



Frequently Asked Questions



Objective

The purpose of this document is to provide answers to the most frequent concerns investors have when evaluating Costa Rica as a potential location for their business.

Should you need further information, please contact CINDE in San Jose or New York.

- CINDE San Jose
Toll free number from US: 1-877-992-4633
Ph.: (506) 2201-2800
Fax: (506) 2201-2867
invest@cinde.org

- CINDE New York
Ph.: (212) 997-9662
Fax: (212) 997-9839
cindenyc@cinde.org

Contents

General Facts	1
1) Where is Costa Rica located?	1
2) How is Costa Rica geographically divided?	1
3) What is the capital city?	1
4) What is the Government structure?	2
5) Is Costa Rica a politically stable country?	2
6) How does Costa Rica rank in political and social indicators?	3
7) What is the population of Costa Rica?	3
Investing in Costa Rica	4
8) Why do companies choose Costa Rica to expand their operations?	4
9) Which leading foreign investors are present in Costa Rica?	5
Economic Performance	21
10) What is Costa Rica's currency and exchange rate?	21
11) What is Costa Rica's exchange rate regime?	21
12) What is Costa Rica's GDP?	22
13) Which has been the GDP's growth rate?	22
14) What is Costa Rica's GDP per capita (PPP)?	23
15) What is the expected inflation rate for 2021?	23
16) How does the banking system work?	23
17) What is the bank interest rate??	24
Foreign Direct Investment (FDI).....	25
18) How have FDI inflows in Costa Rica evolved?	25
19) Where does FDI come from?	26
20) Which are the leading sectors?	26
Foreign Trade.....	28
21) What were Costa Rica's total exports and imports?	28
22) Which are Costa Rica's largest foreign trade partners?	28
23) With which countries has Costa Rica signed Free Trade Agreements?	29
24) What are Costa Rica's leading export products?	31

Infrastructure	32
25) How many homes in Costa Rica have a personal computer?	32
26) What is the penetration of mobile telecommunications networks?	32
27) How many Internet users are there?	32
28) How many fixed broadband internet subscriptions are there?	32
29) What types of Internet access are there?	32
30) Are there any important infrastructure projects currently under development?	33
31) Does the Costa Rican Government guarantee funding for these projects?	35
32) How many airports are there? What are the flight destinations and frequency?	35
33) How many seaports are there?	37
Company Incorporation.....	38
34) What are the main steps required to install a company?	38
35) How long does it take to incorporate a company?	38
36) What types of companies are there in Costa Rica?	39
Land Property	41
37) Can foreigner own property in Costa Rica? Under what circumstances?	41
38) What is the purchase procedure?	41
Intellectual Property	42
39) How does Costa Rica protect Intellectual Property?	42
40) Does Costa Rica have regulations for data treatment?	43
Taxes.....	44
41) Is Costa Rica listed by the OECD as a jurisdiction that has substantially implemented the internationally agreed tax standard?	44
42) What are the main ideas covered by the Fiscal Transparency Law and the Strengthening Tax Management Law?	45
43) How does income tax work?	46
44) What is the taxable income?	47
45) Which deductions may be made from gross income in Costa Rica?	48
46) What is the personal income tax rate, and how does it work?	49
47) What is the corporate income tax rate and how does it work?	51
48) Are there any taxes on corporate assets?	51

49)	What is the tax on capital?	51
50)	What is the property tax (land) in Costa Rica, and how does it work?	52
51)	What is the property transfer tax (land), and how does it work?	52
52)	What is the sales tax?	52
53)	Which taxes are exempt under the Free Trade Zone Regime?	53
Investment Incentives		54
54)	What incentives does Costa Rica offer to investors?	54
55)	What type of companies can apply for the Free Trade Zone incentives?	54
56)	What are the requirements to enjoy the Free Trade Zone incentives?	55
57)	What are the income tax incentives of the Free Trade Zone Regime?	57
58)	What are other benefits of the Free Trade Zone Regime?	57
59)	Are there customs benefits?	57
60)	When and how do investors apply for incentives?	58
61)	Are there any training incentives?	58
62)	Are there larger incentives based upon other criteria?	58
63)	Are there any incentives provided to companies that supply FTZ beneficiaries?	60
Labor Force		62
64)	What is Costa Rica's workforce?	62
65)	What are the skills and quality of the Costa Rican labor force?	62
66)	What percentage of the workforce speaks English?	63
67)	What is the unemployment rate?	63
68)	How are work relationships regulated?	63
69)	Is a company able to make additional rules other than those expressed in the laws?	64
70)	Are written employment contracts required for all employees?	64
71)	How do you terminate employment?	64
72)	Which are the employer's obligations if an employee is dismissed without a "just cause"?	65
73)	Are there labor unions?	66
74)	What is an "Asociacion Solidarista"?	66
75)	What are the benefits of an "Asociacion Solidarista"?	67
76)	How is an "Asociacion Solidarista" financed?	67
77)	What are the requirements to create an "Asociacion Solidarista"?	67

78)	What happens with the “Asociacion Solidarista’s” savings when an employee abandons the company?	68
79)	How are employer-employee relations like?	68
80)	Are companies allowed to hire expats for work in Costa Rica? Under what conditions? 68	
81)	How does the fast-track system work?	68
82)	Is there a maximum number of expats allowed?	68
83)	What are the usual working hours and how long is a business week?	69
84)	Are there overtime restrictions?	72
85)	What are the observed holidays?	72
86)	How many mandatory holidays are there in Costa Rica?	73
87)	Which are the mandatory social contributions?	73

Health and Education 74

88)	How much does Costa Rica invest in health and education?	74
89)	What is the life expectancy?	74
90)	How does the health system work?	75
91)	How many hospitals are there in Costa Rica?	76
92)	What is the coverage of the Social Security System?	76
93)	What is the adult literacy rate? update	76
94)	How many educational institutions are there?	77
95)	How many students are enrolled in primary and secondary traditional education?	78
96)	How many universities are there?	78
97)	How many students are enrolled in these universities?	78
98)	How many students graduate every year?	78
99)	How many students graduate every year in STEM related majors?	79
100)	Are there any technical institutions?	79
101)	How many students graduate from these technical high schools?	80
102)	Are there any programs promoting English language education?	80

Quality of Life 82

103)	What are the main indicators to show the country’s quality of life?	82
104)	What is the Costa Rica’s commitment to protect its natural treasures?	82
105)	How is the Costa Rica’s energy matrix?	83

CINDE: Costa Rican Investment Promotion Agency 85

106)	What is CINDE's scope of activities?	85
107)	What services does CINDE provide?	85
108)	Which companies can use CINDE's services?	86
109)	What is the fee for CINDE's services?	86

General Facts

1) Where is Costa Rica located?

The Republic of Costa Rica, located in Central America, shares international land borders with Nicaragua to the north and Panama to the east and south. Additionally, it borders both the Caribbean Sea to the east and the Pacific Ocean to the west and south. The country has a total area of 51,100 km².

2) How is Costa Rica geographically divided?

Costa Rica is composed of seven provinces: San Jose, Alajuela, Heredia, Cartago, Guanacaste, Puntarenas, and Limon. These provinces are divided into 82 cantons. The last new canton that was created was the one of Rio Cuarto, in the Alajuela province. Some of the cantons located in San Jose, Alajuela, Heredia, and Cartago comprise the Greater Metropolitan Area (GMA) which is the most populated region in the country, accounting for 62% of total population and 66% of the national labor force.

3) What is the capital city?

San Jose is the capital city. It is located approximately 99.42 miles (160 km) away from the Caribbean Coast (Limon) and 59.84 miles (96.3 km) away from the Pacific Coast (Puntarenas)

4) What is the Government structure?

The Costa Rican State comprises three powers: executive responsibilities are vested in a President, legislative power is vested in the Legislative Assembly, and judicial power is vested in the Supreme Court.

There are two vice presidents as well as a cabinet appointed by the president. The president, vice presidents, and 57 Legislative Assembly delegates are elected for four-year terms, by universal suffrage.

The Supreme Electoral Body, the Office of the Comptroller General, the Office of the Attorney General of the Republic and the Office of the Ombudsman are institutions that enjoy full independence.

5) Is Costa Rica a politically stable country?

Yes, Costa Rica is one of the most stable countries in Latin America, as the following table shows:

Governance Indicator	Percentile Rank (0-100) ^{a/}	Latin American Ranking (18 countries)
Voice and Accountability	84.73	2
Political Stability	62.38	2
Government Effectiveness	67.79	3
Regulatory Quality	69.23	4
Rule of Law	69.23	3
Control of Corruption	70.67	3

Note: ^{a/} 0 is the lowest ranking and 100 is the highest ranking.

Source: World Bank Worldwide Governance Indicators, 2019.

6) How does Costa Rica rank in political and social indicators?

A summary of environmental, political, and social indicators is shown below. The country leads the Latin American Region in several indicators

Index	Source	Year of Publication	Countries Sampled	World Ranking	Latin American Ranking
Press Freedom	Reporters Without Borders	2019	180	10	1
The Global Green Economy Index	Dual Citizen LLC	2018	130	14	2
Democracy	The Economist Intelligence Unit – Livability	2019	167	19	2
Stability	The Economist Intelligence Unit - Livability	2019	140 (cities)	83	2
Corruption Perception	Transparency International	2019	180	44	2
Global Peace	Institute for Economics & Peace	2019	163	33	2
Human Development	United Nations Development Programme (UNDP)	2019	189	68	4

Source: World Indicators, 2019-2020.

7) What is the population of Costa Rica?

According to the National Institute of Statistics' estimations, Costa Rica has a population of 5.05 million as of 2019. The population will reach 5.2 million in 2022.

[Back to Main Menu](#)

Investing in Costa Rica

8) Why do companies choose Costa Rica to expand their operations?

Costa Rica's value proposition focuses on the following key areas:

- Human Talent

- **Qualified Workforce:** Costa Rica has an exceptionally talented and bilingual young workforce. According to the Global Competitive Index 2019 of the World Economic Forum, Costa Rica has the best qualified workforce in Latin America. Almost 100 % of employees in multinational companies are national.
- **Quality of Life in Costa Rica is high:** Costa Rica is one of the best places in the world to retire in 2019 according to International Living. San Jose, Costa Rica is the safest city in Latin America, ranking second in Stability Index, a component of the Economist Intelligence Unit's Livability ranking, which assesses the prevalence of petty and violent crime as well as threat of terror, military or civil conflicts.

- Sustainability

- **Solid Infrastructure:** In 2019 around 99% of energy came from renewable sources. The country also has redundant telecommunications access and an abundant water supply.
- **Sustainability leader:** Costa Rica has an 6.5% of the global biodiversity and around 52% of territorial forest cover. The country was named "Champion of the Earth" by the UN in 2019 and it counts with one of the five blue zones of the world.

- Prosperity

- **Strategic Location:** Preferential access platform to 2.8 billion people (34% of the world's population), and to the 75% of worldwide GDP. The Free Trade Agreements gives preferential access to 58 business partners.
- **Excellent Business Climate:** The country enjoys an excellent business climate based on a renowned democratic tradition, economic and political stability. The Free Trade Zone provides as lows as 0% corporate income tax rate for companies operating with manufacturing or services operations, along with other benefits.
- **Proven Track Record:** 325 high-tech multinational companies are operating in Costa Rica. In 2019 44 new high-technology investment projects confirmed their decision to establish their operations in the country.

9) Which leading foreign investors are present in Costa Rica?

CINDE counts with extensive experience in the attraction of Foreign Direct Investment in strategic sectors such as: Services (Contact Centers, Back Office, Shared Services, Digital Technologies, Digital Services, Engineering & Design, and Regional Headquarters), Advanced Manufacturing, Life Sciences, Light Manufacturing and Food Industry.

Some of the most renowned companies that are operating in Costa Rica are:

Services Sector:

Contact Centers	Country-of-Origin	Year of establishment
Amadeus	Spain	1997
Amazon	USA	2008
Auxis	USA	2010
Carlson Wagonlit	USA	2013
Citrix	USA	2016
Client Services	USA	2011
Concentrix	USA	2008
CSS	India	2012
CyraCom	USA	2018
Dell Costa Rica	USA	2002
Dialog Direct	USA	2012
Encore	USA	2011
Fujitsu	Japan	2006
IBM	USA	2009
Language Line	USA	2002
SmileDirect Club	USA	2016
Stratus Video Costa Rica	USA	2015
SYKES	USA	1999
Techdata	USA	2007
Teleperformance	France	2010
Transperfect	USA	2017
Ttec	USA	2006
United Collection Bureau	USA	2006
UPS Supply Chain	USA	2004
Valor IT	USA	2014

Back Office	Country-of-Origin	Year of establishment
Access Personel	USA	2005
Acuity Knowledge Partners	UK	2006
Admin Support Group	USA	2010
Auxis	USA	2010
BCD Travel	USA	2010
Cost Management Group	USA	2005
CRx Lifesciences	USA	2019
Genpact	USA	2020
GEP	USA	2015
HP Enterprise	USA	2004

HP Inc.	USA	2015
IBM (HR/IT)	USA	2004
IFIT Solutions	UK	2017
Infosys	India	2013
Kareo - Costa Rica	USA	2011
Lightstorm	USA	2008
LL Bean	USA	1998
Neustar	USA	2001
SBM Management (Pacific West)	USA	2000
Trax Technologies	USA	2004
Unigroup	USA	2016
VMware	USA	2012
Wipro	India	2017
WNS	India	2009

Shared Services	Country-of-Origin	Year of establishment
3M	USA	2015
Accenture	Ireland	2005
Aliaxis	Belgium	2010
Align Technologies	USA	2001
APL	USA	2005
Aspen Pharma	South Africa	2015
AstraZeneca	UK	2017
BAC Credomatic	Colombia	2018
Bacardi	Cuba	2014
Baxter Americas	USA	2005
Bimbo	Mexico	2015
Bombardier	Canada	2015
Bosch	Germany	2014
Boston Scientific	United States	2018
Bridgestone	Japan	2011
Brightstar	USA	2014
British American Tobacco	UK	2007
Cargill Business Services (CBS)	USA	2014
Citi Business Services	USA	2008
Construction Link	USA	2014
Curtiss Wright	USA	2010
DHL	Germany	2005
Dole SS	USA	2005
Emerson SS	USA	2009
Equifax	USA	1995

Ernst & Young	UK	2011
Evonik	Germany	2015
Experian	UK	2008
Fiserv	USA	2004
Freudenberg Medical	Germany	2019
GlaxoSmithKline	UK	1990
HB Fuller	USA	2016
Hellmann Logistic	USA	2007
Hologic	USA	2019
Intel SS	USA	2005
Inter-American Development Bank (IDB)	USA	2009
Kimberly-Clark	USA	2013
Lion Resources (Publicis)	France	2008
Lonza	Switzerland	2017
McKinsey & Co. Support Services	USA	2009
Medtronic	USA	2018
Merck	USA	2017
MicroPort Orthopedics	USA	2019
Mondelez	USA	2015
Moody's Investor Services	USA	2019
National Instruments	USA	2010
Oracle	USA	2007
Pfizer	USA	2013
Procter & Gamble GBS	USA	1999
Refinitiv	USA	2018
Roche	Switzerland	1985
Siemens	Germany	2016
Smith & Nephew	UK	2018
Stryker	USA	2018
Swarovski	Switzerland	2017
ThermoFisher Scientific	USA	2016
Thomson Reuters	USA	2011
UBER	USA	2016
VMware	USA	2012
Walmart GSS	USA	2011
Western Union	USA	1998
World Fuel Services	USA	2015
World Vision	USA	2013
Zoetis	USA	2013

Digital Technologies	Country-of-Origin	Year of establishment
4Thought Marketing	USA	2009
Akamai	USA	2012
AN Global	Mexico	2012
Astrix Technology Group	USA	2016
AT&T	USA	2018
Auxis	USA	2010
Avionyx	USA	2005
Blackbaud	USA	2018
Bodybuilding	USA	2011
Buildingi	USA	2010
Cognizant Technologies	USA	2013
Covance Clinical Development	USA	2017
Creative Drive	USA	2016
Crowley	USA	2013
DXC	USA	2017
Epic Software Development	USA	2016
Eurofins	Luxembourg	2018
Experian	UK	2008
Factora	Canada	2006
Feuji	USA	2016
Fiserv	USA	2004
GBT Technologies	Canada	2018
GFT Costa rica S.A.	UK	2013
Global Insurance Technology	USA	2007
HP Enterprise	USA	2004
IBM	USA	2012
Indecomm	USA	2015
Informatech	USA	2010
Intertec	USA	2003
IT Convergence	USA	2013
JD Soft	USA	2002
MicroFocus	UK	2017
Microsoft	USA	2016
NTT Data Inc.	Japan	2015
OTSI	USA	2014
Palo Alto Networks	USA	2019
QAT Global	USA	2018
Ridge Run	USA	2006
SecureLink, Inc.	USA	2014
Snap Software	USA	2014
Softtek	Mexico	2010

