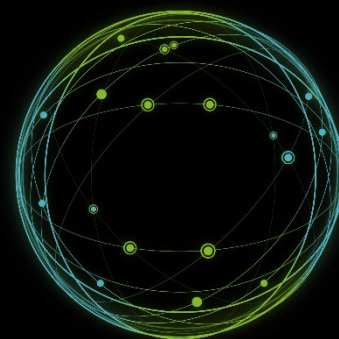


International Tax Costa Rica Highlights 2026

Updated January 2026



Recent developments

For the latest tax developments relating to Costa Rica, see [Deloitte tax@hand](#).

Investment basics

Currency: Costa Rican Colon (CRC)

Foreign exchange control: There are no foreign exchange controls; repatriation payments may be made in any currency. Both residents and nonresidents may hold bank accounts in any currency.

Accounting principles/financial statements: IAS/IFRS applies. Taxpayers classified as “large” domestic taxpayers must prepare financial statements annually. Large domestic taxpayers that report a net loss or zero tax payable in their annual corporate income tax return must submit audited financial statements to the tax authorities within three months after the close of the fiscal year.

Principal business entities: These are the corporation, limited liability company, limited partnership, general partnership, and branch of a foreign company.

Corporate taxation

Rates	
Corporate income tax rate	30% (in general)
Branch tax rate	30% (in general), plus a 15% withholding tax on remittances
Capital gains tax rate	15%/30%

Residence: An entity is a resident if it is incorporated in or has a fixed place of business in Costa Rica.

Basis: Costa Rica operates a territorial tax system, under which both residents and nonresidents generally are taxed on their Costa Rican-source income.

As a general rule, tax applies to Costa Rican-source income or profits generated exclusively in the national territory. As an exception, certain types of passive income generated abroad by “non-qualified” Costa Rican entities that are part of a multinational group are subject to tax in Costa Rica, including dividends, interest, royalties, capital gains, real estate capital income, and other income from movable capital. An entity may be considered to be a non-qualified entity if it does not have adequate economic substance in Costa Rica during the relevant tax year.

Residents are subject to profit tax, and nonresidents are subject to withholding tax. Branches and permanent establishments of foreign companies are taxed in the same way as subsidiaries.

Taxable income: Income tax is imposed on net income (in general, profits or economic benefits resulting from services provided, goods located, or investments made in Costa Rica) of a company. Unrealized gains are not part of gross income (including capital gains in specific cases). Expenses that are considered relevant and necessary for generating taxable income may be deducted in computing taxable income.

Passive income is taxed separately from income derived from ordinary business activities, and generally is subject to a 15% tax rate. See also “Taxation of dividends,” and “Capital gains,” below.

Rate

General

The standard corporate income tax rate is 30%, with lower rates of 5%, 10%, 15%, and 20% applying to companies that earn income below certain thresholds.

Surtax

There is no surtax.

Alternative minimum tax

There is no alternative minimum tax.

Global minimum tax (Pillar Two)

Costa Rica has committed to the implementation of rules that are generally in line with the global anti-base erosion (GloBE) or “Pillar Two” model rules published by the OECD/G20 Inclusive Framework on BEPS that are designed to ensure a global minimum level of taxation of 15% for multinational business groups with annual consolidated revenue of at least EUR 750 million; however, to date, Costa Rica has not presented an implementation proposal.

Taxation of dividends: Dividends received by a Costa Rican entity from another domestic entity are excluded from gross income for corporate income tax purposes. However, the distribution of dividends is subject to a 15% withholding tax, with two exceptions. Dividends distributed to another domestic entity are exempt, provided the beneficiary entity carries on an economic activity. Dividends also are exempt when the beneficiary entity is a controlling entity of a financial group regulated and supervised by the relevant authority (CONASSIF).

Certain types of passive foreign-source income, including dividends, derived by non-qualified entities (see “Basis,” above) are subject to tax at a 15% rate.

Capital gains: Capital gains from a Costa Rican source are subject to a 15% capital gains tax. A 30% rate applies if the capital gains are generated from assets used in the taxpayer’s ordinary business activities.

Certain types of passive foreign-source income, including capital gains, derived by non-qualified entities (see “Basis,” above) are subject to tax at a 15% rate.

Losses: Losses may be carried forward for three years (five years for agricultural losses). The carryback of losses is not permitted.

Foreign tax relief: In general, no deduction or credit for foreign taxes is allowed. However, non-qualified entities (see “Basis,” above) that derive certain types of passive foreign-source income may credit similar taxes withheld or paid abroad against the tax payable in the Costa Rican territory with respect to the same income.

Participation exemption: There is no formal participation exemption, but Costa Rica operates a territorial system of taxation, under which certain foreign income (such as dividends and royalties obtained abroad) generally is not subject to tax (however, see “Basis,” above, regarding the treatment of certain passive income derived by non-qualified entities).

