

26 March 2020

Global Tax Alert

News from EY Americas Tax

Costa Rican Government enacts law to mitigate tax and economic impact of COVID-19

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EY Americas Tax

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On 20 March 2020, the Costa Rican Government enacted the Law for the Tax Relief from COVID-19, aimed at mitigating the tax and economic impact caused by the spread of COVID-19.

Value-added tax measures

The law defers the payment of the value-added tax (VAT) for April, May and June 2020. Taxpayers must still file the VAT return for those months, but do not have to include the payment. The law requires taxpayers that take advantage of the deferral to pay the VAT for those months no later than 31 December 2020. Penalties and interest will not be imposed on the deferred payments.

Additionally, the law exempts the payment of VAT on commercial leases for April, May and June 2020, as long as the lessor and lessee are duly registered as taxpayers with the Tax Registry maintained by the tax authorities.

Income tax measures

The law does not require taxpayers to make advance payments of income tax that are due in April, May or June 2020. This provision does not apply to taxpayers that have a special tax period previously authorized by the tax authorities. Those taxpayers must make their advance payments.

Consumption tax measures

The law grants a consumption tax deferral to taxpayers that are registered as taxpayers with the Tax Registry maintained by the tax authorities. Taxpayers that take advantage of the deferral will have to pay the consumption tax for the months covered by the deferral by 31 December 2020. Interest and penalties will not be imposed on the deferred payments.

Import measures

The law grants importers that are registered as taxpayers in the Tax Registry the ability to enter imported goods into the national market in April, May and June 2020, without the imposition of duties. Importers that take advantage of this provision will have to pay the import duties for those months by 31 December 2020. Interest and penalties would not be imposed on those deferred payments.

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EYG no. 001506-20Gbl

1508-1600216 NY

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