

# Legal 500

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### Colombia

### Employment and Labour Law

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This country-specific Q&A provides an overview of employment and labour laws and regulations applicable in Colombia.

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## Colombia: Employment and Labour Law

### 1. Does an employer need a reason to lawfully terminate an employment relationship? If so, state what reasons are lawful in your jurisdiction?

First, it is important to clarify that in Colombia, there are different types of employment contracts. The type of contract must be considered when analysing legal causes for termination:

| Contract Type  | Definition  | Formalities or Requirements   |
|--|---|---|
| Indefinite term (Article 47 Labour Code)                                       | No specified end date for the contract                            | No formalities required. Can be either verbal or written.   |
| Fixed-term (Article 46 of the Labour Code)                                     | Definite end date for the contract                                | - It must be in writing. Otherwise, it is considered to be of indefinite duration.<br>- It cannot be agreed upon for an initial term longer than 3 years, but it can be extended indefinitely without becoming an indefinite-term contract.<br>- If the term is less than 1 year, it can only be extended for 3 additional periods, equal to or shorter than the initial term. After the last extension, the term will be set at 1 year by law. |
| For the duration of a specific task or project (Article 45 of the Labour Code) | For specific tasks or projects, ending when the work is completed | No formalities required. Can be either verbal or written, but written form is recommended for evidential purposes.  |

Table 1: Types of Employment Contracts in Colombia.

Under Colombian legislation, based on Article 61 of the Colombian Labour Code, regardless of the type of employment contract, an employment relationship may be terminated due:

1. To the employee's death.
2. Mutual agreement.
3. The company's liquidation or permanent closure, suspension of the company's for more than 120 days.
4. A court ruling.
5. A decision by either the employer or the employee.
6. Failure of the employee to return to work after a suspension has been lifted.
7. Specifically, in the case of fixed-term employment contracts, termination also occurs upon the expiration of the agreed-upon period, for this the employer must notified the employee with at least 30 days prior to the contract expiration date. For contracts based on the duration of a specific task or project, termination occurs upon the completion of the assigned work.

Regarding point number 5, if the termination decision is made by the employer, it may be **without just cause**, in which case the employer must compensate the employee in accordance with the law (Article 65 of the Labour Code), or **with just cause**, in which case no compensation is required. In the latter scenario, the legal grounds for

terminating an employment contract, regardless of its type, without paying compensation include:

- i. The employee deceived the employer to secure the job or obtain a benefit.
- ii. Acts of violence, insults, mistreatment, or indiscipline by the employee during or outside working hours against the employer, the employer's family members, company executives, or co-workers.
- iii. Intentional material damage to company assets used for service delivery, or any act of gross negligence endangering the safety of individuals or company property.
- iv. Immoral or criminal acts committed by the employee during working hours.
- v. Serious violation of employees' legal obligations (Articles 58 and 60 of the Labour Code) or any misconduct classified as a fireable offense under the company's internal policies or the collective bargaining agreement.
- vi. Preventive detention of the employee for 30 days or a corrective arrest of 8 days, provided that the reason for the detention or arrest itself justifies contract termination.
- vii. Disclosure of company secrets or confidential information by the employee, provided it has caused harm to the company.
- viii. Underperformance compared to other employees, provided the issue is not resolved within a reasonable period despite employer warnings.
- ix. Systematic failure to fulfil employee obligations.
- x. Employee's vices that disrupt company discipline.
- xi. Repeated disregard for occupational health and safety regulations.
- xii. The employee's incompetence to perform assigned duties.
- xiii. Recognition of an old-age or disability pension for the employee while still providing services to the company.
- xiv. A contagious or severe non-work-related illness, or any incapacitating condition preventing the employee from working, when recovery has not been possible within 120 days.

### 2. What, if any, additional considerations apply if large numbers of dismissals (redundancies) are planned? How many employees need to be

### affected for the additional considerations to apply?

Companies may terminate employees **without just cause** within a six-month period, up to the following number of employees:

| Number of Employees in the Company | Percentage of Workers That May Be Dismissed |
|------------------------------------|---|
| 10 to 50                           | 30%   |
| 51 to 100                          | 20%   |
| 101 to 200                         | 15%   |
| 201 to 500                         | 9%  |
| 501 to 1000                        | 7%  |
| More than 1000                     | 5%  |

Table 2: Limit on Employment Terminations Without Just Cause in Colombia.

If a company intends to dismiss more employees than legally permitted **without just cause**, it must obtain prior authorization from the Ministry of Labour. If an employer exceeds this legal threshold without authorization, the affected employees may request reinstatement through legal proceedings.

### 3. What, if any, additional considerations apply if a worker's employment is terminated in the context of a business sale?

