



We translated the last version of the Law #288 to provide full visibility to our costumers, international moving agents and the expat community. The this new regulations offers a series of incentives to the forgiven investors and retirees that will make important changes to the import process of household goods and vehicles.

The implementation of this new regulations still need to be address by the Costa Rica customs authorities and the rules and requirements to get the exoneration benefits still need to be publish.

We will keep our costumers inform about any new information that will help them prepare for their relocation to Costa Rica.

Sincerely

Pablo E Arias
Relocation Specialist
International Relocation Partner

THE LEGISLATIVE ASSEMBLY OF COSTA RICA HEREBY ORDERS

ARTICLE 1-Purpose of the law

The purpose of this law is to create the regulatory framework to encourage the attraction of investors, rentiers, and pensioners, under the provisions of Law 8764, General Law of Migration and Immigration, of August 19, 2009, to contribute to the economic reactivation of Costa Rica in the post-pandemic period caused by Covid-19.

ARTICLE 2-Scope

This law shall apply for all those persons authorized to enter our country under the migratory categories of investors, resident pensioners, or rentier residents.

ARTICLE 3-Declaration of public interest

This law is of public interest for the development of the attraction of investors, rentiers, and pensioners to our territory. For its enforcement, Public Administration institutions may include financial contributions to support the fulfillment of its purpose through the nation's ordinary and extraordinary budgets.

ARTICLE 4-Governance

Under this law, the governing body for matters concerning immigration shall be the Directorate General of Immigration and Foreign Nationals,

assigned to the Ministry of the Interior and Police, and concerning tax matters the governing body shall be the Ministry of Finance.

ARTICLE 5-Incentives

Under this law, investors, rentiers, and pensioners shall enjoy the following incentives:

- a) One time exemption from custom duties and taxes to import household items. The beneficiaries of this law can include their dependents on the residence application, for immigration purposes. Household items shall be considered as new or used articles of a reasonable nature and amount and proportionally sufficient for the needs of the beneficiaries of this law and the members of his/her immediate family, including, among others, house furniture, home appliances, home decoration items, kitchen utensils, bathroom items, and bed linen.

If the beneficiary of this law should transfer these goods within the validity period of the benefits granted pursuant to the provisions of the second paragraph of article 12 of this law, he/she must pay the taxes from which he/she had been exempted.

In very specific situations, in the event of destruction or theft of household items, the beneficiary of this law can purchase other articles to substitute those that were destroyed or stolen, also tax- exempt. The Regulations of this law will establish the mechanisms to substantiate the circumstances in which these exceptions apply.

b) The beneficiaries of this law can import up to two vehicles for land,____and/or sea transportation for personal or family use, exempt from customs and import duties and value added taxes. In the event of theft of the vehicle or its total destruction by fire, flooding, collision, or accident, occurred during the period of validity of the benefits granted pursuant to the provisions of the second paragraph of article 12 of this law, the owner can import another vehicle with tax exemption. The beneficiary of this law, who has imported a vehicle under the previously-mentioned

conditions, can sell or transfer such vehicle to any third parties, which must be done according to the provisions of article 10 of Law 7088, Tax Adjustment Act and Resolution 18 of the Tariff and Customs Council of Central America, of November 30,1987.

c) The amounts reported as income in order to qualify for the benefits of this law shall be exempt from income tax.

However, the income earned as a result of investments made in this country, shall be subject to taxation, pursuant to the provisions of Law 7092, Income Tax Law,of April 21,1988.

d) Twenty per cent (20%) exemption on property transfer taxes for property purchased during the period of validity of this law, as long as the beneficiary is the registered proprietor of the property. If the beneficiary of this law should transfer that property during the period of validity of

this law, he/she must pay the taxes from which he/she had been exempted.

e) Import tax exemption for instruments or materials for professional or scientific use of the person with the migratory category of investor, resident pensioner, or rentier resident.The person must prove before the Ministry of

Finance that the imported instruments or supplies are required for his/her business activity and that they meet proportionality and reasonableness criteria.

