



GUIDELINES TO PURCHASING PROPERTY IN COSTA RICA

INDEX

PROPERTY OWNERSHIP IN COSTA RICA	2
THE PURCHASE PROCESS	2
CLOSING COSTS.....	4
CORPORATIONS.....	5
CONCESSION.....	7
FINANCING.....	8
HOME OWNERS ASSOCIATIONS.....	9
TAXES.....	9
RENTAL MANAGEMENT.....	10
UTILITIES.....	11
RESIDENCY.....	12
PURCHASING WITH A SELF DIRECTED IRA.....	13

PROPERTY OWNERSHIP IN COSTA RICA

In Costa Rica, there are generally no restrictions for foreigners or foreign entities purchasing property since the Costa Rican Constitution grants foreigners the same property rights as nationals. Therefore, you can purchase fee simple, fully titled property with the same ownership rights as you have in North America. The exception is if you are purchasing concession property that is detailed in a later section. If you purchase a property within a condominium regime then you would be subject to the bylaws within that community and restrictions and obligations may include whether or not pets are allowed, voting rights, monthly homeowners fees, specifications on what is allowable in the front yard or terrace, etc.

When purchasing real estate in Costa Rica, proper registration of the property and the transfer deed is of great importance. All Costa Rican property is registered with a central institution called the National Registry and they hold public records that certify who owns the property as well as information related to the parcel such as its location, measurement, boundaries, survey map, liens and mortgages. In order to transfer a registered property, the recorded owner must appear before a Notary Public and grant a public conveyance deed that must be presented and recorded before the National Registry. The purpose of the National Registry is to guarantee the security of registered property rights.

THE PURCHASE PROCESS

The purchasing process when buying property in Costa Rica is quite easy and straightforward as long as you have a good real estate agent who can ensure that you are protected with a comprehensive purchase contract, a reputable attorney, a safe 3rd party escrow account and qualified home inspectors. There is no Multiple Listing Service (MLS) nor real estate licensing requirements in Costa Rica therefore it's important to work with a seasoned agent who knows the market extensively and has experience in the process.

Once you find a property that you are interested in making an offer on, your agent will draft a formal purchase agreement that you will sign and will be presented to the Seller via the Seller's agent. Oftentimes the Seller will present a counteroffer and we will go back and forth until we hopefully come to an agreement. The purchase agreement will detail the deposit amount, length of closing, who will pay the closing costs (see the section on Closing Costs), if there will be a home inspection, the inventory that is included as well as other legal details. The contract will also mandate that all utilities, property taxes, HOA fees (if applicable) and all other operational expenses are paid through the closing date. The length of closing is completely negotiable between the Buyer and Seller but once the attorney has completed the due diligence and given green light to move forward then the closing can take place rather quickly. However, it is very typical to structure a contract for a 30-day closing. Purchase prices are almost always negotiated in US dollars.

Once the Buyer and Seller have signed acceptance of a purchase agreement then we will do the following.

1. You will need to hire an attorney to begin performing the due diligence on the property to ensure that the title can be transferred without any issue. Normally the attorney is allotted with 15 days or more to carry out this process during which time any deposit would be fully refundable until the termination of this period. The attorney should provide you with a detailed report of all their

findings and recommendations and we can refer an excellent English-speaking attorney to you who specializes in real estate transactions.

2. We would begin the process of opening an escrow account with a 3rd party company where all monies will be held until the closing and distributed by the escrow agent per the signed instructions of the Buyer and Seller. We recommend the company [Secure Title Costa Rica](https://stla.net/locations/costa-rica/) (<https://stla.net/locations/costa-rica/>) with whom we have completed numerous transactions and they will provide account information to make a national or international wire transfer. Due to money laundering regulations, the escrow company will require that you furnish financial information to prove the source of funds that most likely will include tax returns and bank statements.

Below are the reasons why we use escrow services.

