



Investing in property in Costa Rica can be an appealing option for many foreigners due to the country's natural beauty, stable political climate, and attractive lifestyle. Here are some of the main questions foreigners might have, along with their answers:

1. What are the legal requirements for foreigners to buy property in Costa Rica?

Foreigners can legally buy property in Costa Rica with the same rights as Costa Rican citizens. There are no restrictions on foreign ownership, except in certain coastal areas where a foreigner cannot own more than 49% of the property in a beach-front zone within 200 meters of the high tide line. Non-residents have several options for purchasing property in Costa Rica. They can do so under their own name, create a company, or use a trust.

2. What type of property can foreigners buy?

Foreigners can buy residential, commercial, and agricultural properties. However, if you're interested in purchasing land within the maritime zone (200 meters from the high tide line), you'll need to comply with specific regulations and may face restrictions.

3. What are the benefits for a foreigner acquiring property in Costa Rica?

1. Temporary Residency as an Investor: If a foreigner acquires property valued at \$150,000 USD or more, whether developed or undeveloped, they may qualify to apply for a "Temporary Residency as an Investor." This status allows them to reside in Costa Rica under certain conditions.

2. Second Home: If the purchased property includes or will include a residential structure, and the total investment equals or exceeds \$150,000 USD, the foreigner can apply for the same "Temporary Residency as an Investor." This status enables them to use the residence as a "second home."

3. Rental Income Potential: If the property includes or will include a residential structure, it can be included in various rental programs such as "reservation agreements," "rental pools," or "vacation homes." This allows the property to generate rental income when it is not occupied by the owner, taking advantage of Costa Rica's appealing reputation and attractions. It is important to note that if the foreigner does not apply for any migratory status in Costa Rica, their stay will be limited by the country's immigration regulations. However, they can still benefit from their investment through the rental programs mentioned.

4. Can a foreigner purchase real estate in their own name?

Yes, anyone, regardless of their immigration status or citizenship, can buy real estate in Costa Rica in their own name. In some cases, there may be tax benefits to purchasing property through a company or corporation.

5. Can a foreigner start a company in Costa Rica?

Yes, anyone over 18 years old can establish a corporation, be a shareholder, or serve on the board of directors in Costa Rica. A foreigner can own 100% of a company's shares. The process is straightforward, quick, and cost-effective.

6. What are the benefits of holding “Temporary Residency as an Investor” in Costa Rica?

- 1. Banking Convenience:** Easier access to opening bank accounts.
- 2. Driver’s License:** Simple process for homologating your driver’s license.
- 3. Travel Flexibility:** No restrictions on entering or leaving the country, and no requirement for a return ticket.
- 4. Local Discounts:** Eligibility for local resident discounts.
- 5. Insurance and Social Security:** Option to purchase voluntary health insurance and the ability to contribute to social security for retirement benefits. Free social security coverage for minors.
- 6. Permanent Residency and Citizenship:** Eligibility to apply for permanent residency after three years of holding temporary residency, and the possibility to acquire Costa Rican citizenship upon meeting residency requirements.
- 7. Family Inclusion:** The investor can include their spouse and children under 25 years of age as dependents in their residency application. Additionally, it is possible to include parents under a special category, allowing them to reside legally in Costa Rica.
- 8. Tax Benefits:** Costa Rica's tax system is based on the principle of territoriality, meaning that income from foreign sources is exempt from taxation in Costa Rica. Only income from Costa Rican sources is subject to local tax evaluation.

These benefits make the “Temporary Residency as an Investor” status a favorable option for foreigners looking to live and invest in Costa Rica.

7. Is it possible to purchase a property from abroad? The answer is no. You can buy property from abroad. Be sure to get in touch with your trusted attorney to find out how to get started.

8. What is the process for managing the property if I am not living in Costa Rica?

You can hire a property management company to handle day-to-day operations, including maintenance, rental management, and dealing with tenants. Many real estate agencies offer property management services. People usually have their properties on Airbnb & Vrbo.

