

Employment Hiring Guide - Colombia

Comprehensive Overview of Labor Regulations and Contract Types

Introduction to Legal Framework

Hiring in Colombia is governed by a comprehensive and protective legal framework designed to balance the interests of employers and employees. The system is rooted in the Political Constitution of 1991, which establishes work as a fundamental right and social obligation enjoying special state protection. Understanding this framework is essential for any organization seeking to establish a compliant and effective workforce in the country. The regulations aim to ensure fair labor conditions, social security coverage, and stability for workers.

The primary source of labor law is the **Substantive Labor Code (Código Sustantivo del Trabajo)**, originally established by Law 50 of 1990 and subsequently amended by numerous decrees and laws, including Law 789 of 2002 and Law 2101 of 2021. This Code regulates all individual and collective labor relations in the private sector. It defines the core elements of an employment relationship: the personal provision of a service, continuous subordination or dependency, and a corresponding remuneration or salary.

Main labor laws of the country:

- **Substantive Labor Code:** This is the cornerstone of Colombian labor law, covering everything from employment contracts and working hours to wages, benefits, and contract termination. Its provisions are mandatory and cannot be waived by private agreements that diminish employee rights.
- **Law 100 of 1993:** This law established the Integral Social Security System, which mandates contributions to health, pensions, and occupational risks. It fundamentally reformed how social protections are managed and funded.
- **Law 1607 of 2012:** This tax reform created the CREE tax (later

replaced) and exonerated employers from certain payroll contributions (health, SENA, ICBF) for employees earning less than ten times the monthly minimum wage, shifting the funding burden to other tax sources.

- • **Law 2101 of 2021:** This recent legislation mandates a gradual reduction of the standard workweek from 48 to 42 hours by 2026, without reducing employee salaries or benefits.

Regulatory bodies:

- • **Ministry of Labor (Ministerio del Trabajo):** This is the principal government entity responsible for formulating and adopting labor policies. It oversees enforcement of labor regulations through inspections, investigations, and sanctions.
- • **Special Administrative Unit of the Public Employment Service (Unidad Administrativa Especial del Servicio Público de Empleo):** This agency connects job seekers with employers and manages the network of public and private employment agencies.
- • **Superintendence of Family Subsidies (Superintendencia del Subsidio Familiar):** This body supervises the Family Compensation Funds (Cajas de Compensación Familiar), private entities to which employers must affiliate their employees for access to social benefits like housing subsidies, recreation, and education.

Permitted Contract Types

Colombian labor law provides for several types of employment contracts, each suited to different operational needs. The choice of contract has significant implications for duration, termination conditions, and social benefit calculations.

Permanent contracts (Contrato a Término Indefinido):

This is the most common and standard type of contract. It is established without a predetermined end date. The relationship continues as long as the causes that gave rise to it and the subject matter of the work subsist.

- • **Characteristics:** It offers the highest level of job stability for the employee. It can be terminated by either party, but if the employer terminates it without a legally justified cause, they must pay a severance indemnity (indemnización por despido injusto). This indemnity is calculated based on the employee's salary and length of service.
- • **Limitations:** There are no inherent limitations on its duration. It is presumed to be the default contract type if no other form is explicitly agreed upon in writing.

Fixed-term contracts (Contrato a Término Fijo):

This contract must be in writing and has a specific end date.

- **Maximum duration:** Its initial term cannot exceed three years. It can be renewed successively, but after the third renewal, if the term is for one year or more, any subsequent renewal will be for a minimum of one year, and the contract effectively gains characteristics of indefinite stability regarding renewal expectations. If the initial term is less than one year, it can be renewed up to three times for equal or shorter periods, after which any renewal must be for at least one year.
- **Renewals:** The contract is automatically renewed for an equal term if neither party provides written notice of non-renewal at least 30 days before its expiration date.

Project-based contracts (Contrato por Duración de la Obra o Labor):

This contract is used when an employee is hired to perform a specific, defined task or project. The contract's duration is tied to the completion of that task.

- **Characteristics:** The contract must clearly specify the project or task for which the employee is hired. It terminates naturally upon the completion of said project. It is common in sectors like construction, consulting, and software development. Unlike fixed-term contracts, there is no requirement for a 30-day notice of termination, as the completion of the work itself serves as the terminating event.

Part-time contracts:

While not a formal contract type in itself, Colombian law allows for any of the above contracts (permanent, fixed-term, or project-based) to be executed on a part-time basis.