Syniverse	USA	2013
Tek Experts	Bulgaria	2016
TradeStation	Japan	2012
UST Global	USA	2014
Via Information Tools	USA	2004
VMware	USA	2012
Wind River	USA	2018

Digital Services	Country-of-Origin	Year of establishment
Accenture	USA	2005
Catalina	USA	2018
Cheetah Digital	USA	2017
FindaSense	Spain	2013
Konrad	Canada	2013
Lionbridge	Ireland	2014
Magma Studios	France	2011
Pop Digital	USA	2010
Prodigious	France	2013
Skim Group	The Netherlands	2013
The Hangar Interactive (Critical Mass)	USA	2008
Wunderman Thompson	USA	2006

Engineering & Design	Country-of-Origin	Year of establishment
AEC	USA	2010
Align Technology	USA	2001
Cornerstone	USA	2017
Emerson	USA	2008
Gensler	USA	2007
Holland Roofing	USA	2002
HP Enterprise (Networking)	USA	2009
Intel EDC	USA	2011
L&T Infotech	India	2013
National Instruments	USA	2010
NC Tech	Mexico	2013
Smile Direct	USA	2016
Trane	USA	2014

Regional Headquarters	Country-of-Origin	Year of establishment
Aspen Pharma	South Africa	2014
ATL Technology	USA	2013
Bayer	Germany	1978
Chiquita Brands	USA	2003
Overseas Logistics Operations	USA / Venezuela	2012
PolyOne	USA	2012

Advanced Manufacturing Sector:

Automotive	Country-of-Origin	Year of establishment
AGM	USA	1995
Bridgestone	Japan	1967
Daewoo Bus	South Korea	1995
Deshler Automotive Products	USA	2008
Firestone Industrial Products	Japan	2009
CooperStandard	USA	2004
Innovative Components	USA	2005
Proquinal	Colombia	2004

Metalwork	Country-of-Origin	Year of establishment
Daniels Manufacturing	USA	1992
Indian Global Manufacturing	India	2014
Oberg Industries	USA	2002
Okay Industries	USA	2012
Olympic Machining	Venezuela	1996
UTITEC Medical	USA	2005

Engineering, Design & Software	Country-of-Origin	Year of establishment
Altanova	USA	2008
Avionyx	USA	2005
Emerson	USA	2008
Johnson Controls	USA	1979
Intel EDC	USA	2011
Intel Megalab	USA	2014
Intel R&D	USA	2015
National Instruments	USA	2010
Twin Engines	USA	2006

Consumer Electronics	Country-of-Origin	Year of establishment
Matthews International	USA	2015
Noxtak	The Netherlands	2015
Panasonic	Japan	1966
Saco International	USA	1995
Vitec / CPP	UK	1986

Electric Assemblies	Country-of-Origin	Year of establishment
Eaton	USA	1963
General Cable Corp	USA	1971
Feilo Sylvania	China	1966

Electronic Components	Country-of-Origin	Year of establishment
Bourns / Trimpot	USA	1979
Controles de Corriente	USA	1997
Electrotechnik	USA	2009
Huber+Suhner	Switzerland	2008
RDF Sensors Group	USA	2006
Samtec	USA	2006
Smiths Group	USA	1997

Contract Manufacturers	Country-of-Origin	Year of establishment
Camtronics	USA	1992
ClamCleat	UK	2012
General Microcircuits	USA	2010
Micro Technologies	USA	1999
Tico Electronics	USA	1995
Zollner Electronics	Germany	2013

Telecommunications	Country-of-Origin	Year of establishment
GNFT	Spain	2011
L3Harris Technologies	USA	2001
Panduit	USA	1994
Promitel	Colombia	2012

Distribution	Country-of-Origin	Year of establishment
Q-Source	USA	2000
Future Electronics	Canada	2014

Clean Tech	Country-of-Origin	Year of establishment
Valu Shred	Canada	2012

Engineering & Repair	Country-of-Origin	Year of establishment
Ingram Micro	USA	2012
Teradyne	USA	2000

Semiconductors	Country-of-Origin	Year of establishment
Qorvo	USA	1996

Life Sciences Sector:

Endoscopy	Country-of-Origin	Year of establishment
Apollo Endosurgery	USA	2014
Boston Scientific	USA	2004
Horizons Intl.	USA	2005

Medication Delivery Systems	Country-of-Origin	Year of establishment
Baxter Healthcare	USA	1987
ICU Medical	USA	1999
Moog Medical	USA	2009

Dental	Country-of-Origin	Year of establishment
Align Technologies	USA	2001
Implant Concierge	USA	2018
SmileDirect Club	USA	2016
Smith Sterling (a Glidewell Labs Co.)	USA	1994
Viax Dental Lab.	Venezuela	2014

Contract Manufacturers	Country-of-Origin	Year of establishment
Advant Medical	USA	2018
TE Connectivity (TE Medical Co.)	USA	2013
Biomerics ATL	USA	2013
Itek	USA	2017
Confluent Medical	USA	2010
Precision Concepts	USA	1991
SMC Ltd	USA	2011
TEGRA Medical	USA	2010
Viant Medical	USA	2004

Women's Healthcare	Country-of-Origin	Year of establishment
Bayer	USA	2012
Bio TD	Costa Rica	2012
CooperMedical (Former CooperSurgical)	USA	2016
Hologic	USA	2004

Orthopedics/Sport Medicine/ENT	Country-of-Origin	Year of establishment
Smith & Nephew	UK	2002
Microport	China	2013
Wright Medical	USA	2010

Cardiovascular/ Vascular	Country-of-Origin	Year of establishment
Abbott Vascular	USA	2010
Boston Scientific	USA	2009
Cardinal Health	USA	2011
Medtronic	USA	2011
Abbott (St. Jude Medical)	USA	2010
Theragenics	USA	2014
Philips	The Neatherlands	2010
Edwards Lifesciences	USA	2015

Aesthetics	Country-of-Origin	Year of establishment
Allergan	USA	1999
Establishment Labs	USA	2009

Neuromodulation	Country-of-Origin	Year of establishment
Boston Scientific R&D	USA	2014

Suppliers	Country-of-Origin	Year of establishment
Applied Medical Precision	USA	2012
ATL Technology	USA	2013
Biomerics-NLE	USA	2020
CASS	USA / CRC	2014
Creganna Medical (a TE Connectivity Co.)	USA	2008
CRx Lifesciences (Enhanced Compliance)	USA	2018
G.Rau	Germany	2012
Freudenberg Medical	Germany	2011
International Precision Molds	Costa Rica	2006
Spectrum Plastics Group	USA	2001
Merrill's Packaging	USA	2010
Micro Technologies	USA	1999
National Building Maintenance	USA	2013
Nelipak	USA	2005
Heraeus Medical components	USA	2016
Oberg Industries	USA	2002
Okay Industries	USA	2012
Pharma-Bio Serv	Puerto Rico	2016
PolyOne	USA	2012
Precision Coating	USA	2015
Prent	USA	2012
Resonetics	USA	2015
Sachs	USA	2015
Specialty Coating Systems	USA	2006
Tekni-plex / Natvar	USA	2012
ThermoFisher Scientific	USA	2011
UTITEC Medical	USA	2005
Visional Technology	UAS	2019
VWR	USA	2014

Neuro-endovascular	Country-of-Origin	Year of establishment
MicroVention	Japan	2011

Others	Country-of-Origin	Year of establishment
Proquinal	Colombia	2004

Radiology	Country-of-Origin	Year of establishment
Bayer	USA	2012

Sterilization	Country-of-Origin	Year of establishment
Sterigenics	USA	2010
Steris	USA	2008

Ostomy	Country-of-Origin	Year of establishment
Coloplast	USA	2018

Surgical Devices	Country-of-Origin	Year of establishment
De Royal	USA	1996

Optics	Country-of-Origin	Year of establishment
Coopervision	USA	2012
Essilor	France	2015

Light Manufacturing and Food Industry:

Construction Materials	Country-of-Origin	Year of establishment
Cemex	Mexico	2011
Euroconcretas	Costa Rica	2004
TMG Manufacturing	USA	2014
Yellow Pallet	The Netherlands	2016

Food Industry	Country-of-Origin	Year of establishment
Sensient	USA	2009
Alimentos Conica	USA	2014
Cocojo	USA	2017
Fruta Sana	Israel	2015
Frutilight	Ecuador	2013
PaniFresh	Guatemala	2013
Coca Cola	USA	2018
Paradise Ingredients	Norway	2019
Mexifrutas	Mexico	2019
Numu Brewing Company	USA	2018
JH Biotech	China	2017

Textiles	Country-of-Origin	Year of establishment
Hilos A&E	USA	1994
IKOR	USA	1999
Rawlings	USA	1987
Relaxtech	Venezuela	2011
Proquinal	Colombia	2004
SAE A. Trading	South Korea	2012

Logistics & Distribution	Country-of-Origin	Year of establishment
Aceros Laminados	Venezuela	2016
Overseas Logistics Operations (EPA)	USA	2012
PSCR Exportadora S.A. (PriceSmart)	USA	2018

Agroindustry	Country-of-Origin	Year of establishment
Primoris	Italy	2019
Nicoverde	Belgium	2018
Blacksheep Regenerative Resource Management	USA	2020

Personal care	Country-of-Origin	Year of establishment
Kimberly Clark	USA	2013

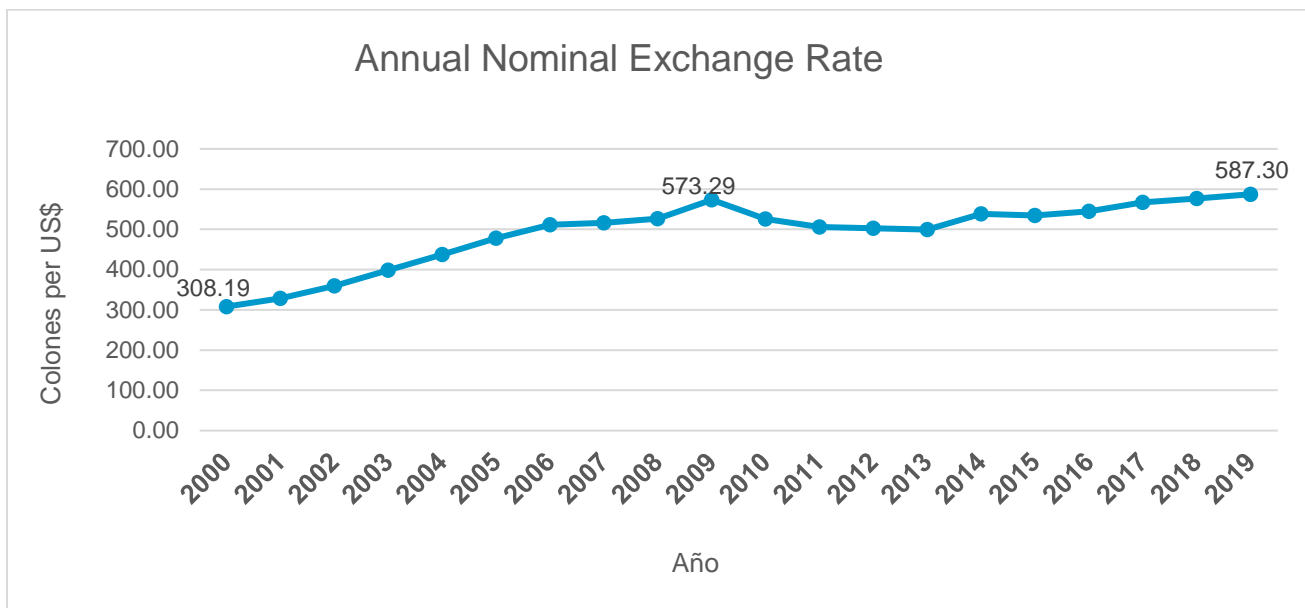
Packaging Products	Country-of-Origin	Year of establishment
Greif	USA	1994
Gualapack	Italy	2012

Real State	Country-of-Origin	Year of establishment
Concentrix FTZ	USA	2010
Grupo Guerrero	El Salvador	2013

Economic Performance

10) What is Costa Rica's currency and exchange rate?

The currency in Costa Rica is the Colon. In average for 2019, the exchange rate is US\$1=587.30 colones.



Source: CINDE based on data from the Costa Rican Central Bank, 2020.

11) What is Costa Rica's exchange rate regime?

As of February 2nd, 2015, Costa Rica's Central Bank announced the migration to a managed floating exchange-rate regime.

Under this new regime, the BCCR allows the exchange rate to be determined by the competition of forces of supply and demand of foreign exchange, but the national authority reserves the possibility of intervening to prevent violent fluctuations in the exchange rate.

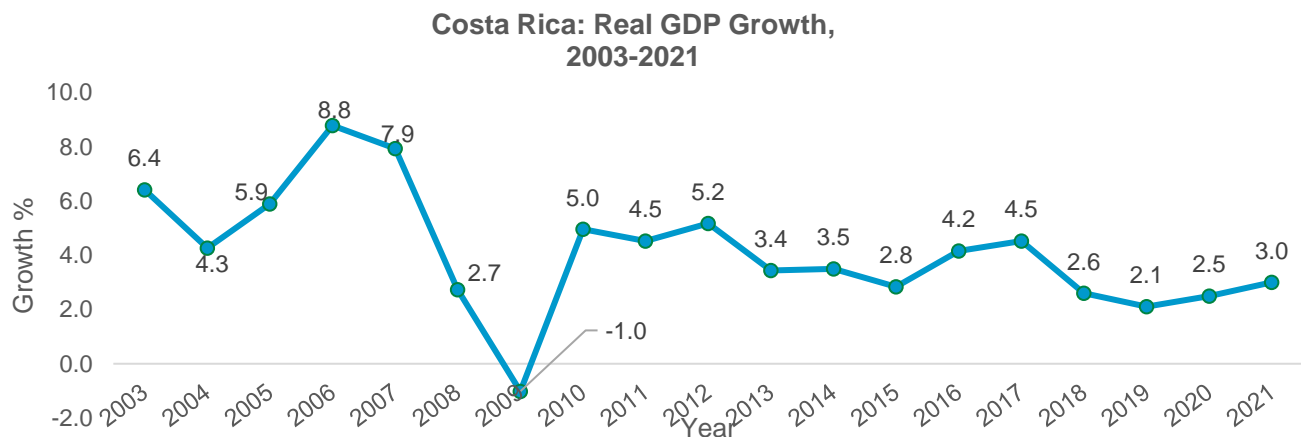
12) What is Costa Rica's GDP?

The Gross Domestic Product (GDP) is the market value of all final goods and services produced within the borders of a nation in a year. According to Costa Rica's Central Bank, GDP reached US\$61.77 billion in 2019.

The International Monetary Fund (IMF) estimates the GDP will reach US\$65.18 billion in 2020 and US\$68.63 billion in 2021.

13) Which has been the GDP's growth rate?

Costa Rica's real GDP experienced a decrease of 1.02% in 2009, due to the global economic crisis. According to the Costa Rican Central Bank, the economy recovered by 2010 and the country's growth rate has been continuously positive since then. Additionally, the Central Bank estimates that the GDP's real growth will be 2.5% in 2020 and 3.0% in 2021.