- a. Protects the Buyer – The alternative to using an escrow account would be to pay a deposit directly to the Seller or to your attorney. It is never a good idea to pay a deposit to a Seller especially prior to the due diligence being completed. Deals can fall apart even at the closing table and trying to get a deposit back could take years in court. Depositing with an attorney has its risks because normally their accounts aren't regulated. Most attorneys won't have insurance on their accounts either. Secure Title has a \$5 million dollar insurance policy for errors and omissions.
 - b. Protects the Seller – most sellers will feel more confident with funds being held with a non-biased 3rd party rather than with the Buyer's attorney. There have been cases where the Buyer decides to back out once funds are non-refundable and their attorney simply gives them their money back leaving the Seller in a position where they would have to sue the Buyer to obtain that deposit. It is the escrow company's job to hold or distribute the funds according to the purchase agreement.
 - c. Closings are easier – without funds in escrow, closings can take hours requiring everyone to go to the bank and wire funds while simultaneously signing the transfer deed or share transfer. With funds in escrow, once the transfer deed is signed then the escrow agent can immediately
3. If the due diligence process yields positive results, then we can move toward the closing by depositing the remaining purchase funds with the escrow company.
4. A final closing statement will need to be signed by both the Buyer and Seller that will detail all the wire distributions at the closing.
5. The transfer deed will be signed by the Buyer and Seller or by their representative to whom they granted a special power of attorney and the wire transfers will be immediately executed.
6. Once the transfer deed has been signed by both parties, the property will have legally been transferred. However, the attorney will need to file the deed with the National Registry and within 7-10 days the new ownership will be updated within their system.

CLOSING COSTS

There is no set rule on who pays closing costs but among Costa Rican culture, they expect the Buyer to pay all closing costs. However, you can try to negotiate the closing costs so sometimes we see either a 50/50 split between Buyer and Seller or a Seller credit for a certain amount.

There are two scenarios when purchasing or selling property.

1. **Share Transfer Agreement:** This scenario occurs when the corporation that owns the property is purchased from the Seller. The corporation therefore remains the owner of the property and at the Closing, the board of directors will be modified to remove the Seller and include the Buyer. Additionally, new shares of stock will be issued that reflect the Buyer's interest in the property. Since the owner does not change you avoid some fees associated with recording a new owner with the Costa Rican National Registry.

Typical Closing Costs for a Share Transfer Agreement:

- Legal Fees 1.25% + 13% tax on legal fees
- Transfer Tax 1.5%
- Escrow Service \$678 includes IVA and assumes a transaction under \$500,000
- Recording Costs \$200

Example for a Purchase/Sale of \$200,000

- Legal Fees + tax \$2,825
- Transfer Tax \$3,000
- Escrow Service \$678
- Recording Costs \$200
- TOTAL \$6,703**

2. **Property Transfer:** This scenario occurs when the property is sold and a new owner is registered with the Costa Rican National Registry. For example, if a property is owned in a corporation but is sold and put into another corporation or into the personal name of the Buyer then you have a property transfer. The attorney will draft a Transfer Deed and the new owner will be recorded in the Costa Rican National Registry.

Typical Closing Costs for a Property Transfer:

- Legal Fees 1.25% + 13% tax on legal fees
- Transfer Tax 1.5%
- Escrow Service \$678 includes IVA and assumes a transaction under \$500,000
- Recording Costs 0.87% approximately as they may vary depending on the value of the transfer and type of property

Example for a Purchase/Sale of \$200,000

• Legal Fees + tax	\$2,825
• Transfer Tax	\$3,000
• Escrow Service	\$678
• Recording Costs	\$1,740
TOTAL	\$8,243

Notes:

The difference in cost between the Share Transfer Agreement and the Property Transfer is due to the higher cost to record a new owner.

If you decide to purchase within a corporation (see below for pros and cons), the fee to create a new corporation will cost approximately \$650.

Normally the Buyer will be responsible to pay the entire amount of the Escrow Service.

