

Regulation for the Law of Incentives for the Tourist Development

Executive Decree No. 24863-H-TUR of December 5 of 1995, published in La Gaceta No. 22 of January 31 of 1996, amended by Executive Decree No. 29215-H-MEIC-TUR of January 19 of 2001, published in La Gaceta No.27 of February 7 of 2001 and by Executive Decree No. 29579-H-TUR published in Alcance No. 41-A to La Gaceta No. 110 of June 8 of 2001.

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CHAPTER I Of the definitions

Article 1.- Definitions. To all ends, when this law or Regulation uses the following terms, they will be understood as:

- a) Tourist activities with incentives: Are those contemplated in the article 3 of the Law, in which companies with tourist declaratory approved by the Tourist Board's Board of Directors are engaged.
- b) Company: Natural or artificial person that has subscribed a tourist contract.
- c) Commission: Tourism Regulatory Commission appointed by the President of the Republic, which acts in representation of the State, ascribed to the Costa Rican Tourist Board.
- d) Contract or tourist contract: Is the agreement subscribed between the State and the respective company.
- e) Department: Public Treasury Department
- f) Tourist Industry: Is the activity performed by producers of goods and service lenders for consumption and use of tourists. Also public or private organizations directly related with the development and production of tourism in Costa Rica acknowledged and registered as such by ICT
- g) Tourist Board: It refers to the Costa Rican Tourist Board
- h) Law: Refers to Law of Incentives for Tourist Development No. 6990 of July 15 of 1985 and its amends.
- i) Secretariat: It refers to the Technical Secretariat of the Tourism Regulatory Commission.
- j) Articles or essential goods: It refers to all movable goods, materials, equipment and articles necessary for the installment or functioning of companies dedicated to the activities mentioned in clauses a) and c) or article 7 of the Law. In such activities, are not to be included the equipment or machinery used only for construction, nor office materials and stationery, except for special system invoices or others that the Commission considers essential, by founded resolution. Not included in this concept are automobiles or fuel, except for the benefactors of contracts subscribed before Law 7293 was in force, as decided by the Commission.

CHAPTER II Of the Commission

Article 2.-The Commission integrated in conformity with what's stipulated in article 4^o of the Law, will have an equal number of titleholders and replacements, will be presided by a representative of the Tourist Board and

there will be a vice-president appointed by the Commission. These members will be appointed by the Presidency of the Republic, for periods of two years, renewable by equal terms. Representatives of public entities will be proposed by the respective ministers and by the Costa Rica Tourist Board's Executive President, who will elect among the technical and hierarchic high rank functionaries, who are capable and with decision making power.

Representatives of the private sector will be elected from a ternary presented by national companies' chambers and associations from the tourism sector, who have to be directly related to any of the activities enumerated in Article 3º of this Law and must represent different activities. The terns should be enclosed with the respective curricula.

Article 3.-Members of the Commission must be sworn before the President of the Republic, prior to beginning with their functions, committing to comply consciously and in full responsibility with the obligations assigned by the Law and this regulation. Their function will be subject to the dispositions established by the professional organs established by the General Law Public Administration, independently of other administrative actions, civil and penalties that may be applied.

Article 4.-Are functions of the Commission:

- a) To know the requests for contracts, and approve those fulfilling the requirements established in the standing legislation. If the Commission's resolution were negative, it shall indicate the reasons and proofs in which it bases its denial. In this case, the agreement should be notified to the respective company by the means indicated by the General Law of Public Administration once it is firm.
- b) To fix the terms of validity of the tourist contracts.
- c) To know about every proceeding related with the granting of tourist contracts or those expressly assigned by Law or this Regulation, without detriment to those functions that according to the Commission are delegated to other technical organs.
- d) To establish its own norms for functioning within the valid legal frame.
- e) To inform the Department or the Tourist Board of the cases where the Commission knows of incorrect use of exonerated goods.
- f) Others assigned by the Law and this regulation.

Article 5.-The Commission will meet ordinarily at least twice a month, to fulfill its functions, and extraordinarily when necessary. Quorum will exist with three attending members, of which two must obligingly be of the Public Sector and one of the Private Sector. Agreements will be taken by simple majority which will be firm in the following session, as disposed by the General Law of Public Administration, unless present members agree its firmness by a voting of two thirds of the totality of members. Abstentions, blank and null votes will not be counted for the purpose of the voting, in case of a draw, the President will submit to a second round of voting, and if the situation persists, the President's vote will count as double.

