

AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE REPUBLIC OF COSTA RICA FOR THE EXCHANGE OF INFORMATION RELATING TO TAXES

The Government of the United States of America (the “United States”) and the Government of the Republic of Costa Rica (“Costa Rica”), desiring to facilitate the exchange of information with respect to taxes, have agreed as follows:

ARTICLE 1

Object and Scope of this Agreement

The competent authorities of the Parties shall provide assistance to each other through exchange of information that is foreseeably relevant to the administration and enforcement of the domestic laws of the Parties concerning taxes covered by this Agreement. Such information shall include information that is foreseeably relevant to the determination, assessment and collection of such taxes, the recovery and enforcement of tax claims, or the investigation or prosecution of tax matters. Information shall be exchanged in accordance with the provisions of this Agreement and shall be treated as confidential in the manner provided in Article 10 (Confidentiality).

ARTICLE 2

Jurisdiction

A requested Party shall not be obligated to provide information that is neither held by its authorities nor in the possession or control of persons who are within its territorial jurisdiction. With respect to information held by its authorities or in the possession or control of persons who are within its territorial jurisdiction, however, the requested Party shall provide information in accordance with this Agreement regardless of whether the person to whom the information relates is, or whether the information is held by, a resident or national of a Party.

ARTICLE 3

Taxes Covered

1. This Agreement shall apply to the following taxes imposed by the Parties:
 - (a) in the case of the United States, all federal taxes; and

(b) in the case of Costa Rica, taxes of every kind and description collected by the Ministry of Finance.

2. This Agreement shall also apply to any identical or substantially similar taxes that are imposed after the date of signature of this Agreement in addition to or in place of the existing taxes. The competent authorities of the Parties shall notify each other of any significant changes that have been made in their taxation laws or other laws that relate to the application of this Agreement.

ARTICLE 4

Definitions

1. For the purposes of this Agreement, unless otherwise defined:

(a) the term “Party” means the United States or Costa Rica as the context requires;

(b) the term “competent authority” means:

(i) in the case of the United States, the Secretary of the Treasury or his delegate, and

(ii) in the case of Costa Rica, the Director of the Tax Administration or an authorized representative;

(c) the term “person” includes an individual, a company and any other body of persons;

(d) the term “company” means any body corporate or any entity that is treated as a body corporate for tax purposes;

(e) the term “national” of a Party means any individual possessing the nationality or citizenship of that Party, and any legal person, partnership or association deriving its status as such from the laws in force in that Party;

(f) the term “publicly traded company” means any company whose principal class of shares is listed on a recognized stock exchange if the purchase or sale of its listed shares is not implicitly or explicitly restricted to a limited group of investors;

(g) the term “principal class of shares” means the class or classes of shares representing a majority of the voting power and value of the company;

(h) the term “recognized stock exchange” means any stock exchange agreed upon by the competent authorities of the Parties;

(i) the term “public collective investment fund or scheme” means any pooled investment vehicle, irrespective of legal form, if the purchase, sale or redemption of the units, shares or other interests in the investment vehicle is not implicitly or explicitly restricted to a limited group of investors;

(j) the term “tax” means any tax to which this Agreement applies and does not include customs duties;

(k) the term “applicant Party” means the Party requesting information;

(l) the term “requested Party” means the Party requested to provide information;

(m) the term “information gathering measures” means laws and administrative or judicial procedures that enable a Party to obtain and provide the requested information; and

(n) the term “information” means any fact, statement or record in any form whatever.

2. For purposes of determining the geographic area within which jurisdiction to compel production of information may be exercised:

(a) the term “United States,” when used in a geographic sense, means the territory of the United States of America, including American Samoa, Guam, the Northern Mariana Islands, Puerto Rico, the U.S. Virgin Islands and any other U.S. possession or territory, as well as the territorial sea and airspace of the United States of America and maritime areas over which the United States of America exercises or may exercise sovereign rights with respect to the natural resources, in accordance with international law; and

(b) the term “Costa Rica,” when used in a geographic sense, means the territory, including Isla del Coco, as well as the territorial sea and the airspace of Costa Rica and maritime areas over which Costa Rica exercises or may exercise sovereign rights with respect to the natural resources, in accordance with international law.

