



FREE ZONE REGIME 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 Zone regime (hereinafter FZ), Inward Processing regime (hereinafter PA), and Duty Drawback Systems (hereinafter DD).

This guide details the Free 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 ZONE

1. GENERAL INFORMATION

The State of Costa Rica offers the Free Zone regime (FZ) to national and foreign companies that wish to develop their operations in the country with the aim of encouraging Foreign Direct Investment (FDI), commercial exchange, and job creation in our country.

Companies that opt for this regime of incentives and benefits must comply with the requirements and obligations established in Law No. 7210, its reforms and its regulations.

See the following links for more information:



For more information, write to: asesores@procomer.com

2. TYPES OF COMPANIES THAT MAY BENEFIT FROM A FREE ZONE

2.1 What types of companies may benefit from the Free Zone regime?

The activities are established in Article 17 of the Free Zone Law. The most used 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.

2.1.2 Services in a strategic sector - category subsection c)

These provide services to people or companies domiciled in Costa Rica, abroad or to other companies in the Free Zone. They must comply with the Strategic Eligibility Index for Service Companies (IEES).

2.1.3 Industrial park administrators - category subsection ch)

These are companies dedicated to the administration of industrial parks intended for the installation of companies under the Free Zone regime.

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 material into finished or semi-finished products. The level of export is not a requirement to enter, as long as the company belongs to a strategic sector or is established outside of the GMA. This category also applies to manufacturing companies that currently provide at least 40% to other Free Zone companies.

2.2 What activities are prohibited under the Free Zone regime?

- 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

The companies established under the regime will 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 determined in relation to gross or net profits, dividends paid to shareholders or income or sales.

This benefit is granted according to the location, whether inside or outside the GMA, and by category.

SERVICES, MARKETING COMPANY & FZ PARK ADMINISTRATORS

INSIDE GMA UTILITIES TAX RATES			OUTSIDE GMA UTILITIES TAX RATES		
0% FROM YEAR 1 TO YEAR 8	15% FROM YEAR 9 TO YEAR 12	30% AFTER YEAR 12	0% FROM YEAR 1 TO YEAR 12	15% FROM YEAR 12 TO YEAR 18	30% AFTER YEAR 18

REGULAR PROJECT MANUFACTURING

INSIDE GMA UTILITIES TAX RATES			OUTSIDE GMA UTILITIES TAX RATES			
6% FROM YEAR 1 TO YEAR 8	15% FROM YEAR 9 TO YEAR 12	30% AFTER YEAR 12	0% FROM YEAR 1 TO YEAR 6	5% FROM YEAR 7 TO YEAR 12	15% FROM YEAR 12 TO YEAR 18	30% AFTER YEAR 18

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

INSIDE GMA UTILITIES TAX RATES			OUTSIDE GMA UTILITIES TAX RATES		
0% FROM YEAR 1 TO YEAR 8	15% FROM YEAR 9 TO YEAR 12	30% AFTER YEAR 12	0% FROM YEAR 1 TO YEAR 12	15% FROM YEAR 13 TO YEAR 18	30% AFTER YEAR 18

MANUFACTURING STRATEGIC SECTOR, 100 JOBS, OUTSIDE GMA

OUTSIDE GMA UTILITIES TAX RATES		
0% FROM YEAR 1 TO YEAR 12	15% FROM YEAR 13 TO YEAR 18	30% AFTER YEAR 18

8. Tax credits

- Exclusively for manufacturers, who can apply for tax credits provided that they reinvest earnings in fixed assets or training expenses

9. Access to training and education programs

- In accordance with Article 21 of the Free Zone Law, beneficiary companies may request the training and education incentive in favor of workers and aspiring workers in accordance with the regulation established in Executive Decree Number 39081-MP-MTSS-COMEX, published in the official gazette La Gaceta No 144 of July 27th, 2015, and entitled "Regulation to Promote the Development of Human Resources of Beneficiary Companies of the Free Zone Regime"

For the Request

[CLICK HERE](#)

4. ENTRY REQUIREMENTS

4.1 Minimum investment level

When a company is interested in applying to the Free Zone regime, it must make a new minimum initial investment, backed by new fixed assets subject to depreciation and real estate.

