

- Appraisal required by law (est. 1%) \$1,500
- Transfer costs (est. 2.5%) \$3,750
- Attorney fees to transfer property (est. 1%) \$1,500
- Total cost \$20,117

People do not realize that when something is willed to them and it is registered in the National Registry, it needs to be legally transferred for them to acquire ownership. Probate in Spanish is called a proceso successio. That is the legal procedure attorney use to move an asset from the name of a deceased individual to another.

The legal fees are based on a sliding percentage of the value of the assets. Here is the fee schedule based on the value of Bob's property of \$150,000 (represented in U.S. dollars at an exchange rate of 580 colons to one U.S. dollar):

- Asset value from \$0 to \$28,448 – 10% of value = \$2,845
- Value from \$28,448 to \$142,241 – 7.5% of value = \$8,534
- Remaining value from \$142,241 to \$150,000 – 5% of value = \$388
- IVA (sales tax) of 13% = \$1,530
- Total attorneys fees = \$13,297

If Bob had put the property he bought with Alice in an inactive company, lived and held the company for 20 years, it would have cost him around \$6,000 assuming he had paid \$1,000 to form the entity and \$250 a year to maintain it, according to Costa Rica's current laws.

On the other hand, Alice is going to have to pay out \$20,117 to get the property he willed to her put in her name, maybe more depending on the attorney she has to do the work.

It is pretty easy to see it is better to keep property in a company rather than in a person's personal name for financial reasons.

The reason many people are moving their real estate assets out of companies and into an individual's name is for lack of knowledge of the facts. Many attorneys are not good at explaining the nitty-gritty details of legal processes to people. Some of them are pretentious and lack good communication skills.

What would have happened if Bob had the property in a company when he died. Well, that depends on how well the company was put together when he and Alice formed it. There are many ways an entity created to hold assets can be constructed to protect the shareholders in the event of a person's death or major disability.

In many cases, succession is not even discussed when forming a company. Dumb, but true. Most people just say to their attorney, ". . .we bought a property, make us a company to hold it." Worst yet, the professional does not do the job and explain the odds and ends properly to their clients.

In summary, it makes financial sense to hold valuable assets in Costa Rica in a legal structure like an S.A. or S.R.L. to protect love ones when death comes knocking at the door. Most people cannot afford the high cost of probate in this country.

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.

Costa Rica Expertise

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

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