If you are not able to be present at the closing, then you can easily grant a power of attorney to anyone you choose assuming that you purchase the property with a Costa Rican corporation. The cost for the power of attorney is normally \$200.

In the past, the Share Transfer Agreement was very common because the transfer tax was avoided by transferring the corporation. However, changes in the law now require the transfer tax to be paid whenever a property is sold. Therefore, it is more common today for an attorney to recommend a property transfer over the share transfer due to the possibility of inheriting any unforeseen liabilities attached to the corporation that owns the property.

CORPORATIONS

As a foreigner you are able to purchase titled property in your personal name, but you also have the option of acquiring property through a Costa Rican corporation.

Advantages of owning in a CR corporation.

- You can limit any personal liability to your property by owning in a corporation. Under Costa Rica law, corporations are separate legal entities regardless of ownership of stock or other forms of relationship so the so called "corporate veil" is respected.
- You can easily grant a power of attorney via a proxy that can be scanned and emailed. This power of attorney can be granted to any individual to perform operations on behalf of the corporation such as changing the name on a utility bill or purchasing or selling property. For that reason, you do not need to be present in Costa Rica to sign the transfer deed to buy or sell property and everything can be done from abroad. If you own in your personal name, then you will need to be physically present in Costa Rica to sign in front of a Costa Rican notary or you will have to go to a Costa Rican consulate nearest to you to grant a power of attorney.
- If you do not have Costa Rican residency and you purchase in your personal name with a foreign passport, then you will incur a withholding tax of 2.5% of the sales price when you sell. This tax is

to account for potential capital gains tax. Therefore, if your capital gains tax of 15% on the gain from when you purchase to when you sell is higher than 2.5% of the sales price, then you will pay the higher of the two. However, if you own in a Costa Rican corporation, then the 2.5% withholding tax is avoided that will be useful if you break even or take a loss when you sell. This tax can be avoided if you purchase in your personal name and go through the process of obtaining Costa Rican residency before selling.

Disadvantages of purchasing through a Costa Rican corporation:

- Cost: The cost to establish a corporation is about \$650.
- Corporate tax. Corporations are subject to an annual tax that will depend on whether the corporation is “active” or “inactive.” A corporation should be “active” if it has any income generating activity such as vacation rentals and the annual tax for an active company is approximately \$220. An inactive company will pay approximately \$115.
- Shareholder registration. Every July you will need to pay an attorney to disclose all the shareholders of the corporation. The first time it will require a power of attorney with a total cost of about \$400. Each subsequent year, it will cost about \$200 to update the shareholders.

A corporation can be established in a matter of a day or two and you are able to select the name of the company as long as your choice is not already in use. There are two main types of corporations that are usually incorporated in Costa Rica called the Sociedad Anonima (S.A.) and the Sociedad Responsabilidad Limitada or Limited Liability Company (S.R.L.). Below are the differences between the two and an attorney can advise you as to which structure is the most beneficial depending on your personal goals and circumstances.

I. Sociedades Anónimas (S.A.)

A. Corporate Stock:

- The corporate stock shall be composed of a determined amount of common stock shares, with voting rights. Preferential shares may also be issued with limited or additional rights.
- Shares in an S.A. shall be transferred by endorsement. Such transfer shall also be registered on the Shareholders Registry Book

B. Administration:

- The Stockholders Meeting is the maximum corporate authority. Representation for said Meeting may be authorized through proxy letters.
- The Board of Directors acts as the Board of the company and also performs the duties of a Corporate Executive Committee as it would in U.S corporations. Said Board must have a minimum of three members, which are President, Secretary and Treasurer; their faculties shall be established in the articles of incorporation.
- A comptroller must be appointed to oversee the adequate management of the company.

