wage); COP\$83,000: commercial establishment fee; COP\$3,500: registration form; COP\$26,000: registration at the Chamber of Commerce and registration of the public document on company constitution; COP\$3,500: certificate of existence and legal representation; COP\$51,600: cost to register the company's books (COP\$8,600 per book); COP\$15,080: sticker value].**Comments:** The CAE makes it possible to complete the following procedures simultaneously at a single location:

1. Register the company and the commercial establishment (if applicable) at the Mercantile Registry
2. Obtain a copy of the certificate of existence and legal representation
3. Register the company's books
4. Register the company in the Unified Tax Registry ("*Registro Único Tributario*" or RUT) of the DIAN and obtain the Tax Identification Number ("*Número de Identificación Tributaria*" or NIT)

The company's books are submitted to the Chamber of Commerce for the pages to be subscribed and numbered. A form requesting the books is filled out and the amount is paid directly at the cashier booth. If the company completes the company establishment procedure using the website www.crearempresa.com.co, it may at the same time request registration of the books, without having to wait for the company to be registered first. Registration for the payment of tax on industry and trade also takes place immediately at CAE. Register with the National Tax Authority (DIAN) and obtain the Tax Identification Number (NIT). These requests used to be in 2008 separate procedures; after the inauguration of CAE in Santa Marta they became one.

The rates to register a company and commercial establishment, certificates and application forms are national (Decree 393 of 2002) and correspond to the year 2009.

Procedure 3. Open a bank account**Time:** 1 day**Cost:** No cost**Comments:** The company needs to open an account at a commercial bank in order to operate. Opening a savings account only takes a few minutes, but opening a checking account may take up to three days, because the bank is required to verify the applicant's data before approving the account. Each financial entity may have its own additional requirements for opening an account, such as a minimum deposit amount. In general, a checking account can be opened with a minimum deposit of COP\$100,000, and a savings account can be opened with the equivalent of one legal monthly minimum wage, which is currently COP\$496,900.**Procedure 4. Register the company with a family compensation fund (*caja de compensación familiar*), the National Training Service (SENA) and the Colombian Family Welfare Institute (ICBF)****Time:** 1 day**Cost:** No cost**Comments:** Once it is registered, the company must pay these payroll-based contributions within the first eight days of each month. The contribution is then distributed internally between *SENA* and *ICBF*. The registration procedure at a family compensation fund only takes a few minutes, but the request is subject to evaluation for approval or rejection.

The documents that must be submitted include: registration form, certificate of existence and legal representation issued by the Chamber of Commerce, photocopy of the legal representative's identification card and the payroll list, with copies of the employees' identification cards and documentation related to their children.

Decree 3667 of 8 November 2004, states that the self-assessment and payment of contributions to the Integrated Social Security System ("*Sistema de Seguridad Social Integral*") and parafiscal contributions shall be completed by a single or integrated form and all employers shall make parafiscal contributions to the family compensation funds, the *SENA*, the *ICBF*, the *ESAP*, industrial schools, technical institutes, and contributions to integrated social security in the places determined by the administrative bodies within the calendar month following each work period.

Procedure 5*. Affiliate the company to an Occupational Risk Management company (ARP)**Time:** 1 day**Cost:** No cost**Comments:** The Professional Risk Management Company (ARP) insures against risks due to work accidents and disability due to professional illnesses. The company must affiliate its employees to a public or private ARP of its choice. The procedure for registration with the ARP takes a few minutes and involves the submission of the form, but coverage begins from the following day. Monthly payments are also made by means of the integrated form for social security contributions (PILA).**Procedure 6*. Affiliate employees to the public pensions system****Time:** 1 day**Cost:** No cost**Comments:** The company must affiliate its employees to a pension fund, which may be either the government's Social Security Institute (ISS) or a private pension fund. Employees may select the fund of their choice. The application process to the ISS takes one day and is completed once the appropriate form is submitted. An agent from the public pension fund may visit the company and complete the registration procedure.**Procedure 7*. Affiliate employees to a private pension fund****Time:** 1 day**Cost:** No cost**Comments:** When employees select a private fund, a representative of the fund will generally visit the company to assist in filling out the forms and expediting the registration process.**Procedure 8*. Affiliate employees to a mandatory healthcare plan****Time:** 1 day**Cost:** No cost**Comments:** The company is required to affiliate its employees to a Mandatory Health Plan (POS) through a Healthcare Promotion Entity (EPS). Each employee has the right to select the EPS of his or her choice, and companies are required to register the employee at the selected EPS. The employee registration process varies depending on the EPS and the employee's records.

The EPS representative visits the company's facilities, obtains the information required for affiliation and submits the request to the EPS. Requirements: copy the identity card of each employee, complete the form, attach a copy of the employment contract; when the employee has family, a copy of the civil registration of the children and of the identity card of the spouse or permanent companion must be attached.

In August of 2008, a new EPS named Nueva EPS S.A. was created as a result of the exceptional transfer of the affiliates of the public-sector EPS ISS, in the framework of Decree 055 of 2007. Nueva EPS was established as a healthcare promotion entity under the contributive regime by means of Resolution 371 of April 3, 2008 of the National Health Superintendence.

Procedure 9*. Affiliate employees to a severance fund

Time: 1 day

Cost: No cost

Comments: Each employee is free to select the severance fund of his or her choice. The company submits the documents for affiliation and must deposit every year –on February 14th– payment of each employee's severance entitlement.

*This procedure is simultaneous with a previous procedure.

STARTING A BUSINESS

Sincelejo, Sucre

Procedure 1. Purchase the company books

Time: 3 days

Cost: COP\$10,500 [3 books (COP\$3,500 per book, COP\$35 per page, 100 pages each book)]

Comments: The company's books can be purchased from a retail store or at the Chamber of Commerce.

Limited liability company shall use the following four books:

1. Inventory and Balance Book: An inventory and general balance sheet must be made at the start of activities and at least once a year to have a clear and complete picture of the assets
2. Main Ledger: All transactions are entered in this book using the double entry system that allows the company to summarize on a monthly basis all its transactions
3. Cash book - daily: Accounting transactions in chronological order are entered in this book, individually or summarized, for a maximum of one month

Once the company is registered, its owner or legal representative should request the registration of the trade books by means of a letter addressed to the Chamber of Commerce. The first page of each book or sheet should be submitted labeled (marked) in pencil at the top with the name of the company and the intended use to be given to each book; they must also be numbered consecutively and contain no accounting records.

Procedure 2. Obtain the provisional Unified Tax Registration (pre-RUT) with DIAN

Time: 1 day

Cost: No cost

Comments: Before registering the company at the Chamber of Commerce, the company's legal representative must personally request the pre-RUT from the DIAN presenting the certificate of existence and legal representation of the company. The pre-RUT is assigned immediately. If the legal representative cannot do it in person, the request may be presented by his proxy.

Procedure 3*. Payment of departmental registry tax

Time: 1 day

Cost: COP\$735,310 [COP\$718,010: departmental registry tax (0.7% of the company's initial capital); COP\$15,800: cost of systematization; COP\$1,500: stamp duty in support of the University of Sucre].

Comments: The Department of Sucre hires a private contractor who estimates the amount to be paid. The entrepreneur makes the payment to the bank presenting the certificate of existence and legal representation.

Procedure 4. Register the company with the Mercantile Registry, obtain a copy of the certificate of existence and legal representation, register the company's books and register the company before the National Tax Authority DIAN

Time: 3 days

Cost: COP\$806,800 [COP\$665,000: commercial license (133.92% of the legal minimum monthly wage); COP\$83,000: commercial establishment fee; COP\$3,500: registration form; COP\$26,000: registration at the Chamber of Commerce and registration of the public document on company constitution; COP\$3,500: certificate of existence and legal representation; COP\$25,800: cost to register the company's books (COP\$8,600 per book)].

Comments: Business Service Centers (CAEs) do not currently operate in Sincelejo.

Once the company or firm is registered, its owner or legal representative should submit and request the registration of the company's books by means of a letter addressed to the Chamber of Commerce and fill out an application form. The first page of each book or sheet should be submitted labeled (marked) in pencil at the top with the name of the company and the intended use to be given to each book; they must also be numbered consecutively and contain no accounting records.

The procedures at the Chamber of Commerce are:

- Present the application form and books before any of the authorized booths
- Pay the fee for registering the books. With the payment receipt, the entrepreneur can claim the books

Advisers from the Chamber of Commerce also assign the NIT

Procedure 5. Open a bank account

Time: 1 day

Cost: No cost

Comments: The company needs to open an account at a commercial bank in order to operate. Opening a savings account only takes a few minutes, but opening a checking account may take up to three days, because the bank is required to verify the applicant's data before approving the account. Each financial entity may have its own additional requirements for opening an account, such as a minimum deposit amount. In general, a checking account can be opened with a minimum deposit of COP\$100,000, and a savings account can be opened with the equivalent of one legal monthly minimum wage, which is currently COP\$496,900.

Procedure 6*. Register the company for the payment of Industry and Commerce Tax

Time: 1 day

Cost: COP\$5,000

Comments: This procedure constitutes the local fiscal registration. To register, the entrepreneur must obtain an application form at the Municipal Government, fill it out and submit it along with a certificate of existence and legal representation, copy of the RUT and copy of the identification card of the legal representative.

Procedure 7. Register the company with a family compensation fund (caja de compensación familiar), the National Training Service (SENA) and the Colombian Family Welfare Institute (ICBF)

Time: 10 days

Cost: No cost

Comments: Once it is registered, the company must pay these payroll-based contributions within the first eight days of each month. The contribution is then distributed internally between *SENA* and *ICBF*. The registration procedure at a family compensation fund only takes a few minutes, but the request is subject to evaluation for approval or rejection.

The documents that must be submitted include: registration form, certificate of existence and legal representation issued by the Chamber of Commerce, photocopy of the legal representative's identification card and the payroll list, with copies of the employees' identification cards and documentation related to their children.

Decree 3667 of 8 November 2004, states that the self-assessment and payment of contributions to the Integrated Social Security System ("*Sistema de Seguridad Social Integral*") and parafiscal contributions shall be completed by a single or integrated form and all employers shall make parafiscal contributions to the family compensation funds, the *SENA*, the *ICBF*, the *ESAP*, industrial schools, technical institutes, and contributions to integrated social security in the places determined by the administrative bodies within the calendar month following each work period.

Procedure 8*. Affiliate the company to a Professional Risk Management Company (ARP)

Time: 1 day

Cost: No cost

Comments: The Professional Risk Management Company (ARP) insures against risks due to work accidents and disability due to professional illnesses. The company must affiliate its employees to a public or private ARP of its choice. The procedure for registration with the ARP takes a few minutes and involves the submission of the form, but coverage begins from the following day. Monthly payments are also made by means of the integrated form for social security contributions (PILA).

Procedure 9*. Affiliate employees to the public pensions system**Time:** 1 day**Cost:** No cost

Comments: The company must affiliate its employees to a pension fund, which may be either the government's Social Security Institute (ISS) or a private pension fund. Employees may select the fund of their choice. The application process to the ISS takes one day and is completed once the appropriate form is submitted. An agent from the public pension fund may visit the company and complete the registration procedure.

Procedure 10*. Affiliate employees to a private pension fund**Time:** 1 day**Cost:** No cost

Comments: When employees select a private fund, a representative of the fund will generally visit the company to assist in filling out the forms and expediting the registration process.

Procedure 11*. Affiliate employees to a mandatory healthcare plan**Time:** 1 day**Cost:** No cost

Comments: The company is required to affiliate its employees to a Mandatory Health Plan (POS) through a Healthcare Promotion Entity (EPS). Each employee has the right to select the EPS of his or her choice, and companies are required to register the employee at the selected EPS. The employee registration process varies depending on the EPS and the employee's records.

The EPS representative visits the company's facilities, obtains the information required for affiliation and submits the request to the EPS. Requirements: copy the identity card of each employee, complete the form, attach a copy of the employment contract; when the employee has family, a copy of the civil registration of the children and of the identity card of the spouse or permanent companion must be attached.

In August of 2008, a new EPS named Nueva EPS S.A. was created as a result of the exceptional transfer of the affiliates of the public-sector EPS ISS, in the framework of Decree 055 of 2007. Nueva EPS was established as a healthcare promotion entity under the contributive regime by means of Resolution 371 of April 3, 2008 of the National Health Superintendence.

Procedure 12*. Affiliate employees to a severance fund**Time:** 1 day**Cost:** No cost

Comments: Each employee is free to select the severance fund of his or her choice. The company submits the documents for affiliation and must deposit every year –on February 14th– payment of each employee's severance entitlement.

*This procedure is simultaneous with a previous procedure.

STARTING A BUSINESS

Tunja, Boyacá**Procedure 1. Purchase the company's books****Time:** 1 day

Cost: COP\$14,000 [4 books (COP\$3,500 per book, COP\$35 per page, 100 pages per book)]

Comments: The company's books can be purchased from a retail store or from the Chamber of Commerce.

Limited liability company shall use the following six books:

1. Inventory and Balance Book: An inventory and general balance sheet must be made at the start of activities and at least once a year to have a clear and complete picture of the assets
2. Main Ledger: All transactions are entered in this book using the double entry system, that allows a company to summarize on a monthly basis all its transactions
3. Cash book - daily: Accounting transactions in chronological order are entered in this book, individually or summarized, for a maximum of one month
4. Minutes Book: It could be of two types: Minutes book of shareholders' meetings and minutes' book of the Board of Directors. The first must be kept by all companies, the second only by those companies that have a board of directors. The minutes of the meetings must be recorded in chronological order, and signed by persons designated as secretary and president of the meetings

Once the company or firm is registered, its owner or legal representative should submit and request the registration of the company's books by means of a letter addressed to the Chamber of Commerce and fill out an application form. The first page of each book or sheet should be submitted labeled (marked) in pencil at the top with the name of the company and the intended use to be given to each book; they must also be numbered consecutively and contain no accounting records.

Procedure 2*. Payment of departmental registration tax**Time:** 1 day

Cost: COP\$734,610 [COP\$718,010: departmental registration tax (0.7% of the initial capital of the company); COP\$16,600 for systematization service]

Comments: The tax is paid at the bank *Banco Agrario*. It is necessary to present the certificate of existence and legal representation.

Procedure 3. Obtain the provisional Unified Tax Registration (pre-RUT) from DIAN**Time:** 1 day**Cost:** No cost

Comments: Before registering the company before the Chamber of Commerce, the company's legal representative must personally request from the DIAN the pre-RUT, presenting a certificate of existence and legal representation. The pre-RUT is assigned immediately. If the legal representative cannot attend personally, the request may be presented by a proxy.

Procedure 4. Register the company with the Mercantile Registry, obtain a copy of the certificate of existence and legal representation, register the company's books and register the company before the National Tax Authority (DIAN)**Time:** 6 days

Cost: COP\$824,000 [COP\$665,000: commercial license (133.92% of the legal minimum monthly wage); COP\$83,000: commercial establishment fee; COP\$3,500: registration form; COP\$26,000: registration at the Chamber of Commerce and registration of the public document on company constitution; COP\$3,500: certificate of existence and legal representation; COP\$34,400: cost to register the company's books (COP\$8,600 per book)].

Comments: A Business Service Center (CAE) does not currently operate in Tunja, although there is a project for its implementation.

Once the company or firm is registered, its owner or legal representative should submit and request the registration of the company's books by means of a letter addressed to the Chamber of Commerce and fill out an application form. The first page of each book or sheet should be submitted labeled (marked) in pencil at the top with the name of the company and the intended use to be given to each book; they must also be numbered consecutively and contain no accounting records.

The procedures at the Chamber of Commerce are:

- Present the application form and books before any of the authorized booths
- Pay the fee for registering the books. With the payment receipt, the entrepreneur can claim the books

Advisers from the Chamber of Commerce also assign the NIT

Procedure 5. Open a bank account**Time:** 1 day**Cost:** No cost

Comments: The company needs to open an account at a commercial bank in order to operate. Opening a savings account only takes a few minutes, but opening a checking account may take up to three days, because the bank is required to verify the applicant's data before approving the account. Each financial entity may have its own additional requirements for opening an account, such as a minimum deposit amount. In general, a checking account can be opened with a minimum deposit of COP\$100,000, and a savings account can be opened with the equivalent of one legal monthly minimum wage, which is currently COP\$496,900.

Procedure 6*. Payment of the land use certificate**Time:** 1 day**Cost:** COP\$8,000

Comments: The entrepreneur must pay for this certificate at any commercial bank. The rate is fixed.

Procedure 7*. Obtain the land use certificate**Time:** 9 days**Cost:** No cost

Comments: To complete this procedure the company must present the following:

1. A written request addressed to the Office of Municipal Planning providing: the company's name, business, address, telephone number, signature and identity card number of the applicant
2. A photocopy of the most recent payment on property tax
3. The certificate of existence and legal representation
4. Duly granted power of attorney when acting by proxy
5. The regulation of condominiums and developments, if required
6. The written consent of the landowner or property owner for the development of the requested activity
7. Municipal certificate of good standing

Procedure 8*. Register the company for the payment of Industry and Commerce Tax

Time: 1 day

Cost: No cost

Comments: This procedure constitutes the local fiscal registration. To register, the entrepreneur must obtain an application form at the Municipal Government, fill it out and submit it along with a certificate of existence and legal representation, copy of the RUT and copy of the identification card of the legal representative.

Procedure 9*. Obtain the certificate from the Fire Department

Time: 20 days

Cost: No cost

Comments: This security control must be completed annually while the company exists. The company requests an inspection which takes place within the following 10 to 17 days. Then within two to four days after the inspection, the certificate is issued.

Procedure 10. Register the company with a family compensation fund (*caja de compensación familiar*), the National Training Service (SENA) and the Colombian family Welfare institute (ICBF)

Time: 1 day

Cost: No cost

Comments: Once it is registered, the company must pay these payroll-based contributions within the first eight days of each month. The contribution is then distributed internally between *SENA* and *ICBF*. The registration procedure at a family compensation fund only takes a few minutes, but the request is subject to evaluation for approval or rejection.

The documents that must be submitted include: registration form, certificate of existence and legal representation issued by the Chamber of Commerce, photocopy of the legal representative's identification card and the payroll list, with copies of the employees' identification cards and documentation related to their children.

Decree 3667 of 8 November 2004, states that the self-assessment and payment of contributions to the Integrated Social Security System ("*Sistema de Seguridad Social Integral*") and parafiscal contributions shall be completed by a single or integrated form and all employers shall make parafiscal contributions to the family compensation funds, the *SENA*, the *ICBF*, the *ESAP*, industrial schools, technical institutes, and contributions to integrated social security in the places determined by the administrative bodies within the calendar month following each work period.

Procedure 11*. Affiliate the company to a Professional Risk Management Company (ARP)

Time: 1 day

Cost: No cost

Comments: The Professional Risk Management Company (ARP) insures against risks due to work accidents and disability due to professional illnesses. The company must affiliate its employees to a public or private ARP of its choice. The procedure for registration with the ARP takes a few minutes and involves the submission of the form, but coverage begins from the following day. Monthly payments are made by means of the integrated form for social security contributions (PILA).

Procedure 12*. Affiliate employees to the public pensions system

Time: 8 days

Cost: No cost

Comments: The company must affiliate its employees to a pension fund, which may be either the government's Social Security Institute (ISS) or a private pension fund. Employees may select the fund of their choice. The application process to the ISS takes one day and is completed once the appropriate form is submitted. However, the ISS may take, on average, 8 days to confirm the affiliation. An agent from the public pension fund may visit the company and complete the registration procedure.

Procedure 13*. Affiliate employees to a private pension fund

Time: 1 day

Cost: No cost

Comments: When employees select a private fund, a representative of the fund will generally visit the company to assist in filling out the forms and expediting the registration process.

Procedure 14*. Affiliate employees to a mandatory healthcare plan

Time: 3 days

Cost: No cost

Comments: The company is required to affiliate its employees to a Mandatory Health Plan (POS) through a Healthcare Promotion Entity (EPS). Each employee has the right to select the EPS of his or her choice, and companies are required to register the employee at the selected EPS. The employee registration process varies depending on the EPS and the employee's records.

The EPS representative visits the company's facilities, obtains the information required for affiliation and submits the request to the EPS. Requirements: copy the identity card of each employee, complete the form, attach a copy of the employment contract; when the employee has family, a copy of the civil registration of the children and of the identity card of the spouse or permanent companion must be attached.

In August of 2008, a new EPS named Nueva EPS S.A. was created as a result of the exceptional transfer of the affiliates of the public-sector EPS ISS, in the framework of Decree 055 of 2007. Nueva EPS was established as a healthcare promotion entity under the contributive regime by means of Resolution 371 of April 3, 2008 of the National Health Superintendence.

Procedure 15*. Affiliate employees to a severance fund

Time: 1 day

Cost: No cost

Comments: Each employee is free to select the severance fund of his or her choice. The company submits the documents for affiliation and must deposit every year – on February 14th – payment of each employee's severance entitlement.

*This procedure is simultaneous with a previous procedure.

STARTING A BUSINESS

Valledupar, Cesar

Procedure 1. Purchase the company books

Time: 1 day

Cost: COP\$10,500 [3 books (COP\$3,500 per book, COP\$35 per page, 100 pages per book)]

Comments: The company's books can be purchased from a retail store or at the Chamber of Commerce.

Limited liability company shall use the following three books:

1. Inventory and Balance Book: An inventory and general balance sheet must be made at the start of activities and at least once a year to have a clear and complete picture of the assets
2. Main Ledger: All transactions are entered in this book using the double entry system which allows for the monthly summary of all the account transactions
3. Cash book - daily: Accounting transactions in chronological order are entered in this book, individually or summarized, for a maximum of one month

Once the company or firm is registered, its owner or legal representative should submit and request the registration of the company's books by means of a letter addressed to the Chamber of Commerce and fill out an application form. The first page of each book or sheet should be submitted labeled (marked) in pencil at the top with the name of the company and the intended use to be given to each book; they must also be numbered consecutively and contain no accounting records.

Procedure 2. Obtain the provisional Unified Tax Registration (pre-RUT) from DIAN**Time:** 1 day**Cost:** No cost

Comments: Before registering the company at the Chamber of Commerce, the company's legal representative must personally request the *pre-RUT* from the DIAN presenting the certificate of existence and legal representation of the company. The *pre-RUT* is assigned immediately. If the legal representative cannot do it in person, the request may be presented by his representative.

Procedure 3*. Payment of departmental registry tax**Time:** 1 day**Cost:** COP\$718,010 (el 0.7% of the initial capital of the company).

Comments: The tax is paid at Departmental Government's office of Cesar. It is necessary to present the certificate of existence and legal incorporation.

Procedure 4. Register the company with the Mercantile Registry, obtain a copy of the certificate of existence and legal representation, register the company's books and register the company before the National Tax Authority (DIAN)**Time:** 3 days

Cost: COP\$806,800 [COP\$665,000: commercial registration (133.92% of the Valid Monthly Legal Minimum Wage); COP\$83,000: commercial establishment fee; COP\$3,500: registration form; COP\$26,000: registration at the Chamber of Commerce and registration of the public document on company constitution; COP\$3,500: certificate of existence and legal representation; COP\$25,800: cost to register the company's books (COP\$8,600 per book)].

Comments: Business Service Centers (CAEs) do not currently operate in Valledupar.

Once the company or firm is registered, its owner or legal representative should submit and request the registration of the company's books by means of a letter addressed to the Chamber of Commerce and fill out an application form. The first page of each book or sheet should be submitted labeled (marked) in pencil at the top with the name of the company and the intended use to be given to each book; they must also be numbered consecutively and contain no accounting records.

The procedures at the Chamber of Commerce are:

- Present the application form and books before any of the authorized booths
- Pay the fee for registering the books. With the payment receipt, the entrepreneur can claim the books

Advisers from the Chamber of Commerce also assign the NIT.

Procedure 5*. Obtain a land use certificate**Time:** 10 days**Cost:** No cost

Comments: The certificate is requested from the Office of Municipal Planning, and the property must be up to date with all taxes.

Procedure 6*. Register the company for the payment of Industry and Commerce Tax**Time:** 1 day**Cost:** No cost

Comments: This procedure constitutes the local fiscal registration. To register, the entrepreneur must obtain an application form at the Municipal Government, fill it out and submit it along with a certificate of existence and legal representation, copy of the RUT and copy of the identification card of the legal representative. This procedure is the local tax registration.

Procedure 7. Open a bank account**Time:** 1 day**Cost:** No cost

Comments: The company needs to open an account at a commercial bank in order to operate. Opening a savings account only takes a few minutes, but opening a checking account may take up to three days, because the bank is required to verify the applicant's data before approving the account. Each financial entity may have its own additional requirements for opening an account, such as a minimum deposit amount. In general, a checking account can be opened with a minimum deposit of COP\$100,000, and a savings account can be opened with the equivalent of one legal monthly minimum wage, which is currently COP\$496,900.

Procedure 8. Register the company with a family compensation fund (caja de compensación familiar), the National Training Service (SENA) and the Colombian Family Welfare Institute (ICBF)**Time:** 3 days**Cost:** No cost

Comments: Once it is registered, the company must pay these payroll-based contributions within the first eight days of each month. The contribution is then distributed internally between *SENA* and *ICBF*. The registration procedure at a family compensation fund only takes a few minutes, but the request is subject to evaluation for approval or rejection.

The documents that must be submitted include: registration form, certificate of existence and legal representation issued by the Chamber of Commerce, photocopy of the legal representative's identification card and the payroll list, with copies of the employees' identification cards and documentation related to their children.

Decree 3667 of 8 November 2004, states that the self-assessment and payment of contributions to the Integrated Social Security System ("*Sistema de Seguridad Social Integral*") and parafiscal contributions shall be completed by a single or integrated form and all employers shall make parafiscal contributions to the family compensation funds, the *SENA*, the *ICBF*, the *ESAP*, industrial schools, technical institutes, and contributions to integrated social security in the places determined by the administrative bodies within the calendar month following each work period.

Procedure 9*. Affiliate the company to a Professional Risk Management Company (ARP)**Time:** 1 day**Cost:** No cost

Comments: The Professional Risk Management Company (ARP) insures against risks due to work accidents and disability due to professional illnesses. The company must affiliate its employees to a public or private ARP of its choice. The procedure for registration with the ARP takes a few minutes and involves the submission of the form, but coverage begins from the following day. Monthly payments are made by means of the integrated form for social security contributions (PILA).

Procedure 10*. Affiliate employees to the public pensions system**Time:** 5 days**Cost:** No cost

Comments: The company must affiliate its employees to a pension fund, which may be either the government's Social Security Institute (ISS) or a private pension fund. Employees may select the fund of their choice. The application process to the ISS takes one day and is completed once the appropriate form is submitted. However, the ISS may take, on average, 5 days to confirm the affiliation. An agent from the public pension fund may visit the company and complete the registration procedure.

Procedure 11*. Affiliate employees to a private pension fund**Time:** 1 day**Cost:** No cost

Comments: When employees select a private fund, a representative of the fund will generally visit the company to assist in filling out the forms and expediting the registration process.

Procedure 12*. Affiliate employees to a mandatory healthcare plan**Time:** 15 days**Cost:** No cost

Comments: The company is required to affiliate its employees to a Mandatory Health Plan (POS) through a Healthcare Promotion Entity (EPS). Each employee has the right to select the EPS of his or her choice, and companies are required to register the employee at the selected EPS. The employee registration process varies depending on the EPS and the employee's records.

The EPS representative visits the company's facilities, obtains the information required for affiliation and submits the request to the EPS. Requirements: copy the identity card of each employee, complete the form, attach a copy of the employment contract; when the employee has family, a copy of the civil registration of the children and of the identity card of the spouse or permanent companion must be attached.

In August of 2008, a new EPS named Nueva EPS S.A. was created as a result of the exceptional transfer of the affiliates of the public-sector EPS ISS, in the framework of Decree 055 of 2007. Nueva EPS was established as a healthcare promotion entity under the contributive regime by means of Resolution 371 of April 3, 2008 of the National Health Superintendence.

Procedure 13*. Affiliate employees to a severance fund**Time:** 1 day**Cost:** No cost

Comments: Each employee is free to select the severance fund of his or her choice. The company submits the documents for affiliation and must deposit every year –on February 14th– payment of each employee’s severance entitlement.

*This procedure is simultaneous with a previous procedure.

STARTING A BUSINESS

Villavicencio, Meta**Procedure 1. Purchase the company books****Time:** 1 day

Cost: COP\$14,000 [4 books (COP\$3,500 per book, COP\$35 per page, 100 pages per book)]

Comments: The company’s books can be purchased from a retail store or from the Chamber of Commerce.

Limited liability company shall use the following four books:

1. Inventory and Balance Book: An inventory and general balance sheet must be made at the start of activities and at least once a year to have a clear and complete picture of the assets
2. Main Ledger: All transactions are entered in this book using the double entry system which allows for the monthly summary of all the account transactions
3. Journal - daily: Accounting transactions in chronological order are entered in this book, individually or summarized, for a maximum of one month
4. Minutes Book: It could be of two types: Minutes book of shareholders’ meetings and minutes’ book of the Board of Directors. The first must be kept by all companies, the second only by those companies that have a board of directors. The minutes of the meetings must be recorded in chronological order, and signed by persons designated as secretary and president of the meetings

Once the company or firm is registered, its owner or legal representative should submit and request the registration of the company’s books by means of a letter addressed to the Chamber of Commerce and fill out an application form. The first page of each book or sheet should be submitted labeled (marked) in pencil at the top with the name of the company and the intended use to be given to each book; they must also be numbered consecutively and contain no accounting records.

Procedure 2. Register the company in the Mercantile Registry, obtain the certificate of existence and legal representation, register the company’s books and register with the National Tax Authority (DIAN) at the Business Services Center (CAE) of the Chamber of Commerce**Time:** 2 days

Cost: COP\$1,841,129 [COP\$1,025,729: departmental registration tax (1% of the company’s initial capital); COP\$665,000: commercial license (133.92% of the legal minimum monthly wage); COP\$83,000: commercial establishment fee; COP\$3,500: registration form; COP\$26,000: registration at the Chamber of Commerce and registration of the public document on company constitution; COP\$3,500: certificate of existence and legal representation; COP\$34,400: cost to register the company’s books (COP\$8,600 per book)].

