

COUNTRY PROFILE



Costa Rica

Tax overview

Corporate Income Tax	30%
Personal Income Tax	25%, progr
Gift Tax	None
Inheritance Tax	None
Wealth Tax	None

Territorial Tax Regime

Costa Rica has a territorial tax regime. Income tax is levied on Costa Rican source income only. Income from foreign sources is not subject to tax.

Corporate Income Tax

Corporations incorporated or with a permanent establishment in Costa Rica are subject to tax on Costa Rican source income at a standard rate of 30%, with lower rates applicable to lower income thresholds.

Personal Income Tax

Residents of Costa Rica are subject to income tax on local source income at progressive rates, up to 25%. Employment income is subject to tax at progressive rates up to 25%, and investment income is generally subject to tax at rate of 15%.

Anti-Avoidance Rule

Costa Rica has a General Anti-Avoidance Rule (GAAR) to avoid aggressive tax strategies lacking a business purposes. Transfer Pricing rules are based on OECD guidelines, which require transactions between related parties to be arms-length. Costa Rica has no specific thin capitalization rules, and no Controlled Foreign Corporation (CFC) rules.

Foreign Investment Protection

Costa Rica has agreements with a number of jurisdictions for the protection of investments that provide for international arbitration in the event of nationalization or expropriation, including with Canada, Netherlands, Panama, Spain, Singapore, and Switzerland.

Double Tax Treaties (DTTs)

Costa Rica has DTTs with Germany, Mexico, and Spain. Treaties do not apply to foreign source income earned by Costa Rican residents because such income is not subject to tax in Costa Rica under territoriality principles.

Tax Info. Exchange Agreements (TIEAs)

Costa Rica has Tax Information Exchange Agreements (TIEAs) with Argentina, Australia, Canada, Denmark, Ecuador, El Salvador, Finland, France, Greenland, Guatemala, Guernsey, Honduras, Italy, Korea, Mexico, Netherlands, Nicaragua, Norway, South Africa, Sweden, and the United States.

OECD Multilateral Convention

Costa Rica is a signatory to the OECD Multilateral Convention on Mutual Administrative Assistance in Tax Matters. Signatories to the Convention are required to exchange information on request. The Convention is also the underlying instrument to the MCAA.

Common Reporting Standard (CRS)

Costa Rica has adopted CRS for the automatic exchange of account information, is a signatory of the Multilateral Competent Authority Agreement (MCAA), has adopted domestic implementing legislation, and exchanges information with a number of countries.

FATCA

Costa Rica has a FATCA Model 1 Intergovernmental Agreement (IGA) with the United States for the automatic exchange of account information.

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