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OPERATING PERMITS IN COSTA RICA

OPERATING PERMITS IN COSTA RICA – COSTA RICA MUNICIPAL PERMITS – COSTA RICA CORPORATE LAW – COSTA RICA CORPORATE ATTORNEYS – BUSINESS START-UP IN COSTA RICA – By: Rogelio Navas Rodríguez, Esq., Costa Rica Corporate Attorney

To start and operate a business or company in Costa Rica, several permits and authorizations must be obtained. The process of obtaining such permits is usually not complicated if one knows what requirements must be met and the steps that must be followed; otherwise, the process can become difficult and very time consuming. As follows, we explain the basic permitting process that all companies must go through in order to legally operate in Costa Rica:

1) MUNICIPAL OPERATING PERMIT (PATENTE COMERCIAL): To legally operate any business in Costa Rica, a Municipal Operating Permit, known in Spanish as “Patente Comercial” or “Patente de Funcionamiento” must be obtained. Since Municipalities in Costa Rica are independent from each other and the central Government, requirements may be different from one Municipality to another. That is why it is very important for companies to determine where their premises will be located at before applying for a permit.

1.A) ZONING CERTIFICATE: Once the company has decided where it will operate from, the process to obtain the operating permit can be initiated. The first thing to do is obtaining the “**ZONING CERTIFICATE**”, known in Spanish as “Uso de Suelo”. By means of this document the local Municipality certifies if the specific activity that the company will dedicate to can be developed or undertaken in the specific area where the premises will be located at.

To obtain the Zoning Certificate, the applicant must fill in a form provided by the Municipality, a copy of the cadastral survey of the property where the company will operate from, a certificate of powers of attorney of the company and the power of attorney granted to the individual in charge of requesting the certificate and picking it up from the Municipality.

1.B) SANITARY PERMIT: Once the Zoning Certificate has been obtained, the company must apply for a “**SANITARY OPERATING PERMIT**”, known in Spanish as “Permiso Sanitario de Funcionamiento”. This permit is issued by the local office of the Ministry of Health, and to apply for it, the applicant must fill in the corresponding form and affidavit provided by the Ministry, certificates of powers of attorney from the owner of the premises (if the premises are leased) and the company applying for the permit, the power of attorney granted to the individual in charge of obtaining the permit and a copy of the Zoning Certificate. All documents must be authenticated by a Notary Public.



After the application for the Sanitary Permit has been filed, the Ministry of Health may conduct an inspection of the premises to verify that such are adequate to perform the specific kind of activities the company will undertake.

1.C) APPLICATION FOR THE MUNICIPAL OPERATING PERMIT: When the Ministry of Health has approved the Sanitary operating permit, the next step is applying for the Municipal Operating Permit. When this point is reached, the company needs to register as an employer before INS (National Insurance Institute) and obtain the corresponding Workers Compensation Insurance Policy. For that, the company needs to have hired at least one employee. This procedure is quite simple and the cost of the Workers Compensation Insurance Policy will depend on the employee's position and salary.

After the Municipal Permit has been obtained, you will have 8 business days to register the company as an employer before CCSS (Costa Rican Social Security Agency). For that, the company also needs to have hired at least one employee and have legal representative to serve as liaison between the corporation and CCSS. This liaison needs to be a Costa Rican citizen or a resident of Costa Rica. You do not need to give this person full power of attorney, but a power of attorney that needs to be registered and that allows him or her to be the contact with CCSS and take care of any and all matters related with said entity.

Also, the company needs to have been registered as a tax-payer before our tax authorities (Dirección General de Tributación Directa) and must be able to prove that the property in which it will operate has all municipal taxes duly paid.

To file the application, the company must include the corresponding form and affidavit provided by the Municipality, copy of the Zoning Certificate and Sanitary Permit, copy of the Workers Compensation Insurance Policy from INS, certificates of powers of attorney and the corresponding power of attorney granted to the person or individual in charge of the procedure.

Once the application has been filed, the Municipality will conduct an inspection of the premises, which can be coordinated with the company.

2) REGISTRATION BEFORE CCSS (COSTA RICAN SOCIAL SECURITY AGENCY): From the moment the company has obtained the Municipal Operating Permit, the company has 8 business days to register itself as an employer before CCSS. This does not mean that the company cannot proceed with this registration before obtaining the Municipal Operating Permit. In fact, it is mandatory for all employers to register themselves as employers before CCSS from the very moment they hire their first employee; otherwise, the employer may be subject to penalties, fines and even closure of the business.



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To register as an employer, the company needs to have a legal representative residing in Costa Rica. If the company does not have a representative that is a resident of Costa Rica, it has to appoint one to serve as the liaison with CCSS.

Additionally, the company has to provide, among other requirements, a copy of the electric bill of the premises, an e-mail address where the monthly payrolls will be sent to, the full address of the company's premises, a telephone and fax number, and the full names, positions and salaries of the employees.

If you should have any concerns or questions regarding these matters, do not hesitate to contact us at navas@costarica-law.com.