



Tax and Legal Services

Tax Flash 18/2019

May 13th, 2019

Enactment of the Convention executed between the Government of Mexico and the Government of the Republic of Costa Rica to Avoid Double Taxation signed on 12 April 2014

The Mexico-Costa Rica tax treaty, which was signed in 2014, was published on 3 May 2019 in Mexico's official gazette.

The treaty entered into force on 21 April 2019 (30 days after the date the last notification between the contracting states regarding the treaty's ratification was received, which was 22 March 2019), and will be effective as from 1 January 2020.

When the treaty enters into effect, residents that receive income sourced in Mexico or Costa Rica will be subject to tax in the state in which the income is deemed to have arisen.

However, assuming the beneficial owner of the payment qualifies for treaty benefits, the following reduced withholding tax rates will apply (unless the domestic rate is lower):

Tax and Legal Services

Tax Flash 18/2019 | May 13th, 2019

| Income | Tax Rate |
|----------------------|---|
| Dividends | <ul style="list-style-type: none">• 5% of the gross amount paid to a company (other than a partnership) where the beneficial owner holds directly at least 20% of the capital of the payer entity.• 12% in all other cases. |
| Branch remittances | <ul style="list-style-type: none">• 5% of the gross amount. |
| Interests | <ul style="list-style-type: none">• 10% of the gross amount. |
| Royalties | <ul style="list-style-type: none">• 10% of the gross amount. |
| Capital gains | <ul style="list-style-type: none">• Gains from the alienation of shares may be taxed insofar as the seller held, directly or indirectly, a participation of at least 25% in the capital of the company in the 12-month period prior to the sale . |
| Independent services | <ul style="list-style-type: none">• 10% of the gross compensation amount. |

In order to prevent treaty abuse, the Convention includes limitation on benefits rules limiting its application to qualified persons.

Tax and Legal Services

Tax Flash 18/2019 | May 13th, 2019

4

Contacts:

Eduardo Barrón

edbarron@deloittemx.com

Tel. +52 55 5080 6452

Eduardo Peralta

edperalta@deloittemx.com

Tel: +52 55 5080 6699

Laura Rodríguez

lrodrigue@deloittemx.com

Tel: +52 55 5080 7219

Josemaría Cabanillas

jcabanillas@deloitte.com

Tel. +52 55 5080 7625

Herminia Díaz

hdiaz@deloittemx.com

Tel. +52 81 8133 7339

www.deloitte.com/mx

www.deloitte.com/mx/tax



tax@hand App

Download our tax@hand app. Available on:

www.taxathand.com

For: IOS, Android and Blackberry



Aguascalientes

Universidad 1001, piso 12-1
Bosques del Prado
20127 Aguascalientes, Ags.
Tel: +52 (449) 910 8600
Fax: +52 (449) 910 8601

Cancún

Avenida Bonampak SM 6, M 1, lote 1,
piso 10, 77500 Cancún, Q. Roo
Tel: +52 (998) 872 9230
Fax: +52 (998) 892 3677

Chihuahua

Av. Valle Escondido 5500
Fracc. Des. El Saucito E-2, piso 1,
31125 Chihuahua, Chih.
Tel: +52 (614) 180 1100
Fax: +52 (614) 180 1110

Ciudad Juárez

Baudelio Pelayo No. 8450
Parque Industrial Antonio J. Bermúdez
32400 Ciudad Juárez, Chih.
Tel: +52 (656) 688 6500
Fax: +52 (656) 688 6536

Culiacán

Insurgentes 847 Sur, Local 103
Colonia Centro Sinaloa
80128 Culiacán, Sin.
Tel: +52 (33) 1454 2000

Guadalajara

Avenida López Mateos Norte 2405, piso 29
Colonia Italia Providencia
44648 Guadalajara, Jal.
Tel: +52 (33) 3669 0404
Fax: +52 (33) 3669 0469

Hermosillo

Blvd. Eusebio Francisco Kino No. 315
Piso 8, Suite 804, Colonia Lomas del Pitic
83010 Hermosillo, Son.
Tel: +52 (662) 109 1400
Fax: +52 (662) 109 1414

León

Paseo de los Insurgentes 303, piso 1
Colonia Los Paraísos
37320 León, Gto.
Tel: +52 (477) 214 1400
Fax: +52 (477) 214 1405 y 1407

Mérida

Calle 56 B 485 Prol. Montejo Piso 2
Colonia Itzimna
97100 Mérida, Yuc.
Tel: +52 (999) 913 4032
Fax: +52 (999) 913 4052

Mexicali

Calzada Francisco López Montejano 1342
Piso 7 Torre Sur
Fracc. Esteban Cantú
21320 Mexicali, B.C.
Tel: +52 (686) 905 5200
Fax: +52 (686) 905 5231 y 5232

Ciudad de México

Paseo de la Reforma 505, piso 28
Colonia Cuauhtémoc
06500 México, D.F.
Tel: +52 (55) 5080 6000

Monclova

Blvd. Harold R. Pape # 307-C
Colonia Guadalupe
25750 Monclova, Coah.
Tel: +52 (866) 190 9550
Fax: +52 (866) 190 9553

Monterrey

Av. Juárez 1102, piso 40
Centro
64000 Monterrey, N.L.
Tel: +52 (81) 8133 7300

Puebla

Edificio Deloitte, Vía Atlixcayotl 5506, piso 4 Zona
Angelópolis
72190 Puebla, Pue.
Tel: +52 (222) 303 1000
Fax: +52 (222) 303 1001

Querétaro

Avenida Tecnológico 100-901
Colonia San Ángel
76030 Querétaro, Qro.
Tel: +52 (442) 238 2900
Fax: +52 (442) 238 2975 y 2968

Reynosa

Carr. Monterrey-Reynosa 210-B, PA
Fracc. Portal San Miguel
88730 Reynosa, Tamps.
Tel: + 52 (899) 921 2460
Fax: +52 (899) 921 2462

San Luis Potosí

Av. Salvador Nava Martínez 3125, 3-A
Fracc. Colinas del Parque
78294 San Luis Potosí, S.L.P.
Tel: +52 (444) 102 5300
Fax: +52 (444) 102 5301

Tijuana

Misión de San Javier 10643, Piso 8
Zona Urbana Río Tijuana.
Tijuana B.C., 22010
Tel: +52 (664) 622 7878
Fax: +52 (664) 681 7813

Torreón

Independencia 1819-B Oriente
Colonia San Isidro
27100 Torreón, Coah.
Tel: +52 (871) 747 4400
Fax: +52 (871) 747 4409



Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee and its network of member firms, each of which is a unique and independent legal entity. Please consult our website at www.deloitte.com/mx/aboutus for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

Deloitte renders professional services in the areas of audit, taxes and legal services, consulting and advisory, to public and private clients from different industries. With a global network of member firms in over 150 countries, Deloitte offers world-class capacities and high quality service to its clients, providing the experience necessary to deal with the most complex business challenges. The more than 264,000 employees of Deloitte are committed to achieving significant impacts in their communities.

As utilized in this document, "Deloitte" means Galaz, Yamazaki, Ruiz Urquiza, S.C., which has the exclusive legal right to become involved in, and limits its business to, the provision of services of audit, tax consulting, advisory and other professional services in Mexico, under the name "Deloitte".

This publication contains only general information and neither Deloitte Touche Tohmatsu Limited, its member firms, nor any of their respective affiliates (collectively the "Deloitte Network"), render advice or services through this publication. Before taking any decision or measure which may affect your finances or business, you should consult a qualified professional adviser. No entity of the Deloitte Network will assume responsibility for losses suffered by any person or entity that consults this publication.