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Newsletter

When a shareholder dies: The corporate gap most companies overlook

In Colombia, a deceased shareholder's shares don't pass automatically to their heirs. They sit under an unliquidated estate that needs a legal representative before anyone can exercise the rights attached to them.

Those shares become part of the unliquidated estate under Article 378 of the Commercial Code. Until the estate proceeding is opened and an executor or recognized representative is appointed, no heir can act on those shares individually.

Colombia's Superintendency of Corporations has reaffirmed this — among other rulings, in Ruling 220-134116 of May 30, 2024: without an open estate proceeding there is no representative, and without one heirs cannot, on their own, vote, request information, or challenge decisions. The rule protects legal certainty, but it can also freeze the company if no one planned for it.

While representation is sorted out, the company can be left without quorum, decisions stall, and the risk grows that other shareholders or officers act against the heirs' interests.

The fix isn't to wait for a shareholder to die — it's to address it in the bylaws beforehand: share-representation clauses, family protocols, and shareholder agreements defining in advance who represents a deceased partner's stake, and within what timeframe.

Is your company ready for this scenario? Forvis Mazars in Colombia helps design the structure before it becomes urgent.

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