Holding company regime: See “Taxation of dividends” and “Participation exemption,” above.

Incentives: Industrial or processing companies located in free trade zones may be entitled to pay corporate income tax at a 7% rate for the first eight years of operation.

Service companies located in free trade zones may be entitled to tax holidays, such as a 100% exemption from corporate income tax for the first eight or 10 years of operation and a 50% exemption for the next four years. Other tax holidays are available, as are forest sustainability and tourism incentives.

Compliance for corporations

Tax year: The tax year is the 12-month period from 1 January to 31 December, although the taxpayer may request an alternative period.

Consolidated returns: Consolidated returns are not permitted; each company must file a separate return.

Filing and payment: A self-assessment regime applies. Advance payments of corporate income tax are payable in quarterly installments. The corporate income tax return must be filed and tax paid within two months and 15 days after the tax year end.

Penalties: A late payment penalty equal to 1% of the tax due is imposed for each month the tax is outstanding, up to a maximum of 20%. The penalty for underpaid tax varies, depending on the amount of tax due.

Rulings: A ruling setting out the tax authorities’ position may be obtained, but it is not binding on the taxpayer.

Individual taxation

Rates		
Individual income tax rate	Taxable income from a trade or profession (CRC)	Rate
	Up to 6,244,000.00	0%
	6,244,000.01–8,329,000.00	10%
	8,329,000.01–10,414,000.00	15%
	10,414,000.01–20,872,000.00	20%
	Over 20,872,000.00	25%
Capital gains tax rate		15%

Residence: Costa Rican permanent residents and individuals who have been in the country for six months or more in a tax year are ordinarily resident.

Basis: Residents and nonresidents are taxed on their Costa Rican-source income. Residents are subject to income tax, while nonresidents are subject to withholding tax.

Taxable income: Income is taxed under a schedular system. Gross employment income is taxable. Net profits from the carrying on of a trade or profession are taxed in the same way as profits derived by companies. Investment income in the form of dividends is subject to withholding tax.

Rates: Taxable income from the carrying on of a trade or profession is subject to tax at progressive rates up to 25%, and the current rates are shown in the table above. Separate tax brackets apply for employment income, and the tax on this income is withheld by the employer at progressive rates up to 25% of gross wages. Investment income in the form of dividends is subject to a 15% withholding tax.

Capital gains: Capital gains from a Costa Rican source generally are subject to a 15% capital gains tax.

Deductions and allowances: No deductions are granted in respect of employment income, although personal allowances are granted for the taxpayer's spouse and children. A taxpayer carrying on a trade or business is entitled to the same deductions as a corporation.

Foreign tax relief: No deduction or credit for foreign taxes is allowed for individuals.

Compliance for individuals

Tax year: The tax year is the 12-month period from 1 January to 31 December, although the taxpayer may request a different period.

Filing status: Each individual must file a return; joint filing is not permitted.

Filing and payment: A self-assessment regime applies. Advance payments of income tax are payable in quarterly installments. The income tax return must be filed and tax paid within two months and 15 days after the end of the tax year. Income tax on gross employment income is withheld by the employer and remitted to the tax authorities on a monthly basis.

Penalties: A late payment penalty equal to 1% of the tax due is imposed for each month the tax is outstanding, up to a maximum of 20%. The penalty for underpaid tax varies, depending on the amount of tax due.

Rulings: A ruling setting out the tax authorities' position may be obtained, but it is not binding on the taxpayer.

Withholding tax

Rates				
Type of payment	Residents		Nonresidents	
	Company	Individual	Company	Individual
Dividends	0%/15%	15%	5%/15%	5%/15%
Interest	0%	15%	0%/15%	15%
Royalties	0%	0%	25%	25%

Dividends: A 15% withholding tax generally is imposed on dividends paid to a resident individual or to a nonresident. The rate is 5% for dividends paid to nonresidents by stock corporations whose shares are registered on a local, officially recognized stock exchange. The rate on payments to a nonresident also may be reduced under an applicable tax treaty. No withholding tax applies on dividends paid to a resident entity that carries on an economic activity or that is a controlling entity of a financial group regulated and supervised by CONASSIF; otherwise, the rate is 15%.

Interest: A 15% withholding tax is imposed on interest paid to a resident individual or to a nonresident, unless the rate on payments to a nonresident is reduced under an applicable tax treaty. Payments made to a nonresident bilateral or multilateral development entity/organization are exempt from withholding tax. No withholding tax applies on interest paid to a resident company.

Royalties: Royalties paid to a nonresident are subject to a 25% withholding tax, unless the rate is reduced under an applicable tax treaty. No withholding tax applies on royalties paid to a resident.

