

Hiring Talent in Colombia:

All you need to know

Country Overview	
Population	52,340,774
Capital City	Bogotá
Currency	Colombian Peso (COP)
Oficial Language	Spanish
Payroll Cycle	Monthly
Time Zone	Colombia Standard Time GMT-5
Public Holidays	18 days
Cost of Employment	29.85%-36.2%

Why Hire Talent in Colombia?

Skilled Workforce

Colombia boasts a high literacy rate and places a strong emphasis on education, home to top universities like Universidad Nacional de Colombia and Universidad de Los Andes. The workforce is particularly strong in fields like technology, engineering, marketing, and customer service.

Cost-Effective

The cost of living in Colombia is lower than in many other countries, including the US, Canada, and much of Europe. Companies can hire highly skilled workers at a fraction of the cost compared to their home countries.

Time Zone Alignment

Colombia's time zone aligns well with both the US and Europe, facilitating real-time collaboration and reducing the need for asynchronous communication.

Cultural Compatibility

Colombians are known for being hard-working, resourceful, and adaptable. The warm and friendly culture makes them excellent team players who contribute positively to work environments.

Avoid Risks of Misclassification

Colombia, like many other countries, has different regulations for self-employed individuals or contractors versus full-time employees. The improper classification of contractors in Colombia can result in fines and penalties for the company at fault. Let Recruitable get this right for you, so you don't have to worry.

Employees vs. Independent Contractors

Know the Difference...

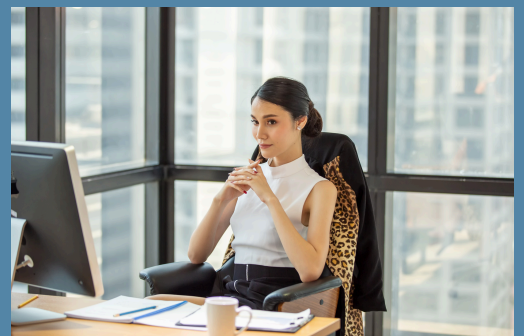
Employees



Employees work under an employment contract and are entitled to various benefits and protections under Colombian labor law. They follow the employer's schedule and receive a regular salary.

Contractors work under a service agreement, providing specific results or services. They have more autonomy and are paid based on deliverables rather than hours worked.

Independent Contractors



Many international companies hire contractors for flexibility and reduced legal complications. However, for roles requiring long-term commitment, hiring employees through an Employer of Record (EOR) is recommended.

Understand the Labor Law

Colombian labor laws, codified in the Código Sustantivo del Trabajo, protect employees' rights. Employers must comply with these regulations to avoid legal issues.

Sometimes the law isn't easy to understand. The amount of information is large, and the use terminologies can add more confusion. And you end up in a rabbit hole.

Here are a few things **(on a high level)** that you should know for making informed decisions. To learn more about this [schedule a call](#) with one of our experts.



Types of Contracts

1. Indefinite Term Contract (Contrato a Término Indefinido)

- **Description:** The most common type of employment contract, where the employment duration is not defined.
- **Benefits:** Stability and loyalty from employees, easier integration into company culture.
- **Legal Requirements:** Compliance with labor laws, providing benefits like health insurance and severance pay.

2. Fixed Term Contract (Contrato a Término Fijo)

- **Description:** A contract with a specified duration, which can be renewed.
- **Benefits:** Flexibility for short-term projects, lower commitment.

- **Legal Requirements:** Similar to indefinite term contracts but with a defined end date.

3. Independent Contractor Agreement (Contrato de Prestación de Servicios)

- **Description:** This contract is used for hiring independent contractors to perform specific tasks within a defined period.
- **Benefits:** Flexibility and lower costs for employers; contractors handle their own taxes and benefits.
- **Risks:** Misclassification can lead to legal penalties. Contractors are not integrated into the company culture.

To ensure you contractor is really a contractor, consider these factors:

- **No control over the contractor's work**
 - You can't interfere with the way contractor executes the work outlined in the written contract)
- **No control over working hours**
 - You can't dictate a contractor's working hours or lunch breaks)

Types of Salaries

There are two types of salaries in Colombia:

Ordinary Salary

Salary is paid separately from statutory benefits contributions. The employer must offer certain legally defined fringe benefits; that include transportation expenses, holidays and a 13th-month salary ('prima').

