

COYOL

FREE ZONE

DESIGNED TO INNOVATE



COSTA RICA'S FREE TRADE ZONE REGIME:

OPERATION-BOOSTING INCENTIVES



Life Sciences and Advanced Manufacturing exports from Costa Rica have tripled since 2007, and in 2019, the Life Sciences industry had a total export value of just under \$3 billion, consisting 34% of Costa Rica's outgoing trade. The country is first in Medical Devices exports per capita, and only second to Mexico as a medical device exporter in Latin America and has plans to reach \$5 billion in Life Sciences exports for 2020.

All companies conduct business under the country's law-granted Free Trade Zone Regime – a regime granted by law and the region's leading, a region-leading fiscal incentive in which firms are permitted allowed to operate tax-free for several years following established according to expected investment and recruitment level numbers. This and provides a margin for companies looking to set-up operations.

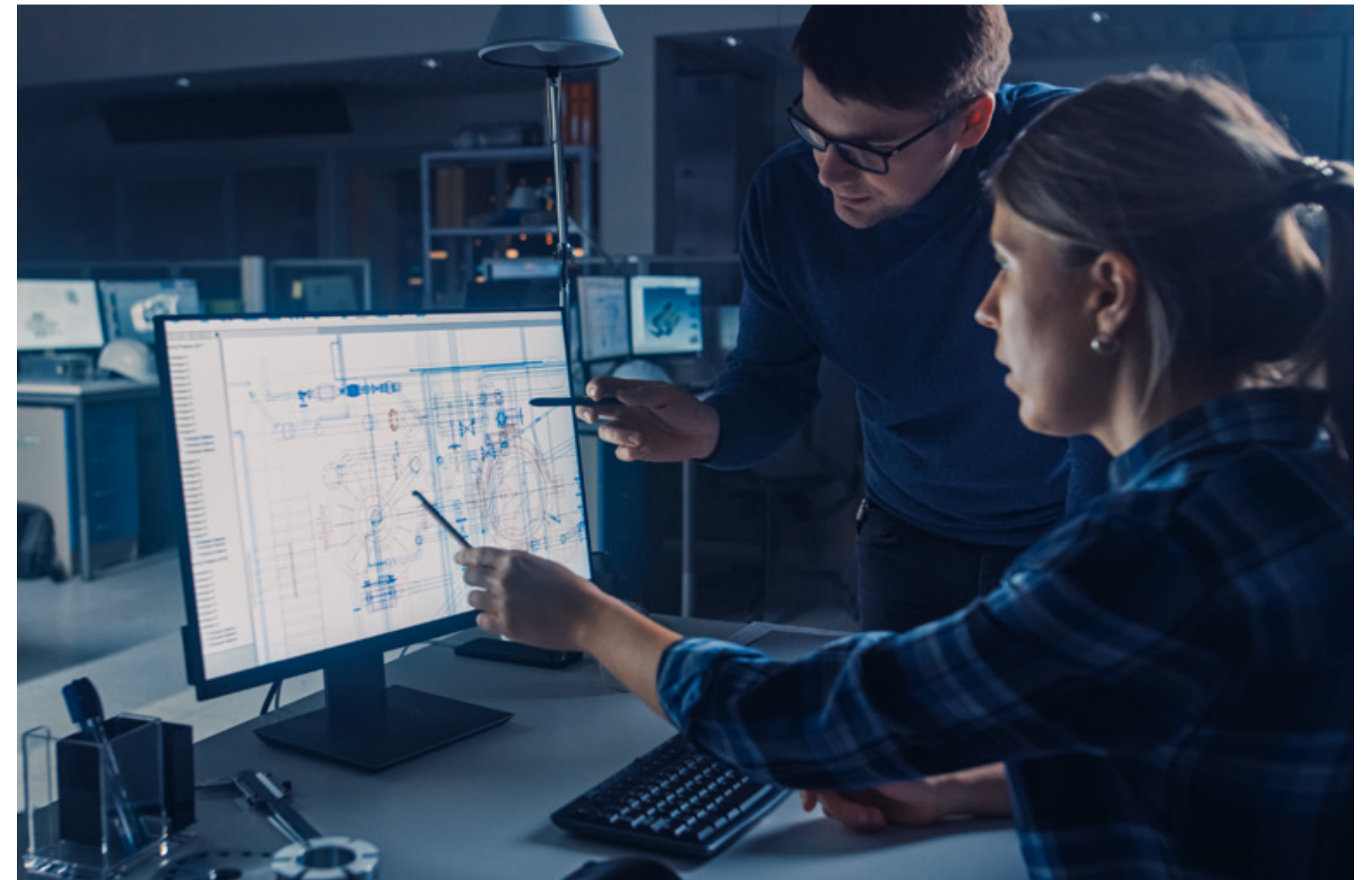


HISTORY



The Costa Rican Free Trade Zone Regime has been created to promote foreign direct investments trade exchange and to generate the generation of employment for the country. The country's Government offers this Free Trade Zone Regime to domestic and foreign companies that wish to set up desiring to install and develop their operations and creating value chains.

The companies established in Free Zones have managed to grow in number and in the variety of exported goods. The core business of companies established within the Free Zone Regime has evolved from textile and makeup manufacturing in the late 1980s and



early 1990s, to more complex and quality-driven operations, such as R&+D, data analytics and engineering processes for global solutions are been done in the Costa Rica of today.



A TIMELINE OF THE FREE ZONE REGIME >>>>>>>> IN COSTA RICA

>> 1960's – 1972

Costa Rica targets boosting exports and creates the Center for the Promotion of Exports and Investments and the Law on the Promotion of Exports.

>> 1981

The first government-run Free Zone is created.

>> 1985

The first privately held Free Zone was allowed to start operations in Cartago.

>> 1990

The official Free Zone Regime Law was enacted (Law #7210). This allows the creation of multiple manufacturing, service and industrial parks in the country.

>> 2010

The Free Zone Regime Law (Law #7210) is reformed to comply with the World Trade Organization standard procedures.

>> 2020

More than 13 Free Zones host the operations of more than 300 multinational companies.

COSTA RICA'S FREE ZONE INCENTIVES

Exemption on corporate income tax:

- » 100% exemption on corporate income tax for 8 years and 50% for 4 years
- » No tax for companies with an investment of US\$10MM and 100 employees, or 6% tax for companies with an investment of US\$150,000, including suppliers, both are for 8 years and 15% for 4 years.
- » 100% exemption for 10 years on Property Transfer Taxes





Incentives with no expiration period:

- » 100% exemption on custom duties on imports/exports
- » 100% exemption on withholding tax on royalties, fees (statutory tax up to 25%)
100% exemption on interest income (statutory tax is 8%)
- » 100% exemption on sales tax on local purchases of goods/service (statutory tax is 13%)
- » 100% exemption on stamp duty (statutory tax is 1%)

Worldwide Access

- » 93.9% of exports of goods covered by signed FTAs which provide access to 57 trade partners
- » Market access: 2.5 billion people and 2/3 of worldwide GDP
- » 14 Investment Promotion and Protection Agreements.
- » Costa Rica ranks 4th among Latin American countries in the Enabling Trade Index



CONDITIONS AND REQUIREMENTS OF THE FREE ZONE REGIME

When a firm is looking to apply for the benefits of the Free Trade Zone Regime benefits, it should make a minimum initial investment in fixed new assets subject to depreciation and real estate in a maximum period of three years from the moment of the presentation of the regime admission application and meeting the established conditions.



Companies must qualify with one of the following

- » Export manufacturing companies
- » Export trade companies (not producers)
- » Export service companies
- » Companies or organizations engaged in scientific research



Minimum Employment Level

- » This level shall be established by the company itself, which will commit itself to maintain this level while enjoying the benefits of the Regime.

Minimum Investment Level

- » Assets should be the property of the party applying for the regime and acquired as of the date of presentation of the regime admission application is presented.

- » In the case of moveable fixed assets, these should be new or used assets from abroad, or new assets acquired domestically.

- » Fixed assets are subjected to a guarantee trusteeship whose trustee and/or settlor should be a beneficiary of the regime if these are found in the accounting records of the beneficiary.

- » Improvements to the property owned or leased.

Companies opting for this incentive and benefits regime must comply with the requirements and obligations established in the law, its amendments and regulations.

ABOUT

COYOL FREE ZONE



Coyol Free Zone is a leading industrial park located in Alajuela, Costa Rica. With 13 years of running this successful project, Coyol Free Zone does business in a strategically attractive location and in a sustainable way. It is the best option available for the life science industry cluster and advanced manufacturing companies, confirmed by the awards and recognitions received from multiple entities and it being among the top Free Trade Zones in Latin America and the Caribbean. Coyol Free Zone offers much more than just tax incentives and optimal infrastructure. It also provides a proven expertise in the construction of buildings for the life science industry, and the services required to support the successful operation of a life science company from within Costa Rica.

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