

Am I Current with my Obligations for my Costa Rica Property Corporation?
(Revision #2 - April 6, 2021) - change versus previous version is in red)

What types of Corporate Entities are there in Costa Rica?

Depending on your intended company operation, you may form either an S.A. legal entity (anonymous society or “Sociedad Anónima”), which is similar to a corporation, or an S.R.L. (society of limited responsibility or “Sociedad de Responsabilidad Limitada”), similar to a Limited Liability Corporation, both allowing two or more shareholders (individuals or legal entities) who are liable according to the amount of capital they have invested in the company.

Corporations

Corporations (SAs) are the most commonly used entity in Costa Rica and their capital is divided into shares. They have the following features:

- At the moment of its incorporation, the company must have a minimum of two shareholders. Once it is registered it can have any number of shareholders, with no restrictions on their citizenship.
- The shareholders' liability is limited to the amount of their capital contribution.
- A board of directors administers the company and must have a minimum of three members (president, secretary and treasurer) and a comptroller. If the legal representatives do not live in Costa Rica, the company must appoint as its Resident Agent an attorney authorised to receive notifications on behalf of the company. There are no restrictions with respect to the citizenship of the directors or shareholders.

Limited liability companies

Limited liability companies (SRLs) have their capital divided into quotas and the following rules apply:

- Initially, the company must have a minimum of two quota holders. Once it is registered, it can have any number of quota holders.
- The quota holders' liability is limited to their capital contribution. SRLs do not have a board of directors, they have managers instead.
- The capital is divided into individually-registered quotas. Quota holders have a right of first refusal where a partner wants to sell its quotas and the transfer must be approved in a quota holders' meeting.
- Pay in equity must be in colones (the local currency).

Do you need a Resident Agent?

Fiscal address in Costa Rica and legal representation in Costa Rica is a requirement. (can be President, Secretary, Treasurer, or Fiscal for your S.A. Corporations or Manager or sub-manager

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for an S.R.L. corporation. Be leery of granting anyone Administrator privileges over your asset or corporation.)

In the circumstance that the company legal representative is not domiciled in Costa Rica, a Resident Agent must be appointed to assume the role; this individual must be a Costa Rican registered lawyer domiciled in Costa Rica whose sole purpose as Registered Agent is to receive legal and administrative notifications.

If you are resident in Costa Rica, you may register your property in your own name or as a trust without the SA or SRL structure, if you so choose.

Is Your Resident Agent legitimate?

You can verify if your Registered Agent is indeed an attorney registered with the Costa Rican Bar Association by using the following link: <https://www.abogados.or.cr/consultaagremiados/>

Only lawyers registered with the bar association and Notary Publics who must also be registered lawyers can file changes you make in your corporation books or file other representations in the Costa Rican Registry. Given the importance of having the physical books, it is best that you personally keep the official corporation books safely in your home country. It has happened to CEE Owners that books have not been delivered as legally required when requested. You can check on the credentials of a notary as well at the following link: www.dnn.go.cr and look under Consultations.

If you have a complaint about a lawyer or notary, the following link provides some advice.

<https://news.co.cr/how-to-file-complaints-against-lawyers-and-notaries-in-costa-rica/78721/>

Complaints about Fake or Suspended Lawyers are best handled by criminal or civil complaint in the courts by a litigating attorney.

You are recommended to compare alternatives for Resident Agent and other representation as well as for objective interpretation and follow-up. Services, costs and fees will differ among Resident Agents.

Did You Sign a General or Special Power of Attorney?

A Registered agent is not empowered to act on your behalf without your permission, each and every time. Signing a general (unlimited) Power of Attorney (PoA) is strongly discouraged because this allows the individual unlimited and unfettered abilities on your behalf. It is very important to limit delegated Powers with a Special PoA to only specific activities and very specific and limited financial and legal discretion. It is also very important to cancel a Power of Attorney or limit its duration to when the specified tasks are completed. How to do that will follow in the next update.

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Looking Up Your Lot or Company on the Corporate Registry

Sistema de Certificaciones e Informes Digitales del Registro Nacional is a very impressive, robust, and transparent online access to the Costa Rican Registry.

Spend time learning what you can do under Free Consultations tabs. Property, Moveable Property, Cadastre (Construction Plans), Legal Persons and Industrial Property.

- to register your email address and password needed to use the system. Go to <https://www.rnpdigital.com/shopping/registro.jspx>

to register for the first time and thereafter to login. Note – if you are on the English translation, “Pay in” means “Log in;” “Redirect your Email” and “Redirect your Password” means enter it again; and “Key code” actually means “password.”

Pages are straight forward in Spanish, though you can view them in English with your Brower translate option and execute in the Spanish version if links are not working with your browser’s translated version.

Property report - Free

Once you enter, there will be a list of items on the left side. The fourth item down is Free Consultations. Once you are in Free Consultations, click on the third item down – Consulta por Numero de Finca (or Query by Property Number). Enter 6 for Puntarenas Province, your 6-digit Finca number and Choose “F” in the Horizontal (Condominium) drop-down box and leave the rest of the boxes blank.