Comments: CAE, which started its operations at the Chamber of Commerce of Villavicencio since November of 2007, allows the following procedures to be completed in one step and at the same place:

1. Register the company and the commercial establishment (if applicable) at the Mercantile Registry
2. Obtain a copy of the certificate of existence and legal representation
3. Register the company’s books
4. Register the company in the Unified Tax Registry (“Registro Único Tributario” or RUT) of the DIAN and obtain the Tax Identification Number (“Número de Identificación Tributaria” or NIT)
5. Register with the Municipal Treasury for payment of the Industry and Commerce Tax

The Chamber also sends a report of newly registered companies to certain entities such as the Fire Department and the secretariats of: Municipal Health, Finance, Government, Planning, and Environment, which then visit the companies to verify compliance with all the required standards according to the type of activity.

The company’s books are submitted to the Chamber of Commerce for the pages to be subscribed and numbered. A form requesting the books is filled out and the amount is paid directly at the cashier booth. The employer is given consecutive pages, numbered, labeled, and ready for use, or the employer brings the pages numbered, marked and only pays COP \$ 8,600 for each book registered. If the company completes the company establishment procedure using the website www.crearempresa.com.co, it may at the same time request registration of the books, without having to wait for the company to be registered first.

The rates to register a company and commercial establishment, certificates and application forms are national (Decree 393 of 2002) and correspond to the year 2009.

Procedure 3. Open a bank account**Time:** 1 day**Cost:** No cost

Comments: The company needs to open an account at a commercial bank in order to operate. Opening a savings account only takes a few minutes, but opening a checking account may take up to three days, because the bank is required to verify the applicant’s data before approving the account. Each financial entity may have its own additional requirements for opening an account, such as a minimum deposit amount. In general, a checking account can be opened with a minimum deposit of COP\$100,000, and a savings account can be opened with the equivalent of one legal monthly minimum wage, which is currently COP\$496,900.

Procedure 4*. Obtain a land use certificate**Time:** 7 days**Cost:** COP\$33,540

Comments: The certificate can be obtained at no cost by submitting a written petition before the Municipal Planning Department. Alternatively, it can also be requested and obtained in less time from the urban curator by paying an additional fee of approximately COP\$33,450.

Procedure 5. Register the company with a family compensation fund (caja de compensación familiar), the National Training Service (SENA) and the Colombian Family Welfare Institute (ICBF)**Time:** 1 day**Cost:** No cost

Comments: Once it is registered, the company must pay these payroll-based contributions within the first eight days of each month. The contribution is then distributed internally between *SENA* and *ICBF*. The registration procedure at a family compensation fund only takes a few minutes, but the request is subject to evaluation for approval or rejection.

The documents that must be submitted include: registration form, certificate of existence and legal representation issued by the Chamber of Commerce, photocopy of the legal representative’s identification card and the payroll list, with copies of the employees’ identification cards and documentation related to their children.

Decree 3667 of 8 November 2004, states that the self-assessment and payment of contributions to the Integrated Social Security System (“*Sistema de Seguridad Social Integral*”) and parafiscal contributions shall be completed by a single or integrated form and all employers shall make parafiscal contributions to the family compensation funds, the *SENA*, the *ICBF*, the *ESAP*, industrial schools, technical institutes, and contributions to integrated social security in the places determined by the administrative bodies within the calendar month following each work period.

Procedure 6*. Affiliate the company to a Professional Risk Management Company (ARP)**Time:** 1 day**Cost:** No cost

Comments: The Professional Risk Management Company (ARP) insures against risks due to work accidents and disability due to professional illnesses. The company must affiliate its employees to a public or private ARP of its choice. The procedure for registration with the ARP takes a few minutes and involves the submission of the form, but coverage begins from the following day. Monthly payments are also made by means of the integrated form for social security contributions (PILA).

Procedure 7*. Affiliate employees to the public pensions system**Time:** 1 day**Cost:** No cost

Comments: The company must affiliate its employees to a pension fund, which may be either the government’s Social Security Institute (ISS) or a private pension fund. Employees may select the fund of their choice. The application process to the ISS takes one day and is completed once the appropriate form is submitted. An agent from the public pension fund may visit the company and complete the registration procedure.

Procedure 8*. Affiliate employees to a private pension fund**Time:** 1 day**Cost:** No cost

Comments: When employees select a private fund, a representative of the fund will generally visit the company to assist in filling out the forms and expediting the registration process.

Procedure 9*. Affiliate employees to a mandatory healthcare plan**Time:** 1 day**Cost:** No cost

Comments: The company is required to affiliate its employees to a Mandatory Health Plan (POS) through a Healthcare Promotion Entity (EPS). Each employee has the right to select the EPS of his or her choice, and companies are required to register the employee at the selected EPS. The employee registration process varies depending on the EPS and the employee's records.

The EPS representative visits the company's facilities, obtains the information required for affiliation and submits the request to the EPS. Requirements: copy the identity card of each employee, complete the form, attach a copy of the employment contract; when the employee has family, a copy of the civil registration of the children and of the identity card of the spouse or permanent companion must be attached.

In August of 2008, a new EPS named Nueva EPS S.A. was created as a result of the exceptional transfer of the affiliates of the public-sector EPS ISS, in the framework of Decree 055 of 2007. Nueva EPS was established as a healthcare promotion entity under the contributive regime by means of Resolution 371 of April 3, 2008 of the National Health Superintendence.

Procedure 10*. Affiliate employees to a severance fund**Time:** 1 day**Cost:** No cost

Comments: Each employee is free to select the severance fund of his or her choice. The company submits the documents for affiliation and must deposit every year –on February 14th– payment of each employee's severance entitlement.

*This procedure is simultaneous with a previous procedure.

LIST OF PROCEDURES

Dealing with construction permits**Armenia, Quindío****Procedure 1. Obtain the ownership history and no-lien certificate****Time:** 1 day**Cost:** COP\$11,840

Comments: This certificate (*Certificado de Libertad y Tradición*) provides the legal information on the property and on its current and previous ownership. The rate is set according to Decrees 1250 of 1970 and 2280 of 2008, the latter modified by Resolution 0035 of 2009. Any individual or legal entity can request this certificate at the Registry Office.

Procedure 2*. Obtain the certificate of existence and legal representation of the Construction Company**Time:** 1 day (simultaneous with procedure 1)**Cost:** COP\$3,500

Comments: When the parties are limited liability companies, a certificate of legal existence and representation must be requested from the Chamber of Commerce. This document certifies the existence of the legal entity, indicates its legal representative and provides information on its registered address, its partners, its capital and the date of establishment. The rate is set according to Decree 393 of 2002.

Procedure 3*. Obtain certificate of no outstanding payments on property tax**Time:** 1 day (simultaneous with procedures 1 and 2)**Cost:** COP\$10,300

Comments: The rate to obtain this certificate is fixed, and does not depend on the value of the property. The payment is collected by the Municipal Office of the Treasury (COP\$ 8,300 for each certificate + COP\$ 1,500 value of the stamp duty in favor of hospitals (*estampilla Pro-hospital*) + COP\$ 500: value of the stamp duty in favor of senior citizens (*estampilla Pro-anciano*).

The stamp for hospitals and for senior citizens should be obtained at the same booth of the Municipal Office of the Treasury where the certificate of obtain of no outstanding payments on property tax is obtained.

Procedure 4. Payment of pro- development stamp duty (estampilla pro-desarrollo) to obtain certificate of no outstanding payments on property tax**Time:** 1 day**Cost:** COP\$1,500

Comments: It is obtained at the Office of the Departmental Treasury and is required to obtain the certificate of no outstanding payments on property tax.

Procedure 5. Obtain construction license

Time: 60 days. The minimum term set by Law to complete this procedure is 10 business days; the maximum is 45 business days. The term is established to grant the neighbors the opportunity to oppose the construction, if they feel affected.

Cost: COP\$8,330,628. The formula for the calculation of the expenses is the following: $E = (C^*i^*m) + ((Cv^*i^*m)^*1.16)$. For the case of Armenia is: $E = (865,068 \times 4 \times 0.641) + ((397,520 \times 4 \times 5.17 \times 0.641) \times 1.16)$

Comments: The constructor must present the following documents (Article 18 of Decree 564 of 2006):

1. Copy of the ownership history and no-lien certificate, with an issue date of less than one month prior to the date of the request
2. The unified national license application form, adopted through Resolution 0984 of 2005 of the Ministry of the Environment, Housing, and Territorial Development
3. Copy of the certificate of existence and legal representation, with an issue date of less than one month prior to the date of the request
4. Copy of the documents or tax statements proving payment of property taxes for the previous five years
5. Drawings with the location.
6. List of addresses of the neighboring properties.

The urban curator will issue two receipts after the approval of the construction license:

Costs of the construction works which destination is the urban curator.

Cost of the urban boundary tax, which destination is the Municipal Office of the Treasury.

Procedure 6. Pay urban boundary tax**Time:** 1 day.**Cost:** COP\$3,145,175**Procedure 7. Obtain previous approval for water connection services****Time:** 15 days**Cost:** COP\$62,280

Comments: The cost is fixed as per Resolution 0386 of July 21 of 2009. It is important to consider that the resolution does not establish a difference in the cost for residential or commercial projects.

The owner of the lot must request a Certificate of Technical and Commercial Requirements (certificate of availability) from Managerial office of the company EPA ESP, and fill out an application form called "Application for Availability of Public Services, Water works, and Sanitation," along with copies of the following documents:

1. Location of the lot in the general map of the Agustin Codazzi Geographical Institute
2. Informative indication of boundaries

Procedure 8*. Request connection to electricity service**Time:** 1 day (simultaneous with procedure 7)**Cost:** No cost

Comments: The owner of the lot must request the connection from the service provider company EDEQ SA ESP and attach copy of the following documents:

1. Filled out application form
2. Ownership history and no-lien certificate
3. Written authorization from the owner of the lot if the applicant is not the owner, and photocopy of the identity card of the owner

Procedure 9*. Obtain telephone connection**Time:** 3 days (simultaneous with procedures 7 and 10)**Cost:** No cost**Procedure 10. Receive inspection from authorized contractor (audit of the grids)****Time:** 30 days**Cost:** COP\$96,112

Comments: *Empresas Públicas de Armenia* EPA ESP when performing the supervision and evaluation of the construction of the hydro-sanitary grids, verify that they comply with the information established in the approved designs, and that the connection of the grids is located in the sites defined in the certificate of availability that was issued.

Procedure 11*. Obtain Certification of Compliance with Installation Rules for Final Use and Distribution (hereinafter "RETIE certificate")**Time:** 30 days**Cost:** COP\$846,800

Comments: The cost of the certificate depends on the city. For Armenia it was provided by the Center for Research and Technological Development CIDET.

Procedure 12. Final inspection by the service provider company EPA ESP**Time:** 1 day**Cost:** No cost

Comments: In this case because it is the construction of a two-floor warehouse, the service of provisional undertaking is discharged and will be the final undertaking. Thus it has no cost. The constructor requests the final audit of the project to obtain the approval of the hydro-sanitary grids. The service provider company issues the certificate of approval and legalizes the meter device before the Commercial Directorate of the EPA ESP.

Procedure 13*. Obtain connection to electricity service**Time:** 10 days.**Cost:** No cost

Comments: Within a term no greater than 7 business days, the company EDEQ SA ESP must send an auditor to inspect the site and estimate the cost of the connection. For the company EDEQ to complete the connection, it is necessary to present the RETIE certificate.

Procedure 14. Final inspection by the Municipal Government**Time:** 1 day**Cost:** No cost

* This procedure is simultaneous with a previous procedure.

DEALING WITH CONSTRUCTION PERMITS

Barranquilla, Atlántico**Procedure 1. Obtain the ownership history and no-lien certificate****Time:** 1 day**Cost:** COP\$11,840

Comments: This certificate (*Certificado de Libertad y Tradición*) provides the legal information on the property and on its current and previous ownership. The rate is set according to Decrees 1250 of 1970 and 2280 of 2008, the latter modified by Resolution 0035 of 2009. Any individual or legal entity can request this certificate at the Registry Office.

Procedure 2*. Obtain of certificate of existence and legal representation of the Construction Company**Time:** 1 day (simultaneous with procedure 1)**Cost:** COP\$3,500

Comments: When the parties are limited liability companies, a certificate of legal existence and representation must be requested from the Chamber of Commerce. This document certifies the existence of the legal entity, indicates its legal representative and provides information on its registered address, its partners, its capital and the date of establishment. The rate is set according to Decree 393 of 2002.

Procedure 3. Request and obtain certificate of boundaries**Time:** 15 days**Cost:** No cost

Comments: A request is submitted to the Planning Office to establish the boundaries where the construction will take place. The Municipal Planning Office visits the property and then issues a document indicating the specifics of the property, curb and construction. The request must be accompanied by the ownership history and no-lien certificate and the drawings of the project. Article 597 of Municipal Agreement 003 of 2007 –that amended article 401 of Decree 0154 of 2000, sets forth that the Secretariat of District Planning must issue this certificate within 10 business days.

Procedure 4. Obtain construction license**Time:** 30 days

Cost: COP\$11,111,836. The formula for calculating the rate is as follows: $E = (C^i * j^m) + ((Cv^i * j^m)^m) * 1.16$. For Barranquilla, is: $E = (865,068 \times 4 \times 0.855) + ((397,520 \times 4 \times 5.17 \times 0.855) \times 1.16)$

Comments: The constructor must present the following documents (Article 18 of Decree 564 of 2006):

1. Copy of the ownership history and no-lien certificate, with an issue date of less than one month prior to the date of the request
2. The unified national license request form, established through Resolution 0984 of 2005, issued by the Ministry of the Environment, Housing and Territorial Development
3. Copy of the Certificate of existence and legal representation, issued less than one month earlier
4. Copy of the documents or tax statements proving payment of property taxes for the previous five years
5. Drawing of the site
6. List of the addresses of neighboring properties

The urban curator reviews the documentation, and two days later indicates the information that must be posted on a bulletin board that should be placed in a visible location at the property. This information may be received by phone. The constructor then installs the bulletin board at the property and sends a scanned image to the urban curator as proof that the bulletin board was installed. Meanwhile, the urban curator contacts the neighbors and informs them about the construction project; if within five business days no objections are made, the urban curator begins the process of issuing the license.

Procedure 5*. Pay urban boundary tax**Time:** 1 day (simultaneous with procedure 4)

Cost: COP\$6,607,740. The rate is calculated as follows: price per square meter (commercial use) x square meters x 1.5% = 338,702.12 x 1,300.6 x 1.5%. Resolution 002 of 2008 specifies the price per square meter depending on the use to be given to the property.

Comments: Part of the tax must be paid in advance at the time the license is issued. To this effect, the estimated cost of the construction project is used as the taxable base. When the project is finished, a statement must be submitted indicating the final taxable base, which is the cost of the project, from which the advance payment is deducted (Municipal Agreement 030 of December 30 of 2008). This regulation causes substantial problems to construction companies, because an initial amount is paid up front, but when the project is finished they must negotiate with the Municipal Government the payment or reimbursement of the additional amount, based on the final cost of the project.

Procedure 6. Request and obtain an estimation of costs for connection to water service**Time:** 11 days**Cost:** No cost

Comments: The construction company makes the request for the connection of water service either by e-mail (*cliente@aaa.com.co*) or by fax (3614111), indicating: the property's address, activity to be performed and drawing of the location. These documents may be either attached to the e-mail or sent via fax. Based on the request, the service provider company Triple A sends an agent to visit the site and estimate the cost of the connection.

Procedure 7*. Request connection to electricity service**Time:** 15 days (simultaneous with procedure 6)

Cost: COP\$439,000. This cost includes: [COP\$202,000: meter + COP\$69,000: meter box + COP\$110,000 (11,000 x 10): connection line + COP\$58,000: labor].

Comments: The connection is requested using a form that is downloaded from the website of the company *Electri Caribe*. The request should include: the certificate of existence and legal representation, photocopy of the identification card of the owner of the lot or the legal representative, and the filled-out form. All the information on the documents and steps required to get a connection to electricity service is posted at the website www.electricaribe.com. Once the required documentation has been submitted and the payment has been made, an appointment is made with the client to inspect and review the materials, and a minute on the review is written up and signed indicating acceptance by the development engineer, the client, and the engineer in charge of the project.

Procedure 8*. Obtain a telephone connection

Time: 5 days (simultaneous with procedure 7)

Cost: No cost

Comments: It may be requested by phone or in person. The cost of the connection is free when a clause of minimum time of service is signed. The client must provide a photocopy of the Certificate of existence and legal Representation issued no more than 3 months earlier, a photocopy of the identification card of the legal representative and the exact address of the warehouse.

Procedure 9. Pay connection to water service

Time: 1 day

Cost: COP\$500,000

Comments: This includes the full connection: materials, labor, meter and check valve. This cost is an estimate; it may be higher depending on the distance from the site to the local grid. A few days after the client pays the connection budget at the offices of *Triple A*, the company sends the crew to perform the connection. The company does not charge for connection rights; it only charges for the connection work.

Procedure 10*. Obtain RETIE certificate

Time: 1 day (simultaneous with procedure 9)

Cost: COP\$150,000 (market price)

Comments: Before electricity can be connected, the construction company must submit the RETIE certificate, which is issued by companies authorized to this effect by the Superintendence of Industry and Commerce. The certifying company confirms that the building complies with RETIE rules and issues its opinion on power distribution, transformation and final use.

Procedure 11. Obtain connection to water service

Time: 25 days

Cost: No cost

Comments: Triple A generally takes one day to install the final connection, even though the company says it may take between 10 and 15 business days. On this regard, construction companies report that the times vary significantly, because sometimes they make the connection in 15 days, but other times it takes up to a month.

Procedure 12*. Obtain connection to electricity service

Time: 1 day (simultaneous with procedure 11)

Cost: COP\$349,526: The cost of connection is COP\$174,763 per hour. It is assumed that it takes two hours.

Comments: The Service or Account Executive staff member delivers the notification indicating the time and hour when the connection will be made. In order to make the connection, the client must show the RETIE. Other requirements include:

1. Coordination of the works is the responsibility of an on-site electrical engineer, who must be accredited by *Electri Caribe*
2. The works will only begin when the representative of *Electri Caribe* is confirmed as the connection agent
3. The construction company's staff must comply with all work safety rules for the work to be performed and present a copy of the updated company statements of payments to the social security system (ARP, EPS and pensions)

Procedure 13. Final inspection by the Municipal Government

Time: 1 day

Cost: No cost

*This procedure is simultaneous with a previous procedure.

DEALING WITH CONSTRUCTION PERMITS

Bogotá, D. C.

Procedure 1. Obtain the ownership history and no-lien certificate

Time: 1 day

Cost: COP\$11,000

Comments: This certificate (*Certificado de Libertad y Tradición*) provides the legal information on the property and on its current and previous ownership. The rate is set according to Decrees 1250 of 1970 and 2280 of 2008, the latter modified by Resolution 0035 of 2009. Any individual or legal entity can request this certificate at the Registry Office.

Procedure 2. Obtain construction license

Time: 33 days

Cost: COP\$12,190,529

Comments: The constructor must present the following documents (Article 18 of Decree 564 of 2006):

1. Copy of the ownership history and no-lien certificate, with an issue date of less than one month prior to the date of the request
2. The unified national license request form, established through Resolution 0984 of 2005, issued by the Ministry of the Environment, Housing and Territorial Development
3. Copy of the Certificate of existence and legal representation, issued less than one month earlier
4. Copy of the documents or tax statements proving payment of property taxes for the previous five years
5. Drawing of the site
6. List of the addresses of neighboring properties
7. 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

Article 21 of Decree 564 also establishes these additional documents for construction license applications:

-Copy of:

- (a) the report of the structural calculations and the structural designs; and of
 - (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 issued the original license, the interested party will present the previous licenses.

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 57 complex between 500 sq meters and 2,000 sq meters) and should be approved by the Curator within 33 days (25 calendar days). However, if it requests additional documentation, such requests suspend the 33-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 35-day term -only if correctly justified by written resolution- to up to 90 calendar days. If process has no delays the "silent is consent" rule will apply and license will be issued in 45 calendar days.

The cost to complete COP\$12,190,528

The license cost is calculated by the formula below, defined in Article 108 of Statutory Decree 564, 2006:

$$E = (Cf * i * m) + (Cv * i * j * m)$$

Where:

Cf = fixed charge, according to the use and area: COP\$865,068 (including VAT).

Cv = variable charge, according to the use and area: COP\$397,520 (formula defined by Article 108 - 80% of minimum salary).

i = use and socioeconomic stratification index, 4 (defined by Article 108).

m = town factor, according to market, 0.938 (for Bogotá, according to Article 110).

j = Ratio between expenses and square meters, given by the formula assigned in

Paragraph 3, Article 108 of the Statutory Decree 564 of 2006. The variable j is calculated as $3.8/[0.12+(800/Q)]$, where Q is the total area in sq. m. Applying this formula, the " j " ratio is equal to 5.17.

Then, applying the formula to the aforementioned values, the cost of the license (E) would be the following:

$$E = (865,068 \times 4 \times 0.938) + (397,520 \times 4 \times 5.17 \times 0.938 + 16\% \text{ VAT}).$$

$$E = 3,245,735 + 8,944,793$$

$$E = 12,190,528$$

Article 108 of Decree No. 564, 2006, specifies that licenses may not be granted by the urban curator without the previous payment of any taxes caused by the license procedure. Constructor 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. 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.

Procedure 3. Pay urban boundary tax

Time: 1 day

Cost: COP\$22,063,360

Comments: The fees and taxes must be deposited at a designated account held by the district authorities at any bank in Bogotá. Urban delimitation and occupation tax for the warehouse amounts (calculated at a rate of 2.6% over the Minimum building direct completion costs).

Minimum building direct completion costs (MBDCC)* - estimated by DANE (National Statistics Department): COP\$652,461/sq. m. (only direct costs) \times 1,300.6 sq. m. = COP\$905,545,651.38 \times 2.6% = COP\$22,063,360.19

58 * MBDCC in 2008 was 696,252 but it was updated by DANE in January 2009 to 652,461.

This is a one-time payment. 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 engineers and to ancillary payments for such honoraria. It does not include costs for taxes, land acquisition, project financing, and utility surcharges.

The fees and taxes must be deposited at a designated account held by the district authorities at any bank in Bogotá. This tax is payable once the license has been approved, and it is a precondition for the delivery of the approved license. If at the end of the construction the actual costs surpass the estimated ones, BuildCo must pay an additional 3% on the difference.

Procedure 4. Obtain previous authorization of water connection service

Time: 10 days

Cost: COP\$1,845,300

Comments: The owner of the lot (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:

- Nomenclature certificate (*boletín de nomenclatura*) of the plot where the warehouse will be located
- Ownership history and no-lien certificate for the lot
- Authorization of the owner of the lot for the installation service request, if the owner is not requesting the service directly
- Description of the warehouse purpose (whether commercial or industrial). According to Resolution 1281 from August 2008 the cost is: COP\$1,123,520 for connection fee and COP\$699,120 to install the meters and COP\$22,660 for meter verification. EAAB has 21 points of service at the different service centers that the local government has established throughout Bogotá

Procedure 5. Receive inspection from authorized contractor (audit of the grids)

Time: 1 day

Cost: No cost

Comments: EAAB undertakes supervision, control, and evaluation of construction according to regulations. It takes place during the whole construction process

Procedure 6. Obtain connection to water service

Time: 10 days

Cost: No cost

Comments: EAAB undertakes the final inspection

Procedure 7. Request connection to electricity service

Time: 1 day

Cost: COP\$5,000,000

Comments: The owner of the lot (or a representative) must request that Codensa install the electric utilities by furnishing copies of the following documents:

- Nomenclature certificate (*boletín de nomenclatura*) of the plot where the warehouse will be located
- Certificate of ownership history and no-lien certificate
- Authorization of the plot owner for the service installation request if the owner is not requesting the service directly
- A description of the use that will be given to the warehouse (whether commercial or industrial)

No later than 20 days after requesting the connection, Codensa must send a service agent that will review the construction and estimate the connection costs.

Procedure 8. Receive inspection from authorized contractor

Time: 1 day

Cost: No cost

Comments: No later than 20 days after requesting the connection, Codensa must send a service agent that will review the construction and estimate the connection costs.

Procedure 9. Obtain electricity service

Time: 11 days

Cost: No cost

Comments: If the party agrees with the quote (see previous procedure), Codensa must complete the installation within 10 days after the installation approval. Generally, it takes 3 days after the party agrees with Condensa's quote.

Procedure 10. Obtain a telephone connection

Time: 4 days

Cost: COP\$200,000

Comments: The line may be requested by phone or in person at any of the points of service. In both cases, the party requesting the installation must provide its citizen's identification number, the information on the exact plot location, and the status of the place where the plot is located.

Procedure 11. Final inspection by the Municipal Government

Time: 1 day

Cost: No cost

Comments: Through its agents, the mayor's office (*Alcaldía Distrital*) is the entity in charge of monitoring and controlling construction projects in Bogotá. This is true also of municipal major's offices nationwide for construction projects developed within their jurisdictions. The inspections are carried out to confirm that the construction is being completed according to the construction license.

*This procedure is simultaneous with other procedures.

DEALING WITH CONSTRUCTION PERMITS

Bucaramanga, Santander

Procedure 1. Obtain ownership history and no-lien certificate

Time: 1 day

Cost: COP\$11,840

Comments: This certificate (*Certificado de Libertad y Tradición*) provides the legal information on the property and on its current and previous ownership. The rate is set according to Decrees 1250 of 1970 and 2280 of 2008, the latter modified by Resolution 0035 of 2009. Any individual or legal entity can request this certificate at the Registry Office.

Procedure 2*. Obtain certificate of existence and legal representation of the Construction Company

Time: 1 day (simultaneous with procedure 1)

Cost: COP\$3,500

Comments: When the parties are Limited Liability Companies, the Certificate of existence and legal Representation must be requested from the Chamber of Commerce. This document certifies the existence of the legal entity, as well as other aspects such as its date of incorporation, its expiration date, registered address, partners, capital, legal representative, his or her authorization to enter into deals in the name of the company, and its line of business. The rates for public registration services are set according to what is established in Decree 393 of 2002.

Procedure 3*. Pay certificate of no outstanding payments on property tax and no outstanding contribution obligations on property value increases due to public works for the metropolitan area

Time: 1 day (simultaneous with procedures 1 and 2)

Cost: COP\$14,500[COP\$3,100 (certificate of no outstanding payments on property tax) + COP\$3,100 (certificate of the legal price estimated for the property) + COP\$8,300: (certificate of no outstanding contribution obligation on property value increases due to public works for the metropolitan area)].

Comments: The fee for the certificates is paid at a local commercial bank.

Procedure 4. Obtain certificate of no outstanding payments on property tax and no outstanding contribution obligations on property value increases due to public works for the metropolitan area

Time: 1 day

Cost: No cost

Comments: The Municipal Government is the entity in charge of issuing this document.

Procedure 5. Obtain certificate of no outstanding contribution obligations on property value increases due to public works for the metropolitan area

Time: 1 day

Cost: No cost

Comments: This document certifies that the payments of contributive tariffs for value increase of the property in the metropolitan area is up to date. This procedure is carried out at the Bucaramanga's Metropolitan Area Office.

Procedure 6. Obtain construction license

Time: 60 days

Cost: COP\$9,877,188. The formula for the calculation of the expenses is the following: $E = (Cf * i * m) + (Cv * i * m)$. VAT included. For Bucaramanga is:

$E = (865,068 \times 4 \times 0,760) + (397,520 \times 4 \times 5,17 \times 0,760 + VAT)$. These figures coincide with the theoretical ones according to the factor applied for this city according to Decree 564 de 2006.

Comments: The constructor must submit the following documents (Article 18 of Decree 564 of 2006):

1. Copy of the ownership history and no-lien certificate, with an issue date no later than one month prior to the date of the request
2. The unified national license request form, established through Resolution 0984 of 2005, issued by the Ministry of the Environment, Housing and Territorial Development
3. Copy of the existence and legal representation certificate, with an issue date of less than one month prior to the date of the request
4. Copy of the documents or tax statements proving payment of property taxes for the previous five years
5. Drawing of the site and identification of the property
6. List of the addresses of neighboring properties

Procedure 7. Obtain bulletin of properties' numbers and addresses (*Boletín de nomenclatura*)

Time: 1 day

Cost: COP\$42,150 (fee for a warehouse)

Comments: This procedure is regulated by article 172 of Agreement 44, 2008. The tariff is based on the contribution (*tasa*) of urban nomenclature, which originates in the assignment of properties' identification numbers and addresses. It may be obtained through request before the urban curator's Office (Article 9 of Agreement 017, 1990).

Procedure 8. Pay tax for urban zoning and stamp duties pro-Industrial University of Santander (UIS) and pro-Caja de Previsión Nacional

Time: 1 day

Cost: COP\$751,666. For this type of construction, the urban zoning tax is calculated according to the following formula:

COP\$524 for each m² of construction + 10% (use and excavation).

Then: $524 * 1,300.6 \text{ m}^2 = 681,514.4 + 68,151.44 = \text{COP\$}749,665.84$

In addition stamps pro UIS and *Caja de Previsión* are paid.

Stamp pro- UIS is paid according to where the project is located:

Zoning status 1 and 2: No charge

Zoning status 3 and 4: COP\$710,600

Zoning status 5 and 6: COP\$1,421,090

Since the zoning status where commercial development areas for warehouses are presently located in Bucaramanga's perimeter, it is highly probable that the warehouse may be in the zoning status 1 and 7, so there would not be any charge.

For the stamp *pro-Caja de Previsión* $\text{COP\$} 4$ are paid for each 3 m² of construction, $(1,300 \text{ m}^2) * \text{COP\$} 4/3 \text{ m}^2 = 1,734.33$, that is COP\$2,000. For the stamp *pro-Caja de Previsión Nacional* $\text{COP\$} 4$ are paid for each 3 m² $(1,300 \text{ m}^2) * \text{COP\$} 4/3 \text{ m}^2 = 1,734.33$, that is COP\$2,000.

Comments: Payment can be made both at the urban curator's office and at the Municipal Government. The procedure is regulated by Agreement 44, of 2008, and the stamp duties by Municipal Orders 012 of 2005, and 014 of 2008.

Procedure 9. Request provisional approval for sewage service

Time: 30 days

Cost: No cost

Comments: With the zoning status chart and a form, the property's owner or its legal representative requests the service from Santander's Public Enterprise of Sewage System (EMPAS), which verifies and approves its availability; the process includes an inspection visit. Then all documents with the designs of the internal and external grids must be also submitted, in order for the company to approve the project. Once the constructor gets the approval, he presents it before the sewage company.