By law, it has a maximum term of three years from the date the application to enter the regime is filed to comply with the conditions below:

4.1.1 Minimum investment for companies within the Greater Metropolitan Area

- Inside an Industrial Park: \$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 \$2,000,000.00.

4.1.2 Minimum investment for companies outside the Greater Metropolitan Area

- Inside an Industrial Park: \$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 \$500,000.00.

4.1.3 Minimum investment exclusively for manufacturing companies classified as Megaprojects

These are companies whose minimum initial investment is \$10,000,000.00 in fixed assets subject to depreciation, regardless of location; they have a maximum of 8 years to meet and maintain the investment level.

4.1.4 Minimum investment considerations

- The 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.
- Regarding movable fixed assets, they can be either new or used from abroad, or new assets acquired in the country.
- 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.
- Real estate and improvements to owned or leased property.



4.2 Minimum employment level

This level must be established by the company, which undertakes to maintain it for the duration that it enjoys the benefits of the regime.

There are only two exceptions, exclusive to category f) manufacturers:

1. If the manufacturing company applies under the Strategic employment sector, it will be required to maintain a minimum of 200 jobs on payroll from the start of productive operations.
2. If the manufacturing company applies as a “megaproject”, it will be required to maintain a minimum of 100 jobs on payroll from the start of productive operations.

4.3 Additional requirements

4.3.1 Manufacturing - category f

Companies must meet the following requirements:

1. Belong to a strategic sector (if the company is located outside the Greater Metropolitan Area, it is not necessary to belong to a strategic sector)
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 FZ.
4. In the case of supplier companies that supply companies in Free Zones, they will be able to enjoy the 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. Comply with a new investment
3. Be exempt from income tax
4. Comply with the “Strategic Eligibility Index for Services” (IEES)

The following formula will be presented as a projection. Every year, its variables must be verified 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 to enter the Free Zone regime.



$$IEES = s * (100 + g) * \left(\frac{W}{I}\right)^{\frac{1}{150}}$$

1. s = Strategic nature of the activity.

Identify the strategic nature of the company's activity. Assumes the value of one the company's business line is classified in the "list of strategic sectors".

Assumed Value = 1

They will not be considered strategic activities:

- The ones not listed;
- Companies subject to the payment of ISR;
- 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 ISR.

2. g= Chains

Recognizes the importance of the chains of service companies benefiting from the regime.

Assumed Value = 1

Requirements:

- This condition is fulfilled when the former (service companies benefiting from the regime) provide at least 45% of their total sales to the latter (companies in strategic sectors of articles 2 and 21 bis clause a) LRFZ)
- It is not a mandatory variable, but if it is offered to enter the FTZ it must be met.
- NOT FULFILLED: when the chain is with related companies.

3. W = Annual value of remuneration

It corresponds to the annual monetary value of the total compensation to qualified employees of the service company, duly reported to the CCSS. Assumed value = It will depend on the amount of remuneration.

Requirements:

- Must be reported to the CCSS.
- Must be expressed in thousands of dollars (\$ USD) legal currency of the United States.
- Social charges and Christmas bonus are recorded.

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 = It will depend on the amount of investment committed.

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 currency of the United States.

The exponent "1/150" is a parameter with a fixed value that works as a compression factor, preventing the results of the formula from giving many decimal numbers.

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

5. OBLIGATIONS

5.1 General

All beneficiary companies of the regime must comply with the following obligations:

- Keep and record, in specific books and records, the operations of the company related to the goods that enjoy tax exemptions authorized by the Ministry of Finance.
- Sign an operations contract with the Foreign Trade Agency of Costa Rica and fulfill the investment and employment commitments established in the Agreement Granting the Regime.
- Use customs declarations, seals, and other instruments required, legally or by regulation, for documentation or control of its operations.
- Establish accounting and operational systems that allow permanent control of the entry, duration, and departure of goods, whether owned or on consignment.