Article 6.-The Commission will have its headquarters at the Tourist Board, which will make available the economic, material, technical, and human means necessary for the adequate compliance with its functions.

Article 7.- The Commission will keep the following records:

- a) Minutes of the sessions.
- b) Record of requests presented, enumerated with registration of the date and hour in which they were received.
- c) Record of Approved Tourist Contracts by chronological and alphabetical order.
- d) Record of incentives granted to each of the companies

Article 8.-The functions of the President of the Commission are:

- a) Preside the debates, decide when the subjects discussed have been thoroughly debated, and submit them to voting.
- b) Officially represent the Commission.
- c) Request the Secretariat to summon extraordinary sessions.
- d) Fix technical guidelines and give instructions related with the formal aspects of the Commission's tasks.
- e) Other functions and powers proper to its position, according to Article 49 of the General Law of Public Administration.
- f) Others according to this Regulation

Article 9.-In case of absence of the President or his replacement, the Vice-president will substitute him, with his same functions.
In its first sessions the Commission he will designate among the titleholders, by simple majority, the one who will fill in the position of Vice-president.

Article 10.-The Commission will count with a Secretary, whose functions the Tourist Board will coordinate using the dependency designed for such purposes.

Article 11.-Functions and duties of the Secretariat:

- a) Receive, analyze and submit to the knowledge of the Commission, requests for contracts and documents necessary for their approval.
- b) Receive, analyze and submit to the Commission's knowledge any proceeding of its competence related with the application of tourist contracts.

- c) Verify that requests for contracts and other proceedings implied by the businessmen complying with the previously established requirements. Any communication deriving from this analysis shall be notified to the interested.
- d) Review, in the corresponding cases of companies requesting tourist contracts; that they are in effect located outside of the Metropolitan Region for being susceptible to benefit from exemption of the territorial tax established by the Ministry of Planning.
- e) Prepare along with the Presidency, the agenda of matters to be treated in every meeting and draw up the minutes of every session held by the Commission.
- f) Execute and coordinate the studies requested by the Commission, with the support of the Tourist Board's dependencies.
- g) Officially summon to ordinary sessions and summon the extraordinary ones by petition of the President or of three members of the Commission, with at least 24 hours in anticipation, save in case of emergencies. Nevertheless the Commission will be validly constituted without complying with requirements referent to summons or agenda of the meeting, when all members assist and unanimously agree its validity.
- h) Communicate the agreements of requests and other proceedings related with contracts and reports, once firm as to the formalities disposed in **article 239** following the General Law of Public Administration.
- i) Keep an updated information system, by tourist activity and by company, in a chronological and alphabetical order as detailed in the following article.
- j) Study the exoneration requests and submit them before the Commission, unless it has delegated it to the Secretary.
- k) Receive, analyze and approve annual reports established in article 40 of this Decree.
- l) Others established in this Regulation.

Article 12.-The Secretariat will introduce and keep updated, an information system including at least:

- a) A list consigning the general data of the companies: name, number of contract, validity of the contract and benefits granted.
- b) Request for contracts, received and approved.
- c) Approved contracts (original documents).

- d) Annual reports.
- e) Other reports requested by the Commission.
- f) Correspondence sent and received.
- g) Contracts cancelled and suspended.
- h) Others considered necessary by the Secretariat for its functioning

Article 13.-The minutes of the sessions of the Commission will be approved the following session and signed by the President and Secretary and by those members registering their vote of non-conformity.

Agreements declared in firm will be executed by the Secretariat. Any member of the Commission may request revision of the agreement (s) not declared firm and adopted the previous session; such appeal must be presented during the reading and discussion of the minutes of the preceding session, and resolved at that moment, save if the Presidency disposes to review it in extraordinary session.

Article 14.-Against the agreements issued by the Commission, the interested may file the resources of annulment and appeal: annulment will be presented before the same Commission, within a term of 3 days, counting from communication of the agreement. In case the Commission denies the annulment, it will be sent to the Board of Directors of the Tourist Board to know of the appeal, with which executive proceedings will be considered as closed, in conformity with valid dispositions of the General Law of Public Administration.