The constructor can also apply for a temporary authorization and provisional connection of water facilities. The process takes 10 days, and the following documents must be submitted:

1. Photocopy of the construction license
2. Legible photocopy of certificate of the company's existence and legal representation
3. To be duly connected to the sewage system

When the provisional registration is approved, the certificate that permits to request the water works system is also issued.

Procedure 10*. Receive inspection for electricity connection

Time: 10 days (simultaneous with procedure 9)

Cost: No cost

Comments: The following documents are annexed for this purpose: Once the service availability is approved, information on the project must be submitted for its revision and approval.

1. Plan of electricity installation at half tension (HT) MT (70x100cm)
2. Plan of electricity installation at low tension (LT) BT (50x70cm)
3. Approved service availability
4. Photocopy of professional license of engineer responsible for the electricity plan
5. Licenses and permits (free accesses, grid connections, etc.)

Procedure 11*. Obtain a telephone connection

Time: 8 days (simultaneous with procedures 9 and 10)

Cost: No cost

Comments: The company mostly used is *TeleBucaramanga ESP*. The connection is requested and the company sends the contract or clause that must be filled out with the nomenclature bulletin and a photocopy of the certificate of existence and legal representation.

The company receives these documents, and within the following 5 or 8 days the service is installed. This has no charges, but for the monthly fee that is paid according to the selected telephone plan.

Procedure 12. Request provisional authorization for the connection to water service

Time: 20 days

Cost: COP\$120,000 (It corresponds to the cost of the measuring meter device)

Comments: The first step is to request availability; to do so the availability request form and the zoning status chart must be submitted.

Once the service availability is approved, the property's owner – or the legal representative – requests the connection to the Bucaramanga's Metropolitan Water works (MB), annexing the following documents:

1. The real estate nomenclature bulletin
2. License to intervene the public space
3. Sewage authorization letter (provisional registration)
4. Certificate of ownership history and no-lien certificate
5. Certificate of existence and legal representation of the company

Once the request is submitted, the water works company studies the project and approves a temporary measuring meter device. This procedure takes around 10 to 15 days, time during which AMB officers visit the site and revise the specifics of the project.

Procedure 13. Revision and legalization of definite registration for sewage system

Time: 15 days

Cost: COP\$296,100 (Connection rights according to zoning status)

Comments: Once construction works are finished, the legalization of the definite registration is requested. The annexes to the application are:

1. Photocopy of the nomenclature bulletin
2. Sewage system master plan
3. Original minutes and two copies – at external project coordination the digital files are supplied
4. Construction works infrastructure receipt of intervention of public space
5. Stability insurance policy in favor of EMPAS for 20% of the cost of the works and for a minimum of 5 years
6. If grids go through other owners' sites, a legalized copy of the deed of constitution of the easement must be submitted
7. Construction works must be finished.
8. The sewage system must be duly connected.
9. Payment of connection rights depending on the zoning status.

Procedure 14. Revision and legalization of definite water connection

Time: 1 day

Cost: COP\$744,257 [(COP\$864,257 (cost of registration) - COP\$120,000 (cost of measuring meter device already paid for)]

Comments: When the project is finished, legalization of measuring meter device is carried out by paying registration and attaching certification of existence of definite sewage system issued by EMPAS.

Procedure 15*. Obtain RETIE certificate

Time: 5 days

It is the time it takes between application and visit to issue certification.

Cost: COP\$1,000,000. The cost is subject to competition between certifying companies.

Comments: This procedure is applied according to what is set by Resolution CREG 070 of 1998.

Procedure 16. Final inspection of electricity grids

Time: 1 day

Cost: COP\$54,000 (according to zoning status)

Comments: Once the construction's electricity installation is finished, procedure for the revision of the connection must be carried out, and corresponding payments must be made.

At the moment the revision application is made, the certified license of the professional in charge of the electricity installation must be submitted, together with the certificate of compliance with RETIE, the format of availability of service, and the payment receipt for the revision of the connection.

Procedure 17. Obtain electricity connection

Time: 15 days (simultaneous with procedure 16)

Cost: COP\$92,000: Cost according to zoning status

Comments: This procedure corresponds to the legalization of the measuring meter device and final submittal of grid. Once the revision of the previous connection is approved, the service request forms must be submitted, and the following documents must be annexed:

1. Electricity plan approved by the company
2. Copy of service availability (signed with approval of connection revision)
3. Statement of compliance of RETIE
4. Documents to identify user and site
5. The site's nomenclature bulletin
6. Certificate of existence and legal representation
7. Certificate of ownership history no-lien certificate
8. Service request form
9. Payment of connection charges
10. Concept of inspection authority

Once the above requirements are met, the user is authorized to connect to the grid in the service availability form.

Procedure 18. Final inspection by the Municipal Government

Time: 6 days

Cost: No cost

Comments: For the final inspection and to accept construction by the Municipal Government, the public utilities connection certificate is requested.

*This procedure is simultaneous with a previous procedure

DEALING WITH CONSTRUCTION PERMITS

Cali, Valle Del Cauca

Procedure 1. Obtain ownership history and no-lien certificate

Time: 1 day

Cost: COP\$11,840

Comments: This certificate provides the legal information on the property and on its current and previous ownership. The rate is set according to Decrees 1250 of 1970 and 2280 of 2008, the latter as amended by Resolution 0035 of 2009. Any individual or legal entity can request the issue of an ownership history and no-lien certificate of a property at the Registry Office.

Procedure 2*. Obtain of certificate of existence and legal representation of the Construction Company

Time: 1 day (simultaneous with procedure 1)

Cost: COP\$3,500

Comments: When the parties are Limited Liability Companies, the Certificate of existence and legal Representation must be requested from the Chamber of Commerce. This document certifies the existence of the legal entity, as well as other aspects such as its date of incorporation, its expiration date, registered address, partners, capital, legal representative, his or her authorization to enter into deals in the name of the company, and its line of business. The rates for public registration services are set according to what is established in Decree 393 of 2002.

According to Decree 1272 of 2009, in cities with over 500,000 inhabitants where virtual consultation services exist, the urban curator must verify on line the documents for application of urban license, including the certificate of existence and legal representation.

Procedure 3*. Pay stamp duty and submit receipt of payment on property tax

Time: 1 day (simultaneous with procedures 1 and 2)

Cost: COP\$3,000 [Cost of procedure is the same as the cost of the stamps COP\$1,000 (stamp pro-development) + COP\$1,500 (stamp pro-hospitals) + COP\$500 (stamp pro-Valle University)]

Comments: If the person has already paid the property tax, they submit his payment receipt together with payment of stamps. It is a simple and fast procedure.

Procedure 4. Apply for and obtain boundary's certificate**Time:** 25 days

Cost: COP\$55,900 [An initial payment is made for COP\$24,000, depending on the zoning status (zoning status 4). To obtain the boundary's certificate, payment is made according to zoning status and the number of linear meters between the construction site and the by-way. The additional cost would be COP\$30,000 plus the pro-urban development stamp, COP\$1,000]

Comments: According to Decree 419, 1999 and Territorial Ordering Plan (Agreement 069) "POT", first the user has to come to the booth on the 11th floor of CAM Municipal Government Tower, where they request a form to be filled out with all the data regarding the site and the applicant. He drafts a map or plan where the site's reference points are described to facilitate and speed up its location, be that visiting the property or on the plan; annexed is the ownership history and no-lien certificate of the property with the property's boundaries. Receipt of documents is only on the 11 floor of the Municipal Government on Tuesdays and Thursdays from 8 a.m. to 12 p.m. Once these steps are met, applicant can request an answer on Tuesdays or Thursdays from 2 to 5 p.m. in the booth. If it is a favorable answer a second receipt must be paid for which they will get at the booth and it varies according to the linear meters that the property has in its front area.

Procedure 5. Request and obtain land use certificate**Time:** 35 days**Cost:** COP\$7,500 (Fixed cost)

Comments: The land use certificate determines whether the POT allows the project to be constructed on that property.

This procedure is not common for housing developments, but it is required for the construction of industrial or commercial projects (Law 232 of 1995). Initially users come to the booth on the 11 floor of the Municipal Government Tower, where they request a form that is filled out with their personal data and the site where the economic activity is to take place. Then they annex original and copy of the payment receipt of property tax. After payment is made, they return to the booth on the 11 floor of the Municipal Government and hand in the documents, which are received only on Mondays, Wednesdays and Fridays from 8 a.m. to 12m.

Procedure 6. Obtain construction license**Time:** 28 days

Cost: COP\$12,190,529. The formula for the calculation of the expenses is the following: $E = (C^f * i * m) + (C_v * i * m)$ VAT included. For Cali the figures are: $E = (865,068 \times 4 \times 0.938) + (397,520 \times 4 \times 5.17 \times 0.938 + \text{VAT})$.

Comments: The constructor must submit the following documents (Article 18 of Decree 564 of 2006):

1. Copy of the ownership history and no-lien certificate, with an issue date no later than one month prior to the date of the request
2. The unified national license request form, established through Resolution 0984 of 2005, issued by the Ministry of the Environment, Housing and Territorial Development
3. Copy of the ownership history and no-lien certificate, with an issue date of less than one month prior to the date of the request
4. Copy of the documents or tax statements proving payment of property taxes for the previous five years
5. Drawing of the site and identification of the property
6. List of the addresses of neighboring properties

In cities with more than 500,000 inhabitants where virtual means of technological consultation or electronic information is easy, the urban curator, must verify on line that the information registered in the system correspond to the documents provided by the constructor.

Procedure 7. Pay and obtain assignment of nomenclature**Time:** 1 day**Cost:** COP\$140,500: fixed fee

Comments: At the moment of the issuance of the urbanism and construction licenses, the three urban curators in the city send the projects to the Sub-directorate of Urban Ordering of the Planning Department so that the latter assigns the property's nomenclature (number and address). Users go to booth 11 of the Municipal Government Tower to submit the following documents:

1. Memorandum from the urban curator making the request
2. Bordering lines or basic scheme
3. Architecture drawings which must have: areas chart, block location, specifying the location of the site with its nomenclature and by-ways crossings, and the domicile address of two neighbors next to the left and right side of the property

Procedure 8. Pay urban boundary tax**Time:** 1 day

Cost: COP\$1,527,223. [$C = m^2 * \text{cost of } m^2 * 1.5\% = 1.5\% * 1,300.6 * 78,283$ (The cost of the m^2 is based on Resolution 214, 1999 and, in this case "type 4 industrial warehouse for storing" is used)]

Comments: The urban curator revises and determines the amount to be paid corresponding to the urban boundary tax based on Resolution 214 of 1999. The payment receipt is attached to the license documents. This procedure is carried out during the license application process. According to constructors, the said resolution is outdated and, therefore, the amounts to be paid to calculate the m^2 are obsolete. For this procedure it is necessary to:

1. Obtain the outlining form at the Municipal Treasury office
2. Fill out the form according to the liquidation table
3. Pay the tax at the municipal Treasury office
4. Submit the form already paid at the Cadastral office located in the basement of the Treasury office

Procedure 9. Request and obtain the fire department certificate, and submit hydro sanitary designs and fire prevention grids**Time:** 15 days

Cost: COP\$417,739 (COP\$200 per m^2 of constructed area plus VAT to obtain a provisional certificate. To obtain the final certificate the payment is for COP\$100,000 plus VAT).

Comments: The document with the hydro sanitary designs and the fire protection grids is submitted together with the plans and design memory. The Fire department inspects compliance with safety standards and with the rules to prevent fires and then approves the design for the fire protection system. This procedure can start before obtaining the construction license, but its completion is a pre-requisite to obtain authorization for utilities connections. The certificate is issued by the Safety and Projects Department of Cali's Volunteer Fire Department which verifies compliance with these minimum standards:

1. Have devices for protection from fires: extinguishers
2. Set up exits and emergency pathways
3. Have proper standards for handling fuels, gasoline, oil, gas, etc
4. Set up adequate warning signs i.e. Danger, No smoking, High Voltage, Emergency Exit, etc
5. Proper fire protection equipment
6. Contingency plans

Procedure 10. Obtain fire department certificate after testing hydraulic grids**Time:** 1 day**Cost:** COP\$1,160,000 (COP\$1,000,000 plus VAT).

Comments: After an inspection from the fire department, *Siamesas* must approve the grids designs for fire prevention.

Procedure 11*. Obtain previous authorization for connection to water service**Time:** 20 days (simultaneous with procedure 9)

Cost: COP\$540,000 [COP\$90,000(measuring meter device),+ COP\$9,000 (calibration) + COP\$320,000 (materials general grids) + COP\$120,000 (labor)]

Comments: An inspector from the water work company visits the site and submits a report to EMCAL's technical area. The constructor then makes an estimate for the costs of the general grid, labor and tests for the measuring meter device.

Procedure 12*. Request connection to electricity service**Time:** 1 day (simultaneous with procedure 11)**Cost:** No cost**Comments**

It is necessary to get a transformer only if the construction disrupts electricity charges in the area.

Procedure 13*. Obtain a telephone connection**Time:** 7 days**Cost:** No cost

Comments: Telephone connection is a simple process. One can call the telephone company to request the service. If the constructor is already a customer or if a year-contract is signed, the telephone connection has no charge.

Procedure 14. Inspection by EMCALI to approve the construction and authorize the water connection**Time:** 1 day**Cost:** No cost**Comments:** At the end of the construction works, the project is submitted for final approval, the provisional connection is dismantled and the definite one is authorized.**Procedure 15. Obtain water connection service****Time:** 1 day**Cost:** No cost**Comments:** On the day it is installed a final revision is effected. In the case of large construction projects the inspections are carried out later.**Procedure 16*. Obtain RETIE certificate****Time:** 1 day**Cost:** COP\$150,000 (market value in Cali)**Comments:** This procedure is carried out once the construction works are finished. In Cali it takes a day since there are local certifying officers. This is contrary to what was taking place in 2008 when due to the lack of local certifying officers, it was necessary to obtain the certificate in Bogota which took longer and had greater costs.**Procedure 17. Receive inspection and obtain an estimate for electricity connection****Time:** 7 days**Cost:** No cost**Comments:** The construction company submits its project for connections to electricity. EMCALI revises the project, inspects the site and then approves the connection. Overall, to request and obtain connection to electricity service is easier than obtaining water service. However, it costs more.**Procedure 18*. Obtain connection to electricity service****Time:** 12 days (simultaneous with procedures 11 and 14)**Cost:** COP\$1,750,000. It includes labor, materials and measuring meter device.**Comments:** With the presentation of the RETIE certificate, EMCALI visits the site and immediately installs the service.**Procedure 19. Final inspection by the Municipal Government****Time:** 1 day**Cost:** No cost

*This procedure is simultaneous with a previous procedure

DEALING WITH CONSTRUCTION PERMITS

Cartagena, Bolívar**Procedure 1. Obtain ownership history and no-lien certificate****Time:** 1 day**Cost:** COP\$11,840**Comments:** This certificate provides the legal information on the property and on its current and previous ownership. The rate is set according to Decrees 1250 of 1970 and 2280 of 2008, the latter as amended by Resolution 0035 of 2009. Any individual or legal entity can request the issue of an ownership history and no-lien certificate of a property at the Registry Office.**Procedure 2*. Obtain certificate of existence and legal representation of the Construction Company****Time:** 1 day (simultaneous with procedure 1)**Cost:** COP\$3,500**Comments:** When the parties are Limited Liability Companies, the Certificate of existence and legal Representation must be requested from the Chamber of Commerce. This document certifies the existence of the legal entity, as well as other aspects such as its date of incorporation, its expiration date, registered address, partners, capital, legal representative, his or her authorization to enter into deals in the name of the company, and its line of business. The rates for public registration services are set according to what is established in Decree 393 of 2002.

Pursuant to Decree 1272 of 2009, in cities with over 500,000 inhabitants where there are technological means for on line consultations, urban curator must verify That the information registered in the system corresponds to the documents and certificates provided by the constructor,

Procedure 3*. Obtain certificate of no outstanding payments on property tax**Time:** 1 day (simultaneous with procedures 1 and 2)**Cost:** No cost.**Comments:** The certificate is issued only if the constructor is up to date with his payments.**Procedure 4. Pay certificate of no outstanding contribution obligation on property value increases due to public works****Time:** 1 day**Cost:** COP\$20,000**Procedure 5: Obtain certificate of no outstanding contribution obligation on property value increases due to public works****Time:** 1 day**Cost:** No cost**Comments:** The certificate is required by the urban curator to issue the construction license.**Procedure 6. Obtain construction license****Time:** 40 days (the minimum deadline is 10 business days; and the maximum is 45 business days)**Cost:** COP\$11,696,670. The formula for the calculation of the expenses is the following: $E = (C^i * j^m) + ((Cv^i * j^m) * 1.16.)$ For Cartagena, is: $E = (865,068 \times 4 \times 0.9) + ((397,520 \times 4 \times 5.17 \times 0.9) \times 1.16)$ **Comments:** The constructor must submit the following documents (Article 18 of Decree 564 of 2006):

1. Copy of the ownership history and no-lien certificate, with an issue date no later than one month prior to the date of the request
2. The unified national license request form, established through Resolution 0984 of 2005, issued by the Ministry of the Environment, Housing and Territorial Development
3. Copy of the certificate of existence and legal representation, with an issue date of less than one month prior to the date of the request
4. Copy of the documents or tax statements proving payment of property taxes for the previous five years
5. Drawing of the site and identification of the property.
6. List of the addresses of neighboring properties

Procedure 7. Pay boundary tax**Time:** 1 day**Cost:** COP\$10,794,980 (In the case of new constructions, the amount is 1% of the cost of the construction, and an additional stamp is paid for 1% of what the expenses are)**Procedure 8. Obtain the previous authorization to connect the water service****Time:** 20 days (maximum 30 calendar days)**Cost:** COP\$350,000**Comments:** Cartagena's water works company certifies the availability of water connection. This procedure is necessary because in some areas constructions are not permitted due to sewage restrictions.**Procedure 9. Final inspection by Cartagena's water Company****Time:** 15 days**Cost:** No cost**Procedure 10*. Request connection to electricity service****Time:** 7 days (simultaneous with procedure 8)**Cost:** No cost**Comments:** With this application the design and availability of the connection are approved.

Procedure 11. Obtain the RETIE certificate**Time:** 15 days**Cost:** COP\$2,250,000**Comments:** Cost includes all the forms that must be filled for the power company, cost of inspection and certification required to construct the warehouse.**Procedure 12. Obtain connection to electricity service****Time:** 10 days**Cost:** COP\$5,000,000**Procedure 13*. Obtain telephone connection****Time:** 5 days (simultaneous with procedures 8 and 10)**Cost:** No cost**Comments:** Time depends on the operator's schedule. On average this procedure takes 5 days.**Procedure 14. Final inspection by the Municipal Government****Time:** 1 day**Cost:** No cost**Comments:** The office in charge of the inspection is the Urban Control Division. The minor Municipal Government (*Alcaldía menor*) opens a log when the project starts and conducts periodic visits.

*This procedure is simultaneous with a previous procedure.

DEALING WITH CONSTRUCTION PERMITS

Cúcuta, Norte de Santander**Procedure 1. Obtain ownership history and no-lien certificate****Time:** 1 day**Cost:** COP\$11,840**Comments:** This certificate provides the legal information on the property and on its current and previous ownership. The rate is set according to Decrees 1250 of 1970 and 2280 of 2008, the latter as amended by Resolution 0035 of 2009. Any individual or legal entity can request the issue of an ownership history and no-lien certificate of a property at the Registry Office.**Procedure 2*. Obtain certificate of existence and legal representation of the construction company****Time:** 1 day (simultaneous with procedure 1)**Cost:** COP\$6,600 [COP\$3,500 (fixed national fee) + COP\$2,100 (duty stamp pro-hospital)]**Comments:** When the parties are Limited Liability Companies, the Certificate of existence and legal Representation must be requested from the Chamber of Commerce. This document certifies the existence of the legal entity, as well as other aspects such as its date of incorporation, its expiration date, registered address, partners, capital, legal representative, his or her authorization to enter into deals in the name of the company, and its line of business. The rates for public registration services are set according to what is established in Decree 393 of 2002.

The procedure is completed before Cucuta's Chamber of Commerce and it could take less. Payments are made directly at the Chamber of Commerce and fees are set according to Decree 393 of 2002.

Procedure 3*. Obtain certificate of no outstanding payments on property tax**Time:** 4 days (simultaneous with procedures 1 and 2)**Cost:** COP\$30,000 [COP\$2,100 (stamp duty *pro-hospital Erasmo Meoz*) + COP\$8,700 (*Metrovivienda*) + COP\$15,600 (municipal stamps) + COP\$ 3,600 (cost of systematization)]**Comments:** To obtain the certificate, it is necessary to have photocopies of the receipts of previous payments on property tax. Once the request is made, it takes 4 days for its delivery. This procedure is ruled by Municipal Agreements 02 of 1999, 43 of 2002 and 26 of 2007.**Procedure 4. Pay boundary tax****Time:** 1 day**Cost:** COP\$4,222,515 [T = COP\$649,318*6,503 (project area in square meters)*0.5%]**Comments:** The urban curator makes an estimate for the cost. It is then paid at one of booths of the bank located at the Municipal Government. This cost is established by letter b) of Article 200 of the Tax Statute for the municipality of San Jose de Cúcuta.**Procedure 5. Pay pro-development stamp duty (*estampilla pro-desarrollo*)****Time:** 1 day**Cost:** COP\$844,500**Comments:** This stamp is paid at the bank *Banco de la República* in favor of the Public University of Norte de Santander.**Procedure 6. Pay pro-culture stamp duty (*estampilla pro-cultural*)****Time:** 1 day**Cost:** COP\$496,500 [Equivalent to one legal minimum monthly wage in force (smlmv)]**Comments:** This stamp is paid at the bank *Banco Popular* and its recipient is the municipality.**Procedure 7. Payment of tax on construction work leftovers****Time:** 1 day**Cost:** COP\$465,615**Comments:** Tax on construction work leftovers costs COP\$358 * the number of meters constructed.This stamp is paid at the bank *Banco Davivienda* and its recipient is the foundation *Funambiente*.**Procedure 8. Obtain construction license****Time:** 25 days**Cost:** COP\$11,696,670. The formula for the calculation of the expenses is the following: $E = (Cf * m) + ((Cv * j) * m) * 1.16$. For Cúcuta is $= (865,068 \times 4 \times 0.9) + ((397,520 \times 4 \times 5.17 \times 0.9) \times 1.16)$ **Comments:** The constructor must present the following documents (Article 18 of Decree 564 of 2006):

1. Copy of the ownership history and no-lien certificate, with an issue date no later than one month prior to the date of the request
2. The unified national license request form, established through Resolution 0984 of 2005, issued by the Ministry of the Environment, Housing and Territorial Development
3. Copy of the certificate of existence and legal representation, with an issue date of less than one month prior to the date of the request
4. Copy of the documents or tax statements proving payment of property taxes for the previous five years
5. Drawing of the site and identification of the property
6. List of the addresses of neighboring properties

Procedure 9. Obtain previous authorization for water connection service**Time:** 15 days**Cost:** COP\$2,800,000**Comments:** The constructor requests from the company *Aguas Capital* the viability and availability of the service. The company holds a committee meeting every Friday and responds in no less than 10 days. Requirements for this procedure are: cadastral chart, copy of residential tax and the written request.**Procedure 10*. Request connection to electricity service****Time:** 30 days (simultaneous with procedure 9)**Cost:** No cost**Comments:** It is approved through Resolution issued by Electricity Central of Norte de Santander.**Procedure 11*. Obtain a telephone connection****Time:** 1 day (simultaneous with procedures 9 and 10)**Cost:** No cost**Comments:** The procedure for obtaining a telephone line has no cost and does not take longer than a day.

Procedure 12. Audit of the grids**Time:** 8 days**Cost:** No cost**Comments:** The company *Aguas Capital* is in charge of conducting periodic supervisions on the construction works.**Procedure 13*. Obtain RETIE certificate****Time:** 7 days (simultaneous with procedure 12)**Cost:** COP\$170,000 [COP\$ 100,000 (cost of construction drawings) + COP\$70,000 (verification)]**Comments:** The project to install the connection must be signed by an electrical engineer. Electricity Central of Norte de Santander only revises the documents pertaining the RETIE. The procedure entails a mixed-type regulation; even though RETIE sets a national technical framework, the standard involves municipal norms.**Procedure 14* Final inspection by the water works company****Time:** 1 day**Cost:** No cost**Comments:** The procedure cannot be completed if for some reason the company *Aguas Capital* is also in charge of the construction works. The constructor submits the application requesting the inspection and indicating the kind of activities to be performed. The inspections are based on the project's drawings.**Procedure 15*. Obtain connection to electricity service****Time:** 20 days (simultaneous with procedure 14)**Cost:** COP\$600,000**Comments:** The approved project for indoor installations is issued by a RETIE certifying entity. After issuance of RETIE, the electricity company takes 20 days to install and connect the service.**Procedure 16. Final inspection by the Municipal Government****Time:** 1 day**Cost:** No cost

*This procedure is simultaneous with a previous procedure.

DEALING WITH CONSTRUCTION PERMITS

Ibagué, Tolima**Procedure 1. Obtain ownership history and no-lien certificate****Time:** 1 day**Cost:** COP\$11,840**Comments:** This certificate provides the legal information on the property and on its current and previous ownership. The rate is set according to Decrees 1250 of 1970 and 2280 of 2008, the latter as amended by Resolution 0035 of 2009. Any individual or legal entity can request the issue of an ownership history and no-lien certificate of a property at the Registry Office.**Procedure 2*. Obtain certificate of existence and legal representation of the Construction Company****Time:** 1 day (simultaneous with procedure 1)**Cost:** COP\$3,500**Comments:** When the parties are Limited Liability Companies, the Certificate of existence and legal representation must be requested from the Chamber of Commerce. This document certifies the existence of the legal entity, as well as other aspects such as its date of incorporation, its expiration date, registered address, partners, capital, legal representative, his or her authorization to enter into deals in the name of the company, and its line of business. The rates for public registration services are set according to what is established in Decree 393 of 2002.**Procedure 3*. Obtain certificate of no outstanding payments on property tax****Time:** 1 day (simultaneous with procedures 1 and 2)**Cost:** No cost**Comments:** If the person requires an additional copy of the certificate, it costs COP\$4,000, that is paid at a local commercial bank.**Procedure 4*. Obtain the certificate of "paramento"****Time:** 60 days**Cost:** COP\$40,000: fixed fee**Comments:** The amount is set by the Municipal Government and corresponds to the duty stamps. The certificate is valid for a year; it is usually issued when the construction works are to be started. It is not a common practice to get it when purchasing the property, considering its short validity term.**Procedure 5. Obtain construction license****Time:** 60 days**Cost:** COP\$9,877,188. The formula for the calculation of the expenses is the following: $E=(Cf^*m)+((Cv^*m)*1.16)$. For Ibagué is: $E=(865,068 \times 4 \times 0.76) + ((397,520 \times 4 \times 5.17 \times 0.76) \times 1.16)$ **Comments:** The constructor must submit the following documents (Article 18 of Decree 564 of 2006):

1. Copy of the ownership history and no-lien certificate, with an issue date no later than one month prior to the date of the request
2. The unified national license request form, established through Resolution 0984 of 2005, issued by the Ministry of the Environment, Housing and Territorial Development
3. Copy of the certificate of existence and legal representation, with an issue date of less than one month prior to the date of the request
4. Copy of the documents or tax statements proving payment of property taxes for the previous five years
5. Drawing of the site and identification of the property
6. List of the addresses of neighboring properties
7. In addition, for any construction works, constructors must have an elastic spectrum for earthquake resistance design. This step can be completed through the website of the Municipal Government of Ibagué

Procedure 6. Pay urban boundary tax**Time:** 1 day**Cost:** COP\$3,846,834 [Tax = (legal minimum monthly wage/30)*25%* square meters to be constructed]**Comments:** This procedure established in June 1st of 2009. It is ruled by Municipal Agreement 10 of May 11 of 2009. The agreement was further complemented by Decree 1-0344 of June of 2009; it applies to new buildings or to refurbishing existing ones. It sets exemptions VIP and VIS to projects in zoning status 1, 2 and 3.**Procedure 7. Request and obtain previous authorization to connect water and sewage service****Time:** 30 days**Cost:** No cost**Comments:** The application must be submitted at least two months before the works are started in order to have an estimate for the cost of the hydro-sanitary connection's work.**Procedure 8*. Request connection to electricity service****Time:** 19 days (simultaneous with procedure 7)**Cost:** No cost**Comments:** This procedure is regulated by CREG Resolution of 1978. The constructor must fill out the feasibility data chart with the following documents:

1. Copy of the professional license of the electric technician
2. Copy of certificate of ownership history and no-lien certificate
3. Photocopy of the legal representative's identification card
4. Certificate of existence and legal representation
5. Copy of the protocol for the measuring meter device
6. Copy of the invoice for the measuring meter device

Procedure 9*. Obtain a telephone connection**Time:** 1 day (simultaneous with procedures 7 and 8)**Cost:** No cost**Comments:** This procedure is ruled by Law 142 of 1994, (Law on public utilities services).**Procedure 10. Inspection of hydro sanitary grids****Time:** 30 days**Cost:** No cost

Comments: Once the construction company finishes the construction of the grids, it will request an approval from the Company IBAL that verifies that the works meets the requirements of RAS Standard, 2000, Sistec and Icontec.

This procedure is regulated by Municipal Resolution 202 of 2008, amended by Resolution 1000 of 2008. This regulation was sued before the Administrative Court of Tolima, which overthrew its application as of May 21 of 2009.

Procedure 11*. Obtain RETIE certificate

Time: 30 days (simultaneous with procedure 10)

Cost: COP\$846,800

Comments: The amount of the certificate depends on the city.

Procedure 12. Inspection by the electricity company ENERTOLIMA

Time: 1 day

Cost: COP\$133,000 (fixed fee set by ENERTOLIMA)

Comments: This procedure is completed in accordance to what is set by CREG Resolution 070 of 1998.

Procedure 13. Obtain connection to electricity service

Time: 30 days

Cost: COP\$92,300 (fixed fee set by ENERTOLIMA per connection unit)

Comments: This procedure is completed according to what is set by CREG Resolution 070 of 1998.

Procedure 14. Request and obtain occupation permit certificate

Time: 1 day

Cost: No cost

Comments: Even though the procedure is regulated at a national level, it is not applied by the municipality due to the lack of capacity of the administrative staff to put it into practice. It is ruled by article 46 of Decree 564 of 2006.

