



# FREE TRADE ZONE GUIDE

## SPECIAL REGIMES

Special regimes are legal mechanisms that governments implement to encourage direct foreign investment, exports, and the development and dynamization of the country's economy. The Foreign Trade Agency of Costa Rica administers three of the special regimes in force in Costa Rica, namely: Free Trade Zone (hereinafter FTZ), Inward Processing (hereinafter IP), and Duty Drawback (hereinafter DD).

**This guide details the Free Trade Zone regime.**

Important:

The links and documents referred to in this guide are official and, therefore, only available in Spanish, the official language of Costa Rica.



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# FREE TRADE ZONE

## 1. GENERAL INFORMATION

The State of Costa Rica makes available the Free Trade Zone (FTZ) regime to national and foreign companies seeking to develop operations in the country with the aim of encouraging Foreign Direct Investment (FDI), commercial exchange, and job creation in the country.

Companies that opt for this regime of incentives and benefits must comply with the requirements and obligations established in [Law No. 7210 as well as its reforms and regulations](#).

See the following links for more information:



For information about the different companies under the regime, check out the [Free Trade Zone Business Directory](#). For more information, contact: [asesores@procomer.com](mailto:asesores@procomer.com)

## 2. ELIGIBILITY

### 2.1 Types of companies that can benefit from Free Trade Zones

The activities are established in Article 17 of the [Free Trade Zone Law](#). The most common are the following:

#### 2.1.1 Trading companies - Category subsection b)

These do not produce, they simply manipulate, repackage, or redistribute non-traditional products for export. They cannot sell in the local market. For more information: [Costa Rica Free Trade Zones: Trading Companies - YouTube](#)

#### 2.1.2 Services in a strategic sector - Category subsection c)

These provide services to individuals or companies domiciled in Costa Rica or abroad or to other Free Trade Zone companies. They must comply with the [Strategic Eligibility Index for Services Companies \(IEES in Spanish\)](#). For more information: [Costa Rica Free Trade Zones: Services Companies - YouTube](#)

#### 2.1.3 Industrial Park administrators - Category subsection ch)

These companies administer industrial parks intended for the installation of companies under the Free Trade Zone regime. For more information: [Costa Rica Free Trade Zones: Park Management Companies - YouTube](#)

INDUSTRIAL PARKS / PROCESSORS / MIXED COMPANIES		INDUSTRIAL PARKS / SERVICES COMPANIES / MARKETERS / RESEARCH	
Inside GMA	Outside GMA	Inside GMA	Outside GMA
6 Companies or 1000m2	3 Companies or 1000m2	1000m2	1000m2

#### 2.1.4 Manufacturing in a strategic sector - Category subsection f)

These transform raw materials into finished or semi-finished products. Level of export is not a requirement for admission provided that the company belongs to a strategic sector or is established outside of the Greater Metropolitan Area (hereinafter GMA). This category also applies to manufacturing companies that currently supply at least 40% to other Free Trade Zone companies. For more information: [Costa Rica Free Trade Zones: Processing Companies - YouTube](#)

#### 2.1.5 Human health services companies - Category subsection g)

Established outside of the GMA.

#### 2.1.6 Suppliers of agricultural, livestock, and fishing supplies - Category subsection h)

Supply other Free Trade Zone companies under subsection category f) regulated by Article 17 and located either inside or outside of the GMA.

#### 2.1.7 Developers of sustainable adventure parks - Category subsection i)

Located outside of the GMA.

### 2.2 Prohibited activities

- Mining
- Hydrocarbon exploration or extraction
- Production or sale of weapons and ammunition containing depleted uranium
- Production or sale of weapons of any kind
- Electricity generation, unless for self-consumption
- Banking, finance, and insurance
- Professional services

## 3. BENEFITS

**Companies established under the regime enjoy the following benefits:**

1. Tax exemption on imports of merchandise necessary for the operation and administration of the company's authorized activity.

2. Tax exemption on certain vehicle imports, such as:



1- to 2-ton cab and chassis



1- or 2-ton pickups



Trucks or truck chassis



Minimum 15-passenger vehicles

**NOTE:** Vehicles such as the following cannot be imported with a tax exemption under the regime:

- Quadricycles
- Motorcycles
- Articulated vans
- Automobiles

3. Tax exemption on local purchases, goods or services necessary for the operation and administration of the company's authorized activity.

4. Tax exemption on exports.

5. 10-year tax exemption on:

- Transfer of real estate
- Municipal licenses

6. Exemption from remittance tax.

7. Exemption from profit tax as well as any others whose tax base is gross or net profits, dividends paid to shareholders, or income or sales.

This benefit is based on category and location, i.e., inside or outside of the GMA.

SERVICES COMPANIES; TRADING COMPANIES; FTZ PARK ADMINISTRATORS; HUMAN HEALTH SERVICES COMPANIES; SUPPLIERS OF AGRICULTURAL, LIVESTOCK, AND FISHING SUPPLIES; AND DEVELOPERS OF SUSTAINABLE ADVENTURE PARKS

INSIDE GMA TAX ON PROFITS			OUTSIDE GMA TAX ON PROFITS		
<b>0%</b> FROM YEAR 1 TO YEAR 8	<b>15%</b> FROM YEAR 9 TO YEAR 12	<b>30%</b> AFTER YEAR 12	<b>0%</b> FROM YEAR 1 TO YEAR 12	<b>15%</b> FROM YEAR 12 TO YEAR 18	<b>30%</b> AFTER YEAR 18

MANUFACTURING - REGULAR PROJECT

INSIDE GMA TAX ON PROFITS			OUTSIDE GMA TAX ON PROFITS			
<b>6%</b> FROM YEAR 1 TO YEAR 8	<b>15%</b> FROM YEAR 9 TO YEAR 12	<b>30%</b> AFTER YEAR 12	<b>0%</b> FROM YEAR 1 TO YEAR 6	<b>5%</b> FROM YEAR 7 TO YEAR 12	<b>15%</b> FROM YEAR 12 TO YEAR 18	<b>30%</b> AFTER YEAR 18

