

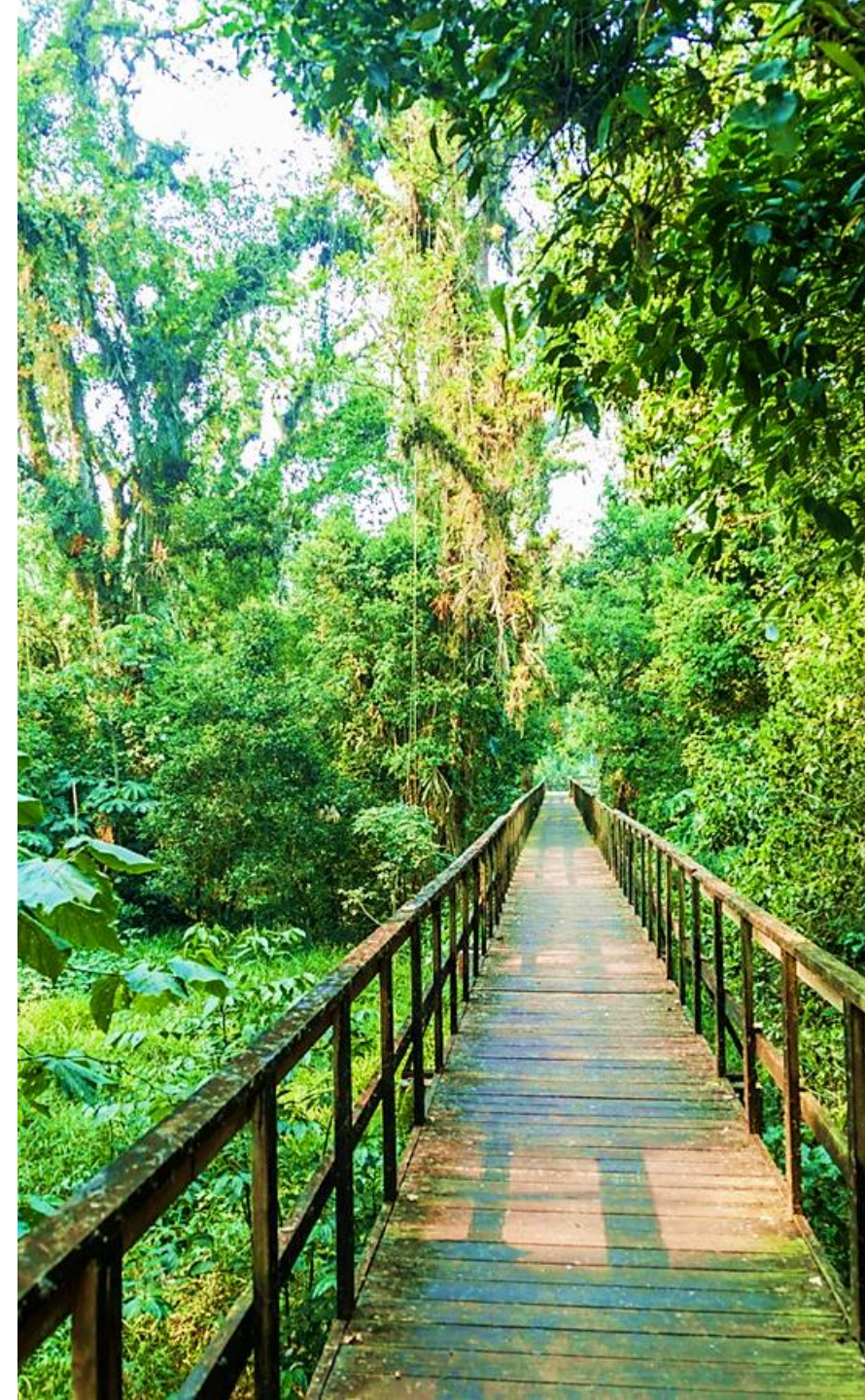


# DOING BUSINESS IN COSTA RICA



## Costa Rica

- Costa Rica is a country located in Central America, well known for its natural beauty: Tropical Forest, Valleys, Coasts in the Caribbean and in the Pacific. Being recognized worldwide for its natural beauty and biodiversity.
- Privileged Location:
  - Open door to two Oceans
  - Close Relationship with United States
  - Political Stability
- Country without an army since: 1986
- Costa Rica allocates 14% of public spending to education, almost double of OECD member countries (7.9%). Education is mandatory and free.