3. As regards the application of this Agreement at any time by a Party, any term not defined herein shall, unless the context otherwise requires or the competent authorities agree to a common meaning pursuant to the provisions of Article 12 (Mutual Agreement Procedure), have the meaning that it has at that time under the law of that Party, any meaning under the applicable tax laws of that Party prevailing over a meaning given to the term under other laws of that Party.

ARTICLE 5

Exchange of Information Upon Request

1. The competent authority of the requested Party shall provide information upon request by the competent authority of the applicant Party for the purposes referred to in Article 1 (Object and Scope of this Agreement). Such information shall be exchanged without regard to whether the requested Party needs such information for its own tax purposes or whether the conduct being investigated would constitute a crime under the laws of the requested Party if such conduct occurred in the requested Party.

2. If the information in the possession of the competent authority of the requested Party is not sufficient to enable it to comply with the request for information, the requested Party shall use all relevant information gathering measures to provide the applicant Party with the information requested, notwithstanding that the requested Party may not need such information for its own tax purposes. Privileges under the laws and practices of the applicant Party shall not apply in the execution of a request by the requested Party and the resolution of such matters shall be solely the responsibility of the applicant Party.

3. If specifically requested by the competent authority of the applicant Party, the competent authority of the requested Party shall provide information under this Article, to the extent allowable under its domestic laws, in the form of depositions of witnesses and authenticated copies of original records.

4. Each Party shall ensure that its competent authority, for the purposes specified in Article 1 (Object and Scope of this Agreement) of this Agreement, has the authority to obtain and provide upon request:

(a) information held by banks, other financial institutions, and any person acting in an agency or fiduciary capacity including nominees and trustees; and

(b) information regarding the ownership of companies, partnerships, trusts, foundations, “Anstalten” and other persons, including, within the constraints of Article 2 (Jurisdiction), ownership information on all such persons in an ownership chain; in the case of trusts, information on settlors, trustees and beneficiaries; and in the case of foundations, information on founders, members of the foundation council and beneficiaries.

Notwithstanding subparagraph 4(b), this Agreement does not create an obligation on the Parties to obtain or provide ownership information with respect to publicly traded companies or public collective investment funds or schemes unless such information can be obtained without giving rise to disproportionate difficulties to the requested Party.

5. The competent authority of the applicant Party shall provide the following information to the competent authority of the requested Party when making a request for information under this Agreement, with the greatest degree of specificity possible:

(a) the identity of the person or ascertainable group or category of persons under examination or investigation;

(b) a statement of the information sought, including its nature and the form in which the applicant Party wishes to receive the information from the requested Party;

(c) the period of time with respect to which the information is requested;

(d) the matter under the applicant Party's tax law with respect to which the information is sought;

(e) grounds for believing that the information requested is foreseeably relevant to tax administration or enforcement of the applicant Party with respect to the person or group or category of persons identified in subparagraph 5(a);

(f) grounds for believing that the information requested is held in the requested Party or is in the possession or control of a person within the jurisdiction of the requested Party;

(g) to the extent known, the name and address of any person believed to be in possession or control of the requested information;

(h) a statement that the request is in conformity with the law and administrative practices of the applicant Party, that if the requested information was within the jurisdiction of the applicant Party then the competent authority of the applicant Party would be able to obtain the information under the laws of the applicant Party or in the normal course of administrative practice and that it is in conformity with this Agreement; and

(i) a statement that the applicant Party has pursued all means available in its own territory to obtain the information, except those that would give rise to disproportionate difficulties.

