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Costa Rica – Modifications to Income Tax Brackets, Credits

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For coverage of last year's rates and thresholds, see [Flash International Executive Alert 2012-188](#), October 18, 2012.

Costa Rica's Ministry of Finance has modified the income tax brackets for the taxable year 2013-2014 (i.e., taxable year from 1 October 2013 to 30 September 2014) in accordance with changes in the Consumer Price Index as determined by the National Statistical and Census Institute¹. The tables below reflect the new income tax brackets, credits, and the rates applicable to individuals.

International assignment cost projections and budgeting for assignments to Costa Rica and for assignees outside Costa Rica still subject to Costa Rican taxation should reflect these adjustments. Where appropriate, adjustments by payroll administrators to withholdings should also be made.

Tax Rates: Salary Tax²

Income (CRC)	Income tax rate
Up to 752,000 (was 714,000)	exempt
From 752,001 to 1,128,000 (was 714,001 to 1,071,000)	10%
Over 1,128,000 (was over 1,071,000)	15%

Tax Credits for Individuals

There are changes to the tax credit amounts such that taxpayers can now claim an annual credit amount of CRC 16,9200 per child (or for dependents who are disabled or undertaking "advanced studies" when under the age of 25) and CRC 25,320 for the spouse (if both spouses are taxpayers, the credit may only be claimed by one of them).

Tax Rates: Individuals with Lucrative/Business Activity

Income (CRC)	Income tax rate
Up to 3,339,000 (was up to 3,171,000)	exempt
From 3,339,001 to 4,986,000 (was 3,171,001 to 4,735,000)	10%
From 4,986,001 to 8,317,000 (was 4,735,001 to 7,898,000)	15%
From 8,317,001 to 16,667,000 (was 7,898,001 to 15,827,000)	20%
Over 16,667,000 (was over 15,827,000)	25%

Footnotes:

1 Executives Decrees numbers 37960-H and 37961-H published in the country's Official Gazette (*La Gaceta*) number 206 dated October 25, 2013.

See. http://www.gaceta.go.cr/gaceta/?date=25/10/2013#ui-accordion-ctl00_MainContentPlaceHolder_ContentGacetaDiv-header-0 .

2 See:

<http://dgt.hacienda.go.cr/impuestosobrelarenta/Paginas/Impuestosobrelarenta.aspx> .

* * * *

CRC 1 = USD 0.002

CRC 1 = EUR 0.0015

For further information or assistance, please contact your local IES professional or the following IES professional with the KPMG International member firm in Costa Rica:

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The information contained in this newsletter was submitted by the KPMG International member firm in Costa Rica. The information contained herein is of a general nature and based on authorities that are subject to change. Applicability of the information to specific situations should be determined through consultation with your tax adviser.

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