

COSTA RICA – TAX CONSIDERATIONS ON SHARING YOUR SPACE FOR SHORT-TERM ACCOMMODATIONS

The following information can help you get started in learning about some of the tax requirements that might apply to you when providing short-term accommodation services in Costa Rica.

Tax can be tricky and it is important to ensure that you keep up to date with your tax obligations and remain tax compliant. It is important to consider that the timely preparation, filing and payment of taxes are your responsibility.

If you are supplying short-term accommodation in Costa Rica, you should ensure that you understand each of the following types of taxes, and pay the ones that apply to you;

- Real Estate Capital Income.
- Income Tax.
- Value Added Tax (hereinafter “VAT”).
- Corporate Tax.

Please understand that this information is for informational purposes only and should not be considered legal, tax, or any other type of advice. If you are unsure about your local tax obligations, we encourage you to check this with official local sources, or to seek advice from qualified professionals.

Please note that we don't update this information in real time, so you should confirm that the laws or procedures have not changed recently.

1. TAX GENERALITIES

▪ The Costa Rican tax year

The fiscal year runs from January 1st to December 31st.

▪ Obligation to pay Costa Rican income tax.

You are required to pay Income Tax if you generate income in Costa Rica, regardless of

whether you are domiciled or not in the country.

The obligation to file the tax returns persists if you are registered as a taxpayer, regardless of whether income was generated throughout the year.

- **Reporting tax in Costa Rica.**

Income Tax and VAT returns in Costa Rica must be filed throughout the Tax Authorities' web platform called Virtual Tax Administration (known as "ATV" by its initials in Spanish) which you could entry in the following [website](#).

Nationals and residents can access the platform using their ID number. In case of foreign hosts, a Special Tax Identification Number (known as "NITE" by its initials in Spanish) must be requested from the Tax Authorities.

- **Costa Rican Tax Authority contact details.**

The phone number for the Costa Rican tax authorities is +506 2539 4000.

2. REAL ESTATE CAPITAL INCOME TAX

This tax applies on the income generated as a host for the rental of the properties and applies generally for all income generated by this economic activity.

- **Reporting Tax - filing deadline.**

The filing of the return and payment of the tax must be made within the first 15 calendar days of the following month in which the income was generated. This tax applies only to income generated by accommodation services; it does not apply to reservations derived from Experiences services. The tax return should be filed only for the months in which you received income.

- **Tax rate.**

The tax rate is 15% on gross income, however, the taxpayer is allowed a single deduction of 15% per month, without the need for receipts.

For example, if the host generated US\$1.000 of income during the month, the host could deduct US\$150, and would pay 15% over US\$850, paying a total of US\$127.5 of income tax.

3. INCOME TAX ON PROFITS

If you earn income in Costa Rica and have at least one employee registered before the Social

Security (known in Spanish as "CCSS"), you can request authorization to the Tax Authorities to change to this regime instead of the Real Estate Capital Tax.

If you provide Experiences services, you should register this business activity in the Tax Authority' system "ATV" which you could entry in the following [website](#). Income obtained from the Experiences service will be taxed under this income tax on profits.

The below is a brief outline of the tax obligations that will arise on income earned from short-term in Costa Rica if you change to this regime or if you provide Experiences, and some information on how this tax can be paid to the local tax authorities.

- **Income tax - filing deadline.**

The income tax return filing deadline is March 15th for all the Costa Rican taxpayers.

- **Income tax - payment deadline.**

Once your tax return has been filed, the payment of the tax must be carried out before March 15th. Additionally, you will have to comply with quarterly partial payments of the Income Tax, which must be paid by the last day of the months of June, September, and December.

- **Costa Rican income tax rates.**

For Legal Entities:

In the case of legal entities, the following rates:

- Up to 5,687,000.00 colones (US\$ 11,150 approximately) of an annual income is taxable at 5%.
- From 5,687,000.00 colones up to 8,532,000.00 colones (US\$16,700.0 approximately) of an annual income is taxable at 10%
- From 8,532,000.00 colones up to 11,376,000.00 colones (US\$ 22,300 approximately) of an annual income is taxable at 15%
- From 11,376,000.00 colones up to 120,582,000.00 colones (US\$236,400 approximately) of an annual income is taxable at 20%
- A 30% income tax rate applies to entities with an annual income higher than 120,582,000.00 colones (US\$236,400 approximately).

In this regard, it is important to consider that these brackets are determined according to the gross income of the company, and the selected bracket is applied on its net income.