II. Sociedades de Responsabilidad Limitada (S.R.L.)

A. Corporate Stock:

- The corporate stock shall be composed of a determined amount of nominative shares. Preferential quotas may be also issued; with limited or additional rights.
- Quotas in a S.R.L. cannot be transferred by endorsement. Transfer is performed by means of a Share Transfer Agreement, which is subject to the approval of the remaining quota holders. Such transfer shall also be registered on the Quotaholders Registry Book. Please take note that the remaining shareholders have the right of first refusal over an eventual share transfer.

B. Administration:

- The Quotaholders' Meeting is the maximum corporate authority. Representation for said Meeting may be authorized through proxy letters.
- S.R.L.'s are managed by one or more managers or vice-managers. Said representatives will be empowered with the faculties granted through the articles of incorporation. In addition, Costa Rican law prohibits such managers or vice managers to represent other companies with similar economic activities, or to carry out such activities on their personal behalf.

C. Tax Purposes:

- S.R.L. may be treated either as a corporation or as a partnership under Regulations to Sections 301.7701-1 through 4, of the United States of America.

CONCESSION PROPERTY

The exception to fee simple property is if you are purchasing within 200 meters of the ocean because in most of the country that is concession land or leased land from the government. The first 50 meters from the mean high tide mark is government owned property therefore no one can ever build or encumber that area. The next 150 meters in 95% of Costa Rica is referred to as the Maritime Zone that may be developed via special "concessions" that are granted by the local municipality. Typically, the concession term is for 20 years during which time you pay an annual concession fee. When the concession expires, you can apply to renew the concession, but the municipality can elect to purchase the property at the assessed value in lieu of renewing the concession. It is important to know that you are not purchasing property in this zone but you are simply leasing it without any title.

In the case of properties located in the restricted zone of the Maritime Zone, a foreign person can only be the beneficiary of 49% of the concession's rights meaning that a corporation would need to be used. It is common for foreigners to set up a corporation with a Costa Rican member of the corporation owning 51% but with no power over the corporation.

THE GOOD NEWS! The entirety of Jaco Beach is fully titled up to the 50-meter mark as is a good portion of Hermosa Beach and also in Herradura where the Los Suenos Resort Marina is located. We are lucky to have this amount of titled oceanfront property in the Central Pacific since these properties were registered prior to the 1977 Maritime Zone law.

FINANCING

As a foreigner, you can obtain financing from a few banks here in Costa Rica, but it is painful. The paperwork is burdensome, and the customer service is mediocre at best.

Here are some bullet points for bank financing within Costa Rica.

- The banks will require between 25% - 30% down payment.
- Current interest rates are around 8.5%
- Terms are for 25 years.
- Normally loans are only fixed for 2-5 years and then become adjustable based on New York Prime Rate plus an index. For example, Scotiabank is using NYPR + 4.75% and there is no ceiling rate should the NYPR increase.
- There is typically a prepayment penalty should you want to contribute over \$10,000 to the principal amount at any time or pay off the note within the first 7-10 years.
- The bank will charge 1.5% of the loan in fees to acquire the mortgage.
- You will need to provide customary documents such as a credit report, two years of tax returns, certification of income from a Costa Rican accountant, reference letters from your primary bank, 3 months of bank statements, 3 months of credit card statements, evidence of assets, evidence of down payment.
- You will be required to apply for a life insurance policy in Costa Rica that will secure the note for the amount and duration of the loan.

Private Lenders: There are private lenders that will lend to American citizens with interest rates around 9%. [Second Street Mortgage](https://www.mysecondstreet.com/) <https://www.mysecondstreet.com/> offers 30 year fixed rate loans for 70% loan to value and [Volo Loans](https://vololoans.com/) <https://vololoans.com/> offers 30 year fixed rate loans as well as lower rates for adjustable rates mortgages for 75% loan to value.

Home Equity Line: The best scenario is if you happen to have equity in your personal residence in North America and can obtain a home equity line of credit or cash out refinance and use those funds to purchase in Costa Rica. That way you would also get a write-off on the mortgage interest.