MANUFACTURING - MEGAPROJECT  
(>\$10MM INVESTMENT IN DEPRECIABLE FIXED ASSETS, 100 JOBS)

INSIDE GMA TAX ON PROFITS			OUTSIDE GMA TAX ON PROFITS		
<b>0%</b> FROM YEAR 1 TO YEAR 8	<b>15%</b> FROM YEAR 9 TO YEAR 12	<b>30%</b> AFTER YEAR 12	<b>0%</b> FROM YEAR 1 TO YEAR 12	<b>15%</b> FROM YEAR 13 TO YEAR 18	<b>30%</b> AFTER YEAR 18

MANUFACTURING - STRATEGIC SECTOR, 100 JOBS, OUTSIDE OF GMA

OUTSIDE GMA TAX ON PROFITS		
<b>0%</b> FROM YEAR 1 TO YEAR 12	<b>15%</b> FROM YEAR 13 TO YEAR 18	<b>30%</b> AFTER YEAR 18

8. Tax credits

- Exclusively for manufacturers provided that they reinvest earnings in fixed assets or training expenses.

## 4. ADMISSION REQUIREMENTS

### 4.1 Minimum investment level

To apply to the Free Trade Zone regime under the categories a), b), c), ch), d), e), f), and h), a company must make a new minimum initial investment backed by new fixed assets and real estate.

By law, you have a maximum period of three years from the notification of the Grant Agreement (for the purpose of complying with the initial new investment, the calculation will be in assets owned by the applicant of the Regime and acquired by the applicant from the date of submission of the application to obtain said Regime), and subject to the following conditions:

#### 4.1.1 Minimum investment for companies inside the Greater Metropolitan Area(\*)

- **Inside an Industrial Park:** USD 150,000.00
- **Outside an Industrial Park:** Permitted as an exception and only when the characteristics of the specific project require the company to be established outside of an industrial park and with a minimum investment of USD 2,000,000.00.

#### 4.1.2 Minimum investment for companies outside the Greater Metropolitan Area

- **Inside an Industrial Park:** USD 100,000.00.
- **Outside an Industrial Park:** Permitted as an exception and only when the characteristics of the specific project require the company to be established outside of an industrial park and with a minimum investment of USD 250,000.00.

#### 4.1.3 Minimum investment criteria for Manufacturing Megaprojects

Manufacturing companies classified as Megaprojects are subject to a minimum initial investment threshold of USD 10,000,000.00 in depreciable fixed assets. This requirement applies regardless of the project's geographical location. Megaprojects have a maximum of 8 years to meet this investment level.

(\*) Additional options to meet the required investment exclusively for projects located outside the Greater Metropolitan Area (GAM) include:

- Investment in public infrastructure
- Investment in human capital

For both investment options, the fulfillment period can be extended up to five (5) years. Funds allocated by the company for these investments may be accounted from the date of application to the Free Trade Zone regime, with a maximum limit of fifty percent (50%) of the total committed investment amount. The company commits to maintaining the investment amount throughout the entire duration of its operations under the regime.

#### 4.1.4 Minimum investment considerations

- Assets must be owned by the applicant and be acquired by it on or after the date of submission of the application to the regime.
- Movable fixed assets may be either new or used from abroad or new assets acquired in the country.
- Includes fixed assets subject to a guaranty trust whose settlor and/or trustee is a beneficiary of the regime, provided that they are duly registered in the beneficiary's accounting records.
- Includes real estate and improvements to owned or leased property.

## 4.2 Minimum employment level

The level must be established by the company, which undertakes to maintain it for the duration that it is under the regime.

There are only three exceptions:

1. If the manufacturing company (category subsection f) applies as a “megaproject”, it will be required to maintain a minimum of 100 jobs on payroll from the start of productive operations.
2. The human health services companies (category subsection g), will be required to maintain a minimum of 100 permanent workers throughout the company’s operational tenure. These employees must be duly reported on the payroll submitted to the Costa Rican Social Security Authority.
3. The developers of sustainable adventure parks (category subsection i) will be required to maintain a minimum of 50 permanent workers throughout the company’s operational tenure. These employees must be duly reported on the payroll submitted to the Costa Rican Social Security Authority.

## 4.3 Additional requirements

### 4.3.1 Manufacturing - Category f)

Companies must meet the following requirements:

1. Belong to a [strategic sector](#) (not necessary for companies located outside the Greater Metropolitan Area).
2. New investment in the country must be subject to the principle of international mobility:
  - I. The investment could reasonably be made or moved to another country.
  - II. The company’s controlling entity operates at least one processing plant similar to the processing plant in Costa Rica outside of Central America.
3. Be fully or partially exempt or not subject to income tax when applying to the FTZ.
4. Supplier companies that supply other Free Trade Zone companies are able to enjoy the respective benefits without complying with the requirements of points 1 to 3 above, provided that they sell at least 40% of their production to said companies.

### 4.3.2 Services - Category c)

Companies must meet the following requirements:

1. Belong to a strategic sector
2. Make a new investment
3. Be exempt from income tax
4. Comply with the [Strategic Eligibility Index for Services Companies](#) (IEES)

The following formula is for projection purposes only. Verify the variables each year in the annual operations report submitted to the Foreign Trade Agency of Costa Rica. The result of the formula must be equal to or greater than the value of 101 to be considered suitable for the Free Trade Zone regime.



$$IEES = s * (100 + g) *$$

$$\left( \frac{W}{I} \right)^{\frac{1}{150}}$$

#### 1. s= Strategic nature of the activity

Identifies the strategic nature of the company's activity. Assumes the value of 1 if the company's line of business is classified in the "List of Strategic Sectors".