Fees for technical services: Fees for technical services paid to a nonresident are subject to a 25% withholding tax. No withholding tax applies on fees for technical services paid to a resident.

Branch remittance tax: Remittances by a branch to its nonresident head office are taxed in the same way as a dividend distribution (meaning a 15% withholding tax will be imposed).

Other: All Costa Rican-source income paid abroad is subject to withholding tax at varying rates (e.g., 5.5% on insurance income, 8.5% on transportation and communication income, 15% on lease payments and professional fees, such as management fees (nontechnical advice)). Other income from a Costa Rican source that is not included within the previous

categories is subject to a 30% withholding tax rate. Services provided entirely abroad (e.g., marketing services) may be exempt from withholding tax.

Anti-avoidance rules

Transfer pricing: Costa Rica's transfer pricing rules are based on the OECD guidelines. The following transfer pricing methods may be used: comparable uncontrolled price, resale price, cost plus, profit split, and transactional net margin methods.

Taxpayers subject to the transfer pricing rules must maintain documentation to support the pricing of related-party transactions. Taxpayers engaged in domestic or cross-border transactions with related parties that exceed a threshold equivalent to 1,000 base salaries in the relevant year, entities operating under the free trade zone regime, and entities classified as large taxpayers must file an annual transfer pricing information return.

Advance pricing agreements (APAs) are available, under which the taxpayer and the tax authorities may agree to the price of related-party transactions in advance. An APA is valid for a three-year period.

Interest deduction limitations: There are no specific thin capitalization rules, but limits are imposed on the payment of interest by a domestic limited liability company to its head office (these rules do not apply to a corporation). Deductions of interest expense on loans from persons other than banks are limited to 20% of EBITDA (earnings before interest, taxes, depreciation, and amortization).

Controlled foreign companies: There are no controlled foreign company rules.

Anti-hybrid rules: Expenses related to arrangements involving hybrid entities or loans and paid to related parties are nondeductible when the expense does not generate taxable income for the related party.

Economic substance requirements: Non-qualified entities that are not considered to have adequate economic substance in Costa Rica may be subject to tax on certain passive foreign-source income (see "Basis" under "Corporate taxation," above). There are no other specific economic substance requirements. However, certain tax deductions may be denied in the absence of economic substance.

Disclosure requirements: Legal entities must disclose their ultimate beneficiaries on an annual basis.

Exit tax: There is no exit tax.

General anti-avoidance rule: There is a general anti-avoidance rule. Entities benefiting from special incentive regimes must demonstrate full compliance with the local tax regulations. Entities engaged in intercompany transactions are also subject to specific transfer pricing rules to prevent tax evasion.

Value added tax

Rates	
Standard rate	13%
Reduced rate	0%/1%/2%/4%

Taxable transactions: VAT is imposed on the sale of goods and the provision of services in Costa Rica.

Rates: The standard rate is 13%. Reduced rates (1%, 2%, or 4%) or exemptions apply in certain circumstances. Some transactions are eligible for a VAT exemption with the right to claim an input VAT credit (the equivalent of a zero rate).

Registration: Registration is mandatory for businesses, but a simplified regime is available for small and medium-sized enterprises.

Filing and payment: VAT is payable on a monthly basis at the time the tax return is filed.

Other taxes on corporations and individuals

Unless otherwise stated, the taxes in this section apply both to companies and individuals and are imposed at the national level.

Social contributions and payroll taxes: The employer must make social security contributions of 26.33% of the gross wages paid to its employees. Employed individuals contribute 10.84% of wages, and the contribution rate ranges from 10.5% to 18.5% for the self-employed.

Capital duty: There is no capital duty.

Real property tax: The municipal authorities impose an annual 0.25% tax on the value of real property (land plus any buildings). An annual luxury house tax also may apply, with the rate depending on the value of the property.

Transfer tax: A 2.5% transfer tax applies to the transfer of movable property subject to registration; the rate on the transfer of immovable property is 1.5%.

Stamp duty: A culture and education stamp tax is payable annually on the net capital of entities. The amount ranges from USD 1.50 to USD 18.

Net wealth/worth tax: There is no net wealth tax or net worth tax.

Inheritance/estate tax: There is no inheritance tax or estate tax.

Other: A business license tax is imposed annually by the municipalities, at rates ranging from 0.15% to 0.35%.

Tax treaties: Costa Rica has four bilateral tax treaties in force, with Germany, Mexico, Spain, and the United Arab Emirates.

The Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (BEPS MLI) entered into force for Costa Rica on 1 January 2021.

Costa Rica has officially expressed its intent to sign the Multilateral Convention to Facilitate the Implementation of the Pillar Two Subject to Tax Rule (STTR MLI).

For information on Costa Rica's tax treaty network, visit [Deloitte International Tax Source](#).

Tax authorities: General Directorate of Taxation and General Directorate of Customs

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