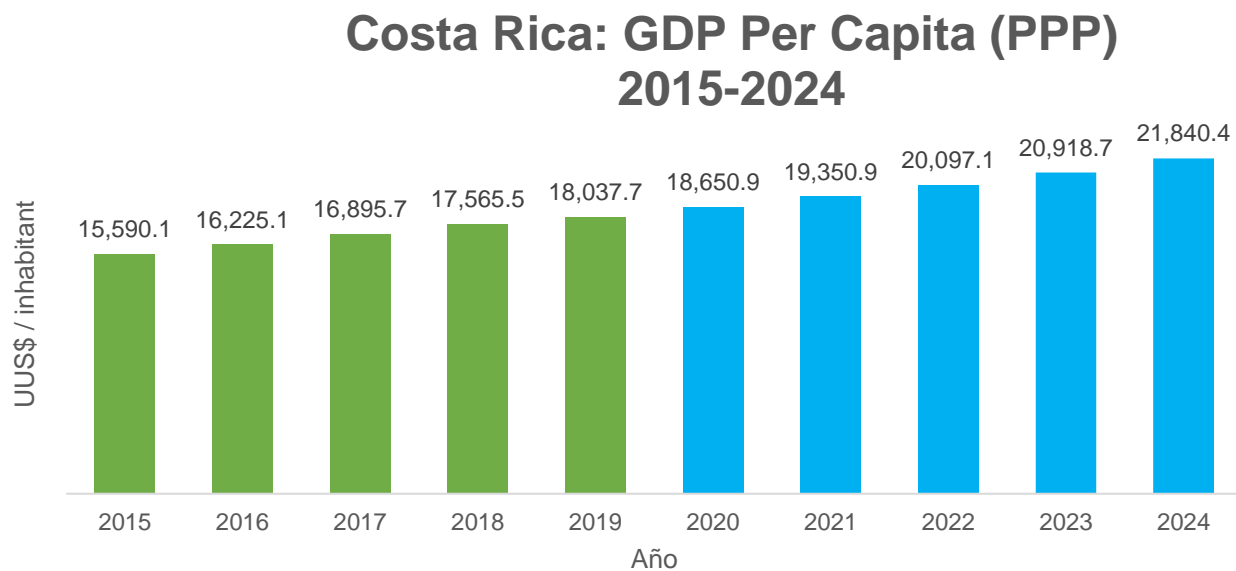
Note: Base year: 1991. Data estimated by the Central Bank for 2020.

Source: CINDE based on data from BCCR, 2020 and Macroeconomic Program 2020-2021.

14) What is Costa Rica's GDP per capita (PPP)?

In 2019, the GDP per capita (PPP) reached US\$18,037.75. This value has been increasing for the past years, as shown in the chart below.

According to IMF, GDP per capita will reach US\$21,840.36 in 2024.



Source: CINDE based on data from the International Monetary Fund, 2020.

15) What is the expected inflation rate for 2021?

In 2019 the inflation rate was kept in the goal range of 2.0% to 4.0% and it achieved 1.5% in December. The Costa Rican Central Bank expected inflation rate for the period 2020-2021 is located around 2.5% (± 1 p.p.).

16) How does the banking system work?

The Costa Rican Banking system is composed by the Costa Rican Central Bank, four public banks, 11 private banks and 34 financial institutions (mutual finance institutions, savings and loans cooperatives, and financial groups).

The state-owned banks are public, autonomous corporations, administratively independent but subject to governmental regulations, and are managed by a Board of Directors appointed by the Government for a term of eight years. These banks can open branches within the national territory and abroad. These are: Banco Nacional de Costa Rica, Banco de Costa Rica, Banco Popular y de Desarrollo Comunal, and Banco Hipotecario de la Vivienda (which is in charge of financing the purchase or construction of housing for low-income people).

There are 11 private banks: BAC San Jose, BCT, Cathay Costa Rica, CMB (Costa Rica), Davivienda (Costa Rica), General (Costa Rica), Improsa, Lafise, Promerica, Prival Bank and Scotiabank. They are governed by a Board of Directors whose members are appointed through their General Shareholders Meeting.

All banks are supervised by the Superintendent General's Office of Financial Entities (SUGEF).

17) What is the bank interest rate??

In 2019 the bank interest rate for industries and services, services and tourism where the following:

Economic Activites	Public Banks		Private Banks	
	Colones	US \$	Colones	US \$
Industries	7.88%	6.19%	10.09%	6.36%
Services and tourism	9.24%	6.95%	12.88%	8.29%

Note: Lending rate negotiated in public and private banks. Annual average for 2019

Source: BCCR, 2020

[Back to Main Menu](#)

Foreign Direct Investment (FDI)

18) How have FDI inflows in Costa Rica evolved?

According to the Costa Rica's Central Bank, in 2019 the FDI inflows reached US\$2.5 billion, FDI inflows have grown at a Compound Annual Growth Rate (CAGR) of 8.5% every year since 2003.

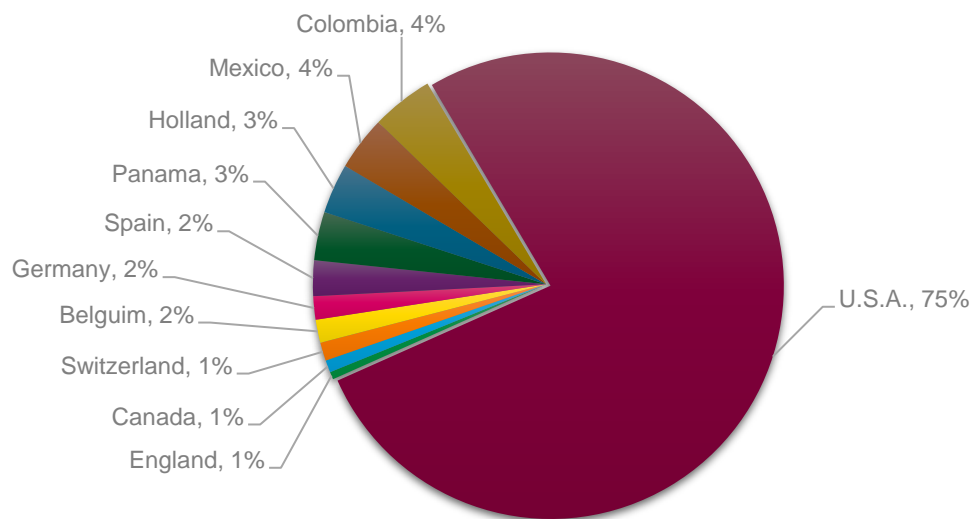
According to the National Development Plan, over the period 2019-2022, Costa Rica intends to attract US\$10,5 billion on FDI. Part of investment inflows are connected to the high technology sectors, whereas other are related to projects intended to increase the country's competitiveness level, e.g. telecommunications, public works concessions, electricity generation contracts, among others. High tech sectors have been playing a substantial role in the strategy of FDI attraction, mainly projects in R&D, medical devices, advanced manufacturing, and corporate and specialized services (IT and IT enabled services). Promoting investment in areas outside the Great Metropolitan Area, and diversification of origins, will be crucial during next years to keep with this path.

A new reform was introduced to the Law of Free Zones Regimen N°9531 the 18 of April 2018, published in the official diary "La Gaceta" N°78 the 04 of May 2018, where the concept of Expanded Great Metropolitan Area was substituted by just Great Metropolitan Area. The reason of this reform was to leave the region of Occident out of the Great Metropolitan Area.

19) Where does FDI come from?

About 75% of the FDI that Costa Rica received in 2019 came from USA, followed by Mexico (4%), Colombia (4%), Holland (3%), Panama (3%), Spain (2%) and Germany (2%).

Costa Rica: FDI inflows by country-of-origin
2019

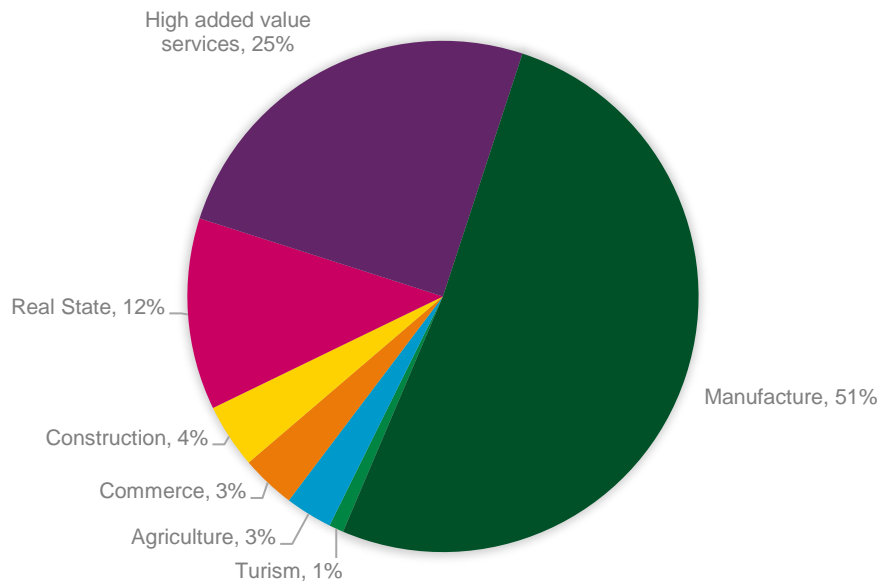


Source: CINDE based on data from the Costa Rican Central Bank, 2020.

20) Which are the leading sectors?

Costa Rica is one of the Latin American countries that receives more FDI in the manufacturing and the services sectors. The main driver for FDI that enters Costa Rica is efficiency-seeking and taking advantage of using Costa Rica's strategic location and network of FTA's that make Costa Rica an excellent platform for reaching international markets. This contrasts with the traditional drivers towards Latin American or emerging markets, where companies invest mostly in seeking to supply the local market or gain access for exploitation of natural resources.

COSTA RICA: FDI BREAKDOWN BY SECTOR 2018



Source: CINDE based on data from the Costa Rican Central Bank, 2019.

[Back to Main Menu](#)

Foreign Trade

21) What were Costa Rica's total exports and imports?

According to preliminary data from the Costa Rican Central Bank and PROCOMER, in 2019, Costa Rica's exports reached US\$21.00 billion (US\$11.50 for goods and US\$9.50 for services) and imports were US\$20.28 (US\$16.11 for goods and US\$4.17 for services).

	Exports (US\$ billion)	Imports (US\$ billion)
Goods	11.50	16.11
Services	9.50	4.17
Total	21.00	20.28

Source: CINDE based on data from PROCOMER and the Costa Rican Central Bank, 2020.

22) Which are Costa Rica's largest foreign trade partners?

The U.S. is Costa Rica's most important market, accounting for 41.0% of total exports of goods in 2019. Other major partners are Belgium (6.0% of total goods exports), Netherlands (6.3%), United Kingdom (1.9%), Japan (2.1%), Spain (1.5%) and Italy (1.4%).

Country/Region	Value in US\$ millions	%
USA	4,725.3	41.0%
European Union	2,374.0	20.6%
Netherlands	721.3	6.3%
Belgium	696.9	6.0%
United Kingdom	217.4	1.9%
Spain	173.3	1.5%
Germany	159.2	1.4%

Country/Region	Value in US\$ millions	%
Italy	159.3	1.4%
Central America ^{a/}	2,450.0	21.3%
Caribbean	479.1	4.2%
Asia	638.2	5.5%
Japan	244.1	2.1%
China	121.9	1.1%
South Korea	33.5	0.3%
South America	211.8	1.8%
Others	38.2	0.3%
Total export of goods (US\$ bn)	11,529.3	100.0%

Notes: ^{a/}: Includes: Panama, Nicaragua, Guatemala, Honduras, El Salvador, Belice.

Source: CINDE based on data from PROCOMER, 2020.

23) With which countries has Costa Rica signed Free Trade Agreements?

Costa Rica is an active participant in the multilateral trading system and an important supporter of the Central American regional integration process. The country's openness is reflected in its participation in several Free Trade Agreements (FTA). Costa Rica has in place 14 FTAs comprising trade with 58 commercial partners including the European Union (27), EFTA (4), United States, Canada, Mexico, Chile, China, Peru, Singapore, and others. Costa Rica is currently in process of negotiating two more agreements: Pacific alliance and United Kingdom.

The country has preferential access to 2.8 billion people and 75% of world GDP. Costa Rica is a World Trade Organization member and is part of GATTA. Additionally it has 16 bilateral investment agreements.

Agreements in-force:

- EFTA (Iceland, Liechtenstein, Norway, and Switzerland)
- CAFTA-DR (USA, El Salvador, Guatemala, Honduras, Nicaragua and Dominican Republic)
- CACM (El Salvador, Guatemala, Honduras, Nicaragua)
- Canada

- CARICOM (Trinidad & Tobago, Guiana, Barbados, Jamaica, Belize, Surinam, St. Lucía, Antigua y Barbuda, Grenade, Dominican Republic, Saint Vincent and The Grenadines, Saint Kitts and Nevis)
- Chile
- China
- Colombia
- Korea
- Mexico
- Dominican Republic
- Panama
- Peru
- Singapore
- European Union-Central America Association Agreement

Costa Rica is currently negotiating the following agreements:

- Pacific Alliance
- United Kingdom (AACRU)

Bilateral Agreements:

- Argentina
- Canada
- Czech Republic
- Chile
- China
- France
- Germany
- Korea
- Netherlands
- Paraguay
- Qatar
- Spain
- Switzerland
- Taiwan
- United Arab Emirates
- Venezuela

Multilateral Agreement:

- WTO

24) What are Costa Rica's leading export products?

Medical Devices was the #1 industrial export good of Costa Rica, accounting for almost 5% of the total GDP in 2019; followed by pineapple, banana, syrups and concentrates for preparing gassed beverages, gold coffee, tires, and fruit juices and concentrates.

Rank	Heading	Product	Value Exported in US\$ millions, 2019	% of total
1	9018	Medical, surgical instruments and appliances	2,773.9	24%
2	803	Bananas, including plantains; fresh or dried	981.8	9%
3	804	Dates, figs, pineapples, avocados, guavas, mangoes, and mangos teens, fresh or dried	953.2	8%
4	9021	Orthopedic appliances; including crutches, surgical belts, and trusses; splints and other fracture appliances; artificial parts of the body; hearing aids and other which are worn, carried or implanted in the body	685.4	6%
5	2106	Food preparations	472.7	4%
6	901	Coffee, whether or not roasted	280.4	2%
7	4011	New pneumatic tires, of rubber	196.4	2%
8	8544	Insulated wire, cable and other electric conductors, connector fitted or not	167.6	1%
9	3004	Medicaments	164.5	1%
10	2009	Fruit juices and vegetable juices, unfermented	156.0	1%
		Subtotal	6,832.3	59%
		Other	161.1	1%
		Total Exports of Good	11,529.3	100%

Source: CINDE based data from PROCOMER, 2020.

Infrastructure

25) How many homes in Costa Rica have a personal computer?

According to the National Statistic Institute's annual household survey there is at least one personal computer in 41.9% of Costa Rican households.

26) What is the penetration of mobile telecommunications networks?

According to the Superintendence of Telecommunications (SUTEL), there was a 114% increase in subscribers during the period 2011-2018. In 2018 the total number of subscribers reached 8,495,585, which represents a decrease of 4% to 2017, and a penetration of 170 lines per 100 inhabitants.

27) How many Internet users are there?

According to SUTEL, total subscriptions to internet networks increased by 178% from 2011 to 2018; subscriptions rose from 2,008,763 to 5,575,821 during this period. The level of penetration among the population was 50% for fixed network and 97% to mobile network in 2017, and it rose to 54% and 95% respectively, in 2018.

28) How many fixed broadband internet subscriptions are there?

According to SUTEL, the number of subscriptions to internet service in fixed networks increased by 99% between 2011 and 2018, from 419,782 to 834,784. In addition, based on INEC data, around 50% of households in Costa Rica have broadband fixed internet access; 42% have a cable connection and over 7% to optical fiber connection.

29) What types of Internet access are there?

Internet access is enabled through dial-up access, ISDN access (known in Costa Rica as RDSI), Internet access via cable modem, ADSL access, fiber optic networks (FTTH) and Wi-Max. The

Internet can also be accessed by cellular phones and notebooks via GPRS, 3G, 4G and 4.5G networks.

Companies may request symmetric connections in a speed range from 256 Kbps to 155 Mbps, and non-symmetric connections for up to 4,096 Kbps.

30) Are there any important infrastructure projects currently under development?

Yes. There are several infrastructure projects under development. Some of them are:

Project	Estimated Cost in US\$ Million	Status
First Road Infrastructure Program (financed by the IDB)		
Interamerican Highway extension and restauration (– Limonal - Cañas)	90	Under construction.
Interamerican Highway extension and restauration. (Barranca – Limonal)	200	In the bidding process.
Pre-design of the Bernardo Soto - Sifon de San Ramon	75	Finished pre-design .
Design and construction of the Abundancia-Florencia Highway and the Ciudad Quesada Radial	21	Finished.
Intersection Pozuelo-Intersection Jardines del Recuerdo Extension and Restauration	8.5	Finished.
Route Paquera - Playa Naranjo	27.5	Under construction.
Extension of La Angostura	8.9	Under design.
Overpass in La Lima and Taras	66	In bidding process. It is expected to be completed in 2022.
Road Infrastructure Strategic Works Program (financed by the CABI)		
Design and construction of the Circunvalacion Road Corridor (North)	163	Under construction.
Overpasses in Garantias Sociales Roundabout.	17	Finished.
Virilla River Bridges in Route 32 (Tibas - Santo Domingo)	22	Under construction.
Underpass in La Galera	5	In the bidding process.
Extension of Radial Santa Ana	14	Waiting for the process of construction to start.
Overpass in La Hispanidad Roundabout	100	In the bidding process.