Seller Financing: There are many Sellers that are willing to offer financing to the Buyer to help with the sale of their property. Interest rates are negotiable and I have seen seller financing with rates between 4% and 12% but normally rates will be competitive with the local banks. However, most Sellers are not willing to hold a mortgage for 25-30 years, so it is very common to see a loan that is amortized over 30 years to reduce the monthly payment but then they will structure a balloon payment in 3-7 years when the entire loan balance would be due. Most Sellers require a down payment of anywhere between 30% - 50% although on rare occasions I have seen Seller's finance with as low as 10% down.

Mortgage costs when obtaining Seller financing:

- Legal fees + tax = 1.3% of loan value
- Recording costs = .5% of loan value
- Legal fees to remove the mortgage once paid in full = .65% of loan amount
- Can be a little more expensive if using an outside creditor opposed to Seller financing.

HOME OWNERS ASSOCIATIONS

Gated communities in Costa Rica will normally have Homeowners Associations (HOA's) that operate very similar to any HOA in North America. Each owner will own title to their property as well as a share of the common areas so for example if there are 30 homes or condos within a certain development then you would own title to your property plus 1/30 of the common areas. The bylaws will spell out what is permitted in the community like if pets are allowed, owner responsibilities, rental regulations, etc.

Normally there is a general meeting every year when owners can participate (sometimes via conference call) and each property owner has voting rights to approve items such as special projects and the annual budget. The monthly homeowners' fees can vary quite greatly based on the amenities provided within the budget and you will find HOA fees from \$50 per month to over \$1,000. It is typical to see the included items consist of insurance on the buildings for natural disasters as well as liability, 24-hour security, maintenance of the common areas, fumigation, trash removal, common area electricity and often water is included as well. Some communities provide many extras such as a bilingual onsite manager, gym, internet, cable, maid service, beach club access and more. The HOA fees generally do not include electric usage to your particular property nor your property taxes. The monthly amount you pay for your HOA fees are generally a function of the square feet of your condo or house meaning that the larger units often pay a large share therefore are sometimes afforded slightly more weighted votes.

When purchasing a property in an HOA, it is important to know if there is a healthy reserve fund set aside for emergencies or special projects or else you may end up with a special assessment to pay for any projects or unforeseen repairs.

TAXES

Property Tax: One of the great benefits of owning property in Costa Rica is due to low property taxes. Here we pay .25% of the registered value per year so on a property valued at \$100,000 the annual taxes would be \$250. Property taxes are payable quarterly, but you can pay until the end of the year in advance and there is a 5% discount if you do so. In most urban districts there is also normally a fee for garbage collection and maintenance services and in our county called Garabito the trash collection is roughly \$10.50 per month and is included in the property tax statement. The taxes can be paid at the local municipality or via wire transfer.

Luxury Tax: If the construction value of a home or condo is over approximately \$290,000 then there is an additional .25% to .55% luxury tax. In our region it is normally only the finest 3 bedroom + residences that have an applicable luxury tax and they are normally only subject to an additional .25%. Therefore, the total property taxes on such a luxury residence would be the normal .25% property tax + .25% luxury tax = .5%.

Capital Gains: As of July 1, 2019, a capital gains tax is applicable. A primary residence is exempt from the capital gains tax, but investment properties will be subject to a 15% tax on gain in value from when purchased to when sold. Properties purchased prior to July 1, 2019 have the option of paying 2.25% of the sales price instead of 15% on the gain in value.

Hotel tax: Vacation rental properties are subject to a 13% value added tax as is added to all goods and services in Costa Rica. Most property managers will charge this to the renter and pay to the government on behalf of the owner.

Income Tax: Under the Costa Rican tax system, residents and corporations are taxed only on income earned in Costa Rica. If you have a vacation rental property, then it would be necessary to file a tax return once a year and taxes would be paid on the net income. Deductions can be made for depreciation, travel expenses for 1% of the gross income declared, insurance premiums and any costs that are incurred necessary to produce the income.