- Have computer systems and means that allow for the electronic transmission of one hundred percent of the Unique Customs Declarations (DUAS its Spanish Acronym) corresponding to the different transactions 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 will be made 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 closure.
- Remit and permanently maintain a guarantee deposit in favor of the Foreign Trade Agency of Costa Rica (minimum \$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.
- Payment of monthly fee: beneficiary companies must pay a monthly fee (minimum of \$200) to the Foreign Trade Agency of Costa Rica for use of the regime. This monthly payment will be calculated as follows:
 - Sales Report
 - Monthly payment must be made through the following canon payment system
 - Services, marketing, and administration companies: the monthly fee will depend on total income at the following rates: 0.30% (inside an industrial park); and 0.50% (outside an industrial park) on total sales.
 - Manufacturing companies: the monthly fee is based on the square meterage of their industrial area, with a fee of \$0.25 inside an industrial park and \$0.50 outside an industrial park. See Executive Decree No. 25612-COMEX “On Mandatory Contributions” for more information on measured areas and the exact charge per meter.

5.2 Annual operations report

As part of the obligations of the Free Zone regime, beneficiary companies must submit on an annual basis report on the fulfillment of the commitments acquired.

This report must be submitted through the SIAN system

It is mandatory that the annual report contains the digital signature of the legal representative. Below, we provide you with the instructions in PDF format, which illustrate the process you must follow.

1- ANNUAL REPORT OF OPERATIONS
OF THE FREE ZONE REGIME,
PROCESSING COMPANIES

2- ANNUAL REPORT OF OPERATIONS
OF THE FREE ZONE REGIME,
TRADING COMPANIES

3- ANNUAL REPORT OF OPERATIONS
OF THE FREE ZONE REGIME,
ADMINISTRATING COMPANIES

4- ANNUAL REPORT OF OPERATIONS
OF THE FREE ZONE REGIME,
SERVICE COMPANIES

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



5.3 Audit and Requirements

Learn about the main aspects that beneficiary companies of the Free Zone regime must comply with and which will be 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- INSTRUCTION FOR THE OPERATIONS
CONTROL BOOK

For more information, contact: supervisores@procomer.com

6. REGIME APPLICATION

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

- Trading companies - category subsection b); services companies - category subsection c); industrial park administrator companies - category subsection ch); and manufacturing companies - category subsection f must submit their request through <https://inversion.vui.cr/>
- Request for entry to the Free Zone regime under Article 20 bis of Law No. 7210 and its reforms must be submitted through <http://sistemas.procomer.go.cr/solicitudZF/> or www.procomer.com following the path: INVESTOR > TOOLS > ADMISSION REQUEST SYSTEM

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

1- APPLICATION FOR ENTRY TO THE FREE
ZONE REGIME

2- REQUEST FOR ENTRY TO THE FREE ZONE REGIME FOR PROCESSING COMPANIES
CLASSIFYING IN SECTION F OF ARTICLE 17 OF LAW 7210 AND ITS AMENDMENTS AND
REQUEST FOR AUTHORIZATION OF AUXILIARY OF THE CUSTOMS PUBLIC FUNCTION

3- REQUEST FOR ENTRY TO THE FREE ZONE REGIME ARTICLE 20
BIS OF LAW NO. 7210 AND ITS REFORMS.



PROCESS:

- 1) Apply online:
 - Submit the application online through the links specified above.
 - The request 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 be provided with only one opportunity to amend 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 continue with an analysis of the request.
- 5) Once PROCOMER has finalized its review, the application will be forwarded to the Ministry of Foreign Trade of Costa Rica for the final decision.
- 6) Thereafter, the Executive Agreement for admission to the Free Zone regime will be sent to the Ministry of the Presidency to be signed by the President and by the Foreign Trade Minister.
- 7) PROCOMER will notify the company of the authorized means to remit the guarantee deposit of at least \$5,000, legal tender of the United States of America, preferably using a Certificate of Deposit, as Foreign Trade Agency of Costa Rica beneficiary.
- 8) The company must sign the Operations Agreement with PROCOMER.
- 9) PROCOMER will notify the company of its admission to the Free Zone regime.
- 10) The company must publish the Executive Agreement in the Official Journal (La Gaceta).
- 11) The General Directorate of Customs (DGA) will notify its admission resolution with the Customs Public Service Auxiliary Code.