Project	Estimated Cost in US\$ Million	Status
Hatillo intersection	19	Under design.
Overpass in La Bandera Roundabout	19	In the bidding process.
Overpass in Guadalupe	19	Under construction.
Electric Train in Limon	430	Undertaking feasibility stage
National Concessions Council		
Electric Train in San Jose	1.300	Feasibility study.
San Jose - Cartago road corridor.	410	Update of demand study and contracting of road management.
Extension of San Jose – Caldera road corridor.	450	Design finished.
Container Terminal Moin.	956.5	Phase 2A finished.
Sewage treatment plant in Heredia.	134	Structuring.
Others		
San Carlos Highway.	232	In the bidding process.
Monteverde Highway.	not available	In the bidding process.
Sixaola Binational Bridge.	25	In the bidding process.
South Interamerican expansion (Rout 2)	2	Under construction
San José – San Ramón Highway	24.7	Waiting for the first stage of construction
Public transportation sectorization	Not available	In process of execution.
JAPDEVA investments in Limon Port	12.0	In feasibility process.
Improvement and expansion of Rout 32	465	Under construction
Intervention in the Cantonal Roas Network	144	Under construction
Caldera Port expansion	180	In consulting stage
Route San Jose- Rio Frio	500	En etapa de diseño.

Source: Costa Rica Government, Public Works, and Transportation Ministry, 2020.

31) Does the Costa Rican Government guarantee funding for these projects?

Even though infrastructural projects are usually financed directly by the State, thanks to the Law of Public Works Concession, certain new projects are being financed by the private sector. The concession is a contract in which the Government awards to a third party the design, planning, financing, construction, maintenance, extension, or repair of any public work: a highway, a road, an airport, etc.

The contract sets a period during which the concessionary company manages the project and obtains benefits by charging its users. loans from entities such as the IDB or CABEL are also often used to obtain the necessary financing.

32)How many airports are there? What are the flight destinations and frequency?

There are two major international airports:

- a) Juan Santamaria International Airport, located in Alajuela (10 miles from San Jose downtown): +800 weekly outbound and inbound flights in February, 2020

Daniel Oduber International Airport, located in Liberia (90 miles from San Jose downtown): +160 weekly outbound and inbound flights in February, 2020

- b) Through these airports, Costa Rica has direct connections to North America.

City	Flights per day
Miami, FL	Daily (5 times per day)
Dallas, TX	Daily
Phoenix, AZ	Daily
Los Angeles, CA	Daily (1+ times per day)
Atlanta, GA	Daily (2 times per day)
New York, NY	Daily (1+ times per day)
Orlando, FL	Daily (2 times per day)

Fort Lauderdale, FL	Daily (4 times per day)
Baltimore, MD	2 times per week
Houston, TX	Daily (4 times per day)
Newark, NJ	Daily (2 time per day)
Washington, DC	Weekly
Chicago, IL	Daily
Toronto, Canada	Daily (1+ times per day)
Charlotte, NC	6 times per week
Montreal, QC	6 times per week
Minneapolis, MN	Daily (1+ times per day)
Calgary, Canada	4 times per week
Boston, MA	2 times per week
Denver, CO	Daily

Source: CINDE based on data from National Institute of Tourism, March 2020.

And to Europe and Latin America:

City	Flight Frequency
Madrid, Spain	Daily
Frankfurt, Germany	4 times per week
Amsterdam, Netherlands	4 times per week
London, UK	3 times per week
Paris, France	4 times per week
Zurich, Switzerland	3 times per week
Panama, Panama	Daily (10+ times per day)
Tegucigalpa, Honduras	Daily
Managua, Nicaragua	Daily
Guatemala, Guatemala	Daily (3+ times per day)
Lima, Peru	Daily (1+ times per day)
Bogota, Colombia	Daily (3 times per day)
Mexico DF, Mexico	Daily (3 times per day)
Cancun, Mexico	6 times per week
Caracas, Venezuela	2 times per week
San Salvador, Salvador	Daily (6 times per day)

Source: CINDE based on data from National Institute of Tourism, March 2020.

33) How many seaports are there?

There are three seaports in Costa Rica. One of them is the Port of Caldera, located in the Pacific shore, ranks 41st in Latin America by volume (305,031 TEU'S). The other two are the Port of Moin and the Port of Limon located in the country's Caribbean shore, which ranks 15th in Latin America in terms of volume (1,187,760 TEU'S). Additionally in Limon the Moin Container Terminal (TCM), officially inaugurated on February, 2019 (operating since October, 2018) will be able to handle 2.5 million TEU'S on its final phase.

The distance from the Great Metropolitan Area to the Port of Limon is 159 km (97.5 miles) and the distance to the Port of Caldera is 79.4 km (49.3 miles).



Note: TEUS stands for twenty-foot equivalent unit.

Source: CINDE based on data from APM, CEPAL, COCATRAM and ports consultation, 2020

[Back to Main Menu](#)

Company Incorporation

34) What are the main steps required to install a company?

1. Procedures to legally build a warehouse:
 - Submitting all necessary notifications and receiving all necessary inspections.
 - Submitting all relevant documents and obtaining all necessary clearances, licenses, permits and certificates.
 - Obtaining utility connections for water and sewerage.
 - Registering the warehouse after its completions.
2. Time required to complete each procedure:
 - It does not include the time needed to gather all necessary information.
 - Each procedure starts on a separate day, although procedures that can be fully completed online are an exception to this rule.
 - The procedure is considered complete when the last document is received.
 - No prior contact with officials is required.
3. Cost required to complete each procedure:
 - Official costs only.
4. Building quality control index (0-15):
 - Quality of building regulations (0-2).
 - Quality control before construction (0-1).
 - Quality control during construction (0-3).
 - Quality control after construction (0-3).
 - Liability and insurance regimes (0-2).
 - Professional certifications (0-4).

35) How long does it take to incorporate a company?

The Costa Rican government has been working to decrease the time it takes to incorporate a company in the country. Through the platform “Crea Empresa” of the Digital Government entity, it takes approximately one week to incorporate a company in Costa Rica; for the Free Trade Zone Regime incorporation, it takes an additional 4-6 weeks. To start a corporation it takes on average 23 days to complete the required paperwork and procedures to start operations.

36) What types of companies are there in Costa Rica?

The Costa Rican Code of Commerce rules the organization of the different companies and their commercial activities. The main differences among commercial organizations are found according to their registration procedures and the financial liability of the parties involved.

- Limited Liability Company (“Sociedad de Responsabilidad Limitada” or “S.R.L.” in Spanish): The liability of the partners is limited to the proportion of their capital contributions. A minimum of two partners are required (physical individuals or business entities) to initiate its incorporation. Its legal standing is not altered if a single partner, subsequently, becomes the sole owner of the capital contribution.
- Corporation (“Sociedad Anonima” or “S.A.” in Spanish): It is equivalent to a Corporation as usually defined in the United States. It is the most widely used corporate structure when organizing businesses in Costa Rica. A “Sociedad Anonima” may be formed by other business entities or individuals, or a mix thereof, and may be eventually owned by one single individual or another business entity. In such event, the corporation’s legal status is not altered in any way.
- General Partnership Enterprise (“Sociedad en nombre colectivo” in Spanish): Is one that exist only for social reasons and in which all the partners respond in a subsidiary but unlimited and in solidarity way of the social obligations.

- Limited Partnership (“Sociedad en comanditaria simple” or “S.C.S.” in Spanish): Is one that exist only for social reasons and in which all the partners respond in a subsidiary but unlimited and in solidarity way of the social obligations and of one o multiple limited partners that are only obligated to pay for their contributions.

[Back to Main Menu](#)

Land Property

37) Can foreigner own property in Costa Rica? Under what circumstances?

The Political Constitution protects private property, and foreigners enjoy the same rights as Costa Ricans regarding real state acquisition and ownership. To become a property owner, citizenship, resident status, or permanence information is not required. Foreigners have no limits to property handling, and they can conduct business activities **freely**.

Free capital movement, no foreign exchange controls.

The General Directorate of Immigration has a fast-track system that facilitates procedures for companies to hire expats (it applies for the worker and their direct family).

There are no restrictions on the number of expats allowed to be hired by a company.

38) What is the purchase procedure?

The typical negotiation to purchasing real estate starts by executing a purchase option and payment of a guarantee deposit that may be managed by a third party during an agreed amount of time.

During this period, the buyer should verify the legal status and standing of the property. This due diligence is carried out by an attorney.

The property is transferred by means of the execution of a sale and purchase agreement that must be notarized by a Public Notary and register in the Real Estate Property Registry.

[Back to Main Menu](#)

Intellectual Property

39) How does Costa Rica protect Intellectual Property?

IPR protection is guaranteed by the Political Constitution and is considered a priority for the Costa Rican Government. Its enforcement is assured by civil, administrative, and criminal proceedings. Modern protection mechanisms meet the international standards.

The existing legislation embraces the protection of:

- Copyrights
- Trademarks
- Encrypted Program-Carrying Satellite Signals
- Industrial Designs
- Patents
- Geographical Indications

Costa Rica ranks #2 in 2019 Latin America in the International Property Rights Index (IPRI).

The IPRI measures 3 core components:

- Legal and Political Environment
- Physical Property Rights
- Intellectual Property Rights

40) Does Costa Rica have regulations for data treatment?

Yes. In Costa Rica, the procedure of data treatment must follow the regulations established by the Law 8968, since the official publication in the National Gazette on September 05, 2011.

Costa Rica's Law of Personal Data Protection meets the requirements of the European Union, and in some cases considers additional regulations that must be followed in any procedure of data treatment. The European Union has widely covered the data protection treatment and its regulations are considered international references. Both regulations include:

- explicit consent for the utilization of data
- data must be used solely for the purpose for which it was compiled
- data must be exact and up to date
- no obligation to provide sensitive data (such as: ethnic, political views, religion)

Costa Rica and the European Union agree on IPR protection through the EU-Central America Association Agreement of December 2012.

[Back to Main Menu](#)

Taxes

41) Is Costa Rica listed by the OECD as a jurisdiction that has substantially implemented the internationally agreed tax standard?

Yes. In order to fulfill the OECD's internationally agreed tax standard, Costa Rica has already approved agreements with the following countries:

Tax Information Exchange Agreements (TIEAs)	
Country	Status
Argentina	Law N° 9007. Approved and in force.
Australia	Law N° 9075. Approved and in force.
Canada	Law N° 9045. Approved and in force.
Denmark	Law N° 9202. Approved and in force.
Ecuador	Law N° 9370. Approved and in force.
Faroe Islands	Law N° 9198. Approved and in the process of exchanging notes.
Finland	Law N° 9197. Approved and in force.
France	Law N° 9012. Approved and in force.
Greenland	Law N° 9200. Approved and in force.
Guernsey	Law N° 9551. Approved and in force.
Netherlands	Law N° 9040. Approved and in force.
Iceland	Law N° 9196. Approved and in the process of exchanging notes.
Italy	Law N° 9664. Approved and in force.
Mexico	Law N° 9033. Approved and in force.
Norway	Law N° 9201. Approved and in force.
South Africa	Law N° 9413. Approved and in force.
South Korea	Law N° 9611. Approved and in force.
Sweden	Law N° 9203. Approved and in force.
USA	Exp. 20,889. Bill in ratification process.
CAAM	Law N° 9118. Approved and in force.

Note: CAAM: Convention on Mutual Administrative Assistance in Tax Matters, signed by States members of European Council and OECD countries

Source: Ministry of Treasury March 2020.

Central American Convention on Cooperation and Customs Tax	
Country	Status
El Salvador	Law N° 8880. Approved and in force.
Guatemala	Law N° 8880. Approved and in force.
Honduras	Law N° 8880. Approved and in force.
Nicaragua	Law N° 8880. Approved and in force.

Source: Ministry of Treasury. March 2020.

Agreement for the Avoidance of Double Taxation (DTA)	
Country	Status
Germany	Law N° 9345. Approved and in force.
Mexico	Law N° 9644. Approved and in force.
Spain	Law N° 8888. Approved and in force.
United Arab Emirates	Exp. 20,779. Bill in process of ratification.

Source: Ministry of Treasury. March 2020.

In addition, Costa Rica is a member of the Global Forum on Transparency and Exchange of Information for Tax Purposes. In this sense, the Government has approved a Fiscal Transparency Law and the Law to Improve the Fight against Fiscal Fraud.

42) What are the main ideas covered by the Fiscal Transparency Law and the Strengthening Tax Management Law?

In Costa Rica, the procedure of paying taxes must follow important regulations. To reinforce this, the Fiscal Transparency Law N° 9068 and the Strengthening Tax Management Law N° 9069 are in force since the official publication in the National Gazette on September 28, 2012.

The first one applies important reforms to Law N° 4755, The Tax Rules and Procedures Code, and Law N° 3284 (Trade Code) in order to enhance fiscal transparency and fulfill international standards.

Some other important regulations are:

- It is mandatory to provide to the tax authorities relevant information for tax purposes.
- The country will be able to exchange banking information that was previously difficult to share with other jurisdictions through information exchange agreements. So that Costa Rica becomes part of the global network to avoid international tax evasion and avoidance.
- The lifting of bank secrecy is changed for audit purposes on the taxpayers.
- The legal entities that close their businesses must keep accounting records and correspondence for five years, starting from the date the company goes into liquidation.

Similarly, the Strengthening Tax Management Law allows the creation of a set of rules that facilitate better and faster collection of taxes on individuals and empowers government in evasion fighting.

On the other hand, in 2016, the Law to Improve the Fight against Tax Fraud N° 9416 was approved and in force, which allows Costa Rica and the Ministry of Treasury to attack evasion in sensitive areas by using new tools. The main changes introduced are:

- Creation of a centralized registry of final beneficiaries
- Endows the Tax Administration with more expeditious mechanisms of tax collection and allows the assurance of goods and assets that support the eventual payment of taxes, interests and possible sanctions, if applicable
- Promotes electronic payment methods
- Includes sanctions to tax advisors for actions taken to help taxpayers in tax avoidance or evasion.

Source: Presidency of Costa Rica, 2018

43)How does income tax work?

Income tax in Costa Rica is a territorial tax, it is applied to individuals as well as legal entities (i.e. corporations), for income originated from a Costa Rican source only. Costa Rican Laws do not tax income derived from foreign sources.

According to the local legislation, the following are subject to income taxation:

- All legally constituted entities, regardless of whether they carry out a lucrative activity or not, de facto companies, professional companies, state enterprises, collective entities without legal personality, and participation accounts that exist in the country
- Permanent establishments: any fixed place or place of business in which the essential activity of the business of a person not domiciled in Costa Rica is carried out, in whole or in part.
- Trusts
- Inheritances (while it remains indivisible)
- Individuals residing in Costa Rica regardless of nationality
- Individuals hired in a professional occupation
- Physical and legal entities not specifically mentioned and engaged in profit-making activities in Costa Rica

44)What is the taxable income?

Taxable income is based upon net income. This is calculated as the gross income after deductions.

Costa Rican Laws define gross income as the total income and profits earned in the country during the taxable year (begins on January 1st and ends on December 31st). These include earnings from real property, investment of capital and other business activities. It also contemplates any increase in net worth during the taxable year, which cannot be justified by declared or registered income.

Excluded from the gross income are the following:

- Donations in cash or kind
- Revaluation of fixed assets (except depreciable fixed assets, though depreciation allowances may be considered if approved by the tax administration)
- Profits, dividends, and any other form of distribution of benefits credited to the taxpayer.
- Income derived from contracts or agreements made on goods or capital located abroad, even for contracts negotiated in Costa Rica
- Capital gains taxed, income from capital and capital gains and losses, except those derived from property or deeds affected by the activity of the taxpayer or when they constitute a regular activity; in which case, they must be taxed in accordance with the Income Tax. Capital gains obtained by merchant companies who develop a lucrative activity by virtue of the

alienation of shares and other equity securities of any kind (subject to its own profitable activity), in the part corresponding to undistributed utilities, will be exempt

*For the purposes of the law, a regular activity is understood as the activity to which a person or company is engaged in a commercial manner, publicly and continuously or frequently

- Inheritances, legacies, community property
- Prizes from national lotteries
- Approved charitable donations
- The distribution of dividends when the partner is another capital company domiciled in Costa Rica, as the latter develops an economic activity and is subject to the tax

45) Which deductions may be made from gross income in Costa Rica?