CHAPTER III **Of the tourist contract**

Article 15. - An essential general requirement for natural or legal persons interested in obtaining the incentives of the Law, is to be previously qualified as a tourist activity in a definitive form by the Board of Directors of the Tourist Board, according to valid regulations. Without this qualification no request for tourist contract may be carried out.⁸⁶

In case that the tourist declaratory from a company with a tourist contract was cancelled by the Tourist Board's Board of Directors, it will proceed to initiate cancellation proceedings of the respective contract. The above must be communicated immediately to the Secretariat.

The qualification of tourist activity does not oblige the Tourist Board or its Commission to grant a tourist contract and its incentives, since they will be evaluated and approved, based on the requirements established by the Law, this regulation and the Commission.

⁸⁶ By amend to the Regulation for Tourism Companies and Activities, an activity is declared as tourist by Management and not by the Costa Rican Board's Board of Directors.

Article 16.- In order to request a Tourist Contract, natural or legal persons must have obtained the tourist declaratory and present before the Tourist Board the following requirements, :⁸⁷

I-Legal Requirements:

- 1- Written request for the obtainment of the tourist contract subscribed by the interested or by a legal agent in case of a legal person, with duly authenticated signatures.
- 2- Copy of the resolution granting the tourist declaratory
- 3- Certification of the Rights of Representation and Performance, if:
 - a) the one presented in the proceedings of declaration has been issued more than three months ago
 - b) the company representatives have changed after the granting of the tourist declaratory, in which case the information related with such representatives must be updated.

Any certification must be presented within three months from the date of its issuance.

- 4- Sworn Declaration: granted by the interested, if natural person or legal representative of the entity in case of legal persons. Such declaration by a notary must include the following commitments:
 - a) that the company's exclusive objective is the activity of tourism, and in case of doing other affairs, will keep them apart in their accounting and management.
 - b) that they commit to begin operations or construction, within a maximum term of six months, counting from the signature of the tourist contract. The Commission may only extend this term by a reasoned act in attention to a duly justified request from the interested.

II-Technical Requirements:

Lodging and aquatic transport projects developing infrastructure must present basic plans, according to established specifications of this decree in Annex 1 "Guide of Requirements for Constructive Plans, for companies wishing to opt for the Tourist Contract."

III-Economic Requirements

An economic research must be presented, including the following aspects:

- a) Contribution to the Balance of Payments.

⁸⁷ As amended by the Executive Decree No. 29215-H-MEIC-TUR of January 19 of 2001 published in La Gaceta No. 27 of February 7 of 2001. On these requirements also check the publication done in compliance with Law No. 8220 in La Gaceta No. 115 of June 17 of 2002.

- b) Use of raw materials or national supplies.
- c) Creation of direct and indirect employment.
- d) Effects on regional development.
- e) Modernization or diversification of the national tourist offer.
- f) Increases internal and international tourist demand.
- g) Benefits reflected in other sectors.

Specifications contained in this study are detailed in this decree as Annex 2 "Guide of Requirements to Prepare an Economic Study, "and the specifications to comply by any type of activity are detailed in Annex 3 "Guide of Requirements to Obtain a Tourist Contract. Detail of Requirements by Activity."

The Guides of Requirements for a Tourist Contract detailed in Annexes 1, 2 and 3 are a normative part, integrating this Regulation, and its contents establish the complete form to comply with specific requirements established in this regulation.

Once the documents are reviewed, the Tourist Board will specify in writing and only once, the list of requirements and documents pending of inclusion.

Once the contract is signed, and prior to the company beginning proceedings for the first exoneration of a good, it must present a purchase plan, including a detail of the goods to exonerate and corresponding quantities, required in activities and projects, object of the tourist contract.

In case the goods are not included in the original purchase plan, must present an extension of such plan for approval by the Commission.

Article 17.-The Secretariat will consign in the request to obtain a Tourist Contract the date received. The Commission will count with a term of thirty natural days to resolve the contract's requests, counting from the date the documents are received, and due compliance of the requirements, according to the revision of the same by corresponding technical departments.

Once the request is approved, the Secretariat will proceed with formalization of the contract before the Tourist Board. The Tourist Board will complete such formalization within the fifteen days following the date of the reception of the respective documentation.

Article 18.-The contract must be signed by the natural person or legal agent if legal person, as it may be the case and the Tourist Board's representative in representation of the State.