The average time to complete the admission process is three months. For more information about the process, please contact to asesores@procomer.com or analistas_ingresos@procomer.com

7. OPERATIONS UNDER THE REGIME

Companies benefiting from the Free Zone regime may:

7.1 Reinvest within the regime

ARTICLE 20 bis.- The Free 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 an interested company must file a formal application for admission under Article 20 bis. See APPLICATION section

DOWNLOAD PDF 20 BIS APPLICATION GUIDE

For more information: asesores@procomer.com

7.2 Belong to more than one company category

1. Keep separate accounts (in the case of categories with different rental rates)
2. Separate assets and cash flows by activity
3. Pay the respective fee for each activity

7.3 Customs procedures

Due to the status of being an auxiliary to the customs public function, in certain cases, beneficiary companies may choose whether to perform customs procedures themselves or use a customs agent.

7.3.1 Mandatory 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 the company or customs agency can self-serve:

1. Exports
2. Admission from abroad
3. Admission from another Free 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 message (donation, destruction, transfer and recycling)

7.3.3 Procedures that are the obligation of the company:

1. End and beginning of travel

7.3.4 SADAZF System for customs procedures

The SADAZF System, developed by the Foreign Trade Agency of Costa Rica, allows a Free Zone company or agency to process merchandise movement authorizations before Customs (exports, admissions, mobilizations, etc.)

Instructions on how to carry out the different customs movements:

1- INSTRUCTION FOR TEMPORARY
INTERNMENTS

3- TRAVEL DEPARTURE
INSTRUCTION

5- INSTRUCTION FOR
DUAS EXPORTS

2- END OF TRIP INSTRUCTION

4- INSTRUCTION FOR DUAS
INTERNMENTS

6- INSTRUCTION FOR SENDING A MESSAGE TO
REQUEST AUTHORIZATION OF INVENTORY
OPERATIONS

For more information: asesores@procomer.com



7.4 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 Single Customs Document (DUA).

Given the entry into force of the VAT tax and invoicing for FZ 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 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 Zone regime. Likewise, the purchase of goods and the provision of services that are intended to be used by the beneficiaries of the Free Zone regime or provided between beneficiaries of said regime will be exempt ... “

7.4.1 Free Zone companies must ...

Safeguard both the conditions and probative documentation detailed in Article 76 of the Regulations to the Free Zone Regime 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, each year, in the presentation of the annual operations report, the company must attach a copy of the corresponding form issued by the General Tax Office (D 151).
- The beneficiary company must retain the 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 indicated is the same as the one used on the purchase order.
- Verify that the applicant company is actually included in the list of Free Zone companies.
- Electronic invoices must be issued in accordance with the following:



What spaces must a taxpayer complete when issuing an electronic invoice for the sale of merchandise or the presentation of services to taxpayers under the free zone regime

In the biller option called “taxes and exemptions” enter the following information

SPACES TO BE COMPLETED	DATA THAT THE INVOICE ISSUER MUST ENTER
Tax type	Value Added Tax
Tariff Code	General Rate 13%
Tariff %	13.00
Doc. Exonera 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 a sworn declaration of general sales tax (Formula D-104).
- In turn, the company must report these sales by filling in the box corresponding to exports, so that they will not form part of the tax base.
- In the said declaration, include the information corresponding to the purchase order of the Free Zone beneficiary.

