

LEGAL UPDATE

BY ALLAN GARRO N.

Popurri of Legal Advice

Over the last few years, the word Popurri has become quite popular among Costa Ricans. With French origin, it was initially used to describe a mix of flowers petals and spices, later on music albums containing different songs and finally to refer to a mix of different objects. The equivalent in English language for popurri is medley. Well, there are some legal topics that would not make up an article, but can be helpful to Expats living in the country, so here is a Popurri of legal advice. Hopefully, it will be useful to all readers.



Marchamos and Vehicle Title Transfer. All persons/corporations owning a vehicle such as automobiles, pickups, sport utility vehicles, trucks, motorcycles and all terrain vehicles with Costa Rican license plates are required to pay the MARCHAMO before the end of December to operate the vehicle legally in the country. To pay this document it is necessary to have a current approved RTV – Vehicle Technical Inspection -. The biggest charge on the Marchamo is the Property Tax, a calculated value according to an estimate approved by the Costa Rican Tax Ministry. If one can prove the current fiscal value is higher –and it usually is– than the real value, a claim can be submitted to the Vehicle Department at the Tax Ministry containing: a. Letter of claim, b. Copy of proprietor’s I.D., title and previous Marchamo paid and c. Documents showing similar cars have a lower market value. Prices from the Internet or valuations by car dealers will work. This office functions fairly efficiently, responding to claims within a few days. The author of this article received a document lowering the fiscal value of a personal car by USD \$6.000 in only 48 hours. Take into consideration that when buying a used car the same procedure applies in order to save money on the transfer tax.

Car Insurance. After decades of having an insurance monopoly held by INS, competition was finally allowed into the Costa Rican market in 2010. INS is still the #1 company in the county



selling insurance, especially car insurance. However, foreigners need to pay special attention to the existence of a possible catch 22 on their cars’ insurance. As we mentioned in a previous article, the new Traffic Law now states that all foreigners staying in the country for more than 3 months are required to get a Costa Rican driving license, otherwise a ticket with a severe fine could be issued. Nevertheless, many foreigners decide to “take a chance” by driving with their original country driver’s license thinking in case they get caught they will just pay the fine. It is a good idea to read the new insurance conditions approved by INS, especially article 17.f, which states that in case the car is involved in an accident while being driven by a foreigner who stayed in the country for more than 3 months without getting a Costa Rican license, the claim will be declined. Also, INS now declines any compensation for damages caused to a car while towing a trailer, since it has become a popular hobby to tow jet skies, ATV’s and small boats. To top things off, claims for damages suffered by a vehicle while crossing rivers or streams, estuaries or lake edges will be declined. Costa Rica is full of roads where river crossing are necessary, but INS doesn’t want to pay these claims. Before I forget: if you have more than one car and a person related to you drives one of them, you should look for the Family Car Policy that could save as much as 50% on insurance premiums.

Golfito & Internet Shopping. You possibly know there is a Free Duty Commercial Center located at Golfito in the south of the country, near the Panama border, where big bucks can be saved by purchasing items such as LCDs, Plasma TVs,



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Refrigerators, Air Conditioned systems and so on. Personally I like to buy Blue Label whisky there for \$90 a bottle instead of in San Jose where the same bottle costs up to \$220. The question is: Can foreigners purchase merchandise there? The answer is YES. Article 16 of Law #7012 that created the Free Duty center establishes who can purchase in Golfito, and it includes *Costa Rican citizens and foreigners carrying legal identity documents*, including passports. The limit for purchases per person was USD \$500 but on May 6th, 2010 an amendment contained on Law #8813 increased the amount to USD \$1,000.

Now let's focus on Internet purchasing: Can any money be saved on this? Answer is YES again. An International Agreement named CAUCA establishes in article 93 that Costa Ricans and legal Residents can make purchases of less than USD \$500 –including freight- every 6 months tax free. Once the purchase is completed you need to contact the company providing the freight service in Costa Rica (Jetbox, Aerocasillas...). They will tell you what to do in order to apply for the exemption.

The Right to be Forgotten. In the mid nineties, a couple of companies started offering credit report services similar to those provided in the United States by collecting data from many different sources, such as the courts, public institutions

and private companies. They put the data together and offered online credit reports that allowed subscribers to check any person's credit history and references. Over the years the number of these companies increased as well as the quality/quantity of their services, which include data such as personal address, phone numbers, salary history, criminal records, court collections and recent pictures, to name a few. It has been a valuable tool for credit businesses to identify people who are reluctant to honor their credit obligations. On the other hand, it has caused some people to become a kind of "civil deceased person", causing credit or employment doors to remain closed to them for years because of this data. In order to create a balance and grant people the right to redeem their lives, the Constitutional Court has made decrees such as number 2004- 4626 where it created the "right to be forgotten". Criminal records can now appear for only 10 years and other negative data can only remain "on line" for 4 years. It must be deleted after that or the Credit Reporting Company could be held responsible for damages. Anyone affected can request help from Constitutional Court if credit companies still show reports containing old information.

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