


The Yearly Boat Owners Tax you Didn't Know Existed in Costa Rica

 news.co.cr/the-yearly-boat-owners-tax-you-didnt-know-existed-in-costa-rica/77767/

December 6, 2018

As explained in a previous article, December is time for all owners of motorcycles, automobiles, SUVs, Pick-ups and trucks in Costa Rica to pay the MARCHAMO, which is collected by INS (National Insurance Company). We mentioned that the largest amount to pay on the marchamo is a government tax created in 1987, when law #7088 took effect creating a property tax against all vehicles, airplanes and boats specifically designated to recreation and sport fishing. In the case of boats, the purpose of the law was to tax the boats destined for recreational use by wealthy people.

Boats classified as recreation or sport fishing don't pay the tax to INS like vehicles do. This is something that is required to be paid at the Ministry of Tax through a special form they have to perform the payment every year. Failing to make this payment on time will generate interest and fines, and the boat title can't be transferred to a different party unless the tax is up to date. Other problems may arise with the Harbor Master who could deny the departure of vessels that are behind with the tax. Even though the tax is exclusively created for two specific type of boats, the Government has tried a number of times in the past to enforce the tax over other type of vessels.

In the late nineties, the property tax was being enforced on Tourism boats. Therefore, all companies dedicated to offer tours in the country started facing a huge tax, considering boats usually have a big market value for all the costs involved on their construction and developing. One of those companies owning a Tourism boat and being affected by the tax filed a lawsuit in Court and won. In 2004, the Tribunal Contencioso Administrativo issued a decree number 516-2004 indicating that all tourism boats are equal to passenger boats and all passengers boats are exempted from the tax, indicating that only boats dedicated to sport fishing or private recreation have to pay for it.

Things were calm since 2004, until February 2017 when a Presidential Decree tried to change the law. This regulation established that ALL vessels registered in the country were obligated to pay the yearly property tax based on their fiscal value, unless they had a license issued by INCOPECA (Regulation body for artisanal or industrial fishing). Based on this regulation all boats like Tourism, Passenger and even those classified as cabotage will have to pay, including those ones providing Ferry services. Clearly, the new regulations on this decree were completely opposite to what the law established and that is illegal.

Things went back to normal last July 17th, when the director of the Direccion de Navegacion y Seguridad at MOPT issued a new regulation, indicating that only boats classified as Recreation or Sport fishing had to pay the annual tax. Because of this only those types of vessels -

recreation and sportfishing- are obligated to pay the transfer tax when the title is transferred into another person or corporation. This means owners of different types of boats like passengers, artisanal or industrial fishing, cabotage and tourism can transfer the title without paying a transfer tax -different than the annual property tax- which represents around 2.5% of the fiscal value of the boat.

About the Author: Allan Garro was incorporated as a lawyer and public notary in 1996. He specializes in Litigation, Corporate and Real Estate Law. He has also acted as external legal consultant to Congress. He has been the author of more than 100 published English Language articles and can be reached at [\[email protected\]](#)