Every employee in Colombia is guaranteed the following benefits by federal law:

- Severance aid (1 month of salary per year of service)
- Interest on severance aid fund (12% of the severance pay per year)
- Service bonus (paid twice a year, equivalent to 15 days of salary, paid in June and December)
- [Vacation](#) (15 days per year)
- Transportation allowance

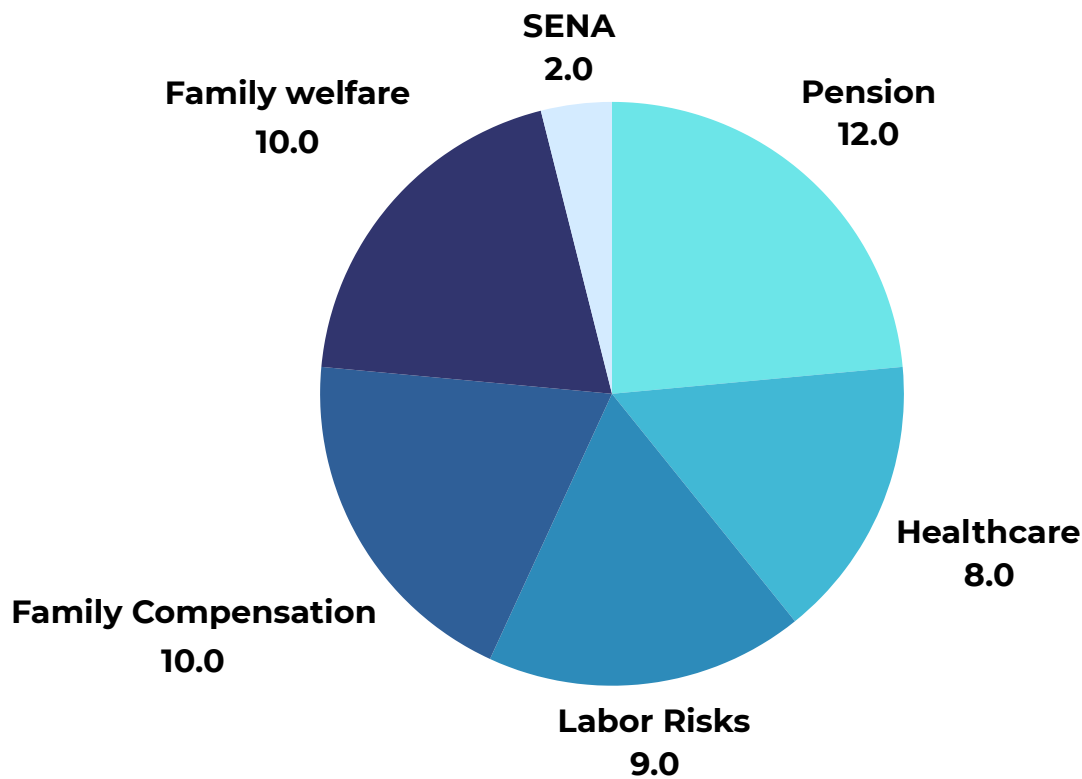
Integral Salary

All mandated benefits and contributions are integrated into a consistent monthly salary payment.

Employer's social security costs

Employers with employees in Colombia must cover [payroll taxes](#) that fund social security programs in Colombia.

Those costs (and the rate at which income is taxed) are as follows:



- Pension (12%)
- Healthcare (8%)
- Labor risks (varies depending on the employee’s role, up to 8.7%)
- Family Compensation Fund (4%)
- Family Welfare (ICBF) (3%)
- SENA (2%)

Minimum Wage

Per the latest provisions and changes, effective January 2024, the new minimum wage is 1,300,000 COP.

13th Month Salary

Required by Law, all employees in Colombia who are earning an ordinary salary shall receive an extra month’s pay each year.

This must be paid as follows: 50% before June 15th and the other 50% before December 20th.

Types of Leaves

Holidays & Paid Time Off

- Full-time employees are entitled to 15 days of paid vacation after working for a full consecutive year.
- Every employee is entitled to 18 national holidays.

Pregnancy & Maternity Leave

In Colombia, mothers get 18 weeks of fully paid maternity leave, usually starting one week before the due date. They can choose to start their leave up to two weeks before the due date or on the day of birth if needed.

Paternity Leave

In Colombia, fathers get two weeks (14 days) of fully paid paternity leave, with compensation set at 100% of their salary.

There are a few other leaves including bereavement and voting day.

Let's get down to Business...

How to legally hire in Colombia?

1. Open a Foreign Subsidiary

Setting up a subsidiary in Colombia involves creating a local legal entity controlled by the parent company. This process is time-consuming and involves extensive paperwork, including obtaining a tax ID and registering with the Chamber of Commerce. Legal representatives must reside in Colombia and obtain the necessary visas.

2. Use an Employer of Record (EOR)

An EOR handles hiring and payroll on your behalf, allowing you to avoid the complexities of setting up a subsidiary. Whether you are a start-up looking taking off and trying to save your pocket, or a small business expanding your team and cultivating multiculturalism or a large corporation adapting to the evolving market and taking advantage of new opportunities - this can be a game-changing solution.

Services include:

- Legal responsibility for employees
- Compliant contracts
- HR administration

- Tax calculation and filing
- Employee onboarding and offboarding
- Payroll and benefits administration

Thank you for taking the time to explore our guide about hiring in Colombia.

We hope this resource has provided you with valuable insights to navigate the complexities of expanding or managing your workforce in this vibrant market.

Ready to take the next step?

Learn more how we can help you simplify this process schedule a booking and happy hiring in Colombia!

Schedule a booking and happy hiring in Colombia!

Email: contact@cyc-services.com

Website: www.recruitablecyc.com

Phone: 862-660-2505