

## Tax form D-101 replaces the D-135 for inactive companies

By Garland M. Baker  
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Believe it or not the Costa Rican government has changed the rules, again!

Expats and anyone else holding property or other assets in an inactive company should pay attention, everything they have heard or read up to now has changed.

The tax form D-101 replaces the D-135 for inactive companies and needs to be filed before March 15. Tax resolution DGT-R38-2020 published Nov. 10 axed the D-135, and now mandates using the active companies income tax return.

Certified public accountant Kevin Chavarria said in an interview, "I believe the government changed the tax form requirement because they are trying to save money in these hard times. Why make another document which would require new computer programming when the D-101 exists now, with no extra expense."

What Chavarria states sounds like a good reason, but the *Ministerio de Hacienda* this year has changed so many rules, even the professional tax and legal communities have had a hard time keeping up with them.

What does this mean for inactive company filers?

- To file the required tax return, a person in the company must be registered with financial ministry's ATV system. ATV stands for *Administración Tributaria Virtual*. In English that translates into Virtual Tax Administration.



- To register with the system, the person must be a citizen of Costa Rica with a Costa Rican I.D. or have a DIMEX (*Documento de Identificación Migratorio para Extranjeros*) resident card I.D. or an N.I.T.E. (*Número de Identificación Tributario Especial*) number and be part of the company with power of attorney.

- The N.I.T.E. number is obtained by filing a RUT form with the tax department. RUT stands for *Registro Unico Tributario* (tax registration form).

- Once a filer has the correct credentials, setting up an account with ATV is a breeze.

- Filing the D-101 is also easy, but coming up with the numbers to put on the form might require a visit to an accountant.

Now for the hard part: For those who have not filed a RUT with Hacienda, a personal visit might be impossible for many people due to the virus. To obtain an N.I.T.E. number at this late date, a filer

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would need to visit a professional and have that person request the identification number through the tax department's new TRAVI system. The acronym stands for *tramites virtuales* or virtual procedures.

What goes on the D-101 form? Assets and liabilities.

The D-135 required more extensive information from inactive company owners than the D-101. Most people with only one or two assets in a company will need to add up the value and put it on the total assets line (*activos*). Some people might have debt against their assets. This number would go on the liabilities (*pasivos*) line of the form. The government will calculate the equity (the difference between assets and liabilities).

Some people have their records in order and finding what they paid for an asset like a piece of property will be easy. Others who do not keep good records will need to dig to come up with accurate information.

Inactive companies in the past did not need to pay the education and culture tax, active companies did, but now since every company will need to file an income tax return, inactive companies will also be required to pay this assessment. It is calculated based on the net capital of a company, as follows:

- Up to 500,000 colons – 750 colons tax
- Over 500,000 but less than 2,000,000 – 6,000 colons tax
- Over 2,000,000 but less than 4,000,000 – 12,000 colons tax
- Over 4,000,000 colons – 18,000 colons tax

Summing up: Inactive companies must file the D-101 not the D-135, contrary to all previous news regarding the subject.

All companies registered with the *Registro Nacional* of Costa Rica, regardless of their active or inactive status, must file an income tax return for the 2020 fiscal year. This tax return is called a D-101, and can be filed any time starting Jan. 1 up to and including March 15. Late return are subject to fines of 225,000 colons (around US\$380), but the fine can be mitigated using Article 88 of the tax code.

Education and cultures taxes will also be due on all companies for the fiscal period of 2020, which now will include inactive entities. It did not in the past. The amount of the tax is not much, but a new tax for most.

As a reminder, the 2020 *Registro de Transparencia y Beneficiarios Finales*, known as the RTBF, will be due in April. For those late to the ball game, Law 9416 requires anyone with a legal entity to register its beneficial owners with *Central Directo* of the *Banco Central* each year. The filing was due in September, but due to the virus, and for other reasons, it was postponed to April of the next year.

There are an estimated 175,000 companies in Costa Rica that are inactive that have never filed a tax return. The government is trying to crack down on them and accumulate information to find tax dodgers. The tax department of the ministry also wants to improve its data system that will assist in collecting capital gains taxes in the future and generally keep its big tax-collecting thumb on everyone.

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**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](mailto:info@crexpertise.net). Baker has undertaken the research leading to his articles with A.M. Costa Rica. Find the collection at [crexpertise.net](http://crexpertise.net). A free reprint is available at the end of each piece. Copyright 2020. Use without permission prohibited.**

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