6. The competent authority of the requested Party intends to forward the requested information as promptly as possible to the applicant Party. To ensure a prompt response, the competent authority of the requested Party intends to:

a) confirm receipt of a request in writing to the competent authority of the applicant Party and notify the competent authority of the applicant Party of deficiencies in the request, if any, within 60 days of the receipt of the request; and

b) if the competent authority of the requested Party has been unable to obtain and provide the information within 90 days of receipt of the request, including if it encounters obstacles in furnishing the information or it refuses to furnish the information, promptly inform the applicant Party, explaining the reason for its inability, the nature of the obstacles or the reasons for its refusal.

ARTICLE 6

Automatic Exchange of Information

The competent authorities may automatically transmit information to each other for the purposes referred to in Article 1 (Object and Scope of this Agreement). The competent authorities shall determine the items of information to be exchanged pursuant to this Article and the procedures to be used to exchange such items of information.

ARTICLE 7

Spontaneous Exchange of Information

The competent authority of a Party may spontaneously transmit to the competent authority of the other Party information that has come to the attention of the first-mentioned competent authority and that the first-mentioned competent authority supposes to be foreseeably relevant to the accomplishment of the purposes referred to in Article 1 (Object and Scope of this Agreement). The competent authorities shall determine the procedures to be used to exchange such information.

ARTICLE 8

Tax Examinations Abroad

1. A Party may allow representatives of the other Party to interview individuals and examine records in the territory of the first-mentioned Party with the written consent of the persons concerned. The competent authority of the second-mentioned Party shall notify, reasonably in advance of a meeting, the competent authority of the first-mentioned Party of the time and place of the meeting with the individuals concerned.
2. At the request of the competent authority of one Party, the competent authority of the other Party may allow representatives of the competent authority of the first-mentioned Party to be present at the appropriate part of a tax examination in the second-mentioned Party.
3. If the request referred to in paragraph 2 of this Article is acceded to, the competent authority of the Party conducting the examination shall, as soon as possible, notify the competent authority of the other Party about the time and place of the examination, the authority or official designated to carry out the examination and the procedures and conditions required by the first-mentioned Party for the conduct of the examination. All decisions with respect to the conduct of the tax examination shall be made by the Party conducting the examination.

ARTICLE 9

Possibility of Declining a Request

1. The requested Party shall not be required to obtain or provide information that the applicant Party would not be able to obtain under its own laws for purposes of the administration or enforcement of its own tax laws. The competent authority of the requested Party may decline to assist where the request is not made in conformity with this Agreement. The competent authority of the requested Party may decline to assist where the applicant Party has not pursued all means available in its own territory to obtain the information, except those that would give rise to disproportionate difficulties.
2. The provisions of this Agreement shall not impose on a Party the obligation to supply information that would disclose any trade, business, industrial, commercial or professional secret or trade process. Notwithstanding the foregoing, information of the type referred to in Article 5 (Exchange of Information Upon Request), paragraph 4 shall not be treated as such a secret or trade process merely because it meets the criteria in that paragraph.
3. The provisions of this Agreement shall not impose on a Party the obligation to obtain or provide information that would reveal confidential communications between a client and an attorney, solicitor or other admitted legal representative where such communications are:
 - (a) produced for the purposes of seeking or providing legal advice; or
 - (b) produced for the purposes of use in existing or contemplated legal proceedings.
4. The requested Party may decline a request for information if the disclosure of the information would be contrary to public policy (ordre public).
5. A request for information shall not be refused on the ground that the tax claim giving rise to the request is disputed.
6. A request for information shall not be refused on the ground that the period of limitations in the requested Party has expired. Instead, the statute of limitations of the applicant Party pertaining to the taxes to which the Agreement applies shall govern a request for information.

7. The provisions of this Agreement shall not impose on a Party the obligation to supply information requested by the applicant Party to administer or enforce a provision of the tax law of the applicant Party, or any requirement connected therewith, which discriminates against a national of the requested Party. A provision of tax law or connected requirement shall be considered to be discriminatory against a national of the requested Party if it is more burdensome with respect to a national of the requested Party than with respect to a national of the applicant Party in the same circumstances. For purposes of the preceding sentence, a national of the applicant Party who is subject to tax on worldwide income is not in the same circumstances as a national of the requested Party who is not subject to tax on worldwide income. The provisions of this paragraph shall not be construed so as to prevent the exchange of information with respect to the taxes imposed by the Parties on branch profits, branch-level interest, or the premium income of nonresident insurers or foreign insurance companies.

