

Positive legal and tax news for a change!

By Garland M. Baker
Exclusive to A.M. Costa Rica

There have been several changes in the past month that are important to expats and Ticos alike. Three warrant special mention: The new rules for online board meetings, the changes to the fines for not filing the RTBF for 2019, and the introduction of TRAVI by Hacienda (the tax department). The acronym stands for tramites virtuales or virtual procedures.

The change to online board meetings is amazing. A good place to start. It is a complete reversal of the policy outlined in the article published on June 8, titled "[How to have online board meetings.](#)"

Before Aug. 5, companies had to have a special clause in the constitution of incorporation to qualify for online general assembly meetings. For many reasons — and especially due to COVID-19 — the rules were bothersome and antiquated in today's technological world. There was a workaround, but it was difficult to carry out to the acceptance of the Registro Nacional.

Everything changed in August. Now — here comes the complete reversal part — everyone with a company automatically has the right to have online board meetings, unless a company's constitution prohibits them. The powers-that-be decided companies are private entities and should not be so controlled by the government. This is the opposite of where officials have stood for years — That is the amazing part.

Most legal professionals do not even know about this change. For reference, it can be found in a special directive from the Registro Nacional, DPJ-001-2020,



which nullified the previous rules found in DPJ-010-2018.

Those needing to have an online company meeting because they cannot come to Costa Rica can show those citations to the attorney of the entity and forge ahead.

Many already know the RTBF report has been postponed until April. This probably did not surprise anyone too much since the government has been back and forth with the filing dates like the game of ping pong. The acronym is short for Declaración del Registro de Transparencia y Beneficiarios Finales.

[A.M. Costa Rica reported the news on Aug. 17.](#) However, there is one important item that article did not cover: The bank-breaking fines for not filing the 2019 report are being questioned — an estimated \$2,400 to \$80,000 for non-compliance.

The tax people actually sent out fine notices to non-filers to pay up but have since rescinded those fines because they got caught in a legal technicality

Costa Rica Expertise

Tele: +506-2256-8585 • Fax: +506-2256-7575 • info@crexpertise.net

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of their making. The delinquent list can be found at this link:

https://www.hacienda.go.cr/docs/Listado_omisos_RT_BF.pdf

Without going into the nitty-gritty of the tax law, here is a summary of the problem: The tax department is required to notify non-filers by email. They did not because they do not have the email addresses of many of the inactive companies representatives, and those types of companies are ones that are the most delinquent. This makes all the sense in the world considering many inactive companies are owned by foreigners who live outside Costa Rica and cannot come to the country due to the virus.

The tax department tried to circumvent the rules by making a publication in the judicial newspaper La Gaceta, but the legal community called “foul,” and the department had to reevaluate its position on the outrageous fines for the time being. It appears that those who have not filed the names of company owners can still do so without a fine, if they follow the guidelines set forth by Hacienda.

A call to certified public account Kevin Chavarria Obando turned out to be very enlightening last week. While discussing various tax matters he said, “. . . have you heard about Hacienda’s new TRAVI system?” He went on to explain the system is the government’s answer to assist tax filers of all types with their queries and procedural questions on how to use the tax department’s wide range of services.

[The system can be found on Hacienda’s website.](#)

When one logs in, it starts with a chatbot interface for the most common problems, but is routed to a live person as things get more complicated.

In itself, this is a huge advancement, and a reflection of the digital world getting bigger and better, but why is this important to expats and foreigners?

Remember, the D-140? Time after time Hacienda has published press releases notifying people with a company they need to register with the tax department using a D-140 or get hit with a fine. The form is also known as a RUT or Registro Unico Tributario (tax registration form).

Expats and foreigners need to obtain a NITE number to file the form. The acronym means Numero de Identificacion Tributario Especial, or special tax identification number in English. It requires a physical visit to the tax office to obtain the number. Now with the virus, this is impossible for anyone not in Costa Rica.

TRAVI will soon take care of the problem. The system is still in its infancy, but officials are working on it hard to let those in the following categories obtain a NITE online: foreigners waiting for their DIMEX card, foreigners owning a company but living in another country, people with disabilities, and a few other special cases.

The virus is terrible. Strangely, as disasters sometime do, some things get changed for the better. There are many examples of how the world is becoming more online and less physical. Some would argue that this is not a good thing. One thing for sure, the Costa Rica government would not have changed its position online board meetings, and rushed to put TRAVI into place without being pushed into a corner by OVID-19. Historically, the country just does not move very fast when it comes to positive change.

Editor’s note: Garland M. Baker solves problems for expats in Costa Rica. He is a 48-year resident and naturalized citizen. Reach him at info@crexpertise.net. Baker has undertaken the research leading to his articles with A.M. Costa Rica. Find the collection at crexpertise.net. A free reprint is available at the end of each piece. Copyright 2020. Use without permission prohibited.

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