## Costa Rica

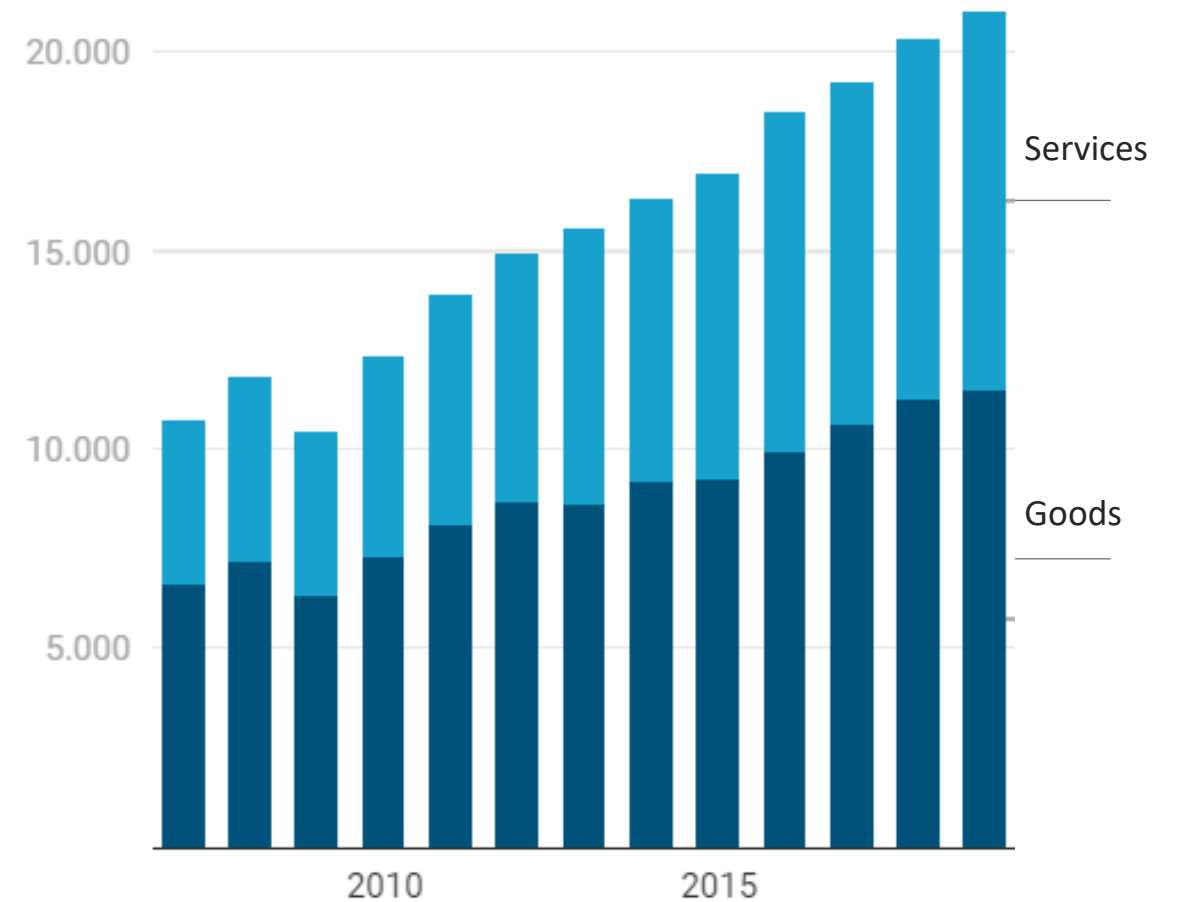
### Infrastructure

- Ports in the two Oceans
- Two major airports

### Environment

- In 2021, Costa Rica generated 99.91% of its electricity from renewable sources.