Article 19.-The contract will include at least the following aspects:

- a) Name and trade name of the beneficiary, with the information necessary for its identification and location, as well as of its legal agent if a legal person.
- b) Description of the beneficiary's activity.
- c) Detail of incentives granted.
- d) Detailed enumeration of the obligations assumed by the beneficiary.
- e) Indication of the date of the beginning of the operations and the validity of the contract.
- f) Other additional aspects considered necessary for its better application.

Article 20.-If a natural or legal person applies separately or simultaneously for benefits of two or more tourist activities foreseen in article 3 of the Law, and such request is approved; such person must subscribe a contract for each activity.

Article 21.-The maximum terms of validity for tourist contracts will be of 25 years, for Hotel Services; 12 years for International or National Air Transport of Tourists; 12 years for Travel Agencies of Receptive Tourism; 12 years for Aquatic Transport of Tourists, counting from the date of signature of the same, being automatically renewed for an equal term upon expiration, unless otherwise manifested by one of the parties, within a term of two months before its expiration.

CHAPTER IV Of the obligations

Article 22.-Companies must supply the information required by the Ministry of Public Treasury or the Tourist Board when it is for fiscal purposes.

Article 23.-The companies must present an annual report before the Secretariat, with a copy for the Department; in which they indicate the use and destination of exonerated goods, during that period. This report has the character of a sworn declaration and will be presented during the first three months after finalization of the fiscal period, previously authorized by the General Department of Direct Taxation for each company.

CHAPTER V Prohibitions and Sanctions

Article 24.-To be considered as non-compliance to this exemption system, will be the not presentation, omission of data and inexact or false information of the report stipulated in articles 23 and 37 of this Regulation

Article 25.-Companies having acquired exonerated goods, under the protection of the Law and this regulation, and without a prior authorization should sell, lease, lend or negotiate them in whatever way, or use them for different aims than those motivating the exoneration or benefit, will be

sanctioned by the Department, with a fine of ten times the amount of taxes exonerated over goods transferred, without detriment of other sanctions, civil or penalties, that are applicable.

Likewise, benefits foreseen by Law are conditioned, in a resolving way, to fully observe the precepts, requirements or aims that regulate the granting, as well as the correct use and foreseen destination of the goods and services, over which an exemption is given to a subject.

Article 26.-The General Department of Public Treasury or administrative organ in which it delegates such function, will be the entity in charge of performing the corresponding administrative procedure, in the eventual application of sanctions of the present system, in those cases when non-compliance or sanction refer to a correct use and destination of exonerated goods, under conditions foreseen in the Law, the present Regulation and the respective contract.

Once the procedure of respective resolution is ended, a copy will be forwarded to the Regulatory Commission.

Article 27.-In the other cases of non-compliance to the dispositions of the present exoneration system, it will correspond to the Regulatory Commission of Tourism, or the administrative organ to which it delegates such function, to impulse and follow the corresponding administrative procedure.

Article 28.-Once the procedure is concluded, and in case cancellation of the respective tourist contract is recommended, the file will be forwarded to the Tourist Board's Board of Directors, with the corresponding recommendation, so that it definitively decides if sanctions apply. The mentioned above without detriment to the sanctions of fiscal type that the Department may apply in virtue of standing dispositions.

CHAPTER VI **Of the incentives and benefits**⁸⁸

Article 29.- The incentives established in this chapter may be granted totally or partly to companies qualified for obtaining the benefits of this law, according to the activity that they deal with.

Article 30.-Companies dedicated to hotel services will benefit from the following incentives:

- a) Exemption of taxes and overcharges applied to the import or local purchase of essential goods for the functioning or installment of new companies, or the established ones offering new services. These goods must have a close relationship with the activity they are destined to. To this end, will be considered as new services the updating and modernization of existing ones. Also those goods necessary for

⁸⁸ Law No. 8114 annuls all exemptions of sales taxes contained in article 7 of Law No. 6990 and thus this chapter must be considered amended in this respect.

construction, extension or remodeling of buildings where their activities take place.⁸⁹

As to the goods considered essential, will apply what's established in clause j) of article 1º of the present Decree. The above exemptions will not be granted for import of similar goods or those manufactured in the territory of signing countries of this Central American Agreement of Tax and Customs System, in equality of conditions as to the quality, quantity and prices, as decided by the Ministry of Economy, Industry and Commerce. Such Ministry is empowered to issue semiannual authorizations over products in which there is no Central American manufacturing in the conditions mentioned.