7.5 Subcontracting

Manufacturing companies that have entered the regime in accordance with paragraphs a) and f) of Article 17 of the related Law may subcontract part of their production or production process to other beneficiaries of the regime and any established natural or legal person within the national customs territory, provided that at least fifty 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 email: tramitesregimenes@procomer.com | ksanchez@procomer.com | jaguar@procomer.com



2. Submit a request: <http://sistemas.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: asesores@procomer.com

**GUIDE FOR DIGITAL
SIGNING OF DOCUMENTS**

**EXECUTORS FOR CONFIGURING THE TIME
STAMPING OF THE DIGITAL SIGNATURE
SERVER**

7.6 Selling in the local market

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:

Category a) Export processors: max 25%

- Restrictions apply and must pay full income tax after expiration of the Executive Agreement
- Must nationalize final product via DUA 01-18

Category b) Trading companies

- NOT PERMITTED TO SELL IN THE LOCAL MARKET

Category c) Services:

- May sell locally, no max %
- No Foreign Trade Agency of Costa Rica permit
- Must nationalize final product via DUA 01-17

Category f) Manufacturing:

- May sell locally, no max %
- Must nationalize resources via DUA 01-46
- VAT on finished goods via DUA 01-47
- No Foreign Trade Agency of Costa Rica permit
- Pay special income tax rates

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 Zone regime must process with the Foreign Trade Agency of Costa Rica via the Online Procedures System for Free Zones.

[USER GUIDE TO DIGITAL SIGNATURE IN PROCEDURES OF DIRECTORATE OF SPECIAL REGIMES.](#)

[REGISTRATION OF A NATIONAL SUBCONTRACTED COMPANY](#)

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 in charge of the Digital Signature in Costa Rica, prepared a series of guides for the incorporation of the Advanced Signature in document signing tools. To access these guides, click the following link: [Download](#)

b) For ease of use, we have created some files that carry out 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 the access code to the procedure system and make inquiries, please contact: **tramitesregimenes@procomer.com**

7.7.1 Free Zone procedure system reference files:

1. Expansion of activity, product or service
2. Expansion of approved activity, production process or service
3. Company: Area increase or closure
4. Company: Enlargement or reduction of area
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% Subcontracting
13. Loaning of machinery and equipment to subcontracted companies
14. Authorization of productive activities outside of the Free Zone
15. Industrial Park: Increase, expansion or reduction
16. Modification of company name or company transformation
17. Modification of the minimum level of employment and/or compliance date
18. Modification of the start date of productive operations
19. Modification of the total minimum level of investment and/or compliance date
22. Modification of the master plan
23. Modification of the initial new investment date to an additional year
24. Modification of the investment plan for processors subsection f)
25. Modification of strategic sector, type of project and location G.M.A.
26. Free Zone Regime waiver
27. Substitution of beneficiary company
28. Suspension of productive operations
29. Reinvestment of Profits
30. Merger between beneficiary companies
31. Application to assume the status of industrial park management company



7.8 Disposal of goods

There are several types of merchandise of which companies must exercise control and follow the procedures established by Law 7210 and its Regulations for proper disposal.

These types of waste include:



Waste from the
production process



Capital
Goods



Organic
waste



Administrative
garbage

7.8.1 How to dispose of waste, by-products, and other waste from production processes?

While Article 16 of the Free Zone Regime Law establishes that ownership of the waste, by-products, and other waste discarded by beneficiary companies corresponds primarily to the municipality of the canton where such companies are located. It is also correct that waste will only be disposed of if and when the company DECIDES TO DISCARD IT; this is established in Article 109 of Executive Decree 34739-COMEX-H.

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

If the Free Zone company chooses not to dispose of these products, considering that it retains ownership of them and in accordance with the provisions of the Ministry of Foreign Trade resolution DAL-398-01, the company can re-export and/or sell them, to another company in the Free Zone (no tax payment necessary) or to a company in the national territory (taxes must be paid).

To proceed as indicated above, if the action is occasional, the company must prepare an invoice and a customs agency, based on the value of the invoice, will need to process a Final Import DUA (DUA 01-17) to pay the corresponding taxes. Once payment is made and the Final Import DUA canceled, the waste can be delivered to the buyer.