If you retire in Costa Rica, no matter where you come from, you probably pay taxes on your retirement income already. This exempts you from paying income tax in Costa Rica. Yes, retirees in Costa Rica do NOT pay any taxes on their foreign retirement income. You only pay income tax if you run a profitable business.

INCOME TAX TABLE FOR 2025

The new income tax rates for individuals on a monthly basis are as follows:

Gross salary from:	To	Rate
\$0.0	₡922.000,00 (\$1,814.00 Approx.)	0%
₡922.000,00 (\$1,814.00 Approx.)	₡1.352.000,00 (\$2,660.00 Approx.)	10%
₡1.352.000,00 (\$2,660.00 Approx.)	₡2.373.000,00 (\$4,668.00 Approx.)	15%
₡2.373.000,00 (\$4,668.00 Approx.)	₡4.745.000,00 (\$9,334,00 Approx.)	20%
₡4.745.000,00 (\$9,334,00 Approx.)	Onward	25%

RENTAL MANAGEMENT

Fortunately there is a high rental demand for homes and condos in our area especially with the popularity of websites like , , and more. Most of our Buyers do not live full time in Costa Rica so they need a property manager of whom there are many to choose from. These managers maintain the property with preventative maintenance, are on call to service any issues and sometimes offer accounting service in which they will pay all the owners bills on their behalf such as utilities, property taxes, HOA fees, etc. Some managers will charge a monthly fee for these services normally around \$150 while other managers will perform these

duties at no extra cost if the owner exclusively rents their property with them. Managers will not have any restrictions on how often owners are allowed to stay in their own property.

Typically full service managers in our area are charging a 25% - 35% commission on the rental income on short term rentals and 20% on rentals over one month. The managers are normally marketing their properties on all the popular websites as well as promoting through their own personal websites, social media and both local and international advertising.

Some owners are good at generating their own rentals in which case most managers will offer a “key fee” or “check in fee” meaning that instead of charging a percentage of the rent that they will charge a set fee per check-in if the owner books the rental. Check in fees range from \$30 to \$125 per reservation depending on length of stay and quality of the property and for that fee the manager will perform all the same duties of checking the guest in and out and normally offering concierge services by helping to arrange transportation, tours and other services. Once the guest departs, the manager will coordinate the cleaning and verify the inventory to make sure that nothing was broken, stolen or stained. For example, if an owner books a reservation on their own for one week for \$1,000, then the owner would send the guest to the manager and they would take care of them from there. The manager will charge a “check in fee” and for the sake of example let’s use \$75 and the balance would belong to the owner. Then the manager would coordinate the cleaning and then bill the owner for the maid service.

Some management companies perform better than others at certain developments and communities and we can guide you to those companies depending on where you are considering purchasing.

UTILITIES

Electricity: Electric rates are based on a sliding scale and also fluctuate depending on the time of day. Electricity is expensive and can range anywhere from 5 cents to 28 cents per kWh and along the beaches where the weather is warm, it is all going to depend on how much you use the air conditioning. Another factor is central air versus mini split systems as well as how energy efficient those systems are. An average electric bill of a 1,200 square foot 2 bedroom condo may be around \$200 per month but could be as low as \$30 and as high as \$400.

Water: Water rates are cheap in Costa Rica. In gated communities often times your water will be included in your HOA fees but in single family homes you can expect a water bill of around \$20 per month.

Cable/Internet: Normally you can get a cable and internet combo package and the cost will range from \$55 - \$85 per month depending on internet speed and the cable package you select. The internet along the Central Pacific coast is reliable and in some areas you can find speeds up to 50 Mbps or more. Some gated communities will include cable and internet in your monthly fees.

RESIDENCY

First, it is not necessary to obtain residency to purchase property and most of our clients are nonresidents. However, for those who are looking to make a permanent move to Costa Rica then you will want to start the process of becoming a permanent resident.