*This procedure is simultaneous with a previous procedure.

DEALING WITH CONSTRUCTION PERMITS

Manizales, Caldas

Procedure 1. Obtain ownership history and no-lien certificate

Time: 1 day.

Cost: COP\$11,840

Comments: This certificate provides the legal information on the property and on its current and previous ownership. The rate is set according to Decrees 1250 of 1970 and 2280 of 2008, the latter as amended by Resolution 0035 of 2009. Any individual or legal entity can request the issue of an ownership history and no-lien certificate of a property at the Registry Office.

Procedure 2*. Obtain a certificate of existence and legal representation of the Construction Company

Time: 1 day (simultaneous with procedure 1)

Cost: COP\$3,500

Comments: When the parties are Limited Liability Companies, the Certificate of existence and legal Representation must be requested from the Chamber of Commerce. This document certifies the existence of the legal entity, as well as other aspects such as its date of incorporation, its expiration date, registered address, partners, capital, legal representative, his or her authorization to enter into deals in the name of the company, and its line of business. The rates for public registration services are set according to what is established in Decree 393 of 2002.

Procedure 3*. Request land use certificate

Time: 15 days (simultaneous with procedures 1 and 2)

Cost: No cost

Comments: To request the land use certificate, the record of the identification of the property and the construction project must be submitted. This certificate is valid for a year, and is usually issued when the construction works are to be started. It is not a common practice to request it before the property is acquired, taking into account its validity term; in addition, it depends on the Territorial Ordering Plan (POT), which is updated every year.

Procedure 4. Obtain construction license

Time: 45 days

Cost: COP\$10,527,003. The formula for the calculation of the expenses is the following: $E = (Cf^i * m) + ((Cv^i)^j * m) * 1.16$. For Manizales is: $E = (865,068 \times 4 \times 0.81) + ((397,520 \times 4 \times 5.17 \times 0.81) \times 1.16)$

Comments: The constructor must present the following documents (Article 18 of Decree 564 of 2006):

1. Copy of the ownership history and no-lien certificate, with an issue date no later than one month prior to the date of the request
2. The unified national license request form, established through Resolution 0984 of 2005, issued by the Ministry of the Environment, Housing and Territorial Development
3. Copy of the certificate of existence and legal representation, with an issue date of less than one month prior to the date of the request
4. Copy of the documents or tax statements proving payment of property taxes for the previous five years
5. Drawing of the site and identification of the property
6. List of the addresses of neighboring properties

Procedure 5. Pay urban boundary tax

Time: 1 day

Cost: COP\$8,957,271. [The urban boundary tax corresponds to 1% of the total sum of the construction's budget. The budget is determined by the product of the total number of meters of the construction multiplied by the cost of square meter set by article 34 of Agreement 704 of 2008. For this case: $1,300.6 \text{ m}^2 * 688,703.00 (1.66 \text{ smlmv})$]

Comments: After all the documents are accepted for the construction license and its approval, the urban curator issues two payment receipts: the first one corresponds to the amount of the expenses according to the formula, collected by a bank, and in favor of the urban curator; and the second corresponds to the urban boundary tax, according to the formula; its payment is made through a bank and it is made in favor of the Municipal Tax Office.

Procedure 6. Obtain authorization for water connection services

Time: 1 day

Cost: No cost

Procedure 7. Audit of the grids

Time: 15 days

Cost: No cost

Procedure 8. Final inspection by the water Company of Manizales Aguas de Manizales

Time: 1 day

Cost: No cost

Procedure 9*. Obtain RETIE certificate

Time: 12 days (simultaneous with procedure 6)

Cost: COP\$2,000,000

Comments: The RETIE certificate is a national requirement; its purpose is to prove that construction companies will have adequate installation of electricity grids. It is a requisite to obtain the connection to electricity service.

Procedure 10. Request connection to electricity service

Time: 1 day

Cost: No cost

Procedure 11. Obtain electricity connection

Time: 4 days

Cost: No cost

Comments: There is an inspection to the grids, on the same day the service is connected.

Procedure 12*. Obtain a telephone connection

Time: 3 days (simultaneous with procedures 6 and 9)

Cost: No cost

Comments: Time varies depending on the company rendering service.

Procedure 13. Final inspection by the Municipal Government**Time:** 1 day**Cost:** No cost

*This procedure is simultaneous with a previous procedure.

DEALING WITH CONSTRUCTION PERMITS

Medellin, Antioquia**Procedure 1. Obtain ownership history and no-lien certificate****Time:** 1 day**Cost:** COP\$11,840

Comments: This certificate provides the legal information on the property and on its current and previous ownership. The rate is set according to Decrees 1250 of 1970 and 2280 of 2008, the latter as amended by Resolution 0035 of 2009. Any individual or legal entity can request the issue of an ownership history and no-lien certificate of a property at the Registry Office.

Procedure 2*. Obtain certificate of existence and legal representation of the Construction Company**Time:** 1 day (simultaneous with procedure 1)**Cost:** COP\$3,500

Comments: When the parties are Limited Liability Companies, the Certificate of existence and legal Representation must be requested from the Chamber of Commerce. This document certifies the existence of the legal entity, as well as other aspects such as its date of incorporation, its expiration date, registered address, partners, capital, legal representative, his or her authorization to enter into deals in the name of the company, and its line of business. The rates for public registration services are set according to what is established in Decree 393 of 2002.

Procedure 3*. Obtain certificate of no outstanding payments on property tax and no outstanding contribution obligations on property value increases due to public works**Time:** 1 day (simultaneous with procedures 1 and 2)**Cost:** COP\$8,000. This rate is equivalent to 0.0139 % of the legal minimum monthly wage + 16% VAT, rounded to the nearest thousand.

Comments: The certificates prove that the property's owner has no pending balances on payments on property tax.

The rate is adjusted annually according to a resolution issued by the Municipal Tax Office. For 2009, the Resolution is SH-17-003 of 2009.

The certificate is available immediately once the payment is made on line or at the branch of the commercial bank located at the Municipal Government.

Procedure 4. Obtain the construction license**Time:** 45 days

Cost: COP\$12,190,529. The formula for the calculation of the expenses is the following: $E = (Cf * m) + ((Cv * j * m) * 1.16)$. In the case of Medellin is: $E = (865,068 \times 4 \times 0.938) + ((397,520 \times 4 \times 5.17 \times 0.938) \times 1.16)$

Comments: The constructor must present the following documents (Article 18 of Decree 564 of 2006):

1. Copy of the ownership history and no-lien certificate, with an issue date no later than one month prior to the date of the request
2. The unified national license request form, established through Resolution 0984 of 2005, issued by the Ministry of the Environment, Housing and Territorial Development
3. Copy of the certificate of existence and legal representation, with an issue date of less than one month prior to the date of the request
4. Copy of the documents or tax statements proving payment of property taxes for the previous five years
5. Drawing of the site and identification of the property.
6. List of the addresses of neighboring properties.

Procedure 5. Pay urban boundary tax**Time:** 1 day

Cost: COP\$8,323,840 [The rate is equivalent to 2% of the construction appraisal value. The formula for calculating the urban boundary tax for projects other than housing (Municipal Agreement 67 of 2008) is: $ID = (AD * GD) + (AM * GM)$; $GD = K1 + K3$; $GM = 0.5 * GD$. Where ID: urban boundary tax for uses other than housing, AD: construction area section of the construction index, GD: tax rate per square meter of

construction for uses other than housing, AM: constructed area that is not part of the construction index, GM: tax rate per square meter of construction that is not part of the construction index for uses other than housing, K1: component of the construction index, K3: component of the value of the range of parking spaces for use other than housing. The amounts range between COP\$4 million and 26 million]

Comments: This procedure is regulated by Municipal Agreement 67 of 2008.

Procedure 6. Request inspection for connection to water and sewer grids**Time:** 56 days**Cost:** No cost

Comments: This procedure takes place after an opinion on the feasibility of supplying water and sewage service has been issued. The most important requirements for this procedure are: urbanism license, link up to the geodesic grid approved by Municipal Planning, urbanism and road drawings approved also by Municipal Planning, soil mechanics survey, drawings and calculation logs and compliance with the parameters set forth by the territorial ordering plan (POT) and other applicable regulations for water works.

Procedure 7*. Request audit of electricity grids**Time:** 10 days (simultaneous with procedure 6)**Cost:** No cost

Comments: The constructor presents a technical project with specifications for the connection grid according to the standards set by *Empresas Públicas de Medellin* (EPM).

The project's drawings must be signed by a registered engineer. The proposal must include the response to the request made for the connection and the construction license granted by the municipality.

This procedure is completed according to Resolution CREG 070 of 1998.

Procedure 8*. Obtain a telephone connection**Time:** 8 days (simultaneous with procedures 6 and 7)**Cost:** No cost

Comments: This procedure is regulated by Law 142 of 1994 that regulates public utility services.

Procedure 9. Inspection of water and sewage grids**Time:** 15 days**Cost:** No cost

Comments: The basic requirement is to have the drawings approved by EPM.

This procedure includes their approval of the grids. The most important documents and activities to complete this procedure are: updated drawings, insurance policies for stability risks, washing-out of sewer grids, visits by EPM personnel.

Procedure 10*. Obtain RETIE certificate

Time: 5 days (from the day of the request until the inspection is completed and the certificate is issued)

Cost: COP\$3,000,000 (the costs vary between COP\$2,000,000 and COP\$6,000,000)

Comments: This procedure is completed pursuant to Resolution CREG 070 of 1998.

Procedure 11. Request from EPM audit and calibration of measuring devices**Time:** 15 days**Cost:** No cost

Comments: The time depends on the progress of the works. The procedure includes calibration of the meters, which is the step prior to the acceptance of the works.

Procedure 12. Obtain the certificate of approval of the works**Time:** 45 days**Cost:** No cost

Comments: The certificate is issued by the office for Monitoring and Control at Municipal Planning. They verify that the construction went according to the project's designs. The procedure is regulated by Municipal Agreement 045.

Once the certificate is recorded in the cadastre registry, the constructor can move on with finishing the works and obtain their final approval.

This is a complementary procedure to register the building in the cadastre registry's database, but it does not have any incidence on initiating operations at the warehouse.

Procedure 13. Obtain connection to electricity service**Time:** 1 day**Cost:** COP\$189,680 (Rate established by the municipality and is charged in the utility bill)**Comments:** This procedure is completed, according to Resolution CREG 070 of 1998.

This is the final step to obtain the final approval of the construction. The requirements for the completion of this procedure are the following: form C-024 filled out, attaching the minutes that contain the municipality's approval, and the RETIE.

This information is entered in to the EPM's database to complete the client's registration process. Once this procedure is completed, the constructor gets the connection to electricity service.

*This procedure is simultaneous with a previous procedure.

DEALING WITH CONSTRUCTION PERMITS

Montería, Córdoba**Procedure 1. Obtain ownership history and no-lien certificate****Time:** 1 day**Cost:** COP\$11,840

Comments: This certificate provides the legal information on the property and on its current and previous ownership. The rate is set according to Decrees 1250 of 1970 and 2280 of 2008, the latter as amended by Resolution 0035 of 2009. Any individual or legal entity can request the issue of an ownership history and no-lien certificate of a property at the Registry Office.

Procedure 2*. Obtain the certificate of legal existence and representation of the Construction Company**Time:** 1 day (simultaneous with procedure 1)**Cost:** COP\$3,500

Comments: When the parties are Limited Liability Companies, the Certificate of existence and legal Representation must be requested from the Chamber of Commerce. This document certifies the existence of the legal entity, as well as other aspects such as its date of incorporation, its expiration date, registered address, partners, capital, legal representative, his or her authorization to enter into deals in the name of the company, and its line of business. The rates for public registration services are set according to what is established in Decree 393 of 2002.

Procedure 3*. Obtain certificate of no outstanding payments on property tax**Time:** 1 day (simultaneous with procedures 1 and 2)**Cost:** No cost

Comments: The no pending balances status is verified in the system using the tax payment receipt from the previous year and the property license registration number.

Procedure 4. Obtain the construction license**Time:** 45 days

Cost: COP\$7,459,876. The formula for the calculation of the expenses is the following: $E = (C_f^i * m) + ((C_v^i * j) * m) * 1.16$. In the case of Montería is: $E = (865,068 \times 4 \times 0.574) + ((397,520 \times 4 \times 5.17 \times 0.574) \times 1.16)$

Comments: The constructor must present the following documents (Article 18 of Decree 564 of 2006):

1. Copy of the ownership history and no-lien certificate, with an issue date no later than one month prior to the date of the request
2. The unified national license request form, established through Resolution 0984 of 2005, issued by the Ministry of the Environment, Housing and Territorial Development
3. Copy of the certificate of existence and legal representation, with an issue date of less than one month prior to the date of the request
4. Copy of the documents or tax statements proving payment of property taxes for the previous five years
5. Drawing of the site and identification of the property.
6. List of the addresses of neighboring properties

Procedure 5. Pay urban boundary tax**Time:** 1 day**Cost:** COP\$3,445,173 [ID = (M2*V*1%)]

M2: Square meters allowed

V: Price per square meter

Regulated by the Municipality according to the territorial ordering plan (POT)

Comments: The urban boundary tax is established according to the Tax Statute of Montería, Chapter 7 – Urbanism and construction tax.

The tax amount is related to the zoning status, the constructed area and type of construction (Commercial - Residential).

It is a prerequisite to obtain the construction license and is calculated according to the law [ID = (M2*V*1%)].

Procedure 6. Obtain water connection service**Time:** 15 days**Cost:** COP\$300,000

Comments: It is requested by means of a letter addressed to the company *Proactiva*, along with attachments like the ownership history and no-lien certificate and the project file number. The cost is directly proportional to the amount of work required to connect the internal and external grids.

Procedure 7*. Request connection to electricity service**Time:** 10 days (simultaneously with procedure 6)**Cost:** COP\$248,619

Comments: A request is made to *Electricaribe*, attaching the ownership history and no-lien certificate.

Procedure 8*. Obtain a telephone connection**Time:** 1 day (simultaneously with procedures 6 and 7)**Cost:** No cost

Comments: The service provider companies are: *Telefónica - Telmex - Edatel - Escarsa*.

Procedure 9. Audit of the grids**Time:** 8 days**Cost:** No cost

Comments: The company *Proactiva* is in charge of inspections to ensure compliance with regulatory standards.

Procedure 10*. Obtain RETIE certificate**Time:** 5 days (simultaneous with procedure 9)**Cost:** COP\$300,000

Comments: An external certifying company issues the RETIE certificate; its cost depends on the complexity of the works.

Procedure 11. Final inspection by the water utility company**Time:** 1 day**Cost:** No cost

Comments: The inspection covers the external facilities.

Procedure 12*. Obtain connection to electricity service**Time:** 1 day (simultaneous with procedure 11)**Cost:** COP\$150,000

Comments: The cost includes connection and calibration to the primary grid.

Procedure 13. Final inspection by the Municipal Government**Time:** 1 day**Cost:** No cost

Comments: The Municipal Government must conduct an inspection to verify compliance with the requirements established in the construction license.

*This procedure is simultaneous with a previous procedure.

DEALING WITH CONSTRUCTION PERMITS

Neiva, Huila**Procedure 1. Obtain ownership history and no-lien certificate****Time:** 1 day**Cost:** COP\$11,840

Comments: This certificate provides the legal information on the property and on its current and previous ownership. The rate is set according to Decrees 1250 of 1970 and 2280 of 2008, the latter as amended by Resolution 0035 of 2009. Any individual or legal entity can request the issue of an ownership history and no-lien certificate of a property at the Registry Office.

Procedure 2*. Obtain certificate of existence and legal representation of the Construction Company**Time:** 1 day (simultaneous with procedure 1)**Cost:** COP\$3,500

Comments: When the parties are Limited Liability Companies, the Certificate of existence and legal Representation must be requested from the Chamber of Commerce. This document certifies the existence of the legal entity, as well as other aspects such as its date of incorporation, its expiration date, registered address, partners, capital, legal representative, his or her authorization to enter into deals in the name of the company, and its line of business. The rates for public registration services are set according to what is established in Decree 393 of 2002.

Procedure 3. Pay certificate of no outstanding payments on property tax**Time:** 1 day**Cost:** COP\$5,000

Comments: Resolution 002 of 2000 of the Municipal Council authorized the Municipal Tax Office to charge COP\$5,000 for the certificate on property taxes. Payment is made at a commercial bank located at the office of the Municipal Treasury.

Procedure 4*. Obtain certificate of no outstanding payments on property tax**Time:** 1 day (simultaneous with procedures 1 and 2)**Cost:** No cost**Comments:** The Municipal Treasury issues this certificate.**Procedure 5. Obtain the construction license****Time:** 40 days

Cost: COP\$7,901,750. The formula for the calculation of the expenses is the following: $E = (Cf * m) + ((Cv * j * m) * 1.16)$. In the case of Neiva, is: $E = (865,068 \times 4 \times 0.608) + ((397,520 \times 4 \times 5.17 \times 0.608) \times 1.16)$

Comments: The constructor must present the following documents (Article 18 of Decree 564 of 2006):

1. Copy of the ownership history and no-lien certificate, with an issue date no later than one month prior to the date of the request
2. The unified national license request form, established through Resolution 0984 of 2005, issued by the Ministry of the Environment, Housing and Territorial Development
3. Copy of the certificate of existence and legal representation, with an issue date of less than one month prior to the date of the request
4. Copy of the documents or tax statements proving payment of property taxes for the previous five years
5. Drawing of the site and identification of the property
6. List of the addresses of neighboring properties

Procedure 6. Pay urban boundary tax**Time:** 1 day

Cost: COP\$1,717,885 [The rate depends on the zoning status and is updated every year according to the consumer price index IPC of the previous year. The cost was calculated based on the following values: square meters (1,300.6), urban boundary tax factor (132,084: commercial property, 2009 CPI=7.67% 80% CPI). The formula is: square meters*factor*10x1,000]

Comments: The urban boundary tax is regulated by the Municipal Tax Statute (articles 146 through 154 of Decree 0458 of 1999 and Agreement 021 of 2005).

Procedure 7. Obtain previous authorization for water connection service**Time:** 30 days

The procedure takes 30 days because a committee must meet to issue the certificate of feasibility and availability of the service connection, according to the analysis and approval of the constructor's project.

Cost: COP\$500,000 (The amount varies depending on the project)

Comments: Prerequisites include the construction license and the approved drawings for the grids, in addition to feasibility and availability studies.

Procedure 8*. Request connection to electricity service**Time:** 9 days (simultaneous with procedure 7)**Cost:** No cost

Comments: Once the construction license and designs of electricity grids are available, the constructor requests the connection to electricity services from the service provider company.

Procedure 9*. Obtain a telephone connection**Time:** 3 days (simultaneous with procedures 7 and 8)**Cost:** No cost**Comments:** The connection is made with the selected company.**Procedure 10. Audit of the grids****Time:** 30 days**Cost:** No cost

Comments: The company *Empresas Públicas de Neiva* is in charge of the audits, to ensure compliance with applicable regulations.

Procedure 11*. Obtain RETIE certificate**Time:** 7 days**Cost:** COP\$1,000,000

Comments: The audit by *Electrificadora del Huila* takes on average 7 days after the constructor files the request.

Procedure 12. Final inspection by the water utility company**Time:** 1 day**Cost:** No cost**Comments:** It consists of a visit to the construction site and a grid evaluation.**Procedure 13*. Obtain connection to electricity service****Time:** 20 days (simultaneous with procedure 12)**Cost:** COP\$425,510

Comments: After checking the facilities, the electricity company makes the connection; the cost depends on the amount of power requested, the property's use and zoning status.

Procedure 14. Final inspection by the Municipal Government**Time:** 1 day**Cost:** No cost

Comments: The Municipal Planning Office carries on with the inspection to ensure that the construction complies with the construction license issued by the urban curator.

*This procedure is simultaneous with a previous procedure.

DEALING WITH CONSTRUCTION PERMITS

Pasto, Nariño**Procedure 1. Obtain ownership history and no-lien certificate****Time:** 1 day**Cost:** COP\$11,840

Comments: This certificate provides the legal information on the property and on its current and previous ownership. The rate is set according to Decrees 1250 of 1970 and 2280 of 2008, the latter as amended by Resolution 0035 of 2009. Any individual or legal entity can request the issue of an ownership history and no-lien certificate of a property at the Registry Office.

Procedure 2*. Obtain a certificate of existence and legal representation of the Construction Company**Time:** 1 day (simultaneous with procedure 1)**Cost:** COP\$3,500

Comments: When the parties are Limited Liability Companies, the Certificate of existence and legal Representation must be requested from the Chamber of Commerce. This document certifies the existence of the legal entity, as well as other aspects such as its date of incorporation, its expiration date, registered address, partners, capital, legal representative, his or her authorization to enter into deals in the name of the company, and its line of business. The rates for public registration services are set according to what is established in Decree 393 of 2002.

Procedure 3*. Obtain certificate of no outstanding payments on property tax**Time:** 10 days (simultaneous with procedures 1 and 2)**Cost:** COP\$8,480

Comments: It is requested by presenting the photocopy of the property tax payment receipt, and the payment of two stamps (pro-electricity and pro-culture). The payment is made at the Municipal Treasury.

Procedure 4. Obtain the construction license**Time:** 60 days

Cost: COP\$7,901,750. The formula for the calculation of the expenses is the following: $E = (Cf^i * m) + ((Cv^i * j * m) * 1.16)$. In the case of Pasto, is: $E = (865,068 \times 4 \times 0.608) + ((397,520 \times 4 \times 5.17 \times 0.608) \times 1.16)$

Comments: The constructor must present the following documents (Article 18 of Decree 564 of 2006):

1. Copy of the ownership history and no-lien certificate, with an issue date no later than one month prior to the date of the request
2. The unified national license request form, established through Resolution 0984 of 2005, issued by the Ministry of the Environment, Housing and Territorial Development
3. Copy of the certificate of existence and legal representation, with an issue date of less than one month prior to the date of the request
4. Copy of the documents or tax statements proving payment of property taxes for the previous five years
5. Drawing of the site and identification of the property
6. List of the addresses of neighboring properties

Procedure 5. Pay construction tax**Time:** 20 days**Cost:** COP\$5,462,520 [COP\$4,200 per square meter]

Comments: The construction tax is calculated by Municipal Planning and is paid at the Office of the Treasury.

Procedure 6. Obtain the authorization for water connection services**Time:** 15 days**Cost:** COP\$1,362,000

Comments: The service provider *CEVENAR* authorizes the connection once the urban curator has approved the construction license.

Procedure 7*. Request connection to electricity service**Time:** 15 days (simultaneous with procedure 6)**Cost:** No cost

Comments: The request for connection to the electricity grid must include the authorized drawings and construction license.

Procedure 8*. Obtain a telephone connection**Time:** 1 day (simultaneous with procedures 6 and 7)**Cost:** No cost

Comments: *Telefónica*, *Telmex* and *ETB* are the service providers. The connection takes at most one day.

Procedure 9. Audit of the grids**Time:** 10 days**Cost:** No cost

Comments: The audit of the grids is included in the time estimated for the license request.

Procedure 10*. Obtain RETIE certificate**Time:** 1 day**Cost:** COP\$200,000

Comments: Verification and certification is performed according to RETIE.

Procedure 11. Request inspection and obtain final connection**Time:** 1 day**Cost:** No cost

Comments: Once the final inspection is requested, the service provider takes up to 10 days to verify external grids.

Procedure 12*. Obtain connection to electricity service**Time:** 20 days (simultaneous with procedure 6)**Cost:** COP\$150,000

Comments: The cost includes connection and calibration of the primary grid.

Procedure 13. Final inspection by the Municipal Government**Time:** 1 day**Cost:** No cost

Comments: The Municipal Government does not usually perform an inspection, and when it does, it is done through Municipal Planning.

*This procedure is simultaneous with a previous procedure.

DEALING WITH CONSTRUCTION PERMITS

Pereira, Risaralda**Procedure 1. Obtain ownership history and no-lien certificate****Time:** 1 day**Cost:** COP\$11,840

Comments: This certificate provides the legal information on the property and on its current and previous ownership. The rate is set according to Decrees 1250 of 1970 and 2280 of 2008, the latter as amended by Resolution 0035 of 2009. Any individual or legal entity can request the issue of an ownership history and no-lien certificate of a property at the Registry Office.

Procedure 2*. Obtain certificate of legal existence and representation of the of the Construction Company**Time:** 1 day (simultaneous with procedure 1)**Cost:** COP\$3,500: Fixed national rate

Comments: When the parties are Limited Liability Companies, the Certificate of existence and legal Representation must be requested from the Chamber of Commerce. This document certifies the existence of the legal entity, as well as other aspects such as its date of incorporation, its expiration date, registered address, partners, capital, legal representative, his or her authorization to enter into deals in the name of the company, and its line of business. The rates for public registration services are set according to what is established in Decree 393 of 2002.

Procedure 3*. Obtain certificate of no outstanding payments on property tax**Time:** 1 day (simultaneous with procedures 1 and 2)**Cost:** No cost. It is paid in the next procedure

Comments: The certificates show that the solicitant is up to date with property tax payments.

Procedure 4. Pay certificate of no outstanding payments on property tax**Time:** 1 day**Cost:** COP\$8,300 (fixed fee)

Comments: Under Article 26 of the Municipal Revenue Statute of Pereira, the property tax bill that has been duly paid and stamped by a bank, serves as a certificate of payments on property tax. However, in practice, users are still obtaining the certificate to apply for the construction license.

Procedure 5. Obtain construction license**Time:** 30 days

Cost: COP\$9,877,188. The formula for the calculation of the expenses is the following: $E = (Cf^i * m) + ((Cv^i * j * m) * 1.16)$. In the case of Pereira, is $E = (865,068 \times 4 \times 0.76) + ((397,520 \times 4 \times 5.17 \times 0.76) \times 1.16)$

Comments: The constructor must present the following documents (Article 18 of Decree 564 of 2006):

1. Copy of the ownership history and no-lien certificate, with an issue date of less than one month prior to the date of the request
2. The unified national license request form, established through Resolution 0984 of 2005, issued by the Ministry of the Environment, Housing and Territorial Development
3. Copy of the certificate of existence and legal representation, with an issue date of less than one month prior to the date of the request
4. Copy of the documents or tax statements proving payment of property taxes for the previous five years
5. Drawing of the site and identification of the property
6. List of the addresses of neighboring properties

Procedure 6. Pay urban boundary tax

Time: 1 day

Cost: COP\$6,452,276 (calculated by multiplying the total square meters of the construction by the amount set for the tax)

Comments: The rate is established by the Municipal Revenue Statute.

Procedure 7. Obtain previous authorization for the connection of water service

Time: 15 days

Cost: No cost

Comments: The availability of the service is not a prerequisite to obtain the construction license. This is stated by Decree 564 of 2006. The legal representative of the construction company must request the connection from the company *Aguas y Aguas de Pereira*.

Procedure 8. Receive inspection from authorized contractor

Time: 30 days

Cost: No cost

Comments: The water company *Aguas y Aguas de Pereira* supervises and evaluates the construction works to ensure that it complies with current regulations.

Procedure 9. Final inspection by the water company

Time: 30 days

Cost: No cost

Procedure 10*. Request connection to electricity service

Time: 30 days

Cost: No cost

Comments: The legal representative of the construction company must request the connection to the company *Empresa de Energía de Pereira* presenting the following documents:

1. Copy of the deed, land title, or ownership history and no-lien certificate
2. Approved feasibility and electricity design
3. Certificate of zoning status
4. Copy of purchase invoice for the meter and calibration protocols
5. Compliance statement of technical regulation of facilities
6. Photocopy of his identity card

Procedure 11. Obtain RETIE certificate

Time: 1 day

Cost: COP\$750,000

Comments: The information on RETIE certification was obtained by direct consultation with the certification company *Compañía Colombiana de Certificación S.A.*

Procedure 12. Obtain connection to electricity service

Time: 8 days

Cost: COP\$499,000 (includes labor and materials)

Comments: A written request is required along with the project's drawings. With these documents the feasibility and availability is evaluated. Also it is necessary to present a copy of the payments on property tax, the description of the meter device that will be installed, the RETIE certificate, the owner's identification and a copy of a commercial invoice belonging to a neighbor. A chart with a table of electric charges must also be attached to the application letter.

Procedure 13*. Obtain a telephone connection

Time: 3 days (simultaneous with procedures 8 and 11)

Cost: No cost

Procedure 14. Final inspection by the Municipal Government

Time: 1 day

Cost: No cost

Comments: An official from the Municipal Government schedules the inspections which can take place before, during or at the completion of the work.

*This procedure is simultaneous with a previous procedure.

DEALING WITH CONSTRUCTION PERMITS

Popayán, Cauca

Procedure 1. Obtain certificate of ownership history and no-lien

Time: 1 day

Cost: COP\$11,840

Comments: This certificate provides the legal information on the property and on its current and previous ownership. The rate is set according to Decrees 1250 of 1970 and 2280 of 2008, the latter as amended by Resolution 0035 of 2009. Any individual or legal entity can request the issue of an ownership history and no-lien certificate of a property at the Registry Office.

Procedure 2*. Obtain a certificate of legal existence and representation of the of the Construction Company

Time: 1 day (simultaneous with procedure 1)

Cost: COP\$3,500

Comments: When the parties are Limited Liability Companies, the Certificate of existence and legal Representation must be requested from the Chamber of Commerce. This document certifies the existence of the legal entity, as well as other aspects such as its date of incorporation, its expiration date, registered address, partners, capital, legal representative, his or her authorization to enter into deals in the name of the company, and its line of business. The rates for public registration services are set according to what is established in Decree 393 of 2002.

Procedure 3*. Obtain certificate of no outstanding payments on property tax

Time: 1 day (simultaneous with procedures 1 and 2)

Cost: COP\$12,600

Comments: Decree 564 of 2006 requires constructors to prove payments on property tax for the most recent years.

Procedure 4. Obtain construction license

Time: 20 days. This is the average duration of this procedure for a simple project, where all documents are in order and there are no conflicts with neighbors.