NOTE: If the company decides to nationalize these wastes constantly for sale, it must modify the activity that the company has approved in its Grant Agreement (initial Executive Agreement), to include these waste sales as one more product of the company, and therefore, such recurring sales will no longer be considered nationalizations, but will become Local Sales. If it is a category a) Export Processing company, only up to 25% of its production can be sold locally; for the payment of taxes, the DUA to be used would be 01-18. Additionally, the company must present 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 a processing company of subsection f), it may sell said merchandise in the local market without restriction or impact on the established rental conditions. But if you do it constantly, and you convert it as part of your line of business, it is important that you make the request for extension to the authorized activity so that the sale of these by-products is covered by the executive agreement. Once you have authorized the sale you can proceed with the corresponding local sale DUAs for this category 01-46 and 01-47.

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

7.8.2 How to dispose of capital goods?

Capital goods are any assets used in the production process and in 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 How to dispose of administrative, organic or accessory packaging material?

At this time, no controls have been put in place regarding 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 on 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 (SADAZF-TICA) 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.

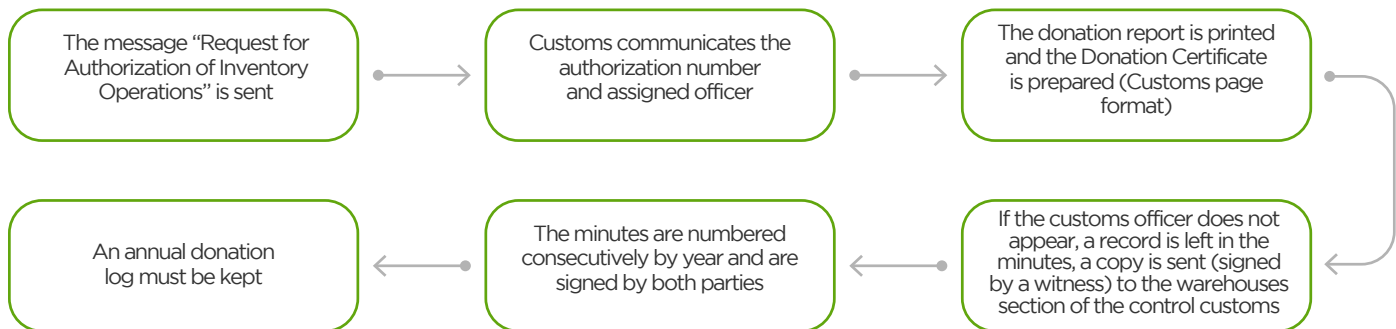
Subsequently, in order to proceed with the destruction, the company must prepare a certificate of destruction with the same information that was indicated in the Request for Inventory Operations message, such as description, item, brand, model, series, asset number, etc.. It must also indicate the date 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, the company must send a copy of the document duly signed to the Customs office with jurisdiction.

It should be noted that this type of merchandise is not subject to the provisions of Article 16 of the Free Zone Regime 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 certificate of destruction (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, after the deadline the request is approved.**

7.8.5 Donation process

Pursuant to Articles 112 and 113 of the Regulations to the Free Zone Law, when a company makes the decision to donate capital goods, 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 the 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 within 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.

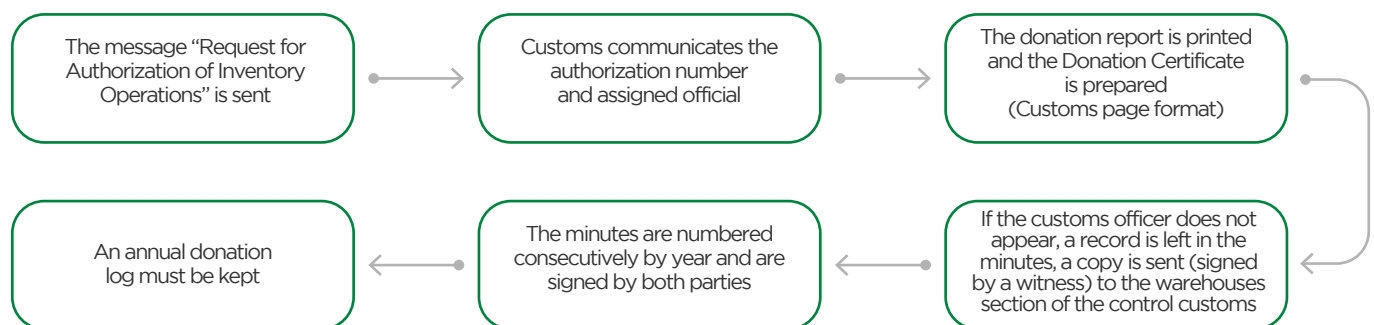
Subsequently, to make the donation, it must draw up the certificate of donation with the same information that was indicated in the inventory operations request, such as description, item, brand model, serial number, as well as the date and time of the donation and the method to be used. If a customs 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, and a duly signed copy of the certificate must be sent to Customs Control.