## Exports of Good & Services Millions of Dollars



Source: PROCOMER 2019

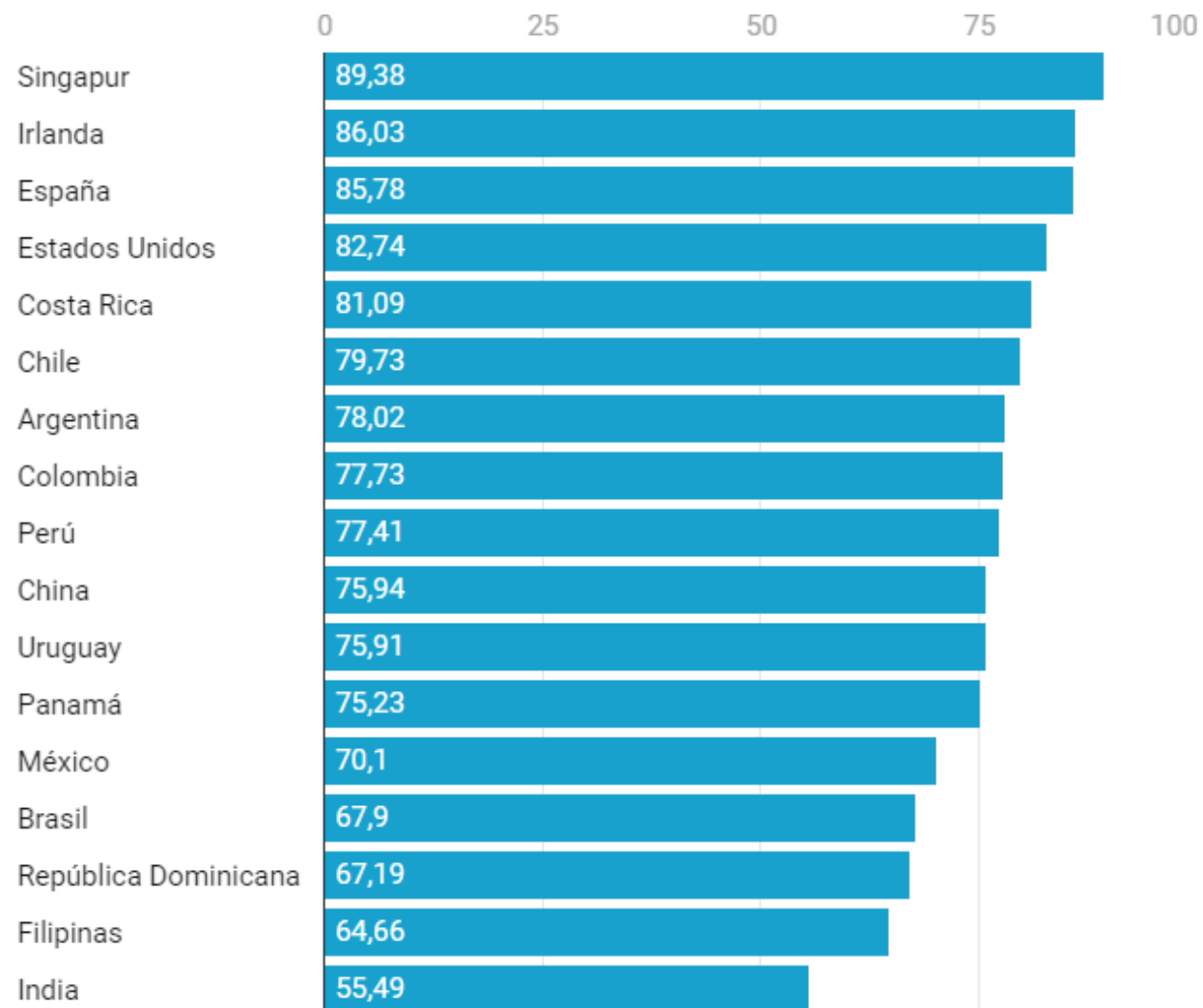


## Costa Rica

Talent is our greatest resource

**# 1** In human capital, skills of the labor force and the quality of education in Latin America.

### Human Capital Puntahe (0-100)



Source: WORLD ECONOMIC FORUM, EXECUTIVE SURVEY, GLOBAL COMPETITIVENESS REPORT, 2019.