ARTICLE 6-Tax residence

Foreign persons with the migratory category of investors, resident pensioners, or rentier residents, who make investments in Costa Rica, according to this law shall not be automatically considered tax residents, pursuant to Law 7092, Income Tax Law , of April 21, 1988 and its regulations, and will be subject to due diligence processes to exchange information with other jurisdictions by virtue of an international agreement, according to article 106 quarter of the Code of Tax Rules and Procedures. The tax resident status shall be granted only when the requirements established in the last paragraph of article 2 of Law 7092, Income Tax Law, of April 21, 1988, and article 5 of the Income Tax Regulations, have been fulfilled.

ARTICLE 7-Waiver

or cancellation of the category of investor, resident pensioner, or rentier resident.

If the beneficiary of this law waives his/her category of "investor", "resident pensioner", or "rentier resident", or if the migratory category is cancelled by the Directorate General of Immigration and Foreign Nationals, for being in breach of any of the grounds for cancellation set forth in Article 129 of Law 8764, General Law on Immigration and Foreigners, of August 19, 2009,

within the period of validity of this law, he/she must pay the taxes from which he/she had been exempted.

ARTICLE 8-Investors

A new investment range has been established for the category of investor, for the period prescribed by this law, with a capital of no less than one hundred fifty thousand dollars (US\$ 150 000,00), according to the official selling exchange rate established by the Central Bank of Costa Rica, whether in real estate, registrable assets, shares, securities, and productive projects or projects of national interest. Investments that are regulated by special laws, will be analyzed on a case-by-case basis. Also, the persons that invest in venture capital funds or in sustainable tourism infrastructure projects can be considered beneficiaries of this law.

ARTICLE 9-Processing

The Ministry of the Interior and Police, through the Directorate General of Immigration and Foreign Nationals, with regards, to criteria for the simplification of administrative processes, has a special services window for the categories set forth in Article 2 of this law, regulated by Law 8220, Protection of Citizens from Excessive Administrative Requirements and Processes, of March 4, 2002.

In addition to the aforementioned special services window, the Ministry of the Interior and Police can

open the same special services windows in its different offices or branches.

ARTICLE 10-Forgery of documents

Any person that alters or forges documents in order to qualify for the benefits set forth in this law, shall be ordered to pay a fine equivalent to ten percent (10%) of the taxes from which he/she had been exempted, without prejudice of other administrative and criminal fines.

The Directorate General of Immigration and Foreign Nationals shall apply the corresponding sanctions pursuant to the provisions of Article 189 of Law 8764, General Law on Immigration and Foreigners, of August 19, 2009. Pursuant to the provisions of this law, the Ministry of Finance shall impose taxes and apply sanctions in accordance with the corresponding legal framework.

ARTICLE 11-Regulation

The Executive Branch shall issue the regulations of this law within sixty days after the effective date of this law.

ARTICLE 12-Period of validity

Investors, rentiers, or pensioners can opt for the benefits granted in article 5 of this law, only during the first five years after its effective date.

Investors, rentiers, or pensioners that opted for such benefits during the first five years after the effective date of this law, shall enjoy those benefits for a period of ten years from the date on which they were granted.

Enters into force on the date of its publication.

Signed in San José, in the session room of the Legislative Commissions Area III, on June 10, 2021. Catalina Montero Gómez Sylvia Patricia Villegas Álvarez Maria Vita Monge Granados Marolin Azofeifa Trejos

Jorge Luis Fonseca Fonseca
Deputies

LAST LINE OF THE TRANSLATION

In witness whereof, I issue the present Certified Translation from Spanish into English, consisting of six pages. I sign and seal in the city of San José, Republic of Costa Rica on June 27, 2021. The stamps(fees) required by law have been duly paid.

I certify that that the fees and revenue stamps for this translation have been paid by means of Official Voucher No. 000411885545, San José, 06/11/2021.

ILEANA ARIAS PACHECO
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REPUBLIC OF COSTA RICA Agreement No.
534-001-AJ