


# Reporting Stockholders for Every Corporation in Costa Rica

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In December 2016, a law called the “Law to Improve the Fight against Tax Fraud” was published, which in turn created a Registry of Transparency and Final Beneficiaries, under the responsibility of the Central Bank of Costa Rica. The concept of “anonymous” corporations disappeared, because although the Registry is not publicly accessible, it will be accessible tax, judicial, public security and other related authorities to have access in order to prevent fiscal fraud, money laundering and similar activities.

This system will come into operation as of September 1st, 2019. Information has been published over the recent months, but it has been incomplete because the authorities had not finished organizing the details of the system. The Star has waited until those details were ready in order to publish the correct information. First and foremost it must be noted that all registered companies must make the report, which includes corporations or SA's, Limited Liability Corporations or “Limitadas”, Civil Companies and Foreign Companies' branches.

“Final Beneficiary” is defined as the natural person with definitive control or influence. It is established that those who have more than 15% of the shares must be reported. If the owners of the shares of a company are other companies, the owners of those other companies must be identified until they reach individuals. If the latter is impossible eg... the other companies have bearer shares, an affidavit must be submitted, and additional documents must be submitted.

The persons obligated to make the report are: The President in Corporations or SAs, the Manager on Limited Liability Companies or Limitadas, the appointed Proxy in branches of Foreign Companies and the Administrator in Civil Companies. To make such report, you must have a digital signature certificate, as well as knowing the standard use of computers and understanding of Spanish. This creates a problem for legal representatives who speak a different language, do not know how to use computers or do not have a DIMEX identification number.

As a way to solve the problem, it is authorized to grant a special power to another person who has a digital signature and understands Spanish to make the report on your behalf. This power must be registered by a Notary Public, for which the Central Bank authorized access for notaries starting June 1st 2019, being advisable to register before August 31, 2019. Those who have a recorded general power without being on the Board of Directors also need to be registered by a notary in the system in order to make the report.

The final schedule to make the reports of final beneficiaries is the following:

**September:** Companies with last identification number 0 and 1

**October:** Companies with last identification number 2 and 3

**November:** Companies with last identification number 4 and 5

**December:** Companies with last identification number 6 and 7

**January 2020:** Companies with last identification number 8 and 9

After the first report is made, it will be mandatory to perform the report once a year during April or when the stock changes ownership there will be a period of time of 15 business days to make the report informing the change.

Failure to comply with the obligation to make the report has the consequence that the National Registry will not issue certifications on legal representation -Personerías- nor register documents in favor of delinquent companies. Also, the tax authorities will impose severe fines. It is evident that this change makes it harder and more expensive to have an inactive company (Corporation) in the country which many people will prefer to dissolve and to transfer the assets to a personal name.

If it is decided to dissolve the company, it must be taken into account that it must be up to date in the tax on corporations. It should also be considered that the transfer tax of the registered property such as real estate property and vehicles must be paid, and in some cases the cost can represent a significant amount of money. Finally, it is important to keep in mind that having registered property in personal name is important to have a Last Will & Testament registered in Costa Rica, in case of death.

It is important to take the necessary precautions and to verify if you are able to obtain the digital certificate and make the report or else proceed to grant a special power to another person who can do it properly and request a notary to proceed registering that proxy before August 31, 2019.

The electronic address is [www.centraldirecto.fi.cr](http://www.centraldirecto.fi.cr)

**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 an 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]