

Move to Costa Rica, We all Love Tax Cuts

By *The Costa Rica Star* by [Laura Gutierrez of Immigration Help Costa Rica](#)

I have received many emails asking about the new liberalization of importation taxes on personal goods such as cars and trucks. Also, questions abound about the lower Inversionista qualifying investment of \$150,000 down from (the still current) \$200,000 by the principal residency applicant.

The short answer: Not quite yet.

The legal path for the new law was followed right up to presidency approval in July of this year. What was supposed to happen next was that by September 14th, 2021, different authorities (Hacienda, Customs, Immigration) were to coordinate how the new law would be implemented. There still needs to be a REGLAMENTO to implement how these new laws will be applied.

According to my sources, this will take much longer to be ready. If history on such matters is any predictor, we are looking at many more weeks, if not months, to see that to fruition. Prudent thinking leans toward speculation that the current government will leave it for the next party winning the upcoming election. That election takes place next month February 2022 (In case you didn't notice all of the billboards everywhere). In other words, the proverbial can has been kicked down the road.

Once the REGLAMENTO has been crafted and put in place in each administering government entity, it will hopefully clear up the following:

- 1) Will the importation tax exemptions apply to non-residents? (doubtful)
- 2) Will it apply to those awaiting approvals on submitted residency applications?
- 3) Application of the 20% tax issue having to do with investments. (Inversionista category of residency.)
- 4) Whether Inversionista will be overall more advantageous than Rentista.

When it comes to the "Big Thing" of being able to import your car/SUV/Pick-up free of taxes, watch for the poison pill. There is not much benefit if you must keep that vehicle for 20 years to avoid the retroactive tax bill down the road when selling that car sooner than the new rules allow. We have been here before. Sorry for this cold water, but I hate to see people holding their breath and delaying simple decisions, such as selling their car at home and buying again here in Costa Rica from a reputable dealer. (Yes, there are some here in Costa Rica.) I recall in the 90's car jockeys from the U.S. and Canada undercutting dealers here in Costa Rica for many years until the car dealer association put a stop to it by lobbying Congress to implement the very taxes they now intend to rescind. Even though the new proposed law only covers personal vehicles, it still represents a lot of lost local car sales. Costa Rican dealers are recovering from an excruciating COVID slump in sales and are not likely to remain mute on the subject to Congress. And then there is the risk of theft, vandalism, and damage to cars in transit from the U.S. through the ports. (Visited Limon lately?)

I am not an expert. These are just broad considerations and updates at this point. Once the REGLAMENTO is in place, a more qualified legal expert will post a detailed update here. In the meantime, the old rules still apply