The following items are deductible from income:

- **Costs:** Any expenditure necessary to produce income may be deducted (i.e. raw materials, parts, components, or services needed to produce the goods or services)
- **Salaries:** Wages, bonuses, gifts, or paid benefits are deductible, if the income tax of the recipient has been withheld and is paid to the Treasury
- **Taxes:** Any taxes levied against the goods, services or transactions carried out in the ordinary course of business
- **Insurance Premiums:** Insurance Premiums for policies which cover fire, theft, earthquake, or similar risks
- **Interest:** No deduction allowed for interests payable to shareholders of limited liability companies. Interest will not be deductible when the corresponding tax has not been withheld
- **Exchange differences:** All those arising from foreign currency debts, invested in taxable income generating activities
- **Bad Debts:** If related to the transactions in the ordinary course of business of the taxpayer and all legal efforts have been exhausted to collect the debt
- **Depreciation:** Applies to the exhaustion, wear and tear, or obsolescence of property used in trade or business. Depreciation rates cannot be higher than those prescribed by law unless it is authorized by the tax administration. Companies can choose either the straight-line or the

sum-of-digits methods of depreciation, though, once chosen, the method must be used consistently. Accelerated depreciation is allowed in certain cases

- **Business Losses:** Deductions are allowed for business losses. Losses incurred in one taxable year may be carried over for 3 years (5 years for agricultural enterprises)
- **Social Security Contributions:** Contributions established by law and paid to the employees are deductible
- **Board of Directors' Remuneration:** Deductions are allowed for remuneration, wages, commissions, and honoraria paid to members of the board of directors located abroad
- **Payments to entities not domiciled in Costa Rica:** Payments for technical or financial support, and for the use of patents, trademarks, franchise fees, or royalties, are deductible. If payments are made to an agent or subsidiary of a firm which is permanently established in Costa Rica, then the deduction cannot exceed 10% of the annual gross sales of that company
- **Travel Expenses:** These may not exceed 1% of the gross income declared
- **Start-up Expenses:** Deductions are allowed for expenses necessary to initiate production of taxable income
- **Advertising:** Advertising and sale promotion expenses inside Costa Rica or abroad are deductible
- **Casualty losses:** Casualty and theft losses which are not covered by insurance
- **Gifts made to the State:** The deduction may not exceed ten percent (10%) of the calculated net income of the donor contributor without considering the donation. For the purposes of this deduction, donations in kind will be taken at market value
- In the case of financial entities, the sums to constitute estimates, reserves or provisions authorized by the supervisory bodies. The superintendence and the National Council of Supervision of the System Financial (Conassif) should consult with the Ministry of Finance the issued regulation that has tax incidence.

46)What is the personal income tax rate, and how does it work?

The personal income tax applies to people in the following two categories:

- People whose income consists of a fixed salary or other remuneration
- People with profit-generating activities

All people working in Costa Rica must pay an income tax rate ranging from 10% to 25%, based on monthly salary, unless they are exempt.

For fiscal year 2019, applicable income tax rates are the following:

Salary	Tax
Salary up to ₡840,000 (US\$1,430)	Exempt
In excess of ₡840,000 (US\$1,430) and up to ₡1,123,000 (US\$1,912)	10%
In excess of ₡1,123,000 (US\$1,912) and up to ₡2,163,000 (US\$3,682)	15%
In excess of ₡2,163,000 (US\$3,682) and up to ₡4,325,000 (US\$7,364)	20%
In excess of ₡4,325,000 (US\$7,364)	25%

Source: Ministry of Treasury. October 2019 (in force)

Note: Exchange rate US\$ 1 = ₡587.30 colones.

On the other hand, for individuals with profit-generating activities, the following rates are applied to taxable annual profits:

Annual Profits	Tax
Profits up to ₡3,732,000 (US\$6,354)	Exempt
In excess of ₡3,732,000 (US\$6,354) and up to ₡5,573,000 (US\$9,489)	10%
In excess of ₡5,573,000 (US\$9,489) and up to ₡9,296,000 (US\$15,828)	15%
In excess of ₡9,296,000 (US\$15,828) and up to ₡18,631,000 (US\$31,723)	20%
In excess of ₡18,631,000 (US\$31,723)	25%

Source: Ministry of Treasury. October, 2019. (in force)

Note: Exchange rate US\$ 1 = ₡587.30 colones

47) What is the corporate income tax rate and how does it work?

For legal entities, the following tax table prevails:

Gross Income	Tax
Up to ₡5,143,000 (US\$8,757)	5%
In excess of ₡5,143,000 (US\$8,757) and up to ₡7,715,000 (US\$13,136)	10%
In excess of ₡7,715,000 (US\$13,136) and up to ₡10,286,000 (US\$17,514)	15%
Up to ₡10,286,000 (US\$17,514)	20%
Above ₡109,032,000 (US\$185,649)	30%

Source: Ministry of Treasury. October, 2019. (in force)

Note: Exchange rate US\$ 1 = ₡587.30 colones

Any industrial corporation can make deductions from their annual gross income according to the deductible items listed above.

48) Are there any taxes on corporate assets?

No. There are not any taxes on corporate assets.

49) What is the tax on capital?

The tax on capital is also known as the “Education and Culture Tax”. Every legal entity (corporation), as well as its subsidiaries, or agencies of a foreign company, which are duly recorded in the Costa Rican Mercantile Registry, must pay an annual tax based on its net capital or equity (assets less liabilities), according to the following table:

Net Capital	Flat tariff	
	₡	US\$
Profits up to ₡500,000 (US\$851)	5,000	8.5
In excess of ₡500,000 (US\$851) and up to ₡2,000,000 (US\$3,405)	6,000	10.2
In excess of ₡2,000,000 (US\$3,405) and up to ₡4,000,000 (US\$6,810)	12,000	20.4
In excess of ₡4,000,000 (US\$6,810)	18,000	30.6

Source: Ministry of Treasury, 2019.

Note: Exchange rate US\$ 1 = ₡587.30 colones.

50) What is the property tax (land) in Costa Rica, and how does it work?

The property tax is established on an annual basis and collected by each canton's Local Government. It may be paid annually, by semester or by quarter depending on the procedures established by each one. Currently, the property tax payment is 0.25% of the appraised value of the property.

51) What is the property transfer tax (land), and how does it work?

There is a 1.5% property transfer tax. This tax is based upon the registered value placed on the property transfer deed at the time of sale.

52) What is the sales tax?

The sales tax is currently 13% and it is calculated over the sales price of all products (with certain exceptions) and some specific services (such as restaurants, bars, hotels, telephone, and real estate services among others).

With the introduction of the Law on Strengthening Public Finances (N° 9635), the current sales tax will be replaced with a value-added tax (VAT). The tax rate will remain at 13% and the VAT will tax some goods and services that have previously been excluded.

The sale tax was replaced by the value-added tax (VAT) with the introduction of the Law on Strengthening Public Finances (N° 9635). The tax rate remains at 13% for most of the products and services, with the exception of a specific list that has a reduced rate of 1%, 2% and 4% over the final value of the product or service.

List of reduced rate product and services:

1%

- Basic basket of goods
- Veterinarian products
- Agricultural supplies
- Equipment and machinery for the elaboration of agricultural products
- Products and supplies for non-sport fishing

2%

- Medicines.

- Private education services.
- Raw materials, supplies, machinery, equipment, and the necessary reactive materiales to produce medicines
- Insurance premium

4%

- Airline tickets
- Private health services

53) Which taxes are exempt under the Free Trade Zone Regime?

Costa Rica taxes/others	Statutory	Free Trade Zone Regime Law N° 7210, Law N° 8794, and in its Bylaws.
Corporate income tax	30%	Free Zone holiday for full / partial income tax exemption for 8 / 4 years ^{a/} with the possibility of renewing this exemption period multiple times upon reinvestment. Applies for the activity approved by the executive agreement.
Custom duties on imports/exports	Varies depending on product	100% exemption
Sales tax	13%	100% exemption on local purchase of goods/services
Stamp duty	1%	100% exemption
Property transfer tax	1.5%	100% exemption for a 10-year period
Territorial tax	0.25%	100% exemption for a 10-year period
Withholding tax on royalties, fees	up to 25%	100% exemption
Limitation on expats in country	None	
Tax on expats	All Costa Rican residents and non-residents working within the Costa Rican Territory under a labor relationship are subject to withholdings and social security contributions. Personal income tax goes up to 15%.	
Job creation and training grants	Free customized technical training available through INA	

Notes:

^{a/} Manufacturing Sector:

If the company establishes its operation in a less developed area the full / partial income tax exemption period increases to 12 / 6 years with the possibility of renewing this exemption period multiple times upon reinvestment.

Minimum level of employment (100 workers) and minimum required investment (US\$10,000,000) to be completed in 8 years.

Services Sector:

Minimum required investment in fixed assets: US\$150,000 (inside free trade industrial park) and US\$2,000,000 (outside free trade industrial park) to be completed in 36 months. Required investment in less developed areas decreases to US\$100,000 and US\$500,000, respectively.

At least 50% of services must be exported.

[Back to Main Menu](#)

Investment Incentives

54) What incentives does Costa Rica offer to investors?

The Free Zone Regime is the mainstay of Costa Rica's export and investment promotion strategy. The Free Zone Regime is a set of incentives and benefits granted by the Costa Rican government for companies making new investments in the country, as stated in the Free Zone Regime Law N° 7210, Law N° 8794, and in its Bylaws.

Law N° 7210 is in force since November 23rd, 1990. It regulates Free Zone Regime incentives. Law N° 8794 is in force since January 22nd, 2010. It is an amendment to Law N° 7210, which adds classification (f) for manufacturing firms, as shown further in this chapter.

Free Zones are primary areas for offshore tax and customs operations. They are restricted zones with no resident population, authorized to serve as such by the Government's Executive Branch. These facilities are intended to accommodate operations engaging in input and raw material imports, manufacturing and assembly or marketing of export goods, and provision of export-related services.

55) What type of companies can apply for the Free Trade Zone incentives?

The following companies may apply for the Free Trade Zone incentives:

- Export processing industries engaged in processing or assembling raw materials to produce export / re-export finished goods
- Export trade companies (not producers) engaged in handling, repacking, or redistributing non-traditional export / re-export products and merchandise
- Service industries or companies exporting to natural or artificial people abroad or serving to Free Zone companies if these services are directly linked to those companies' production processes. Banking, financial, or insurance companies and independent professional services inside Free Trade Zones will not be allowed to benefit from the Regime
- Park-managing companies engaging in installing companies under the Free Zone Regime and to park management and maintenance

- Companies or organizations engaged in scientific research to enhance technology levels of industry or agribusiness activities and Costa Rica's foreign trade
- Companies operating shipyards and dry docks to build, repair, or service ships
- Manufacturing firms which can export or not (minimum export level is not required)

56) What are the requirements to enjoy the Free Trade Zone incentives?

Basic requirements to join the Regime include new initial investment on fixed assets of at least US\$150,000 for companies inside a Free Zone Park, and US\$2,000,000 for companies installed outside a Park—said investment must be completed in 3 years' time. In the case of services companies, at least 50% of the services must be exported.

Companies also need to define their minimum level of employment and the activity—according to the Economic Activities Classification of Costa Rica—that they will carry out within the Free Trade Zone.

Manufacturing firms may be registered under classification (f).

- Classification (f) refers to manufacturing firms which can export or not (minimum export level is not required).

The requirements under classification (f) are:

Main requirements ^{a/}	(f) Manufacturing firms under Law N° 8794	
	Small and mid-scale projects	Large scale projects
Minimum export level	Not required	Not required
Belong to a strategic sector ^{b/}	Yes	Yes
Minimum employment level	Not required	100
Minimum required investment	US\$150,000 ^{c/}	US\$10,000,000 ^{d/}

Notes: Other administrative requirements to be fulfilled (international mobility of investment, not a taxpayer in Costa Rica).

^{a/}: For projects in the Great Metropolitan Area (GAM).

^{b/}: For example: Advanced Manufacturing and Life Sciences projects. R&D activities, innovation projects.

^{c/}: US\$150,000 in fixed assets within FZ Park or US\$2,000,000 outside FZ Park.

^{d/}: Investment in depreciable fixed assets (land is not included). Company must comply with an investment plan to be accomplished between 1 and 8 years; which could be reached at any time during the 8-year period. Upon completion, PROCOMER will verify the \$10MM investment in fixed assets according to its value in books for the

current fiscal year. Additionally, once the company has complied with the investment plan, the company must maintain the fixed assets which were part of the plan. Substitution of the fixed assets is permitted only if the new depreciable assets have the same value in books as the fixed asset to be replaced when the investment plan was completed.

Services firms may be registered under category (c).

Entry requirements

1) Comply with the Strategic Eligibility Index which is calculated with the following formula:

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

- The variable "s" identifies whether it belongs to a strategic sector or not. It assumes a value of one when it is classified as a strategic sector and zero when it is not considered a strategic sector.
- Variable "g" measures the linkages of service companies benefiting from the regime with companies in strategic sectors. It assumes the value of one when the first provide at least 45% of its total sales to the second. Otherwise "g" has a value of zero.
- The variable "W" is the annual monetary value of the total remuneration to the qualified employees of the service company, reported to the CCSS, including social security contributions and Christmas bonus, expressed in thousands of dollars.
 - o Using the exchange reference exchange rate of the BCCR applicable on the day of submitting the application
- Variable "I" is the monetary value, expressed in thousands of dollars, of the new investment in fixed assets that the service company commits to make,
 - o Using the BCCRR sales reference exchange rate applicable on the day of submitting the application
- Exponent "1/150" is a fixed value parameter that works as a compression factor
- IEES must be greater than or equal to 100.51
-

2) Belonging to a strategic sector

3) Provide the information to determine the value of each variable used in the IEES formula

57) What are the income tax incentives of the Free Trade Zone Regime?

The companies operating under the Free Zone Regime shall enjoy the following income tax incentives:

Income Tax Incentives	Period	(f) Law N° 8794	
		Small and mid-scale projects ^{a/}	Large scale projects ^{a/}
Income tax (Statutory income tax = 30%)	8 years	6%	0%
	4 years	15%	15%
Income tax deferral ^{b/}	No limit	Not available	Up to 10 years

Notes:

^{a/}: Additional 8-year renewal may be granted upon reinvestment (Article 20 bis).

^{b/}: *Tax deferral*: companies can defer income tax payments until headquarters receive dividends from Costa Rican operation or for 10 years (whichever comes first).

58) What are other benefits of the Free Trade Zone Regime?

The following are incentives given to all companies admitted in the FTZ regime, regardless on the classification they apply for:

Other Incentives	Period	(f) Law N° 8794	
		Small and mid-scale projects	Large scale projects
Import duties	No limit	100% exemption	100% exemption
Excise taxes	No limit	100% exemption	100% exemption
Remittances repatriation tax	No limit	100% exemption	100% exemption

59) Are there customs benefits?

Yes. Companies installed under the Free Trade Zone regime do not pay any customs tariffs, regardless of the country from which the import is being made or the products that are being imported.

60) When and how do investors apply for incentives?

The application for receiving incentives is to be submitted to the Costa Rican Foreign Trade Corporation (PROCOMER), prior to the start of operations. The procedure is usually carried out by an attorney.

61) Are there any training incentives?

Yes. In addition to the tax exemptions provided by the Free Zone Regime, the Government offers a relevant incentive to companies, through an education / training cost subsidy.

INA, the National Training Institute, is a public institution that provides free technical training to develop the country's human capital in specific areas of specialization and with the required quality and competitiveness.

The Institute provides training nationwide and related to all productive sectors. For example: English courses for Levels A1 (basic skills) to C1 (fully bilingual), Electronics, Telematics and Microelectronics, Electricity, Refrigeration, Metal Construction, Bodywork, Industrial Maintenance Mechanics, Precision Mechanics, Casting of Metal Alloys, among others.

62) Are there larger incentives based upon other criteria?

Yes. For example, a company installed outside of the Great Metropolitan Area (GMA) enjoys additional incentives. For companies that consider this as an option, the requirements are:

Main requirements	(f) Manufacturing firms under Law N° 8794		
	Small scale projects	Mid-scale projects	Large projects
Minimum export level	Not required	Not required	Not required
Belong to a strategic sector ^{a/}	Not required	Yes	Not required

Minimum employment level	Not required	100	100
Minimum required investment ^{b/}	US\$100,000	US\$100,000	US\$10,000,000 ^{c/}

Notes: Other administrative requirements to be fulfilled (international mobility of investment, not a taxpayer in Costa Rica).