9. Is Investing in Costa Rica safe?

Absolutely, Costa Rica is considered one of the safest investment destinations in the Americas. The country's stability is underscored by its long-standing political constitution, unchanged since 1948, the year it also abolished its military. The funds previously allocated to the military have been redirected to social security, education, and environmental protection. This historical commitment to peace and stability underpins Costa Rica's robust democracy and secure legislative environment, making it an attractive place for investors. The Costa Rican government actively supports foreign investment as a crucial component of its economy, and it frequently updates its legal framework to enhance benefits for international investors. A significant indicator of Costa Rica's investment climate is the recent surge in investments under the definitive tax regime. This regime saw a dramatic turnaround, with investment increasing from a negative \$103.5 million in 2022 to a positive \$759.7 million in 2023. This shift highlights a substantial positive change in the country's economic environment.

The United States remains the leading source of FDI in Costa Rica, contributing 71% of the total.

10. How is the property market in Costa Rica?

The property market in Costa Rica varies by region. Popular areas like the Central Valley, Pacific Coast, and some Caribbean regions often see higher demand and prices. Market conditions can fluctuate, so it's wise to research current trends and consult local experts. Tilaran area is a but in discovered but its starting to get more awareness due to the possibility of having access to the lake and having a not so warm weather as in the beach. Valuation of properties is predicted to increase soon so now is a good time to invest.



11. What are the typical procedures for buying property?

The typical process involves several steps:

- Due Diligence:** Verify the property's legal status, title, and ownership.
- Offer and Negotiation:** Make an offer and negotiate terms.
- Sales Agreement:** Sign a sales agreement (compromiso de compra-venta).
- Deposit:** Pay a deposit (usually 5-10% of the purchase price).
- Closing:** Complete the sale at a notary's office, where the property will be officially transferred and registered.

12. What are the costs associated with buying real estate in Costa Rica?

- Notary Fees:** Ranging from 1% to 2%, depending on the property's price and the complexity of the transaction.
- Stamp Duty:** 0.8% of the property's value.
- Transfer Tax:** 1.5% of the property's value.

According to Costa Rican law, these percentages are calculated based on the higher value between the purchase price and the property's fiscal value. There may be other costs associated with pre-audit procedures or trust services.

14. How do I finance a property purchase in Costa Rica?

Financing options for foreigners are somewhat limited. Costa Rican banks may offer mortgages, but they often require a significant down payment and proof of income. Some buyers opt for seller financing or pay in cash. It's important to discuss financing options with a local real estate agent or financial advisor.

15. How much does it cost to build in Costa Rica?

In most cases, the cost of construction in Costa Rica ranges from \$493.36 - \$3,481.97 per square meter. (See page 39 on Costa Rica Cost Insights.pdf for more detail)

16. What are the ongoing maintenance and utility costs?

Maintenance costs can vary widely depending on the property type and location. You'll need to budget for utilities (water, electricity, internet), property maintenance, and possibly homeowners' association fees if applicable. (See pages 40-42 on Costa Rica Cost Insights.pdf for more detail)

22. What legal obligations does a foreigner have as a property owner, directly or indirectly, in Costa Rica?

- 1. Property Tax:** Pay property tax at a current rate of 0.25% of the assessed value of the property. This tax, along with municipal obligations such as waste collection, public road maintenance, and street lighting, is payable annually, semi-annually, or quarterly, depending on local regulations.
- 2. Property Declaration:** Property owners are required to declare the value of their property to the local municipality at least every five years.
- 3. Condominium Rules:** If the property is part of a condominium, the owner must comply with the condominium's administrative regulations and pay maintenance fees.
- 4. Luxury Tax:** An annual solidarity tax applies to high-value residential properties. Whether or not this tax applies depends on the property's value and the criteria set by law. This tax is commonly referred to as the "Luxury Homes Tax."
- 5. Corporate Obligations:** If the property is owned indirectly through a Costa Rican company, additional corporate obligations include:
 - 1. Education and Culture Tax:** Payment of this tax is required.
 - 2. Beneficial Ownership Registry Declaration:** Declaration of the company's beneficial owners.
 - 3. Corporate Tax:** Payment of tax applicable to legal entities.
 - 4. Company Registration:** The company must be registered with the Ministry of Finance.

Have more questions?

Please contact us at: haciendamorenas@gmail.com