Assumed Value = 1

The following are not considered strategic activities:

- Those not listed;
- Companies subject to the payment of income tax;
- Investment projects, activities or main assets resulting from the acquisition, absorption, division or assignment of rights or shares of a company not exempt (totally or partially) or subject to income tax.

#### 2. g= Chains

Recognizes the importance of the chain of services companies benefiting from the regime.

Assumed Value = 1

Requirements:

This condition is fulfilled when the former (services companies benefiting from the regime) provide at least 45% of their total sales to the latter (strategic sector companies under Articles 2 and 21 bis clause a) of the FTZ Law)

- It is not a mandatory variable, but if admission to the FTZ is granted, it must be met.
- NOT FULFILLED: when the chain is with related companies.

#### 3. W = Annual value of compensation

Corresponds to the annual monetary value of the total compensation to qualified employees of the services company, duly reported to CCSS.

Assumed value = depends on the amount of compensation.

Requirements:

- Must be reported to CCSS.
- Must be expressed in thousands of dollars (USD), legal tender of the United States of America.
- Social security contributions and Christmas bonuses must be entered into the books.

#### 4. I = New investment in fixed assets

Corresponds to the monetary value of the new investment in fixed assets that the company undertakes to make in the country.

Assumed value = depends on the amount of the investment.

Requirements:

- The committed investment cannot be less than \$150,000 (one hundred and fifty thousand dollars)
- Must be expressed in thousands of dollars (USD), legal tender of the United States of America.

The exponent "1/150" is a parameter with a fixed value that works as a compression factor, preventing results with excessive decimals.

The reference exchange rate will be that of sale of the Central Bank of Costa Rica in force on the day the application is submitted.

IEES template on variable W

IEES template on variable D

### 4.3.3 Human health services companies – Category subsection g)

1. Entities specializing in ophthalmology, orthodontics, dentistry, aesthetic, or reconstructive surgery located outside the Greater Metropolitan Area (GMA) and inside a park:

- Mandatory total new investment of USD 5,000,000 or its equivalent in national currency, if operating within a Free Trade Zone park.

2. Entities specializing in ophthalmology, orthodontics, dentistry, aesthetic, or reconstructive surgery located outside the GMA and outside a park:

- Mandatory total new investment of USD 10,000,000 or its equivalent in national currency.

3. High-resolution hospital entities located outside the GMA:

- Mandatory total new investment of at least USD 140,000,000 or its equivalent in national currency.

### 4.3.4 Developers of sustainable adventure parks – Category subsection i)

1. Must be located outside the GMA

2. Mandatory initial new investment in fixed assets of at least USD 5,000,000 or its equivalent in national currency.

3. These companies are required to provide an investment plan to be executed over an 8-year timeline. This plan is calculated based on the book value of depreciable assets and requires the employment of at least 50 permanent workers throughout the company's operational tenure. These employees must be duly reported on the payroll submitted to the Costa Rican Social Security Authority.

3. The income tax exemption benefit starts from the date of initiation of productive operations, such date does not exceed 3 years from the publication of the Grant Agreement.

The initial investment is a requirement to keep enjoying the benefits of the Free Trade Zone throughout the duration under the regime.

## 5. OBLIGATIONS

### 5.1 General

Free Trade Zone beneficiary companies must comply with the following obligations:

- Keep and record, in specific books and records, the company's operations related to any tax-exempt goods as authorized by the Ministry of Finance.
- Sign an Operations Agreement with the Foreign Trade Agency of Costa Rica and fulfill the investment and employment commitments established in the Grant Agreement.

- Use all customs declarations, seals, and other instruments required by law or regulation for the documentation and control of its operations.
- Establish accounting and operational systems that ensure the permanent control of the entry, duration, and departure of goods, whether owned or on consignment.
- Have computer systems and other means in place for the electronic transmission of one hundred percent of the Unique Customs Declarations (DUAs its Spanish Acronym) that correspond to the different transactions made under the regime.
- Inform the General Directorate of Customs of the arrival and departure of goods by means of a message known as “End of Trip” and “Trip Out”. This message must be sent by electronic data transmission through a software known as “VAN”, which must be downloaded by the company.
- Have a digital signature device (token) to digitally sign this message.
- Submit an annual operations report to the Foreign Trade Agency of Costa Rica, which must be accepted within four months after the company’s fiscal year-end close.
- Remit and permanently maintain a guarantee deposit in favor of the Foreign Trade Agency of Costa Rica (minimum of USD 5,000 or three times the monthly fee paid to the Foreign Trade Agency of Costa Rica).
- Comply with environmental, urban, health, and other applicable regulations based on the type of activity performed by the company, and permanently maintain the corresponding operating permits.
- Pay the monthly fee: beneficiary companies must pay a monthly fee (minimum of USD 200) to the Foreign Trade Agency of Costa Rica for use of the regime. This monthly payment will be calculated as follows:
  - [Sales Report](#)
  - The monthly payment must be made through the following [fee payment system](#).
  - Services and trading companies and administrators: the monthly fee is calculated based on the total amount of income at a rate of 0.30% (inside a park) or 0.50% (outside a park) on total sales.
  - Manufacturing companies: the fee is based on the square meterage of industrial space. The fee inside a park is \$0.25 and outside a park of \$0.50. For the areas measured and the exact charge per meter, see: [Executive Decree No. 25612-COMEX “On Mandatory Contributions”](#).

## 5.2 Annual operations report

As part of the obligations of the Free Trade Zone regime, beneficiary companies must submit an annual compliance report with the commitments made. This report must be submitted through the [SIAN system](#).

The annual report must contain the digital signature of the legal representative. See the instructions in PDF format below.

