



# Costa Rica

In Costa Rica, VAT is called “Impuesto al Valor Agregado”, abbreviated IVA.

## VAT Standard rate

The general VAT rate in Costa Rica is 13% is applies on goods, services, the importation of goods or services.

## VAT Reduced rate

The 10% rate applies to the air ticket in case of international flights.

The 4% rate applies to the air ticket in case of domestic flights.

The 2% rate applies to the pharmaceuticals, as well as the essential raw materials and equipment required for their manufacturing.

The 1% rate applies to the certain foodstuffs that are included in the “Basic Taxable Basket” concept such as bread, milk, fruits, soft drinks etc. The 1% rate also applies to the agricultural, livestock, veterinary and non-sport fishing supplies.

The 0% rate applies to the books and export goods.

## VAT registration threshold

There is no VAT registration threshold in Costa Rica.

## Deductible VAT

Resident enterprises can deduct or reduce the amount of VAT paid on goods or services acquired for business activities before paying VAT. Non-resident businesses who do not have permanent residence and are not registered for VAT cannot reclaim input tax.

## **Registration procedure**

Foreign companies are required to register in Costa Rica if they have a physical presence, such as a permanent establishment. Entities are obligated to enroll in the Tax Administration's taxpayer registry. The Tax Administration will automatically register those individuals or legal entities who have not initiated the registration process.

## **VAT filing and payment date**

VAT returns need to be filed monthly. VAT returns must be submitted and paid within the 15 days of the following month. The form to report value-added tax is Form D-104.

## **Penalties**

In case of late submission of the declaration, a fine of 50% of the minimum monthly wage is levied. A fine of 1% of the outstanding amount for each month, but not more than 20% of the total outstanding amount, is levied for late payments.



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