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## The company owners' delinquency list is out!

By Garland M. Baker

Exclusive to A.M. Costa Rica

There are an estimated 80,000 corporate entities that did not file their owners' report to the Central Bank.

The full document of those entities that missed the deadline for the 2019 owners report is located on the [tax department's website](#). It can be downloaded in PDF format for viewing offline or for printing. The report is mandated by Law 9416 and was due by March 31

There may be one last chance for those that are delinquent. Details follow below.

For those late to the ball game, here is a review of information about the law and the report.

Law 9416, enacted Dec. 14, 2016, was designed to quash privacy for legal entities formed to protect secret investors, the opposite of the original spirit of the practice. The Costa Rican government asserts it will only use the information harvested to find tax cheats, drug dealers and terrorist suspects.

The law requires anyone with a legal entity to register its beneficial owners with Central Directo (Direct Central in English) of the Banco Central (Central Bank). Registro de Transparencia y Beneficiarios Finales



(transparency and final beneficiaries register) is the name of the report or RTBF for short.

The nasty part about this law is the bank-breaking fines for those who do not file. From three to one-hundred minimum salaries. The current legally established minimum salary is 450,200 colons or about and estimated \$800 at the current exchange. In U.S. dollars that translates into penalties of from \$2,400 to \$80,000 for non-compliance.

The original filing date for 2019 was last April. The business community complained, so the president extended the filing to September 2019 through January 2020. There are an estimated 300,000 entities required to file, but as of January only around 200,000 had done so. During that month another estimate 100,000 companies filed at the last-minute leaving about one-third still in delinquency.

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Pablo Heriberto Abarca, a legislature delegate, pushed through another extension to March 31.

People have found complying with the requirements of the law difficult. Only certain officers of an entity are allowed to present the report to the Central Bank. A full list can be found in article "[Time to fess up or pay up!](#)"

Filing also requires a digital signature approved by the Central Bank of Costa Rica. In Spanish, it is called a firma digital. But only permanent residents and citizens qualify for one. More detailed information is available in an article "[How to register for Law 9416p.](#)"

Anyone else needs to go to a notary and have a special power of attorney prepared so another person with a firma digital can file the report. This option is expensive with notaries charging between \$300 and \$1,000.

Tax expert Kevin Chavarria CPA stated in a telephone interview Sunday that tax directive DGT-R-005-2020 gives people one last chance to avoid sanctions and penalties. He said ". . . the tax department will publish in the judicial newspaper La Gaceta on April 16 an updated list of delinquent filers. Those people will have six days to comply, in other words, from April 17 to 24 without negative consequences."

This news gives readers who thought they were out of luck for not filing the required RTBF report another opportunity to do so. This is important because not filing the document will be expensive. More than that, the tax department's press releases state in ominous language the following translated into English, ". . . the Central Bank will remit the list of companies in default to the tax authorities to collect the penalties for non-compliance after

the grace period has ended." Then they go on to list the outrageous fines. It appears they are champing at the bit to get started.

For those who have not filed. Please do so as soon as possible. Law 9416 is not a joke, and it will not go away. This writer has written more in English about the law than probably anyone else in Costa Rica. There will not be another extension. Remember, this week is dead everywhere in the country. All official offices are closed for the holidays. Getting started next Monday, April 13, will give people 10 days to get the report done for those who have not done so already.

Now for the 2020 report. Law 9416 mandated an RTBF filing every April. The 2019 was due last April, but with all the extensions it rolled over into 2020. For this reason and others all futures filings will now be due in September of every year, not April. This change was published in March in tax directive DGT-ICD-R-06-2020.

Many people thought there would be a more ample extension to get their report done, considering foreigners cannot even travel to Costa Rica because of the virus. It is quite obvious from the news coming out of the tax and legal community, the government believes it has given enough notice and extensions. It's time to fess up or pay up!

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

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