ELECTRONIC INVOICE AS SECURITY FOR CREDIT LINES
By: Licda. Karol Madrigal López

The Costa Rican Tax Authority has evolved into the use of electronic means to strengthen tax related controls. Because of that, said Administration has implemented the use of electronic invoices by all sales and income tax payers.

The electronic invoice is the *"electronic proof that supports the sale of goods and the rendering of services, which must be issued, expressed and submitted by electronic means at the very moment of the sale or the rendering of the service"*[1]. Said invoice is the electronic proof backed by the Treasury Department and is intended to be the key to control and follow the sale of goods and services in the country, as well as the payment of the corresponding taxes. For taxation purposes, these invoices have the same legal force and effects as the physical invoices authorized by the Tax Authority.

It is important to take into consideration that electronic invoices have an impact over at least two main types of relationships: (i) the first one is between the tax payer and the Government and (ii) the second one is the relationship between the purchaser or beneficiary of the goods or services invoiced and the seller of such goods and services. Since the use of electronic invoices was intended mainly for taxation purposes and not for commercial ones, certain consequences were not considered, especially in connection with their use to secure commercial lines of credit. Since the beneficiary of the goods or services sold has no participation in the production of the electronic invoice, hence, the electronic invoice is not actually signed by the debtor, such documents cannot be used as executive credit instruments.

Recently our Courts have stated that such electronic invoices lacking of the signature of the purchaser or debtor cannot be considered executive credit instruments, thus, cannot be utilized as basis to initiate a collection process. It has also been indicated that the electronic acceptance of the invoice by its addressee is not enough to consider proven the existence of a debt nor it substitutes the signature required for an invoice to be taken as an executive credit instrument. This does not necessarily imply that an electronic invoice cannot be collected, but the plaintiff is then obliged to initiate an ordinary lawsuit, rather than a collection process, and in order to secure effective collection will have to incur in greater costs, among which is making a security deposit equal to 25% of the debt in order to obtain an embargo over the defendant's assets.

[1] Decree Nº DGT-R-48-2016, Authorization for the use of electronic invoices, chapter 1, par. g).

It is then important for businesses to undertake the necessary measures to make sure that their credit invoices are signed by their clients, their legal representatives or the individuals expressly authorized to receive and accept invoices. This ensures that the invoice is considered an executive credit instrument and allows the initiation of judicial collection proceedings. Said signature can be obtained by printing and submitting the invoice to the client or by electronically obtaining the clients digital signature or seal. In any event, it is worth keeping in mind that securing lines of credit with invoices is not the most recommendable practice, as there are other means that provide higher security and their statute of limitations is longer, providing more time to foreclose.