As indicated in the destruction procedure, this type of merchandise is not subject to the provisions of Article 16 of the Free Zone Regime 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 certificate of donation (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: " ... The municipalities may establish agreements with the beneficiaries in order to authorize them to deliver directly to a third party, designated by the municipality and expressly established in the agreement, the losses, by-products and waste that the beneficiaries decide to discard. Said authorization may be granted for a maximum period of six months, extendable. Once the agreement is signed by the parties, the beneficiary company of the Regime will not need to notify the municipality each time it decides to dispose of a waste, by-product or scrap. In this case, delivery will be made directly to whoever has been designated in the agreement, under the terms and conditions set forth, of which a record must be drawn up, according to the electronic format provided by the Management, signed by a representative of the Zone company Franca and the third beneficiary of the donation. ..."

The diagram below summarizes the process above:



Deadline for review: one day for perishable and three days for all others, after the deadline the request is approved

7.8.6 How to nationalize imported machinery within five years of having entered the regime?

Full entry 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 Zone company was removed from storage or entered the country tax-exempt with a Foreign Admission DUA (DUA 09-02)
- It was bought from another Free Zone company with an admission DUA (09-03) or with an old Free Zone customs declaration.

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

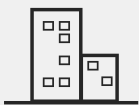
7.8.7 How to nationalize imported machinery and equipment five or more years after having entered the regime?

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 known as 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 subsection b) paragraph 5, of Law 7210 and its reforms.

The company must supply documentation demonstrating that the equipment entered the regime five or more years ago, such as the customs declaration of import to the Free Zone. If this is not the case, according to a query made to the General Directorate of Customs, it will be necessary to pay all corresponding taxes by means of a study through 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 LIQUIDATING VAT - ISC FOR LOCAL PURCHASES OF FREE ZONE COMPANIES



BENEFICIARY COMPANIES OF THE FREE ZONE REGIME

The procedure for the voluntary settlement of exonerated taxes on local purchases, by beneficiary companies of the Free Trade Zone Regime in Costa Rica, is regulated by the resolution: RES-DGH-054-2018-DGT-R-035-2018 published in La Gaceta No. 185 of October 08, 2018



STEP 1 SETTLEMENT

All payment of the tax will be made in **colones** through **form D-110** under the Sales tax code (01) and / or Selective Consumption Tax (02) respectively and for the “administration liquidation” concept (05) or by the **means defined by the Tax Administration**.

STEP 2 SUPPORT DOCUMENTATION

DISABLING AREAS

- Expert opinion of the materials used to build, expand or remodel (incorporated into the CFIA)
- CPA Certification for assets entered under the ZF 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, where the information on goods and destination of component D-110 is recorded

MOVABLE PROPERTY

- Original purchase invoice
In the absence of the invoice, the calculation will be made on the price of the asset on the settlement date **without applying any depreciation, supported by a proforma invoice.**

STEP 3 SUBMISSION OF THE APPLICATION

- It is presented to the competition TA, with previous supporting documentation
- The TA has 2 months to resolve the request
- Process ends with the issuance of the Resolution by the TA

Basis of the request Article 102 CNPT

ISC: Selective Consumption Tax
TA: Tax administration
CFIA: National Association of
Engineers and Architects

CNPT: Code of Tax Regulations and Procedures
CPA: Public Accountant



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