



**Comercio,
Industria y Turismo**



Colombia's Journey Towards International Financial Reporting Standards

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Colombia at a Glance

Key Facts

- Population: 53 million
- OECD Member
- Fourth largest economy in Latin America
- More than 99% of entities are MSMEs
- Strong banking and capital market sectors
- Over 15 years of IFRS convergence experience

Why Financial Reporting Matters

- Investment
- Transparency
- Competitiveness
- Sustainable growth



From Adoption to Implementation

Before Convergence

Colombia prior to Law 1314

ROSC 2003 Findings:

- Fragmented accounting framework
- Multiple regulatory sources
- Limited international comparability
- Weak institutional coordination

The Turning Point

Law 1314 of 2009 "A Structural Reform"

Strategic Objectives:

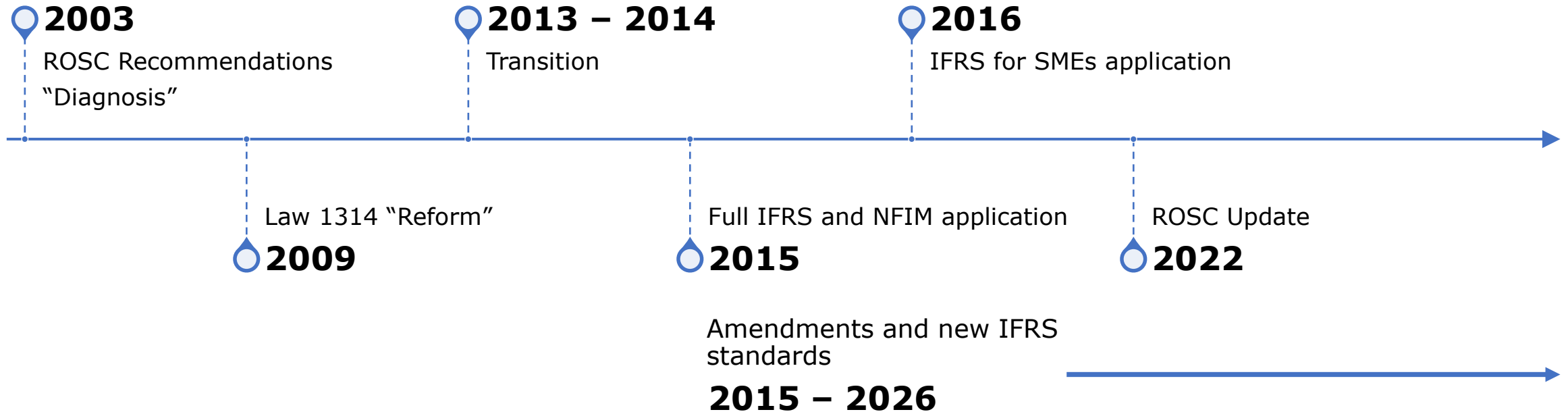
- Convergence with international standards
- Improved transparency
- Increased investor confidence
- Stronger institutional framework

Created a framework for:

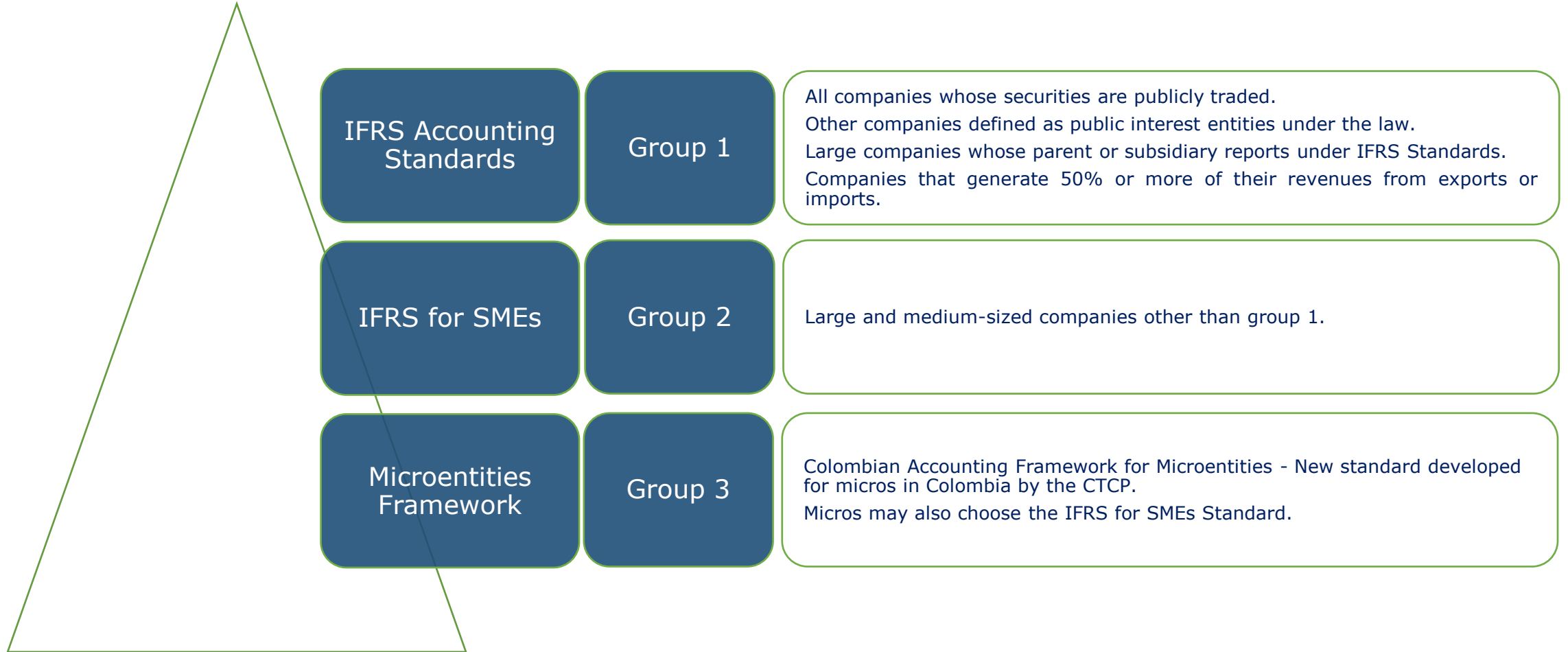
- IFRS adoption
- IFRS for SMEs adoption
- Colombian Accounting Framework for Microentities (NFIM)

IFRS Timeline

Pursuant to Law 1314 of 13 July 2009, Colombia has adopted IFRS Standards following the timetable below:



Differential Reporting Framework



Standard-Setting and Regulatory Ecosystem in Colombia

Standard Setting



Consejo Técnico de la Contaduría Pública (CTCP) [Technical Council of Public Accounting]

The CTCP operates under the Ministry of Commerce, Industry and Tourism. The CTCP prepares drafts of standards related to international accounting and auditing to be considered and then issued by the Ministry of Finance and the Ministry of Commerce, Industry and Tourism.

Regulatory Adoption

Policy Direction Authority



Presidencia

Regulatory Authorities



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Hacienda

Economic Policy Authorities



Departamento
Nacional de Planeación



(10) Control and Inspection Authorities



Superfinanciera



Superintendencia
de Sociedades



Supersalud

Other Stakeholders

- Audit Firms
- Preparers of financial information
- Users of financial information
- Universities
- Accounting profession
- Professional community

Disciplinary Oversight



Registration

Inspection

Monitoring

Tax Authority



Colombian Convergence Model

In order to incorporate the IFRS Standards into the Colombian legal system, the original text of the IFRS Standard must be attached to a series of legal documents issued by the regulatory authorities. Those documents are then published in an official newspaper to complete the formal adoption process.

The process established in Law 1314/2009 is:

1. The CTCP prepares a draft standard based on the related IFRS Standard.
2. The CTCP invites comment on the draft standard.
3. As a result of steps 1 and 2, the CTCP will produce a proposed standard for consideration by the Ministry of Finance and the Ministry of Commerce, Industry and Tourism, together with an analysis of the comments received during the public consultation period and CTCP's technical recommendation.
4. The two regulatory authorities analyse the recommendations submitted by the CTCP, verify if the process was open, transparent and thorough. Those authorities must also consider recommendations submitted by the tax authority and government agencies responsible for economic policies and control and inspection of companies in Colombia. When this process is completed the regulatory authorities will issue and publish the corresponding regulations together with their conclusions.

