

Indirect Tax Alert

News from Americas Tax

Costa Rica publishes resolution on including royalties and license fees in price actually paid on imports

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Costa Rica's General Customs Directorate and the National Customs Valuation and Verification Body published a resolution, which regulates how to include royalties and license fees in the price actually paid on or payable for imports. The resolution applies both to cases in which the importer knows the amount of such fees and royalties and cases in which the importer does not know those amounts. It also sets forth the special procedure to be applied in the immediate control (i.e., compliance measures applied by Customs).

Importer knows total amount of royalties and license fees

If the importer knows the total amount of the royalties and license fees, the resolution requires the importer to declare this amount in the Single Customs Declaration (SCD) by including it in the total value of the goods, as established in Articles 1 and 8.1.c of the Customs Valuation Agreement of the World Trade Organization.

Article 8.1.c states:

In determining the customs value under the provisions of Article 1, there shall be added to the price actually paid or payable for the imported goods:

Royalties and license fees related to the goods being valued that the buyer must pay, either directly or indirectly, as a condition of sale of the goods being valued, to the extent that such royalties and fees are not included in the price actually paid or payable[.]

Importer does not know total amount of royalties and license fees

If the importer does not know the total amount of the royalties and license fees, and the amount depends on the conditions set forth in the license contract, the importer should include an estimate of those amounts in the electronic system. If the estimate is lower than the exact amount of

the royalties and license fees, the importer must pay the additional amount with interest to the tax administration in accordance with Article 61 of the General Customs Law.

For cases in which the amount initially estimated for royalties and license fees is higher than the exact amount, the importer may be eligible for a refund. The importer may claim a refund by following the current tax refund procedure.

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