Cost: COP\$7,901,750. The formula for the calculation of the expenses is the following: $E = (Cf^i * m) + ((Cv^i * j * m) * 1.16)$. In the case of Popayán is: $E = (865,068 \times 4 \times 0.608) + ((397,520 \times 4 \times 5.17 \times 0.608) \times 1.16)$

Comments: The constructor must present the following documents (Article 18 of Decree 564 of 2006):

1. Copy of the ownership history and no-lien certificate, with an issue date no later than one month prior to the date of the request
2. The unified national license request form, established through Resolution 0984 of 2005, issued by the Ministry of the Environment, Housing and Territorial Development
3. Copy of the certificate of existence and legal representation, with an issue date of less than one month prior to the date of the request
4. Copy of the documents or tax statements proving payment of property taxes for the previous five years
5. Drawing of the site and identification of the property
6. List of the addresses of neighboring properties

The calculation of the cost is made with a software provided by the Ministry of the Environment Housing and Territorial Development

Procedure 5. Pay urban boundary tax

Time: 1 day

Cost: COP\$ 142,500

Comments: This is paid at one of the branches of the bank *Banco de Occidente* located on the first floor of the office of the Municipal Planning located at the CAN building. The cost is calculated by a percentage of the property tax (for non-residential purposes is 30% of the property tax)

Procedure 6. Obtain previous authorization for the connection of water service

Time: 10 days

Cost: COP\$300,000

Comments: A favorable concept is obtained as a result of the decision made at the service provider's meeting committee.

Procedure 7*. Request and obtain connection to electricity service

Time: 10 days (simultaneous with procedure 6)

Cost: No cost

Comments: This is the time that takes the revision of the project's drawings.

Procedure 8*. Obtain a telephone connection

Time: 3 days (simultaneous with procedures 6 and 9)

Cost: No cost, unless a special infrastructure is required.

Procedure 9. Final inspection by the company *Nuevo Acueducto de Popayán S.A.*

Time: 1 day

Cost: No cost

Procedure 10*. Obtain connection to electricity service

Time: 1 day

Cost: COP\$400,000. The value includes connection costs and meter device.

Comments: In Popayán it is not yet necessary to obtain the RETIE certification.

Procedure 11. Final inspection by the Municipal Government

Time: 1 day

Cost: No cost

Comments: This procedure has not been put into practice in Popayán.

*This procedure is simultaneous with a previous procedure.

DEALING WITH CONSTRUCTION PERMITS

Riohacha, La Guajira

Procedure 1. Obtain ownership history and no-lien certificate

Time: 1 day

Cost: COP\$11,840

Comments: This certificate provides the legal information on the property and on its current and previous ownership. The rate is set according to Decrees 1250 of 1970 and 2280 of 2008, the latter as amended by Resolution 0035 of 2009. Any individual or legal entity can request the issue of an ownership history and no-lien certificate of a property at the Registry Office.

Procedure 2*. Obtain a certificate of existence and legal representation of the Construction Company

Time: 1 day (simultaneous with procedure 1)

Cost: COP\$3,500

Comments: When the parties are Limited Liability Companies, the Certificate of existence and legal Representation must be requested from the Chamber of Commerce. This document certifies the existence of the legal entity, as well as other aspects such as its date of incorporation, its expiration date, registered address, partners, capital, legal representative, his or her authorization to enter into deals in the name of the company, and its line of business. The rates for public registration services are set according to what is established in Decree 393 of 2002.

Procedure 3*. Obtain certificate of no outstanding payments on property tax

Time: 1 day (simultaneous with procedures 1 and 2)

Cost: No cost

Comments: With the receipt of payment of the property tax, the Treasury and Municipal Financial Management will issue the certificate at no cost.

Procedure 4. Obtain construction license

Time: 30 days

Cost: COP\$10,000,000 [COP\$2 is paid per COP\$1,000 of the value of the work (the total value is determined by the evaluation of the drawings and a simulation of the construction)].

Comments: There are no urban curators in Riohacha.

After evaluating the construction's drawings, the cost of the work is determined so that the Planning Office Advisor can establish the cost of the license, which is paid at the bank *Banco de Occidente*.

Procedure 5. Pay urban boundary tax

Time: 1 day

Cost: COP\$16,300 (equivalent to 1 minimum legal daily wage)

Procedure 6. Obtain previous authorization for the connection of water service

Time: 5 days

Cost: No cost

Comments: Connection to water services can be requested from the company *Aguas de La Guajira* which will adjust their grids to the new construction at no cost. It should be made clear that *Aguas de La Guajira* only works on external grids.

Procedure 7*. Request connection to electricity service

Time: 3 days (simultaneous with procedure 6)

Cost: No cost

Comments: The electricity connection to an electric facility is obtained by presenting a written request to the electricity company *Electrificadora del Caribe*, along with a certificate of nomenclature issued by the Municipality, the certificate of ownership history and no-lien certificate and identification card of the legal representative of the construction company.

Procedure 8*. Obtain a telephone connection

Time: 1 day (simultaneous with procedures 6 and 7)

Cost: No cost

Comments: The company *Telefónica* is in charge of making the connection process at no cost.

Procedure 9. Audit of the grids

Time: 1 day

Cost: No cost

Comments: It is obtained by submitting a written request to *Aguas de La Guajira*

Procedure 10*. Obtain RETIE certificate

Time: 2 days

Cost: COP\$800,000 (RETIE's inspection cost)

Comments: The cost of RETIE certificate depends on the complexity of the construction works. In this case the value is COP\$ 800,000.

Procedure 11. Final inspection by the water works company

Time: 1 day

Cost: No cost

Comments: The inspection is carried out by *Aguas de La Guajira* and is limited to the external grids.

Procedure 12. Obtain Certificate of Nomenclature

Time: 1 day

Cost: COP\$4,000 (cost of the certificate)

Comments: To apply for connection to the electricity service with *Electricaribe*, the nomenclature certificate must be obtained at the Municipal Government.

Procedure 13. Obtain connection to electricity service

Time: 3 days

Cost: COP\$50,000

Comments: 3 days after the issuance of the RETIE certificate, the electricity provider will connect the service. The cost of the transformer is assumed by the constructor.

Procedure 14. Final inspection by the Municipal Government**Time:** 1 day**Cost:** No cost

Comments: The Municipal Government of Riohacha verifies compliance of the construction works with the documentation submitted to complete the procedure for obtaining the construction license. This verification is the responsibility of the Municipal Planning Office.

*This procedure is simultaneous with a previous procedure.

DEALING WITH CONSTRUCTION PERMITS

Santa Marta, Magdalena**Procedure 1. Obtain ownership history and no-lien certificate****Time:** 1 day**Cost:** COP\$11,840

Comments: This certificate provides the legal information on the property and on its current and previous ownership. The rate is set according to Decrees 1250 of 1970 and 2280 of 2008, the latter as amended by Resolution 0035 of 2009. Any individual or legal entity can request the issue of an ownership history and no-lien certificate of a property at the Registry Office.

Procedure 2*. Obtain certificate of existence and legal representation of the Construction Company**Time:** 1 day (simultaneous with procedure 1)**Cost:** COP\$3,500

When the parties are Limited Liability Companies, the Certificate of existence and legal Representation must be requested from the Chamber of Commerce. This document certifies the existence of the legal entity, as well as other aspects such as its date of incorporation, its expiration date, registered address, partners, capital, legal representative, his or her authorization to enter into deals in the name of the company, and its line of business. The rates for public registration services are set according to what is established in Decree 393 of 2002.

Procedure 3*. Obtain certificate of no outstanding payments on property tax**Time:** 1 day (simultaneous with procedures 1 and 2)**Cost:** COP\$8,000

Comments: With the information on the location of the property and the information stored on a data base, it is possible to obtain the certificate of no outstanding property tax payments. Santa Marta runs a Tax Information Registry (*Registro de Información Tributaria* RIT) which is connected to the Treasury Department of the Municipality (*Secretaría de Hacienda del Municipio*). If the taxpayer is up to date with tax payments, the certificate is given immediately. The certificate is good for property tax and contribution obligation on property value increase.

Procedure 4. Obtain construction license**Time:** 20 days

Cost: COP\$8,291,639. The formula for the calculation of the expenses is the following: $E = (Cf * m) + ((Cv * i * j * m) * 1.16)$. For Santa Marta is: $E = (865,068 \times 4 \times 0.638) + ((397,520 \times 4 \times 5.17 \times 0.638) \times 1.16)$

Comments: The constructor must present the following documents (Article 18 of Decree 564 of 2006):

1. Copy of the ownership history and no-lien certificate, with an issue date no later than one month prior to the date of the request
2. The unified national license request form, established through Resolution 0984 of 2005, issued by the Ministry of the Environment, Housing and Territorial Development
3. Copy of the certificate of existence and legal representation, with an issue date of less than one month prior to the date of the request
4. Copy of the documents or tax statements proving payment of property taxes for the previous five years
5. Drawing of the site and identification of the property
6. List of the addresses of neighboring properties

Procedure 5. Pay urban boundary tax**Time:** 1 day**Cost:** COP\$4,106,963 [ID = (M2*V*1%)]

M2: Square meters licensed

V: Value per square meter

Municipal Regulations according to the POT

Comments: The urban delineation tax is established by the urban curator and paid in favor of the Municipal Treasury. The Municipal Department of Planning is in charge to set the boundaries

Procedure 6. Obtain previous authorization for the connection of water service**Time:** 10 days**Cost:** No cost

Comments: A request for connection to the main pipe must be presented, attaching identification, copies of the public deed and construction license. After the petition has been reviewed, the company *Metro Agua* issues a certificate confirming the feasibility of the connection.

Procedure 7*. Request connection to electricity service**Time:** 1 day (simultaneous with procedure 6)**Cost:** No cost

Comments: It is requested in writing to the service provider company *ElectriCaribe*.

Procedure 8*. Obtain a telephone connection**Time:** 1 day (simultaneous with procedures 6 and 7)**Cost:** No cost

Comments: The service providers do not take more than a day for the installation of telephone service.

Procedure 9. Audit of the grids**Time:** 1 day**Cost:** No cost

Comments: The Municipal Planning Office issues the approval in accordance to the hydraulic designs

Procedure 10*. Obtain RETIE certificate**Time:** 3 days**Cost:** COP\$300,000

Comments: The cost covers the internal electricity wiring installations that *ElectriCaribe* requires for connection to electricity services. The RETIE standard includes the drawings and the inspection of such facilities.

Procedure 11. Final inspection by the water and sewage company**Time:** 1 day**Cost:** No cost**Procedure 12*. Obtain connection to electricity service****Time:** 3 days (simultaneous with procedure 11)**Cost:** COP\$150,000

Comments: The constructor is responsible for the cost of all the conducting cables, as set by the requirements of *ElectriCaribe*. The cost of calibration and connection is included in the consumer bills.

Procedure 13. Final inspection by the Municipal Government**Time:** 1 day**Cost:** No cost

Comments: The certificate of occupancy issued by the Office of Municipal Planning is the document issued by the municipality that proves compliance with the specifications of the construction. .

*This procedure is simultaneous with a previous procedure.

DEALING WITH CONSTRUCTION PERMITS

Sincelejo, Sucre**Procedure 1. Obtain ownership history and no-lien certificate****Time:** 1 day**Cost:** COP\$11,840.

Comments: This certificate provides the legal information on the property and on its current and previous ownership. The rate is set according to Decrees 1250 of 1970 and 2280 of 2008, the latter as amended by Resolution 0035 of 2009. Any individual or legal entity can request the issue of an ownership history and no-lien certificate of a property at the Registry Office.

Procedure 2*. Obtain a certificate of existence and legal representation of the Construction Company**Time:** 1 day (simultaneously with procedure 1)**Cost:** COP\$3,500

Comments: When the parties are Limited Liability companies, they must request a certificate of existence and legal representation from the Chamber of Commerce. This document proves the existence of a corporate body and other aspects such as date of incorporation, termination date, domicile, partners, capital, legal representative; the power the legal representative has to bind the company, and corporate purpose. The rate of public registration services is established in accordance to Decree 393 of 2002.

Procedure 3*. Pay certificate of no outstanding payments on property tax**Time:** 1 day**Cost:** COP\$4,000**Procedure 4. Obtain certificate of no outstanding payments on property tax****Time:** 1 day (simultaneous with procedures 1 and 2)**Cost:** No cost

Comments: This certificate is obtained at the Municipal Tax Office by showing a copy of the of the payment receipt.

Procedure 5. Obtain construction license**Time:** 45 days

Cost: COP\$8,291,639. The formula for the calculation of the expenses is the following: $E = (Cf^i * m) + ((Cv^i * j * m) * 1.16)$. For Sincelejo, is $E = (865,068 \times 4 \times 0.638) + ((397,520 \times 4 \times 5.17 \times 0.638) \times 1.16)$

Comments: The constructor must present the following documents (Article 18 of Decree 564 of 2006):

1. Copy of the ownership history and no-lien certificate, with an issue date no later than one month prior to the date of the request
2. The unified national license request form, established through Resolution 0984 of 2005, issued by the Ministry of the Environment, Housing and Territorial Development
3. Copy of the certificate of existence and legal representation, with an issue date of less than one month prior to the date of the request
4. Copy of the documents or tax statements proving payment of property taxes for the previous five years
5. Drawing of the site and identification of the property.
6. List of the addresses of neighboring properties.

Procedure 6. Pay boundary tax**Time:** 1 day**Cost:** COP\$3,904,940**Procedure 7. Obtain previous authorization for water connection services****Time:** 8 days**Cost:** COP\$400,000

Comments: The service provider company, *Aguas de la Sabana* in order to connect the service, requires the constructor to submit an ownership history and no-lien certificate, the identification card of the owner and the indication of the zone.

Once the application is completed, *Aguas de la Sabana* makes an assessment of the works necessary to obtain the connection of the service. The total value of the connection is split and charged with the monthly bill.

Procedure 8*. Request connection to electricity service**Time:** 5 days (simultaneous with procedure 7)**Cost:** No cost

Comments: A concept for the availability and feasibility of the connection must be obtained from the company *ElectriCaribe*.

Procedure 9*. Obtain a telephone connection**Time:** 1 day (simultaneous with procedures 7 and 8)**Cost:** No cost

Comments: Phone service will be available in less than 24 hours. Service providers in Sincelejo are *EdateL* and *Telefónica*.

Procedure 10. Audit of the Grids**Time:** 15 days**Cost:** No cost

Comments: The company *Aguas de la Sabana* performs the auditing. Engineers from the company verify the adequacy the proposed designs for the connection of water services.

Procedure 11*. Obtain RETIE certificate**Time:** 1 day (simultaneous with procedure 10)**Cost:** COP\$700,000

Comments: The certification RETIE is a necessary requirement to prove compliance with legal standards and drawings.

Procedure 12. Final inspection by the water and sewage company**Time:** 1 day**Cost:** No cost

Comments: Once *Aguas de la Sabana* makes a final inspection they sign an agreement with the constructor to obtain final connection to the water service.

Procedure 13*. Obtain connection to electricity service**Time:** 10 days (simultaneous with procedure 12)**Cost:** COP\$1,200,000 (calibration and connection)

Comments: The costs for calibration and connection are split and charged in the monthly bill.

Procedure 14. Final inspection by the Municipal Government**Time:** 1 day**Cost:** No cost

Comments: Once the construction is about to begin, the Office of Municipal Planning elaborates a minute and makes periodic inspections. When the construction is finished they issue a certificate of occupancy to verify compliance with the terms of the construction license.

*This procedure is simultaneous with a previous procedure.

DEALING WITH CONSTRUCTION PERMITS

Tunja, Boyacá**Procedure 1. Obtain ownership history and no-lien certificate****Time:** 1 day**Cost:** COP\$11,840

Comments: This certificate provides the legal information on the property and on its current and previous ownership. The rate is set according to Decrees 1250 of 1970 and 2280 of 2008, the latter as amended by Resolution 0035 of 2009. Any individual or legal entity can request the issue of an ownership history and no-lien certificate of a property at the Registry Office.

Procedure 2*. Obtain certificate of existence and legal representation of the Construction Company**Time:** 1 day (simultaneous with procedure 1)**Cost:** COP\$3,500

Comments: When the parties are Limited Liability companies, they must request a certificate of existence and legal representation from the Chamber of Commerce. This document proves the existence of a corporate body and other aspects such as date of incorporation, termination date, domicile, partners, capital, legal representative; the power the legal representative has to bind the company, and corporate purpose. The rate of public registration services is established in accordance to Decree 393 of 2002.

Procedure 3*. Obtain certificate of no outstanding payments on property tax**Time:** 1 day (simultaneous with procedures 1 and 2)**Cost:** COP\$8,000 (fixed value)**Comments:** The payment can be made at any bank. The receipt of payment is presented before the office of the Treasury which will issue the certificate of no outstanding payments.**Procedure 4. Obtain a land use certificate****Time:** 8 days**Cost:** COP\$8,000 (fixed rate)**Comments:** The requirements to obtain this certificate are:

1. Submit a written application addressed to the Municipal Planning Office indicating the name of the company, its activity, address, phone number, signature and ID of the applicant
2. Submit the last receipts of most recent property tax payments
3. A certificate of existence and legal representation. In the case of public companies an attachment with the minute containing the designation of the legal representative must be attached as well
4. Power of attorney duly granted when acting through a representative
5. Certificate of no outstanding obligations due to the Municipality of Tunja
6. Property regulations if required
7. Written consent by the owner of the property in relation to the activities to be performed
8. Payment to obtain the certificate of land use

Reception and delivery of certificates are made from Monday to Friday from 8:00 am. to 12:00 m. and from 2:00 pm to 6:00 pm

Procedure 5. Obtain the construction license**Time:** 45 days**Cost:** COP\$7,018,002. The formula for the calculation of the expenses is the following: $E = (Cf * m) + ((Cv * i * m) * 1.16)$. For Tunja is: $E = (865,068 \times 4 \times 0.54) + (397,520 \times 4 \times 5.17 \times 0.54) \times 1.16$ **Comments:** The constructor must present the following documents (Article 18 of Decree 564 of 2006):

1. Copy of the ownership history and no-lien certificate, with an issue date no later than one month prior to the date of the request
2. The unified national license request form, established through Resolution 0984 of 2005, issued by the Ministry of the Environment, Housing and Territorial Development
3. Copy of the certificate of existence and legal representation, with an issue date of less than one month prior to the date of the request
4. Copy of the documents or tax statements proving payment of property taxes for the previous five years
5. Drawing of the site and identification of the property
6. List of the addresses of neighboring properties

Procedure 6. Pay construction and urban tax**Time:** 1 day**Cost:** COP\$2,692,892 [Value = value per use x m² x 50% = 4,141 x 1,300.6 x 50% (there is a 50% discount if the constructor hires local workers. This assumption was considered)]**Comments:** Payment can be made at any bank or at the Municipal Treasury. Under the Tax Statute of Tunja, there is an exemption of five years and for the 50% when the tax payer proves that he hired workers from Tunja and that the materials used for the construction were purchased from local establishments. This agreement will be in effect until 2010.**Procedure 7. Obtain previous authorization for the connection to water service****Time:** 1 day**Cost:** No cost**Comments:** In order to connect the water and sewage service the constructor must obtain a certificate issued by the Cadastre. Once the availability for the service is confirmed, the constructor submits before the company *Proactiva Aguas de Tunja S.A.* the following documents:

1. Application form indicating an address and phone number for further contacts
2. Copy of the professional license of the engineer in charge of the construction

3. Design records
4. Copy of the certificate for service availability
5. Copies of any technical information
6. Payment receipt of the application form to request project's inspections (its amount must be paid at the offices of *Plaza Real*)
7. Drawings of the construction areas approved by the urban curator
8. If necessary, a copy of the deed of constitution of the easement must also be furnished

Procedure 8*. Request connection to electricity service**Time:** 1 day (simultaneous with procedure 7)**Cost:** COP\$150,000**Comments:** To obtain the final connection it is necessary to present the RETIE certificate issued by an authorized company. In Tunja there are already some companies that issue the certificate. In order to obtain the RETIE certificate, the constructor must request a certificate that states the provider of the electricity materials complies with the established regulations.**Procedure 9*. Obtain a telephone connection****Time:** 6 days (simultaneous with procedures 7 and 8)**Cost:** No cost**Comments:** The requirements are: copy of an identification card and a copy of a utility bill (water or electricity). If the constructor gets multiple services or enters an agreement with the company for a minimum period of one year, the connection is free of charge. This procedure can become very complex and lengthy if the construction is located far out from Tunja's grids. Some constructors say that currently it is very uncommon to request a fixed phone line.**Procedure 10. Obtain connection to water service****Time:** 3 days (includes the review of documents and the final visit to the building to set-up the connection and connect the service)**Cost:** COP\$250,000 (includes registration costs, meter, registration chamber, labor, materials, box and registries of user's handling and power cut)**Comments:** *Proactiva Aguas de Tunja S.A. ESP* visits the construction to approve the construction works, ascertain compliance with the terms of the license and to install the water meter device. In some cases, *Proactiva Aguas de Tunja S.A.* makes further visits to verify that the water and sewer services were well installed.**Procedure 11*. Obtain RETIE certificate****Time:** 1 day (simultaneous with procedure 10)**Cost:** COP\$94,000**Comments:** The constructor needs to file before one of the Managerial offices of EBSA the following documents:

1. Copy of the project's design filed and approved by EBSA
2. Certificate FT-ES-08 of availability for electricity service
3. Receipt of payment made to EBSA to carry out an inspection.
4. Copy of the identification card of the applicant
5. Certificate of zoning
6. Copy of the form FT-ES-07 (minutes of connections made for certain projects)
7. Copy of the identification card and professional license of the electrician
8. Letter stating that the company is in compliance with the terms of the RETIE certificate

Procedure 12. Obtain connection to electricity service**Time:** 17 days**Cost:** COP\$520,000 [counter (300,000) + cable (12,000*10) + labor and materials (100,000)]**Comments:** RETIE's regulations oblige the power company to pay visits to the constructions at least once every two years. The first visit to grant availability and the second to approve the works, inspect and seal the meters and connections. Additional visits are made when needed.**Procedure 13. Final inspection by the Municipal Government****Time:** 1 day**Cost:** No cost

*This procedure is simultaneous with a previous procedure.

DEALING WITH CONSTRUCTION PERMITS

Valledupar, Cesar**Procedure 1. Obtain ownership history and no-lien certificate****Time:** 1 day**Cost:** COP\$11,840

Comments: This certificate provides the legal information on the property and on its current and previous ownership. The rate is set according to Decrees 1250 of 1970 and 2280 of 2008, the latter as amended by Resolution 0035 of 2009. Any individual or legal entity can request the issue of an ownership history and no-lien certificate of a property at the Registry Office.

Procedure 2*. Obtain a certificate of existence and legal representation the Construction Company**Time:** 1 day (simultaneously with procedure 1)**Cost:** COP\$3,500

Comments: When the parties are Limited Liability companies, they must request a certificate of existence and legal representation from the Chamber of Commerce. This document proves the existence of a corporate body and other aspects such as age, termination date, domicile, partners, capital, legal representative; the power the legal representative has to bind the company, and corporate purpose. The rate of public registration services is established in accordance to Decree 393 of 2002.

Procedure 3*. Obtain a certificate of no outstanding payments on property tax**Time:** 2 days (simultaneous with procedures 1 and 2)**Cost:** COP\$4,500

Comments: In order to obtain this certificate it is necessary to submit the cadastral file and the address and name of the owner of the construction company.

Procedure 4. Obtain construction license**Time:** 45 days

Cost: COP\$7,901,750. The formula for the calculation of the expenses is the following: $E = (Cf * i * m) + ((Cv * j * m) * 1.16)$. For Valledupar is : $E = (865,068 \times 4 \times 0.608) + ((397,520 \times 4 \times 5.17 \times 0.608) \times 1.16)$

Comments: The constructor must present the following documents (Article 18 of Decree 564 of 2006):

1. Copy of the ownership history and no-lien certificate, with an issue date no later than one month prior to the date of the request
2. The unified national license request form, established through Resolution 0984 of 2005, issued by the Ministry of the Environment, Housing and Territorial Development
3. Copy of the certificate of existence and legal representation, with an issue date of less than one month prior to the date of the request
4. Copy of the documents or tax statements proving payment of property taxes for the previous five years
5. Drawing of the site and identification of the property
6. List of the addresses of neighboring properties

Procedure 5. Obtain certificate of urban boundary tax**Time:** 1 day**Cost:** No cost

Comments: Prior payment of this tax used to be a condition to obtain the construction license and its value corresponded to 20% of the property tax. Currently the Office of Municipal Planning issues this certificate at no cost. There are plans to reenact this tax in 2010.

Procedure 6. Obtain previous authorization for connection to water services**Time:** 5 days**Cost:** No cost

Comments: The service is requested to the service provider company *ENDUPAR*. It verifies the complexity of the connection to the main tube and the necessary works to connect the service.

Procedure 7*. Request connection to the electricity service**Time:** 1 day (simultaneous with procedure 6)**Cost:** No cost

Comments: Once the service has been requested the company *Electricaribe* verifies its availability to make the connection. The company requires the filing of the drawings for the electricity connection to the electricity service.

Procedure 8*. Obtain a telephone connection**Time:** 1 day (simultaneous with procedures 6 and 7)**Cost:** No cost**Procedure 9. Audit of the grids****Time:** 1 day**Cost:** No cost

Comments: The technical department of *ENDUPAR* confirms that the construction work complies with the approved designs.

Procedure 10*. Obtain RETIE certificate**Time:** 1 day**Cost:** COP\$150,000

Comments: In some cases an inspection is needed, depending on the complexity of the construction works. The inspection is carried out an authorized outsourcing company.

Procedure 11. Final inspection by the water and sewage company**Time:** 1 day**Cost:** No cost

Comments: Usually *ENDUPAR* does not perform the final inspection.

Procedure 12*. Obtain connection to electricity service**Time:** 30 days**Cost:** COP\$100,000

Comments: The constructor is responsible to get the necessary equipment for the connection to the main grid. Payments for calibration and connection are split and charged with the monthly bill.

Procedure 13. Final inspection by the Municipal Government**Time:** 1 day**Cost:** No cost

Comments: It is common that inspectors from the Office of Municipal Planning follow the progress of the construction work.

*This procedure is simultaneous with a previous procedure.

DEALING WITH CONSTRUCTION PERMITS

Villavicencio, Meta**Procedure 1. Obtain ownership history and no-lien certificate****Time:** 1 day**Cost:** COP\$11,840

Comments: This certificate provides the legal information on the property and on its current and previous ownership. The rate is set according to Decrees 1250 of 1970 and 2280 of 2008, the latter as amended by Resolution 0035 of 2009. Any individual or legal entity can request the issue of an ownership history and no-lien certificate of a property at the Registry Office.

Procedure 2*. Obtain a certificate of existence and legal representation of the Construction Company**Time:** 1 day (simultaneous with procedure 1)**Cost:** COP\$3,500

Comments: When the parties are Limited Liability companies, they must request a certificate of existence and legal representation from the Chamber of Commerce. This document proves the existence of a corporate body and other aspects such as age, termination date, domicile, partners, capital, legal representative; the power the legal representative has to bind the company, and corporate purpose. The rate of public registration services is established in accordance to Decree 393 of 2002.

Procedure 3. Obtain certificate of no outstanding property tax payment**Time:** 1 day (simultaneous with procedures 1 and 2)**Cost:** No cost**Comments:** The certificate proves payment of property taxes for the last 5 years. Can be obtained at the Municipal Government**Procedure 4. Obtain certificate of *paramento*****Time:** 10 days**Cost:** No cost**Comments:** In order to request the certificate of *paramento* it is necessary to submit the same documents required to obtain the construction license. The Office of Municipal Planning schedules a visit to confirm that the construction works comply with the distances required.**Procedure 5. Obtain construction license****Time:** 60 days**Cost:** COP\$7,018,002. The formula for the calculation of the expenses is the following: $E = (Cf^*m) + ((Cv^*j^*m)^*1.16.)$ For Villavicencio is: $E = (865,068 \times 4 \times 0.54) + ((397,520 \times 4 \times 5.17 \times 0.54) \times 1.16)$ **Comments:** The constructor must present the following documents (Article 18 of Decree 564 of 2006):

1. Copy of the ownership history and no-lien certificate, with an issue date no later than one month prior to the date of the request
2. The unified national license request form, established through Resolution 0984 of 2005, issued by the Ministry of the Environment, Housing and Territorial Development
3. Copy of the certificate of existence and legal representation, with an issue date of less than one month prior to the date of the request
4. Copy of the documents or tax statements proving payment of property taxes for the previous five years
5. Drawing of the site and identification of the property
6. List of the addresses of neighboring properties

Procedure 6. Payment of municipal stamp duties (*Pro-Cultura* and *Pro-UniLlanos*)**Time:** 1 day**Cost:** COP\$210,540 [*Pro-Cultura* stamp (2% of the construction license's costs) + stamp *Pro-UniLlanos* (1% of the construction license's costs)]**Comments:** Pursuant to Municipal Agreement 030 of 2008, a contribution to the municipality must be made by paying a stamp named *Pro Cultura* which value is equivalent to 2% of the total of the total costs advanced by the constructor.In addition pursuant to Ordinance 662 of 2008, a contribution in favor of the department of Meta must be made by paying a stamp named stamp *Pro UniLlanos* which value is equivalent to 1% of the total of costs advanced by the constructor.**Procedure 7. Pay urban boundary tax****Time:** 1 day**Cost:** COP\$13,000,000**Comments:** Fees are established annually by means of a Municipal agreement. For 2009, the urban boundary tax corresponds to 2% of the budget for the construction works.**Procedure 8. Obtain previous authorization for water connection services****Time:** 30 days**Cost:** COP\$4,300,000**Comments:** The service provider company EAAV sets the fees. Fees for 2009 were enacted by the Agreement 03 of the Board of Directors' meeting of January 23 of 2009.**Procedure 9*. Request and obtain connection to electricity service****Time:** 1 day (simultaneous with procedure 8)**Cost:** No cost**Comments:** This procedure was enacted by means of Resolution CREG 070 of 1998.**Procedure 10*. Obtain a telephone connection****Time:** 3 days (simultaneous con Procedures 8 y 9)**Cost:** COP\$50,000**Procedure 11. Audit of the grids****Time:** 30 days**Cost:** No cost**Procedure 12. Obtain RETIE certificate****Time:** 5 days**Cost:** No cost.**Comments:** This procedure is ruled by Resolution CREG 070 de 1998.**Procedure 13. Final inspection from the company EAAV****Time:** 1 day**Cost:** No cost**Procedure 14. Final inspection from the company EMSA****Time:** 1 day**Cost:** No cost**Comments:** This procedure is ruled by Resolution CREG 070 of 1998.