Under Colombian legislation, companies cannot justify the termination of an employment contract on the grounds of a business sale or acquisition. Therefore, if the sale or purchase of a company, for example, necessitates the termination of certain employees' contracts, such terminations will be considered unjustified, requiring the employer to pay the legally mandated severance compensation. Additionally, if the number of terminations exceeds the legal threshold outlined on the Table 2, the company must obtain prior authorization from the Ministry of Labour.

### 4. Do employees need to have a minimum period of service in order to benefit from termination rights? If so, what is the length of the service requirement?

No, employees are not required to have a minimum period of service with the company to be entitled to termination rights.

The exception to this may be the probational period, which is an agreement between the parties whereby the employer assesses the employee's skills, and the employee evaluates the working conditions. During this time, either party may terminate the employment contract without stating a cause and without the obligation to pay severance compensation.

### 5. What, if any, is the minimum notice period to terminate employment? Are there any categories of employee who typically have a contractual notice entitlement in excess of the minimum period?

In cases of termination without just cause, the company is not required to provide a minimum notice period before ending the employment contract.

For termination with just cause, as stated in Question 1, the employer is generally not required to provide advance notice, except in specific cases outlined in points (viii) to (xiv) of Question 1, where the company must notify the employee at least 15 days in advance.

Furthermore, if the employment contract is for a fixed term, as detailed on the Table 1, the employer must inform the employee of the contract's termination at least 30 days before its expiration. Failure to do so will result in the contract being automatically renewed for the same initially agreed-upon period.

### 6. Is it possible to make a payment to a worker to end the employment relationship instead of giving notice?

No, an employer cannot make a payment to the employee to avoid the legally required notice period, whether in cases of **termination with just cause** or in the case of **fixed-term employment contracts**.

However, a legal cause of termination is by agreement between the parties, so it is possible to offer an amount to the employee to terminate the contract by such agreement and in this case no prior notice is required. Certainly, this is dependent on the acceptance of the employee.

### 7. Can an employer require a worker to be on garden leave, that is, continue to employ and pay a worker during their notice period but require

### them to stay at home and not participate in any work?

Yes, under **Article 140 of the Labour Code**, an employer may pay the employee's salary and other legal benefits without requiring them to provide services, which includes the notice period for termination of the employment contract.

### 8. Does an employer have to follow a prescribed procedure to achieve an effective termination of the employment relationship? If yes, describe the requirements of that procedure or procedures.

If the employment contract is terminated **without just cause** and the employer pays the corresponding severance compensation, no specific procedure is required.

However, if the termination is **with just cause**, and the company's internal policies or the collective bargaining agreement establish that termination constitutes a disciplinary sanction, a formal procedure must be followed, which must include at least the following steps:

1. Notify the employee about the initiation of the procedure. The notification date must be close to the date of the offense; otherwise, it is understood that the employer has forgiven it.
2. Present the evidence supporting the initiation of the procedure to the employee.
3. Hear the employee's response and allow them to request supporting evidence.
4. Inform the employee of the company's final decision.
5. Provide the employee with the opportunity for an appeal or second-instance review.

If the company's internal policies, internal work regulations, or collective bargaining agreement do not condition dismissal on the existence of just cause for the termination of the employment contract, the employer is not required to follow this procedure. However, the company must still allow the employee to present their version of events, without the need to adhere to a formal process.

### 9. If the employer does not follow any prescribed procedure as described in response to question 8, what are the consequences for the employer?

If the employer is required to follow a disciplinary procedure to terminate the employment contract but fails to do so, the dismissal will be considered without just

cause, and the employer must pay the severance compensation established by law (Article 64 of the Labour Code).

Additionally, through a collective bargaining agreement, the company and the unions may agree that if the dismissal does not comply with the disciplinary procedure, it will be deemed ineffective. In such cases, the employee may request reinstatement to their position instead of receiving severance compensation. How, if at all, are collective agreements relevant to the termination of employment?

### 10. How, if at all, are collective agreements relevant to the termination of employment?

Collective bargaining agreements play a significant role in employment termination, as they may establish additional rules beyond those set by law, such as:

- Add justifiable grounds for the company to terminate employment without severance compensation (fireable offenses).
- Require a notice period for termination in all cases.
- Mandate a formal procedure for all cases of termination with just cause.
- Prohibit termination **without just cause**, even if the employer is willing to pay the legally mandated severance compensation.

### 11. Does the employer have to obtain the permission of or inform a third party (e.g local labour authorities or court) before being able to validly terminate the employment relationship? If yes, what are the sanctions for breach of this requirement?

