

Global Tax Alert

News from EY Americas Tax and Transfer Pricing

Costa Rica modifies transfer pricing documentation regulations

EY Tax News Update: Global Edition

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The Costa Rican tax authorities published Resolution DGT-R-49-2019 (Resolution 2019), which requires taxpayers to prepare certain transfer pricing documentation for the corporate group and local taxpayer. Resolution 2019 was published in the *Official Gazette* on 13 November 2019 and supersedes Resolution DGT-R-16-2017 (Resolution 2017).

Resolution 2017 was based on the Final Report on Action 13 of the Base Erosion and Profit Shifting (BEPS) framework published by the Organisation for Economic Co-operation and Development. Although Resolution 2019 supersedes Resolution 2017 and includes several changes, it also maintains many of the same requirements in Resolution 2017.

The main changes introduced by Resolution 2019 are summarized below.

Corporate documentation

Resolution 2019 requires taxpayers to prepare and maintain the following corporate documentation:

1. A description of the most important business restructurings for the past five years
2. Links to websites containing a representative analysis of the industry and the company prepared by rating agencies or similar organizations

3. A table with the total number of employees for each country in which the international corporation operates
4. The consolidated income statement for the most recent period

Taxpayers are no longer required to provide a description of the value chain of the five most important products or services, the products or services that represent at least 5% of the gross revenues and the most important geographical markets.

Local taxpayer documentation

Under Resolution 2019, taxpayers must collect or prepare and maintain certain local taxpayer documentation, including:

1. The accumulated expenses for each transaction category and a comparison of current expenses against prior years
2. Audited financial statements for the last three years

For additional information with respect to this Alert, please contact the following:

Ernst & Young, S.A., San José, Costa Rica

- ▶ Rafael Sayagués rafael.sayagues@ey.com
- ▶ Luis Eduardo Ocando luis.ocando@pa.ey.com
- ▶ Paul A De Haan paul.dehaan@cr.ey.com
- ▶ María José Luna maria.luna@pa.ey.com

Ernst & Young, LLP (United States), Latin American Business Center, New York

- ▶ Ana Mingramm ana.mingramm@ey.com
- ▶ Enrique Perez Grovas enrique.perezgrovas@ey.com
- ▶ Pablo Wejcman pablo.wejcman@ey.com

Ernst & Young LLP (United Kingdom), Latin American Business Center, London

- ▶ Jose Padilla jpadilla@uk.ey.com

Ernst & Young Tax Co., Latin American Business Center, Japan & Asia Pacific

- ▶ Raul Moreno, *Tokyo* raul.moreno@jp.ey.com
- ▶ Luis Coronado, *Singapore* luis.coronado@sg.ey.com

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