Key Features: Technical standard setter (CTCP) / (2) Public consultation process / Regulatory endorsement mechanism / Multi-agency coordination / Formal due process requirements.

Key Achievements

What Has Been Achieved?

Fifteen Years Later

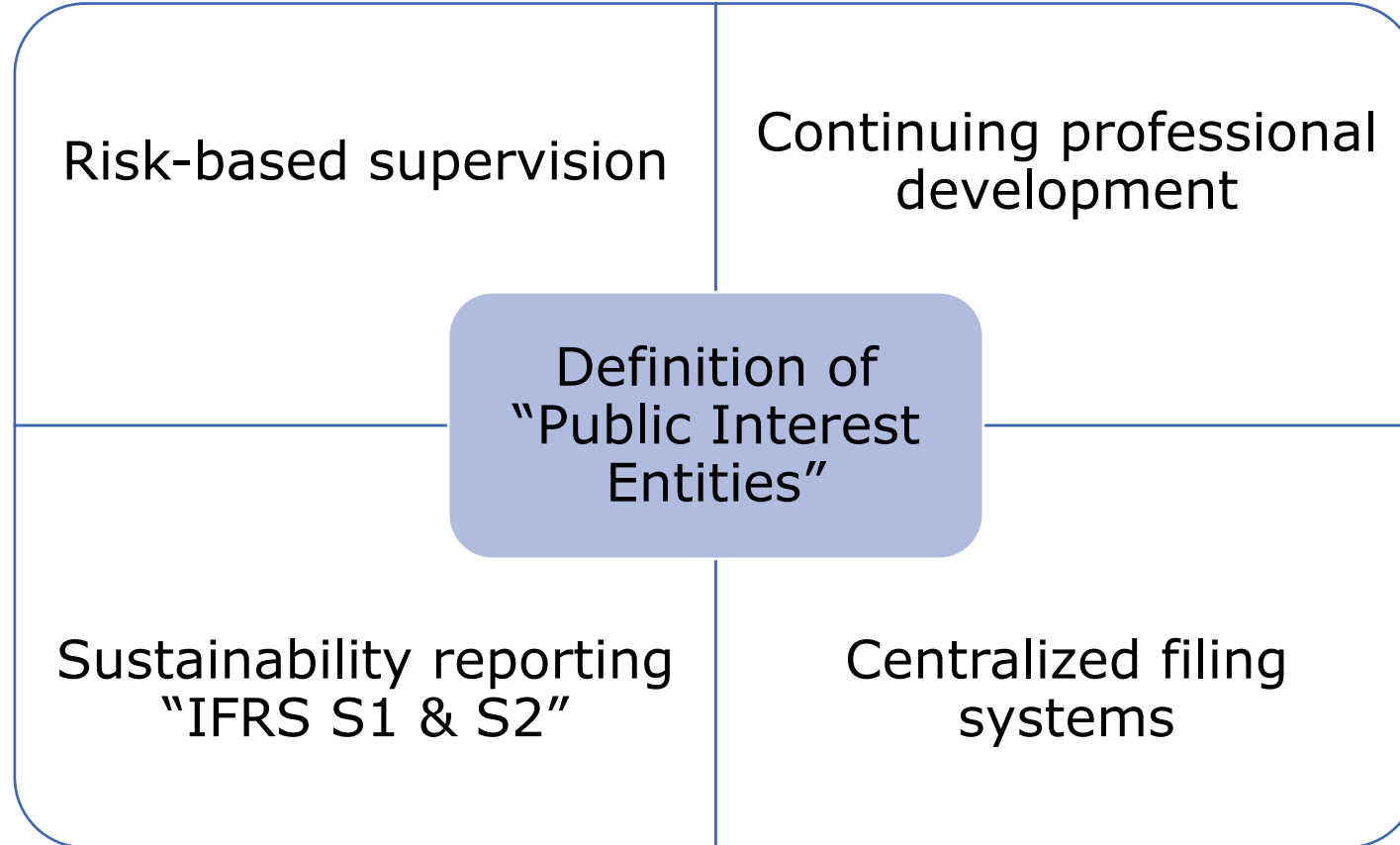
ROSC 2022 Updated:

- Improved financial reporting quality (Full IFRS & IFRS for SMEs implementation)
- Stronger professional awareness
- Greater international comparability
- Institutional strengthening

ROSC 2003 vs ROSC 2022

Area	Diagnosis	Updated
Accounting Standards	Fragmented	IFRS-based
Standard Setting	Limited	CTCP-led
Education	Weak	Improved
Enforcement	Weak	Strengthened
Oversight	Limited	Strengthened

Main Implementation Challenges



The focus has shifted from adoption to implementation quality and institutional effectiveness.

Current Standard-Setting Projects

IFRS 18 – Presentation and Disclosure in Financial Statements

- The CTCP has recommended the incorporation of IFRS 18 into Colombia's Group 1 reporting framework.
- The standard is expected to enhance comparability, transparency and the usefulness of financial information, particularly through improvements to the statement of profit or loss and related disclosures.
- To facilitate an orderly transition, the CTCP has recommended mandatory application from 1 January 2028, with early adoption permitted from 1 January 2027.

IFRS 19 – Subsidiaries without Public Accountability: Disclosures

- The CTCP has undertaken an initial assessment of IFRS 19.
- While recognising its simplification benefits, concerns have been raised regarding reduced disclosure requirements, supervisory needs and the challenges associated with maintaining alignment with future IFRS amendments.
- Consequently, the CTCP has not recommended incorporation at this stage and intends to revisit the standard based on international experience and future regulatory developments.

Amendments to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments

- The CTCP has recommended the incorporation of the 2024 amendments to IFRS 9 and IFRS 7.
- These amendments are expected to improve consistency in practice, enhance transparency and strengthen disclosures related to financial instruments.
- Mandatory application has been recommended from 1 January 2027, with early adoption permitted.

Current Standard-Setting Projects

IFRS for SMEs (Third Edition)

- Technical assessment underway.
- Colombia is evaluating an implementation timetable that balances international convergence, regulatory stability and preparer readiness.
- Particular attention is being given to transition costs, training needs and consistent application across the SME sector.

Sustainability Reporting

- Analysis of IFRS S1 and IFRS S2.
- Capacity building and awareness.
- Assessment of implementation implications for Colombian entities.
- Monitoring international developments and regulatory experiences.

Financial Institutions and Insurance Sector

Balancing IFRS Convergence and Prudential Regulation

Why do sector-specific requirements exist?

In Colombia, certain financial institutions and insurance entities are subject to additional regulatory requirements issued by the financial supervisor.

These requirements are not intended to replace IFRS Accounting Standards. Rather, they seek to address prudential and supervisory objectives, including:

- Financial stability
- Protection of depositors and policyholders
- Solvency and capital adequacy
- Risk management and supervisory oversight

IFRS 17 Insurance Contracts

- CTCP issued its technical recommendation for the incorporation of IFRS 17 in March 2023.
- The corresponding convergence decree was issued in October 2024, establishing an initial effective date of 1 January 2027.
- Following stakeholder feedback, particularly from the insurance sector, the implementation timetable was reassessed through the regulatory due process.
- Mandatory application has subsequently been deferred to 1 January 2028 to support implementation readiness.

Colombia continues to maintain alignment with international standards while balancing implementation capacity, regulatory stability and public interest considerations.

Future Challenges and Opportunities

Timely Availability of Official Translations

Effective implementation depends on timely access to high-quality official translations of new and amended IFRS Standards.

Delays between issuance and availability of translated standards may affect implementation planning, education and regulatory adoption processes.

Capacity Building

Strengthening professional competence and implementation support across all types of entities.

Maintaining Regulatory Agility

Balancing convergence with the time required for due process, consultation and regulatory endorsement.

International Engagement and Global Representation

Enhancing the participation of Latin American and other emerging economies in international standard-setting discussions.

Promoting greater consideration of implementation realities, translation needs and capacity-building challenges in the development of future standards.



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