Under Colombian legislation, certain categories of employees benefit from **reinforced job security protections or "immunities"**, which limit the employer's ability to terminate the employment relationship, even in cases of **termination with just cause**. These protections include:

| Type of Protection             | Condition Protected  | Guarantee   |
|--------------------------------|--|---|
| Union                          | Directives of a union or its sub-directive, who hold positions such as executives, founders, supporters, or claimants, as per Article 406 of the Labour Code.  | They cannot be dismissed, transferred, or have their working conditions worsened without just cause and prior authorization from a labor judge.<br>In the case of fixed-term contracts or contracts for a specific project or task, once the contract ends, the worker's protection is also considered to have ended.   |
| Circumstantial                 | Unionized workers who initiate a collective bargaining. Also applies to those who join a union with an ongoing collective dispute.   | They cannot be dismissed without just cause.  |
| Maternity for Mother or Father | Pregnant workers or those within 18 weeks following childbirth, or workers whom spouse, partner, or permanent companion is pregnant or within 18 weeks following childbirth.   | They cannot be dismissed except for just cause and with prior authorization from the labor inspector (Ministry of Labor).   |
| Health                         | Workers with a physical, mental, intellectual, or sensory impairment that substantially prevents them from performing their duties under normal conditions over the medium and long term. However, it is important to note that the scope of this protection is not uniformly established, according to the criteria of the Constitutional Court and the Supreme Court of Justice. Therefore, both interpretations should be taken into account. | They cannot be dismissed without just cause and with prior authorization from the labor inspector. According to the <b>Constitutional Court</b> , termination of the employment contract—whether with or without just cause—requires prior authorization from the labour inspector. In contrast, the <b>Supreme Court of Justice</b> holds that such authorization is only required when termination is without just cause. |
| Pre-Pension                    | Workers with 3 or fewer years remaining to meet the requirements for old-age pension, depending on the applicable regime.  | They cannot be dismissed without just cause.  |
| Workplace Harassment           | Workers who have filed a complaint about workplace harassment.   | They cannot be dismissed without just cause within 6 months following the filing of the complaint or until the harassment process is concluded, and it is established there is no harassment.   |

Table 3: Employment Security Protections in Colombia.

12. What protection from discrimination or harassment are workers entitled to in respect of the termination of employment?

In general, the Constitutional Court has established protections against discriminatory dismissals, meaning that no employee may be terminated based on nationality, sex, race, ethnic origin, sexual orientation, political affiliation, or religion.

If an employee believes that their employment contract was terminated for any of these reasons, they may file a tutela action (a constitutional remedy) to seek protection of their fundamental rights. Through this process, the employee may request either reinstatement to their position or compensation for unfair dismissal.

Additionally, the reinforced job security protections or "immunities" mentioned on the Table 3 serve as a mechanism to protect employees who may be more vulnerable to discriminatory dismissals, such as union leaders or employees with medical conditions. If a company terminates an employee who is entitled to such protection, the affected worker may file for a legal remedy before a court, as applicable.

13. What are the possible consequences for the employer if a worker has suffered discrimination or harassment in the context of termination of

employment?

If an employee has suffered discrimination or harassment in the context of termination of his/her contract, they may request reinstatement to their position.

14. Are any categories of worker (for example, fixed-term workers or workers on family leave) entitled to specific protection, other than protection from discrimination or harassment, on the termination of employment?

Yes, the workers mentioned on the Table 3 are entitled to specific protections.

15. Are workers who have made disclosures in the public interest (whistleblowers) entitled to any special protection from termination of employment?

There is no specific protection for whistleblowers under Colombian legislation.

16. In the event of financial difficulties, can an employer lawfully terminate an employee's contract of employment and offer re-engagement on new less favourable terms?

According to **Supreme Court jurisprudence**, an employer may offer an employee new working conditions that are less favourable. However, even in cases of **financial difficulties**, these new conditions must be **voluntarily accepted** by the employee.

17. What, if any, risks are associated with the use of artificial intelligence in an employer's recruitment or termination decisions? Have any court or tribunal claims been brought regarding an employer's use of AI or automated decision-making in the termination process?

According to Colombia's public policy for the promotion of AI, adopted in February 2025 (Conpes 4144), one identified risk is the displacement of workers due to the use of AI. As a mitigation measure, the Ministry of Labour, in collaboration with the Administrative Unit of Solidarity Organizations and the Public Employment Service, has been tasked with designing a labour reconversion policy to promote workers' fundamental rights. However, this strategy has not yet been implemented.



Additionally, to date, there is no rule regarding the use of AI or automated decision-making in the termination process.

### 18. What financial compensation is required under law or custom to terminate the employment relationship? How is such compensation calculated?