ARTICLE 10

Confidentiality

Any information received by a Party under this Agreement shall be treated as confidential and may be disclosed only to persons or authorities (including courts and administrative bodies) in the jurisdiction of the Party concerned with the assessment or collection of, the enforcement or prosecution in respect of, or the determination of appeals in relation to, the taxes covered by this Agreement, or the oversight of such functions. Such persons or authorities shall use such information only for such purposes. They may disclose the information in public court proceedings or in judicial decisions. The information may not be disclosed to any other person, entity, authority or jurisdiction. Notwithstanding the foregoing:

(a) where the competent authority of the Party that provided the information provides prior, written consent, the information may be disclosed for:

- (i) counter-terrorism purposes when information received by a Party under this Agreement may be disclosed for such purposes under that Party's laws; or
- (ii) for purposes permitted under the provisions of an international agreement governing legal assistance in criminal matters that is in force between the Parties that allows for the exchange of tax information; and

(b) the competent authority of a Party may disclose information not relating to a particular person received under this Agreement if it has determined, after consultation with the competent authority of the other Party, that such disclosure would not impair tax administration (including the administration of this Agreement).

ARTICLE 11

Costs

Unless the competent authorities of the Parties otherwise agree, ordinary costs incurred in providing assistance shall be borne by the requested Party and extraordinary costs incurred in providing assistance shall be borne by the applicant Party.

ARTICLE 12

Mutual Agreement Procedure

1. Where difficulties or doubts arise between the Parties regarding the implementation or interpretation of this Agreement, the competent authorities shall endeavor to resolve the matter by mutual agreement.
2. The competent authorities may adopt and implement procedures to facilitate the implementation of this Agreement.
3. The competent authorities of the Parties may communicate with each other directly for purposes of reaching a mutual agreement under this Article.

ARTICLE 13

Mutual Assistance Procedure

The competent authorities of the Parties may agree to exchange technical know-how, develop new audit techniques, identify new areas of non-compliance and jointly study non-compliance areas.

ARTICLE 14

Entry Into Force

1. This Agreement shall enter into force one month from the date of Costa Rica's written notification to the United States that Costa Rica has completed its necessary internal procedures for entry into force of this Agreement. The provisions of this Agreement shall have effect for requests made on or after the date of entry into force, regarding taxable periods beginning on or after the date of entry into force.
2. The Agreement between the Government of the United States of America and the Government of the Republic of Costa Rica for the Exchange of Information With Respect to Taxes, signed at San Jose on March 15, 1989 ("1989 Agreement") shall

terminate on the date of entry into force of this Agreement. Notwithstanding such termination, the terms of the 1989 Agreement shall continue to apply as if it remained in force to requests for information with regard to taxable periods beginning prior to the date of entry into force of this Agreement.

ARTICLE 15

Termination

1. This Agreement shall remain in force until terminated by a Party.
2. Either Party may terminate this Agreement by giving notice of termination in writing to the other Party. Such termination shall become effective on the first day of the month following the expiration of a period of six months after the date of the notice of termination.
3. If this Agreement is terminated, both Parties shall remain bound by the provisions of Article 10 (Confidentiality) with respect to any information obtained under this Agreement.

In witness whereof, the undersigned, being duly authorized thereto by their respective Governments, have signed this Agreement.

Done at _____, in duplicate, in the English and Spanish languages, both texts being equally authentic, this __ day of _____, 20__.

FOR THE GOVERNMENT OF
THE UNITED STATES OF AMERICA:

FOR THE GOVERNMENT OF
THE REPUBLIC OF COSTA RICA: