

Economy Profile  
Costa Rica

# Doing Business 2020

Comparing Business  
Regulation in  
**190** Economies



WORLD BANK GROUP

## Economy Profile of Costa Rica

*Doing Business 2020 Indicators  
(in order of appearance in the document)*

<b>Starting a business</b>	Procedures, time, cost and paid-in minimum capital to start a limited liability company
<b>Dealing with construction permits</b>	Procedures, time and cost to complete all formalities to build a warehouse and the quality control and safety mechanisms in the construction permitting system
<b>Getting electricity</b>	Procedures, time and cost to get connected to the electrical grid, and the reliability of the electricity supply and the transparency of tariffs
<b>Registering property</b>	Procedures, time and cost to transfer a property and the quality of the land administration system
<b>Getting credit</b>	Movable collateral laws and credit information systems
<b>Protecting minority investors</b>	Minority shareholders' rights in related-party transactions and in corporate governance
<b>Paying taxes</b>	Payments, time, total tax and contribution rate for a firm to comply with all tax regulations as well as postfiling processes
<b>Trading across borders</b>	Time and cost to export the product of comparative advantage and import auto parts
<b>Enforcing contracts</b>	Time and cost to resolve a commercial dispute and the quality of judicial processes
<b>Resolving insolvency</b>	Time, cost, outcome and recovery rate for a commercial insolvency and the strength of the legal framework for insolvency
<b>Employing workers</b>	Flexibility in employment regulation and redundancy cost

## About Doing Business

The *Doing Business* project provides objective measures of business regulations and their enforcement across 190 economies and selected cities at the subnational and regional level.

The *Doing Business* project, launched in 2002, looks at domestic small and medium-size companies and measures the regulations applying to them through their life cycle.

*Doing Business* captures several important dimensions of the regulatory environment as it applies to local firms. It provides quantitative indicators on regulation for starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts and resolving insolvency. *Doing Business* also measures features of employing workers. Although *Doing Business* does not present rankings of economies on the employing workers indicators or include the topic in the aggregate ease of doing business score or ranking on the ease of doing business, it does present the data for these indicators.

By gathering and analyzing comprehensive quantitative data to compare business regulation environments across economies and over time, *Doing Business* encourages economies to compete towards more efficient regulation; offers measurable benchmarks for reform; and serves as a resource for academics, journalists, private sector researchers and others interested in the business climate of each economy.

In addition, *Doing Business* offers detailed [subnational studies](#), which exhaustively cover business regulation and reform in different cities and regions within a nation. These studies provide data on the ease of doing business, rank each location, and recommend reforms to improve performance in each of the indicator areas. Selected cities can compare their business regulations with other cities in the economy or region and with the 190 economies that *Doing Business* has ranked.

The first *Doing Business* study, published in 2003, covered 5 indicator sets and 133 economies. This year's study covers 11 indicator sets and 190 economies. Most indicator sets refer to a case scenario in the largest business city of each economy, except for 11 economies that have a population of more than 100 million as of 2013 (Bangladesh, Brazil, China, India, Indonesia, Japan, Mexico, Nigeria, Pakistan, the Russian Federation and the United States) where *Doing Business* also collected data for the second largest business city. The data for these 11 economies are a population-weighted average for the 2 largest business cities. The project has benefited from feedback from governments, academics, practitioners and reviewers. The initial goal remains: to provide an objective basis for understanding and improving the regulatory environment for business around the world.

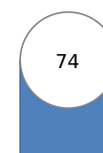
To learn more about *Doing Business* please visit [doingbusiness.org](http://doingbusiness.org)

Ease of Doing Business in  
Costa Rica

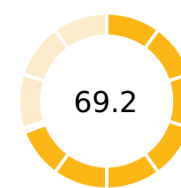


Region	Latin America & Caribbean
Income Category	Upper middle income
Population	4,999,441
City Covered	San José

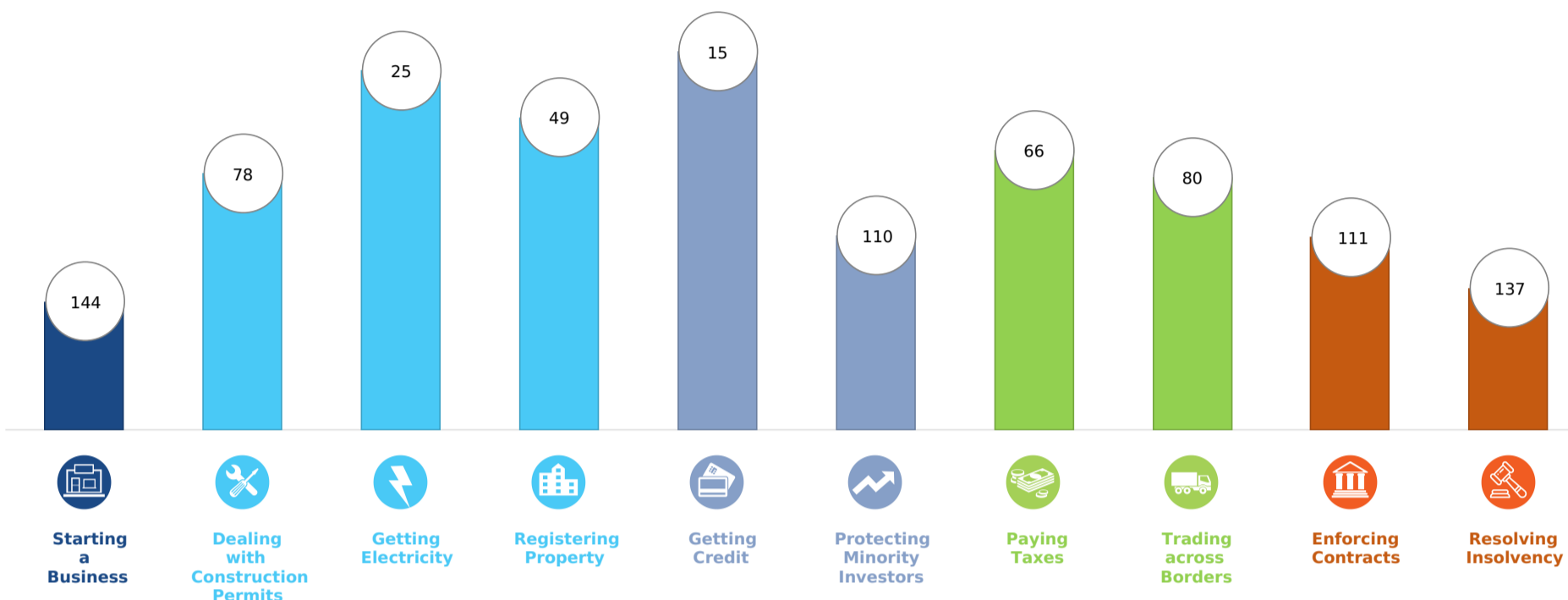
DB RANK



DB SCORE



Rankings on Doing Business topics - Costa Rica



Topic Scores



<b>Starting a Business</b> (rank)	144
Score of starting a business (0-100)	79.9
Procedures (number)	10
Time (days)	23
Cost (number)	9.6
Paid-in min. capital (% of income per capita)	0.0
<b>Dealing with Construction Permits</b> (rank)	78
Score of dealing with construction permits (0-100)	70.8
Procedures (number)	17
Time (days)	138
Cost (% of warehouse value)	2.0
Building quality control index (0-15)	11.0
<b>Getting Electricity</b> (rank)	25
Score of getting electricity (0-100)	88.9
Procedures (number)	5
Time (days)	39
Cost (% of income per capita)	158.0
Reliability of supply and transparency of tariff index (0-8)	8
<b>Registering Property</b> (rank)	49
Score of registering property (0-100)	74.4
Procedures (number)	5
Time (days)	11
Cost (% of property value)	3.4
Quality of the land administration index (0-30)	17.5

<b>Getting Credit</b> (rank)	15
Score of getting credit (0-100)	85.0
Strength of legal rights index (0-12)	10
Depth of credit information index (0-8)	7
Credit registry coverage (% of adults)	36.4
Credit bureau coverage (% of adults)	86.0
<b>Protecting Minority Investors</b> (rank)	110
Score of protecting minority investors (0-100)	48.0
Extent of disclosure index (0-10)	5.0
Extent of director liability index (0-10)	5.0
Ease of shareholder suits index (0-10)	8.0
Extent of shareholder rights index (0-6)	2.0
Extent of ownership and control index (0-7)	3.0
Extent of corporate transparency index (0-7)	1.0
<b>Paying Taxes</b> (rank)	66
Score of paying taxes (0-100)	78.0
Payments (number per year)	10
Time (hours per year)	151
Total tax and contribution rate (% of profit)	58.3
Postfiling index (0-100)	87.2

<b>Trading across Borders</b> (rank)	80
Score of trading across borders (0-100)	77.6
<i>Time to export</i>	
Documentary compliance (hours)	24
Border compliance (hours)	20
<i>Cost to export</i>	
Documentary compliance (USD)	80
Border compliance (USD)	450
<i>Time to export</i>	
Documentary compliance (hours)	26
Border compliance (hours)	80
<i>Cost to export</i>	
Documentary compliance (USD)	75
Border compliance (USD)	500
<b>Enforcing Contracts</b> (rank)	111
Score of enforcing contracts (0-100)	55.2
Time (days)	852
Cost (% of claim value)	24.3
Quality of judicial processes index (0-18)	9.5
<b>Resolving Insolvency</b> (rank)	137
Score of resolving insolvency (0-100)	34.6
Recovery rate (cents on the dollar)	29.5
Time (years)	3.0
Cost (% of estate)	14.5
Outcome (0 as piecemeal sale and 1 as going concern)	0
Strength of insolvency framework index (0-16)	6.0

## Starting a Business

This topic measures the number of procedures, time, cost and paid-in minimum capital requirement for a small- to medium-sized limited liability company to start up and formally operate in each economy's largest business city.

To make the data comparable across 190 economies, *Doing Business* uses a standardized business that is 100% domestically owned, has start-up capital equivalent to 10 times the income per capita, engages in general industrial or commercial activities and employs between 10 and 50 people one month after the commencement of operations, all of whom are domestic nationals. Starting a Business considers two types of local limited liability companies that are identical in all aspects, except that one company is owned by 5 married women and the other by 5 married men. The ranking of economies on the ease of starting a business is determined by sorting their scores for starting a business. These scores are the simple average of the scores for each of the component indicators.

The most recent round of data collection for the project was completed in May 2019. [See the methodology for more information.](#)

What the indicators measure	Case study assumptions
<p><b>Procedures to legally start and formally operate a company (number)</b></p> <ul style="list-style-type: none"> <li>• Preregistration (for example, name verification or reservation, notarization)</li> <li>• Registration in the economy's largest business city</li> <li>• Postregistration (for example, social security registration, company seal)</li> <li>• Obtaining approval from spouse to start a business or to leave the home to register the company</li> <li>• Obtaining any gender specific document for company registration and operation or national identification card</li> </ul> <p><b>Time required to complete each procedure (calendar days)</b></p> <ul style="list-style-type: none"> <li>• Does not include time spent gathering information</li> <li>• Each procedure starts on a separate day (2 procedures cannot start on the same day)</li> <li>• Procedures fully completed online are recorded as ½ day</li> <li>• Procedure is considered completed once final document is received</li> <li>• No prior contact with officials</li> </ul> <p><b>Cost required to complete each procedure (% of income per capita)</b></p> <ul style="list-style-type: none"> <li>• Official costs only, no bribes</li> <li>• No professional fees unless services required by law or commonly used in practice</li> </ul> <p><b>Paid-in minimum capital (% of income per capita)</b></p> <ul style="list-style-type: none"> <li>• Funds deposited in a bank or with third party before registration or up to 3 months after incorporation</li> </ul>	<p>To make the data comparable across economies, several assumptions about the business and the procedures are used. It is assumed that any required information is readily available and that the entrepreneur will pay no bribes.</p> <p><b>The business:</b></p> <ul style="list-style-type: none"> <li>-Is a limited liability company (or its legal equivalent). If there is more than one type of limited liability company in the economy, the limited liability form most common among domestic firms is chosen. Information on the most common form is obtained from incorporation lawyers or the statistical office.</li> <li>-Operates in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.</li> <li>-Performs general industrial or commercial activities such as the production or sale to the public of goods or services. The business does not perform foreign trade activities and does not handle products subject to a special tax regime, for example, liquor or tobacco. It is not using heavily polluting production processes.</li> <li>-Does not qualify for investment incentives or any special benefits.</li> <li>-Is 100% domestically owned.</li> <li>-Has five business owners, none of whom is a legal entity. One business owner holds 30% of the company shares, two owners have 20% of shares each, and two owners have 15% of shares each.</li> <li>-Is managed by one local director.</li> <li>-Has between 10 and 50 employees one month after the commencement of operations, all of them domestic nationals.</li> <li>-Has start-up capital of 10 times income per capita.</li> <li>-Has an estimated turnover of at least 100 times income per capita.</li> <li>-Leases the commercial plant or offices and is not a proprietor of real estate.</li> <li>-Has an annual lease for the office space equivalent to one income per capita.</li> <li>-Is in an office space of approximately 929 square meters (10,000 square feet).</li> <li>-Has a company deed that is 10 pages long.</li> </ul> <p><b>The owners:</b></p> <ul style="list-style-type: none"> <li>-Have reached the legal age of majority and are capable of making decisions as an adult. If there is no legal age of majority, they are assumed to be 30 years old.</li> <li>-Are in good health and have no criminal record.</li> <li>-Are married, the marriage is monogamous and registered with the authorities.</li> <li>-Where the answer differs according to the legal system applicable to the woman or man in question (as may be the case in economies where there is legal plurality), the answer used will be the one that applies to the majority of the population.</li> </ul>

Starting a Business - Costa Rica

Standardized Company

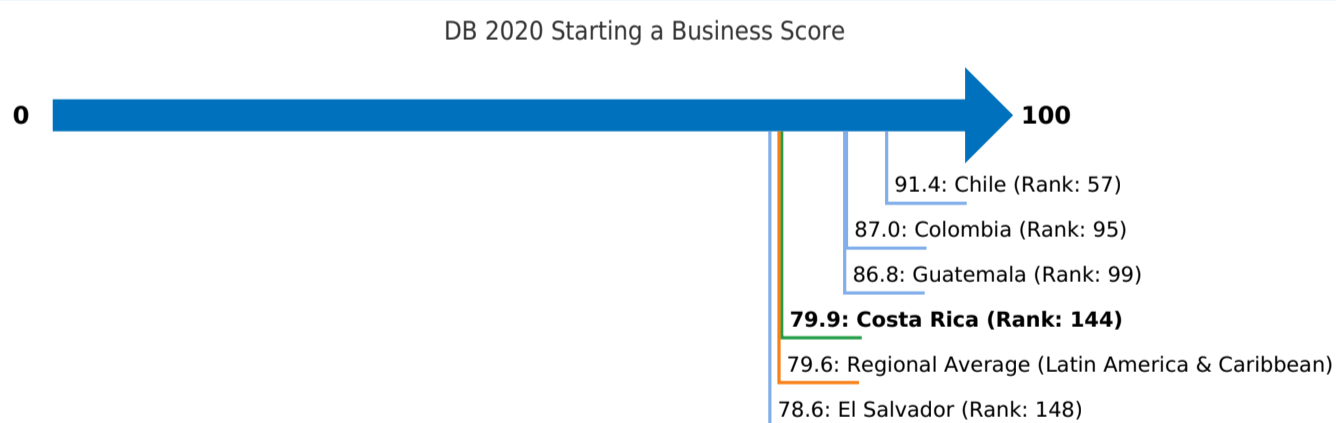
Legal form	Sociedad Anónima (S.A.) - Corporation
Paid-in minimum capital requirement	No minimum
City Covered	San José

Indicator	Costa Rica	Latin America & Caribbean	OECD high income	Best Regulatory Performance
Procedure - Men (number)	10	8.1	4.9	1 (2 Economies)
Time - Men (days)	23	28.8	9.2	0.5 (New Zealand)
Cost - Men (% of income per capita)	9.6	31.4	3.0	0.0 (2 Economies)
Procedure - Women (number)	10	8.1	4.9	1 (2 Economies)
Time - Women (days)	23	28.8	9.2	0.5 (New Zealand)
Cost - Women (% of income per capita)	9.6	31.4	3.0	0.0 (2 Economies)
Paid-in min. capital (% of income per capita)	0.0	0.4	7.6	0.0 (120 Economies)

Figure - Starting a Business in Costa Rica - Score

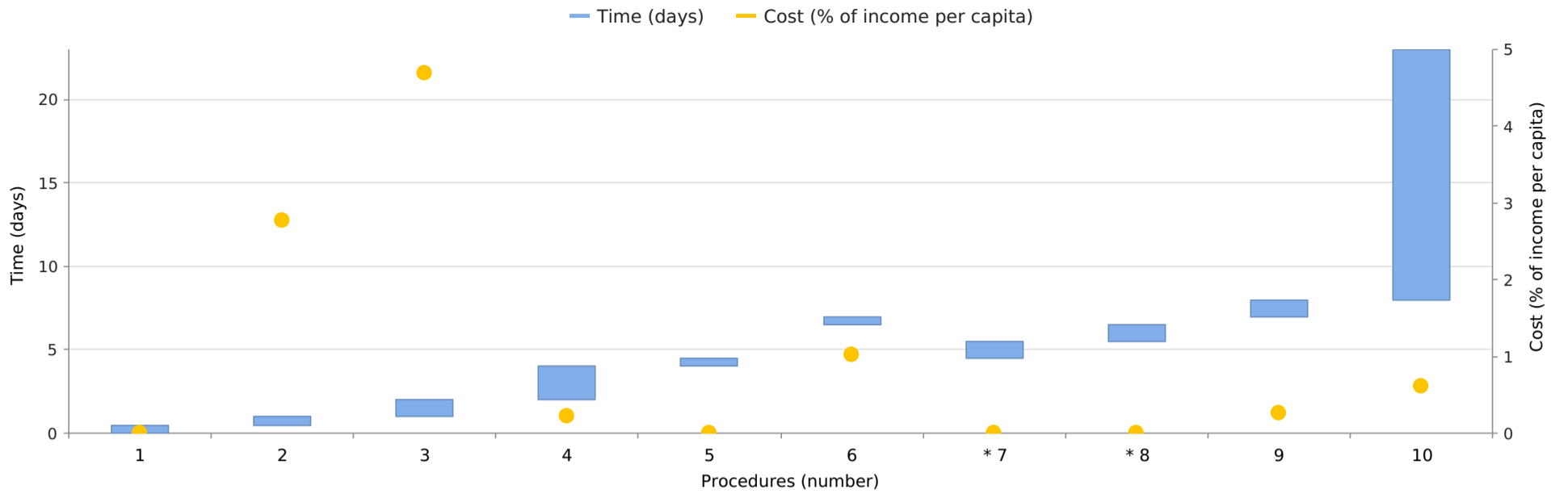


Figure - Starting a Business in Costa Rica and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of starting a business is determined by sorting their scores for starting a business. These scores are the simple average of the scores for each of the component indicators.

Figure - Starting a Business in Costa Rica - Procedure, Time and Cost



\*This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the *Doing Business* website (<http://doingbusiness.org/en/methodology>). For details on the procedures reflected here, see the summary below.

## Details - Starting a Business in Costa Rica - Procedure, Time and Cost

No.	Procedures	Time to Complete	Associated Costs
1	<p><b>Check the availability of the proposed company name</b>  <i>Agency</i> : National Registry ( Registro de Personas Jurídicas)            In order to register a company one must first verify the availability of the company name. The company name can be verified online (<a href="https://www.rnpdigital.com">https://www.rnpdigital.com</a>) free of cost. Companies can also be registered by number, in which case the name would not have to be verified.</p>	Less than one day (online procedure)	no charge
2	<p><b>A notary public drafts and notarizes public deeds of the incorporation charter for registration before the Public Registry online</b>  <i>Agency</i> : Public Notary            The founding shareholders, as well as the members of the Board of Directors, must sign the public deed of incorporation drafted and authorized by the notary public, who will then submit it for registration to the National Registry. A minimum of two founding shareholders is required, as well as designation of a President, Secretary, Treasurer and Comptroller. The same person cannot occupy two different positions. According to the fee schedule established by Executive Order No. 41457-JP effective on February 1, 2019, the fee for notarizing the articles of association is CRC 181,500 for any corporation.</p>	Less than one day (online procedure)	CRC 181,500
3	<p><b>Deposit capital in the bank account, pay registration fees and stamp duties</b>  <i>Agency</i> : National Banking System            As a prerequisite for registering the company, 25% of the capital stock indicated in the incorporation charter (if paid in cash) must be deposited in a national bank. The amount deposited may be withdrawn once the company has been duly recorded. If founders chose to sign a promissory note, there is no enforceable obligation to deposit capital in a bank account later. In fact, the business is not even required to operate a bank account at any point during its existence.</p> <p>The registration fees, which include the notary public fees, are as follows:</p> <p>Stamp fees:            National Archive (Archivo Nacional) CRC 20            Coleg Contad. Priv (Libros legales) CRC 75            Colegio de Abogados CRC 15,000            Educación y Cultura CRC 750            Fiscal CRC 625            Municipal Fees CRC 0.2% of capital            National Registry CRC 44,620            Legal Books CRC 17,150.00            Agrary Stamp (Agrario) CRC 0.15% of capital</p>	1 day	see comments
4	<p><b>Register the incorporation charter in the National Registry and obtain authorization to legalize the company books; send the notice of constitution of the company (edicto)</b>  <i>Agency</i> : Crear Empresa (National Registry)            One must register the incorporation charter at the National Registry, obtain authorization to legalize the company books and send a notice of constitution of the company. This can be done online since February 2012, when Costa Rica launched Crear Empresa. This online platform for business registration allows all incorporation documents to be submitted electronically.</p>	2 days	CRC 8,000 (digital registration fees) + CRC 6,580 (publication fees)
5	<p><b>File Form D-140 with the before the Tax Department to register the firm as a taxpayer</b>  <i>Agency</i> : Tax Department (Registro Unico de Contribuyentes, Dirección General de Tributación Directa)            Costa Rican citizens or corporations with a Costa Rican legal representative can register electronically as taxpayer (<a href="https://www.haciendadigital.go.cr/inscriptipopersona.jsp">https://www.haciendadigital.go.cr/inscriptipopersona.jsp</a>)</p>	Less than one day (online procedure)	see comment
6	<p><b>Pay the Legal Entities Tax</b>  <i>Agency</i> : Bank            Companies must pay the legal entities tax within the first thirty calendar days following registration with the National Registry. The tax is paid from the website of any Costa Rican bank.</p>	Less than one day (online procedure)	15% of a base salary
⇒ 7	<p><b>Register for labor risk insurance with the National Insurance Institute (Instituto Nacional de Seguros)</b>  <i>Agency</i> : National Insurance Institute (Instituto Nacional de Seguros)            The National Insurance Institute is the only insurance at the moment that only offers labor insurance. The annual premium for this type of insurance is about 2.17% of reported payroll.</p>	1 day (simultaneous with previous procedure)	no charge
⇒ 8	<p><b>Register the company as an employer with Caja Costarricense de Seguro Social (CCSS, Social Security Institute)</b>  <i>Agency</i> : Social Security Institute (Caja Costarricense de Seguro Social)            After submitting the documents required, the CCSS issues a registration form (inscripción ante CCSS de persona jurídica) that allows the company to start operations. Within 15 days after registration with the CCSS, the company will receive an ex-post inspection from an officer, which consists on a simple verification of the information provided by the company about the business activity and the employees.</p>	1 day (simultaneous with previous procedure)	no charge



9	<b>Apply for sanitary permit</b> <i>Agency</i> : Health Department (Ministerio de Salud) The cost for applying for a sanitary permit depends on the degree of environmental risk of the company and varies from USD 30 to USD 100 (USD 30 for low environmental risk, USD 50 for moderate environmental risk, USD 100 for high environmental risk).	1 day	USD 30
10	<b>Apply for the business license (patente municipal) from the municipality</b> <i>Agency</i> : Local municipality All new businesses must apply for the business license (patente municipal) from the municipality.	15 days	Cost varies between CRC 10,000 and CRC 100,000 depending on the type of activity, number of employees, location.

⇒ Takes place simultaneously with previous procedure.

## Dealing with Construction Permits

This topic tracks the procedures, time and cost to build a warehouse—including obtaining necessary the licenses and permits, submitting all required notifications, requesting and receiving all necessary inspections and obtaining utility connections. In addition, the Dealing with Construction Permits indicator measures the building quality control index, evaluating the quality of building regulations, the strength of quality control and safety mechanisms, liability and insurance regimes, and professional certification requirements. The most recent round of data collection was completed in May 2019. [See the methodology for more information](#)

What the indicators measure	Case study assumptions
<p><b>Procedures to legally build a warehouse (number)</b></p> <ul style="list-style-type: none"> <li>• Submitting all relevant documents and obtaining all necessary clearances, licenses, permits and certificates</li> <li>• Submitting all required notifications and receiving all necessary inspections</li> <li>• Obtaining utility connections for water and sewerage</li> <li>• Registering and selling the warehouse after its completion</li> </ul> <p><b>Time required to complete each procedure (calendar days)</b></p> <ul style="list-style-type: none"> <li>• Does not include time spent gathering information</li> <li>• Each procedure starts on a separate day—though procedures that can be fully completed online are an exception to this rule</li> <li>• Procedure is considered completed once final document is received</li> <li>• No prior contact with officials</li> </ul> <p><b>Cost required to complete each procedure (% of income per capita)</b></p> <ul style="list-style-type: none"> <li>• Official costs only, no bribes</li> </ul> <p><b>Building quality control index (0-15)</b></p> <ul style="list-style-type: none"> <li>• Quality of building regulations (0-2)</li> <li>• Quality control before construction (0-1)</li> <li>• Quality control during construction (0-3)</li> <li>• Quality control after construction (0-3)</li> <li>• Liability and insurance regimes (0-2)</li> <li>• Professional certifications (0-4)</li> </ul>	<p>To make the data comparable across economies, several assumptions about the construction company, the warehouse project and the utility connections are used.</p> <p><b>The construction company (BuildCo):</b></p> <ul style="list-style-type: none"> <li>- Is a limited liability company (or its legal equivalent) and operates in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.</li> <li>- Is 100% domestically and privately owned; has five owners, none of whom is a legal entity. Has a licensed architect and a licensed engineer, both registered with the local association of architects or engineers. BuildCo is not assumed to have any other employees who are technical or licensed experts, such as geological or topographical experts.</li> <li>- Owns the land on which the warehouse will be built and will sell the warehouse upon its completion.</li> </ul> <p><b>The warehouse:</b></p> <ul style="list-style-type: none"> <li>- Will be used for general storage activities, such as storage of books or stationery.</li> <li>- Will have two stories, both above ground, with a total constructed area of approximately 1,300.6 square meters (14,000 square feet). Each floor will be 3 meters (9 feet, 10 inches) high and will be located on a land plot of approximately 929 square meters (10,000 square feet) that is 100% owned by BuildCo, and the warehouse is valued at 50 times income per capita.</li> <li>- Will have complete architectural and technical plans prepared by a licensed architect. If preparation of the plans requires such steps as obtaining further documentation or getting prior approvals from external agencies, these are counted as procedures.</li> <li>- Will take 30 weeks to construct (excluding all delays due to administrative and regulatory requirements).</li> </ul> <p><b>The water and sewerage connections:</b></p> <ul style="list-style-type: none"> <li>- Will be 150 meters (492 feet) from the existing water source and sewer tap. If there is no water delivery infrastructure in the economy, a borehole will be dug. If there is no sewerage infrastructure, a septic tank in the smallest size available will be installed or built.</li> <li>- Will have an average water use of 662 liters (175 gallons) a day and an average wastewater flow of 568 liters (150 gallons) a day. Will have a peak water use of 1,325 liters (350 gallons) a day and a peak wastewater flow of 1,136 liters (300 gallons) a day.</li> <li>- Will have a constant level of water demand and wastewater flow throughout the year; will be 1 inch in diameter for the water connection and 4 inches in diameter for the sewerage connection.</li> </ul>

Dealing with Construction Permits - Costa Rica

Standardized Warehouse

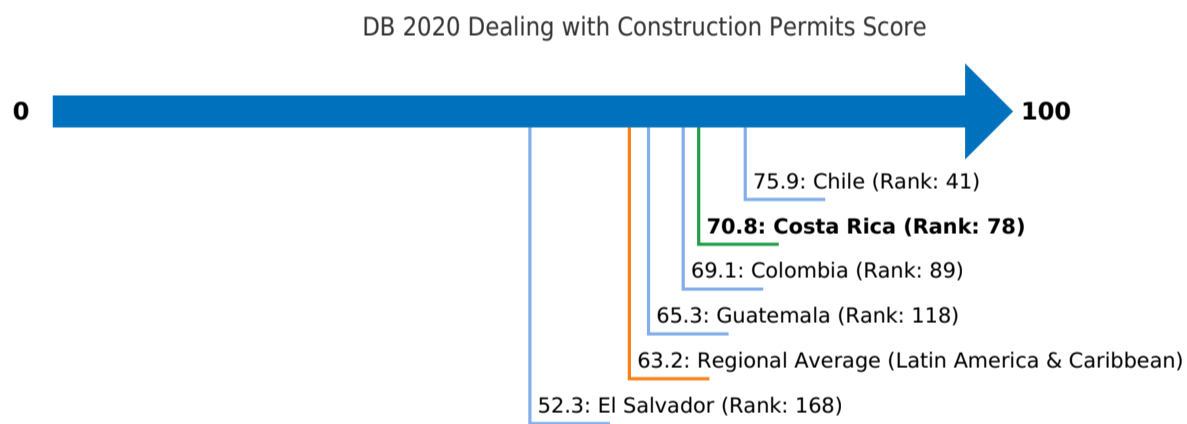
Estimated value of warehouse	CRC 327,599,011.50
City Covered	San José

Indicator	Costa Rica	Latin America & Caribbean	OECD high income	Best Regulatory Performance
Procedures (number)	17	15.5	12.7	None in 2018/19
Time (days)	138	191.2	152.3	None in 2018/19
Cost (% of warehouse value)	2.0	3.6	1.5	None in 2018/19
Building quality control index (0-15)	11.0	9.0	11.6	15.0 (6 Economies)

Figure - Dealing with Construction Permits in Costa Rica - Score

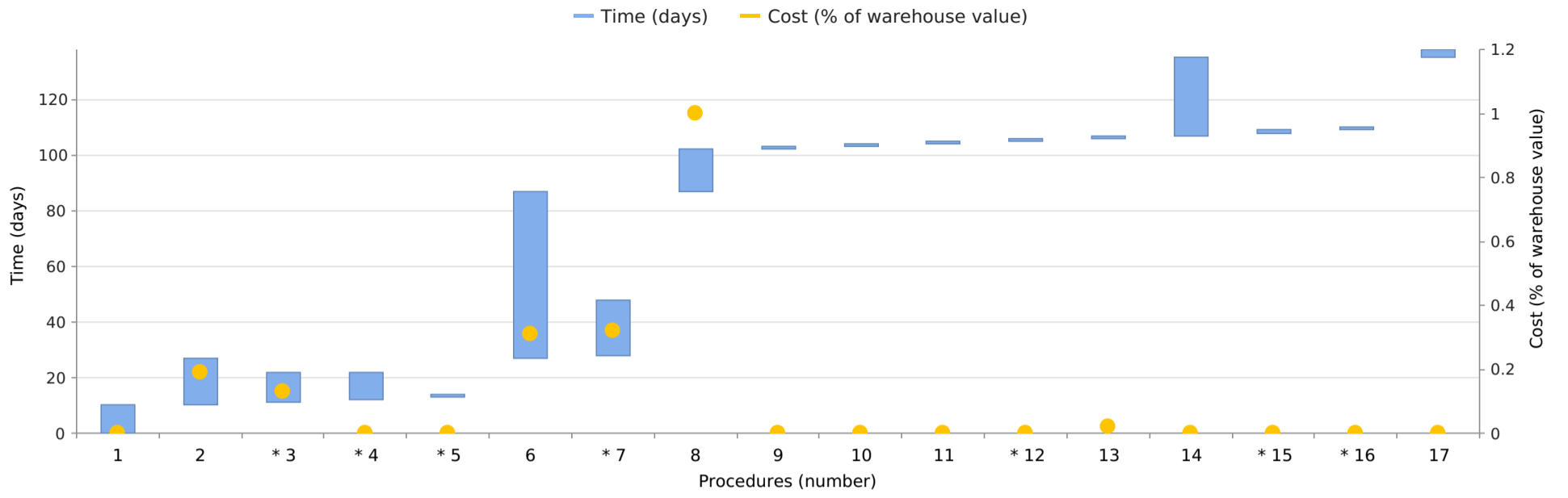


Figure - Dealing with Construction Permits in Costa Rica and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of dealing with construction permits is determined by sorting their scores for dealing with construction permits. These scores are the simple average of the scores for each of the component indicators.

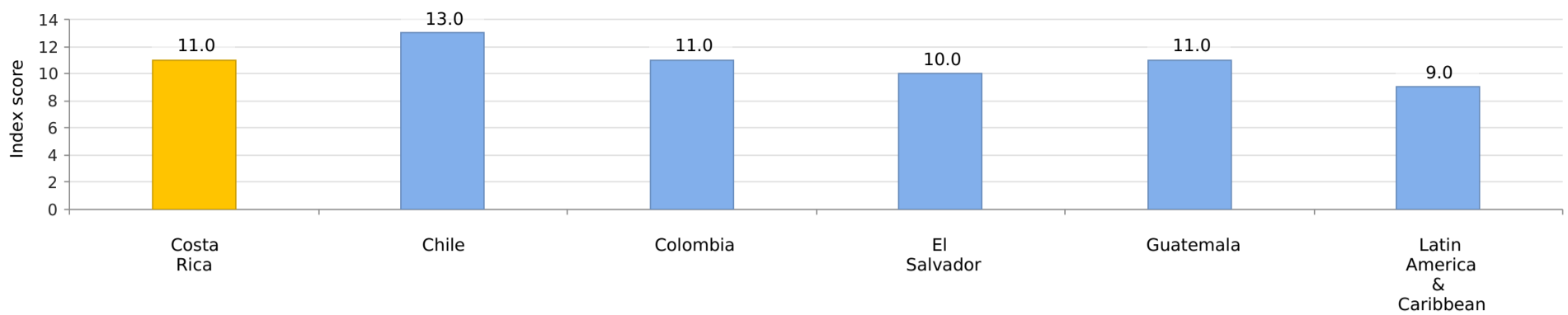
Figure - Dealing with Construction Permits in Costa Rica - Procedure, Time and Cost



\*This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the *Doing Business* website (<http://doingbusiness.org/en/methodology>). For details on the procedures reflected here, see the summary below.

Figure - Dealing with Construction Permits in Costa Rica and comparator economies - Measure of Quality



Details - Dealing with Construction Permits in Costa Rica - Procedure, Time and Cost

No.	Procedures	Time to Complete	Associated Costs
1	<p><b>Request and obtain zoning authorization (uso de suelo) from the Municipal Government</b>  <i>Agency: Municipal Government</i>                      The request must be made personally before the Local Government, the owner of the property or third party with legal authorization of the owner, who must complete a form and provide the respective requirements. This request can also include a request for property line setbacks to be indicated by the Municipal Government. New land use policies were approved in April 2006. The greater San Jose metropolitan area includes 31 municipalities. The zoning authorization will be valid for 6 months, or up to 12 months. Many municipal authorities, such as the Belen Municipality, do not respect their own land-use regulations when granting the final construction permit.</p>	10 days	no charge
2	<p><b>Obtain results of geotechnical study / soil test</b>  <i>Agency: Private licensed company</i>                      A soil study is not a requirement by law. In practice, contractors ask for a soil test to ensure that the foundation of the building is solid. The engineer must understand the suitability of the soil for the proposed construction work. Soil test allows to build a solid foundation and avoid structures to be damaged or collapsed or leaned.                      The zoning authorization must be obtained prior to requesting a soil test.</p>	17 days	CRC 628,981
⇒ 3	<p><b>Obtain topographic results of land plot</b>  <i>Agency: Private licensed company</i>                      A topographic survey of the land plot is obtained prior to developing the architectural plans of the warehouse.</p>	11 days	CRC 428,982
⇒ 4	<p><b>Request and obtain approval by the Water Department (Acueductos y Alcantarillados)</b>  <i>Agency: Water Department</i>                      BuildCo must complete and submit an approval form to the Water Department. In turn, the Department must verify that the construction project site has a water source.</p>	10 days	no charge
⇒ 5	<p><b>Request and obtain workers compensation insurance proof from National Insurance Institute</b>  <i>Agency: National Insurance Institute</i>                      The National Insurance Institute requires proof that worker compensation insurance has been paid prior to issuing a building permit. This proof is required to start each new project. In the past, developers were allowed a blanket insurance policy that did not require purchase of insurance for every new project. In 2007, the Institute's policies were revised; it now allows a blanket insurance that the developer adjusts, paying the differences annually. But the complexity of the process discourages its use. Most construction companies purchase individual insurance on a case-by-case basis for projects instead of globally for annual activities. This system is likely to be changed because of private sector complaints.                       Insurance premiums are based on the amount of coverage. The cost is 4.16% of the value of the labor force which is in turn evaluated to amount for 35% of the total cost of the project. The completed form must be presented with copies of the workers' identification cards or (for underage employees) working permits.</p>	1 day	no charge
6	<p><b>Request and obtain approval from National Environment Technical Secretary</b>  <i>Agency: National Environment Technical Secretary</i>                      BuildCo must obtain approval from the National Environment Technical Secretary (Secretaría Técnica Nacional del Ambiente, SETENA), using two forms (in Spanish) available on SETENA's Web site (<a href="http://www.minae.go.cr/setena.html">www.minae.go.cr/setena.html</a>). BuildCo would use Form D-1 which costs anywhere between CRC 1 million to CRC 1.5 million. The response generally takes 60 -- 90 days. This procedure and the next can be completed simultaneously.</p>	60 days	CRC 1,000,000

⇒ 7	<b>Request and obtain approval of blue prints by College of Architects and Engineers</b> <i>Agency</i> : College of Architects and Engineers BuildCo should submit the property survey map and a contract, signed by two members of the College of Architects and Engineers (Colegio Federado de Ingenieros y de Arquitectos de Costa Rica), an electrical engineer and either a civil engineer or an architect. It is preferred that at least four blueprint copies be submitted. The college has implemented the new Administrador de Proyectos de Construccion (APC) system (via the Internet). If the APC submits the approval, the time line is 1 day; if not, it is about 5-8 days. In 2007, the College encouraged a complete change to digital approval.	20 days	CRC 1,051,937
8	<b>Request and obtain construction permit from Municipal Government</b> <i>Agency</i> : Municipal Government According to Law 8220, the relevant authorities must respond to a construction permit request within 30 days. However, on average, it should take 15 days.	15 days	CRC 3,275,990
9	<b>Receive on-site inspection - I</b> <i>Agency</i> : Municipal Government During construction, inspections occur monthly, though not according to a specific schedule. The inspector may show up randomly to view the construction and review the construction log book (bitacora de construccion), which the engineer/architect uses to register entries for each stage of construction. Under Costa Rican law, the engineer is responsible for complying with construction laws and regulations. There is no need to request inspections.	1 day	no charge
10	<b>Receive on-site inspection - II</b> <i>Agency</i> : Municipal Government	1 day	no charge
11	<b>Receive on-site inspection - III</b> <i>Agency</i> : Municipal Government	1 day	no charge
⇒ 12	<b>Request water connection</b> <i>Agency</i> : Water Department After the connection is requested, an inspector from the Water Department visits the construction site, determines the connection requirements, and, on this basis, estimates the costs. Sewage connection is not included. With few centralized sewage connections, most connections are done with an independent septic system or treatment plant. BuildCo must complete an application form and present all the required documents, including a copy of the company's identification card.	1 day	no charge
13	<b>Receive inspection from Water Department and pay connection cost</b> <i>Agency</i> : Water Department The Water Department (Dirección de Agua) will send a team to install the gauge and make the connection to the drinking water network	1 day	CRC 79,520
14	<b>Connect to water and sewage services</b> <i>Agency</i> : Water Department	28 days	no charge
⇒ 15	<b>Request proof of completed construction (Constancia de Obra Terminada) from Municipality</b> <i>Agency</i> : Municipal Government BuildCo or the Responsible of Construction works (Responsable de Obra) must provide a certificate of completed construction to the Municipality . The Inspection Department of the Municipality (Seccion de Inspeccion Municipal) must inspect and issue the certificate of completed construction stating that the construction has been completed in accordance with what was stated in the permit and with the municipal regulations. The legal basis is the Urban Master Plan published in La Gaceta N. 148 of August 3, 2005 ("Plan Director Urbano del Cantón de San José").	1 day	no charge
⇒ 16	<b>Receive final inspection from from Municipality</b> <i>Agency</i> : Municipal Government	1 day	no charge
17	<b>Obtain proof of completed construction (Constancia de Obra Terminada) from Municipality</b> <i>Agency</i> : Municipal Government	3 days	no charge

⇒ Takes place simultaneously with previous procedure.

## Details - Dealing with Construction Permits in Costa Rica - Measure of Quality

	Answer	Score
<b>Building quality control index (0-15)</b>		<b>11.0</b>
<b>Quality of building regulations index (0-2)</b>		<b>2.0</b>
How accessible are building laws and regulations in your economy? (0-1)	Available online; Free of charge.	1.0
Which requirements for obtaining a building permit are clearly specified in the building regulations or on any accessible website, brochure or pamphlet? (0-1)	List of required documents; Fees to be paid; Required preapprovals.	1.0
<b>Quality control before construction index (0-1)</b>		<b>1.0</b>
Which third-party entities are required by law to verify that the building plans are in compliance with existing building regulations? (0-1)	Licensed architect; Licensed engineer.	1.0
<b>Quality control during construction index (0-3)</b>		<b>2.0</b>
What types of inspections (if any) are required by law to be carried out during construction? (0-2)	Inspections by in-house engineer; Unscheduled inspections.	1.0
Do legally mandated inspections occur in practice during construction? (0-1)	Mandatory inspections are always done in practice.	1.0
<b>Quality control after construction index (0-3)</b>		<b>3.0</b>
Is there a final inspection required by law to verify that the building was built in accordance with the approved plans and regulations? (0-2)	Yes, final inspection is done by government agency; Yes, in-house engineer submits report for final inspection.	2.0
Do legally mandated final inspections occur in practice? (0-1)	Final inspection always occurs in practice.	1.0
<b>Liability and insurance regimes index (0-2)</b>		<b>1.0</b>
Which parties (if any) are held liable by law for structural flaws or problems in the building once it is in use (Latent Defect Liability or Decennial Liability)? (0-1)	Architect or engineer; Professional in charge of the supervision; Construction company; Owner or investor.	1.0
Which parties (if any) are required by law to obtain an insurance policy to cover possible structural flaws or problems in the building once it is in use (Latent Defect Liability Insurance or Decennial Insurance)? (0-1)	No party is required by law to obtain insurance .	0.0
<b>Professional certifications index (0-4)</b>		<b>2.0</b>
What are the qualification requirements for the professional responsible for verifying that the architectural plans or drawings are in compliance with existing building regulations? (0-2)	University degree in architecture or engineering; Being a registered architect or engineer.	1.0
What are the qualification requirements for the professional who supervises the construction on the ground? (0-2)	University degree in engineering, construction or construction management; Being a registered architect or engineer.	1.0

## ⚡ Getting Electricity

This topic measures the procedures, time and cost required for a business to obtain a permanent electricity connection for a newly constructed warehouse. Additionally, the reliability of supply and transparency of tariffs index measures reliability of supply, transparency of tariffs and the price of electricity. The most recent round of data collection for the project was completed in May 2019. [See the methodology for more information.](#)

### What the indicators measure

#### Procedures to obtain an electricity connection (number)

- Submitting all relevant documents and obtaining all necessary clearances and permits
- Completing all required notifications and receiving all necessary inspections
- Obtaining external installation works and possibly purchasing material for these works
- Concluding any necessary supply contract and obtaining final supply

#### Time required to complete each procedure (calendar days)

- Is at least 1 calendar day
- Each procedure starts on a separate day
- Does not include time spent gathering information
- Reflects the time spent in practice, with little follow-up and no prior contact with officials

#### Cost required to complete each procedure (% of income per capita)

- Official costs only, no bribes
- Value added tax excluded

#### The reliability of supply and transparency of tariffs index (0-8)

- Duration and frequency of power outages (0-3)
- Tools to monitor power outages (0-1)
- Tools to restore power supply (0-1)
- Regulatory monitoring of utilities' performance (0-1)
- Financial deterrents limiting outages (0-1)
- Transparency and accessibility of tariffs (0-1)

#### Price of electricity (cents per kilowatt-hour)\*

- Price based on monthly bill for commercial warehouse in case study

\*Note: *Doing Business* measures the price of electricity, but it is not included in the ease of doing business score nor in the ranking on the ease of getting electricity.

### Case study assumptions

To make the data comparable across economies, several assumptions about the warehouse, the electricity connection and the monthly consumption are used.

#### The warehouse:

- Is owned by a local entrepreneur and is used for storage of goods.
- Is located in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Is located in an area where similar warehouses are typically located and is in an area with no physical constraints. For example, the property is not near a railway.
- Is a new construction and is being connected to electricity for the first time.
- Has two stories with a total surface area of approximately 1,300.6 square meters (14,000 square feet). The plot of land on which it is built is 929 square meters (10,000 square feet).

#### The electricity connection:

- Is a permanent one with a three-phase, four-wire Y connection with a subscribed capacity of 140-kilo-volt-ampere (kVA) with a power factor of 1, when 1 kVA = 1 kilowatt (kW).
- Has a length of 150 meters. The connection is to either the low- or medium-voltage distribution network and is either overhead or underground, whichever is more common in the area where the warehouse is located and requires works that involve the crossing of a 10-meter road (such as by excavation or overhead lines) but are all carried out on public land. There is no crossing of other owners' private property because the warehouse has access to a road.
- Does not require work to install the internal wiring of the warehouse. This has already been completed up to and including the customer's service panel or switchboard and the meter base.

#### The monthly consumption:

- It is assumed that the warehouse operates 30 days a month from 9:00 a.m. to 5:00 p.m. (8 hours a day), with equipment utilized at 80% of capacity on average and that there are no electricity cuts (assumed for simplicity reasons) and the monthly energy consumption is 26,880 kilowatt-hours (kWh); hourly consumption is 112 kWh.
- If multiple electricity suppliers exist, the warehouse is served by the cheapest supplier.
- Tariffs effective in January of the current year are used for calculation of the price of electricity for the warehouse. Although January has 31 days, for calculation purposes only 30 days are used.



Getting Electricity - Costa Rica

Standardized Connection

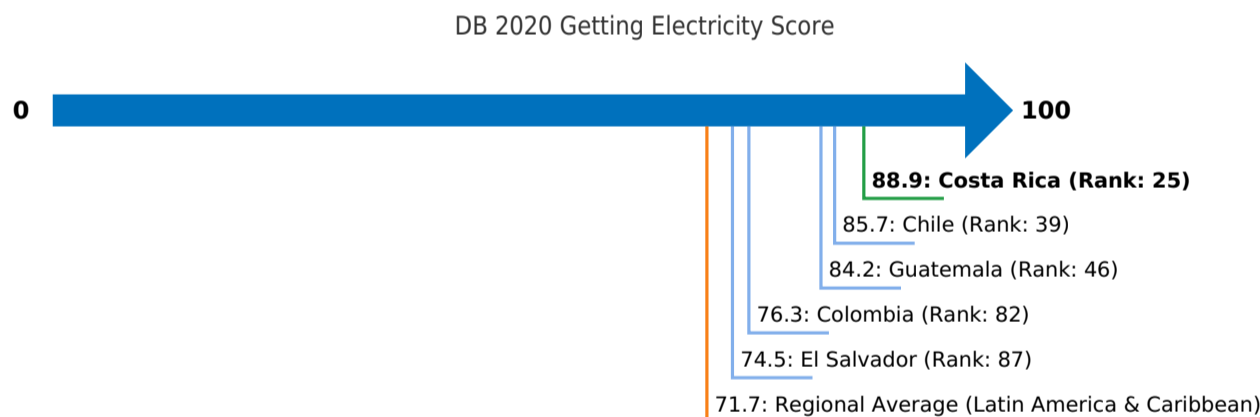
Name of utility	Compania Nacional de Fuerza y Luz
Price of electricity (US cents per kWh)	14.4
City Covered	San José

Indicator	Costa Rica	Latin America & Caribbean	OECD high income	Best Regulatory Performance
Procedures (number)	5	5.5	4.4	3 (28 Economies)
Time (days)	39	66.8	74.8	18 (3 Economies)
Cost (% of income per capita)	158.0	407.2	61.0	0.0 (3 Economies)
Reliability of supply and transparency of tariff index (0-8)	8	4.4	7.4	8 (26 Economies)

Figure - Getting Electricity in Costa Rica - Score

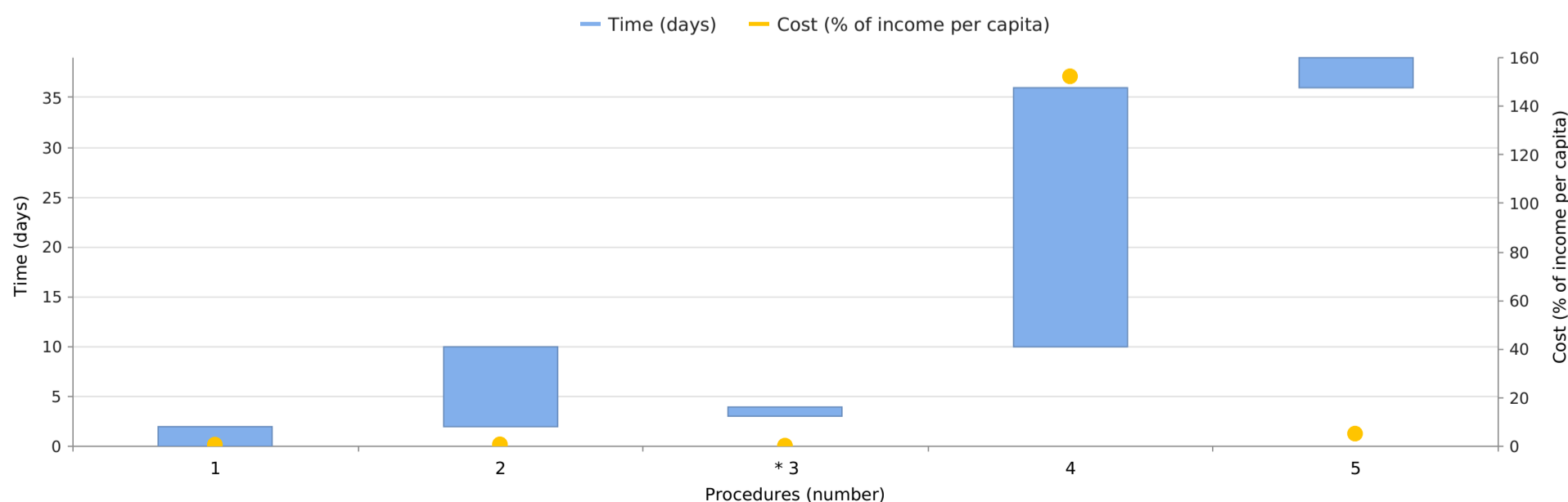


Figure - Getting Electricity in Costa Rica and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of getting electricity is determined by sorting their scores for getting electricity. These scores are the simple average of the scores for all the component indicators except the price of electricity.

Figure - Getting Electricity in Costa Rica - Procedure, Time and Cost

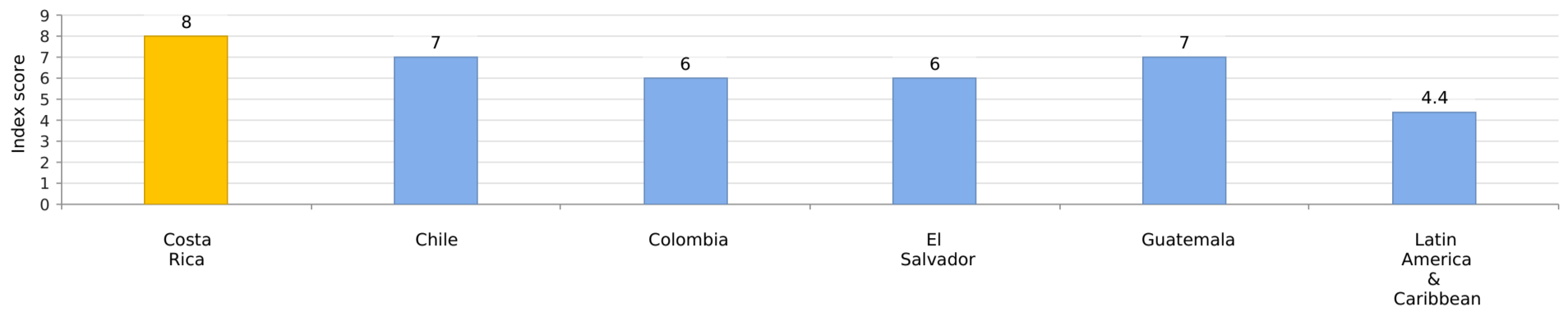


\*This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the *Doing Business* website (<http://doingbusiness.org/en/methodology>). For details on the procedures

reflected here, see the summary below.

**Figure - Getting Electricity in Costa Rica and comparator economies - Measure of Quality**



## Details - Getting Electricity in Costa Rica - Procedure, Time and Cost

No.	Procedures	Time to Complete	Associated Costs
1	<p><b>Request and obtain approval of electrical design by CFIA</b>  <i>Agency</i> : Colegio de Ingenieros y Arquitectos (CFIA)            The design is prepared by an engineer certified by CFIA, indicating the works and materials required. The designs are presented to CFIA for approval and if the plans comply with the requirements established in the Manual de Diseño para Redes Aéreas, CFIA will seal and stamp the electrical design.</p>	2 calendar days	CRC 27,602.86
2	<p><b>Submit application and await the case number and acceptance note</b>  <i>Agency</i> : Compania Nacional de Fuerza y Luz (CNFL)            The service is requested in person. The customer has to file the following documents with the application form:</p> <ul style="list-style-type: none"> <li>• the electrical plans sealed and stamped by CFIA,</li> <li>• the cadastre plans</li> <li>• and a copy of the applicant's ID.</li> </ul> <p>Depending on the nature of the work, more documents might be required. None of these documents require notary's certification.</p> <p>When the documents are received by the utility it will issue a case number, which is unique to each project.</p> <p>CNFL will review that the plans comply with the regulation and once they have been checked by the design department (Área de Diseño del Sistema de Distribución), the utility will issue an acceptance note and provide the excavation permit.</p>	8 calendar days	CRC 35,000
⇒ 3	<p><b>Receive site inspection by CNFL</b>  <i>Agency</i> : Compania Nacional de Fuerza y Luz (CNFL)            A site inspection by the Design Department of the utility (Área Diseño del Sistema de Distribución) is necessary to issue the acceptance note.</p>	1 calendar day	CRC 0
4	<p><b>Hire private company to carry out external works</b>  <i>Agency</i> : Empresa privada            The external connection works have to be done by a firm that has been authorized by CNFL to do medium voltage network construction work. There are 21 firms with such authorization in the capital city. Once the supply contract between the client and the authorized provider has been signed, it is filed with CNFL.</p> <p>Three transformers of 50 kVA have to be installed inside the client's private property. The client has to pay for them. They can be installed in a post inside the private property (it's not allowed to install them in public places) or in a transformers vault.</p>	26 calendar days	USD 17,500
5	<p><b>Receive meter installation and final connection from CNFL</b>  <i>Agency</i> : Compania Nacional de Fuerza y Luz (CNFL)            The client has to request the meter. There is a guarantee deposit that is calculated according to consumption. It represents one-month consumption. This deposit is required for all clients requesting a new service. The deposit is refundable, and after five years it begins to generate interests. The deposit covers the installation of the metering equipment with its materials. Additionally, it includes the operating costs and service maintenance.</p> <p>Usually CNFL installs the meter and energizes the warehouse at the same time. The installation of the meter is the exclusive responsibility of CNFL.</p>	3 calendar days	CRC 324,548.87

⇒ Takes place simultaneously with previous procedure.

## Details - Getting Electricity in Costa Rica - Measure of Quality

	Answer
<b>Reliability of supply and transparency of tariff index (0-8)</b>	8
<b>Total duration and frequency of outages per customer a year (0-3)</b>	3
System average interruption duration index (SAIDI)	0.5
System average interruption frequency index (SAIFI)	0.2
What is the minimum outage time (in minutes) that the utility considers for the calculation of SAIDI/SAIFI	5.0
<b>Mechanisms for monitoring outages (0-1)</b>	1
Does the distribution utility use automated tools to monitor outages?	Yes
<b>Mechanisms for restoring service (0-1)</b>	1
Does the distribution utility use automated tools to restore service?	Yes
<b>Regulatory monitoring (0-1)</b>	1
Does a regulator—that is, an entity separate from the utility—monitor the utility's performance on reliability of supply?	Yes
<b>Financial deterrents aimed at limiting outages (0-1)</b>	1
Does the utility either pay compensation to customers or face fines by the regulator (or both) if outages exceed a certain cap?	Yes
<b>Communication of tariffs and tariff changes (0-1)</b>	1
Are effective tariffs available online?	Yes
Link to the website, if available online	<a href="https://www.cnfl.go.cr/index.php/tarifas-vigentes-c#disposiciones-generales">https://www.cnfl.go.cr/index.php/tarifas-vigentes-c#disposiciones-generales</a>
Are customers notified of a change in tariff ahead of the billing cycle?	Yes

**Note:**

If the duration and frequency of outages is 100 or less, the economy is eligible to score on the Reliability of supply and transparency of tariff index.

If the duration and frequency of outages is not available, or is over 100, the economy is not eligible to score on the index.

If the minimum outage time considered for SAIDI/SAIFI is over 5 minutes, the economy is not eligible to score on the index.

## Registering Property

This topic examines the steps, time and cost involved in registering property, assuming a standardized case of an entrepreneur who wants to purchase land and a building that is already registered and free of title dispute. In addition, the topic also measures the quality of the land administration system in each economy. The quality of land administration index has five dimensions: reliability of infrastructure, transparency of information, geographic coverage, land dispute resolution, and equal access to property rights. The most recent round of data collection for the project was completed in May 2019. [See the methodology for more information.](#)

### What the indicators measure

#### Procedures to legally transfer title on immovable property (number)

- Preregistration procedures (for example, checking for liens, notarizing sales agreement, paying property transfer taxes)
- Registration procedures in the economy's largest business city.
- Postregistration procedures (for example, filling title with municipality)

#### Time required to complete each procedure (calendar days)

- Does not include time spent gathering information
- Each procedure starts on a separate day - though procedures that can be fully completed online are an exception to this rule
- Procedure is considered completed once final document is received
- No prior contact with officials

#### Cost required to complete each procedure (% of property value)

- Official costs only (such as administrative fees, duties and taxes).
- Value Added Tax, Capital Gains Tax and illicit payments are excluded

#### Quality of land administration index (0-30)

- Reliability of infrastructure index (0-8)
- Transparency of information index (0-6)
- Geographic coverage index (0-8)
- Land dispute resolution index (0-8)
- Equal access to property rights index (-2-0)

### Case study assumptions

To make the data comparable across economies, several assumptions about the parties to the transaction, the property and the procedures are used.

#### The parties (buyer and seller):

- Are limited liability companies (or the legal equivalent).
- Are located in the periurban (that is, on the outskirts of the city but still within its official limits) area of the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Are 100% domestically and privately owned.
- Perform general commercial activities.

#### The property (fully owned by the seller):

- Has a value of 50 times income per capita, which equals the sale price.
- Is fully owned by the seller.
- Has no mortgages attached and has been under the same ownership for the past 10 years.
- Is registered in the land registry or cadastre, or both, and is free of title disputes.
- Is located in a periurban commercial zone (that is, on the outskirts of the city but still within its official limits), and no rezoning is required.
- Consists of land and a building. The land area is 557.4 square meters (6,000 square feet). A two-story warehouse of 929 square meters (10,000 square feet) is located on the land. The warehouse is 10 years old, is in good condition, has no heating system and complies with all safety standards, building codes and legal requirements. The property, consisting of land and building, will be transferred in its entirety.
- Will not be subject to renovations or additional construction following the purchase.
- Has no trees, natural water sources, natural reserves or historical monuments of any kind.
- Will not be used for special purposes, and no special permits, such as for residential use, industrial plants, waste storage or certain types of agricultural activities, are required.
- Has no occupants, and no other party holds a legal interest in it.

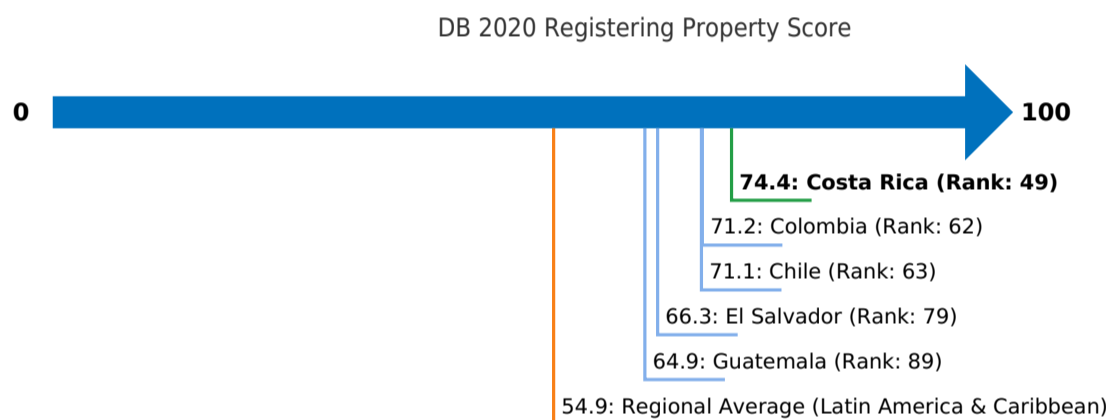
Registering Property - Costa Rica

Indicator	Costa Rica	Latin America & Caribbean	OECD high income	Best Regulatory Performance
Procedures (number)	5	7.4	4.7	1 (5 Economies)
Time (days)	11	63.7	23.6	1 (2 Economies)
Cost (% of property value)	3.4	5.9	4.2	0.0 (Saudi Arabia)
Quality of the land administration index (0-30)	17.5	12.0	23.2	None in 2018/19

Figure - Registering Property in Costa Rica - Score

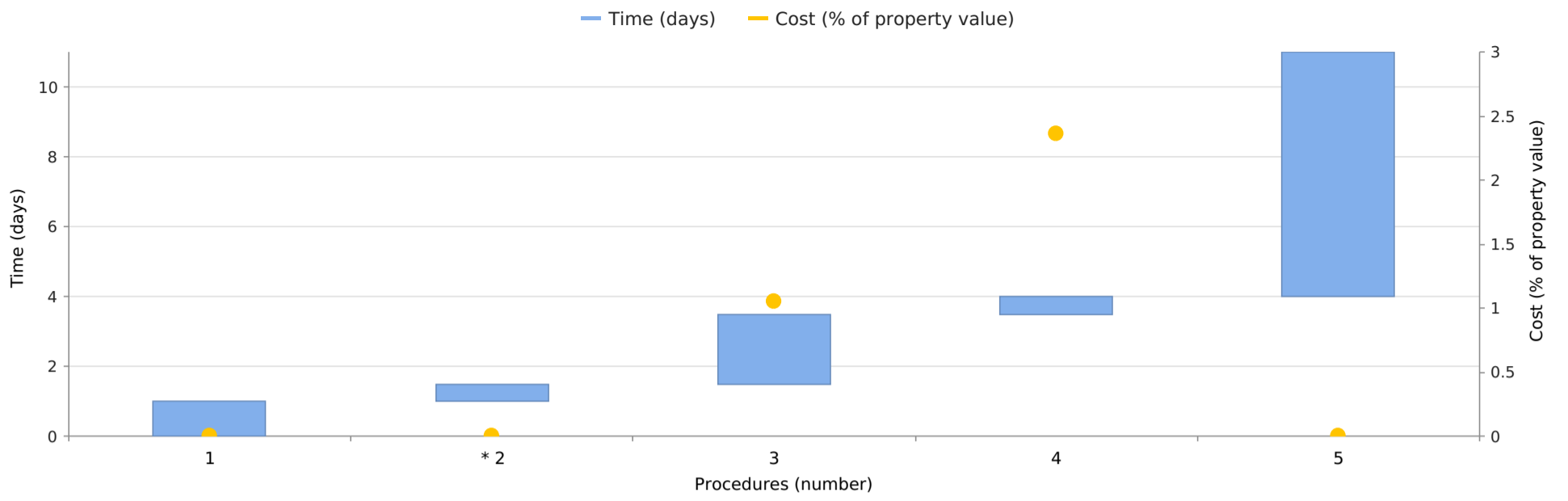


Figure - Registering Property in Costa Rica and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of registering property is determined by sorting their scores for registering property. These scores are the simple average of the scores for each of the component indicators.

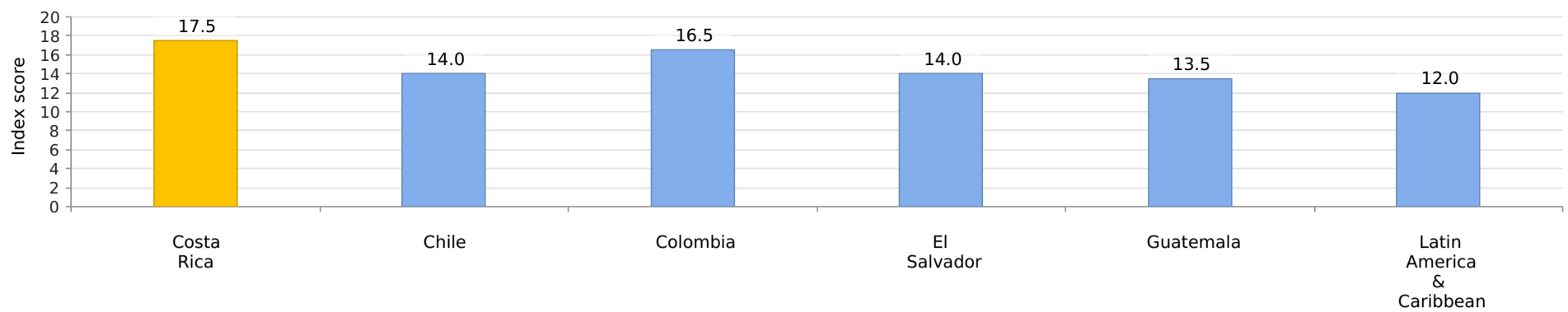
Figure - Registering Property in Costa Rica - Procedure, Time and Cost



\*This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the *Doing Business* website (<http://doingbusiness.org/en/methodology>). For details on the procedures reflected here, see the summary below.

Figure - Registering Property in Costa Rica and comparator economies - Measure of Quality



Details - Registering Property in Costa Rica - Procedure, Time and Cost

No.	Procedures	Time to Complete	Associated Costs
1	<p><b>Obtain a tax clearance certificate from the Municipality</b>  <i>Agency:</i> Municipality of San José                      The seller shall provide to the buyer a certificate attesting that the property is current with all the payments of all Municipal taxes and charges (including property tax, and charges for municipal services).</p>	1 day	CRC 1,320; (CRC 1320 (Tax clearance certificate))
⇒ 2	<p><b>Obtain a literal certification from the National Registry and a cadastral plan from the Cadastre online</b>  <i>Agency:</i> Registro General Inmobiliario                      According to Decree N° 35488-J, all certificates obtained electronically have the same legal value as paper-based certificates.</p> <p>The seller obtains a literal certification (printed sheet with the information of the property recorded at the Registry's database) from the Registro General Inmobiliario, where it is issued the same day.</p> <p>Information about the property can be obtained online. A notary public or any individual can access it with a designated password and get this information by simply logging into the National Registry's website (<a href="http://www.rnpdigital.com">www.rnpdigital.com</a>), putting the property's information and getting a print screen with the above indicated information (nature of property, location, area, cadastre number, owner, liens, mortgages, easements, limitations, boundaries, etc).</p> <p>It is also possible to do searches in computers available at the Registro General Inmobiliario.</p>	Less than one day, online	CRC 5,600; (CRC 2800 (stamps for the ownership certificate) + CRC 2800 (stamps for the certified plan))
3	<p><b>A lawyer/notary drafts the sale agreement as a public deed</b>  <i>Agency:</i> Lawyer/Notary                      A lawyer/notary (in Costa Rica notary publics are lawyers) prepares the sale agreement in the form of a public deed based on the information obtained in procedure 1 and 2, provided by the parties. In accordance with the Notary Code, the lawyer/notary is legally obliged to study the property and in case the parties are corporations, study the Articles of Incorporation and verify that the person signing the transfer deed has the legal authority to represent the company.</p> <p>Parties must provide photocopies of their ID ("cédula" for Costa Rican citizens or passport for foreigners) Corporations must provide a certificate of incorporation. Notary fees were amended by the Executive Decree No. 39078-JP of 25th of May of 2015 (which entered into force in August 2015).</p>	2 days	CRC 3,454,740.11; (Fees according to the following scale: Property value Fees 0 - 11 million CRC 2% 11 - 16.5 million CRC 1.5% 16.5 - 33 million CRC 1.25% 33 million CRC and higher 1%)
4	<p><b>Pay transfer tax and the stamp duties at the Banco de Costa Rica</b>  <i>Agency:</i> Banco de Costa Rica                      Transfer tax and stamp duties must be paid at the Banco de Costa Rica, a state-owned bank that will transfer the money to the tax authorities—either online or in person. In order to pay online, one must have a bank account and internet access to the Bank's secure web page. The notary certifies the affidavit that the payment was made and the registrant must check this info on the bank's database. It has become a common practice for law firms and notaries to pay the transfer tax and stamp duties online.</p> <p>The transfer tax and stamp duties are calculated on the basis of the highest stated purchase price and the property value appearing on the National Property Registry. Price is updated when the property is sold or mortgaged.</p> <p>For a land transfer there are various types of stamps that must be paid. Payment is calculated as follows:</p> <ul style="list-style-type: none"> <li>• National Property Register Stamp: 0.5% of the property value</li> <li>• Municipal Stamp: 0.2% of property value</li> <li>• Fiscal Stamp Tax: CRC 625</li> <li>• Agrarian Stamp: 0.15% of property value</li> <li>• Costa Rican Bar Association: 25,000 CRC for deeds between CRC 100 million -500 million (Executive Act No. 36562-JP)</li> <li>• National Archive: CRC 20</li> </ul>	Less than one day, online	CRC 7,724,221.77; (1.5% of property price (transfer tax) + 0.5% of property price (National Property Register Stamp) + 0.2% of property price (Municipal Stamp) + 0.15% of property price (Agrarian Stamp) + 25,000 CRC (Costa Rican Bar Association fee) + CRC 625 (Fiscal Stamp Tax) + CRC 20 (National Archive fee))



5	<b>File the public deed registration at the National Property Registry</b> <i>Agency</i> : Registro General Inmobiliario The lawyer/notary files an affidavit of the public deed (known as a “testimonio”) before the National Property Registry (Registro General Inmobiliario), with proof of payment of the transfer tax and other applicable stamp taxes. Once filed, the affidavit of the transfer deed is assigned for review by a Registrar of the Registro General Inmobiliario. If the document complies with all requirements, it is recorded and the buyer shall be the formal owner of the property thereafter. If the document contains problems it is returned to notary for correction and re-filing.	7 days	Already paid in Procedure 4
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⇒ Takes place simultaneously with previous procedure.

## Details - Registering Property in Costa Rica - Measure of Quality

	Answer	Score
<b>Quality of the land administration index (0-30)</b>		<b>17.5</b>
<b>Reliability of infrastructure index (0-8)</b>		<b>5.0</b>
Type of land registration system in the economy:	Dual system (Title & Deed)	
What is the institution in charge of immovable property registration?	Registro Nacional	
In what format are past and newly issued land records kept at the immovable property registry of the largest business city of the economy—in a paper format or in a computerized format (scanned or fully digital)?	Computer/Scanned	1.0
Is there a comprehensive and functional electronic database for checking for encumbrances (liens, mortgages, restrictions and the like)?	Yes	1.0
Institution in charge of the plans showing legal boundaries in the largest business city:	Subdirección Catastral del Registro Nacional	
In what format are past and newly issued cadastral plans kept at the mapping agency of the largest business city of the economy—in a paper format or in a computerized format (scanned or fully digital)?	Computer/Scanned	1.0
Is there an electronic database for recording boundaries, checking plans and providing cadastral information (geographic information system)?	Yes	1.0
Is the information recorded by the immovable property registration agency and the cadastral or mapping agency kept in a single database, in different but linked databases or in separate databases?	Different databases but linked	1.0
Do the immovable property registration agency and cadastral or mapping agency use the same identification number for properties?	No	0.0
<b>Transparency of information index (0-6)</b>		<b>3.5</b>
Who is able to obtain information on land ownership at the agency in charge of immovable property registration in the largest business city?	Freely accessible by anyone	1.0
Is the list of documents that are required to complete any type of property transaction made publicly available—and if so, how?	Yes, online	0.5
Link for online access:	<a href="https://www.rnpdigital.com/direccion_servicios/servicios_formularios.htm">https://www.rnpdigital.com/direccion_servicios/servicios_formularios.htm</a>	
Is the applicable fee schedule for any type of property transaction at the agency in charge of immovable property registration in the largest business city made publicly available—and if so, how?	Yes, online	0.5
Link for online access:	<a href="https://www.rnpdigital.com/direccion_servicios/servicios_formularios.htm">https://www.rnpdigital.com/direccion_servicios/servicios_formularios.htm</a>	
Does the agency in charge of immovable property registration agency formally commit to deliver a legally binding document that proves property ownership within a specific timeframe –and if so, how does it communicate the service standard?	No	0.0
Link for online access:		
Is there a specific and independent mechanism for filing complaints about a problem that occurred at the agency in charge of immovable property registration?	No	0.0
Contact information:		
Are there publicly available official statistics tracking the number of transactions at the immovable property registration agency?	No	0.0
Number of property transfers in the largest business city in 2018:	16514.0	
Who is able to consult maps of land plots in the largest business city?	Freely accessible by anyone	0.5
Is the applicable fee schedule for accessing maps of land plots made publicly available—and if so, how?	Yes, online	0.5

Link for online access:	<a href="https://www.rnpdigital.com/shopping/login.jspx">https://www.rnpdigital.com/shopping/login.jspx</a>	
Does the cadastral/mapping agency formally specifies the timeframe to deliver an updated cadastral plan—and if so, how does it communicate the service standard?	Yes, online	0.5
Link for online access:	<a href="https://www.rnpdigital.com/direccion_servicios/servicios_formularios.htm#HERMES_TABS_2_1">https://www.rnpdigital.com/direccion_servicios/servicios_formularios.htm#HERMES_TABS_2_1</a> <a href="https://www.rnpdigital.com/shopping/login.jspx">https://www.rnpdigital.com/shopping/login.jspx</a>	
Is there a specific and independent mechanism for filing complaints about a problem that occurred at the cadastral or mapping agency?	No	0.0
Contact information:		
<b>Geographic coverage index (0-8)</b>		<b>4.0</b>
Are all privately held land plots in the largest business city formally registered at the immovable property registry?	Yes	2.0
Are all privately held land plots in the economy formally registered at the immovable property registry?	No	0.0
Are all privately held land plots in the largest business city mapped?	Yes	2.0
Are all privately held land plots in the economy mapped?	No	0.0
<b>Land dispute resolution index (0-8)</b>		<b>5.0</b>
Does the law require that all property sale transactions be registered at the immovable property registry to make them opposable to third parties?	Yes	1.5
Legal basis:	Art. 455 del Código Civil	
Is the system of immovable property registration subject to a state or private guarantee?	Yes	0.5
Type of guarantee:	State guarantee	
Legal basis:	Ley 3883 Art. 1	
Is there a is a specific, out-of-court compensation mechanism to cover for losses incurred by parties who engaged in good faith in a property transaction based on erroneous information certified by the immovable property registry?	No	0.0
Legal basis:		
Does the legal system require a control of legality of the documents necessary for a property transaction (e.g., checking the compliance of contracts with requirements of the law)?	Yes	0.5
If yes, who is responsible for checking the legality of the documents?	Registrar; Notary;	
Does the legal system require verification of the identity of the parties to a property transaction?	Yes	0.5
If yes, who is responsible for verifying the identity of the parties?	Registrar; Notary;	
Is there a national database to verify the accuracy of government issued identity documents?	Yes	1.0
What is the Court of first instance in charge of a case involving a standard land dispute between two local businesses over tenure rights for a property worth 50 times gross national income (GNI) per capita and located in the largest business city?	Juzgado Civil	
How long does it take on average to obtain a decision from the first-instance court for such a case (without appeal)?	Between 2 and 3 years	1.0
Are there publicly available statistics on the number of land disputes at the economy level in the first instance court?	No	0.0
Number of land disputes in the economy in 2018:		
<b>Equal access to property rights index (-2-0)</b>		<b>0.0</b>
Do unmarried men and unmarried women have equal ownership rights to property?	Yes	

Do married men and married women have equal ownership rights to property?

Yes

0.0

## Getting Credit

This topic explores two sets of issues—the strength of credit reporting systems and the effectiveness of collateral and bankruptcy laws in facilitating lending. The most recent round of data collection for the project was completed in May 2019. [See the methodology for more information.](#)

### What the indicators measure

#### Strength of legal rights index (0-12)

- Rights of borrowers and lenders through collateral laws (0-10)
- Protection of secured creditors' rights through bankruptcy laws (0-2)

#### Depth of credit information index (0-8)

- Scope and accessibility of credit information distributed by credit bureaus and credit registries (0-8)

#### Credit bureau coverage (% of adults)

- Number of individuals and firms listed in largest credit bureau as a percentage of adult population

#### Credit registry coverage (% of adults)

- Number of individuals and firms listed in credit registry as a percentage of adult population

### Case study assumptions

*Doing Business* assesses the sharing of credit information and the legal rights of borrowers and lenders with respect to secured transactions through 2 sets of indicators. The depth of credit information index measures rules and practices affecting the coverage, scope and accessibility of credit information available through a credit registry or a credit bureau. The strength of legal rights index measures the degree to which collateral and bankruptcy laws protect the rights of borrowers and lenders and thus facilitate lending. For each economy it is first determined whether a unitary secured transactions system exists. Then two case scenarios, case A and case B, are used to determine how a nonpossessory security interest is created, publicized and enforced according to the law. Special emphasis is given to how the collateral registry operates (if registration of security interests is possible). The case scenarios involve a secured borrower, company ABC, and a secured lender, BizBank.

In some economies the legal framework for secured transactions will allow only case A or case B (not both) to apply. Both cases examine the same set of legal provisions relating to the use of movable collateral.

#### Several assumptions about the secured borrower (ABC) and lender (BizBank) are used:

- ABC is a domestic limited liability company (or its legal equivalent).
- ABC has up to 50 employees.
- ABC has its headquarters and only base of operations in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Both ABC and BizBank are 100% domestically owned.

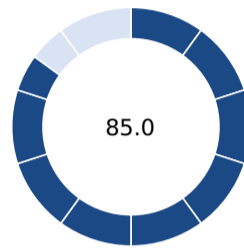
The case scenarios also involve assumptions. In case A, as collateral for the loan, ABC grants BizBank a nonpossessory security interest in one category of movable assets, for example, its machinery or its inventory. ABC wants to keep both possession and ownership of the collateral. In economies where the law does not allow nonpossessory security interests in movable property, ABC and BizBank use a fiduciary transfer-of-title arrangement (or a similar substitute for nonpossessory security interests).

In case B, ABC grants BizBank a business charge, enterprise charge, floating charge or any charge that gives BizBank a security interest over ABC's combined movable assets (or as much of ABC's movable assets as possible). ABC keeps ownership and possession of the assets.

Getting Credit - Costa Rica

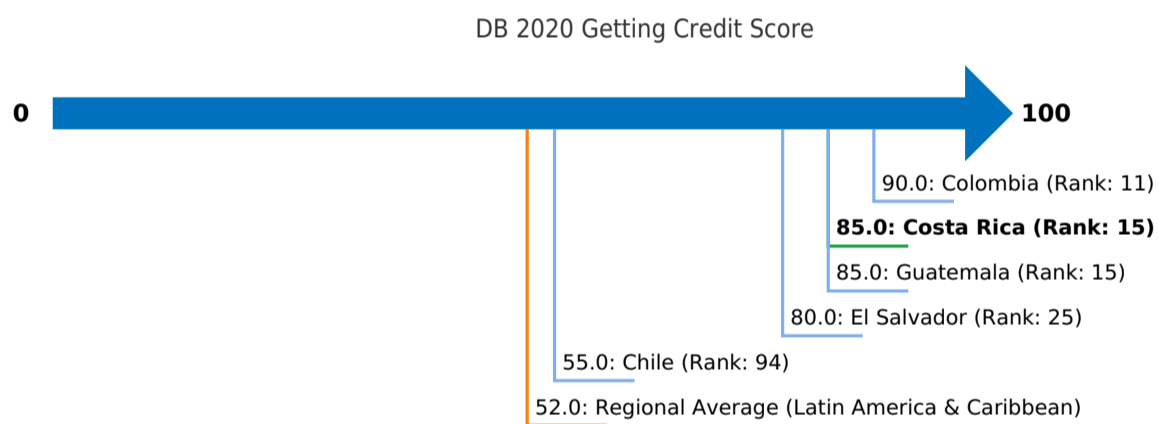
Indicator	Costa Rica	Latin America & Caribbean	OECD high income	Best Regulatory Performance
Strength of legal rights index (0-12)	10	5.3	6.1	12 (5 Economies)
Depth of credit information index (0-8)	7	5.1	6.8	8 (53 Economies)
Credit registry coverage (% of adults)	36.4	14.6	24.4	100.0 (2 Economies)
Credit bureau coverage (% of adults)	86.0	47.6	66.7	100.0 (14 Economies)

Figure - Getting Credit in Costa Rica - Score



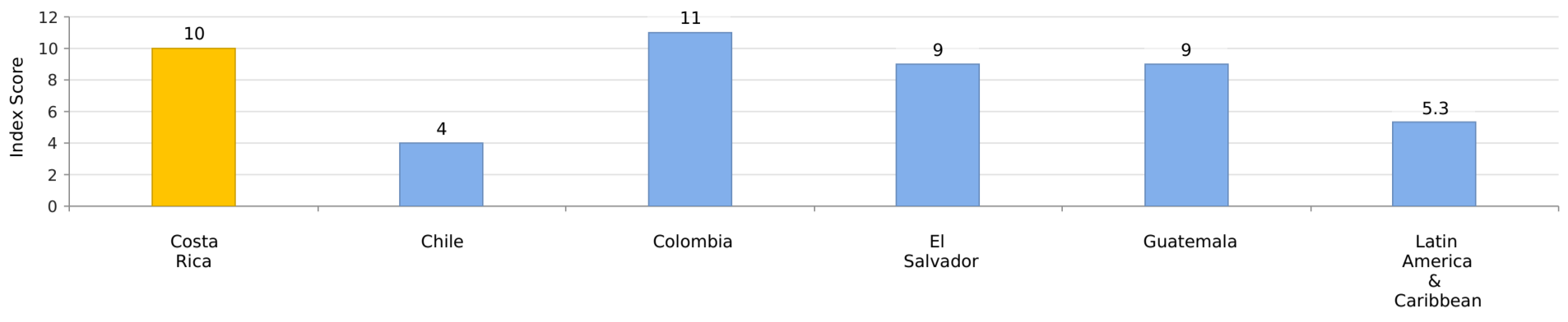
Score - Getting Credit

Figure - Getting Credit in Costa Rica and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of getting credit is determined by sorting their scores for getting credit. These scores are the sum of the scores for the strength of legal rights index and the depth of credit information index.

Figure - Legal Rights in Costa Rica and comparator economies



Details - Legal Rights in Costa Rica

Strength of legal rights index (0-12)

10

Does an integrated or unified legal framework for secured transactions that extends to the creation, publicity and enforcement of functional equivalents to security interests in movable assets exist in the economy? Yes

Does the law allow businesses to grant a non possessory security right in a single category of movable assets, without requiring a specific description of collateral? Yes

Does the law allow businesses to grant a non possessory security right in substantially all of its assets, without requiring a specific description of collateral? Yes

May a security right extend to future or after-acquired assets, and does it extend automatically to the products, proceeds and replacements of the original assets? Yes

Is a general description of debts and obligations permitted in collateral agreements; can all types of debts and obligations be secured between parties; and can the collateral agreement include a maximum amount for which the assets are encumbered? Yes

Is a collateral registry in operation for both incorporated and non-incorporated entities, that is unified geographically and by asset type, with an electronic database indexed by debtor's name? Yes

Does a notice-based collateral registry exist in which all functional equivalents can be registered? Yes

Does a modern collateral registry exist in which registrations, amendments, cancellations and searches can be performed online by any interested third party? Yes

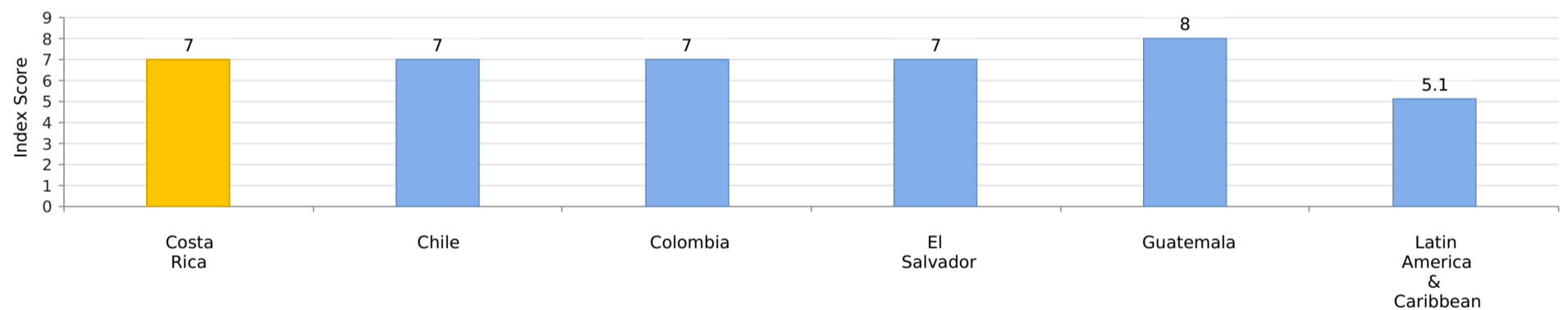
Are secured creditors paid first (i.e. before tax claims and employee claims) when a debtor defaults outside an insolvency procedure? Yes

Are secured creditors paid first (i.e. before tax claims and employee claims) when a business is liquidated? No

Are secured creditors subject to an automatic stay on enforcement when a debtor enters a court-supervised reorganization procedure? Does the law protect secured creditors' rights by providing clear grounds for relief from the stay and sets a time limit for it? No

Does the law allow parties to agree on out of court enforcement at the time a security interest is created? Does the law allow the secured creditor to sell the collateral through public auction or private tender, as well as, for the secured creditor to keep the asset in satisfaction of the debt? Yes

Figure - Credit Information in Costa Rica and comparator economies





## Details - Credit Information in Costa Rica

Depth of credit information index (0-8)	Credit bureau	Credit registry	Score
Are data on both firms and individuals distributed?	Yes	Yes	1
Are both positive and negative credit data distributed?	Yes	Yes	1
Are data from retailers or utility companies - in addition to data from banks and financial institutions - distributed?	Yes	No	1
Are at least 2 years of historical data distributed? (Credit bureaus and registries that distribute more than 10 years of negative data or erase data on defaults as soon as they are repaid obtain a score of 0 for this component.)	Yes	Yes	1
Are data on loan amounts below 1% of income per capita distributed?	Yes	Yes	1
By law, do borrowers have the right to access their data in the credit bureau or credit registry?	Yes	No	1
Can banks and financial institutions access borrowers' credit information online (for example, through an online platform, a system-to-system connection or both)?	Yes	Yes	1
Are bureau or registry credit scores offered as a value-added service to help banks and financial institutions assess the creditworthiness of borrowers?	No	No	0

Note: An economy receives a score of 1 if there is a "yes" to either bureau or registry. If the credit bureau or registry is not operational or covers less than 5% of the adult population, the total score on the depth of credit information index is 0.

Coverage	Credit bureau	Credit registry
Number of individuals	2,832,826	1,223,376
Number of firms	126,183	30,151
Total	2,959,009	1,253,527
<b>Percentage of adult population</b>	<b>86.0</b>	<b>36.4</b>

## Protecting Minority Investors

This topic measures the strength of minority shareholder protections against misuse of corporate assets by directors for their personal gain as well as shareholder rights, governance safeguards and corporate transparency requirements that reduce the risk of abuse. The most recent round of data collection for the project was completed in May 2019. [See the methodology for more information.](#)

### What the indicators measure

- **Extent of disclosure index (0-10):** Disclosure, review, and approval requirements for related-party transactions
- **Extent of director liability index (0-10):** Ability of minority shareholders to sue and hold interested directors liable for prejudicial related-party transactions; Available legal remedies (damages, disgorgement of profits, disqualification from managerial position(s) for one year or more, rescission of the transaction)
- **Ease of shareholder suits index (0-10):** Access to internal corporate documents; Evidence obtainable during trial and allocation of legal expenses
- **Extent of conflict of interest regulation index (0-30):** Sum of the extent of disclosure, extent of director liability and ease of shareholder suits indices
- **Extent of shareholder rights index (0-6):** Shareholders' rights and role in major corporate decisions
- **Extent of ownership and control index (0-7):** Governance safeguards protecting shareholders from undue board control and entrenchment
- **Extent of corporate transparency index (0-7):** Corporate transparency on ownership stakes, compensation, audits and financial prospects
- **Extent of shareholder governance index (0-20):** Sum of the extent of shareholders rights, extent of ownership and control and extent of corporate transparency indices
- **Strength of minority investor protection index (0-50):** Sum of the extent of conflict of interest regulation and extent of shareholder governance indices

### Case study assumptions

To make the data comparable across economies, a case study uses several assumptions about the business and the transaction.

#### The business (Buyer):

- Is a publicly traded corporation listed on the economy's most important stock exchange.
- Has a board of directors and a chief executive officer (CEO) who may legally act on behalf of Buyer where permitted, even if this is not specifically required by law.
- Has a supervisory board in economies with a two-tier board system on which Mr. James appointed 60% of the shareholder-elected members.
- Has not adopted bylaws or articles of association that go beyond the minimum requirements. Does not follow codes, principles, recommendations or guidelines that are not mandatory.
- Is a manufacturing company with its own distribution network.

#### The transaction involves the following details:

- Mr. James owns 60% of Buyer, sits on Buyer's board of directors and elected two directors to Buyer's five-member board.
- Mr. James also owns 90% of Seller, a company that operates a chain of retail hardware stores. Seller recently closed a large number of its stores.
- Mr. James proposes that Buyer purchase Seller's unused fleet of trucks to expand Buyer's distribution of its food products, a proposal to which Buyer agrees. The price is equal to 10% of Buyer's assets and is higher than the market value.
- The proposed transaction is part of the company's principal activity and is not outside the authority of the company.
- Buyer enters into the transaction. All required approvals are obtained, and all required disclosures made—that is, the transaction was not entered into fraudulently.
- The transaction causes damages to Buyer. Shareholders sue Mr. James and the executives and directors that approved the transaction.

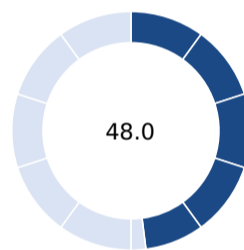
Protecting Minority Investors - Costa Rica

Stock exchange information

Stock exchange	Bolsa Nacional de Valores
Stock exchange URL	http://www.bolsacr.com
Listed firms with equity securities	58
City Covered	San José

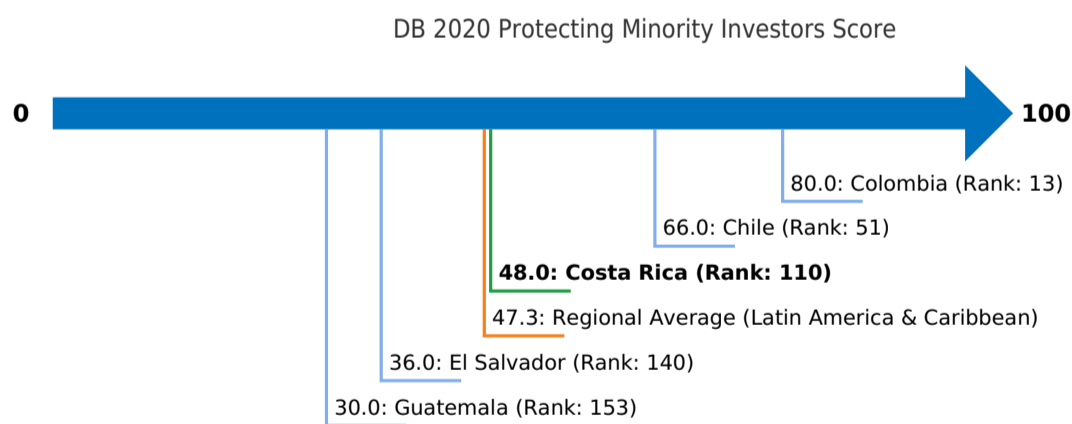
Indicator	Costa Rica	Latin America & Caribbean	OECD high income	Best Regulatory Performance
Extent of disclosure index (0-10)	5.0	4.1	6.5	10 (13 Economies)
Extent of director liability index (0-10)	5.0	5.2	5.3	10 (3 Economies)
Ease of shareholder suits index (0-10)	8.0	6.7	7.3	10 (Djibouti)
Extent of shareholder rights index (0-6)	2.0	3.0	4.7	6 (19 Economies)
Extent of ownership and control index (0-7)	3.0	2.3	4.5	7 (9 Economies)
Extent of corporate transparency index (0-7)	1.0	2.3	5.7	7 (13 Economies)

Figure - Protecting Minority in Costa Rica - Score



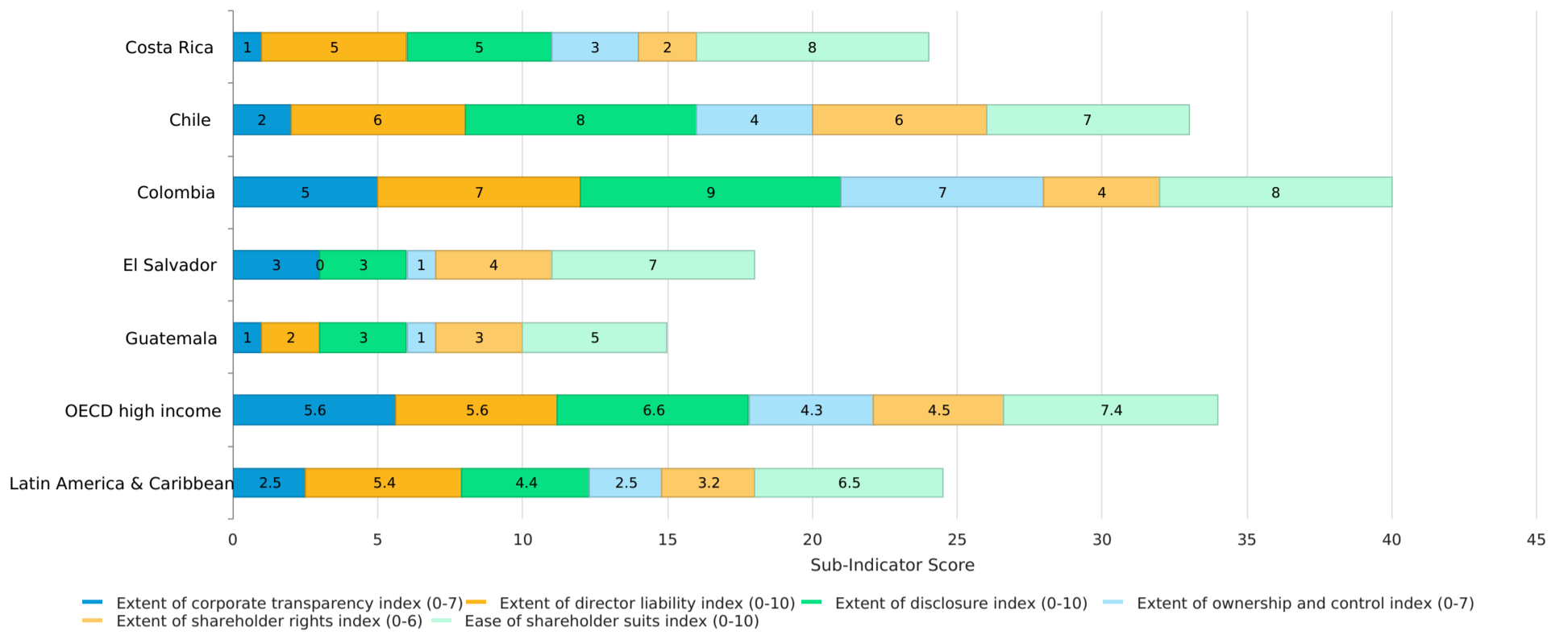
Score - Protecting Minority Investors

Figure - Protecting Minority Investors in Costa Rica and comparator economies - Ranking and Score



Note: The ranking of economies on the strength of minority investor protections is determined by sorting their scores for protecting minority investors. These scores are the simple average of the scores for the extent of conflict of interest regulation index and the extent of shareholder governance index.

Figure - Protecting Minority Investors in Costa Rica and comparator economies - Measure of Quality



## Details - Protecting Minority Investors in Costa Rica - Measure of Quality

	Answer	Score
<b>Extent of conflict of interest regulation index (0-30)</b>		
<b>Extent of disclosure index (0-10)</b>		<b>5.0</b>
Whose decision is sufficient to approve the Buyer-Seller transaction? (0-3)	Board of directors excluding interested members	2.0
Must an external body review the terms of the transaction before it takes place? (0-1)	No	0.0
Must Mr. James disclose his conflict of interest to the board of directors? (0-2)	Existence of a conflict without any specifics	1.0
Must Buyer disclose the transaction in periodic filings (e.g. annual reports)? (0-2)	Disclosure on the transaction only	1.0
Must Buyer immediately disclose the transaction to the public? (0-2)	Disclosure on the transaction only	1.0
<b>Extent of director liability index (0-10)</b>		<b>5.0</b>
Can shareholders representing 10% of Buyer's share capital sue for the damage the transaction caused to Buyer? (0-1)	Yes	1.0
Can shareholders hold Mr. James liable for the damage the transaction caused to Buyer? (0-2)	Liable if negligent	1.0
Can shareholders hold the other directors liable for the damage the transaction caused to Buyer? (0-2)	Liable if negligent	1.0
Must Mr. James pay damages for the harm caused to Buyer upon a successful claim by shareholders? (0-1)	Yes	1.0
Must Mr. James repay profits made from the transaction upon a successful claim by shareholders? (0-1)	Yes	1.0
Is Mr. James disqualified upon a successful claim by shareholders? (0-1)	No	0.0
Can a court void the transaction upon a successful claim by shareholders? (0-2)	Only in case of fraud or bad faith	0.0
<b>Ease of shareholder suits index (0-10)</b>		<b>8.0</b>
Before suing, can shareholders representing 10% of Buyer's share capital inspect the transaction documents? (0-1)	Yes	1.0
Can the plaintiff obtain any documents from the defendant and witnesses at trial? (0-3)	Any relevant document	3.0
Can the plaintiff request categories of documents from the defendant without identifying specific ones? (0-1)	Yes	1.0
Can the plaintiff directly question the defendant and witnesses at trial? (0-2)	Preapproved questions only	1.0
Is the level of proof required for civil suits lower than that of criminal cases? (0-1)	Yes	1.0
Can shareholder plaintiffs recover their legal expenses from the company? (0-2)	Yes if successful	1.0
<b>Extent of shareholder governance index (0-20)</b>		
<b>Extent of shareholder rights index (0-6)</b>		<b>2.0</b>
Does the sale of 51% of Buyer's assets require shareholder approval?	No	0.0
Can shareholders representing 10% of Buyer's share capital call for a meeting of shareholders?	No	0.0
Must Buyer obtain its shareholders' approval every time it issues new shares?	Yes	1.0
Do shareholders automatically receive preemption rights every time Buyer issues new shares?	No	0.0
Do shareholders elect and dismiss the external auditor?	No	0.0
Are changes to the rights of a class of shares only possible if the holders of the affected shares approve?	Yes	1.0
<b>Extent of ownership and control index (0-7)</b>		<b>3.0</b>
Is it forbidden to appoint the same individual as CEO and chairperson of the board of directors?	No	0.0

Must the board of directors include independent and nonexecutive board members?	No	0.0
Can shareholders remove members of the board of directors without cause before the end of their term?	Yes	1.0
Must the board of directors include a separate audit committee exclusively comprising board members?	No	0.0
Must a potential acquirer make a tender offer to all shareholders upon acquiring 50% of Buyer?	Yes	1.0
Must Buyer pay declared dividends within a maximum period set by law?	Yes	1.0
Is a subsidiary prohibited from acquiring shares issued by its parent company?	No	0.0
<b>Extent of corporate transparency index (0-7)</b>		<b>1.0</b>
Must Buyer disclose direct and indirect beneficial ownership stakes representing 5%?	No	0.0
Must Buyer disclose information about board members' primary employment and directorships in other companies?	No	0.0
Must Buyer disclose the compensation of individual managers?	No	0.0
Must a detailed notice of general meeting be sent 21 days before the meeting?	No	0.0
Can shareholders representing 5% of Buyer's share capital put items on the general meeting agenda?	Yes	1.0
Must Buyer's annual financial statements be audited by an external auditor?	No	0.0
Must Buyer disclose its audit reports to the public?	No	0.0

## Paying Taxes

This topic records the taxes and mandatory contributions that a medium-size company must pay or withhold in a given year, as well as the administrative burden of paying taxes and contributions and complying with postfiling procedures (VAT refund and tax audit). The most recent round of data collection for the project was completed in May 2019 covering for the Paying Taxes indicator calendar year 2018 (January 1, 2018 – December 31, 2018). [See the methodology for more information.](#)

### What the indicators measure

#### Tax payments for a manufacturing company in 2018 (number per year adjusted for electronic and joint filing and payment)

- Total number of taxes and contributions paid or withheld, including consumption taxes (value added tax, sales tax or goods and service tax)
- Method and frequency of filing and payment

#### Time required to comply with 3 major taxes (hours per year)

- Collecting information, computing tax payable
- Preparing separate tax accounting books, if required
- Completing tax return, filing with agencies
- Arranging payment or withholding

#### Total tax and contribution rate (% of commercial profits)

- Profit or corporate income tax
- Social contributions, labor taxes paid by employer
- Property and property transfer taxes
- Dividend, capital gains, financial transactions taxes
- Waste collection, vehicle, road and other taxes

#### Postfiling Index

- Time to comply with VAT refund (hours)
- Time to obtain VAT refund (weeks)
- Time to comply with a corporate income tax correction (hours)
- Time to complete a corporate income tax correction (weeks)

### Case study assumptions

Using a case scenario, *Doing Business* records taxes and mandatory contributions a medium size company must pay in a year, and measures the administrative burden of paying taxes, contributions and dealing with postfiling processes. Information is also compiled on frequency of filing and payments, time taken to comply with tax laws, time taken to comply with the requirements of postfiling processes and time waiting.

To make data comparable across economies, several assumptions are used:

- TaxpayerCo is a medium-size business that started operations on January 1, 2017. It produces ceramic flowerpots and sells them at retail. All taxes and contributions recorded are paid in the second year of operation (calendar year 2018). Taxes and mandatory contributions are measured at all levels of government.

#### The VAT refund process:

- In June 2018, TaxpayerCo. makes a large capital purchase: the value of the machine is 65 times income per capita of the economy. Sales are equally spread per month (1,050 times income per capita divided by 12) and cost of goods sold are equally expensed per month (875 times income per capita divided by 12). The machinery seller is registered for VAT and excess input VAT incurred in June will be fully recovered after four consecutive months if the VAT rate is the same for inputs, sales and the machine and the tax reporting period is every month. Input VAT will exceed Output VAT in June 2018.

#### The corporate income tax audit process:

- An error in calculation of income tax liability (for example, use of incorrect tax depreciation rates, or incorrectly treating an expense as tax deductible) leads to an incorrect income tax return and a corporate income tax underpayment. TaxpayerCo. discovered the error and voluntarily notified the tax authority. The value of the underpaid income tax liability is 5% of the corporate income tax liability due. TaxpayerCo. submits corrected information after the deadline for submitting the annual tax return, but within the tax assessment period.

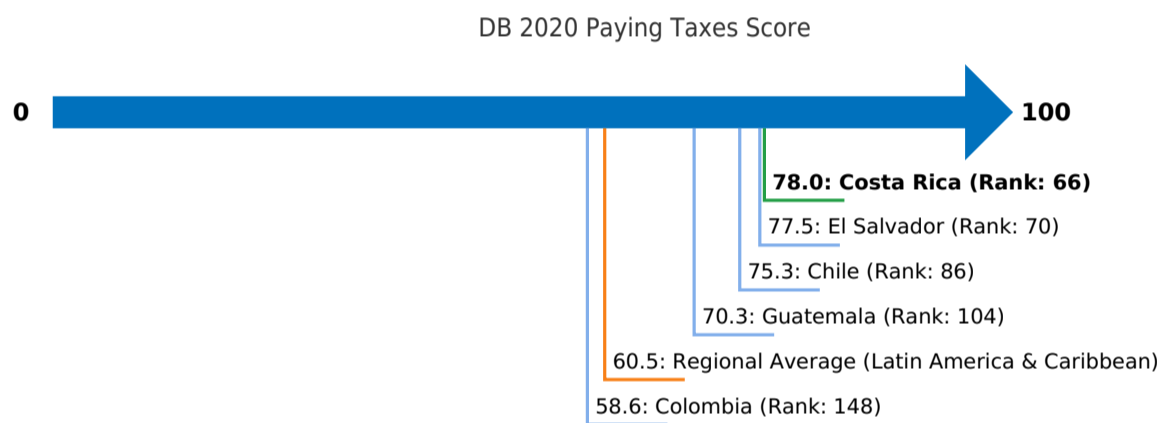
**Paying Taxes - Costa Rica**

Indicator	Costa Rica	Latin America & Caribbean	OECD high income	Best Regulatory Performance
Payments (number per year)	10	28.2	10.3	3 (2 Economies)
Time (hours per year)	151	317.1	158.8	49 (3 Economies)
Total tax and contribution rate (% of profit)	58.3	47.0	39.9	26.1 (33 Economies)
Postfiling index (0-100)	87.2	47.5	86.7	None in 2018/19

**Figure - Paying Taxes in Costa Rica - Score**



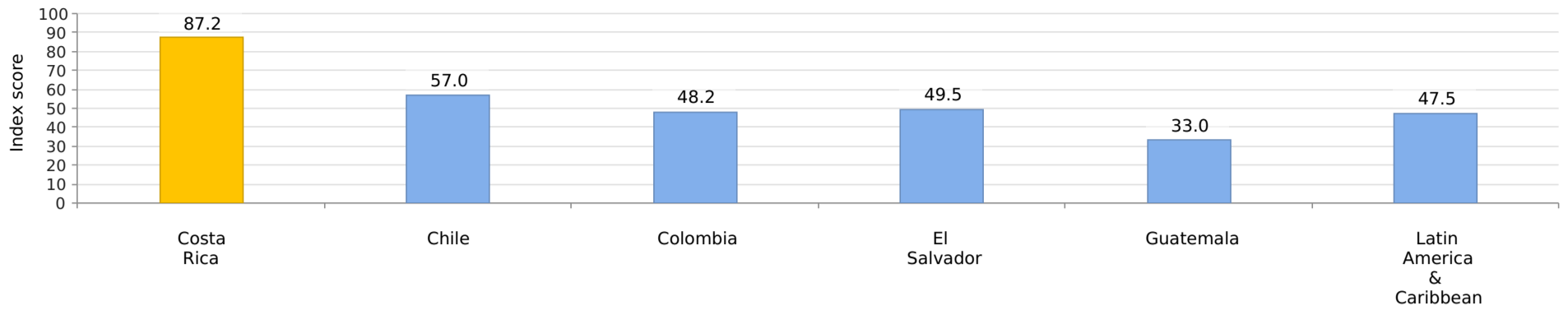
**Figure - Paying Taxes in Costa Rica and comparator economies - Ranking and Score**



Note: The ranking of economies on the ease of paying taxes is determined by sorting their scores for paying taxes. These scores are the simple average of the scores for each of the component indicators, with a threshold and a nonlinear transformation applied to one of the component indicators, the total tax and contribution rate. The threshold is defined as the total tax and contribution rate at the 15th percentile of the overall distribution for all years included in the analysis up to and including Doing Business 2015, which is 26.1%. All economies with a total tax and contribution rate below this threshold receive the same score as the economy at the threshold.



Figure - Paying Taxes in Costa Rica and comparator economies - Measure of Quality



## Details - Paying Taxes in Costa Rica

Tax or mandatory contribution	Payments (number)	Notes on Payments	Time (hours)	Statutory tax rate	Tax base	Total tax and contribution rate (% of profit)	Notes on TTCR
Employer paid - Social security contributions	1.0	online	59.0	26.33%	gross salaries	29.70	
Corporate income tax	1.0	online	18.0	30%	taxable profit	19.17	
Municipal patent license	1.0	online		0.3%	sales	5.30	
Employer paid - Worker's compensation insurance	1.0			between 1.5% and up to 4%	gross salaries	2.98	
Property transfer tax	1.0			1.5%	sale price	0.45	
Tax on land property	1.0	online		0.25%	registered value	0.37	
Tax on interest	1.0	online		8%	interest income	0.20	
Highway tax/Vehicle tax	1.0			various rates		0.11	
Stamp duty	1.0			various rates	transaction value	0.00	
General sales tax (GST)	1.0	online	74.0	13%	value added	0.00	
Employee paid - Social security contributions	0.0	jointly		9.34%	gross salaries	0.00	
Totals	10		151			58.3	

## Details - Paying Taxes in Costa Rica - Tax by Type

Taxes by type	Answer
Profit tax (% of profit)	19.2
Labor tax and contributions (% of profit)	32.7
Other taxes (% of profit)	6.4

## Details - Paying Taxes in Costa Rica - Measure of Quality

	Answer	Score
<b>Postfiling index (0-100)</b>		<b>87.2</b>
<b>VAT refunds</b>		
Does VAT exist?	Yes	
Does a VAT refund process exist per the case study?	Yes	
Restrictions on VAT refund process	none	
Percentage of cases exposed to a VAT audit (%)	0% - 24%	
Is there a mandatory carry forward period?	Yes	
Time to comply with VAT refund (hours)	6.0	89.0
Time to obtain VAT refund (weeks)	23.0	61.5
<b>Corporate income tax audits</b>		
Does corporate income tax exist?	Yes	
Percentage of cases exposed to a corporate income tax audit (%)	0% - 24%	
Time to comply with a corporate income tax correction (hours)	2.5	98.2
Time to complete a corporate income tax correction (weeks)	No tax audit per case study scenario	100

**Notes:** Names of taxes have been standardized. For instance income tax, profit tax, tax on company's income are all named corporate income tax in this table.

The hours for VAT include all the VAT and sales taxes applicable.

The hours for Social Security include all the hours for labor taxes and mandatory contributions in general.

The postfiling index is the average of the scores on time to comply with VAT refund, time to obtain a VAT refund, time to comply with a corporate income tax correction and time to complete a corporate income tax correction.

N/A = Not applicable.

## Trading across Borders

*Doing Business* records the time and cost associated with the logistical process of exporting and importing goods. *Doing Business* measures the time and cost (excluding tariffs) associated with three sets of procedures—documentary compliance, border compliance and domestic transport—within the overall process of exporting or importing a shipment of goods. The most recent round of data collection for the project was completed in May 2019. [See the methodology for more information.](#)

### What the indicators measure

#### Documentary compliance

- Obtaining, preparing and submitting documents during transport, clearance, inspections and port or border handling in origin economy
- Obtaining, preparing and submitting documents required by destination economy and any transit economies
- Covers all documents required by law and in practice, including electronic submissions of information

#### Border compliance

- Customs clearance and inspections
- Inspections by other agencies (if applied to more than 20% of shipments)
- Handling and inspections that take place at the economy's port or border

#### Domestic transport

- Loading or unloading of the shipment at the warehouse or port/border
- Transport between warehouse and port/border
- Traffic delays and road police checks while shipment is en route

### Case study assumptions

To make the data comparable across economies, a few assumptions are made about the traded goods and the transactions:

**Time:** Time is measured in hours, and 1 day is 24 hours (for example, 22 days are recorded as  $22 \times 24 = 528$  hours). If customs clearance takes 7.5 hours, the data are recorded as is. Alternatively, suppose documents are submitted to a customs agency at 8:00a.m., are processed overnight and can be picked up at 8:00a.m. the next day. The time for customs clearance would be recorded as 24 hours because the actual procedure took 24 hours.

**Cost:** Insurance cost and informal payments for which no receipt is issued are excluded from the costs recorded. Costs are reported in U.S. dollars. Contributors are asked to convert local currency into U.S. dollars based on the exchange rate prevailing on the day they answer the questionnaire. Contributors are private sector experts in international trade logistics and are informed about exchange rates.

#### Assumptions of the case study:

- For all 190 economies covered by *Doing Business*, it is assumed a shipment is in a warehouse in the largest business city of the exporting economy and travels to a warehouse in the largest business city of the importing economy.
- It is assumed each economy imports 15 metric tons of containerized auto parts (HS 8708) from its natural import partner—the economy from which it imports the largest value (price times quantity) of auto parts. It is assumed each economy exports the product of its comparative advantage (defined by the largest export value) to its natural export partner—the economy that is the largest purchaser of this product. Shipment value is assumed to be \$50,000.
- The mode of transport is the one most widely used for the chosen export or import product and the trading partner, as is the seaport or land border crossing.
- All electronic information submissions requested by any government agency in connection with the shipment are considered to be documents obtained, prepared and submitted during the export or import process.
- A port or border is a place (seaport or land border crossing) where merchandise can enter or leave an economy.
- Relevant government agencies include customs, port authorities, road police, border guards, standardization agencies, ministries or departments of agriculture or industry, national security agencies and any other government authorities.

Trading across Borders - Costa Rica

Indicator	Costa Rica	Latin America & Caribbean	OECD high income	Best Regulatory Performance
Time to export: Border compliance (hours)	20	55.3	12.7	1 (19 Economies)
Cost to export: Border compliance (USD)	450	516.3	136.8	0 (19 Economies)
Time to export: Documentary compliance (hours)	24	35.7	2.3	1 (26 Economies)
Cost to export: Documentary compliance (USD)	80	100.3	33.4	0 (20 Economies)
Time to import: Border compliance (hours)	80	55.6	8.5	1 (25 Economies)
Cost to import: Border compliance (USD)	500	628.4	98.1	0 (28 Economies)
Time to import: Documentary compliance (hours)	26	43.2	3.4	1 (30 Economies)
Cost to import: Documentary compliance (USD)	75	107.3	23.5	0 (30 Economies)

Figure - Trading across Borders in Costa Rica - Score

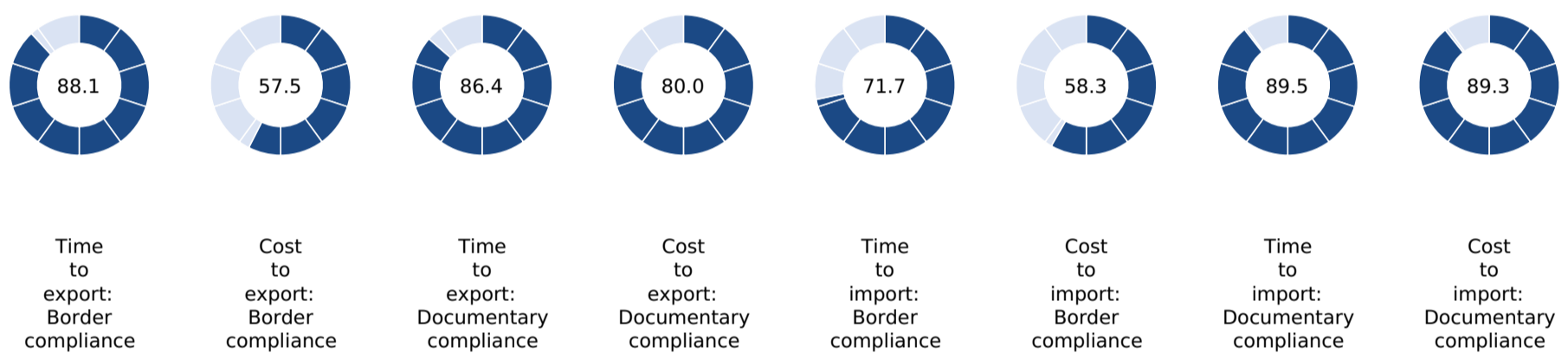
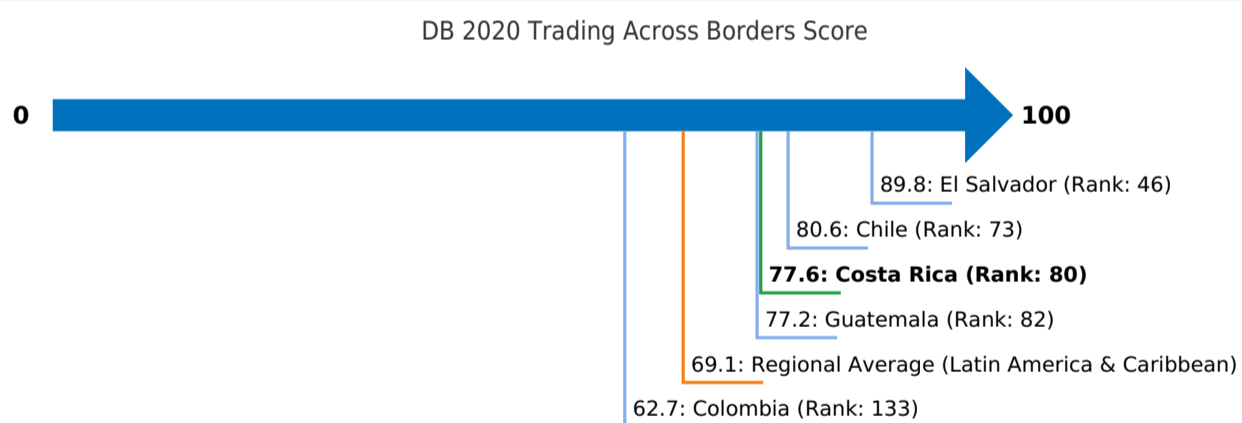
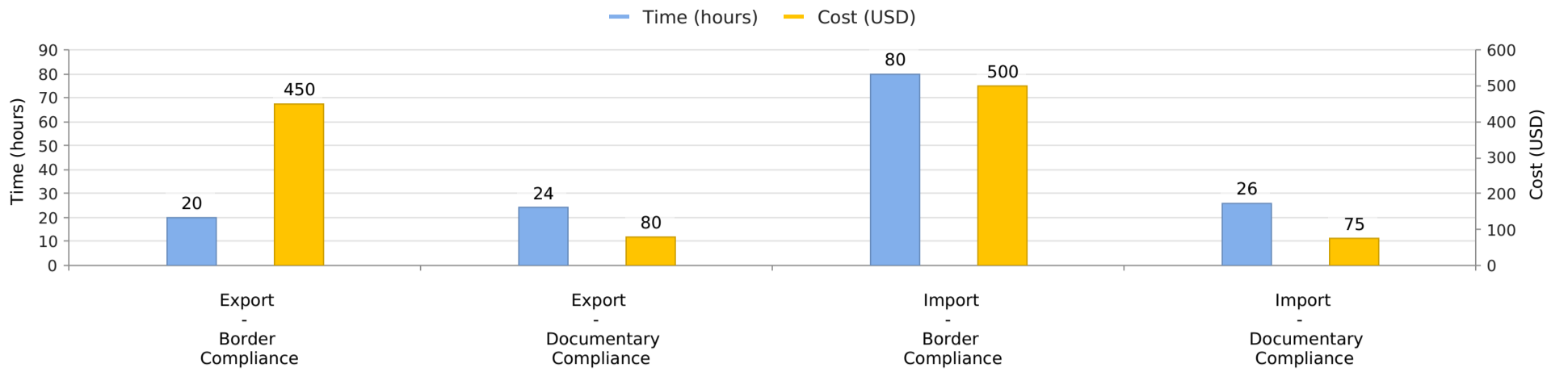


Figure - Trading across Borders in Costa Rica and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of trading across borders is determined by sorting their scores for trading across borders. These scores are the simple average of the scores for the time and cost for documentary compliance and border compliance to export and import.