^{a/}: For example, Advanced Manufacturing and Life Sciences projects, R&D activities, innovation projects.

^{b/}: US\$100,000 in fixed assets within FZ Park or US\$500,000 outside FZ Park.

^{c/}: Investment in net of depreciation fixed assets (land is not included). Company must comply with an investment plan to be accomplished between 1 and 8 years; which could be reached at any time during the 8-year period. Upon completion, PROCOMER will verify the \$10MM investment in fixed assets according to its value in books for the current fiscal year. Additionally, once the company has complied with the investment plan, the company must maintain the fixed assets, which were part of the plan. Substitution of the fixed assets is permitted only if the new depreciable assets have the same value in books as the fixed asset to be replaced when the plan was completed.

The income tax incentives for these cases of classification “f”, for companies outside of GMA are:

Income Tax Incentives	Period of time	(f) Law N° 8794	
		Small scale projects ^{a/}	Mid / large scale projects ^{a/}
Income tax (Statutory income tax = 30%)	6 years	0%	0%
	6 years	5%	0%
	6 years	15%	15%
Income tax deferral	No limit	Up to 10 years	Up to 10 years

Note: ^{a/}: Additional 8-year renewal may be granted if significant reinvestment is made (Article 20 bis).

Other incentives granted to beneficiary companies:

Other Incentives	Period of time	(f) Law N° 8794	
		Small scale projects	Mid / large scale projects
Import duties	No limit	100% exemption	100% exemption
Export and excise taxes	No limit	100% exemption	100% exemption
Remittances repatriation tax	No limit	100% exemption	100% exemption

63) Are there any incentives provided to companies that supply FTZ beneficiaries?

Yes. A company may enjoy certain incentives if it is a significant supplier of FTZ companies.

In this case, the requirements are:

Main requirements	(f) Significant Supplier under Law N° 8794	
	GMA ^{a/}	Outside GMA
Minimum export level	Not required	Not required
Belong to a strategic sector ^{b/}	Not required	Not required
Minimum employment level	Not required	Not required
Minimum required investment	US\$150,000 ^{c/}	US\$100,000 ^{d/}
Minimum sales level to companies established in FTZ	40%	40%

Notes:

^{a/}: GMA: Great Metropolitan Area.

^{b/}: For example, Advanced Manufacturing and Life Sciences projects, R&D activities, Innovation projects.

^{c/}: US\$150,000 in fixed assets within FZ Park or US\$2,000,000 outside FZ Park.

^{d/}: US\$100,000 in fixed assets within FZ Park or US\$500,000 outside FZ Park.

For significant suppliers installed in the GMA, the incentives are:

Income Tax Incentives	Period of Time	(f) Law N° 8794	
		Small / mid-scale projects	Large scale projects
Income tax (Statutory income tax = 30%)	8 years ^{a/}	6%	0%
	4 years	15%	15%
Income tax deferral	No limit	Not available	Up to 10 years

Note: ^{a/}: Additional 8-year renewal may be granted upon reinvestment (Article 20 bis).

Other Incentives	Period of time	(f) Law N° 8794	
		Small / mid-scale projects	Large scale projects
Import duties	No limit	100% exemption	100% exemption
Export and excise taxes	No limit	100% exemption	100% exemption
Remittances repatriation tax	No limit	100% exemption	100% exemption

For significant suppliers installed *outside* of the GMA, the incentives are:

Income Tax Incentives	Period of Time	(f) Law N° 8794	
		Small scale projects	Mid / large scale projects
Income tax (Statutory income tax = 30%)	6 years ^{a/}	0%	0%
	6 years ^{a/}	5%	0%
	6 years	15%	15%
Income tax deferral	No limit	Up to 10 years	Up to 10 years

Note: ^{a/}: Additional 6 to 12-year renewal may be granted upon reinvestment (Article 20 bis).

Other Incentives	Period of time	(f) Law N° 8794	
		Small scale projects	Mid / large scale projects
Import duties	No limit	100% exemption	100% exemption
Export and excise taxes	No limit	100% exemption	100% exemption
Remittances repatriation tax	No limit	100% exemption	100% exemption

Labor Force

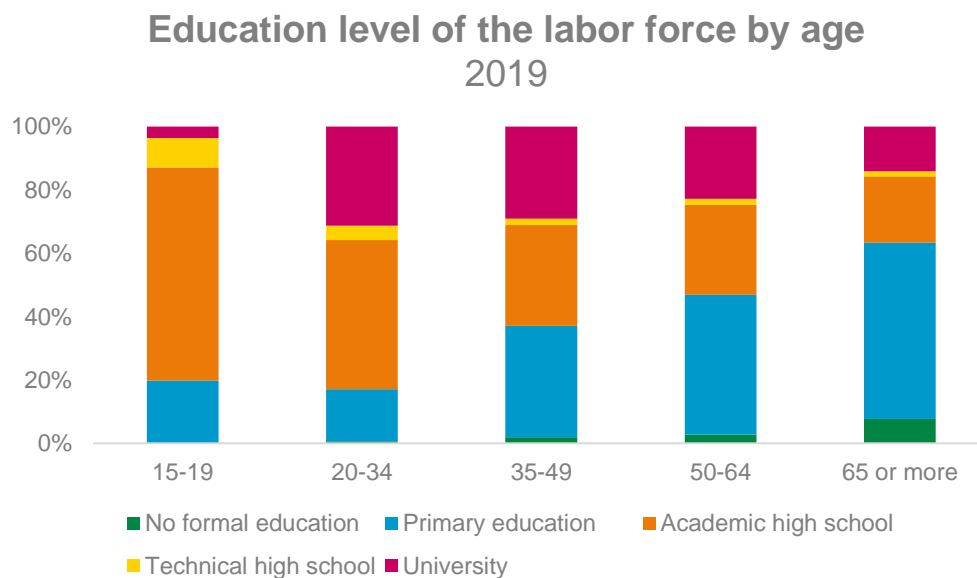
64) What is Costa Rica's workforce?

In 2019 the workforce was of 2.3 million, 37% of this population lies between the age range of 20-34 years. The population inside the workforce that counts with college education reaches 0.62 million and 47% lies between the 20-34 age range.

The workforce will be more than 2.4 million in 2021. Gross participation rate will increase from 46% in 2018 to 47% in 2021, according to The National Statistics Institute.

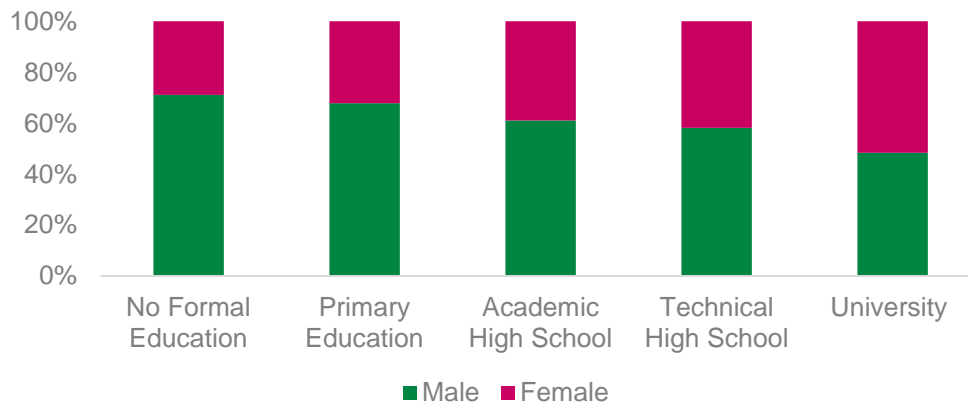
65) What are the skills and quality of the Costa Rican labor force?

The following chart presents the percentage of the workforce according to the last level of education achieved, by age and gender:



Source: CINDE based on data from National Institute of Statistics 2020.

Education level of the labor force by gender 2019



Source: CINDE based on data from National Institute of Statistics 2020.

66) What percentage of the workforce speaks English?

- Approximately **14%** of the labor force speaks English.
- **Around 34%** of the population with some level of tertiary studies speak English.

67) What is the unemployment rate?

According to the National Institute for Census and Statistics, the unemployment rate in 2019 was 9.2%. (ENAH0, 2019)

68) How are work relationships regulated?

Most of the constitutional rights included in the Costa Rican Constitution are applicable to employment as they are basic rights for all individuals.

The most important law that is applicable to employment is the Labor Code, which establishes the general rules governing all labor relationships.

Other important laws are the Law of Labor-Related Risks (N° 6727) and the Law for Worker's Protection (N° 7983), which establishes the rules for the administration of retirement plans, and the Labor Procedure Reform (N° 9343) in force since July 2017, which reforms and modernizes the Labor Code. The most important changes under the reform impact employers on three aspects: the individual labor law governing the employer-employee relationship; collective bargaining; and labor

procedures. With respect to individual employees, labor law reform amendments address four main areas: dismissal letters, discrimination, special protection for employees, and statute of limitations.

69) Is a company able to make additional rules other than those expressed in the laws?

Yes. In addition to currently enforceable laws, and to avoid any possible gaps therein, companies may implement their own set of rules by creating internal policies and manuals specifying certain relevant issues. These policies and manuals must be registered and approved by the Ministry of Labor. Some issues that may be included in the policies are code of conduct, occupational health policies, appropriate use of equipment, dress code, among others.

70) Are written employment contracts required for all employees?

Yes. Except for agricultural workers, temporary workers, and workers hired for a specific task, labor agreements must be executed in writing. It is also appropriate to make sure that such agreements reflect the real terms and conditions of the labor relationship so that none of the parties may prove otherwise. The Costa Rican Constitution establishes that all labor contracts must be written in Spanish.

71) How do you terminate employment?

If an employee's dismissal is due to a justified cause, the employer will only be liable for the payment of wages, proportional vacation time and Christmas Bonus (Aguinaldo). The dismissal must be well substantiated in case the employee should file a complaint. All disciplinary actions must be taken within 30 days of the action. The following are "just causes" for ending an employer-employee relationship:

- a) Physical or moral acts or libel committed against another worker or the employer during working hours and outside working hours
- b) Criminal acts or property damage
- c) Acts that endanger security and working conditions and failure to follow instructions and procedures established to avoid accidents in workplace
- d) Disclosure of confidential information
- e) Unjustified absence for 2 consecutive days or 3 (or more) non-consecutive days

- f) Disobeying instructions or orders and failure to follow instructions related with increasing efficacy and performance in work
- g) If worker lies on its capabilities or present any fake document intended to mislead the employer during hiring process

In case of dismissal without “just cause”, the employer must give dismissal notice and severance payment, proportional to the total time worked by the employee.

There are reasons justifying employees to resign while retaining the right to demand severance payments:

- a) Nonpayment of agreed salary
- b) Dangerous working conditions or contagious diseases in the workplace
- c) Moral or physical damage or defamation against worker by the employer or his representatives during or after working hours
- d) Purposeful damage to worker's tools by employer

72) Which are the employer’s obligations if an employee is dismissed without a “just cause”?

The following are a set of financial obligations that the employer must fulfill if the employee is dismissed without mediating a “just cause”, or in case of resignation by one of the previously mentioned reasons:

- a) **Pre-Termination Notice (“pre-aviso”):** Before an employer can dismiss an employee without cause, he/she must notify the individual. Failure to do so will trigger additional obligations. The required period of notice (in days) depends on the length of time that the employee has worked for that employer:
 - Over three months but less than six months: one-week notice
 - Six months to one year: two-week notice
 - Over a year: one-month prior notice

Instead of written notice, the employer can pay the employee a sum of money equivalent to the salary that would have been earned during the notice period. (The same is effective

if the employee decides to leave voluntarily. If previous notice is not given, the same time frame will be deducted from the vacations and Christmas bonus).

- b) Severance Payment ("Cesantia"):** If the employer dismisses an employee without just cause or if the employee quits for a cause attributable to the employer, he/she is entitled to severance payment. This payment works as a built-in unemployment compensation system. The Code states that severance payment should be calculated according to the average salary of the previous six months and in accordance to the period labored as follows:
- More than three months but less than six months: 7 days' wage
 - Six months to one year: 14 days' wage
 - More than one year: 20 days' wage for every year labored, up to a maximum of 8 years
- c) Accumulated Vacation Payment:** When an employee is dismissed, any unused vacation time must be paid. The amount is determined by multiplying the employee's daily (gross) wage by the unused vacation days.

73) Are there labor unions?

Even though a significant percentage of the public sector's employees are part of a labor union, in the private sector unions represent a very small percentage of the national labor force. By 2016, (last available) according to statistics from the Ministry of Labor and Social Security, the unionization rate in the public sector was 90.4%, while in the private sector it was 3.2%.

74) What is an "Asociacion Solidarista"?

An "Asociacion Solidarista" is an employer-sponsored worker' association, in which all employees are welcome to participate voluntarily. They are headed by a board of directors elected by the employee assembly.

Solidarity organizations are not sector-wide bargaining instances, as American unions. There are some similarities with a 401(k)-retirement plan, without the stock options.

92% of incorporated associations to "Solidarista Movement" are part of the private sector. This high level of participation is a tendency in Costa Rica. Employers are accepted as well as employees and

their purpose are to avoid adversary confrontations by means of mutual support and conflict resolutions.

“Solidarista Movement” has 612 affiliated associations entailing over 300,000 associates; additionally there are around 1,476 associations affiliated to Labor Ministry, covering more than 350,000 associates in 2017.

75) What are the benefits of an “Asociacion Solidarista”?

An “Asociacion Solidarista” operates as a credit union, providing multiple benefits to the employees. They function as organizations that grant their associates some services and credit at very low interest rates for housing, education, medical expenses, cafeteria services, funeral services, laboratory exams, company doctor, dentist and others. Some courses, seminars and training are offered to its members in areas such as: human relations, human rights, training for leaders, solidarity, and democratic principles, among others.

In some companies there are stores or grocery outlets where articles are purchased at wholesale price, thus at lower prices than regular super markets. Interest collected from loans and investments are distributed, at year’s end, among the associates proportional to savings.

76) How is an “Asociacion Solidarista” financed?

The employer contributes with a portion of the severance provisions, and the employees contribute with personal savings, it must be an agreed percentage of salary between 3% to 5% but every employee can also save voluntary extra amounts.

77) What are the requirements to create an “Asociacion Solidarista”?

- At least 12 employees who agree to associate.
- To have the employer’s consent.
- Employee’s savings between 3% and 5% of their salary.
- Employer’s contribution between 1% and 5.33% of the salary of the associated employees.
- Conduct a Constituent Assembly to elect a Board of Directors, internal auditor, the legal reserve, the name of the Association and its acronym, among others.
- Certification of the legal representative of the Association.
- To write and approve the Association’s bylaws.

78) What happens with the “Asociacion Solidarista’s” savings when an employee abandons the company?

The employee is entitled to all the savings made by him/her and the company during all the years he/she worked in the company and was a part of the “Asociacion Solidarista”; besides, the employer contribution to severance provision.

79) How are employer-employee relations like?

Cooperation between employer and employee is common. According to the Global Competitiveness Report 2019 (World Economic Forum), Costa Rica is ranked 24th out of 141 countries, in terms of cooperation in employment relations.

80) Are companies allowed to hire expats for work in Costa Rica? Under what conditions?

Yes. An expat can have a job in Costa Rica. The General Directorate of Immigration has a fast-track system that facilitates procedures for companies to hire expats.

81) How does the fast-track system work?

Companies may request a recognition before the General Directorate of Immigration to speed up immigration requests for its expatriate employees and their direct family in Costa Rica. This acknowledgement allows their residence request to be handled directly from Costa Rica and not from abroad.

Some of the benefits of the registration are:

- a) Priority for the filing of the requests
- b) Reduction of the terms and time to solve matters
- c) Reduction of requirements
- d) Residence effective term (residence cards are valid for a term of two years)

82) Is there a maximum number of expats allowed?

No. There are no restrictions.

83) What are the usual working hours and how long is a business week?

The Day Shift lasts 8 hours per day (extendable to 10); 48 hours a week and can take place between 5:00 a.m. and 7:00 p.m. It is common to find among this kind of shifts the so-called accumulative days, which gives to companies the possibility to distribute the hours of a working day (generally Saturdays) among the other 5 working days (from Monday to Friday). This is possible if the working day never lasts more than 10 hours. In this case, the work contract should state that Saturday is, for all legal effects, a working day, as it is accumulated during the weekdays.