 1- ANNUAL FREE TRADE ZONE  
OPERATIONS REPORT,  
PROCESSING COMPANIES

 2- ANNUAL FREE TRADE ZONE  
OPERATIONS REPORT, TRADING  
COMPANIES

 3- ANNUAL FREE TRADE ZONE  
OPERATIONS REPORT,  
ADMINISTRATORS

 4- ANNUAL FREE TRADE ZONE  
OPERATIONS REPORT,  
SERVICES COMPANIES

Please download the training videos available at the following [link](#)  
For more information, contact: [informes\\_anuales@procomer.com](mailto:informes_anuales@procomer.com)

### 5.3 Audit and requirements

See below for more information about the main aspects to be fulfilled by Free Trade Zone companies and reviewed by the Supervision and Control Unit of the Foreign Trade Agency of Costa Rica.

 1- AUDIT MANUAL

 2- INTERNAL CONTROL QUESTIONNAIRE

 3- TICA CUSTOMS PROCESSES  
MANUAL

 4- OPERATIONS CONTROL BOOK

 5- INSTRUCTIONS FOR THE  
OPERATIONS  
CONTROL BOOK

 6- AUDIT FAQ

For more information, contact: [supervisores@procomer.com](mailto:supervisores@procomer.com)  
Guide (video) to install Windows Drivers


## 6. APPLICATION

Companies interested in being admitted to the Free Trade Zone regime must apply online to the Foreign Trade Agency of Costa Rica via the system designed for that purpose, based on the following categories:

- Trading companies - category subsection b); Services companies - category subsection c); Industrial Park administrators - category subsection ch); and Manufacturing companies - category subsection f) must submit their application via <https://inversion.vui.cr/>
- Application for admission to the Free Trade Zone regime under Article 20 bis of Law No. 7210 and its reforms must be submitted via: [VUI](#)

Be sure to review the following guidelines before completing each form based on activity type. The form must be completed online:


 1. APPLICATION FOR ADMISSION TO THE FREE TRADE ZONE REGIME

 2. APPLICATION FOR ADMISSION TO THE FREE TRADE ZONE REGIME FOR PROCESSING COMPANIES CLASSIFYING IN SECTION F) OF ARTICLE 17 OF LAW 7210 AND ITS REFORMS AND APPLICATION FOR AUTHORIZATION AS CUSTOMS CIVIL SERVICE AIDE

 3. APPLICATION FOR ADMISSION TO THE FREE TRADE ZONE REGIME UNDER ARTICLE 20 BIS OF LAW NO. 7210 AND ITS REFORMS

 4. INSTRUCTIONS FOR LOGGING INTO THE VUI SYSTEM

 5. APPLICATION FOR ADMISSION TO THE FREE ZONE REGIME FOR HUMAN HEALTH SERVICES COMPANIES CLASSIFYING IN CATEGORY SUBSECTION G) OF LAW 7210 AND ITS REFORMS

 6. APPLICATION FOR ADMISSION TO THE FREE ZONE REGIME FOR SUPPLIERS OF AGRICULTURE, LIVESTOCK AND FISHING SUPPLIERS COMPANIES CLASSIFYING IN CATEGORY SUBSECTION H) OF LAW 7210 AND ITS REFORMS

 7. APPLICATION FOR ADMISSION TO THE FREE ZONE REGIME FOR DEVELOPERS OF SUSTAINABLE ADVENTURE PARKS COMPANIES CLASSIFYING IN CATEGORY SUBSECTION I) OF LAW 7210 AND ITS REFORMS

 8. DESCRIPTION OF STRATEGIC SERVICES ACTIVITIES

## PROCESS:

- 1) Apply online:
  - Submit the application online using the links specified above.
  - The application and corresponding attachments must be submitted in Spanish.
- 2) If the application is received by PROCOMER in good order, the requester will receive an acknowledgment of receipt via email and the assigned analyst will review the application within two business days.
- 3) If the application is rejected by the analyst, the requester will have one opportunity to amend it within ten business days following notification. If the requester does not respond within this time frame or the application is rejected a second time, it will be discarded automatically.
- 4) If the application is approved by the analyst, PROCOMER will proceed to evaluate the application.
- 5) Once PROCOMER has completed its review, the application will be forwarded to the Ministry of Foreign Trade of Costa Rica for the final decision.
- 6) Next, the Executive Agreement for admission to the Free Trade Zone regime will be sent to the Ministry of the Presidency to be signed by the President and Foreign Trade Minister.
- 7) PROCOMER will notify the company of the authorized means to remit the guarantee deposit of at least USD 5,000, legal tender of the United States of America, preferably using a Certificate of Deposit, with the Foreign Trade Agency of Costa Rica as the beneficiary.
- 8) The company must sign the Operations Agreement with PROCOMER.
- 9) PROCOMER will notify the company of its admission to the Free Trade Zone regime.
- 10) The company must publish the Executive Agreement in the Official Journal (La Gaceta).
- 11) The General Directorate of Customs (DGA) will give notice of the resolution of admission and specify the respective Customs Civil Service Aide Code.

The average time to complete the admission process is three months. For more information about the process, please contact [asesores@procomer.com](mailto:asesores@procomer.com) or [analistas\\_ingresos@procomer.com](mailto:analistas_ingresos@procomer.com)

## 7. OPERATIONS UNDER THE REGIME

*Free Trade Zone beneficiary companies may:*

### 7.1 Reinvest within the regime

ARTICLE 20 bis.- The Free Trade Zone regime will not be granted to natural or legal persons to operate or develop a company or investment project already benefiting from the incentives of the regime, even if it has been under the protection of a different natural or legal person, except when it is shown that it is a new project or, in exceptional cases, when the nature and magnitude of the additional investment justifies it at the discretion of the Ministry of Foreign Trade and in accordance with the provisions of the regulations of this law.

This option is not an acquired right and must go through an analysis and approval process. As such, any interested company must file a formal application for admission under Article 20 bis.

See the APPLICATION section.