- b) Accelerated depreciation over goods that by their use or nature are more rapidly destroyed in conformity with the Income Tax Law.⁹⁰
- c) Concession of the patents and municipal permits required by companies for development of their activities, by the corresponding municipalities, within thirty days of the request, including national and foreign liquors, to attend the needs of a floating population. The liquors' patent covers all booths of the company in its premises, where the patent was authorized. The liquors' patent granted under these conditions may not be used in another establishment.

The price of the patent mentioned before may not exceed the last auction value of a similar patent in the same district.

- d) Authorization from the Central Bank of Costa Rica for Costa Rican hotel companies dedicated to attend international tourists be contracted as auxiliary cash boxes of said institution, for the purchase of currency from foreign tourists. Operations will be carried out to its name and account of the Central Bank of Costa Rica, which will establish the respective agreement, terms and conditions in which hotels will transfer the currency received through their activity.
- e) Exemption of Land Tax for a period up to six years, counting from the signature of the contract, to those establishments installed outside of the Metropolitan Region, delimited by the Ministry of Planning. To these ends, the company will demonstrate to the Tax Management the exemption it has right to, enclosing to the respective request, a photocopy of the contract.⁹¹

⁸⁹ In conformity with article 17 of Law No. 8114 all exemptions to payment of sales taxes contained in article 7 of Law No. 6990 are annulled, exception made for hotel companies as to the initial investment for acquiring essential articles and construction materials of premises destined to put in operation each project. Any addition, extension, remodeling or acquisition of equipment will be subject to payment of sales taxes.

⁹⁰ Understood as annulled by Law No 8114 published in Alcance No. 53 to La Gaceta No. 131 of July 9 of 2001.

⁹¹ Law No. 7509 of Tax over Real Estate, published in La Gaceta of June 19 of 1995, annulled this incentive.

Article 31.- Air transport of tourists. Classify for this benefit, those companies which transport tourists on international routes and operate flights with itineraries within the national territory.

Article 32.- Companies dedicated to air transport of international and national tourists have right to the following incentives:

- a) Accelerated depreciation, in conformity with the Income Tax Law.⁹²
- b) Supply of fuel at a competitive price determined with the following formulas:
 - i. For jet-fuel, the weekly average FOB price reported will be taken (from Friday to Thursday), for the Gulf coast, in bulk, published in Platt's Global Alert, plus US \$ 0,0368 / liter to cover the direct cost of fuel management.

- ii. For Av-Gas take the weekly average FOB price for high octane gas taken (from Friday to Thursday) reported in Platt's Global Alert plus the respective premium, plus US \$ 0,0964 / liter to cover the direct cost of fuel management.

In both cases, the estimate will be done on Friday each week, and the exchange rate to use will be the one valid for the day the average price is calculated, in effect from the next Saturday.

Costa Rica's Oil Refinery will make a revision, at least once a year, during the first quarter, of the additional factor, to cover direct costs of aviation fuel, Jet fuel and Av Gas, based on annual accounting records of Costa Rica's Oil Refinery for the last fiscal period closed.

- iii. Likewise, must add the result obtained in the preceding calculations, the following items:

- Import taxes by law

- Civil Aviation's valid fees for the right of exploitation for sales and use of their airport facilities, approved by the Regulating Authority of Public Services.

- The cost for payment of a commission by credit cards that issuers charge to RECOPE, S.A. This cost will be transferred to the buyer only if he purchases resorting to this form of payment, whenever the issuer of the card used charges a commission to RECOPE.

- ARESEP's fee.

These items will be automatically updated, in conformity to what the competent authority modifies, or in the case of the cost of a commission from credit cards, in conformity to the agreement between RECOPE and the issuing entity.⁹³

⁹² Annulled by Law No. 8114 published in Alcance No. 53 to La Gaceta No. 131 of July 9 of 2001.

