

# Q&A'S ABOUT COLOMBIA'S BENEFICIAL OWNERSHIP BILL

In October 2020, the vice-president of Colombia presented a bill in Congress that aims to reinforce beneficial ownership as a means to promote transparency as well as to combat corruption and money laundering.

## WHAT IS THE NAME OF THE BILL?

This bill is known as 341/2020 or the "Unified project to fight against corruption"

## WHICH IS ITS MAIN OBJECTIVE?

The bill seeks to implement different mechanisms to prevent corruption, enhance shared responsibility and ensure integrity and transparency for the management of public funds.

## WHO HAS SPONSORED THE BILL?

The bill was presented by members of the National Commission of Moralization. It was led by Colombia's president and vice-president, along with the Transparency Secretary.

## HOW DOES THE BILL DEFINE BENEFICIAL OWNERSHIP?

Chapter IV defines the beneficial owner (BO) as the natural person with "5% or more of the capital or the voting rights, and/or possessing 5% or more of assets, income or profits from the legal entity" (Article 20). With this relatively low ownership threshold, the bill would cover and monitor more individuals.

## WHAT TYPES OF ENTITIES ARE COVERED UNDER IT?

The proposed legislation is primarily directed towards legal entities with residence in Colombia (including foreign companies residing in Colombia), trusts, and non-profit organizations.

## WHY IS IMPORTANT TO IDENTIFY THE BENEFICIAL OWNER?

Colombia currently has multiple definitions of BO in use among various government agencies, which creates confusion and limits effectiveness. The bill helps address this by creating a Beneficial Ownership Registry ("RUB", in Spanish) under the management of the National Tax and Customs Agency ("DIAN", in Spanish). Currently, the beneficial owner information is not available to the institutions which control transparency, hindering the battle against corruption and money laundering.



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## HOW WILL THE INFORMATION BE STORED?

The bill will create a Beneficial Ownership Registry ("RUB", in Spanish) managed by the National Tax and Customs Agency ("DIAN", in Spanish). Supervisory institutions or those responsible for investigating money laundering and terrorism financing will be able to access this register.

## WHAT KIND OF INFORMATION MUST BE DECLARED?

The bill is not specific about the documents that need to be submitted by the individuals in order to declare their beneficial owners. But it does mention that the RUB will require information related to the nature of the individual's business and contract objectives, as well as the relationship between transactions, the nature of the commercial activity and the origin of the resources.

## WHEN IS THE INFORMATION UPDATED?

The bill does not explicitly state the frequency with which information must be updated.

## WHO HAS ACCESS TO THIS INFORMATION?

The Comptroller General's Office, National Tax and Customs Agency, Office of the Attorney General, Superintendency of Corporations, Superintendency of Finance, Office of the Inspector General of Colombia and the Financial Information and Analysis Unit will have access.

## WHAT'S NEXT?

The bill has been introduced into the First Commission of the Senate but is still pending the Commission Hearing. German Barón is the senator who is committed to present the bill to the first Commission. GFI is moving forward on advocacy with key stakeholders in Colombia and with the Senator who will present the bill.

*For more information about beneficial owners and our work in Latin America please visit our website: [www.gfintegrity.org](http://www.gfintegrity.org)*

