

Companies with foreign capital have full access to the tariff preferences obtained by Colombia under the General System of Preferences (GSP) and the Latin American Integration Association (ALADI).

All enterprises with foreign investment may export to the Andean Group, although preferential tariff treatment is given only to companies with at least 51 per cent local capital. However, companies that voluntarily decide to sell, within 30 years of their date of establishment, 51 per cent of their capital to local investors also receive Andean Group benefits.

There are special subsidized development credit lines available for industrial and agricultural operations that are fully available to foreign investors. Only some long-term development credit lines are outside the reach of foreign investors.

Intangible technological contributions give the right to the payment of royalties, with the authorization of the Royalties Committee, but are not considered investment. Companies with more than 49 per cent foreign capital can only pay royalties to their external shareholders for new or export-oriented technologies.

There is no special tax regime for companies with foreign investment.

Company income tax rates are 30 per cent. The repatriation of profits is subject to a withholding tax of 30 per cent, which is currently under a downward revision. Colombian tax legislation permits the deduction of interest payments on foreign credits, accelerated depreciation and the deduction of organization and preoperative expenses.

Industrial Free Zones

For export-oriented projects, Colombia's industrial free zones offer special incentives. Industrial free zones exist in four of the main seaports (Cartagena, Barranquilla and Santa Marta on the Caribbean and Buenaventura on the Pacific coast) and in two inland cities (Cali and Cúcuta).

The basic rules for investment in industrial free zones are:

- a) Only the authorization of the management of the free zone is required for foreign investment.
- b) Enterprises in industrial free zones are exempt from income tax without time limits.
- c) Enterprises in industrial free zones can import and