- **Characteristics:** Employees working part-time are entitled to all the same rights and benefits as full-time employees, including social security, severance payments, and vacation time. However, these benefits are calculated proportionally to the hours worked and the salary earned. The salary cannot be less than the proportional legal minimum wage for the hours worked.

Hiring Requirements

The hiring process in Colombia is formalized and requires strict adherence to documentation and registration procedures to ensure legal compliance from day one.

Required documentation:

Before an employee begins work, the employer must collect and verify essential

documents:

- **National Identity Card (Cédula de Ciudadanía):** For Colombian nationals, this is the primary identification document. For foreigners, a valid work visa and Foreigner's ID (Cédula de Extranjería) are required.
- **Social Security Affiliation Forms:** The employee must choose and be affiliated with specific entities for health (EPS - Entidad Promotora de Salud) and pensions (AFP - Administradora de Fondos de Pensiones).
- **Pre-employment Medical Examination (Examen Médico de Ingreso):** This is a mandatory examination to determine the employee's health condition at the time of hiring and assess their fitness for the role. The cost is borne by the employer.
- **Personal Information Sheet:** A form detailing the employee's personal data, dependents, and emergency contacts.
- **Certificates and Diplomas:** To verify the employee's academic and professional qualifications as required for the position.

Registration with authorities:

Once the employment contract is signed, the employer has a legal obligation to register the employee with several entities that form the Integral Social Security System:

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| 1 | 1 | Health System (EPS): To provide health coverage. |
| 2 | 2 | Pension System (AFP): For retirement, disability, and survivor benefits. |
| 3 | 3 | Occupational Risks Administrator (ARL - Administradora de Riesgos Laborales): To cover work-related accidents and illnesses. |
| 4 | 4 | Family Compensation Fund (Caja de Compensación Familiar): Provides subsidies and social services to workers and their families. |

Legal deadlines:

Registration with the social security system must be completed from the first day of employment. The employer is liable for any health or occupational risk-related costs incurred by the employee if affiliation is delayed. The first contribution to the system is typically made in the month following the employee's start date through the Integrated Social Security Contribution Form (PILA).

Fundamental Employee Rights

The Colombian legal framework grants employees a set of inalienable rights designed to ensure decent working conditions and protect their well-being.

Standard working hours:

The maximum legal workweek is currently 47 hours, gradually reducing to 42 hours by 2026. This is typically distributed over five or six days. Any work performed beyond this standard limit is considered overtime and must be compensated with a surcharge.

Rest days:

Every employee is entitled to one paid day of rest for every six days of work, which is typically Sunday (Dominical). If an employee is required to work on their mandatory rest day, they must be compensated with a surcharge and are entitled to a compensatory rest day during the following week.

Protection against dismissal:

An employee can only be dismissed for a just cause as explicitly listed in the Substantive Labor Code. These causes include misconduct, violation of company policies, poor performance after due process, or disclosure of confidential information. If an employer dismisses an employee without a just cause, the dismissal is considered unfair, and the employer must pay a severance indemnity. Certain employees, such as those on sick leave, pregnant workers (fuero de maternidad), or union leaders (fuero sindical), have enhanced protection against dismissal.

Employer Obligations

Employers in Colombia have a series of recurring legal and administrative duties that extend beyond simply paying a salary. Compliance with these obligations is critical to avoid penalties and legal disputes.

Employee registration:

As mentioned, the primary obligation upon hiring is the registration of the employee in the Integral Social Security System. This is not optional and forms the basis of the employee's social protection. The employer is responsible for selecting an ARL on behalf of the employee, while the employee chooses their EPS and AFP.

Social security:

Employers are responsible for withholding the employee's portion of social security contributions from their salary and paying the total contribution (employer and employee shares) to the respective funds on a monthly basis. The typical

contribution structure is:

- • **Health:** 12.5% of salary (Employer: 8.5%, Employee: 4%).
- • **Pension:** 16% of salary (Employer: 12%, Employee: 4%).
- • **Occupational Risks (ARL):** The rate varies from 0.522% to 6.96% of the salary, depending on the risk level of the job. This is paid entirely by the employer.

Government reporting:

Employers must periodically submit reports to various government entities. The most important is the monthly PILA payment, which consolidates all social security and parafiscal contributions into a single electronic form. Additionally, employers must make provisions for and pay other mandatory benefits, such as severance aid (cesantías), interest on severance aid, service bonus (prima de servicios), and vacation pay. Annual reports may also be required by the Ministry of Labor or other statistical bodies.

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