

2010

# Costa Rica:

## Free Trade Zone Regime



# The country's Free Trade Zone Regime provides tax incentives

## Free Trade Zone Regime: Main Requirements

Main requirements	(a) Manufacturing firms under Law 7210
Minimum export level	75%
Belong to a strategic sector	Not required
Minimum employment level	Not required
Minimum required investment (1)	\$150,000

- Minimum export level is mandatory. Manufacturing firms in FZR are registered under (a) classification. This classification will be granted until 2015 (or later if WTO renewal extension is approved)
- A manufacturing firm in FZR under (a) classification may switch to (f) classification (Law 8794) to enjoy new/additional incentives
- (1) \$150,000 in fixed assets within FZ Park or \$2,000,000 outside FZ Park

## Free Trade Zone Regime: Main Requirements

Main requirements (1)	(f) Manufacturing firms under Law 8794	
	Small / mid scale projects	Large scale projects
Minimum export level	Not required	Not required
Belong to a strategic sector (2)	Yes	Yes
Minimum employment level	Not required	100
Minimum required investment	\$150,000 (3)	\$10,000,000 (4)

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

(1) For projects in Greater Metropolitan Area (GMA).

(2) For example: Advanced manufacturing and medical devices projects, R&D activities, Innovation projects

(3) \$150,000 in fixed assets within FZ Park or \$2,000,000 outside FZ Park

(4) Investment in fixed assets (land is not included). To be completed in 8 years

## Free Trade Zone Regime: Main Incentives

Income Tax Incentives	Period of Time	(a) Law 7210	(f) Law 8794 Small / mid scale projects*	(f) Law 8794 Large scale projects*
Income tax (statutory income tax = 30%)	8 years	0%	6%	0%
	4 years	15%	15%	15%
Income tax credit	No limit	Not available	10%	10%
Income tax deferral	No limit	Not available	Not available	Up to 10 years

Other Incentives	Period of Time	(a) Law 7210	(f) Law 8794 Small / mid scale projects	(f) Law 8794 Large scale projects
Import duties	No limit	100% exemption	100% exemption	100% exemption
Export and excise taxes	No limit	100% exemption	100% exemption	100% exemption
Remittances repatriation tax	No limit	100% exemption	100% exemption	100% exemption

\* Additional 8-year renewal may be granted if significant reinvestment is made (Article 20 bis)

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