For Natural Persons:

- Up to 4,127,000.00 colones (US\$8,000 approximately) of an annual net income, the income is exempt
- From 4,127,000.00 colones up to 6,164,000.00 colones (US\$ 12,000 approximately) of an annual net income is taxable at 10%

- From 6,164,000.00 colones up to 10,281,000.00 colones (US\$ 20,150 approximately) of an annual net income is taxable at 15%
- From 10,281,000.00 colones up to 20,605,000.00 colones (US\$ 40,400 approximately) of an annual net income is taxable at 20%
- Annual net income above 20,605,000.00 colones is taxable at 25%

These rates are updated annually, in accordance with the Consumer Price Index, determined by the National Institute of Statistics and Census (known in Spanish as "INEC") of Costa Rica.

- **Typical expenses that can be deducted from the gross income in relation to short-term accommodation under the Income Tax on Profits Regime.**

It is possible to deduct expenses that are directly connected with offering your property for short term accommodation or those related to Experiences services. This can include, but is not limited to:

- Internet, water, electricity usage.
- Cleaning, (insofar connected to the stay of the tenants).
- Advertisements (including the Airbnb Service Fee).
- Fee of the tour guide and fee of rental of the equipment for the Experience service.

4. VALUE ADDED TAX (VAT)

Broadly speaking, VAT in Costa Rica is a tax on goods and services. Most goods and services supplied in Costa Rica are subject to VAT.

A person who supplies services in Costa Rica will have to charge the VAT when issuing invoices and pay this VAT to the tax authorities. As with all taxes, we encourage you to consult with a tax advisor regarding your potential VAT obligations in Costa Rica.

- **Do I need to collect any VAT from guests if I provide short term accommodations in Costa Rica?**

Short-term accommodations in Costa Rica are subject to VAT. Invoices issued by the Host should include VAT. Hosts are responsible for including VAT in the accommodation price and reporting such amounts to the Costa Rican authorities. It is the responsibility of the host to issue invoices to the guest for the accommodation including 13% VAT and to file the monthly VAT return.

Currently, you are required to register as a taxpayer in Costa Rica if you supply goods and/or services subject to VAT. There is no registration threshold. As such, once you begin supplying short-term accommodation services for properties located in Costa Rica, you should register as a taxpayer for VAT purposes.

We encourage you to consult a tax advisor if you need assistance in determining whether you are allowed to deduct input VAT incurred.

For further guidance on registering for VAT, please see the Costa Rican tax authorities' [website](#).

- **VAT applies to me. How do I determine how much tax I need to collect from my guests?**

The general VAT rate in Costa Rica is 13%, which must be added to the price of the accommodation to be charged to the guest.

Currently, Airbnb does not automatically add VAT to the price of the accommodation, so it is important that you remember to include VAT in your price to comply with your tax obligations.

For further guidance on this subject please see the Costa Rican tax authority's [website](#).

To comply with the obligation of paying the VAT, it is possible that some formalities, such as issuing an electronic invoice to your guests are required.

For further guidance on filing returns, please see the Costa Rican tax authorities' [website](#).

We recommend that you check your VAT related obligations and the applicable invoice requirements with a local tax advisor.

5. CORPORATE TAX

All corporations, limited liability companies and foreign companies registered in Costa Rica have the obligation to pay Corporate Tax on a yearly basis.

The fee of the tax ranges from US\$ 213 to US\$ 444 approximately depending on the income generated by the entities in the previous fiscal year. This tax should be paid throughout the month of January each year.

6. ADDITIONAL TAX OBLIGATIONS FOR HOST

In addition to the aforementioned taxes, the hosts that provide short-term accommodations in Costa Rica have the following obligations:

- Register before the Tax Registry ("RUT" by its initials in Spanish) using form D-140.
- Issuing electronic invoices to the guests.
- File tax returns and make timely payments for all applicable taxes.
- Filing of the VAT and Real Estate Capital Tax or Income Tax returns.
- Keeping accounting records in accordance with the international accounting regulations (IFRS).
- Keeping the support documentation of the economic transactions of the Company

7. OTHER CONSIDERATIONS RELATED TO THE AUTOMATIC EXCHANGE OF INFORMATION:

With Resolution Number MH-DGT-RES-0025-2024, new information reporting obligations applicable to Digital Platform Operators were established.

According to this resolution, the tax obligations for hosts that provide short-term rental services will not be increased, but only an information reporting obligation applicable to Digital Platform Operators is generated.

This resolution was issued to comply with the obligations acquired by the country with the OECD. In this regard, the procedures to report the required information must be implemented as of January 1st, 2025.

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