Figure - Trading across Borders in Costa Rica - Time and Cost



## Details - Trading across Borders in Costa Rica

Characteristics	Export	Import
Product	HS 85 : Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	HS 8708: Parts and accessories of motor vehicles
Trade partner	United States	Japan
Border	Limón port	Limón port
Distance (km)	199	199
Domestic transport time (hours)	6	6
Domestic transport cost (USD)	600	600

## Details - Trading across Borders in Costa Rica - Components of Border Compliance

	Time to Complete (hours)	Associated Costs (USD)
Export: Clearance and inspections required by customs authorities	1.8	100.0
Export: Clearance and inspections required by agencies other than customs	0.0	0.0
Export: Port or border handling	20.0	350.0
Import: Clearance and inspections required by customs authorities	72.0	100.0
Import: Clearance and inspections required by agencies other than customs	0.0	0.0
Import: Port or border handling	80.0	400.0



## Details - Trading across Borders in Costa Rica - Trade Documents

## Export

## Import

Customs Export Declaration

Customs Import Declaration

Commercial Invoice

Commercial Invoice

Packing List

Packing List

Bill of Lading

Bill of Lading

Terminal Handling Receipts

Terminal Handling Receipts

Certificate of Origin

SOLAS certificate

SOLAS certificate

## Enforcing Contracts

The enforcing contracts indicator measures the time and cost for resolving a commercial dispute through a local first-instance court, and the quality of judicial processes index, evaluating whether each economy has adopted a series of good practices that promote quality and efficiency in the court system. The most recent round of data collection was completed in May 2019. [See the methodology for more information.](#)

### What the indicators measure

#### Time required to enforce a contract through the courts (calendar days)

- Time to file and serve the case
- Time for trial and to obtain the judgment
- Time to enforce the judgment

#### Cost required to enforce a contract through the courts (% of claim value)

- Average attorney fees
- Court costs
- Enforcement costs

#### Quality of judicial processes index (0-18)

- Court structure and proceedings (-1-5)
- Case management (0-6)
- Court automation (0-4)
- Alternative dispute resolution (0-3)

### Case study assumptions

The dispute in the case study involves the breach of a sales contract between two domestic businesses. The case study assumes that the court hears an expert on the quality of the goods in dispute. This distinguishes the case from simple debt enforcement.

To make the data on the time and comparable across economies, several assumptions about the case are used:

- The dispute concerns a lawful transaction between two businesses (Seller and Buyer), both located in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- The Buyer orders custom-made furniture, then fails to pay alleging that the goods are not of adequate quality.
- The value of the dispute is 200% of the income per capita or the equivalent in local currency of USD 5,000, whichever is greater.
- The Seller sues the Buyer before the court with jurisdiction over commercial cases worth 200% of income per capita or \$5,000 whichever is greater.
- The Seller requests the pretrial attachment of the defendant's movable assets to secure the claim.
- The claim is disputed on the merits because of Buyer's allegation that the quality of the goods was not adequate.
- The judge decides in favor of the seller; there is no appeal.
- The Seller enforces the judgment through a public sale of the Buyer's movable assets.

Enforcing Contracts - Costa Rica

Standardized Case

Claim value	CRC 12,586,284
Court name	Collegiate Court of First Instance of San José
City Covered	San José

Indicator	Costa Rica	Latin America & Caribbean	OECD high income	Best Regulatory Performance
Time (days)	852	774.2	589.6	120 (Singapore)
Cost (% of claim value)	24.3	32.0	21.5	0.1 (Bhutan)
Quality of judicial processes index (0-18)	9.5	8.8	11.7	None in 2018/19

Figure - Enforcing Contracts in Costa Rica - Score

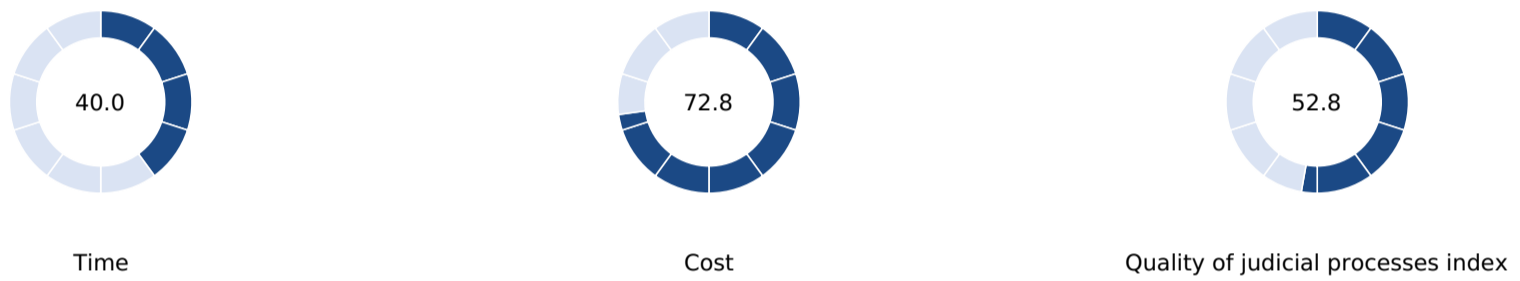


Figure - Enforcing Contracts in Costa Rica and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of enforcing contracts is determined by sorting their scores for enforcing contracts. These scores are the simple average of the scores for each of the component indicators.

Figure - Enforcing Contracts in Costa Rica - Time and Cost

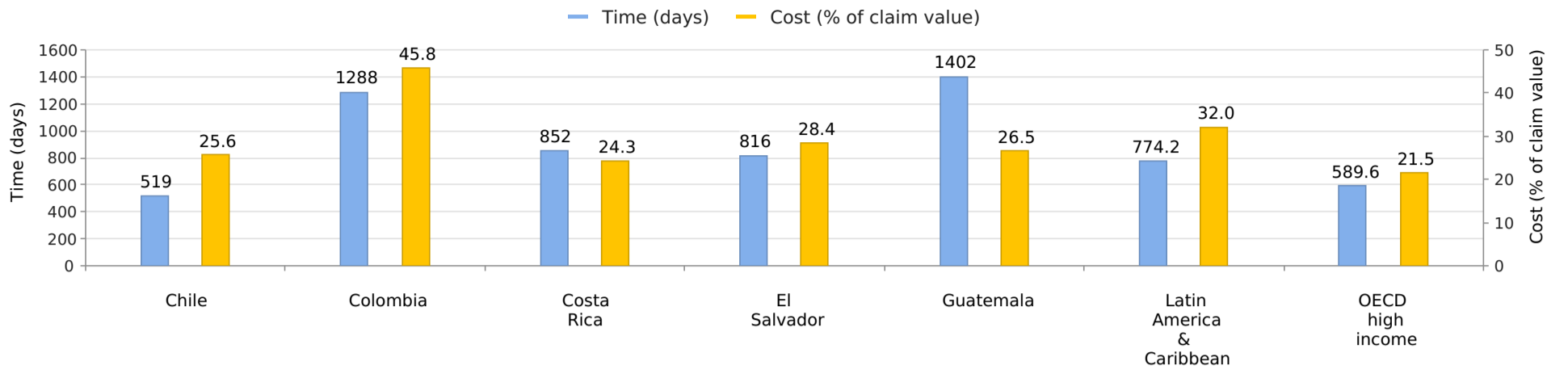
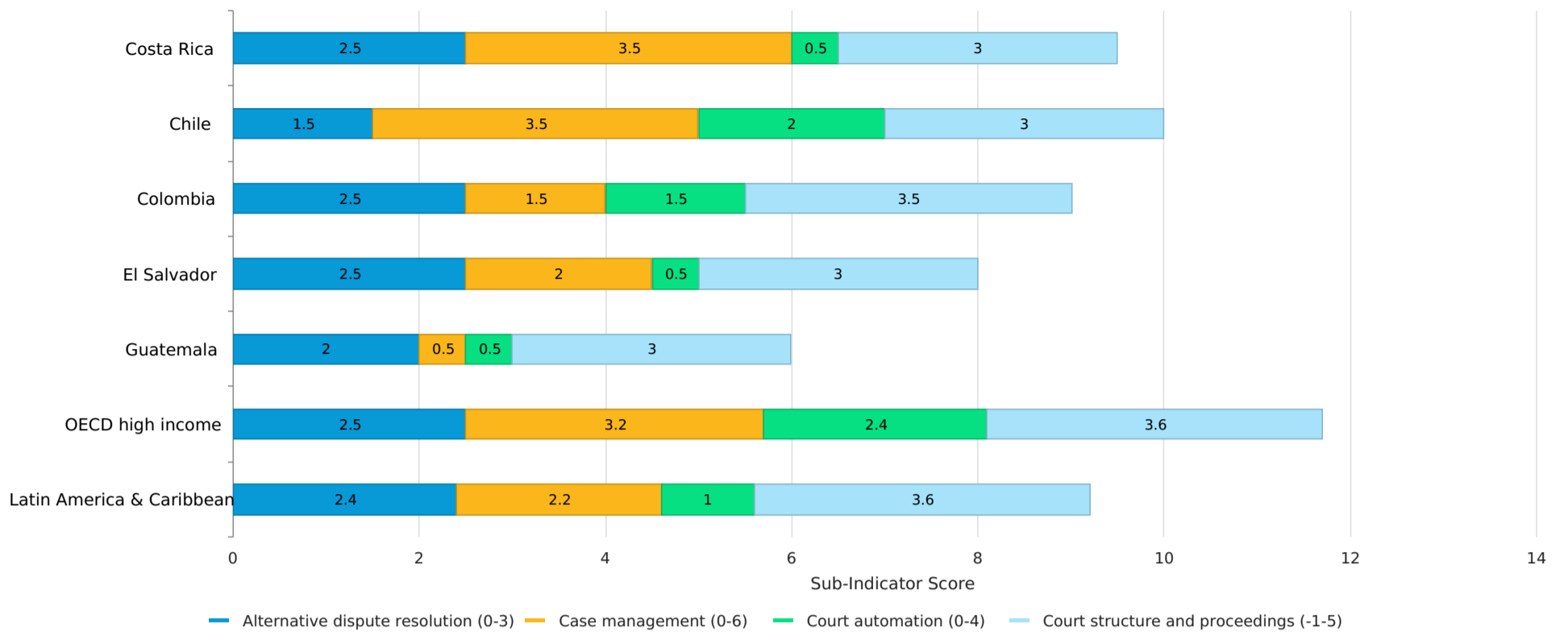


Figure - Enforcing Contracts in Costa Rica and comparator economies - Measure of Quality



Details - Enforcing Contracts in Costa Rica

	Indicator
<b>Time (days)</b>	<b>852</b>
Filing and service	45
Trial and judgment	547
Enforcement of judgment	260
<b>Cost (% of claim value)</b>	<b>24.3</b>
Attorney fees	20
Court fees	1.4
Enforcement fees	2.9
<b>Quality of judicial processes index (0-18)</b>	<b>9.5</b>
Court structure and proceedings (-1-5)	3.0
Case management (0-6)	3.5
Court automation (0-4)	0.5
Alternative dispute resolution (0-3)	2.5

## Details - Enforcing Contracts in Costa Rica - Measure of Quality

	Answer	Score
<b>Quality of judicial processes index (0-18)</b>		<b>9.5</b>
<b>Court structure and proceedings (-1-5)</b>		<b>3.0</b>
1. Is there a court or division of a court dedicated solely to hearing commercial cases?	No	0.0
2. Small claims court		1.0
2.a. Is there a small claims court or a fast-track procedure for small claims?	Yes	
2.b. If yes, is self-representation allowed?	No	
3. Is pretrial attachment available?	Yes	1.0
4. Are new cases assigned randomly to judges?	Yes, automatic	1.0
5. Does a woman's testimony carry the same evidentiary weight in court as a man's?	Yes	0.0
<b>Case management (0-6)</b>		<b>3.5</b>
1. Time standards		0.5
1.a. Are there laws setting overall time standards for key court events in a civil case?	Yes	
1.b. If yes, are the time standards set for at least three court events?	Yes	
1.c. Are these time standards respected in more than 50% of cases?	No	
2. Adjournments		0.0
2.a. Does the law regulate the maximum number of adjournments that can be granted?	No	
2.b. Are adjournments limited to unforeseen and exceptional circumstances?	No	
2.c. If rules on adjournments exist, are they respected in more than 50% of cases?	n.a.	
3. Can two of the following four reports be generated about the competent court: (i) time to disposition report; (ii) clearance rate report; (iii) age of pending cases report; and (iv) single case progress report?	No	0.0
4. Is a pretrial conference among the case management techniques used before the competent court?	Yes	1.0
5. Are there any electronic case management tools in place within the competent court for use by judges?	Yes	1.0
6. Are there any electronic case management tools in place within the competent court for use by lawyers?	Yes	1.0
<b>Court automation (0-4)</b>		<b>0.5</b>
1. Can the initial complaint be filed electronically through a dedicated platform within the competent court?	No	0.0
2. Is it possible to carry out service of process electronically for claims filed before the competent court?	No	0.0
3. Can court fees be paid electronically within the competent court?	No	0.0
4. Publication of judgments		0.5
4.a. Are judgments rendered in commercial cases at all levels made available to the general public through publication in official gazettes, in newspapers or on the internet or court website?	No	
4.b. Are judgments rendered in commercial cases at the appellate and supreme court level made available to the general public through publication in official gazettes, in newspapers or on the internet or court website?	Yes	
<b>Alternative dispute resolution (0-3)</b>		<b>2.5</b>
1. Arbitration		1.5
1.a. Is domestic commercial arbitration governed by a consolidated law or consolidated chapter or section of the applicable code of civil procedure encompassing substantially all its aspects?	Yes	
1.b. Are there any commercial disputes—aside from those that deal with public order or public policy—that cannot be submitted to arbitration?	No	
1.c. Are valid arbitration clauses or agreements usually enforced by the courts?	Yes	

2. Mediation/Conciliation	1.0
2.a. Is voluntary mediation or conciliation available?	Yes
2.b. Are mediation, conciliation or both governed by a consolidated law or consolidated chapter or section of the applicable code of civil procedure encompassing substantially all their aspects (for example, definition, aim and scope of application, design)?	Yes
2.c. Are there financial incentives for parties to attempt mediation or conciliation (i.e., if mediation or conciliation is successful, a refund of court filing fees, income tax credits or the like)?	No

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## Resolving Insolvency

*Doing Business* studies the time, cost and outcome of insolvency proceedings involving domestic legal entities. These variables are used to calculate the recovery rate, which is recorded as cents on the dollar recovered by secured creditors through reorganization, liquidation or debt enforcement (foreclosure or receivership) proceedings. To determine the present value of the amount recovered by creditors, *Doing Business* uses the lending rates from the International Monetary Fund, supplemented with data from central banks and the Economist Intelligence Unit. The most recent round of data collection was completed in May 2019. [See the methodology for more information.](#)

### What the indicators measure

#### Time required to recover debt (years)

- Measured in calendar years
- Appeals and requests for extension are included

#### Cost required to recover debt (% of debtor's estate)

- Measured as percentage of estate value
- Court fees
- Fees of insolvency administrators
- Lawyers' fees
- Assessors' and auctioneers' fees
- Other related fees

#### Outcome

- Whether business continues operating as a going concern or business assets are sold piecemeal

#### Recovery rate for creditors

- Measures the cents on the dollar recovered by secured creditors
- Outcome for the business (survival or not) determines the maximum value that can be recovered
- Official costs of the insolvency proceedings are deducted
- Depreciation of furniture is taken into account
- Present value of debt recovered

#### Strength of insolvency framework index (0- 16)

- Sum of the scores of four component indices:
- Commencement of proceedings index (0-3)
- Management of debtor's assets index (0-6)
- Reorganization proceedings index (0-3)
- Creditor participation index (0-4)

### Case study assumptions

To make the data on the time, cost and outcome comparable across economies, several assumptions about the business and the case are used:

- A hotel located in the largest city (or cities) has 201 employees and 50 suppliers. The hotel experiences financial difficulties.
- The value of the hotel is 100% of the income per capita or the equivalent in local currency of USD 200,000, whichever is greater.
- The hotel has a loan from a domestic bank, secured by a mortgage over the hotel's real estate. The hotel cannot pay back the loan, but makes enough money to operate otherwise.

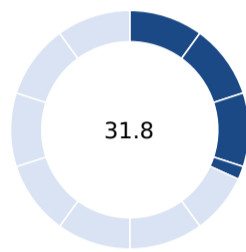
In addition, *Doing Business* evaluates the quality of legal framework applicable to judicial liquidation and reorganization proceedings and the extent to which best insolvency practices have been implemented in each economy covered.



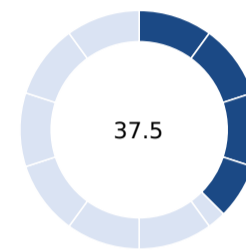
Resolving Insolvency - Costa Rica

Indicator	Costa Rica	Latin America & Caribbean	OECD high income	Best Regulatory Performance
Recovery rate (cents on the dollar)	29.5	31.2	70.2	92.9 (Norway)
Time (years)	3.0	2.9	1.7	0.4 (Ireland)
Cost (% of estate)	14.5	16.8	9.3	1.0 (Norway)
Outcome (0 as piecemeal sale and 1 as going concern)	0	..	..	..
Strength of insolvency framework index (0-16)	6.0	7.2	11.9	None in 2018/19

Figure - Resolving Insolvency in Costa Rica - Score

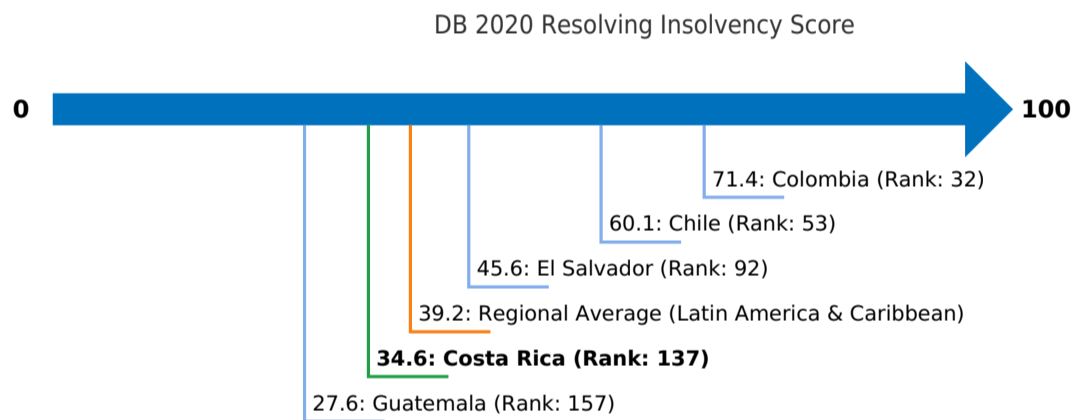


Recovery rate



Strength of insolvency framework index

Figure - Resolving Insolvency in Costa Rica and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of resolving insolvency is determined by sorting their scores for resolving insolvency. These scores are the simple average of the scores for the recovery rate and the strength of insolvency framework index.

