

S.A.S. – Simplified share corporation Overview

The by-laws of a S.A.S. can be adjusted much more to the wishes of the shareholders than is the case with traditional company types under Colombian law, such as the stock corporation (Sociedad Anónima, S.A.) or the Limited (Sociedad de responsabilidad limitada). The key advantages of the S.A.S. include the following:

- **Shareholders:** The S.A.S. can be established by one or several natural or legal persons. By contrast, a Limitada requires at least two and a S.A. at least five shareholders.
- **Classes of shares:** In a multi-shareholder scenario, it is possible in a S.A.S. to set up different classes of shares conferring different sets of rights to the respective shareholders. To some extent, this is also possible in a S.A., but not in a Limitada.
- **Duration:** A S.A.S. can be set up for an indefinite period of time, whereas a Limitada or a S.A. need to state a definite (although prolongable) period of existence.
- **Formalities applicable to by-laws:** A S.A.S. can be established by means of a private written document, whereas the by-laws of a Limitada or S.A. (or any changes thereof) must be fully notarized.
- **Formalities applicable to shareholder meetings:** Shareholders of a S.A.S. (in contrast to those of a Limitada or S.A.) can waive their right that the shareholder assembly be duly convened, which is of great practical benefit especially in companies with only one shareholder.
- **Capital:** The social capital (or capital increases) can be gradually paid in over a period of up to two years, whereas in a Limitada, it has to be paid in at once and in a S.A., within a year. The S.A.S. does not require any minimum amount of social capital.
- **Liability:** The shareholders of a S.A.S. are only liable for company debts up to the amount of their share in the company's capital. In contrast to traditional company types, this limitation also applies to tax and employee-related debts.
- **Owner-manager relations:** One and the same person may act as sole shareholder and legal representative of a S.A.S. Freedom to set up supplementary bodies and define the relationship between owners and manager(s) in a S.A.S. is somewhat greater than in a Limitada and much greater than in the tightly regulated S.A..
- **Auditor:** Most S.A.S., Limitada and S.A. do not have to appoint an auditor by law. They are only under a duty to do so once their turnover or assets have surpassed a certain threshold value. Normally it is sufficient to have the yearly accounts certified by an external certified public accountant.
- **Resolution of conflicts between shareholders:** In a S.A.S., all matters can be submitted to arbitration, whereas in a Limitada or a S.A.S., some cannot be withdrawn from the exclusive jurisdiction of ordinary courts.