## **DOWNLOAD PDF 20 BIS APPLICATION GUIDE**

For more information, contact: [asesores@procomer.com](mailto:asesores@procomer.com)

### **7.2 Belong to more than one company category**

1. Must keep separate accounts (in the case of categories with different income tax rates)
2. Must separate assets and cash flows by activity
3. Must pay the respective fee for each activity

### **7.3 Self-serve certain customs procedures**

Due to their condition as aides of the Customs civil service, in certain cases, beneficiary companies may choose to perform customs procedures themselves or to use a customs agent.

#### **7.3.1 Procedures that require the use of a customs agent:**

1. Nationalizations
2. Local sales
3. Payment of taxes on the sale of buildings and structures

#### **7.3.2 Procedures that companies can self-serve or use a customs agency:**

1. Exports
2. Admission from abroad
3. Admission from another Free Trade Zone company
4. Temporary admission to national territory
5. Mobilization of merchandise to warehouse or other locations owned by the same company
6. Inventory operations request (donation, destruction, transfer, and recycling)

#### **7.3.3 Procedures to be performed by the company only:**

1. Start and end of trip

#### **7.3.4 VUCE 2.0 System for customs procedures**

The [VUCE 2.0 System](#), developed by the Foreign Trade Agency of Costa Rica, allows Free Trade Zone companies or agencies to process merchandise movement authorizations with Customs (exports, admissions, mobilizations, etc.)

Instructions for the different Customs movements:



#### **1- INSTRUCTIONS FOR USING THE VUCE SYSTEM**



#### **2- TRAVEL DEPARTURE**



#### **3- INSTRUCTIONS FOR SENDING THE AUTHORIZATION OF INVENTORY OPERATIONS MESSAGE**

For more information: [asesores@procomer.com](mailto:asesores@procomer.com)

## 7.4 Make local purchases

Local purchases do not require an exemption note or to be registered in EXONET since the exoneration is granted by Law 7210. These transactions do not need a Unique Customs Document (DUA).

Given the entry into force of VAT tax and invoicing for FTZ companies, provided that the goods or services acquired by these companies at the national level are useful and necessary for their administration, operation, and production, they are able to make use of the benefit stipulated in Articles 20 and 23 of Law No. 7210, such that they are exempt from VAT. This benefit is emphasized again in Article 8 - Exemptions, of CHAPTER III EXEMPTIONS AND TAX RATE, of Law No. 9635 on Strengthening of Public Finances:

### Law No. 9635 on Strengthening of Public Finances CHAPTER III EXEMPTIONS AND TAX RATE

“Article 8 - Exemptions. The following are exempt from paying this tax:

...2. Sales of goods or services for export and between beneficiaries of the Free Trade Zone regime. Likewise, the purchase of goods and the provision of services that are intended to be used by the beneficiaries of the Free Trade Zone regime or provided between beneficiaries of the said regime will be exempt ... “

#### 7.4.1 Free Trade Zone beneficiary companies must ...

Safeguard both the conditions and probative documentation detailed in Article 76 of the Regulations to the Free Trade Zone Law No. 34739-COMEX-H, including:

- The purchase order or equivalent issued by the beneficiary, together with a copy of the Executive Agreement of the beneficiary company.
- Any electronic invoices issued by the national supplier.
- Additionally, the company must attach a copy of the corresponding form issued by the General Tax Office (D 151) when submitting its annual Operations Report.
- The beneficiary company must retain all documentation and information on local purchases for the period established by the Tax Code Regulations and Procedures.

#### 7.4.2 Local suppliers must ...

- Request a copy of the Executive Agreement and verify that the company name is the same as that used on the purchase order.
- Verify that the applicant company is included in the list of Free Trade Zone beneficiary companies.
- Issue electronic invoices in accordance with the following:

Fields to be completed by the taxpayer when issuing an electronic invoice for the sale of merchandise or the provision of services to taxpayers under the Free Trade Zone regime

In the biller option called "taxes and exemptions" enter the following information:

FIELDS TO BE COMPLETED	INFORMATION TO BE ENTERED BY THE ISSUER
Tax type	
Tariff Code	General Rate 13%
Tariff %	13.00
Exoneration Doc Type	Authorized by Special Law
Document Number	9635
Institution Name	Ministerio de Hacienda (Treasury)
Date of issue	12/04/2018
Percentage of exoneration	13%

- Report all sales made to beneficiary companies via submission of the Sworn Declaration of General Sales Tax (Form D-104).
- In turn, the company must report these sales by filling in the field corresponding to exports, such that they will not form part of the tax base.
- In the aforementioned declaration, include the information corresponding to the purchase order of the Free Trade Zone beneficiary.

### 7.5 Subcontract

Manufacturing companies that have been admitted to the regime in accordance with paragraphs a) and f) of Article 17 of the related Law may subcontract part of their production or production processes to other regime beneficiaries and any established natural or legal person within the national customs territory, provided that at least 50 percent of the company's total production under the regime is undertaken by the subcontracted company.

#### Steps:

1. Request a username and password for the online procedures system by emailing: [tramitesregimenes@procomer.com](mailto:tramitesregimenes@procomer.com)



2. Submit a request at: <https://servicios.procomer.go.cr/TramitesEnLinea>
3. If the company to be subcontracted is national, apply for national company [registration](#).
4. Comply with the customs procedure to mobilize goods for subcontract. For more information, contact: [asesores@procomer.com](mailto:asesores@procomer.com)

## 7.6 Sell in the local market

A sell in the local market is a procedure in which Free Trade Zone beneficiary companies inserts a percentage of its total sales into the national customs territory, i.e., of its final export product whether goods or services.