# Tax Obligations

- We don't have personal income tax. The employer must make withholdings from the employees.
- Corporate income taxes: Rate 30%

Rent Section	Applicable Tax Rent
The first five million seven hundred sixty-one thousand colones of annual net income (¢5,761,00.00). (10,000 USD)	5%
Exceeding five million seven hundred sixty-one thousand colones(¢5,761,00.00) and up to eight million six hundred forty-three thousand colones of annual net income(¢8,643,000.00).16,000 USD)	10 %
Exceeding eight million six hundred forty-three thousand colones (¢8,643,000.00) and up to eleven million five hundred twenty-four thousand colones of annual net income (¢11.524,000.00). (20,000 USD)	15%
Exceeding eleven million five hundred twenty-four thousand colones of annual net income (¢11.524,000.00).	20%
Gross income exceeding ¢122.145.000,00 (200,000 USD)	30%

- Value added tax: 13%
- Social Charges: 26,50%
- Dividends: 15%
- Agreements to avoid double taxation with Mexico, Germany and Spain.



# Incorporating a Costa Rica entity

## What we do

Incorporation process



## Step 1

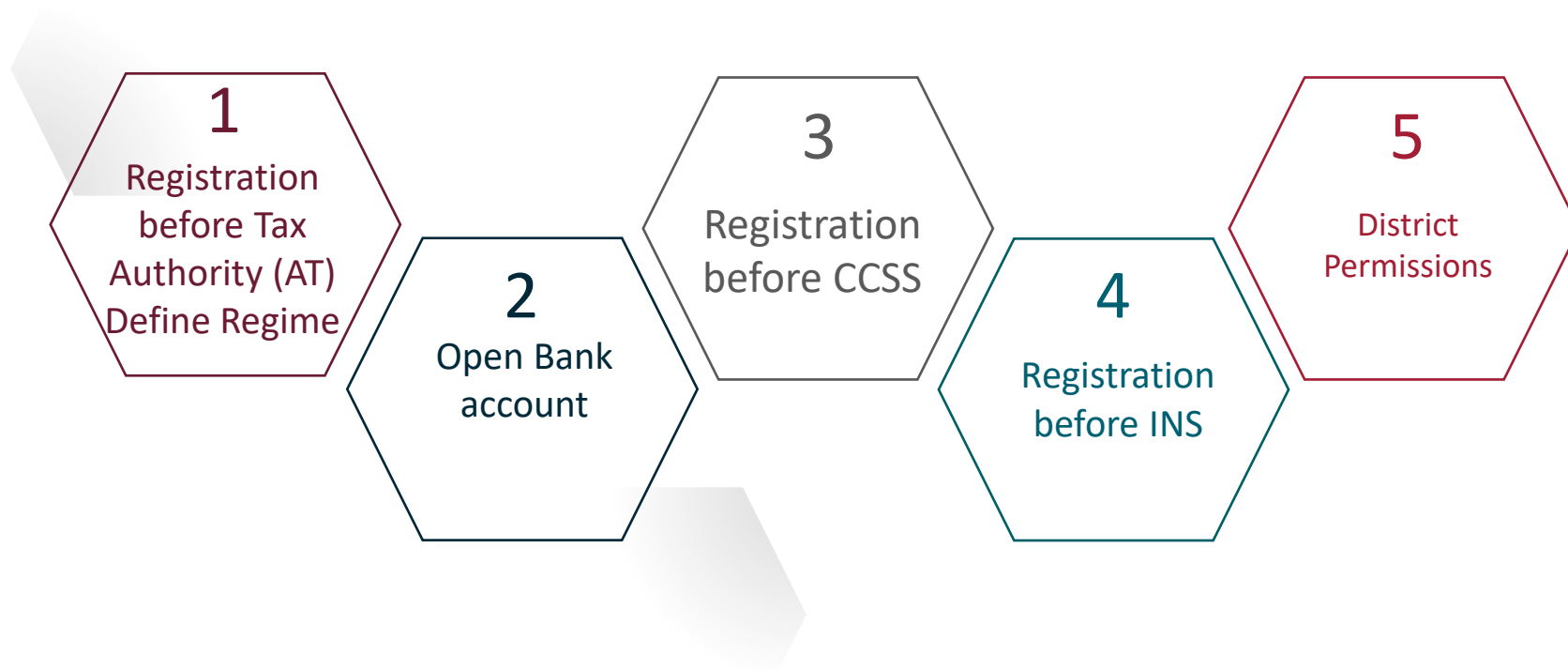
# Incorporation



*Done by lawyers: 2 weeks*

## Step 2

# Start up items







JA Del Río

Free Trade Zone Regime  
Tax Incentive for Investment in Costa Rica



# Free Trade Zone Regime

## ¿What is it?

Corresponds to a series of tax and incentives for new projects to be carried out in the territory of Costa Rica, in exchange for companies investing in fixed assets and hiring employees.