The documents and requisites for EMSA's inspection are:

1. Copy of the approval given to the project
2. Copy of the certificate of availability of the service
3. Declaration under oath by the constructor affirming that he was responsible for the electric facilities and that the materials he used comply with the requirements set by RETIE
4. Drawings of the project showing how it is going to look after completing the construction works
5. Indication on where the electric equipment is going to be installed
6. Documents pertaining the origin and guarantees of the electric devices
7. Compliance with RETIE's and EMSA's standards

Procedure 15. Obtain electricity connection**Time:** 8 days**Cost:** COP 3,000,000 (corresponds to designs)**Comments:** This procedure is ruled by Resolution CREG 070 de 1998.**Procedure 16. Final inspection by the Municipal Government****Time:** 1 day**Cost:** No cost

* This procedure is simultaneous with a previous procedure.

LIST OF PROCEDURES

Registering property**Armenia, Quindío****Procedure 1. Obtain ownership history and no-lien certificate****Time:** 1 day**Cost:** COP\$11,840**Comments:** This certificate (*Certificado de Libertad y Tradición*) provides the legal information on the property and on its current and previous ownership. The rate is set according to Decrees 1250 of 1970 and 2280 of 2008, the latter modified by Resolution 0035 of 2009. Any individual or legal entity can request this certificate at the Registry Office.**Procedure 2. Obtain the certificate of legal existence and representation of the buyer and the seller of the property from the Chamber of Commerce****Time:** 1 day**Cost:** COP\$3,500

Comments: When the parties are limited liability companies, a certificate of legal existence and representation must be requested from the Chamber of Commerce. This document certifies the existence of the legal entity, indicates its legal representative and provides information on its registered address, its partners, its capital and the date of establishment. The rate is set according to Decree 393 of 2002.

Procedure 3. Review of the property titles by an attorney

Time: 4 days

Cost: COP\$500,000

Comments: An attorney reviews the previous property titles and the background of the owner to verify that there are no legal constraints to the transaction. This legal review is not mandatory, but is usually done for this type of transactions. The attorney must receive the certificates mentioned in procedures 1 and 2, as well as a copy of the company statutes that authorize the representative to act on its behalf.

Procedure 4. Pay pro-development stamp duty required to obtain the certificate of no outstanding property tax payments and no outstanding contribution obligations on property value increases due to public works

Time: 1 day

Cost: COP\$3,000

Comments: Two pro-development stamps are purchased for COP\$1,500 each at the Treasury of the Government of Quindío. This is a pre-requisite for obtaining the certificates of no outstanding property tax payments and no outstanding contribution obligations on property value increases due to public works.

Procedure 5. Obtain certificate of no outstanding property tax payments and no outstanding contribution obligations on property value increases due to public works

Time: 1 day

Cost: COP\$20,600 [COP\$8,300 for each certificate + COP\$1,500 for each pro-hospital stamp + COP\$500 for each pro-senior citizen stamp].

Comments: This procedure takes place at the Municipal Treasury Office. The Pro-Hospital and Pro-Senior citizen stamps are purchased for COP\$1,500 and COP\$500, respectively, at the same counter where the certificates of no outstanding property tax payments and no outstanding contribution obligations on property value increases due to public works are obtained.

Procedure 6. The notary public prepares the public deed

Time: 1 day

Cost: COP\$1,675,185 [COP\$13,880 + 0.27%*(value of the property - COP\$118,680) for notary fees + COP\$9,750 for the public deed + COP\$29,250 for copies of the public deed + COP\$3,465 for the Superintendence of Notaries + COP\$3,465 for the National Notary Fund + 16% VAT].

Comments: The notary public prepares the public deed based on all the documents submitted by the parties. The notary public is required by law to prepare the public deed. The total cost of the procedure is calculated according to Resolution 9500 of December of 2008. The cost per page of the public deed is COP\$1,950 plus VAT. It is assumed that the public deed is 5 pages long.

Procedure 7. Pay registration tax and pro-development stamp duty

Time: 1 day

Cost: COP\$6,153,935 (1% of the price of the property for the registration tax and 0.2% of the price of the property for the pro-development stamp duty).

Comments: The registration tax applies to the registration of documentary legal acts, contracts or deals in which private-sector parties are part or beneficiaries and which must be registered by law at the Registry Office. Both payments are made at the same time at the same counter at the Government of Quindío.

Procedure 8. Pay pro-hospital stamp duty

Time: 1 day

Cost: COP\$2,564,140 (0.5% of the property value).

Comments: Calculation and payment of the pro-hospital stamp duty is done at the *Hospital Universitario del Quindío San Juan de Dios*.

Procedure 9. Payment of registration fee

Time: 1 day

Cost: COP\$2,564,140 (0.5% of the property value).

Comments: Payment of the registration fee legalizes the transaction before the Registry Office. This payment is made at a commercial bank, which has an agreement with the Registry Office.

Procedure 10. Registration of public deed with the Registry Office

Time: 6 days

Cost: No cost

Comments: Once the registration tax, the pro-development and pro-hospital stamp duties and the registration tax are paid, the document is registered at the Registry Office (*Oficina de Registro de Instrumentos Públicos*).

* This procedure is simultaneous with a previous procedure.

REGISTERING PROPERTY

Barranquilla, Atlántico

Procedure 1. Obtain ownership history and no-lien certificate

Time: 1 day

Cost: COP\$11,840

Comments: This certificate (*Certificado de Libertad y Tradición*) provides the legal information on the property and on its current and previous ownership. The rate is set according to Decrees 1250 of 1970 and 2280 of 2008, the latter modified by Resolution 0035 of 2009. Any individual or legal entity can request this certificate at the Registry Office.

Procedure 2. Obtain the Certificate of legal existence and representation of the buyer and the seller of the property from the Chamber of Commerce

Time: 1 day

Cost: COP\$3,500

Comments: When the parties are limited liability companies, a Certificate of existence and legal Representation must be requested from the Chamber of Commerce. This document certifies the existence of the legal entity indicates its legal representative and provides information on its registered address, its partners, its capital and the date of establishment. The rate is set according to Decree 393 of 2002.

Procedure 3. Review of the property titles by an attorney

Time: 3 days

Cost: COP\$994,000

Comments: An attorney reviews the previous property titles and the background of the owner to verify that there are no legal constraints to the transaction. This legal review is not mandatory, but is usually done for this type of transactions. The attorney must receive the certificates mentioned in procedures 1 and 2, as well as a copy of the company statutes that authorize the representative to act on its behalf.

Procedure 4. Obtain certificate of no outstanding contribution obligation on property value increases due to public works

Time: 1 day

Cost: No cost

Comments: This certificate is proof that the property has no pending balances on payments of property valuation contributions. The certificate is only issued if the total contribution amount has been paid at a bank. The certificate is issued at the offices of *Empresa de Desarrollo Urbano de Barranquilla y la Región Caribe* (EDUBAR S.A.), and at no cost, according to Decree 095 of February 8, 2008.

Procedure 5. Obtain certificate of no outstanding property tax payments

Time: 1 day

Cost: No cost

Comments: This certificate is proof that the property has no pending balances on property tax payments. The notaries have an exclusive login to access the taxpayer's account statement and print the certificate from the District's tax information system at the website www.barranquilla.gov.co.

Procedure 6. Obtain pro-hospital stamp duty statement

Time: 1 day

Cost: No cost

Comments: The taxpayer can either get the pro-hospital stamp duty form from the municipal tax department, or download it from the department's website. The form should be filled out and submitted to the customer service counter, which will verify the form and calculate the tax. The taxpayer will then receive an official payment statement generated by the tax information system (SITD). Payment should be made at teller window 6 of *Banco Davivienda*, located at the same premises of the municipal government. The statement is stored in the SITD and may be later verified by the public notary. This procedure is regulated by Resolution (*Acuerdo*) 010 of 2006 and the District Tax Code.

Procedure 7. Pay pro-hospital stamp duty

Time: 1 day

Cost: COP\$7,692,419 (1.5% of the property value).

Comments: Payment is made at a commercial bank.

Procedure 8. The notary public prepares the public deed

Time: 3 days

Cost: COP\$1,675,185 [COP\$13,880 + 0.27%*(value of the property - COP\$118,680) for notary fees + COP\$9,750 for the public deed + COP\$29,250 for copies of the public deed + COP\$3,465 for the Superintendence of Notaries + COP\$3,465 for the National Notary Fund + 16% VAT].

Comments: The notary public prepares the public deed based on all the documents submitted by the parties. The notary public is required by law to prepare the public deed. The total cost of the procedure is calculated according to Resolution 9500 of December of 2008. The cost per page of the public deed is COP\$1,950 plus VAT. It is assumed that the public deed is 5 pages long.

Procedure 9. Obtain statement for department tax (*beneficencia*)

Time: 1 day

Cost: No cost

Comments: This procedure is done at the tax department of the Office of the Governor.

Procedure 10*. Pay pro-development departmental tax (*beneficencia*)

Time: 1 day (simultaneously with procedure 10)

Cost: COP\$2,564,140 (0.5% of the property value).

Comments: It is paid at a teller window of a commercial bank at the Government of Atlántico. The stamp duty is included in the Departmental Tax Code, Ordinance Decree 000823 of 2003.

Procedure 11. Payment of registration fee and registration tax

Time: 1 day

Cost: COP\$7,692,419 (1.5% of the property value).

Comments: Payment of registration fee legalizes the transaction before the Registry Office. The registration tax applies to the registration of acts, contracts or deals in which private-sector parties are part or beneficiaries and which must be registered by law at the Registry Office. The registration tax is regulated by Law 223 of 1995 and Decree 650 of 1996. This procedure is done at a commercial bank, which has an agreement with the Registry Office.

Procedure 12. Registration of public deed with the Registry Office

Time: 3 days

Cost: No cost

Comments: Once the registration fee and tax have been paid, the public deed can be registered at the Registry Office (*Oficina de Registro de Instrumentos Públicos*).

Procedure 13. Inform the cadastre about the change of ownership

Time: 1 day

Cost: No cost

Comments: The interested party must go to the cadastre office at *Instituto Geográfico Agustín Codazzi (IGAC)* – to give notice of the change in ownership.

* This procedure is simultaneous with a previous procedure.

REGISTERING PROPERTY

Bogotá, Distrito Capital

Procedure 1. Obtain ownership history and no-lien certificate

Time: 1 day

Cost: No cost

Comments: This certificate (*Certificado de Libertad y Tradición*) provides the legal information on the property and on its current and previous ownership. The rate is set according to Decrees 1250 of 1970 and 2280 of 2008, the latter modified by Resolution 0035 of 2009. Any individual or legal entity can request this certificate at the Registry Office.

Procedure 2. Obtain the certificate of legal existence and representation of the buyer and the seller of the property from the Chamber of Commerce

Time: 1 day

Cost: COP\$3,500

Comments: When the parties are companies, a certificate of legal existence and representation of the company must be requested at the Chamber of Commerce. This certificate does not have an expiration date for its validity, but some entities, such banks or authorities, request for certificates issued with less than three months in order to obtain updated information.

Procedure 3. Review of the property titles by an attorney

Time: 5 days

Cost: COP\$1,113,000

Comments: An attorney reviews the previous property titles and the background of the owner to verify that there are no legal constraints to the transaction. This legal review is not mandatory, but is usually done for this type of transactions. The attorney must receive the certificates mentioned in procedures 1 and 2, as well as a copy of the company statutes that authorize the representative to act on its behalf.

Procedure 4. Obtain certificate of no outstanding property tax payments and no outstanding contribution obligations on property value increases due to public works

Time: 1 day

Cost: No cost

Comments: From the one-stop-shop website (*Ventanilla Única de Registro, VUR*), it is now possible to obtain online the certificate of no outstanding property tax payments, stating that municipal property taxes have been paid from Urban Development Institute (IDU) and the certificate of no outstanding contribution obligations on property value increases due to public works states taxes related to increases in the value of the property due to constructions, roads, etc.

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*."

Procedure 5. The notary public prepares the public deed

Time: 8 days

Cost: COP\$1,425,385.38 [0.27%*(property value - COP\$118,680) for notary fees + COP\$7,120 deed + COP\$26,700 copies of the deed + COP\$3,465 for the Superintendence of the Notary + COP\$3,465 for the National Fund of Notaries].

Comments: The notary public will prepare the final public deed with all the documentation previously obtained by the parties. The participation of a notary in the preparation of the public deed is mandatory by law, and his fees are also established by law (0.27% of property value + other indicated fees). The standard preliminary deed minute that can be prepared by the parties and can be obtained for free in the notaries' offices or online at http://www.registratupropiedad.com/index.php?option=com_content&view=article&id=71&Itemid=76

Procedure 6. Pay registration fee

Time: 1 day

Cost: COP\$7,692,419. (1% of property value for the registry tax and 0.5% of the property value for the registration fee).

Comments: Registration fee can be paid at the Registry Office, where the commercial bank in charge of collection of this tax has installed a branch for this purpose. Despite its name, the registration fee is a tax that goes to finance state-level programs on public health.

Procedure 7. Registration of public deed with the Registry Office**Time:** 3 days**Cost:** No cost

Comments: After the registry fee and tax 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 Cadastre to register the change of ownership.

* This procedure is simultaneous with a previous procedure.

REGISTERING PROPERTY

Bucaramanga, Santander**Procedure 1. Obtain ownership history and no-lien certificate****Time:** 1 day**Cost:** COP\$11,840

Comments: This certificate (*Certificado de Libertad y Tradición*) provides the legal information on the property and on its current and previous ownership. The rate is set according to Decrees 1250 of 1970 and 2280 of 2008, the latter modified by Resolution 0035 of 2009. Any individual or legal entity can request this certificate at the Registry Office.

Procedure 2. Obtain the certificate of legal existence and representation of the buyer and the seller of the property from the Chamber of Commerce**Time:** 1 day**Cost:** COP\$3,500

Comments: When the parties are limited liability companies, a certificate of legal existence and representation must be requested from the Chamber of Commerce. This document certifies the existence of the legal entity indicates its legal representative and provides information on its registered address, its partners, its capital and the date of establishment. The rate is set according to Decree 393 of 2002.

Procedure 3. Review of the property titles by an attorney**Time:** 3 days**Cost:** COP\$250,000

Comments: An attorney reviews the previous property titles and the background of the owner to verify that there are no legal constraints to the transaction. This legal review is not mandatory, but is usually done for this type of transactions. The attorney must receive the certificates mentioned in procedures 1 and 2, as well as a copy of the company statutes that authorize the representative to act on its behalf.

Procedure 4*. Pay certificate of no outstanding property tax payments, certificate of no outstanding contribution obligations on property value increases due to public works, and certificate of no outstanding contribution obligations on property value increases due to public works of the Metropolitan Area**Time:** 1 day (simultaneous with procedure 3)

Cost: COP\$14,500 [This amount includes COP\$3,100 for the certificate of no outstanding property tax payments + COP\$3,100 for the certificate of no outstanding contribution obligations on property value increases due to public works + COP\$8,300 for the certificate of no outstanding contribution obligations on property value increases due to public works of the Metropolitan Area].

Comments: Payment is made at a commercial bank.

Procedure 5*. Obtain certificate of no outstanding property tax payments and certificate of no outstanding contribution obligations on property value increases due to public works**Time:** 1 day (simultaneous with procedure 3)**Cost:** No cost

Comments: This document certifies that the property has no pending property and property valuation tax. This procedure is done at the Municipal Treasury.

Procedure 6*. Obtain certificate of no outstanding contribution obligation on property value increases due to public works of the Metropolitan Area**Time:** 1 day (simultaneously with procedure 3)**Cost:** No cost (paid in procedure 4)

Comments: This document certifies that the property has no pending tax payments on property valuation in the Metropolitan Area. This procedure is done at the Office of the Bucaramanga Metropolitan Area.

Procedure 7. An attorney prepares a preliminary deed**Time:** 2 days**Cost:** COP\$320,000

Comments: The same attorney who reviewed the property titles in procedure 3 prepares a preliminary deed to be submitted to the notary public. This step is not mandatory but is usually done for this type of transactions. The attorney needs the ownership history and no-lien certificate and the certificates of legal existence and representation of the buyer and seller (procedures 1 and 2) as well as the certificate of no outstanding property tax payments and the certificate of no outstanding contribution obligations on property value increases due to public works (procedures 5 and 6).

Procedure 8. The public notary prepares the public deed**Time:** 3 days

Cost: COP\$1,675,185 [COP\$13,880 + 0.27%*(value of the property - COP\$118,680) for notary fees + COP\$9,750 for the public deed + COP\$29,250 for copies of the public deed + COP\$3,465 for the Superintendence of Notaries + COP\$3,465 for the National Notary Fund + 16% VAT].

Comments: The notary public prepares the public deed based on all the documents submitted by the parties. The notary public is required by law to prepare the public deed. The total cost of the procedure is calculated according to Resolution 9500 of December of 2008. The cost per page of the public deed is COP\$1,950 plus VAT. It is assumed that the public deed is 5 pages long.

Procedure 9. Obtain registration tax statement**Time:** 1 day**Cost:** No cost

Comments: This procedure is done at the Government of Santander, Tax Unit.

Procedure 10. Pay registration tax**Time:** 1 day**Cost:** COP\$7,382,439 [1.43% of the property value+ COP\$49,000].

Comments: Based on the statement received in the previous procedure, this tax is paid at a commercial bank located at the Government of Santander or at *Casa del Libro Total*.

Procedure 11. Pay registration fee**Time:** 1 day**Cost:** COP\$2,564,140 (0.5% of the property value).

Comments: Payment of the registration fee legalizes the transaction before the Registry Office. This payment is done at a commercial bank, which has an agreement with the Registry Office.

Procedure 12. Registration of public deed with the Registry Office**Time:** 5 days**Cost:** No cost

Comments: Once the registration tax and fee have been paid, the public deed can be registered at the Registry Office (*Oficina de Registro de Instrumentos Públicos*).

Procedure 13. Inform the cadastre about the change of ownership**Time:** 1 day**Cost:** No cost

Comments: The interested party must notify the transfer of property at the cadastre office of *Instituto Geográfico Agustín Codazzi (IGAC)*.

* This procedure is simultaneous with a previous procedure.

REGISTERING PROPERTY

Cali, Valle del Cauca**Procedure 1. Obtain ownership history and no-lien certificate****Time:** 1 day**Cost:** COP\$11,840

Comments: This certificate (*Certificado de Libertad y Tradición*) provides the legal information on the property and on its current and previous ownership. The rate is set according to Decrees 1250 of 1970 and 2280 of 2008, the latter modified by Resolution 0035 of 2009. Any individual or legal entity can request this certificate at the Registry Office.

Procedure 2. Obtain the certificate of legal existence and representation of the buyer and the seller of the property from the Chamber of Commerce**Time:** 1 day**Cost:** COP\$3,500

Comments: When the parties are limited liability companies, a certificate of legal existence and representation must be requested from the Chamber of Commerce. This document certifies the existence of the legal entity indicates its legal representative and provides information on its registered address, its partners, its capital and the date of establishment. The rate is set according to Decree 393 of 2002.

Procedure 3. Review of the property titles by an attorney**Time:** 3 days**Cost:** COP\$993,800 (approximately 2 legal minimum monthly wages).

Comments: An attorney reviews the previous property titles and the background of the owner to verify that there are no legal constraints to the transaction. This legal review is not mandatory, but is usually done for this type of transactions. The attorney must receive the certificates mentioned in procedures 1 and 2, as well as a copy of the company statutes that authorize the representative to act on its behalf.

Procedure 4*. Pay stamp duties to obtain the certificate of no outstanding property tax payments and certificate of no outstanding contribution obligations on property value increases due to public works**Time:** 1 day (simultaneously with procedure 3)**Cost:** COP\$6,000 (equivalent to the cost of two sets of three stamps)

Comments: In order to obtain the certificate of no outstanding property tax payments and certificate of no outstanding contribution obligations on property value increases due to public works, the interested party must purchase two sets of three stamps at the Municipal Treasury, one set for each certificate. Cost of the pro-development stamps (COP\$1,000), pro-hospital stamp (COP\$1,500) and pro-Univalle stamp (COP\$500).

Procedure 5*. Obtain the certificate of no outstanding property tax payments and certificate of no outstanding contribution obligations on property value increases due to public works**Time:** 1 day (simultaneous with procedure 3)**Cost:** No cost

Comments: The certificates are proof that the property has no pending payments on property tax and no outstanding contribution obligations on property value increases due to public works. This procedure is done at *Si Cali*, which is located at the Municipal Administrative Center (CAM).

Procedure 6. An attorney prepares a preliminary deed**Time:** 2 days**Cost:** COP\$500,000 (approximately 1 legal minimum monthly wage)

Comments: The same attorney who reviewed the property titles in procedure 3 prepares a preliminary deed to be submitted to the notary public. This step is not mandatory but is usually done for this type of transactions. The attorney needs the ownership history and no-lien certificate and the certificates of legal existence and representation of the buyer and seller (procedures 1 and 2) as well as the certificate of no outstanding property tax payments and the certificate of no outstanding contribution obligations on property value increases due to public works (procedure 5).

Procedure 7. The notary public prepares the public deed**Time:** 4 days

Cost: COP\$1,675,185 [COP\$13,880 + 0.27%*(value of the property - COP\$118,680) for notary fees + COP\$9,750 for the public deed + COP\$29,250 for copies of the public deed + COP\$3,465 for the Superintendence of Notaries + COP\$3,465 for the National Notary Fund + 16% VAT].

Comments: The notary public prepares the public deed based on all the documents submitted by the parties. The notary public is required by law to prepare the public deed. The total cost of the procedure is calculated according to Resolution 9500 of December of 2008. The cost per page of the public deed is COP\$1,950 plus VAT. It is assumed that the public deed is 5 pages long.

Procedure 8. Obtain registration tax invoice**Time:** 1 day**Cost:** No cost

Comments: This procedure is done at the Government of Valle del Cauca.

Procedure 9. Pay registration tax**Time:** 1 day**Cost:** COP\$5,215,032 (1.016% of the property value+ COP\$4,700 stamp duties).

Comments: This cost is equivalent to 1.016% of the property value, as follows: registration tax (1% of the property value), pro-hospital, pro-urban development and *pro-Univalle* stamps (0.002% of the property value each) and the *pro-cultura* stamp (1% of the registration tax). Payment is made at a commercial bank located at the Government of Valle del Cauca.

Procedure 10. Pay registration fee**Time:** 1 day**Cost:** COP\$2,564,140 (0.5% of the property value).

Comments: Payment of registration fee legalizes the transaction before the Registry Office. This payment is done at a commercial bank, which has an agreement with the Registry Office.

Procedure 11. Registration of public deed with the Registry Office**Time:** 10 days**Cost:** No cost

Comments: Once the registration tax and fee have been paid, the public deed can be registered at the Registry Office (*Oficina de Registro de Instrumentos Públicos*).

* This procedure is simultaneous with a previous procedure.

REGISTERING PROPERTY

Cartagena, Bolívar**Procedure 1. Obtain ownership history and no-lien certificate****Time:** 1 day**Cost:** COP\$11,840

Comments: This certificate (*Certificado de Libertad y Tradición*) provides the legal information on the property and on its current and previous ownership. The rate is set according to Decrees 1250 of 1970 and 2280 of 2008, the latter modified by Resolution 0035 of 2009. Any individual or legal entity can request this certificate at the Registry Office.

Procedure 2. Obtain the certificate of legal existence and representation of the buyer and the seller of the property from the Chamber of Commerce**Time:** 1 day**Cost:** COP\$3,500

Comments: When the parties are limited liability companies, a certificate of legal existence and representation must be requested from the Chamber of Commerce. This document certifies the existence of the legal entity, indicates its legal representative and provides information on its registered address, its partners, its capital and the date of establishment. The rate is set according to Decree 393 of 2002.

Procedure 3. Review of the property titles by an attorney**Time:** 4 days**Cost:** COP\$745,350 (between 1 and 2 legal minimum monthly wages).

Comments: An attorney reviews the previous property titles and the background of the owner to verify that there are no legal constraints to the transaction. This legal review is not mandatory, but is usually done for this type of transactions. The attorney must receive the certificates mentioned in procedures 1 and 2, as well as a copy of the company statutes that authorize the representative to act on its behalf.

Procedure 4*. Pay certificate of no outstanding contribution obligations on property value increases due to public works

Time: 1 day (simultaneous with procedure 3)

Cost: COP\$20,000

Comments: Payment is made at a commercial bank.

Procedure 5*. Obtain certificate of no outstanding contribution obligations on property value increases due to public works

Time: 3 days (simultaneous with procedure 3)

Cost: No cost

Comments: This document certifies that the property has no pending balances on contributions obligations on the property value increase. The procedure is done at the *Oficina de Valorización Distrital*. Also, the property tax bill, showing a paid stamp by a financial institution, is valid as a certificate of no outstanding property tax payments. According to article 76 of the District Tax Code, Municipal Resolution 41 of 2006, a receipt of payment of the unified property tax can also be requested at the Municipal Tax Department at no cost.

Procedure 6. An attorney prepares a preliminary deed

Time: 2 days

Cost: COP\$1,100,000 (the fee may vary depending on the attorney)

Comments: The same attorney who reviewed the property titles in procedure 3 prepares a preliminary deed to be submitted to the notary public. This step is not mandatory but is usually done for this type of transactions. The attorney needs the ownership history and no-lien certificate and the certificates of legal existence and representation of the buyer and seller (procedure 1 and 2) as well as proof of no outstanding property tax payments and the certificate of no outstanding contribution obligations on property value increases due to public works (procedure 5).

Procedure 7. The notary public prepares the public deed

Time: 5 days

Cost: COP\$1,675,185 [COP\$13,880 + 0.27%*(value of the property - COP\$118,680) for notary fees + COP\$9,750 for the public deed + COP\$29,250 for copies of the public deed + COP\$3,465 for the Superintendence of Notaries + COP\$3,465 for the National Notary Fund + 16% VAT].

Comments: The notary public prepares the public deed based on all the documents submitted by the parties. The notary public is required by law to prepare the public deed. The total cost of the procedure is calculated according to Resolution 9500 of December of 2008. The cost per page of the public deed is COP\$1,950 plus VAT. It is assumed that the public deed is 5 pages long.

Procedure 8. Obtain the statement for registration tax

Time: 1 day

Cost: No cost

Comments: This procedure is done at the Treasury Department of the Government of Bolívar.

Procedure 9. Pay registration tax

Time: 1 day

Cost: COP\$7,692,419 (1.5% of the property value).

Comments: The registration tax applies to the registration of documentary legal acts, contracts or deals in which private-sector parties are part or beneficiaries and which must be registered at the Registry Office. The registration tax is regulated by Law 223 of 1995 and Decree 650 of 1996. Payment is made at a commercial bank located at the Government of Bolívar.

Procedure 10. Pay registration fee

Time: 1 day

Cost: COP\$2,564,140 (0.5% of the property value).

Comments: Payment of registration fee legalizes the transaction before the Registry Office. This payment is done at a commercial bank, which has an agreement with the Registry Office.

Procedure 11. Registration of public deed with the Registry Office

Time: 15 days

Cost: No cost

Comments: Once the registration tax and fee have been paid, the public deed can be registered at the Registry Office (*Oficina de Registro de Instrumentos Públicos*).

Procedure 12. Inform the cadastre about the change of ownership

Time: 1 day

Cost: No cost

Comments: The interested party must notify the transfer of property at the cadastre office of *Instituto Geográfico Agustín Codazzi (IGAC)*.

* This procedure is simultaneous with a previous procedure.

REGISTERING PROPERTY

Cúcuta, Norte de Santander

Procedure 1. Obtain ownership history and no-lien certificate

Time: 1 day

Cost: COP\$11,840

Comments: This certificate (*Certificado de Libertad y Tradición*) provides the legal information on the property and on its current and previous ownership. The rate is set according to Decrees 1250 of 1970 and 2280 of 2008, the latter modified by Resolution 0035 of 2009. Any individual or legal entity can request this certificate at the Registry Office.

Procedure 2. Obtain the certificate of legal existence and representation of the buyer and the seller of the property from the Chamber of Commerce

Time: 1 day

Cost: COP\$5,600 (COP\$3,500 national fixed rate + COP\$2,100 pro-hospital stamp).

Comments: When the parties are limited liability companies, a certificate of legal existence and representation must be requested from the Chamber of Commerce. This document certifies the existence of the legal entity, indicates its legal representative and provides information on its registered address, its partners, its capital and the date of establishment. The rate is set according to Decree 393 of 2002.

Procedure 3. Review of the property titles by an attorney

Time: 5 days

Cost: COP\$700,000

Comments: An attorney reviews the previous property titles and the background of the owner to verify that there are no legal constraints to the transaction. This legal review is not mandatory, but is usually done for this type of transactions. The attorney must receive the certificates mentioned in procedures 1 and 2, as well as a copy of the company statutes that authorize the representative to act on its behalf.

Procedure 4*. Pay and obtain the certificate of no outstanding property tax payments

Time: 3 days (simultaneous with procedure 3)

Cost: COP\$18,400 [COP\$8,300 for the no outstanding payments certificate + COP\$1,700 for pro-scientific development public university stamps + COP\$4,200 for pro-elderly stamp + COP\$2,100 for pro-culture stamp + COP\$2,100 for pro-hospital stamp].

Comments: This document is proof that the property has no pending balances on property tax payments; the stamps and the certificate are obtained at the Municipal Tax Department.

Procedure 5*. Pay certificate of no outstanding contribution obligations on property value increases due to public works

Time: 1 day (simultaneous with procedure 3)

Cost: COP\$8,300

Comments: Payment is made at a commercial bank.