The following conditions apply to the sale of goods or services in the local market:

<i>Category a) Export processors: max 25%</i>
<ul style="list-style-type: none"> <li>• Restrictions apply and must pay full income tax after expiration of the Executive Agreement</li> <li>• Must nationalize final product via DUA 01-18</li> </ul>
<i>Category b) Trading companies:</i>
<ul style="list-style-type: none"> <li>• NOT PERMITTED TO SELL IN THE LOCAL MARKET</li> </ul>
<i>Category c) Services:</i>
<ul style="list-style-type: none"> <li>• May sell locally, no max %</li> <li>• No permit necessary from the Foreign Trade Agency of Costa Rica</li> <li>• Must nationalize final product via DUA 01-17</li> </ul>
<i>Category f) Manufacturing:</i>
<ul style="list-style-type: none"> <li>• May sell locally, no max %</li> <li>• Must nationalize resources via DUA 01-46</li> <li>• VAT on finished goods via DUA 01-47</li> <li>• No permit necessary from the Foreign Trade Agency of Costa Rica</li> <li>• Pay special income tax rates</li> </ul>

**Local sales procedures must be processed by a customs agent.**

## 7.7 Permits and authorizations

There are different permits and authorizations that the beneficiaries of the Free Trade Zone regime must process with the Foreign Trade Agency of Costa Rica via the Online [Procedures System for Free Zones](#).

Use guides to digitally sign documents:

a) To guarantee the validity of the digital signature over time, the Ministry of Science and Technology (MICIT), the entity responsible for the Digital Signature in Costa Rica, prepared a series of guides for incorporating the Advanced Signature into document signing tools. To access these guides, click the following link: [Download](#)

b) For ease of use, we have created files that execute the actions detailed in the guides. Documents in PDF format must be signed with the time stamp of the TSA-SINPE server. To configure, download and run the following file: [Download](#)

To request access to the procedure system and for other questions, contact:  
[tramitesregimenes@procomer.com](mailto:tramitesregimenes@procomer.com)

### 7.7.1 Free Trade Zone procedure system reference files:

1. [Expansion of activity, product or service](#)
2. [Expansion of approved activity, production process or service](#)
3. [Company: Area addition or closure](#)
4. [Company: Area expansion or reduction](#)
5. [Company: Park Transfer](#)
6. [Company: Transfer within the same industrial park](#)
7. [Satellite plant or secondary plant authorization](#)
8. [Start date of satellite plant or secondary plant operations](#)
9. [Change of location between main plant and satellite or secondary plant](#)
10. [Local market sales \(25% or 50%\)](#)

11. Local sales for companies with a profit of 40%
12. Extension of local sales for companies with a profit of 40%
13. Subcontracting
14. Loaning of machinery and equipment to subcontracted companies
15. Authorization of productive activities outside Free Trade Zone
16. Industrial Park: Increase, expansion or reduction
17. Modification of company name or company transformation
18. Modification of the minimum level of employment and/or compliance date
19. Modification of the start date of productive operations
20. Modification of the total minimum level of investment and/or compliance date
21. Modification of the master plan
22. Modification of the initial new investment date to an additional year
23. Modification of the investment plan for processors subsection f)
24. Modification of strategic sector, type of project, and location
25. Free Trade Zone Regime waiver
26. Substitution of beneficiary company
27. Suspension of productive operations
28. Reinvestment of profits
29. Merger of beneficiary companies
30. Industrial Park management company application
31. Application for companies outside the greater metropolitan area (GMA)
32. Instructions for submitting the application for updating areas of an Industrial Park
33. Subcontracting extension request

## 7.8 Dispose of waste

Companies must exercise control of and follow the procedures established in Law No. 7210 and its Regulations for the proper disposal of several types of waste.

These include:



Waste from  
production processes



Capital  
assets



Organic  
waste



Administrative  
waste

### 7.8.1 Disposal of scrap, by-products, and other waste from production processes

While Article 16 of the Free Trade Zone Law establishes that all scrap, by-products, and other waste discarded by beneficiary companies belongs to the municipality of the canton where the company is located, it is also true that waste will only be disposed of if and when the company **CHOOSES TO DISPOSE OF IT**, as is established in Article 109 of the Regulations to the Free Trade Zone Law.

Therefore, the first thing that a Free Trade Zone company must establish is if it will dispose of such by-products, waste, scrap, and dregs from its production processes, or if, on the contrary, it will send them elsewhere or reuse them within the company.

**NOTE:** If a company chooses to nationalize these types of waste regularly via sale, it must modify the company's approved activity in the Grant Agreement (initial Executive Agreement) to include the sale of waste as a company product. In that case, such recurring sales will no longer be considered nationalizations, but rather Local Sales. In the case of category a) Export Processing companies, only up to 25% of production can be sold locally. For the payment of taxes, the DUA to be used is 01-18. Additionally, the company must submit the authorization or sales projection, and will suffer the loss of income exemption in the same percentage that it sells locally. In the case of subsection f) Processing companies, they may sell said merchandise in the local market without restriction or impact on the established income conditions. But if a company does so regularly and it wishes to make it part of the line of business, it must submit the application for extension of the authorized activity so that the sale of these by-products is covered by the Executive Agreement. Once the sale is authorized, the company can proceed with the corresponding local sale DUAs for this category, i.e., 01-46 and 01-47.

If a company chooses to dispose of the scrap, by-products, and other waste, it must comply with Article 16 of the Regulations to the aforementioned Free Trade Zone Law, which permits disposal of these goods through a process of donation and/or destruction, but must first offer them to the municipality of the respective canton.

### **7.8.2 Disposal of capital assets**

Capital assets are any assets used in the production process and for the company's administration. If a company chooses to dispose of a capital asset that was acquired under exoneration, it must donate or destroy it. See the DONATION/DESTRUCTION section as appropriate.

### **7.8.3 Disposal of administrative and organic waste and accessory packaging material**

At this time, no controls have been put in place for the disposal of these goods and so they may be disposed of however the company deems appropriate.