⁹³ As amended by Executive Decree No. 29579-H-TUR published in Alcance No. 41-A to La Gaceta No. 110 of June 8 of 2001.

c) Exemption of all tax and overcharge, for the import or local purchase of spare parts necessary for the correct functioning of the aircrafts.⁹⁴

Article 33.- Travel Agencies for receptive tourism. Travel Agencies for receptive tourism, exclusively dedicated to this activity, have the right to the following benefit: Exemption of every tax and overcharge, except for customs duties, in the import of vehicles with a minimum capacity for fifteen persons, when such vehicles are exclusively destined to collective transport of tourists. If the fee for the tax according to the value exceeds five per cent (5%), it will be exonerated from the corresponding tax obligation to such excess tariff.⁹⁵

Article 34.- Aquatic transport of tourists. Companies dedicated to aquatic transport of tourists have the right to the following incentives:

a) Exemption of taxes and overcharges applied to the import or local purchase of goods essential for construction, extension or remodeling of wharves and other places destined for the embarkation or disembarkation of tourists, as well as for construction and maintenance of marinas, bathing resorts, and aquariums destined to the attention of tourism, whenever goods to be imported are not manufactured in the territory of signing countries of this Central American Agreement of Tax and Customs System, in equality of conditions as to the quality, quantity and prices, as decided by the Ministry of Economy, Industry and Commerce.⁹⁶

b) Accelerated depreciation over goods that by their use or nature are more rapidly, destroyed in conformity with the Income Tax Law.⁹⁷

c) Exoneration of any tax and overcharge, except for customs duties on imports, whose fee is fixed in twenty per cent (20%) to the import or local purchase of aquatic vessels destined exclusively to tourist transport of passengers, for which it must count with adequate facilities for the landing, the embarkation or disembarkation of passengers. In exceptional cases and due to the non-existence of these facilities, in the area in which the company will operate may authorize other type of facilities or alternate ways for the landing, embarkation and disembarkation of passengers.⁹⁸

⁹⁴ Law No. 8114 annuls every exemption from payment of sales taxes contained in article 7 of Law No. 6990 and thus, this chapter is to be understood as amended in that sense

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The activity of tourist coasting in any of its forms, from Costa Rican port to port, will be only and exclusively reserved for yachts, tourist cruise ships and similar, of national flag.

Not exonerated is the equipment or goods added to those to be used in replacement of others exonerated that made part of the vessel.

CHAPTER VII. Proceedings and control of exonerations

Article 35.-Exonerations granted under the protection of the Law and this Regulation will be carried out in forms, especially designed to this end, by the Ministry of Public Treasury. Such requests shall be presented before the Ministry of Economy, Industry and Commerce and before the Technical Secretariat, for its study and in case it proceeds, its authorization will be recommended to the Exemptions Department of the Ministry of Public Treasury.

Instead of recommending each request, the Ministry of Economy, Industry and Commerce, upon a petition formulated by the Commission, will issue periodical listings of the goods that are not manufactured in the territory of signing countries of this Central American Agreement of Tax and Customs System, in equality of conditions as to the quality, quantity and opportunity. Once the listings are issued and communicated to the Commission, will forward them to the Secretariat and the Department of Exemptions, who will proceed to verify, for future exonerations requests, that the good in question is included in the listings and they are valid.

Article 36.-Companies classified in clauses a) and c) of article 7 of the Law, must present to obtain for construction effects, the incentives described in the paragraph I of the mentioned clauses:

- a) A budget by quantities and type of materials to be used in the works certified by a competent professional, about its reasonableness in function of the work plans and timetable. Such budget may be extended or modified, provided it's duly justified before the Secretariat.
- b) Timetable of the works.

Article 37.-To the ends stipulated in the above article, the Secretariat will keep the records and controls considered necessary for the due follow-up and control of use of exonerated goods.

Article 38.-Previously to recommending the respective request for exemption, companies as Travel Agencies of Receptive Tourism and Aquatic Transport of Tourists, must satisfactorily justify before the Commission, the import needs of exempt vehicles or vessels, as corresponds.

Article 39.-The Secretariat will verify previously to the recommendation of the exemption request that:

- a) The request is complete and with the respective requirements
- b) The goods and quantities requested are in agreement with the nature of the company, its size and location, the services it offers and what has been granted before on similar goods and its periodicity.
- c) Other parameters as decided by the Commission.

Article 40.-Companies are obliged to present an annual report before the Secretariat about the use and destination of the exonerated goods, that will include at least: the commercial name, the trade name, the corporate ID card number, legal agent, branch of activity it operates, period covered by the report, number of the contract, locality of the establishment, telephone numbers, number of employees.