The Mixed Shift takes place during both the day shift hours and the night shift hours but cannot be more than 3.5 hours during the night shift hours. The Night Shift lasts 6 hours per day and 36 a week, and can take place between 7:00 p.m. and 5:00 a.m. It cannot be extended, and its payment must be the same as the day shift or mixed shift even though it is shorter.

Administrative workers, general managers, etc. (commonly white-collar workers) are excluded from this limitation of shifts. However, they cannot be forced to work more than 12 hours a day.

Employees have the right to enjoy at least one fixed day of absolute rest during each week or following six days of continuous work. If the employee must work during his rest day, he is entitled to double his normal pay.

Labor law allows the workday to extend beyond the statutory workday, but no more than 12 hours a day; except in very exceptional circumstances. Overtime wages are equivalent to the corresponding hourly rate plus 50%. Overtime is used in exceptional circumstances; this means that the extraordinary workday cannot be used to permanently expand the regular workday.

Example in the case of Shared Services/ Back Office:

One day shift:

- Working days: 5 days per week
- Day time: 8 effective working hours + 1 lunch hour
 - 6:00 a.m. – 3:00 p.m.
 - 7:00 a.m. – 4:00 p.m.
 - 8:00 a.m. – 5:00 p.m.
 - 9:00 a.m. – 6:00 p.m.
- Weekly working time: 40 hours

Compressed Workweek (CWW):

- Working days: 4 days per week
- Day time: 10 effective working hours + 1 lunch hour
 - Most common: 7:00 a.m. – 6:00 p.m.
- Weekly working time: 40 hours

Example in the case of Contact Centers:

	Day Shift	Swing shift	Night Shift
Hours per week	Max 40 h.	Max 40 h.	Max 30 h.
Schedule	Between 5:00 a.m. and 7:00 p.m.	Started between 2:00 a.m. and 5:00 a.m. or finished between 7:00 p.m. -10:30 p.m.	Between 7:00 p.m. and 5:00 a.m.
Full time (40 h.)	8 h. per day, 5 days per week	8 h. per day, 5 days per week	6 h. per day, 5 days per week
	10 h. per day, 4 days per week		
Partial time	Schedules can be adjusted depending on company and employment needs. Partial time between 4-7:30 h. daily		Schedules can be adjusted depending on company and employment needs. Partial time between 4-5:30 h. daily

- Surveyed companies pointed out that each one of these shifts may be applied depending on the process. The flexibility of applying flexible schedules allows them to have several shifts operating simultaneously, and it is not necessary to pay overtime as a regular practice.
- Companies pay overtime if two conditions are met:
 - Overtime is required during day shift or swing shift
 - The employee has already worked 40 h. during the week

Direct labor manufacturing shifts

Queries made to several high-tech manufacturing companies in February 2014 revealed that companies already operating in the country have different shifts for their manufacturing processes.

One-day shift:

- Day time Monday-Friday from 6:30 a.m. to 4:00 p.m. (48 hours per week)

Two-day shifts:

- Day time Monday-Friday, shift A: 6:00 a.m. to 3:30 p.m.; shift B: 3:30 p.m. to 10:00 p.m.

24/7 regular shifts:

- Shift A 6:00 a.m. to 2:00 p.m.
- Shift B 2:00 p.m. to 10:00 p.m.
- Shift C 10:00 p.m. to 6:00 a.m.

24/7 Compressed Workweek (CWW):

- Shift A from 6:00 a.m. to 6:00 p.m. (12 hours)
- Shift B from 6:00 p.m. to 6:00 a.m. (12 hours)

In a specific example of a multinational company, direct labor works 4 days and rest 3 days. The following week the schedule is inverted, and the same workers work 3 days and rest 4 days. Each worker works 14 days per month.

Shift	Calculation	Daily	Biweekly	Monthly
A	Working Hours	12	84	182.00
	Paid Hours	14	98	212.33
	Regular Working Hours	8		
	Extra hours	4 + (50% + Overtime Premium)		
	Total Paid Hours	14		

Shift	Calculation	Daily	Biweekly	Monthly
B	Working Hours	12	84	182.00
	Paid Hours	20	140	303.33
	Regular Working Hours	6 + (33% Night Law Premium)		
	Extra hours	6 + (50% Overtime Premium + 33% Night Law Premium)		
	Total Paid Hours	20		

84) Are there overtime restrictions?

Labor law allows work beyond the statutory workday, if it does not exceed twelve continuous hours, except in highly unusual circumstances. Overtime wages are equivalent to the corresponding hourly rate plus 50%.

Overtime is used in exceptional circumstances; this means that the extraordinary workday is not used in a manner to permanently expand the regular day work. These rules only apply to regular workers and administrative employees.

85) What are the observed holidays?

The following table shows observed holidays in Costa Rica:

Observed holidays	
January 1 st	New Year
April 11 th	Juan Santamaria Day
Holy Thursday	Holy Week
Good Friday	Holy Week
May 1 st	Labor Day
July 17 th	Father's Day
July 25 th	Guanacaste Annexation
August 15 th	Mothers' Day
September 15 th	Independence Day
December 25 th	Christmas Day

Source: Ministry of Labor, 2020.

The country also celebrates two non-compulsory payment holidays, August 2nd (Virgen de Los Angeles Day) and December 1st (Day of the abolition of the army). If the employee works during an observed holiday, the day must be paid in double. For example, assuming that the employee's daily salary is US\$20 (monthly salary divided by 30), he must receive an extra US\$20 in his monthly pay.

86) How many mandatory holidays are there in Costa Rica?

The Costa Rican labor code states that every worker is entitled to two weeks of vacations for every fifty weeks of continuous work in the service of the same employer, regardless of the weekly working hours.

87) Which are the mandatory social contributions?

There are three mandatory social contributions: social charges, Christmas bonus, and hazard insurance, there is also a non-mandatory contribution that is recommended to add, as the severance pay. These costs are calculated as unloaded salary multipliers.

Calculating the total labor annual cost:

Mandatory	Amount
Social charges ^{a/}	0.2650 x unloaded salary
Christmas bonus	0.0833 x unloaded salary
Hazard Insurance ^{b/-} average	0.0345 x unloaded salary
Total mandatory cost	0.3828 x unloaded salary

Non-mandatory, but recommended	Amount
Severance pay ^{c/} – average (accounting provision)	0.0300 x unloaded salary
Total non-mandatory cost	0.0300 x unloaded salary

Notes:

^{a/}: 0.2650 includes all social charges

^{b/}: Range 1.9% to 5%. Average 3.45%. Required by law.

^{c/}: Range 1% to 5.33%. Average 3.0%. To finance a company Employer-sponsored Workers Association, severance provisions must exist. The employer contributes with a portion of the severance provisions, and the employees contribute with personal savings.

Therefore:

Total labor annual cost = unloaded salary + mandatory cost + non mandatory cost.

$$Total\ labor\ annual\ cost = 1 + 0.3828 + 0.03 = 1.4128$$

For example, an employee has an unloaded salary of US\$831 per month = US\$9,972 annually. The total labor annual cost is US\$9,972 x 1.4128 = US\$14,088

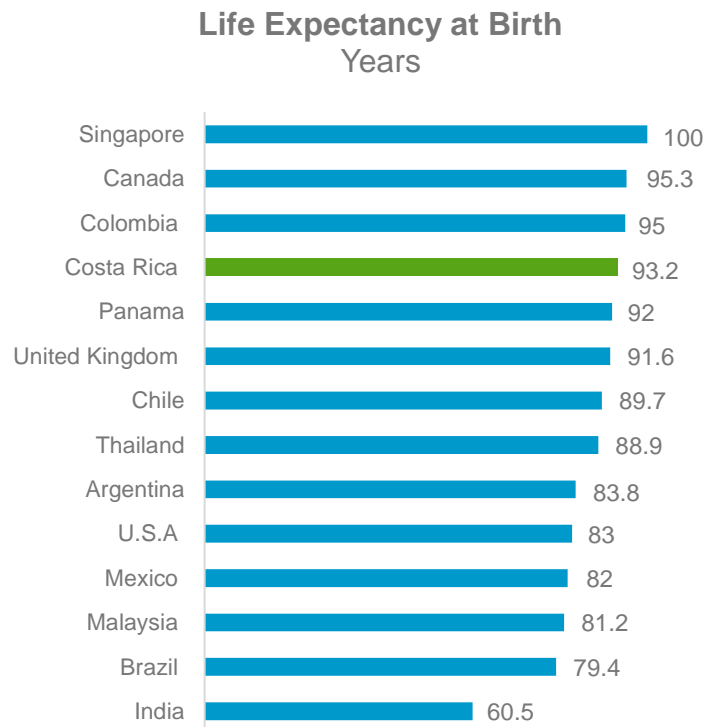
Health and Education

88) How much does Costa Rica invest in health and education?

In 2019 Costa Rica invested 8.0% of its GDP in health and 7.4% in education according to OPS/WHO and Ministry of Health.

89) What is the life expectancy?

In Costa Rica, the life expectancy at birth is 93.2 years. It is the second highest in the Americas, preceded only by Canada. Costa Rica ranks 24th in the world.



Source: United Nations. Human Development Statistical Update, 2019.

90) How does the health system work?

The Costa Rican Social Security Administration (CCSS) is the most important organization regarding medical care in the country. It is a public autonomous institution whose aim is the provision of health services and the management of mandatory retirement funds.

The CCSS manages two main medical care insurances: The Health and Maternity Insurance, and the Disability, Old Age and Death Insurance. The financing of these funds are the social charges paid by all affiliated workers, who are approximately 75% of the economically active population, equivalent to 1.64 million workers and a contributing mass of US\$ 1.55 million by the middle of 2019.

All workers (and their first-degree relatives) affiliated to the CCSS enjoy the coverage of the institution. If the affiliate requires medical treatment, or the performance of a surgical procedure, the CCSS provides it without charging the affiliate, the company the affiliate works for, or the affiliate's family.

Insurance condition	Total population	Region	
		Urban	Rural
Total	5,059,730	3,670,174	1,389,556
Direct insured ^{a/}	39.86%	43.07%	31.40%
Family of direct insured ^{b/}	32.65%	31.79%	34.91%
Insured non-contributor ^{c/}	11.65%	9.46%	17.42%
Not insured ^{d/}	15.84%	15.68%	16.27%

Source: CINDE based on data from INEC, 2019.

Notes:

a / Includes people with employee insurance, by agreement, on their own account or voluntarily, and pensioners.

b / Includes the family members of the direct insured contributors.

c / Includes insured by the State

d / Includes people with unknown insured condition

The CCSS also manages the mandatory retirement funds, although there are other private and public institutions (banks mainly) that manage the complementary retirement funds.

Data from World Bank have shown that the total expenditure on health in Costa Rica accounted for 8.0% of the GDP. According to International Living data, Costa Rica's healthcare system is ranked among the best 5 in the world.

91) How many hospitals are there in Costa Rica?

The Costa Rican Social Security Administration (CCSS) has a total of 29 hospitals, 104 clinics, one National Rehabilitation Center (CENARE), one National Pain and Palliative Care Center, a National Blood Bank, a National Center of Magnetic Resonance, a Molecular Human Genetics Laboratory, a National Cytology Laboratory, and 1,042 basic attention units (EBAIS) located all throughout the country.

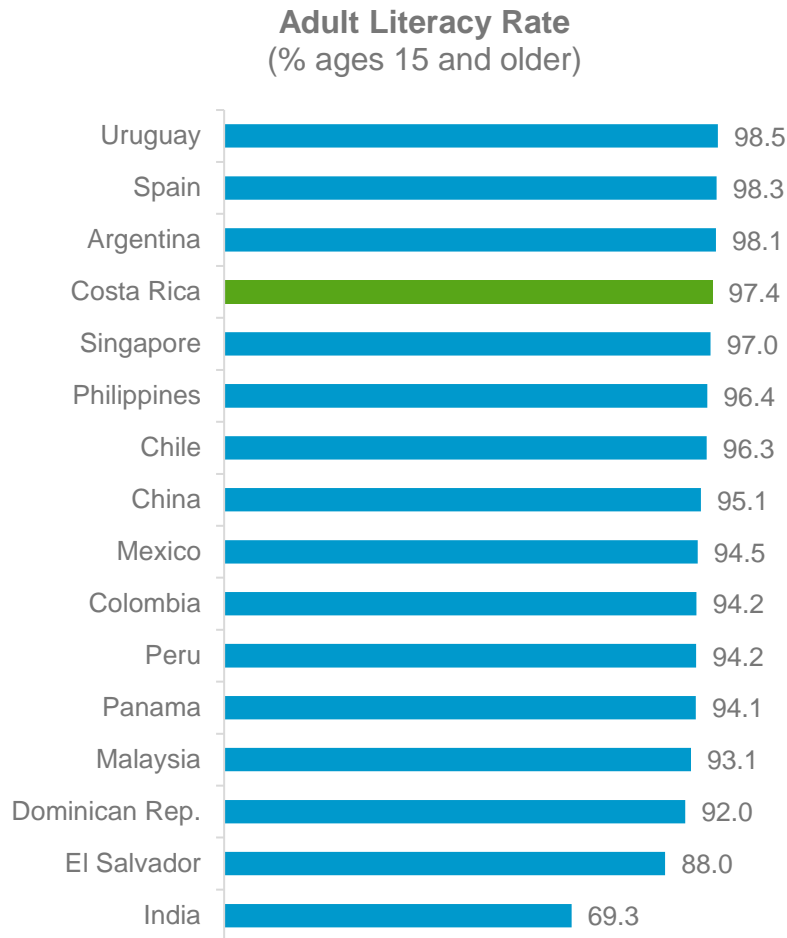
There are also 7 private multi-specialty hospitals and clinics inside GMA: CIMA, Biblica, Catolica, Santa Rita, Metropolitano, Universal, and California. Additionally there are several hospitals outside of the GMA, including the San Rafael Arcangel in Liberia and the Metropolitano hospital (Liberia, Quepos and Huacas) . It is important to mention that we are not considering dentistry clinics, nor plastic or ophthalmological surgery clinics.

92) What is the coverage of the Social Security System?

Approximately 75% of occupied workers have medical insurance through the CCSS.

93) What is the adult literacy rate? update

According to the United Nations' Human Development 2019 Statistical Update, the adult literacy rate in Costa Rica is 97.4%, ranking 3rd in Latin America in this indicator.



Source: United Nations. Human Development Statistical Update, 2019.

94) How many educational institutions are there?

According to the Ministry of Public Education, as of 2019 there are 8,723 institutions. This is the result of adding 3,310 preschools, 4,039 elementary schools, 3 nocturnal elementary schools, 984 high schools, and 387 special education institutions.

95) How many students are enrolled in primary and secondary traditional education?

In 2019, a total of 494,236 students were enrolled in traditional elementary schools. In the traditional secondary system, the enrollment was 495,301. The whole educational system (including preschools, special education, and senior citizen education) has an enrollment of 1.184 million students. This means that more than 23% of the Costa Rican population is currently going to school.

96) How many universities are there?

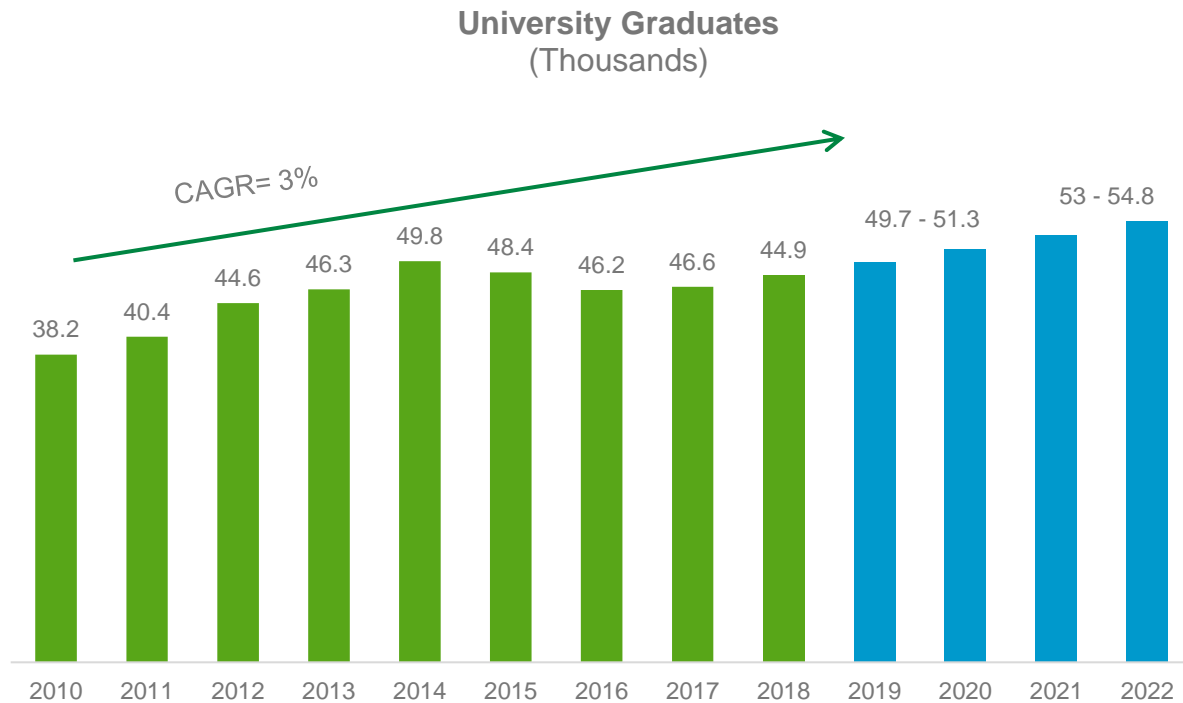
There are 63 different universities, five are public universities and 58 are private. In addition, there are six international faculties in Costa Rica.