Figure - Resolving Insolvency in Costa Rica - Time and Cost

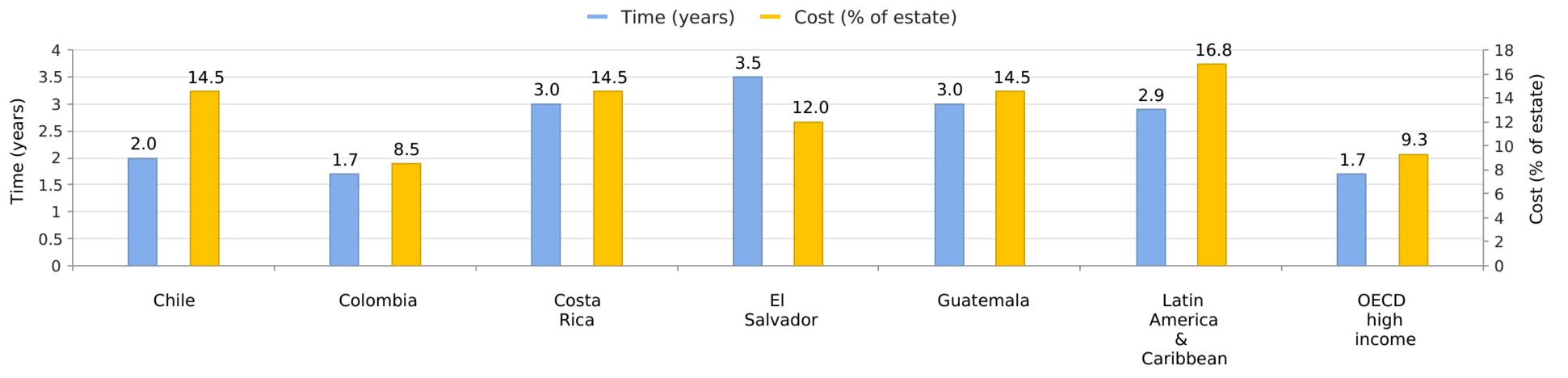
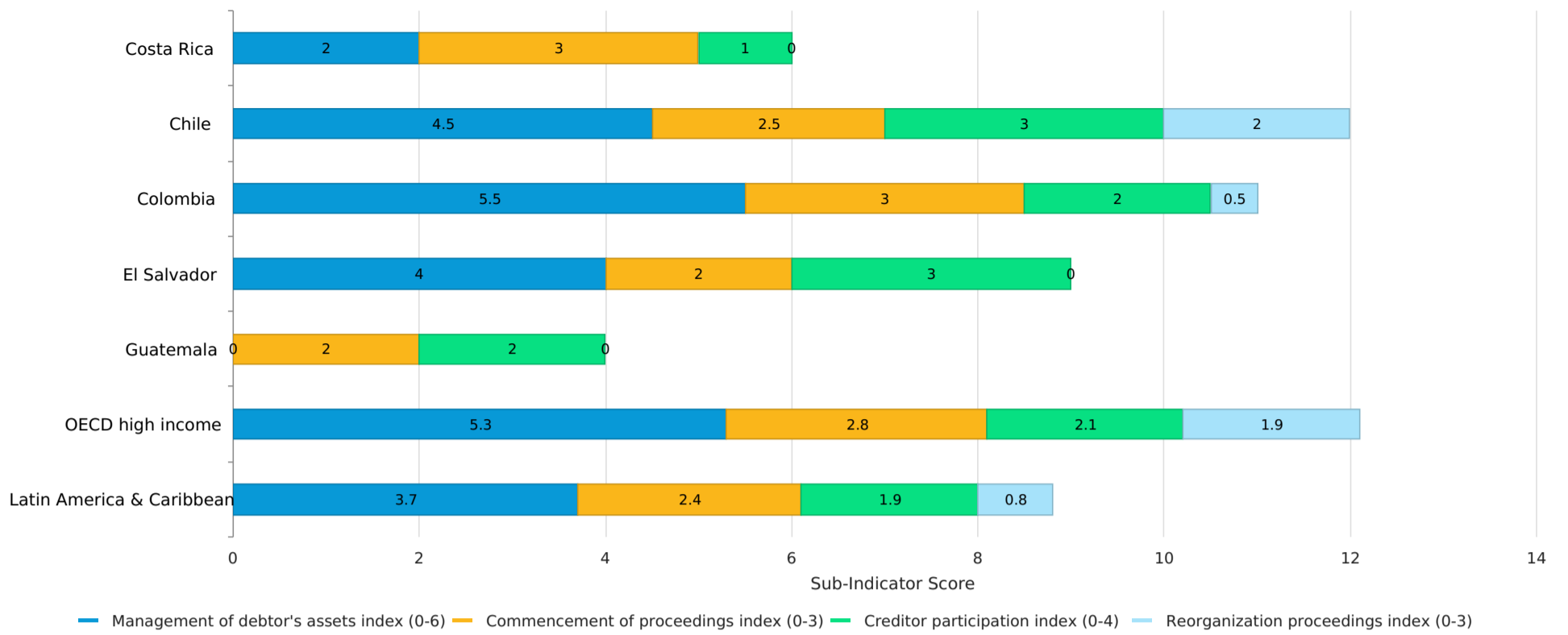
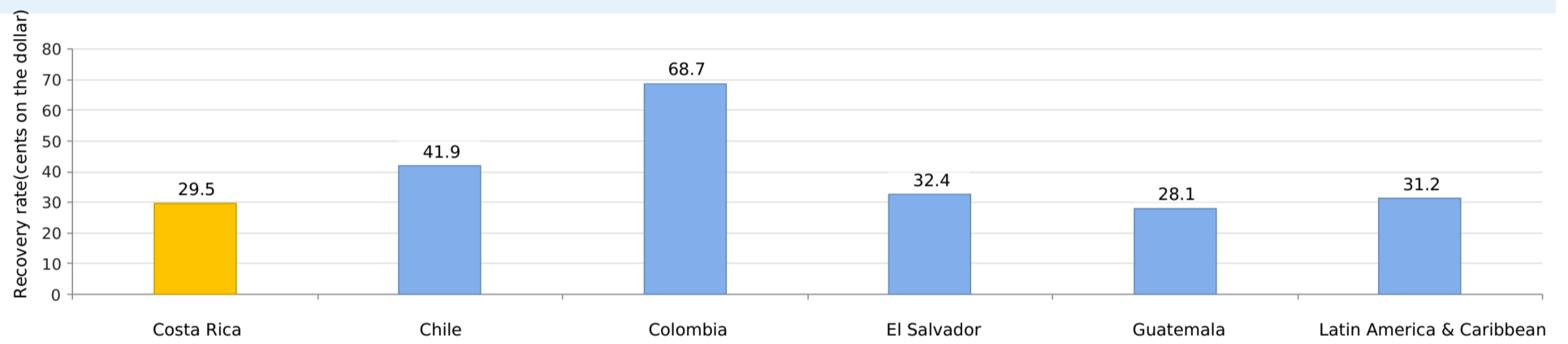


Figure - Resolving Insolvency in Costa Rica and comparator economies - Measure of Quality



Note: Even if the economy's legal framework includes provisions related to insolvency proceedings (liquidation or reorganization), the economy receives 0 points for the strength of insolvency framework index, if time, cost and outcome indicators are recorded as "no practice."

Figure - Resolving Insolvency in Costa Rica and comparator economies - Recovery Rate



## Details - Resolving Insolvency in Costa Rica

Indicator	Answer	Score
Proceeding	liquidation (after an attempt at reorganization)	Mirage would initiate an in-court reorganization proceeding (solicitud de concurso) based on article 709 of the Civil Procedure Code. This procedure would involve the appointment of an insolvency administrator, who will be responsible for the day-to-day business of the company while an agreement is negotiated in-court with the creditors. The most likely scenario is that these negotiations won't end up with an agreement, and therefore the reorganization procedure would be converted into a liquidation procedure after the Mirage's bankruptcy declaration is issued by the Court (Article 740 of the Code of Civil Procedure). The sale of the secured assets will occur during this stage.
Outcome	piecemeal sale	Insolvency proceeding of liquidation usually involved the end of business operation for the company and the sale of its assets due to the lack of liquidity. Without these assets the company won't be able to continue with its business operations (Articles 760 and following of the Civil Procedure Code)
Time (in years)	3.0	A reorganization proceeding which is converted into liquidation, similar to the case study, will take about three years. The preparation of the creditors' claims, the appointment of the insolvency professionals, and the negotiation with creditors during the reorganization stage will last approximately 1.5 years. After this, assuming that there won't be an agreement with BizBank, the liquidation proceeding will start in accordance with Article 709 Procedure Code. During this stage, the necessary steps towards a judicial sale of the property (inventory preparation, auction, etc.) would take place. The liquidation proceeding would last about 1.5 additional years. This time estimate takes into account a decrease in time to settle in-court disputes in Costa Rica after the creation and full implementation of the Bankruptcy Court in San Jose in 2008, which has reduced the time it takes solve cases like the one at stake from 3.5 to 3 years.
Cost (% of estate)	14.5	The costs associated with the reorganization proceeding which is then converted into liquidation like in the actual case would amount to approximately 14.5% of the value of the estate. The main component of this expenditure would be the attorney's fees around 10% and fees insolvency representatives around 4% based on article 700 of the Code of Civil Procedure.
Recovery rate (cents on the dollar)		29.5

## Details - Resolving Insolvency in Costa Rica - Measure of Quality

	Answer	Score
<b>Strength of insolvency framework index (0-16)</b>		<b>6.0</b>
<b>Commencement of proceedings index (0-3)</b>		<b>3.0</b>
What procedures are available to a DEBTOR when commencing insolvency proceedings?	(a) Debtor may file for both liquidation and reorganization	1.0
Does the insolvency framework allow a CREDITOR to file for insolvency of the debtor?	(a) Yes, a creditor may file for both liquidation and reorganization	1.0
What basis for commencement of the insolvency proceedings is allowed under the insolvency framework? (a) Debtor is generally unable to pay its debts as they mature (b) The value of debtor's liabilities exceeds the value of its assets	(a) Debtor is generally unable to pay its debts as they mature	1.0
<b>Management of debtor's assets index (0-6)</b>		<b>2.0</b>
Does the insolvency framework allow the continuation of contracts supplying essential goods and services to the debtor?	No	0.0
Does the insolvency framework allow the rejection by the debtor of overly burdensome contracts?	No	0.0
Does the insolvency framework allow avoidance of preferential transactions?	Yes	1.0
Does the insolvency framework allow avoidance of undervalued transactions?	Yes	1.0
Does the insolvency framework provide for the possibility of the debtor obtaining credit after commencement of insolvency proceedings?	No	0.0
Does the insolvency framework assign priority to post-commencement credit?	(c) No priority is assigned to post-commencement creditors	0.0
<b>Reorganization proceedings index (0-3)</b>		<b>0.0</b>
Which creditors vote on the proposed reorganization plan?	(c) Other	0.0
Does the insolvency framework require that dissenting creditors in reorganization receive at least as much as what they would obtain in a liquidation?	No	0.0
Are the creditors divided into classes for the purposes of voting on the reorganization plan, does each class vote separately and are creditors in the same class treated equally?	No	0.0
<b>Creditor participation index (0-4)</b>		<b>1.0</b>
Does the insolvency framework require approval by the creditors for selection or appointment of the insolvency representative?	No	0.0
Does the insolvency framework require approval by the creditors for sale of substantial assets of the debtor?	No	0.0
Does the insolvency framework provide that a creditor has the right to request information from the insolvency representative?	No	0.0
Does the insolvency framework provide that a creditor has the right to object to decisions accepting or rejecting creditors' claims?	Yes	1.0

**Note:** Even if the economy's legal framework includes provisions related to insolvency proceedings (liquidation or reorganization), the economy receives 0 points for the strength of insolvency framework index, if time, cost and outcome indicators are recorded as "no practice."

## Employing Workers

*Doing Business* presents detailed data for the employing workers indicators on the *Doing Business* website (<http://www.doingbusiness.org>). The study does not present rankings of economies on these indicators or include the topic in the aggregate ease of doing business score or ranking on the ease of doing business.

The most recent round of data collection was completed in May 2019. [See the methodology for more information.](#)

### What the indicators measure

#### Hiring

(i) whether fixed-term contracts are prohibited for permanent tasks; (ii) maximum cumulative duration of fixed-term contracts; (iii) length of the maximum probationary period; (iv) minimum wage; (v) ratio of minimum wage to the average value added per worker.

#### Working hours

(i) maximum number of working days allowed per week; (ii) premiums for work: at night, on a weekly rest day and overtime; (iii) whether there are restrictions on work at night, work on a weekly rest day and for overtime work; (iv) length of paid annual leave.

#### Redundancy rules

(i) whether redundancy can be basis for terminating workers; (ii) whether employer needs to notify and/or get approval from third party to terminate 1 redundant worker and a group of 9 redundant workers; (iii) whether the law requires employer to reassign or retrain a worker before making worker redundant; (iv) whether priority rules apply for redundancies and reemployment.

#### Redundancy cost

(i) notice period for redundancy dismissal; (ii) severance payments, and (iii) penalties due when terminating a redundant worker. Data on the availability of unemployment protection for a worker with one year of employment is also collected.

### Case study assumptions

To make the data comparable across economies, several assumptions about the worker and the business are used.

#### The worker:

- Is a cashier in a supermarket or grocery store, age 19, with one year of work experience.
- Is a full-time employee.
- Is not a member of the labor union, unless membership is mandatory.

#### The business:

- Is a limited liability company (or the equivalent in the economy).
- Operates a supermarket or grocery store in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Has 60 employees.
- Is subject to collective bargaining agreements if such agreements cover more than 50% of the food retail sector and they apply even to firms that are not party to them.
- Abides by every law and regulation but does not grant workers more benefits than those mandated by law, regulation or (if applicable) collective bargaining agreements.

## Employing Workers - Costa Rica

## Details - Employing Workers in Costa Rica

	Answer
<b>Hiring</b>	
Fixed-term contracts prohibited for permanent tasks?	Yes
Maximum length of a single fixed-term contract (months)	12.0
Maximum length of fixed-term contracts, including renewals (months)	12.0
Minimum wage applicable to the worker assumed in the case study (US\$/month)	614.2
Ratio of minimum wage to value added per worker	0.4
Maximum length of probationary period (months)	3.0
<b>Working hours</b>	
Standard workday	8.0
Maximum number of working days per week	6.0
Premium for night work (% of hourly pay)	0.0
Premium for work on weekly rest day (% of hourly pay)	100.0
Premium for overtime work (% of hourly pay)	50.0
Restrictions on night work?	Yes
Restrictions on weekly holiday?	No
Restrictions on overtime work?	No
Paid annual leave for a worker with 1 year of tenure (working days)	12.0
Paid annual leave for a worker with 5 years of tenure (working days)	12.0
Paid annual leave for a worker with 10 years of tenure (working days)	12.0
Paid annual leave (average for workers with 1, 5 and 10 years of tenure, in working days)	12.0
<b>Redundancy rules</b>	
Dismissal due to redundancy allowed by law?	Yes
Third-party notification if one worker is dismissed?	No
Third-party approval if one worker is dismissed?	No
Third-party notification if nine workers are dismissed?	No
Third-party approval if nine workers are dismissed?	No
Retraining or reassignment obligation before redundancy?	No
Priority rules for redundancies?	No
Priority rules for reemployment?	No
<b>Redundancy cost</b>	
Notice period for redundancy dismissal for a worker with 1 year of tenure (weeks of salary)	4.3
Notice period for redundancy dismissal for a worker with 5 years of tenure (weeks of salary)	4.3
Notice period for redundancy dismissal for a worker with 10 years of tenure (weeks of salary)	4.3
Notice period for redundancy dismissal (average for workers with 1, 5 and 10 years of tenure, in weeks of salary)	4.3
Severance pay for redundancy dismissal for a worker with 1 year of tenure (weeks of salary)	2.8
Severance pay for redundancy dismissal for a worker with 5 years of tenure (weeks of salary)	15.2

Severance pay for redundancy dismissal for a worker with 10 years of tenure (weeks of salary)	25.1
Severance pay for redundancy dismissal (average for workers with 1, 5 and 10 years of tenure, in weeks of salary)	14.4
Unemployment protection after one year of employment?	No



## Business Reforms in Costa Rica

From May 2, 2018 to May 1, 2019, 115 economies implemented 294 business regulatory reforms across the 10 areas measured by Doing Business. Reforms inspired by *Doing Business* have been implemented by economies in all regions. The following are reforms implemented since *Doing Business* 2008.

✓ = *Doing Business* reform making it easier to do business. ✗ = Change making it more difficult to do business.

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### DB2020

✓ **Getting Electricity:** Costa Rica improved the reliability of electricity supply by repairing the El Porvenir sub-station, installing 1,140 new poles and implementing a mapping program for transformers and meters throughout San José. Costa Rica also made getting electricity faster by reducing the time to approve the electrical design.

✓ **Enforcing Contracts:** Costa Rica made enforcing contracts easier by adopting a new code of civil procedure that introduced pretrial conferences as part of the case management techniques in court.

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### DB2019

✗ **Starting a Business:** Costa Rica made starting a business more expensive by introducing a new legal entities tax.

**Employing Workers:** Costa Rica changed regulations pertaining to the content of dismissal letters, non-discrimination, special protection for employees and limitations to strikes and implemented a new jurisdictional structure of the labor courts.

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### DB2018

✓ **Registering Property:** Costa Rica decreased the time needed to transfer a property through several measures, including the introduction of effective time limits.

✓ **Protecting Minority Investors:** Costa Rica strengthened minority investor protections by allowing greater access to corporate information before and during trial and enhancing disclosure requirements, but weakened shareholder rights in certain major transactions.

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### DB2016

✓ **Getting Electricity:** The utility in Costa Rica made getting electricity easier by reducing the time required for preparing the design of the external connection works and for installing the meter and initiating the electricity supply. In addition, Costa Rica introduced a new law aimed at curbing power outages through the introduction of a compensation scheme for customers impacted by blackouts.

✓ **Getting Credit:** Costa Rica improved access to credit by adopting a new secured transactions law that establishes a functional secured transactions system and a modern, centralized, notice-based collateral registry. The law broadens the range of assets that can be used as collateral, allows a general description of assets granted as collateral and allows out-of-court enforcement of collateral.

✓ **Paying Taxes:** Costa Rica made paying taxes easier for companies by promoting the use of its electronic filing and payment system for corporate income tax and general sales tax.

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### DB2015

✓ **Getting Electricity:** Costa Rica reduced the time required for getting electricity by improving the coordination between different departments at the utility.

✓ **Paying Taxes:** Costa Rica made paying taxes easier for companies by implementing an electronic system for filing corporate income tax and VAT.

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### DB2014

✓ **Starting a Business:** Costa Rica made starting a business easier by creating an online platform for business registration, eliminating the requirement to have accounting books legalized and simplifying the legalization of company books.

✓ **Dealing with Construction Permits:** Costa Rica made dealing with construction permits easier by eliminating procedures, improving efficiency and launching an online platform that streamlined the building permit process by integrating different agencies' approval processes.

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### DB2013

✓ **Starting a Business:** Costa Rica made starting a business easier by streamlining the process of obtaining a sanitary permit from the authorities for low-risk activities.

✓ **Dealing with Construction Permits:** Costa Rica streamlined the process for obtaining construction permits by implementing online approval systems.

✓ **Getting Credit:** Costa Rica improved access to credit information by guaranteeing borrowers' right to inspect their personal data.

✓ **Paying Taxes:** Costa Rica made paying taxes easier for companies by implementing electronic payment for municipal taxes—though it also introduced a registration flat tax.

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### DB2012

✓ **Registering Property:** Costa Rica made transferring property easier and quicker by making property certificates available online through a single website.

✓ **Paying Taxes:** In Costa Rica online payment of social security contributions is now widespread and used by the majority of taxpayers.

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DB2010

✓ **Enforcing Contracts:** Costa Rica improved its contract enforcement system by allowing new modes of delivery of service and by simplifying auction procedures by authorizing the publication of a single auction notice.

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DB2009

✓ **Starting a Business:** Costa Rica reduced the time required to start a business by digitizing tax registration records and company books.

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DB2008

✓ **Trading across Borders:** Costa Rica made trading across borders easier by improving its electronic data interchange system and allowing electronic submission of cargo manifests before arrival of the goods.

*Doing Business 2020* is the 17th in a series of annual studies investigating the regulations that enhance business activity and those that constrain it. It provides quantitative indicators covering 12 areas of the business environment in 190 economies. The goal of the *Doing Business* series is to provide objective data for use by governments in designing sound business regulatory policies and to encourage research on the important dimensions of the regulatory environment for firms.

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