Procedure 6*. Obtain certificate of no outstanding contribution obligations on property value increases due to public works**Time:** 1 day (simultaneous with procedure 3)**Cost:** No cost**Comments:** This document certifies that the property has no pending payments and no outstanding contribution obligations on property value increases due to public works.**Procedure 7. An attorney prepares a preliminary deed****Time:** 2 days**Cost:** COP\$600,000**Comments:** The same attorney who reviewed the property titles in procedure 3 prepares a preliminary deed to be submitted to the notary public. This step is not mandatory but is usually done for this type of transactions. The attorney must receive the ownership history and no-lien certificate (procedures 1 and 2) and the certificate of no outstanding property tax payments and the certificate of no outstanding contribution obligations on property value increases due to public works (procedures 4 y 6).**Procedure 8. The notary public prepares the public deed****Time:** 3 days**Cost:** COP\$1,675,185 [COP\$13,880 + 0.27%*(value of the property - COP\$118,680) for notary fees + COP\$9,750 for the public deed + COP\$29,250 for copies of the public deed + COP\$3,465 for the Superintendence of Notaries + COP\$3,465 for the National Notary Fund + 16% VAT].**Comments:** The notary public prepares the public deed based on all the documents submitted by the parties. The notary public is required by law to prepare the public deed. The total cost of the procedure is calculated according to Resolution 9500 of December of 2008. The cost per page of the public deed is COP\$1,950 plus VAT. It is assumed that the public deed is 5 pages long.**Procedure 9. Obtain the registration tax statement****Time:** 1 day**Cost:** No cost**Comments:** This procedure is done at the Tax Department at the Government of Norte de Santander.**Procedure 10. Pay registration tax****Time:** 1 day**Cost:** COP\$5,389,193 (1.05% of the property value+ COP\$4,500).**Comments:** The cost is established according to Departmental Ordinance 0014 of December of 2008. Payment is made at a commercial bank.**Procedure 11. Pay registration fee****Time:** 1 day**Cost:** COP\$2,564,140 (0.5% of the property value).**Comments:** Payment of registration fee legalizes the transaction before the Registry Office. This payment is done at a commercial bank, which has an agreement with the Registry Office.**Procedure 12. Registration of public deed with the Registry Office****Time:** 8 days**Cost:** No cost**Comments:** Once the registration tax and fee have been paid, the public deed can be registered at the Registry Office (*Oficina de Registro de Instrumentos Públicos*).**Procedure 13. Inform the cadastre about the change of ownership****Time:** 1 day**Cost:** No cost**Comments:** The interested party must notify the transfer of property at the cadastre office of *Instituto Geográfico Agustín Codazzi (IGAC)*.

*This procedure is simultaneous with a previous procedure.

REGISTERING PROPERTY

Ibagué, Tolima**Procedure 1. Obtain ownership history and no-lien certificate****Time:** 1 day**Cost:** COP\$11,840**Comments:** This certificate (*Certificado de Libertad y Tradición*) provides the legal information on the property and on its current and previous ownership. The rate is set according to Decrees 1250 of 1970 and 2280 of 2008, the latter modified by Resolution 0035 of 2009. Any individual or legal entity can request this certificate at the Registry Office.**Procedure 2. Obtain the certificate of legal existence and representation of the buyer and the seller of the property from the Chamber of Commerce****Time:** 1 day**Cost:** COP\$3,500**Comments:** When the parties are limited liability companies, a certificate of legal existence and representation must be requested from the Chamber of Commerce. This document certifies the existence of the legal entity, indicates its legal representative and provides information on its registered address, its partners, its capital and the date of establishment. The rate is set according to Decree 393 of 2002.**Procedure 3. Review of the property titles by an attorney****Time:** 4 days**Cost:** COP\$200,000**Comments:** An attorney reviews the previous property titles and the background of the owner to verify that there are no legal constraints to the transaction. This legal review is not mandatory, but is usually done for this type of transactions. The attorney must receive the certificates mentioned in procedures 1 and 2, as well as a copy of the company statutes that authorize the representative to act on its behalf.**Procedure 4. Obtain unified certificate of no outstanding property tax payments and of no outstanding contribution obligations on property value increases due to public works****Time:** 1 day**Cost:** No cost**Comments:** This certificate proves that the property's owners have no pending balances on property tax payments. This procedure is regulated according to Municipal Council Resolutions (*Acuerdos*) 02 of 1999, 43 of 2002, 26 of 2007 and 007 of 2009. If an additional copy of the certificate is required, it has a cost of COP\$4,000, which is paid at a commercial bank. The duplicate is delivered by the Municipal Treasury.**Procedure 5. An attorney prepares a preliminary deed****Time:** 2 days**Cost:** COP\$150,000**Comments:** The same attorney who reviewed the property titles in procedure 3 prepares a preliminary deed to be submitted to the notary public. This step is not mandatory but is usually done for this type of transactions. In this case the minute is drafted simultaneously with the study of the property titles. The attorney requires the following documents to draft the minute:

1. Certificate of legal existence and representation of the companies
2. Contractual power of attorney to perform the procedure
3. Ownership history and no-lien certificate
4. Photocopies of the public deeds of the property
5. Certificate of no outstanding property tax payments

Procedure 6. The notary public prepares the public deed**Time:** 3 days**Cost:** COP\$1,675,185 [COP\$13,880 + 0.27%*(value of the property - COP\$118,680) for notary fees + COP\$9,750 for the public deed + COP\$29,250 for copies of the public deed + COP\$3,465 for the Superintendence of Notaries + COP\$3,465 for the National Notary Fund + 16% VAT].**Comments:** The notary public prepares the public deed based on all the documents submitted by the parties. The notary public is required by law to prepare the public deed. The total cost of the procedure is calculated according to Resolution 9500 of December of 2008. The cost per page of the public deed is COP\$1,950 plus VAT. It is assumed that the public deed is 5 pages long.

Procedure 7. Pay registration fee and registration tax**Time:** 1 day**Cost:** COP\$7,692,419 (0.5% of the property value + 1% of the property value).**Comments:** Payment of registration fee legalizes the transaction before the Registry Office. The registration tax applies to the registration of documentary legal acts, contracts or deals in which private-sector parties are part or beneficiaries and which must be registered at the Registry Office. The registration tax is regulated established in Law 223 of 1995 and Decree 650 of 1996. This payment is done at a commercial bank, which has an agreement with the Registry Office.**Procedure 8. Registration of public deed with the Registry Office****Time:** 3 days**Cost:** No cost**Comments:** Once the registration tax and fees have been paid, the public deed can be registered at the Registry Office (*Oficina de Registro de Instrumentos Públicos*).

*This procedure is simultaneous with a previous procedure.

REGISTERING PROPERTY

Manizales, Caldas**Procedure 1. Obtain ownership history and no-lien certificate****Time:** 1 day**Cost:** COP\$11,840**Comments:** This certificate (*Certificado de Libertad y Tradición*) provides the legal information on the property and on its current and previous ownership. The rate is set according to Decrees 1250 of 1970 and 2280 of 2008, the latter modified by Resolution 0035 of 2009. Any individual or legal entity can request this certificate at the Registry Office.**Procedure 2. Obtain the certificate of legal existence and representation of the buyer and the seller of the property from the Chamber of Commerce****Time:** 1 day**Cost:** COP\$3,500**Comments:** When the parties are limited liability companies, a certificate of legal existence and representation must be requested from the Chamber of Commerce. This document certifies the existence of the legal entity, indicates its legal representative and provides information on its registered address, its partners, its capital and the date of establishment. The rate is set according to Decree 393 of 2002.**Procedure 3. Review of the property titles by an attorney****Time:** 2 days**Cost:** COP\$250,000**Comments:** An attorney reviews the previous property titles and the background of the owner to verify that there are no legal constraints to the transaction. This legal review is not mandatory, but is usually done for this type of transactions. The attorney must receive the certificates mentioned in procedures 1 and 2, as well as a copy of the company statutes that authorize the representative to act on its behalf.**Procedure 4*. Obtain certificate of no outstanding contribution obligations on property value increases due to public works****Time:** 1 day (simultaneously with procedure 3)**Cost:** No cost (The certificate is issued at no cost by INVAMA)**Comments:** The certificate is proof that the property has no outstanding contribution obligations on property value increases due to public works. This procedure is done at *Instituto de Valorización de Manizales* (INVAMA). The paid property tax invoice is equivalent to the certificate of no property tax payments.**Procedure 5. An attorney prepares a preliminary deed****Time:** 1 day**Cost:** COP\$450,000**Comments:** The same attorney who reviewed the property titles in procedure 3 prepares a preliminary deed to be submitted to the notary public. This step is not mandatory but is usually done for this type of transactions. The attorney needs the ownership history and no-lien certificate and the certificates of legal existence and representation of the buyer and seller (procedures 1 and 2) as well as proof no outstanding property tax payments and the certificate of no outstanding contribution obligations on property value increases due to public works (procedure 4).**Procedure 6. The notary public prepares the public deed****Time:** 1 day**Cost:** COP\$1,675,185 [COP\$13,880 + 0.27%*(value of the property - COP\$118,680) for notary fees + COP\$9,750 for the public deed + COP\$29,250 for copies of the public deed + COP\$3,465 for the Superintendence of Notaries + COP\$3,465 for the National Notary Fund + 16% VAT].**Comments:** The notary public prepares the public deed based on all the documents submitted by the parties. The notary public is required by law to prepare the public deed. The total cost of the procedure is calculated according to Resolution 9500 of December of 2008. The cost per page of the public deed is COP\$1,950 plus VAT. It is assumed that the public deed is 5 pages long.**Procedure 7. Obtain the registration tax statement****Time:** 1 day**Cost:** No cost**Comments:** This procedure is done at the Tax Office of the Government of Caldas.**Procedure 8. Pay registration tax****Time:** 1 day**Cost:** COP\$5,128,279 (1% of the property value).**Comments:** The registration tax applies to the registration of documentary legal acts, contracts or deals in which private-sector parties are part or beneficiaries and which must be registered by law at the Registry Office. The registration tax is regulated by Law 223 of 1995 and Decree 650 of 1996. Payment is made at a commercial bank.**Procedure 9. Pay registration fee****Time:** 1 day**Cost:** COP\$2,564,140 (0.5% of the property value).**Comments:** Payment of registration fee legalizes the transaction before the Registry Office. This payment is done at a commercial bank, which has an agreement with the Registry Office.**Procedure 10. Registration of public deed with the Registry Office****Time:** 3 days**Cost:** No cost**Comments:** Once the registration tax and fee have been paid, the public deed can be registered at the Registry Office (*Oficina de Registro de Instrumentos Públicos*).

*This procedure is simultaneous with a previous procedure.

REGISTERING PROPERTY

Medellín, Antioquia**Procedure 1. Obtain ownership history and no-lien certificate****Time:** 1 day**Cost:** COP\$11,840**Comments:** This certificate (*Certificado de Libertad y Tradición*) provides the legal information on the property and on its current and previous ownership. The rate is set according to Decrees 1250 of 1970 and 2280 of 2008, the latter modified by Resolution 0035 of 2009. Any individual or legal entity can request this certificate at the Registry Office.**Procedure 2. Obtain the certificate of legal existence and representation of the buyer and the seller of the property from the Chamber of Commerce****Time:** 1 day**Cost:** COP\$3,500**Comments:** When the parties are limited liability companies, a certificate of legal existence and representation must be requested from the Chamber of Commerce. This document certifies the existence of the legal entity, indicates its legal representative and provides information on its registered address, its partners, its capital and the date of establishment. The rate is set according to Decree 393 of 2002.

Procedure 3. Review of the property titles by an attorney**Time:** 5 days**Cost:** COP\$1,250,000

Comments: An attorney reviews the previous property titles and the background of the owner to verify that there are no legal constraints to the transaction. This legal review is not mandatory, but is usually done for this type of transactions. The attorney must receive the certificates mentioned in procedures 1 and 2, as well as a copy of the company statutes that authorize the representative to act on its behalf.

Procedure 4. Pay and obtain the unified certificate of no outstanding property tax payments and no outstanding contribution obligations on property value increases due to public works**Time:** 1 day**Cost:** COP\$8,000 (1.396% of 1 legal minimum monthly wage plus VAT, rounded to the nearest thousand).

Comments: The unified certificate of no outstanding property tax payments and no outstanding contribution obligations on property value increases due to public works certifies that the property has no pending balances on property taxes and property valuation tax payments.

Procedure 5. An attorney prepares a preliminary deed**Time:** 2 days**Cost:** COP\$1,060,000

Comments: The same attorney who reviewed the property titles in procedure 3 prepares a preliminary deed to be submitted to the notary public. This step is not mandatory but is usually done for this type of transactions. The attorney needs the ownership history and no-lien certificate and the certificates of legal existence and representation of the buyer and seller (procedures 1 and 2) as well as the certificate of no outstanding property tax payments and no outstanding contribution obligations on property value increases due to public works (procedure 4).

Procedure 6. The notary public prepares the public deed**Time:** 2 days

Cost: COP\$1,675,185 [COP\$13,880 + 0.27%*(value of the property - COP\$118,680) for notary fees + COP\$9,750 for the public deed + COP\$29,250 for copies of the public deed + COP\$3,465 for the Superintendence of Notaries + COP\$3,465 for the National Notary Fund + 16% VAT].

Comments: The notary public prepares the public deed based on all the documents submitted by the parties. The notary public is required by law to prepare the public deed. The total cost of the procedure is calculated according to Resolution 9500 of December of 2008. The cost per page of the public deed is COP\$1,950 plus VAT. It is assumed that the public deed is 5 pages long.

Procedure 7. Obtain registration tax invoice**Time:** 1 day**Cost:** No cost

Comments: This procedure is done at the Tax Department of the Government of Antioquia.

Procedure 8. Pay registration tax**Time:** 1 day**Cost:** COP\$5,384,693 (1.05% of the property value).

Comments: Based on the statement obtained in the previous procedure, this tax is paid at a commercial bank located at the premises of the Tax Office.

Procedure 9. Pay registration fee**Time:** 1 day**Cost:** COP\$2,564,140 (0.5% of the property value).

Comments: Payment of registration fee legalizes the transaction before the Registry Office. This payment is done at a commercial bank, which has an agreement with the Registry Office.

Procedure 10. Registration of public deed with the Registry Office**Time:** 8 days**Cost:** No cost

Comments: Once the registration tax and fee are paid, the public deed is registered at the Registry Office (*Oficina de Registro de Instrumentos Públicos*).

* This procedure is simultaneous with a previous procedure.

REGISTERING PROPERTY

Montería, Córdoba**Procedure 1. Obtain ownership history and no-lien certificate****Time:** 1 day**Cost:** COP\$11,840

Comments: This certificate (*Certificado de Libertad y Tradición*) provides the legal information on the property and on its current and previous ownership. The rate is set according to Decrees 1250 of 1970 and 2280 of 2008, the latter modified by Resolution 0035 of 2009. Any individual or legal entity can request this certificate at the Registry Office.

Procedure 2. Obtain the certificate of legal existence and representation of the buyer and the seller of the property from the Chamber of Commerce**Time:** 1 day**Cost:** COP\$3,500

Comments: When the parties are limited liability companies, a certificate of legal existence and representation must be requested from the Chamber of Commerce. This document certifies the existence of the legal entity, indicates its legal representative and provides information on its registered address, its partners, its capital and the date of establishment. The rate is set according to Decree 393 of 2002.

Procedure 3. Review of the property titles by an attorney**Time:** 2 days**Cost:** COP\$496,900 (approximately 1 legal minimum monthly wages).

Comments: An attorney reviews the previous property titles and the background of the owner to verify that there are no legal constraints to the transaction. This legal review is not mandatory, but is usually done for this type of transactions. The attorney must receive the certificates mentioned in procedures 1 and 2, as well as a copy of the company statutes that authorize the representative to act on its behalf.

Procedure 4*. Pay certificate of no outstanding property tax payments and certificate of no outstanding contribution obligations on property value increases due to public works**Time:** 1 day (simultaneous with procedure 3)**Cost:** COP\$4,141 (rate for both certificates)**Comments:** They are paid at the Municipal Tax Department.**Procedure 5*. Obtain the certificate of no outstanding property tax payments and certificate of no outstanding contribution obligations on property value increases due to public works****Time:** 2 days (simultaneous with procedure 3)**Cost:** No cost

Comments: The certificates are proof that the property has no pending property tax payments and no outstanding contribution obligations on property value increases due to public works. The payment receipt and property registration number must be presented to the Municipal Tax Department.

Procedure 6. An attorney prepares a preliminary deed**Time:** 2 days**Cost:** COP\$496,900 (approximately 1 legal minimum monthly wage).

Comments: The same attorney who reviewed the property titles in procedure 3 prepares a preliminary deed to be submitted to the notary public. This step is not mandatory but is usually done for this type of transactions. The attorney needs the ownership history and no-lien certificate and the certificates of legal existence and representation of the buyer and seller (procedures 1 and 2) as well as the certificate of no outstanding property tax payments and the certificate of no outstanding contribution obligations on property value increases due to public works (procedure 5).

Procedure 7. The notary public prepares the public deed**Time:** 5 days

Cost: COP\$1,675,185 [COP\$13,880 + 0.27%*(value of the property - COP\$118,680) for notary fees + COP\$9,750 for the public deed + COP\$29,250 for copies of the public deed + COP\$3,465 for the Superintendence of Notaries + COP\$3,465 for the National Notary Fund + 16% VAT].

Comments: The notary public prepares the public deed based on all the documents submitted by the parties. The notary public is required by law to prepare the public deed. The total cost of the procedure is calculated according to Resolution 9500 of December of 2008. The cost per page of the public deed is COP\$1,950 plus VAT. It is assumed that the public deed is 5 pages long.

Procedure 8. Obtain the registration tax statement**Time:** 1 day**Cost:** No cost**Comments:** This procedure is done at the Treasury of the Government of Córdoba.**Procedure 9. Pay registration tax****Time:** 1 day**Cost:** COP\$5,128,279 (1% of the property value).**Comments:** The registration tax applies to the registration of documentary legal acts, contracts or deals in which private-sector parties are part or beneficiaries and which must be registered by law at the Registry Office. The registration tax is regulated by Law 223 of 1995 and Decree 650 of 1996. Payment is made at a commercial bank located at the Government of Córdoba.**Procedure 10. Pay registration fee****Time:** 1 day**Cost:** COP\$2,564,140 (0.5% of the property value).**Comments:** Payment of registration fee legalizes the transaction before the Registry Office. This payment is done at a commercial bank, which has an agreement with the Registry Office.**Procedure 11. Registration of public deed with the Registry Office****Time:** 10 days**Cost:** No cost**Comments:** Once the registration tax and fee have been paid, the public deed can be registered at the Registry Office (*Oficina de Registro de Instrumentos Públicos*).**Procedure 12. Inform the cadastre about the change of ownership****Time:** 1 day**Cost:** No cost**Comments:** The interested party must notify the transfer of property at the cadastre office of *Instituto Geográfico Agustín Codazzi (IGAC)*.

*This procedure is simultaneous with a previous procedure.

REGISTERING PROPERTY

Neiva, Huila**Procedure 1. Obtain ownership history and no-lien certificate****Time:** 1 day**Cost:** COP\$11,840**Comments:** This certificate (*Certificado de Libertad y Tradición*) provides the legal information on the property and on its current and previous ownership. The rate is set according to Decrees 1250 of 1970 and 2280 of 2008, the latter modified by Resolution 0035 of 2009. Any individual or legal entity can request this certificate at the Registry Office.**Procedure 2. Obtain the certificate of legal existence and representation of the buyer and the seller of the property from the Chamber of Commerce****Time:** 1 day**Cost:** COP\$3,500**Comments:** When the parties are limited liability companies, a certificate of legal existence and representation must be requested from the Chamber of Commerce. This document certifies the existence of the legal entity, indicates its legal representative and provides information on its registered address, its partners, its capital and the date of establishment. The rate is set according to Decree 393 of 2002.**Procedure 3. Review of the property titles by an attorney****Time:** 2 days**Cost:** COP\$150,000 (the fee varies depending on the attorney)**Comments:** An attorney reviews the previous property titles and the background of the owner to verify that there are no legal constraints to the transaction. This legal review is not mandatory, but is usually done for this type of transactions. The attorney must receive the certificates mentioned in procedures 1 and 2, as well as a copy of the company statutes that authorize the representative to act on its behalf.**Procedure 4*. Pay certificate of no outstanding property tax payments and certificate of no outstanding contribution obligations on property value increases due to public works****Time:** 1 day (simultaneous with procedure 3)**Cost:** COP\$10,000 (each certificate costs COP\$5,000)**Comments:** The Municipal Council authorized the Municipal Tax Department to charge COP\$5,000 for each property and property valuation tax certificates by means of Resolution 002 of 2000. Payment is made at a commercial bank located in the Municipal Treasury.**Procedure 5*. Obtain certificate of no outstanding property tax payments and certificate of no outstanding contribution obligations on property value increases due to public works****Time:** 1 day (simultaneous with procedure 3 and 4)**Cost:** No cost**Comments:** The certificates are proof that the property has no pending payments on property tax and on no outstanding contribution obligations on property value increases due to public works.**Procedure 6. An attorney prepares a preliminary deed****Time:** 2 days**Cost:** COP\$250,000**Comments:** The same attorney who reviewed the property titles in procedure 3 prepares a preliminary deed to be submitted to the notary public. This step is not mandatory but is usually done for this type of transactions. The attorney must receive the ownership history and no-lien certificate (procedures 1 and 2) as well as the certificate of no outstanding property tax payments and the certificate of no outstanding contribution obligations on property value increases due to public works (procedure 5).**Procedure 7. The notary public prepares the public deed****Time:** 3 days**Cost:** COP\$1,675,185 [COP\$ \$13,880 + 0.27%*(price of the property - COP\$118,680) for notary fees + COP\$9,750 for the public deed + COP\$29,250 for copies of the public deed + COP\$ 3,465 for the Notary Superintendence + COP\$ 3,465 for the National Notary Fund + 16% VAT].**Comments:** The notary public prepares the public deed based on all the documents submitted by the parties. The notary public is required by law to prepare the public deed. The total cost of the procedure is calculated according to Resolution 9500 of December of 2008. The cost per page of the public deed is COP\$1,950 plus VAT. It is assumed that the public deed is 5 pages long.**Procedure 8. Obtain the registration tax and stamp duty statement****Time:** 1 day**Cost:** COP\$10,100 (this amount is for the tax payment receipt and the stamps).**Comments:** The registration tax applies to the registration of documentary legal acts, contracts or deals in which private-sector parties are part or beneficiaries and which must be registered by law at the Registry Office. The registration tax is regulated by Law 223 of 1995 and Decree 650 of 1996. Stamp duties are regulated by Ordinances 035 of 2009, 024 of 2008, 031 of 2008, 034 of 2008, 035 of 2009 of the Departmental Assembly of Huila. This statement is obtained at the Treasury of the Government of Huila.**Procedure 9. Pay registration and stamp duties****Time:** 1 day**Cost:** COP\$12,820,698 [1% of the property value+ 0.5% *pro-Usco* stamp (pro-rural electricity) + 0.5% pro-culture stamp + 0.25% pro-university stamp + 0.25% pro-departmental development stamp].**Comments:** Payment is made at a commercial bank.**Procedure 10. Pay registration fee****Time:** 1 day**Cost:** COP\$2,564,140 (0.5% of the property value).**Comments:** Payment of registration fee legalizes the transaction before the Registry Office. This payment is done at a commercial bank, which has an agreement with the Registry Office.

Procedure 11. Registration of public deed with the Registry Office**Time:** 4 days**Cost:** No cost**Comments:** Once the registration tax and fee have been paid, the public deed can be registered at the Registry Office (*Oficina de Registro de Instrumentos Públicos*).

* This procedure is simultaneous with a previous procedure.

REGISTERING PROPERTY

Pasto, Nariño**Procedure 1. Obtain ownership history and no-lien certificate****Time:** 1 day**Cost:** COP\$11,840**Comments:** This certificate (*Certificado de Libertad y Tradición*) provides the legal information on the property and on its current and previous ownership. The rate is set according to Decrees 1250 of 1970 and 2280 of 2008, the latter modified by Resolution 0035 of 2009. Any individual or legal entity can request this certificate at the Registry Office.**Procedure 2. Obtain the certificate of legal existence and representation of the buyer and the seller of the property from the Chamber of Commerce****Time:** 1 day**Cost:** COP\$3,500**Comments:** When the parties are limited liability companies, a certificate of legal existence and representation must be requested from the Chamber of Commerce. This document certifies the existence of the legal entity, indicates its legal representative and provides information on its registered address, its partners, its capital and the date of establishment. The rate is set according to Decree 393 of 2002.**Procedure 3. Review of the property titles by an attorney****Time:** 3 days**Cost:** COP\$490,000**Comments:** An attorney reviews the previous property titles and the background of the owner to verify that there are no legal constraints to the transaction. This legal review is not mandatory, but is usually done for this type of transactions. The attorney must receive the certificates mentioned in procedures 1 and 2, as well as a copy of the company statutes that authorize the representative to act on its behalf.**Procedure 4. Pay and obtain certificate of no outstanding contribution obligations on property value increases due to public works****Time:** 1 day**Cost:** COP\$4,700**Comments:** This document certifies that the property has no pending balances on contributions obligations on the property value increase. The procedure is done at the *Oficina de Valorización Distrital*. This cost includes pro-development, pro-electricity and culture stamp duties.**Procedure 5*. Pay and obtain the certificate of no outstanding property tax payments****Time:** 1 day (simultaneous with procedure 4)**Cost:** COP\$8,400**Comments:** The certificate is proof that the property has no pending property tax payments. It is paid at the Municipal Treasury, at a different counter than the one indicated in procedure 4.**Procedure 6. An attorney prepares a preliminary deed****Time:** 2 days**Cost:** COP\$200,000**Comments:** The same attorney who reviewed the property titles in procedure 3 prepares a preliminary deed to be submitted to the notary public. This step is not mandatory but is usually done for this type of transactions. The attorney needs the ownership history and no-lien certificate and the certificates of legal existence and representation of the buyer and seller (procedures 1 and 2) as well as the certificate of no outstanding property tax payments and the certificate of no outstanding contribution obligations on property value increases due to public works (procedures 4 and 5).**Procedure 7. The notary public prepares the public deed****Time:** 5 days**Cost:** COP\$1,675,185 [COP\$13,880 + 0.27%*(value of the property - COP\$118,680) for notary fees + COP\$9,750 for the public deed + COP\$29,250 for copies of the public deed + COP\$3,465 for the Superintendence of Notaries + COP\$3,465 for the National Notary Fund + 16% VAT].**Comments:** The notary public prepares the public deed based on all the documents submitted by the parties. The notary public is required by law to prepare the public deed. The total cost of the procedure is calculated according to Resolution 9500 of December of 2008. The cost per page of the public deed is COP\$1,950 plus VAT. It is assumed that the public deed is 5 pages long.**Procedure 8. Obtain the registration tax statement****Time:** 1 day**Cost:** COP\$11,200**Comments:** This procedure is done at the Tax Office of the Government of Nariño.**Procedure 9. Pay registration tax****Time:** 1 day**Cost:** COP\$5,128,279 (1% of the property value).**Comments:** The registration tax applies to the registration of documentary legal acts, contracts or deals in which private-sector parties are part or beneficiaries and which must be registered by law at the Registry Office. The registration tax is regulated by Law 223 of 1995 and Decree 650 of 1996. Payment is made at a commercial bank.**Procedure 10. Pay registration fee****Time:** 1 day**Cost:** COP\$2,564,140 (0.5% of the property value).**Comments:** Payment of registration fee legalizes the transaction before the Registry Office. This payment is done at a commercial bank, which has an agreement with the Registry Office.**Procedure 11. Registration of public deed with the Registry Office****Time:** 21 days**Cost:** No cost**Comments:** Once the registration tax and fee have been paid, the public deed can be registered at the Registry Office (*Oficina de Registro de Instrumentos Públicos*).

* This procedure is simultaneous with a previous procedure.

REGISTERING PROPERTY

Pereira, Risaralda**Procedure 1. Obtain ownership history and no-lien certificate****Time:** 1 day**Cost:** COP\$11,840**Comments:** This certificate (*Certificado de Libertad y Tradición*) provides the legal information on the property and on its current and previous ownership. The rate is set according to Decrees 1250 of 1970 and 2280 of 2008, the latter modified by Resolution 0035 of 2009. Any individual or legal entity can request this certificate at the Registry Office.**Procedure 2. Obtain the certificate of legal existence and representation of the buyer and the seller of the property from the Chamber of Commerce****Time:** 1 day**Cost:** COP\$3,500**Comments:** When the parties are limited liability companies, a certificate of legal existence and representation must be requested from the Chamber of Commerce. This document certifies the existence of the legal entity, indicates its legal representative and provides information on its registered address, its partners, its capital and the date of establishment. The rate is set according to Decree 393 of 2002.**Procedure 3. Review of the property titles by an attorney****Time:** 2 days**Cost:** COP\$576,400

Comments: An attorney reviews the previous property titles and the background of the owner to verify that there are no legal constraints to the transaction. This legal review is not mandatory, but is usually done for this type of transactions. The attorney must receive the certificates mentioned in procedures 1 and 2, as well as a copy of the company statutes that authorize the representative to act on its behalf.

Procedure 4*. Pay certificate of no outstanding contribution obligations on property value increases due to public works

Time: 1 day (simultaneously with procedure 3)

Cost: COP\$8,300

Comments: This document certifies that the property has no pending balances on contributions obligations on the property value increase. The certificate of no outstanding property tax payments is no longer required. Article 23 of the Municipal Tax Code of Pereira, updated in 2009, accepts a property tax invoice with a paid stamp from the bank in lieu of a certificate of no outstanding property tax payments.

Procedure 5*. Obtain the certificate of no outstanding contribution obligations on property value increases due to public works

Time: 1 day (simultaneously with procedure 3)

Cost: No cost

Comments: This certificate is proof that the property has no pending balances on property valuation tax payments. The procedure is done at the Municipal Treasury. The deposit slip and the property's registration license must be presented.

Procedure 6. The notary public prepares the public deed

Time: 2 days

Cost: COP\$1,675,185 [COP\$13,880 + 0.27%*(value of the property - COP\$118,680) for notary fees + COP\$9,750 for the public deed + COP\$29,250 for copies of the public deed + COP\$3,465 for the Superintendence of Notaries + COP\$3,465 for the National Notary Fund + 16% VAT].

Comments: The notary public prepares the public deed based on all the documents submitted by the parties. The notary public is required by law to prepare the public deed. The total cost of the procedure is calculated according to Resolution 9500 of December of 2008. The cost per page of the public deed is COP\$1,950 plus VAT. It is assumed that the public deed is 5 pages long.

Procedure 7. Obtain registration tax statement

Time: 1 day

Cost: No cost

Comments: This procedure is done at the Tax Department of the Government of Risaralda.

Procedure 8. Pay registration tax

Time: 1 day

Cost: COP\$5,128,279 (1% of the property value).

Comments: The registration tax applies to the registration of documentary legal acts, contracts or deals in which private-sector parties are part or beneficiaries and which must be registered by law at the Registry Office. The registration tax is regulated by Law 223 of 1995 and Decree 650 of 1996. Payment is made at a commercial bank.

Procedure 9. Pay registration fee

Time: 1 day

Cost: COP\$2,564,140 (0.5% of the property value).

