

# Mobility: Immigration alert

September 2021



## Costa Rica

### Digital Nomad Visas

#### Executive summary

Earlier this month, the Costa Rican Government published a law creating a new immigration category for digital nomads who are seeking to work remotely from within Costa Rica. While not yet available, the new Digital Nomad Visa will eventually permit eligible non-Costa Rican nationals to work remotely from within Costa Rica for an initial period of one year, and sponsor qualifying family members to accompany them in Costa Rica as dependents. Holders of Digital Nomad Visas will also enjoy special tax benefits in Costa Rica.

#### Background

In general, the term “digital nomads” refers to individuals who are employed and receive salaries and benefits in one country (i.e., the home country) but work remotely from another country or multiple other countries (i.e., the host country/ies). Digital nomads are typically not permitted to earn remuneration in the host country/ies, as the purpose of issuing nomad visas is to attract foreign spending to host countries on a temporary basis without permitting the visa holders to enter into the host countries’ local labor markets.

The Costa Rican President and Minister of Tourism signed the new law on digital nomads in mid-August 2021. The new law was published in Costa Rica’s Official Gazette earlier this month. Regulations that provide greater clarity around eligibility criteria, application requirements and processing times (“the regulations”) are expected to be published later in September or October 2021. The regulations are the final step before the Government begins issuing Digital Nomad Visas to qualifying candidates.

#### Eligibility criteria

Non-Costa Rican nationals who apply to obtain Digital Nomad Visas on their own, without family members, will be required to prove that they received a monthly income of at least US\$ 3,000 (or its equivalent in another currency) in each of the 12 months immediately preceding the filing of their application. Applicants who seek to sponsor qualifying family members to join them in Costa Rica will be required to prove that they earn at least US\$ 4,000 per month.

All applicants, whether primaries or dependents, will need to prove that they hold medical insurance policies that cover the costs of medical treatment during their stay in Costa Rica. More details regarding the minimum required amount that must be covered under the policy, and whether it must cover medical care associated with COVID-19, are expected to be included in the regulations.

Holders of Digital Nomad Visas, including dependent family members, are prohibited from receiving remuneration from Costa Rican sources and performing work or delivering services that generate revenue for Costa Rican entities.

Qualifying dependents include opposite- and same-sex spouses and common law partners, children aged 25 or younger and older dependent relatives (e.g., parents) of the primary applicants. In some instances, primary applicants may sponsor children above the age of 25 if they depend on the primary applicants for financial support (e.g., if they suffer from development delays and are unable to support themselves independently of the primary applicant).

## Benefits

Digital Nomad Visa holders will be permitted to remain in Costa Rica for an initial period of one year, with the possibility of extending their visa for an additional year, provided that they comply with the terms of their visa (e.g., they do not receive remuneration from a Costa Rican source). Digital Nomad Visa holders who violate the terms of their visas will forfeit their visas and become subject to penalties for noncompliance with Costa Rican laws, including but not limited to fines, deportation and potential bars against re-entry and/or obtaining new Costa Rican visas in the future.

Holders of Digital Nomad Visas may apply to change immigration categories (e.g. to become temporary residents) from within Costa Rica prior to the expiration of their visas, provided they otherwise meet the eligibility criteria for the new immigration status for which they are applying.

Primary Digital Nomad Visa holders and their dependents will be exempt from paying Costa Rican income tax on their income earned outside of Costa Rica. They are also expected to be exempt from import tax obligations relating to any computer equipment that they bring with them to Costa Rica to perform their work functions remotely.

Digital Nomad Visa holders will also be permitted to open bank accounts in Costa Rica and use their foreign driver's licenses to drive while in the country.

## Key steps

EY will continue to monitor these developments. Should you have any questions, we encourage you to contact one of our immigration professionals.

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