\* GAM: Greater Metropolitan Area

## Types of companies that can enter the regime

- Trading Companies (these cannot sell in the local market).
- Service Companies (it is the largest sector in the country, it is where the share service centers, technology companies, call centers, among others).
- Free Zone Park Management (construct buildings)
- Manufacturing Companies.
- Others: Health services companies and adventure parks company.



## Tax Incentive

- a)** Companies do not pay import duties on both assets and raw materials.
- b)** Exemption from value-added tax on all purchases of goods and services.
- c)** Exemption from withholding tax (WHT) on remittances abroad
- d)** Municipal tax exemption
- e)** Exemption from withholdings tax on dividends.

# Tax Incentive

## Tax on profits

	Within the GAM			Outside the GAM			
Category of traders, services and free trade zone administrators.	0%from year 1 to year 8	15% from year 9 to year12	30% from year 13 onwards	0% from year 1 to year12	15% from year 13 to year18	30% from year19 onwards	
Manufacturing category	6% from year1 onwards 8	15% from year 9 to year12	30% from year 13 onwards	0% from year1 to year 6	5% from year7 to year 12	15% from year 13 to 18	30% from year 19 onwards
Megaproject manufacture	0% from year 1 to year 8	15% from year 9 to year 12	30% from year 13 onwards	0% from year 1 to year12	15% from year13 to year 18	30% from year 19 onwards	

Possibility to renew benefits Process 20 Bis



## Free Trade Zone Park

Areas already authorized by an administrator company, in which companies that want to enter the Special Regime can be installed.



## Requirements (3 years)

Commit to an investment in fixed assets

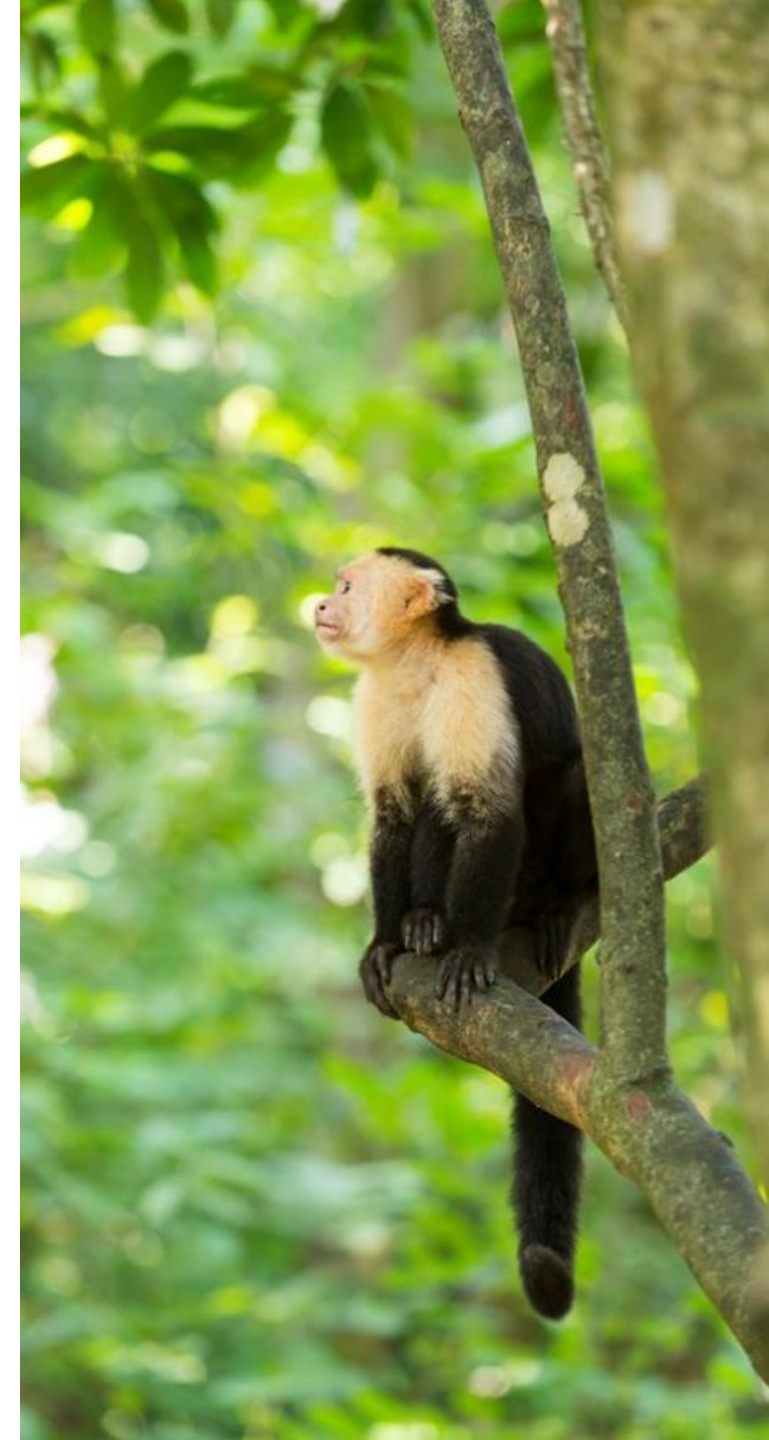
Within the GAM		Outside the GAM	
WITHIN FTZ PARK	OUTSIDE FTZ PARK	WITHIN FTZ PARK	OUTSIDE FTZ PARK
150.000 USD	2.000.000 USD	100.000 USD	250.000 USD