Upon entering Costa Rica, you should be granted an automatic 90-day tourist visa. If you want to stay longer than 90 days, then it would be necessary to exit the country and then re-enter to obtain another 90 days. While there are many “perpetual tourists” in this country that stamp out and back in at the border every 90 days, that can get quite burdensome, so it would be best to apply for temporary residency for which there are 4 main routes to go.

1. **Business/Investor “Inversionista”** For those with a Costa Rican business or real estate investments. This program applies to individuals who make a direct investment in Costa Rica of at least \$150,000 USD. The investment can be made in any type of business or in real estate. The applicant must prove that the amount already invested (not the current or future value) has a registered or verifiable value of at least \$150,000 USD. The investment can be made in any type of business, including manufacturing, transportation, hospitality (hotel, B&B, bar, restaurant, etc.), tourism industry (tours, nature walks, amusement and adventure-type parks, etc.), commercial real estate and non-commercial real estate.
2. **Retiree “Pensionado”** For those with a pension or other retirement income. This program applies to any person who is already retired from his/her usual occupation and who is already receiving pension benefits. Must show proof of monthly income from a qualified pension plan of at least \$1,000 USD per month. A married couple needs to show proof of only one (1) monthly pension of at least \$1,000 USD for both husband and wife to qualify to apply for residency. The pension recipient can be either spouse.
3. **“Rentista”** For those with guaranteed non-salary income or savings. This program applies to individuals who (1) are not yet retired, (2) do not need to work while living in Costa Rica, (3) are receiving guaranteed, unearned income of \$2,500 USD per month from investments, savings or other sources, and (4) who can prove that the non-earned income is guaranteed to be received for at least a period of 24 months (2 years). Applicants must prove their ability to receive \$2,500 USD per month of unearned income for 24 consecutive months (2 years).
The most common method used to prove the unearned income is by means of a notarized letter from a bank or financial institution indicating the applicant has at least \$60,000 USD (\$2,500 x 24 months) in a long term account such as a CD, and that the applicant agrees to withdraw and transfer to Costa Rica \$2,500 per month for the next 24 months.
Other sources of unearned income include income from savings, rental property income or dividends. It is not mandatory that the bank account be held in Costa Rica. However, it is easier to obtain the required bank letter when the account is held in a Costa Rican bank. The exact same \$2,500 USD per month income requirement applies to a single, or to married applicants, or to applicants with dependent children.
4. **Marriage/Relation (Vinculo)** For those married to or related to a Costa Rican citizen.

With all the above, the residency is only temporary, and the resident can apply for permanent residency after being a temporary resident for three (3) years.

Once you complete the residency application and submit the required documents that include such items as a birth certificate, marriage certificate, police report and more, it takes between 7-15 months before the process is finalized. However, once you have submitted the application then you will not have to leave the country to renew your tourist visa.

Once you are approved for residency then you will be required to obtain a health care card meaning that you will have to register for the Costa Rican Social Security Medical System (CCSS). The amount that you will have to pay monthly will depend on the income amount that you report on the application and it will be a percentage of that income.

On July 14, 2021, the Costa Rica government declared that foreigners who obtain residency by Investor, Retiree or Rentista, are afforded the following benefits.

1. A one-time exemption of tax payments over the import taxes of all household goods, including new and used articles in a reasonable amount and proportion to cover the personal and family needs.
2. Tax exemption over the import taxes of up to two vehicles, that can also be maritime, and/or aerial.

PURCHASING WITH A SELF-DIRECTED IRA

It is not very well known among Americans that you can use your retirement funds to purchase an investment property in Costa Rica. The IRS allows IRA funds to be invested in real estate, but you will have to check with your custodian to see if it is allowable. Many custodians will not allow you to purchase real estate in which case you would need to transfer to a self-directed IRA. However, there are some limitations such as the fact that the property purchased must be used exclusively for investment purposes. Therefore, you would not be permitted to vacation in the home, but you would be able to rent it and hopefully gain appreciation as well. We see customers who are looking for properties that will provide them with a good ROI that maybe they may eventually retire to.