



Costa Rica - Civil Law

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☎ Consultation

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Incorporating a company in Costa Rica

Costa Rica taxes

If you want to incorporate a company in Costa Rica, this article will educate you on the tax laws for a S.A. which is the most common legal entity in Costa Rica.

Costa Rica has a territorial tax system. Therefore, income accrued outside the country, from our research, and this is not personal tax advice, is not subject to taxation. Costa Rica corporate highest income effective tax rate on a S.A. entity is 30%. Lower rates apply to companies whose gross income does not exceed CRC 52,634,000 (10%) and companies whose gross income is between 52,634,000 and CRC 105,872,000 (20%). This ranks Costa Rica as 136th overall with regards to corp. taxation rate internationally.

The VAT rate in Costa Rica is 13.00%, which ranks Costa Rica as 72nd when compared to VAT taxation rate internationally. In terms of other taxation, an employer will contribute 26.33% to the equivalent of a social security fund and an employee will contribute 9.34%. The overall complexity of the tax system is medium. This is measured by average time to comply with a country's labor tax requirements is as it is 59 hours. Contributing to this is the number of yearly labor tax payments, which is 2 in CR.

Thin capitalization restrictions aren't in effect. Thin capitalisation refers to any type of laws on given company with respect to debt-to-asset ratios. Dividends received by a Costa Rica entity, whether from local or foreign source, are tax exempt. Dividends are a distribution of a portion of a company profit, decided by the board of directors, to a particular class of shareholders. Dividends can be one of the following cash payments, shares of stock, or other property. Capital Gains are not usually subject to taxation, unless gains constitutes the habitual activity of a company. A capital gains tax is levied on the profits that a corporation or natural person realizes when he or she sells a capital asset for a price that is higher than the purchase price.

The interest withholding tax rate is estimated at 15%. This should be interpreted that usually the relevant tax authorities expects companies to automatically withhold 15% of payments abroad on interest payments. The dividends withholding tax rate is 15%. This means that the taxman expects S.A.'s to pay tax on at least 15% of dividends remitted abroad, the rate is 5% of dividends paid by listed stock corporations. The royalties withholding tax rate is 25%. This should be interpreted that usually the tax authorities expects companies to pay tax on at least 25% of payments abroad on royalties. There is no known tax on wealth in Costa Rica. There are no known inheritance taxes in CR. There are real property and transfer taxes. There are several free trade areas that may provide tax exemptions.

The above is not tax or legal advice for your company circumstances. Incorporations.io can refer you to a tax advisor in Costa Rica who can properly advise you. Ready to get started? Click the free consultation button above.

The vat rate in Costa Rica is 13% which ranks 72 in the world.

- ✓ **Patent box**
- ✗ **RND credit**
- ✗ **Wealth tax**
- ✓ **Estate tax**
- ✓ **Transfer taxes**
- ✗ **Asset taxes**
- ✗ **Capital duties**

- 24** **Tax treaties**
- 0%** **Offshore Tax**
- 30%** **Corp rate**
- **Loss carryback years**
- 18** **Corporate time**
- 13%** **VAT rate**
- 0%** **Capital gains**
- 2018** **AEOI planned**

Costa Rica Legalese

When incorporating, you must look at the law in the country, in Costa Rica is civil law law. You will want to get some local advice as to how to best structure a company in Costa Rica. E-signatures are allowed.

The abbreviation CR is for Costa Rica and the most common legal entity type in Costa Rica is a LLC.

When setting up, budget about 5 weeks to setup a LLC in CR. is 0, This means you don't have any minimum share capital. The types of cash you can use to capitalize your company is most commonly any legal currency.

Yes, one is allowed to re-domicile a LLC from CR. You are usually allowed to change the jurisdiction of the company, pending certain procedures.

There must be at least This means it is not possible for you to own a LLC in Costa Rica as a sole shareholder. You must have other shareholders, they can be nominees or de facto shareholders. Corporate Shareholders are permitted, which means you can have a legal entity as a shareholder. Foreign ownership is tolerated, up to 100% of the ownership of the LLC.

There is a requirement to have at least 2 directors. Speaking of shareholders, corporate directors are permitted. Directors data is typically not exposed publicly. There is a body of law which requires companies to hold an annual meetings of shareholders.

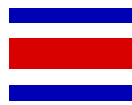
A registered office is a requirement, whom the company will pay yearly, for an address which can receive litigation or other legal process on behalf of the company. Moreover, a corporate secretary is not a requirement.

There is a Consequently, there is oftentimes a requirement to have these accounts audited.

Overall we think Costa Rica is a good option and have given it a score of 71 as an IO score, using the Incorporations.IO proprietary formula.

- ✓ **Directors not disclosed in a public registry**
- ✓ **Shareholders not disclosed in a public registry**
- ✓ **Redomiciliation permitted**
- ✓ **Registered office required**
- ✓ **Corporate director permitted**
- ✗ **Local Secretary not required**
- ✓ **Local Director not required**
- ✓ **Electronic signature**

- 2 Shareholders required**
- 2 Directors required**
- 5 weeks to form**



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Country Info



🚩 National Flag of

**República de Costa Rica
(spa)**

\$ Currency

CRC

☎ Area Code

+506

🏰 Capital

San José

✈ Region

Central America

🌿 Native Languages

Spanish