

## Costa Rica

Costa Rica has met all aspects of the terms of reference (OECD, 2021<sup>[1]</sup>) (ToR) for the calendar year 2022 (year in review), and no recommendations are made.

Costa Rica can legally issue two types of rulings within the scope of the transparency framework.

In practice, Costa Rica issued rulings within the scope of the transparency framework as follows:

Type of ruling	Number of rulings
Past rulings	6
Future rulings in the period 1 April 2017 – 31 December 2017	3
Future rulings in the calendar year 2018	4
Future rulings in the calendar year 2019	0
Future rulings in the calendar year 2020	3
Future rulings in the calendar year 2021	9
Future rulings in the year in review	3

No peer input was received in respect of the exchanges of information on rulings received from Costa Rica.

## Information gathering process (ToR I.A)

292. Costa Rica can legally issue the following two types of rulings within the scope of the transparency framework: (i) cross-border unilateral APAs and any other cross-border unilateral tax rulings (such as an advance tax ruling) covering transfer pricing or the application of transfer pricing principles; and (ii) permanent establishment rulings.

293. For Costa Rica, past rulings are any tax rulings within scope that are issued either: (i) on or after 1 January 2015 but before 1 April 2017; or (ii) on or after 1 January 2012 but before 1 January 2015, provided they were still in effect as at 1 January 2015. Future rulings are any tax rulings within scope that are issued on or after 1 April 2017.

294. In the prior years' peer review reports, it was determined that Costa Rica's undertakings to identify past and future rulings and all potential exchange jurisdictions were sufficient to meet the minimum standard. In addition, it was determined that Costa Rica's review and supervision mechanism was sufficient to meet the minimum standard. Costa Rica notes that during the year in review, changes were introduced regarding the information gathering process on permanent establishment (PE) rulings. More specifically, the territorial tax administrations and the Large Taxpayers Directorate are now in charge of issuing these rulings. Furthermore, taxpayers are required to notify if there are any changes regarding the head office and the intermediate and ultimate parent entities. Costa Rica also notes that with these changes, the review and supervision mechanism has also changed. An official within the Taxpayer Service Management Area of the territorial tax administration and the Large Taxpayers Directorate reviews the information on the PE ruling and sends the draft ruling for approval and signature to the Deputy Manager. Afterwards, the Manager of the Territorial Tax Administration or Director of the Large Taxpayers Directorate issues the ruling. The template for the PE ruling will then be sent to the Competent Authority for the exchange. Costa Rica's implementation continues to meet the minimum standard.

295. Costa Rica has met all of the ToR for the information gathering process and no recommendations are made.

## Exchange of information (ToR II.B)

296. Costa Rica has the necessary domestic legal basis to exchange information spontaneously. Costa Rica notes that there are no legal or practical impediments that prevent the spontaneous exchange of information on rulings as contemplated in the Action 5 minimum standard.

297. Costa Rica has international agreements permitting spontaneous exchange of information, including: (i) the *Multilateral Convention on Mutual Administrative Assistance in Tax Matters: Amended by the 2010 Protocol* (OECD/Council of Europe, 2011<sup>[2]</sup>) ("the Convention"), (ii) the Convention on Mutual Assistance and Technical Cooperation between Tax and Customs Administrations of Central America, (iii) bilateral agreements in force with four jurisdictions and (iv) tax information exchange agreements in force with two jurisdictions.<sup>1</sup>

298. For the year in review, the timeliness of exchanges is as follows:

Future rulings within the scope of the transparency framework	Number of exchanges transmitted within three months of the information becoming available to the competent authority or immediately after legal impediments have been lifted	Delayed exchanges		
		Number of exchanges transmitted later than three months of the information on rulings becoming available to the competent authority	Reasons for the delays	Any other comments
	6	0	N/A	N/A

Follow-up requests received for exchange of the ruling	Number	Average time to provide response	Number of requests not answered
	0	N/A	N/A

299. In the prior years' peer review reports, it was determined that Costa Rica's process for the completion and exchange of templates were sufficient to meet the minimum standard. With respect to past rulings, no further action was required. Costa Rica's implementation in this regard remains unchanged and therefore continues to meet the minimum standard.

300. Costa Rica has the necessary legal basis for spontaneous exchange of information, a process for completing the templates in a timely way and has completed all exchanges. Costa Rica has met all of the ToR for the exchange of information process and no recommendations are made.

## Statistics (ToR IV.D)

301. The statistics for the year in review are as follows:

Category of ruling	Number of exchanges	Jurisdictions exchanged with
Cross-border unilateral APAs and any other cross-border unilateral tax rulings (such as an advance tax ruling) covering transfer pricing or the application of transfer pricing principles	0	N/A
Permanent establishment rulings	<i>De minimis</i> rule applies	N/A
<i>De minimis</i> rule	6	
<b>Total</b>	6	

## Matters related to intellectual property regimes (ToR I.A.1.3)

302. Costa Rica does not offer an intellectual property regime for which transparency requirements under the Action 5 Report (OECD, 2015<sup>[3]</sup>) were imposed.

## Summary of recommendations on implementation of the transparency framework

Aspect of implementation of the transparency framework that should be improved	Recommendation for improvement
	No recommendations are made.

## References

- OECD (2021), *BEPS Action 5 on Harmful Tax Practices - Terms of Reference and Methodology for the Conduct of the Peer Reviews of the Action 5 Transparency Framework*, OECD Publishing, Paris, <https://www.oecd.org/tax/beps/beps-action-5-harmful-tax-practices-peer-review-transparency-framework.pdf>. [1]
- OECD (2015), *Countering Harmful Tax Practices More Effectively, Taking into Account Transparency and Substance, Action 5 - 2015 Final Report*, OECD/G20 Base Erosion and Profit Shifting Project, OECD Publishing, Paris, <https://doi.org/10.1787/9789264241190-en>. [3]
- OECD/Council of Europe (2011), *The Multilateral Convention on Mutual Administrative Assistance in Tax Matters: Amended by the 2010 Protocol*, OECD Publishing, Paris, <https://doi.org/10.1787/9789264115606-en>. [2]

## Note

<sup>1</sup> Participating jurisdictions to the Convention are available here: [www.oecd.org/tax/exchange-of-tax-information/convention-on-mutual-administrative-assistance-in-tax-matters.htm](http://www.oecd.org/tax/exchange-of-tax-information/convention-on-mutual-administrative-assistance-in-tax-matters.htm). Costa Rica is also party to the Convention on Mutual Assistance and Technical Cooperation between Tax and Customs Administrations of Central America including El Salvador, Guatemala, Honduras and Nicaragua. Costa Rica has bilateral tax agreements with Germany, Mexico, Spain, and United Arab Emirates, and tax information exchange agreements with Argentina and the United States. All these agreements allow spontaneous exchange of information.



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