Corporation Information – Free

You can also obtain a copy of your Corporate Registration under the free services. This document will list the Corporate Officers as well as well as your Registered Agent. To access this, click on the third item down – Consulta por Cedula Juridica (or Consultation by Legal Certificate). You will need your corporation number.

Save and print the documents (will be in Spanish or for English use your browser translator)

Persona Juridica (legal persons or Corporation Report)

The Shopping Cart link on the left-hand side provides a number of documents that you can buy. To purchase your Persona Juridica (Legal Persons) report it will cost about \$5 US on a credit card.

Purchase item Literal de Personas Jurídicas (or Literal of Legal Persons), the 4th one on the list.

Selection and payment and then link to download and save or print document will be found on the bottom of that page. You will not be able to see your Persona Juridica report if Corporation

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taxes are owing. The document is required and valid for 15-days and is commonly asked for when going to open a bank account, visiting the ICE phone company, etc.

You can also get your Persona Juridica at a Costa Rican post office at a cost of about \$5.

Does My Corporation Owe Any Taxes to the Hacienda?

Unfortunately, you cannot obtain your tax information from this website. Taxes can be accessed from Costa Rican bank accounts, yours or someone else's. You will need your Corporation number 3-101-xxxxxxx for an SA corporation or 3-102-yyyyyy for an SRL (Limited) Corporation

How Can I Pay My Taxes?

The **Corporation Taxes** are owed in full by January 31 each year. For inactive holding companies the amount is €69,330 (approx. US\$115). They can be paid by anyone on your behalf or by online access to a Costa Rican Bank account or in person at a Bank of Costa Rica (BCR) branch. Your Resident Agent may offer to do this – check the reasonableness of fees charged.

Property Taxes for the Full Year are payable each year by March 31, though you can pay monthly or quarterly (not recommended). Online look up and Payment by credit card is available and convenient. https://muniparrita.go.cr/Ecommerce_condiciones/ as well as in person at the Municipalidad office in Parrita.

Have You Completed Your Declaration of Shareholders?

Since approved in 2019 but delayed with COVID, annually you must also prepare a Shareholder and Beneficial Owner Disclosure Form called “La declaracion del Registro de Transparencia y Beneficiarios Finales” which is next due by April 30, 2021. This is an anti-money laundering step as part of Costa Rica's OECD obligation at the behest of the U.S. Government. Apparently, this can be updated by anyone with an official Digital Signature Card. Given the potential abuses of this, a change in this practice can be expected.

Have You Updated the Corporate Information in the Treasury Office?

A D-140 form needs to be filed to update the corporate information in the Treasury Office. D-140 can be good for five years and can be done at Parrita city hall for \$10. (best to have the Parrita clerks do the form)

Declaration of Inactive Corporations: (updated April 6, 2021)

Starting this year, the Treasury Office is requiring all corporations (both Active and Inactive) to file a Declaration to report their assets and its value. The income tax form for inactive

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corporations has not been created yet. Once the new form is published, you will have 10 weeks to complete the form. The only information needed to complete the tax form for inactive corporations is likely to be the purchase price in Colones using the published exchange rate at time of purchase and the share value of the corporation. The D-101 is used for active corporations. You can file this yourself if you have a Tax Payer ID and access to Hacienda ATV online access. <https://www.hacienda.go.cr/ATV/Login.aspx>.

Property Declaration in the Municipality

A Property Declaration must be filled out to update the valuation or worth of your property every 5 years. The form is filed in the Municipality where your property is located.

- All the above documents can be filed by your Resident Agent, an accountant or government agent (e.g.: a Parrita municipal official).
- Many documents can be filed by yourself or a trusted local representative.
- Unless you are diligent in preparing filings, making payments on time, and keeping up with changing regulations and requirements, a trusted full-service Resident Agent at reasonable cost is the way to go. Note that, large law firms often charge high rates for RA and administrative services.
- Be leery of fake or dishonest lawyers and notaries. Verify that each item each year you have paid for got done!!

Are You a Homeowner in Esterillos Estates?

If you rent your house (privately or VRBO, AirBnB or other party) you are an active Corporation which will require monthly D-125 (rental income short term or longer term) and D-104-2 (VAT tax) filings on the Hacienda ATV website with your Tax Payer ID. Register on <https://www.hacienda.go.cr/ATV/Login.aspx>

If you don't rent out your house, then the above does not apply. However, the Luxury Tax (called Solidarity Tax) may be applicable depending on your home's value. Your property needs to be re-assessed every five years. The Luxury Tax payment is due every year by January 15th. That can be paid by anyone on your behalf via someone with access to a Costa Rican Bank account or in person at a Bank of Cosat Rica (BCR) branch. If you rent your house out, unless you have able time, computer skills and a decent handle on Spanish and English, and bookkeeping, it is best to use a full-service Resident Agent that also has an Accounting Services function in-house. Opening a bank account in Costa Rica is essential for managing house expenses cost effectively.

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