### **7.8.4 Destruction process**

In order to destroy an asset, the company must follow the procedure set out below:

First it is necessary for the company to establish the method of destruction based on the type of merchandise, ensuring no impact to the environment.

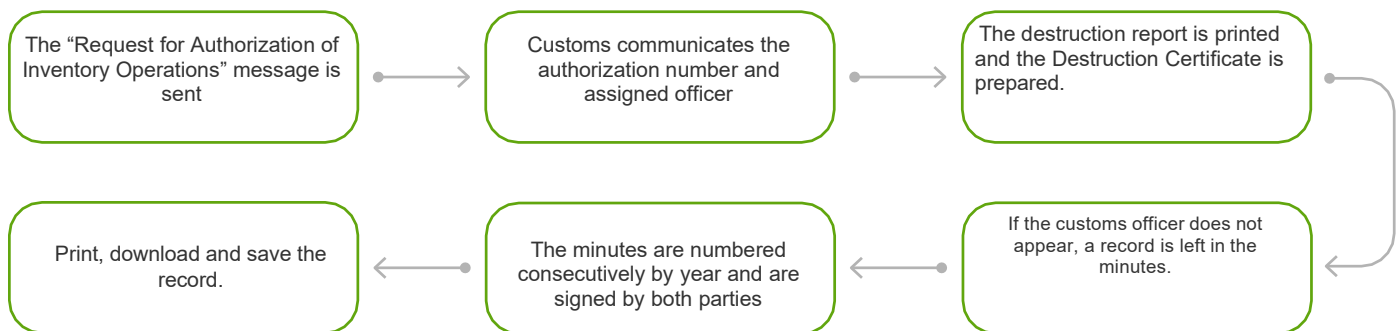
Moreover, the company must prepare and send a "Request for Inventory Operations" message via whatever system it uses to generate DUAs (e.g., the system of the Foreign Trade Agency of Costa Rica ([VUCE 2.0](#)) or that of the company or customs agency) with which it will notify Customs Control of the planned destruction. The company must wait for Customs to approve the destruction, assign an approval number, and indicate if a customs officer will participate.

Subsequently, in order to proceed with the destruction, the company must prepare a [Destruction Certificate](#) with the same information that was indicated in the Request for Inventory Operations, such as description, item, brand, model, series, asset number, etc. It must also indicate the date and time of destruction and the method to be used. If a customs officer will be present, the record must be signed by the officer and by a company representative. On the other hand, if a customs officer will not participate or if the officer fails to appear, the record must be signed by the company representative and a witness. Finally, print or download the record, this document will be considered support for the operation.

It should be noted that this type of merchandise is not subject to the provisions of Article 16 of the Free Trade Zone Law, nor Article 104 (Definition of Merchandise) of the Regulations to such Law given that it is not part of or a consequence of the company's production process, i.e., it does not need to be offered first to the municipality of the respective canton.

Likewise, the Destruction Certificate (with the respective description of the property to be destroyed, the method to be used, consecutive numbering, and duly signed and stamped by the customs authorities) is necessary to remove the asset(s) from the company's accounting records and fixed assets subsidiary ledger, and demonstrates compliance with due process before the relevant authorities, whether Customs, the Foreign Trade Agency of Costa Rica or another authority.

The diagram below summarizes the aforementioned process:



a) Deadline for review: one day for perishable and three days for all others; upon expiration of this deadline, the request is considered approved.

b) The recycling process is similar to destruction, but it must be with entities registered in the Ministry of Health of Costa Rica.

c) Access to the [Recycling Certificate](#) and important document.

### 7.8.5 Donation process

Pursuant to Articles 112 and 113 of the Regulations to the Free Trade Zone Law, when a company makes the decision to donate capital assets, it must do so to charities, education centers, and public institutions registered with the Mixed Institute of Social Assistance (IMAS). In this case, the procedure to follow involves ensuring that the institution is registered with IMAS and then coordinating the date and time of donation with the customs authorities. Likewise, it must draw up the respective certificate in the presence of a representative of the institution, the company, and the assigned customs officer.

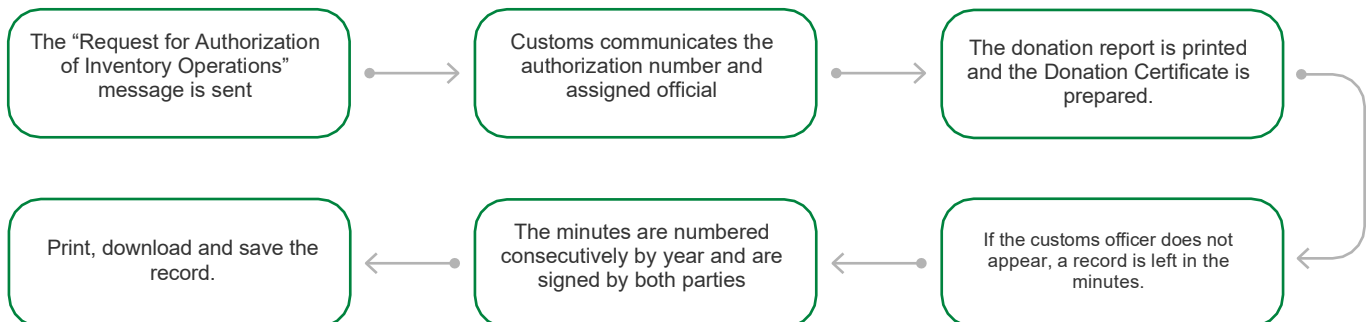
Once the institution has been identified on the aforementioned IMAS list, a "Request for Inventory Operations" message must be prepared and sent, with which the company will inform Customs Control that it will be making a donation. It must then wait for Customs to approve it, assign an approval number, and indicate if a customs officer will be involved.

