

How to fill out Costa Rica's inactive company tax return

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

The Semana Santa holiday gave certified public accountant Kevin Chavarria, Licentiate Xochilt Quezada and this author a chance to gather and hash out the details of what is required to put on Costa Rica's new tax return for inactive companies.

Last year the form was to be called the D-135. However, that was changed to the D-101, and then changed again to the D-101 *simplicado*, which stand for simplified in English, but its official name is the D-101-2. The tax return was due March 15, but has now been extended to an undermined date because it is not ready. When it is, people will have two and a half months to comply and file the return.

The tax department says the form is to be just that, simple, with very little to fill out, just assets and liabilities. The big question is what value to put for assets like property when that asset usually has several values in Costa Rica: 1) the actual value paid, 2) the value put on the closing deed by a notary (usually not the same number because notaries put a lesser value to save clients money on transfers), 3), the Registro Nacional value, 4) the municipal value and 5) the actual market value.

The tax department states it wants the current market valuation for any assets calculated using international financial reporting standards. Most people do not have a clue how to come up with that number, and most



do not want to pay an accounting professional to calculate it.

Here is a guideline for those wanting to fill out the form themselves:

Bank accounts, and other financial instruments: The balance listed as of Dec. 31, 2020, is the amount to use on the inactive tax return. If the amount is in United States dollars, it should be converted to Costa Rican colons by multiplying the dollar amount by 617.30 (the colon sell rate on Dec. 31). For example, \$100 would calculate out to 61,730.00 colons.

Vehicles: Using the value listed at the [Registro Nacional](#) is a pretty safe bet for all vehicles in inactive companies. The amount is easy to obtain by logging into the Registro Nacional and selecting *Consultas Gratuitas* (means free lookups in English) then navigating to *Bienes Muebles* (moveable property), and selecting the type of vehicle from the list. A window will open asking for the vehicle number. Upon putting in the correct information, a report will

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be generated and the number to use on the tax return is the valor hacienda (tax value).

Properties: Using the value listed at Registro Nacional, if it is similar to the municipality value, is a good starting point to determine the amount to put on the inactive tax return. With that said, sometimes the tax value listed is way out of wack with the real value of a property because when it was purchased a notary put a low figure on the original deed of acquisition. In this case, an accounting professional should be consulted. Getting to reports for property at the Registro Nacional is as easy as it is for vehicles, but option *Bienes Inmuebles* (fixed assets) is selected instead of *Bienes Muebles*.

Other types of assets: If an asset is not listed at the Registro Nacional or in a bank or money market fund, it probably should not go on the inactive tax return unless its value is substantial, like works of art. In this case, a tax professional should be consulted to determine the correct course of action.

Costa Rica's tax return filing system is simple to use. It is called the Administración Tributaria Virtual, or ATV for short. The problem for expats is it is all in Spanish. However, most browsers will translate all the information into almost any language instantly. Filers using the system in English, have encountered problems when setting up an account because their browser does not translate identification numbers correctly. Initially, it is best to use Spanish for the system to work properly.

After much research, and discussion, Chavarria and Lopez both agreed the tax authority is just starting out with their venture to obtain data from inactive companies and

really does not have the guidelines clear. It appears the data accumulated from the D-102-2s will be cross-referenced with the information at the Banco Central received from the *Registro de Transparencia y Beneficiarios Finales* reports. In English, that report is referred to as the transparency and final beneficiaries register or RTBF for short.

The RTBF is due now, this month of April. Filing it, if last year's was filed, is straightforward. There are two options: 1) copy last year's return and make simple changes or 2) erase last year's return and start over again.

Here are the steps: 1) sign into the Banco Central, 2) select the type of declaration to be filed, 3) select to copy or start over, 4) make changes as necessary and finally 5) click to save. It is important to note that the document is saved as a draft. To finish the process, it must be submitted as complete on the main document window.

Usually, filling out tax forms is a struggle, but it appears the D-101-2 will be a breeze if one has the right data to start off. The tax people promised a simple RTBF filing, and they came through.

Remember, the D-101-2 cannot be filed yet, but will be enabled soon. The RTBF is due now for the entire month of April.

Editor's note: Garland M. Baker solves problems for expats in Costa Rica. He is a 49-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 2021. Use without permission prohibited.

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