Comments: Payment of registration fee legalizes the transaction before the Registry Office. This payment is done at a commercial bank, which has an agreement with the Registry Office.

Procedure 10. Registration of public deed with the Registry Office

Time: 8 days

Cost: No cost

Comments: Once the registration tax and fee have been paid, the public deed can be registered at the Registry Office (*Oficina de Registro de Instrumentos Públicos*).

Procedure 11. Inform the cadastre about the change of ownership

Time: 1 day

Cost: No cost

Comments: The interested party must notify the transfer of property at the cadastre office of *Instituto Geográfico Agustín Codazzi (IGAC)*.

* This procedure is simultaneous with a previous procedure.

REGISTERING PROPERTY

Popayán, Cauca

Procedure 1. Obtain ownership history and no-lien certificate

Time: 1 day

Cost: COP\$11,840

Comments: This certificate (*Certificado de Libertad y Tradición*) provides the legal information on the property and on its current and previous ownership. The rate is set according to Decrees 1250 of 1970 and 2280 of 2008, the latter modified by Resolution 0035 of 2009. Any individual or legal entity can request this certificate at the Registry Office.

Procedure 2. Obtain the certificate of legal existence and representation of the buyer and the seller of the property from the Chamber of Commerce

Time: 1 day

Cost: COP\$3,500

Comments: When the parties are limited liability companies, a certificate of legal existence and representation must be requested from the Chamber of Commerce. This document certifies the existence of the legal entity, indicates its legal representative and provides information on its registered address, its partners, its capital and the date of establishment. The rate is set according to Decree 393 of 2002.

Procedure 3. Review of the property titles by an attorney

Time: 3 days

Cost: COP\$497,000

Comments: An attorney reviews the previous property titles and the background of the owner to verify that there are no legal constraints to the transaction. This legal review is not mandatory, but is usually done for this type of transactions. The attorney must receive the certificates mentioned in procedures 1 and 2, as well as a copy of the company statutes that authorize the representative to act on its behalf.

Procedure 4*. Pay certificate of no outstanding property tax payments and certificate of no outstanding contribution obligations on property value increases due to public works

Time: 1 day (simultaneous with procedure 3)

Cost: COP\$14,600

Comments: A deposit is made to the municipality at a commercial bank. In many cases the latest payment receipts are submitted also as proof of no pending balances on public utility services.

Procedure 5*. Obtain certificate of no outstanding property tax payments and certificate of no outstanding contribution obligations on property value increases due to public works

Time: 1 day (simultaneous with procedure 3)

Cost: No cost

Comments: The certificates are proof that the property has no pending property tax payments and no outstanding contribution obligations on property value increases due to public works. The deposit slip and property number must be submitted to the Municipal Tax Office to obtain the certificates.

Procedure 6. An attorney prepares a preliminary deed

Time: 2 days

Cost: COP\$497,000 (approximately 1 legal minimum monthly wage).

Comments: The same attorney who reviewed the property titles in procedure 3 prepares a preliminary deed to be submitted to the notary public. This step is not mandatory but is usually done for this type of transactions. The attorney needs the ownership history and no-lien certificate and the certificates of legal existence and representation of the buyer and seller (procedures 1 and 2) as well as the certificate of no outstanding property tax payments and the certificate of no outstanding contribution obligations on property value increases due to public works (procedure 5).

Procedure 7. The notary public prepares the public deed**Time:** 3 days**Cost:** COP\$1,675,185 [COP\$13,880 + 0.27%*(value of the property - COP\$118,680) for notary fees + COP\$9,750 for the public deed + COP\$29,250 for copies of the public deed + COP\$3,465 for the Superintendence of Notaries + COP\$3,465 for the National Notary Fund + 16% VAT].**Comments:** The notary public prepares the public deed based on all the documents submitted by the parties. The notary public is required by law to prepare the public deed. The total cost of the procedure is calculated according to Resolution 9500 of December of 2008. The cost per page of the public deed is COP\$1,950 plus VAT. It is assumed that the public deed is 5 pages long.**Procedure 8. Obtain the registration tax statement****Time:** 1 day**Cost:** No cost**Comments:** This procedure is done at the Departmental Treasury at the Government of Cauca.**Procedure 9. Pay registration tax****Time:** 1 day**Cost:** COP\$5,128,279 (1% of the property value).**Comments:** The registration tax applies to the registration of documentary legal acts, contracts or deals in which private-sector parties are part or beneficiaries and which must be registered by law at the Registry Office. The registration tax is regulated by Law 223 of 1995 and Decree 650 of 1996. Payment is made at a commercial bank located at the Government of Cauca.**Procedure 10. Pay registration fee****Time:** 1 day**Cost:** COP\$2,564,140 (0.5% of the property value).**Comments:** Payment of registration fee legalizes the transaction before the Registry Office. This payment is done at a commercial bank, which has an agreement with the Registry Office.**Procedure 11. Registration of public deed with the Registry Office****Time:** 15 days**Cost:** No cost**Comments:** Once the registration tax and fee have been paid, the public deed can be registered at the Registry Office (*Oficina de Registro de Instrumentos Públicos*).

* This procedure is simultaneous with a previous procedure.

REGISTERING PROPERTY

Riohacha, La Guajira**Procedure 1. Obtain ownership history and no-lien certificate****Time:** 1 day**Cost:** COP\$11,840**Comments:** This certificate (*Certificado de Libertad y Tradición*) provides the legal information on the property and on its current and previous ownership. The rate is set according to Decrees 1250 of 1970 and 2280 of 2008, the latter modified by Resolution 0035 of 2009. Any individual or legal entity can request this certificate at the Registry Office.**Procedure 2. Obtain the certificate of legal existence and representation of the buyer and the seller of the property from the Chamber of Commerce****Time:** 1 day**Cost:** COP\$3,500**Comments:** When the parties are limited liability companies, a certificate of legal existence and representation must be requested from the Chamber of Commerce. This document certifies the existence of the legal entity, indicates its legal representative and provides information on its registered address, its partners, its capital and the date of establishment. The rate is set according to Decree 393 of 2002.**Procedure 3. Review of the property titles by an attorney****Time:** 5 days**Cost:** COP\$500,000**Comments:** An attorney reviews the previous property titles and the background of the owner to verify that there are no legal constraints to the transaction. This legal review is not mandatory, but is usually done for this type of transactions. The attorney must receive the certificates mentioned in procedures 1 and 2, as well as a copy of the company statutes that authorize the representative to act on its behalf.**Procedure 4*. Obtain the certificates on property taxes and of no outstanding contribution obligations on property value increases due to public works****Time:** 3 days (simultaneously with procedure 3)**Cost:** No cost**Comments:** The certificates are proof that the property has no pending property tax payments and no outstanding contribution obligations on property value increases due to public works. The Municipal Tax Office issues the certificates at no cost the first time, but duplicates cost COP\$4,500 each.**Procedure 5. An attorney prepares a preliminary deed****Time:** 4 days**Cost:** COP\$250,000**Comments:** The same attorney who reviewed the property titles in procedure 3 prepares a preliminary deed to be submitted to the notary public. This step is not mandatory but is usually done for this type of transactions. In this case the minute is drafted simultaneously with the study of the property titles. The attorney requires the following documents to draft the minute:

1. Certificate of legal existence and representation of the companies
2. Contractual power of attorney to perform the procedure
3. Ownership history and no-lien certificate
4. Photocopies of the public deeds of the property being negotiated
5. Certificates of no outstanding property taxes

Procedure 6. The notary public prepares the public deed**Time:** 4 days**Cost:** COP\$1,675,185 [COP\$13,880 + 0.27%*(value of the property - COP\$118,680) for notary fees + COP\$9,750 for the public deed + COP\$29,250 for copies of the public deed + COP\$3,465 for the Superintendence of Notaries + COP\$3,465 for the National Notary Fund + 16% VAT].**Comments:** The notary public prepares the public deed based on all the documents submitted by the parties. The notary public is required by law to prepare the public deed. The total cost of the procedure is calculated according to Resolution 9500 of December of 2008. The cost per page of the public deed is COP\$1,950 plus VAT. It is assumed that the public deed is 5 pages long.**Procedure 7. Obtain statement and pay the registration tax****Time:** 1 day**Cost:** COP\$5,128,279 (1% of the property value).**Comments:** The registration tax applies to the registration of documentary legal acts, contracts or deals in which private-sector parties are part or beneficiaries and which must be registered by law at the Registry Office. The registration tax is regulated by Law 223 of 1995 and Decree 650 of 1996. The tax is calculated and paid at the Chamber of Commerce by means of an inter-institutional agreement with the Government of La Guajira for the simplification of procedures subscribed in April 2009.**Procedure 8. Pay registration fee****Time:** 1 day**Cost:** COP\$2,564,140 (0.5% of the property value).**Comments:** Payment of registration fee legalizes the transaction before the Registry Office. This payment is done at a commercial bank, which has an agreement with the Registry Office.**Procedure 9. Registration of public deed with the Registry Office****Time:** 9 days**Cost:** No cost**Comments:** Once the registration tax and fee have been paid, the public deed can be registered at the Registry Office (*Oficina de Registro de Instrumentos Públicos*).

* This procedure is simultaneous with a previous procedure.

REGISTERING PROPERTY

Santa Marta, Magdalena**Procedure 1. Obtain ownership history and no-lien certificate****Time:** 1 day**Cost:** COP\$11,840

Comments: This certificate (*Certificado de Libertad y Tradición*) provides the legal information on the property and on its current and previous ownership. The rate is set according to Decrees 1250 of 1970 and 2280 of 2008, the latter modified by Resolution 0035 of 2009. Any individual or legal entity can request this certificate at the Registry Office.

Procedure 2. Obtain the certificate of legal existence and representation of the buyer and the seller of the property from the Chamber of Commerce**Time:** 1 day**Cost:** COP\$3,500

Comments: When the parties are limited liability companies, a certificate of legal existence and representation must be requested from the Chamber of Commerce. This document certifies the existence of the legal entity, indicates its legal representative and provides information on its registered address, its partners, its capital and the date of establishment. The rate is set according to Decree 393 of 2002.

Procedure 3. Review of the property titles by an attorney**Time:** 2 days**Cost:** COP\$ 1,500,000

Comments: An attorney reviews the previous property titles and the background of the owner to verify that there are no legal constraints to the transaction. This legal review is not mandatory, but is usually done for this type of transactions. The attorney must receive the certificates mentioned in procedures 1 and 2, as well as a copy of the company statutes that authorize the representative to act on its behalf.

Procedure 4*. Pay and obtain the certificate of no outstanding property tax payments and the certificate of no outstanding contribution obligations on property value increases due to public works**Time:** 1 day (simultaneous with procedure 3)**Cost:** COP\$33,000

Comments: This document certifies that the property has no pending balances on contributions obligations on the property value increase. This procedure is done at the Office of Taxes and Collections of Santa Marta.

Procedure 5. An attorney prepares a preliminary deed**Time:** 1 day**Cost:** COP\$1,000,000

Comments: The same attorney who reviewed the property titles in procedure 3 prepares a preliminary deed to be submitted to the notary public. This step is not mandatory but is usually done for this type of transactions. The attorney needs the ownership history and no-lien certificate and the certificates of legal existence and representation of the buyer and seller (procedures 1 and 2) and the certificates of no outstanding property tax payments and of no outstanding contribution obligations on property value due to public works (procedure 4).

Procedure 6. The notary public prepares the public deed**Time:** 5 days

Cost: COP\$1,675,185 [COP\$13,880 + 0.27%*(value of the property - COP\$118,680) for notary fees + COP\$9,750 for the public deed + COP\$29,250 for copies of the public deed + COP\$3,465 for the Superintendence of Notaries + COP\$3,465 for the National Notary Fund + 16% VAT].

Comments: The notary public prepares the public deed based on all the documents submitted by the parties. The notary public is required by law to prepare the public deed. The total cost of the procedure is calculated according to Resolution 9500 of December of 2008. The cost per page of the public deed is COP\$1,950 plus VAT. It is assumed that the public deed is 5 pages long.

Procedure 7. Obtain the statement for stamp duty payment**Time:** 1 day**Cost:** No cost

Comments: The calculation is done at the Government of Magdalena.

Procedure 8. Pay pro-hospital stamp**Time:** 1 day

Cost: COP\$1,799,036 (0.35% of the property value+ COP\$4,138 for pro-hospital stamp).

Comments: Payment is made at a commercial bank.

Procedure 9. Pay registration fee and registration tax**Time:** 1 day

Cost: COP\$7,692,419 (0.5% of the property value+ 1% of the property value).

Comments: Payment of registration fee legalizes the transaction before the Registry Office. The registration tax applies to the registration of documentary legal acts, contracts or deals in which private-sector parties are part or beneficiaries and which must be registered by law at the Registry Office. The registration tax is regulated by Law 223 of 1995 and Decree 650 of 1996. This payment is done at a commercial bank, which has an agreement with the Registry Office.

Procedure 10. Registration of public deed with the Registry Office**Time:** 3 days**Cost:** No cost

Comments: Once the registration tax and fee have been paid, the public deed can be registered at the Registry Office (*Oficina de Registro de Instrumentos Públicos*).

Procedure 11. Inform the cadastre about the change of ownership**Time:** 1 day**Cost:** No cost

Comments: The interested party must notify the transfer of property at the cadastre office of *Instituto Geográfico Agustín Codazzi (IGAC)*.

* This procedure is simultaneous with a previous procedure.

REGISTERING PROPERTY

Sincelejo, Sucre**Procedure 1. Obtain ownership history and no-lien certificate****Time:** 1 day**Cost:** COP\$11,840

Comments: This certificate (*Certificado de Libertad y Tradición*) provides the legal information on the property and on its current and previous ownership. The rate is set according to Decrees 1250 of 1970 and 2280 of 2008, the latter modified by Resolution 0035 of 2009. Any individual or legal entity can request this certificate at the Registry Office.

Procedure 2. Obtain the certificate of legal existence and representation of the buyer and the seller of the property from the Chamber of Commerce**Time:** 1 day**Cost:** COP\$3,500

Comments: When the parties are limited liability companies, a certificate of legal existence and representation must be requested from the Chamber of Commerce. This document certifies the existence of the legal entity, indicates its legal representative and provides information on its registered address, its partners, its capital and the date of establishment. The rate is set according to Decree 393 of 2002.

Procedure 3. Review of the property titles by an attorney**Time:** 3 days

Cost: COP\$496,900 (approximately 1 legal minimum monthly wage)

Comments: An attorney reviews the previous property titles and the background of the owner to verify that there are no legal constraints to the transaction. This legal review is not mandatory, but is usually done for this type of transactions. The attorney must receive the certificates mentioned in procedures 1 and 2, as well as a copy of the company statutes that authorize the representative to act on its behalf.

Procedure 4*. Pay certificate of no outstanding property tax payments and certificate of no outstanding contribution obligations on property value increases due to public works**Time:** 1 day (simultaneous with procedure 3)**Cost:** COP\$3,300 (fixed rate per certificate)

Comments: The payment is made to the municipality at a commercial bank.

Procedure 5*. Obtain certificate of no outstanding property tax payments and certificate of no outstanding contribution obligations on property value increases due to public works

Time: 1 day (simultaneously with procedure 3)

Cost: No cost (paid in procedure 4)

Comments: The certificates are proof that the property has no pending property tax payments and no outstanding contribution obligations on property value increases due to public works. The deposit slip and property number must be submitted to the Municipal Tax Office for it to issue the certificates. This procedure is done according to Municipal Resolution 41 of December, 2008.

Procedure 6. An attorney prepares a preliminary deed

Time: 2 days

Cost: COP\$248,450 (approximately half a legal minimum monthly wage)

Comments: The same attorney who reviewed the property titles in procedure 3 prepares a preliminary deed to be submitted to the notary public. This step is not mandatory but is usually done for this type of transactions. The attorney needs the ownership history and no-lien certificate and the certificates of legal existence and representation of the buyer and seller (procedures 1 and 2) as well as the certificate of no outstanding property tax payments and the certificate of no outstanding contribution obligations on property value increases due to public works (procedure 5).

Procedure 7. The notary public prepares the public deed

Time: 1 day

Cost: COP\$1,675,185 [COP\$13,880 + 0.27%*(value of the property - COP\$118,680) for notary fees + COP\$9,750 for the public deed + COP\$29,250 for copies of the public deed + COP\$3,465 for the Superintendence of Notaries + COP\$3,465 for the National Notary Fund + 16% VAT].

Comments: The notary public prepares the public deed based on all the documents submitted by the parties. The notary public is required by law to prepare the public deed. The total cost of the procedure is calculated according to Resolution 9500 of December of 2008. The cost per page of the public deed is COP\$1,950 plus VAT. It is assumed that the public deed is 5 pages long.

Procedure 8. Calculation and payment of the departmental registration tax

Time: 1 day

Cost: COP\$5,128,279 (1% of the property value).

Comments: The registration tax applies to the registration of documentary legal acts, contracts or deals in which private-sector parties are part or beneficiaries and which must be registered by law at the Registry Office. The registration tax is regulated by Law 223 of 1995 and Decree 650 of 1996. The registration tax is paid at a commercial bank.

Procedure 9. Pay registration fee

Time: 1 day

Cost: COP\$2,564,140 (0.5% of the property value).

Comments: Payment of registration fee legalizes the transaction before the Registry Office. This payment is done at a commercial bank, which has an agreement with the Registry Office.

Procedure 10. Registration of public deed with the Registry Office

Time: 3 days

Cost: No cost

Comments: Once the registration tax and fee have been paid, the public deed can be registered at the Registry Office (*Oficina de Registro de Instrumentos Públicos*).

Procedure 11. Inform the cadastre about the change of ownership

Time: 1 day

Cost: No cost

Comments: The interested party must notify the transfer of property at the cadastre office of *Instituto Geográfico Agustín Codazzi (IGAC)*.

* This procedure is simultaneous with a previous procedure.

REGISTERING PROPERTY

Tunja, Boyacá

Procedure 1. Obtain ownership history and no-lien certificate

Time: 1 day

Cost: COP\$11,840

Comments: This certificate (*Certificado de Libertad y Tradición*) provides the legal information on the property and on its current and previous ownership. The rate is set according to Decrees 1250 of 1970 and 2280 of 2008, the latter modified by Resolution 0035 of 2009. Any individual or legal entity can request this certificate at the Registry Office.

Procedure 2. Obtain the certificate of legal existence and representation of the buyer and the seller of the property from the Chamber of Commerce

Time: 1 day

Cost: COP\$3,500

Comments: When the parties are limited liability companies, a certificate of legal existence and representation must be requested from the Chamber of Commerce. This document certifies the existence of the legal entity, indicates its legal representative and provides information on its registered address, its partners, its capital and the date of establishment. The rate is set according to Decree 393 of 2002.

Procedure 3. Review of the property titles by an attorney

Time: 2 days

Cost: COP\$250,000

Comments: An attorney reviews the previous property titles and the background of the owner to verify that there are no legal constraints to the transaction. This legal review is not mandatory, but is usually done for this type of transactions. The attorney must receive the certificates mentioned in procedures 1 and 2, as well as a copy of the company statutes that authorize the representative to act on its behalf.

Procedure 4*. Obtain receipt of payment of the unified certificate of no outstanding property tax payments

Time: 1 day (simultaneous with procedure 3)

Cost: No cost

Comments: The certificate is proof that the property has no pending payments on property taxes and on no outstanding contribution obligations on property value increases due to public works.

Procedure 5*. Pay certificate of no outstanding property tax payments

Time: 1 day (simultaneous with procedure 3)

Cost: COP\$8,000

Comments: With the receipt issued by the Municipal Tax Office, the cost of the certificate must be paid at a bank located at the premises.

Procedure 6*. Obtain unified certificates of no outstanding property taxes

Time: 1 day (simultaneous with procedure 3)

Cost: No cost

Comments: The payment receipt and the property registration license must be submitted to the Municipal Tax Department.

Procedure 7. An attorney prepares a preliminary deed

Time: 2 days

Cost: COP\$250,000 (the fee varies depending on the attorney).

Comments: The same attorney who reviewed the property titles in procedure 3 prepares a preliminary deed to be submitted to the notary public. This step is not mandatory but is usually done for this type of transactions. The attorney must receive the ownership history and no-lien certificate (procedures 1 and 2) as well as the certificate of no outstanding property tax payments (procedure 6).

Procedure 8. The notary public prepares the public deed

Time: 2 days

Cost: COP\$1,675,185 [COP\$13,880 + 0.27%*(price of the property - COP\$118,680) for notary fees + COP\$9,750 for the public deed + COP\$29,250 for copies of the public deed + COP\$3,465 for the Notary Superintendence + COP\$3,465 for the National Notary Fund + 16% VAT].

Comments: The notary public prepares the public deed based on all the documents submitted by the parties. The notary public is required by law to prepare the public deed. The total cost of the procedure is calculated according to Resolution 9500 of December of 2008. The cost per page of the public deed is COP\$1,950 plus VAT. It is assumed that the public deed is 5 pages long.

Procedure 9. Obtain statement and pay registration tax

Time: 1 day

Cost: COP\$5,128,279 (1% of the property value).

Comments: The registration tax applies to the registration of documentary legal acts, contracts or deals in which private-sector parties are part or beneficiaries and which must be registered by law at the Registry Office. The registration tax is regulated by Law 223 of 1995 and Decree 650 of 1996. Payment is made at a commercial bank.

Procedure 10. Pay registration fee

Time: 1 day

Cost: COP\$2,564,140 (0.5% of the property value).

Comments: Payment of registration fee legalizes the transaction before the Registry Office. This payment is done at a commercial bank, which has an agreement with the Registry Office.

Procedure 11. Registration of public deed with the Registry Office

Time: 9 days

Cost: No cost

Comments: Once the registration tax and fee have been paid, the public deed can be registered at the Registry Office (*Oficina de Registro de Instrumentos Públicos*).

* This procedure is simultaneous with a previous procedure.

REGISTERING PROPERTY

Valledupar, Cesar

Procedure 1. Obtain ownership history and no-lien certificate

Time: 1 day

Cost: COP\$11,840

Comments: This certificate (*Certificado de Libertad y Tradición*) provides the legal information on the property and on its current and previous ownership. The rate is set according to Decrees 1250 of 1970 and 2280 of 2008, the latter modified by Resolution 0035 of 2009. Any individual or legal entity can request this certificate at the Registry Office.

Procedure 2. Obtain the certificate of legal existence and representation of the buyer and the seller of the property from the Chamber of Commerce

Time: 1 day

Cost: COP\$3,500

Comments: When the parties are limited liability companies, a certificate of legal existence and representation must be requested from the Chamber of Commerce. This document certifies the existence of the legal entity, indicates its legal representative and provides information on its registered address, its partners, its capital and the date of establishment. The rate is set according to Decree 393 of 2002.

Procedure 3. Review of the property titles by an attorney

Time: 3 days

Cost: COP\$248,450 (approximately half a legal minimum monthly wage)

Comments: An attorney reviews the previous property titles and the background of the owner to verify that there are no legal constraints to the transaction. This legal review is not mandatory, but is usually done for this type of transactions. The attorney must receive the certificates mentioned in procedures 1 and 2, as well as a copy of the company statutes that authorize the representative to act on its behalf.

Procedure 4*. Pay certificate of no outstanding property tax payments and certificate of no outstanding contribution obligations on property value increases due to public works

Time: 1 day (simultaneous with procedure 3)

Cost: COP\$4,100 (rate for both certificates)

Comments: Paid at the Municipal Tax Department.

Procedure 5*. Obtain certificate of no outstanding property tax payments and certificate of no outstanding contribution obligations on property value increases due to public works

Time: 1 day (simultaneous with procedure 3)

Cost: No cost

Comments: The certificates are proof that the property has no pending property taxes payments and no outstanding contribution obligations on property value increases due to public works. The payment receipt and property license registration number must be submitted to the Municipal Tax Department.

Procedure 6. An attorney prepares a preliminary deed

Time: 2 days

Cost: COP\$ 496,900 (approximately 1 legal minimum monthly wage)

Comments: The same attorney who reviewed the property titles in procedure 3 prepares a preliminary deed to be submitted to the notary public. This step is not mandatory but is usually done for this type of transactions. The attorney needs the ownership history and no-lien certificate and the certificates of legal existence and representation of the buyer and seller (procedures 1 and 2) as well as the certificate of no outstanding property taxes payments and no outstanding contribution obligations on property value increases due to public works (procedure 5).

Procedure 7. The notary public prepares the public deed

Time: 2 days

Cost: COP\$1,675,185 [COP\$13,880 + 0.27%*(value of the property - COP\$118,680) for notary fees + COP\$9,750 for the public deed + COP\$29,250 for copies of the public deed + COP\$3,465 for the Superintendence of Notaries + COP\$3,465 for the National Notary Fund + 16% VAT].

Comments: The notary public prepares the public deed based on all the documents submitted by the parties. The notary public is required by law to prepare the public deed. The total cost of the procedure is calculated according to Resolution 9500 of December of 2008. The cost per page of the public deed is COP\$1,950 plus VAT. It is assumed that the public deed is 5 pages long.

Procedure 8. Obtain the registration tax statement

Time: 1 day

Cost: No cost

Comments: This procedure is done at the Treasury of the Government of Cesar.

Procedure 9. Pay registration tax

Time: 1 day

Cost: COP\$5,128,279 (1% of the property value).

Comments: The registration tax applies to the registration of documentary legal acts, contracts or deals in which private-sector parties are part or beneficiaries and which must be registered by law at the Registry Office. The registration tax is established by Law 223 of 1995 and Decree 650 of 1996. Payment is made at a commercial bank located at the Government of Cesar.

Procedure 10. Pay registration fee

Time: 1 day

Cost: COP\$2,564,140 (0.5% of the property value).

Comments: Payment of registration fee legalizes the transaction before the Registry Office. This payment is done at a commercial bank, which has an agreement with the Registry Office.

Procedure 11. Registration of public deed with the Registry Office

Time: 3 days

Cost: No cost

Comments: Once the registration tax and fee have been paid, the public deed can be registered at the Registry Office (*Oficina de Registro de Instrumentos Públicos*).

* This procedure is simultaneous with a previous procedure.

REGISTERING PROPERTY

Villavicencio, Meta**Procedure 1. Obtain ownership history and no-lien certificate****Time:** 1 day**Cost:** COP\$11,840

Comments: This certificate (*Certificado de Libertad y Tradición*) provides the legal information on the property and on its current and previous ownership. The rate is set according to Decrees 1250 of 1970 and 2280 of 2008, the latter modified by Resolution 0035 of 2009. Any individual or legal entity can request this certificate at the Registry Office.

Procedure 2. Obtain the certificate of legal existence and representation of the buyer and the seller of the property from the Chamber of Commerce**Time:** 1 day**Cost:** COP\$3,500

Comments: When the parties are limited liability companies, a certificate of legal existence and representation must be requested from the Chamber of Commerce. This document certifies the existence of the legal entity, indicates its legal representative and provides information on its registered address, its partners, its capital and the date of establishment. The rate is set according to Decree 393 of 2002.

Procedure 3. Review of the property titles by an attorney**Time:** 3 days**Cost:** COP\$980,000

Comments: An attorney reviews the previous property titles and the background of the owner to verify that there are no legal constraints to the transaction. This legal review is not mandatory, but is usually done for this type of transactions. The attorney must receive the certificates mentioned in procedures 1 and 2, as well as a copy of the company statutes that authorize the representative to act on its behalf.

Procedure 4*. Obtain certificate of no outstanding property tax payments**Time:** 1 day (simultaneous with procedure 3)**Cost:** No cost

Comments: Since January 2009 the Municipality no longer charges for this procedure, which is done at the property tax counter of the Municipal Treasury.

Procedure 5*. Obtain certificate of no outstanding contribution obligations on property value increases due to public works**Time:** 1 day (simultaneous with procedure 3)**Cost:** No cost

Comments: The certificate is proof that the property has no pending balances in terms of property valuation tax contributions. Since January 2009 the Municipality no longer charges for this procedure, which is done at the property valuation tax counter of the Municipality.

Procedure 6*. Obtain certificate of no outstanding contribution obligations on property value increases due to public works from the Government of the Department**Time:** 1 day (simultaneous with procedure 3)**Cost:** COP\$10,000

Comments: This procedure is done at the Government of Meta.

Procedure 7. An attorney prepares a preliminary deed**Time:** 3 days**Cost:** COP\$900,000

Comments: The same attorney who reviewed the property titles in procedure 3 prepares a preliminary deed to be submitted to the notary public. This step is not mandatory but is usually done for this type of transactions. The attorney must receive the ownership history and no-lien certificate (procedure 1) and the certificates of no outstanding property tax payments and no outstanding contribution obligations on property value increases due to public works (procedures 4, 5 and 6).

Procedure 8. The notary public prepares the public deed**Time:** 3 days

Cost: COP\$1,675,185 [COP\$13,880 + 0.27%*(value of the property - COP\$118,680) for notary fees + COP\$9,750 for the public deed + COP\$29,250 for copies of the public deed + COP\$3,465 for the Superintendence of Notaries + COP\$3,465 for the National Notary Fund + 16% VAT].

Comments: The notary public prepares the public deed based on all the documents submitted by the parties. The notary public is required by law to prepare the public deed. The total cost of the procedure is calculated according to Resolution 9500 of December of 2008. The cost per page of the public deed is COP\$1,950 plus VAT. It is assumed that the public deed is 5 pages long.

Procedure 9. Pay registration fee and registration tax**Time:** 1 day

Cost: COP\$9,230,903 (1.3% of the property value for registration tax and 0.5% of the property value).

Comments: Payment of registration fee legalizes the transaction before the Registry Office. The registration tax applies to the registration of documentary legal acts, contracts or deals in which private-sector parties are part or beneficiaries and which must be registered by law at the Registry Office. The registration tax is regulated by Law 223 of 1995 and Decree 650 of 1996. This payment is done at a commercial bank, which has an agreement with the Registry Office.

Procedure 10. Registration of public deed with the Registry Office**Time:** 15 days**Cost:** No cost (paid in procedure 9)

Comments: Once the registration tax and fee have been paid, the public deed can be registered at the Registry Office (*Oficina de Registro de Instrumentos Públicos*).

Procedure 11. Inform the cadastre about the change of ownership**Time:** 1 day**Cost:** No cost

Comments: The interested party must notify the transfer of property at the cadastre office of *Instituto Geográfico Agustín Codazzi (IGAC)*.

* This procedure is simultaneous with a previous procedure.

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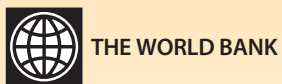
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