In cases of **termination without just cause**, the severance compensation is calculated as follows:

| Type of Contract                        | Compensation  |   |   |
|---|---|---|---|
| Indefinite Term                         | Employee  | Workers earning less than 10 legal minimum monthly wage. **                               | Workers earning 10 legal minimum monthly wage or more:                                    |
|   | Years of services   |   |   |
|   | 1 year or less  | 30 days of salary   | 20 days of salary   |
|   | More than 1 year  | 20 days of salary for each year of service, in addition to the 30 days for the first year | 15 days of salary for each year of service, in addition to the 20 days for the first year |
| Fixed Term                              | Salaries corresponding to the remaining time to fulfill the term stipulated in the contract   |   |   |
| For the Duration of the Project or Task | Salaries corresponding to the remaining time to fulfill the period determined by the duration of the project or task. It cannot be less than 15 days of salary. |   |   |

\*\* Current legal monthly minimum wage: 1,423,500 COP for 2025, 339 USD.

Table No. 4: Compensation for Employment Termination Without Just Cause in Colombia.

Also, a liquidation of the contract is required, in this the company pays the salary and social benefits caused to the date of termination, this includes all labour entitlements the employee is legally or contractually entitled to as of that date.

### 19. Can an employer reach agreement with a worker on the termination of employment in which the employee validly waives his rights in return for a payment? If yes, in what form, should the agreement be documented? Describe any limitations that apply, including in respect of non-disclosure or confidentiality clauses.

Yes, in such cases, it is recommended that the employer and the employee sign a mutual termination agreement. Additionally, it is advisable to enter into a settlement agreement "contrato de transacción" in which both parties acknowledge the fulfilment of all employment-related obligations and explicitly waive any future claims regarding labour entitlements.

For this waiver to be valid, the employer must agree to compensate the employee with a monetary payment in

exchange for their decision to forgo any future claims.

However, this cannot affect payments that are mandatory by law such as salaries or social benefits caused by the employee, the settlement can only affect uncertain and debatable rights.

### 20. Is it possible to restrict a worker from working for competitors after the termination of employment? If yes, describe any relevant requirements or limitations.

No, under Article 44 of the Labour Code, such clauses are ineffective under Colombian legislation.

### 21. Can an employer require a worker to keep information relating to the employer confidential after the termination of employment?

Yes, according to article 58 of the Colombian Labour Code, the information obtained in the labour relationship is confidential. However, to strengthen and extend this obligation after termination, it is suggested to sign a confidentiality agreement.

### 22. Are employers obliged to provide references to new employers if these are requested? If so, what information must the reference include?

Employers are not obliged to provide references for former employees. However, upon termination of the employment contract—or later, at the employee's request—employers are obligated to issue an employment certificate. This document must include:

- The position held by the employee,
- The duration of employment, and
- The employee's job responsibilities.

The reason for termination of the contract must not be included in the certificate.

### 23. What, in your opinion, are the most common difficulties faced by employers in your jurisdiction when terminating employment and how do you consider employers can mitigate these?

Colombian labour legislation is highly protective of employees, even when termination occurs without just cause and the employer pays the legally required

severance compensation. A growing challenge for employers is the increasing number of reinforced job security protections or "immunities", such as the health-related protection and the expanded maternity protection. Especially because there is a difference in criteria between the Constitutional Court and the Supreme Court of Justice regarding the scope of these protections.

Additionally, the Constitutional Court has established a general protection against discriminatory dismissals, but without clear rules on the conditions an employee must meet to qualify for this protection. This legal uncertainty makes terminations more complex and increases the risk of reinstatement claims.

In this context, it is recommended to seek legal advice for complex cases of employment termination.

**24. Are any legal changes planned that are likely to impact the way employers in your jurisdiction approach termination of employment? If so, please describe what impact you foresee from such changes and how employers can prepare for them?**

Colombia is currently in the process of labour reform, which includes several proposed changes specifically

related to employment termination:

1. Mandatory disciplinary procedure for termination with just cause: Regardless of whether termination is based on just or in according with company's internal policies, internal work regulations, or a collective bargaining, where dismissal is conditional on the existence of just cause for the termination of the employment contract, employers must follow a legally mandated procedure before terminating the contract.
2. Obligations for job losses due to automation: If job positions are eliminated due to automation, the employer must implement preliminary measures, including:
  - A training strategy,
  - Employee relocation programs, and
  - Labour reconversion plans.
3. Obligations for job losses due to decarbonization or energy transition: If job positions are eliminated due to decarbonization efforts or energy transition policies, the employer must develop relocation or labour reconversion strategies for affected employees.

The labour reform bill was shelved in March 2025. However, the current government may attempt to reintroduce it in Congress, once again including the aforementioned changes related to employment termination.

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