97) How many students are enrolled in these universities?

According to the National Council of Rectors (CONARE), the number of students enrolled during 2018, amounted to 272,464. Including 106,918 students who are enrolled in public universities (39%) and 165,546 students (61%) who attend private universities.

98) How many students graduate every year?

More than 40,000 students graduate every year from these universities since 2011. In 2018 over 44,871 students graduated, about 16,946 (38%) of public universities and 27,935 (62%) of private universities. The number is expected to reach 50,000 promptly as compound annual growth rate has been 3% since 2011,



Source: CINDE based on data from CONARE & Universities' Registry Departments.

Note: 2019-2022 Forecast

99) How many students graduate every year in STEM related majors?

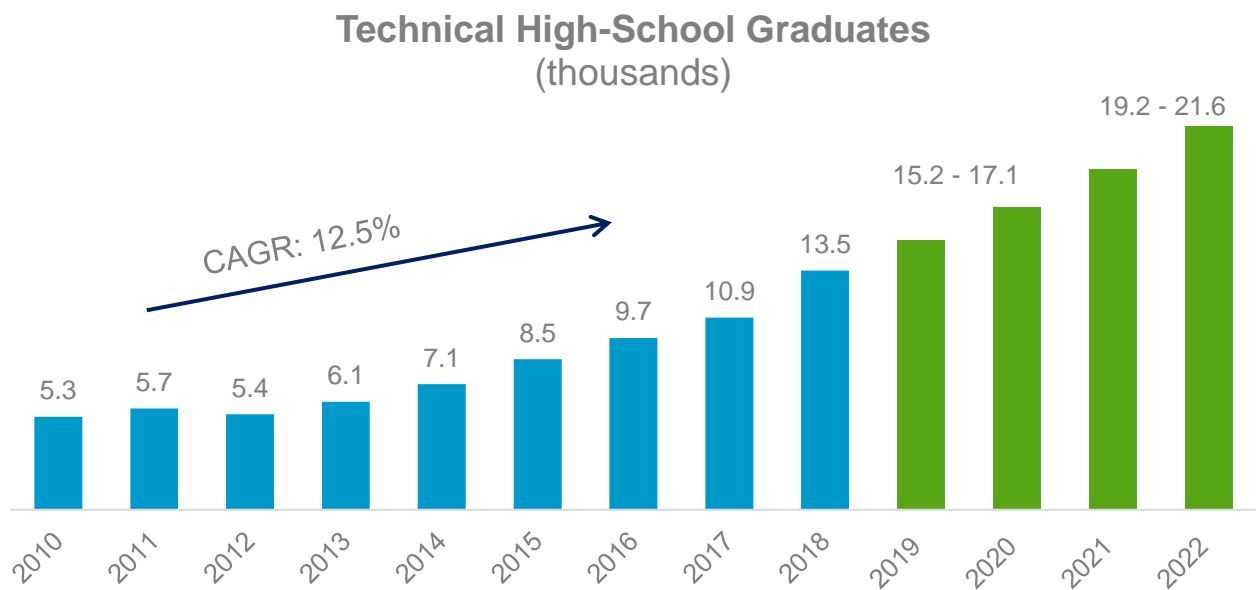
STEM stands for: Science, Technology, Engineering and Math, the number of STEM graduates has grown at a rate of 6% since 2009. In 2018 12,824 students graduated from public and private universities in STEM related majors.

100) Are there any technical institutions?

Yes. There are 226 technical high schools located all throughout the country. In 2019 over 114,778 students were enrolled in 54 different specialties among 3 areas of expertise (services, industrial, and agribusiness).

101) How many students graduate from these technical high schools?

More than 13,000 students graduated from technical high schools in 2018. The number of graduates grew at a rate of 12.5% since 2010. Given the significant growth of the enrollment in these institutions, this number is expected to grow in coming years.



Source: CINDE based on data from Ministry of Public Education, 2019.

Note: 2019-2022 Forecast

102) Are there any programs promoting English language education?

Due to the increasing demand for human capital with English language proficiency, Costa Rica has developed different actions to comply with the productive sector needs.

The government's commitment with the promotion of the English language at all levels of the educational system, both public and private, led to 91.2% of Primary Schools have English programs nationwide in 2019.

Moreover, INA offers free language training to promote the population's capabilities with initiatives such as the Technical English Program for Service Centers, which was developed with contact center companies in 2005, graduating on average 1,000 graduates every year.

Another important initiative in terms of language, is the National English Plan "Costa Rica Multilingual". Its most significant actions are:

- Review and implementation of programs and educational methodologies
- Teacher training and education
- Training programs at all levels for students and professionals
- Professional certifications

The National English Plan uses the Common European Framework (CEF) to establish its goals. The CEF determines clear categories, grouped by the skill level domain the person has. The C1 level graduate is a "competent user". The B2 level graduate understands the main ideas of complex texts and communicates with relative ease and spontaneity. The B1 level graduate comprehends the main ideas of information in standard language.

More recently, the Alliance for Bilingualism (ABi) was announced as a part of the national strategy to significantly increase the coverage of English teaching in Costa Rica. ABi serves as a link between the plans of public institutions and the support of the private sector, including CINDE, to promote and guarantee the success of the strategy.

[Back to Main Menu](#)

Quality of Life

103) What are the main indicators to show the country's quality of life?

Index	Source	Year of Publication	Countries Sampled	World Ranking	Latin American Ranking
World Happiness Report	United Nations	2019	156	12	1
Study Abroad Destination for U.S. students studying abroad	Open Doors Report - IIE	2018-2019	220 cities	9	1
Quality of Life Index	Expat Insider - InterNations	2019	64	23	2
Annual Global Retirement Index	International Living	2019	25	2	2
Ease of Settling In Index	Expat Insider - InterNations	2019	64	10	2
Expat Destinations	Expat Insider - InterNations	2019	64	21	3

104) What is the Costa Rica's commitment to protect its natural treasures?

Costa Rica has a firm commitment to protect its natural resources. The country is consistently recognized for its world leadership in terms of sustainability and environmental protection. More recently the United Nations named Costa Rica "UN Champion of the Earth", for its pioneering role in fighting climate change.

26% of the territory is protected by conservation and natural reserves (National Parks, Wildlife refuges, Wetlands and Reserves such as forest, biological, Indian heritage communities) and the country has 52% of forest cover.

6.5% of the world's biodiversity, in just 0.03% of the world's territory and over half of the country is covered by rainforest

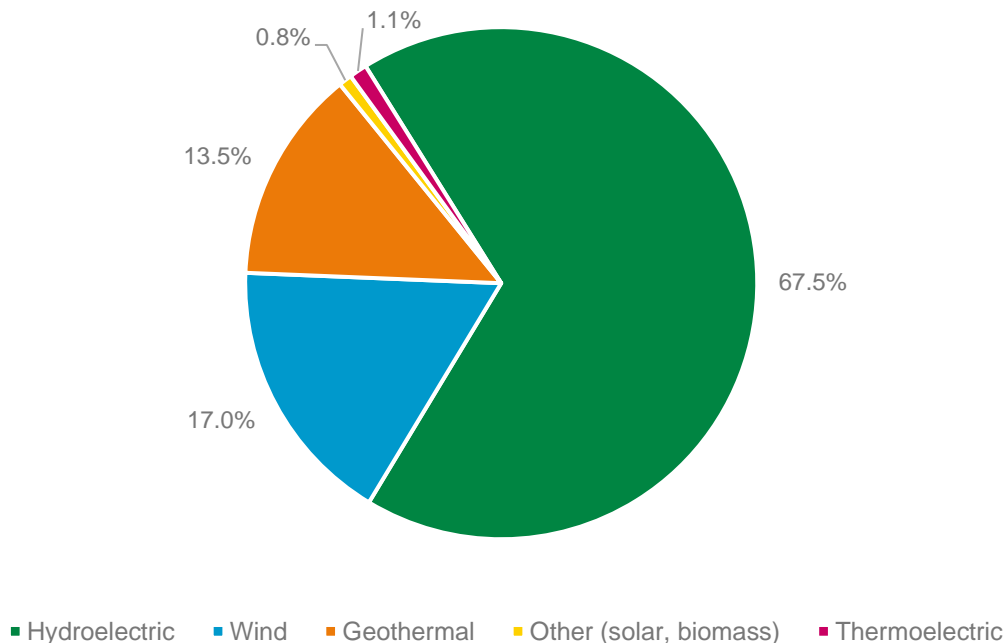
Costa Rica ranks 2nd in Performance and 1st in Expert Perception in Latin America in the Global Green Economy Index (Dual Citizen, 2018). It is also a top ecotourism, adventure, and wellness destination (Mother Nature Network; Lonely Planet, 2018)

The Ministry of Tourism of Costa Rica awards a Sustainable Tourism Certificate, evaluating the sustainability of tourism operations, in terms of natural, cultural, and social resources management.

105) How is the Costa Rica's energy matrix?

Around 99% of the electricity generated in 2019 came from renewable energy sources (hydroelectric, geothermal, biomass, solar, and wind).

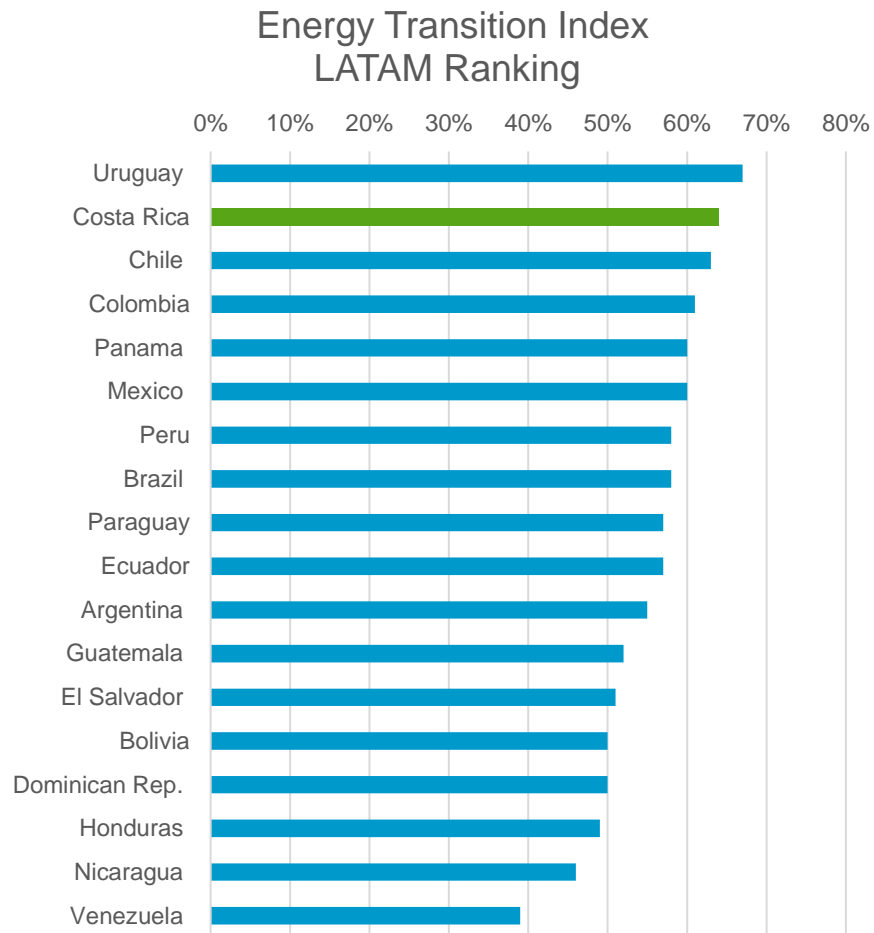
Energy generation by type of source
2019



Source: CINDE based on data from SEN Costa Rica, 2020.

The International Energy Agency (IEA) has noted Costa Rica as one of the countries with the lowest electricity generation emissions factors (grams of CO₂ per kilowatt-hour) in the world. (NDC Partnership, 2017)

Costa Rica also ranks first in Latin America (21st in the world) in the Energy Architecture Performance Index (WEF 2019)



Source: Energy Transition Index, World Economic Forum 2019.

[Back to Main Menu](#)

CINDE: Costa Rican Investment Promotion Agency

106) What is CINDE's scope of activities?

The Costa Rican Investment Promotion Agency, CINDE, is a private non-profit apolitical organization. It was founded in 1982 and in 1984 it was confirmed by the government to be of public interest. CINDE endeavors to advance the country's social and economic development by promoting foreign direct investment (FDI) into the country.

CINDE's effort to attract foreign direct investment has been acknowledged by several international entities, such as the Economic Commission for Latin America and the Caribbean (ECLAC), the Inter-American Development Bank (IADB) and the United Nations Conference on Trade and Development (UNCTAD). CINDE also actively participates in internationally recognized forums which are related to the monitoring and promotion of foreign investment, such as the World Association of Investment Promotion Agencies (WAIPA).

Besides, CINDE ranks as the #1 institution in the world in attracting Foreign Direct Investment (International Trade Center, 2019) and ranks 2nd in foreign investment agencies perceived as "best in class" (Development Counsellors International, 2017).

107) What services does CINDE provide?

As part of the services, CINDE will assist a company in their site selection due diligence process. These pre-establishment services evolve, basically, around two specific areas: providing detailed information on the country and its advantages and organizing customized investment agendas.

Once a company has reviewed the provided information and decides to visit Costa Rica, CINDE will draft a customized agenda for the trip that will meet the investor's needs, including meetings with: service providers, Government organizations, universities, real estate brokers, attorneys, accountants, industrial parks, and office parks.

CINDE's office in New York facilitates a direct contact and link with potential investors from North America and other countries.

Finally, CINDE also provides specialized support for strategic aspects geared to successfully developing new operational expansion projects or promoting product diversification of companies established in the country. This service also includes networking support with other companies or institutions related to the sector, as well as periodic informative seminars conducted by distinguished speakers on several issues of interest for investors. Through these services, CINDE reinforces a great part of its objectives with investors, such as:

- Anticipating client needs and problems
- Identifying success factors and investment environment improvement areas
- Motivate retention, expansion and/or diversification of its clients in the country
- Establishment of strong relations at all levels with clients
- Client satisfaction reassurance

108) Which companies can use CINDE's services?

CINDE has extensive experience in strategic sectors such as Corporate Services, Digital Technologies, Life Sciences, Advanced Manufacturing, Light Manufacturing, Tourism Infrastructure and Food Industry. CINDE provides services to companies that wish to invest in projects with high-added value activities in the country.

109) What is the fee for CINDE's services?

CINDE does not charge for its services.

Sources: BCCR, COMEX, CONARE, Directorate General of Civil Aviation, INA, INEC, CCSS, MEP, Ministry of Treasury, MTTS, General Directorate of Immigration, PROCOMER, SUTEL, SUGEF, Legislative Assembly of Costa Rica, Central Government of Costa Rica, ECLAC, WB, IMF, WEF, CEPAL, Dual Citizen LLC, Reporters Without Borders, Institute for Economics & Peace, UNDP, The Economist Intelligence Unit, The Heritage Foundation, Transparency International, TOEIC, TOEFL, NDC Association, Mother Nature Network, Lonely Planet, Expat Insider, International Living, NEF, IIE.

[Back to Main Menu](#)