**Fixed Assets:** Purchase of furniture, equipment, leasehold improvements, building and land.

## Requirements (3 years)

- **Employment Level:** Commit to hiring and keeping numbers of employees.
- If companies commits to 150.000 USD of investment in assets, they must at least have a total annual compensation of 320.000 USD.
- **Compensation:** These are salaries, 13th salary and social charges

20 BIS: New investment and employment commitments.



## Examples of RZF companies

### Service Category

1. Akamai
2. Amazon
3. AstraZeneca
4. Coca Cola
5. Bayer
6. DHL
7. Microsoft
8. INTEL
9. Dell
10. IBM
11. HPE
12. Roche

### Manufacturing category

1. Abbott Medical
2. Edwards LiveScience
3. Intel
4. Coloplast
5. Glaxo
6. Bayer
7. Coca Cola

### Marketing Category

1. Roche
2. Allergan
3. Kimberly Clark
4. Boston scientific



Helping companies do  
business in  
Latin América

## ¿How JADR can help?

- All integral service so the company can operate, such as:
  - Project feasibility study.
  - Location search with FTZ parks
  - Formal application to join the FTZR.
  - Payroll management, treasury, accounting, tax compliance and FTZR.
  - FTZ audit attention.



JA Del Río

## Success Stories

Source: CINDE  
<https://www.cinde.org/es>

Además de la calidad de su talento humano, nos convenció su ubicación geográfica, su estabilidad política, su buena infraestructura, calidad de, clima de inversión favorable y su propicio ecosistema para tecnología. Estamos comprometidos a hacer de Costa Rica un centro de servicio regional de Microsoft. Desde San José, apoyamos miles de empresas en su proceso de transformación digital.

### Ineke Geesink

Country Manager, Microsoft Costa Rica



En la actualidad, Costa Rica es el segundo mayor centro de servicios de Amazon fuera de los EE.UU., con más de 10.000 personas. Costa Rica es la solución nearshore cuando se trata de las Américas. Nuestro crecimiento pone de manifiesto el talento excepcional que hemos encontrado en Costa Rica. Nuestro éxito se debe a la capacidad de nuestros empleados de ofrecer y entregar soporte de clase mundial para nuestros clientes, proveedores y clientes internos.

### Alejandro Filloy

Customer Service Director, Amazon Latin America



Durante los últimos 10 años, nos hemos consolidado en Costa Rica, migrando procesos de 14 lugares diferentes en el mundo. Este se convirtió en un sitio integrado y en nuestro centro de excelencia, más que allá de una simple operación de manufactura. Hemos logrado reducir el consumo de energía en más del 40%, con la instalación de la mayor proyecto de paneles solares en el país en un solo techo.

### Isaias Gonzalez

General Manager ICU Medical





# Let's talk!

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Client Success

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