Subsequently, to make the donation, it must draw up the [Donation Certificate](#) with its [document](#) with the same information that was indicated in the Request for Inventory Operations, such as description, item, brand model, serial number, as well as the date and time of the donation and the method to be used. If a customs officer is present, the certificate must be signed by the officer, a company representative, and a representative of the recipient entity. On the other hand, if a customs officer does not participate or if the officer fails to appear, the certificate must be signed by the company representative and an officer of the recipient institution, finally, print or download the certificate, this document will be considered support for the operation.

As indicated in the destruction procedure, this type of merchandise is not subject to the provisions of Article 16 of the Free Trade Zone Law nor Article 104 (Definition of Merchandise) of the Regulations to such Law given that it is not part of or a consequence of the company's production process, i.e., it does not need to be offered first to the municipality of the respective canton. Likewise, the Donation Certificate (with the respective description of the property to be donated, the method to be used, consecutive numbering, and duly signed and stamped by the customs authorities) is necessary to remove the asset(s) from the company's accounting records and fixed assets subsidiary ledger, and demonstrates compliance with due process before the relevant authorities, whether Customs, the Foreign Trade Agency of Costa Rica or another authority.

**NOTE:** "... Municipalities may establish agreements with FTZ beneficiaries authorizing them to deliver directly to a third party designated by the municipality and expressly established in the agreement any scrap, by-products, and waste that the beneficiaries choose to discard. Such authorization may be granted for a maximum period of six months and is extendable. Once the agreement is signed by the parties, the FTZ beneficiary company will not need to notify the municipality each time it chooses to dispose of waste, by-products or scrap. In this case, delivery will be made directly to whomever has been designated in the agreement under the terms and conditions set forth therein, of which a record must be kept in accordance with the electronic format provided by Management, and signed by a representative of the FTZ company and the third-party beneficiary of the donation. ..."

The diagram below summarizes this process:



**Deadline for review: one day for perishable and three days for all others; upon expiration of the deadline, the request is considered approved.**

#### **7.8.6 Nationalization of imported machinery within five years of having entered the regime**

Full import taxes to the country (Import Customs Duties (DAI) and Emergency Law) must be paid in the following cases:

- If the equipment or merchandise that entered the Free Trade Zone was removed from storage or entered the country tax-exempt with a Foreign Admission DUA (DUA 09-02).
- If it was bought from another Free Trade Zone company with an Admission DUA (09-03) or with an old Free Trade Zone customs declaration.

In order to nationalize this merchandise, Free Trade Zone companies must draw up an invoice for the value of the equipment or machinery and a customs agency must process a Final Import DUA (DUA 01-17), i.e., a DUA to pay the corresponding taxes. Once payment has been made, the equipment or machinery can be delivered to the buyer and the FTZ company can cancel the equipment and remove it from the regime. Once equipment or machinery is nationalized, it has free movement. The above applies exclusively to equipment that entered the regime less than five years prior.

In the case of merchandise that was imported tax-exempt under the regime and is to be returned to a supplier abroad or to a parent company, the return must be processed as a normal export under the regime using DUA 40-46 and indicating the previous DUA, invoice, and bills of lading (BL, Air Waybill, etc.).

### **7.8.7 Nationalization of imported machinery and equipment five or more years after having entered the regime**

In the case of equipment that was imported tax-exempt under the regime and that is more than five years old, permission to nationalize must be requested from the Customs Control Office. Subsequently, a final import DUA (DUA 01-28) must be processed. It is important to note that this DUA does not imply payment of taxes as indicated in Article 20(b)(5) of Law No. 7210 and its reforms.

The company must supply documentation demonstrating that the equipment entered the regime five or more years prior, such as the customs declaration of import to the Free Trade Zone. If such documentation is not available, based on a query made to the General Directorate of Customs, it will be necessary to pay all corresponding taxes by means of a study by the National Value Body of the customs value to determine the value on which taxes must be paid.

### **7.8.8 Payment of taxes on goods purchased locally**

## **PROCEDURE FOR THE PAYMENT OF VAT - SCT ON LOCAL PURCHASES MADE BY FREE TRADE ZONE COMPANIES**



#### **FREE TRADE ZONE BENEFICIARY COMPANIES**

The procedure for the voluntary payment of exonerated taxes on local purchases made by Free Trade Zone beneficiary companies in Costa Rica changed by the General Tax Office.



### **STEP 1 PAYMENT**

There have been modifications to the TRIBU-CR platform, the voluntary payment of exonerated taxes on local purchases the companies must contact the General Tax Office and follow the procedures that have been defined for them.



## STEP 2 SUPPORTING DOCUMENTATION

### DISABLING OF AREAS

- Expert opinion for the materials used to build, expand or remodel (incorporated in CFIA)
- CPA Certification for assets entered under the FTZ Regime

**Both certifications must contain:**

List of exonerated assets that includes:

- |                                   |                                 |
|-----------------------------------|---------------------------------|
| 1- Purchase order or invoice date | 5- Quantity                     |
| 2- Invoice number                 | 6- Value                        |
| 3- Provider name                  | 7- Depreciation and method used |
| 4- Description                    |                                 |

- Customs Control Act with the information of the goods and destination of the component D-110

### MOVABLE PROPERTY

- Original purchase invoice

In the absence of an invoice, the calculation will be made based on the price of the asset on the date of payment **without applying any depreciation, supported by a proforma invoice.**

## STEP 3 SUBMISSION

- Submit to the competent TA along with the supporting documentation
- The TA has 2 months to review the application
- The process ends with the issuance of the TA resolution

*Basis of the application: Article 102 CNPT*

**SCT:** Selective Consumption Tax

**TA:** Tax Administration

**CFIA:** National Association of Engineers and Architects

**CNPT:** Code of Tax Regulations and Procedures

**CPA:** Public Accountant



*essential*  
**COSTA  
RICA**



**PROCOMER**  
**COSTA RICA** | EXPORTS  
INVESTMENT