For each type of activity described in article 7 of the Law, will also specify the following:

- a) Hotel service
 - total number of rooms, classified as occupied, not occupied or not available
 - total number of tourists attended and average annual occupation
 - other information requested by the Commission

- b) International and National Transport of Tourists:
 - total number of tourists receiving service, total of flights done, by destination
 - detail of the amount of fuel consumed, by aircraft, indicating the total hours of flight
 - total amount in dollars and colones, of the acquisition of exonerated spare parts, bought locally or imported, also detailing the total amount of exonerated taxes
 - photocopy of the income tax declaration with financial statements
 - other information requested by the Commission

- c) Travel Agencies of Receptive Tourism:
 - number of travels or tours done
 - number of mobilized persons
 - the downtime and maintenance (in days), the total mileage traveled and mileage indicated in the odometer at the date of the report, must be indicated for each vehicle.

The above must be backed up with a company file for each exonerated vehicle.

- photocopy of the income tax declaration with financial statements
- other information requested by the Commission

- d) Aquatic Transport of Tourists:
 - total or regular and special tours or travels offered by the company

-for each exonerated aquatic vessel, detail the number of trips done per tour, indicating the time down for maintenance or reparation. If there are differences higher than 10% between the budgeted amounts, as established by article 33 of this Regulation and the real quantities, must include the respective justifications in the report

-photocopy of the income tax declaration with financial statements

- other information requested by the Commission.

This report must be presented, at the most, three months after the conclusion of the fiscal period of each company as authorized by the General Department of Direct Taxation.

Article 41.-Companies must keep the documents related with imports and local purchase of exonerated goods in an orderly way. They shall issue vouchers of income generated by rendering services, copies that must be duly conserved.

Article 42.-The Tourist Board and the Department will investigate all of the aspects concerning compliance with obligations assumed by companies or natural persons, in virtue of the concession of benefits and incentives of the present law.

CHAPTER VIII. Other dispositions

Article 43.-When the Tourist Board knows of a company infringing the stipulated quality and prices of the services in their contract, it must warn it to right things out within a maximum term of fifteen days from the date of the respective communication. This term elapsed, if the company has not corrected the irregularity, the Tourist Board will apply the sanctions established in the Law. In qualified cases, the Tourist Board may extend the above term.

Article 44.-When in conditions of force majeure, such as fire, earthquake, there were losses or total destruction of exonerated goods, the interested shall communicate it as soon as possible to the Commission, (and) forward a copy to the Department, and present a request for replacement, when considering it necessary, to the Commission, so that it resolves in firm, what is estimated to proceed, in each case.

Article 45.-When it deals with substitution of exonerated goods in good state, and with a commercial value, the company may decide for one of the following options:

- a) Settle the taxes, applying the rules established in the second paragraph of article 45 of Law No. 7293.
- b) Proceed with a donation of the articles before the Department of National Goods from National Accounting.
- c) Export the articles.

- d) Transfer among the beneficiaries in conformity to what is regulated in article 47 of this Decree.

The beneficiary company must present an exoneration note of the new good, a photocopy of the settling of the good to be substituted or photocopy of the record of donation or photocopy of the policy for the export, as corresponds.

When it refers to the substitution of exonerated goods in bad condition, and no commercial value, the beneficiary company shall request its destruction to the Department. As in the preceding cases, the company must present a photocopy of the record of destruction that corresponds, along with the exoneration note of the new good.

Article 46.-Costa Rica's Oil Refinery (RECOPE) will send an annual report to the Tourist Board with a copy for the Department of the fuel sales to airlines with tourist incentives, and a monthly detail of the fuel sold at preferential price, in liters and colones to each of the companies.

Article 47.-The Commission may authorize the transfer of those goods acquired by a company with tourist contract to another under the same system, provided they have the same benefits, with a prior request from the company, except for vehicles and aquatic vessels. The Commission will send copy of the authorization to the Section of Exemptions of the Department.

If the goods to transfer are vehicles or aquatic vessels, the company must proceed with a request before the Section of Exemptions of the Department, prior recommendation from the Commission.

Transfer of exonerated goods to third parties that don't have the same fiscal benefits, oblige to the payment of respective taxes and overcharges, in conformity with what's indicated in the second paragraph of article 45 of Law N° 7293. This provided that the company has not incurred in non-compliance that justify the initiation of the respective administrative proceedings. Such depreciation or loss will be done in conformity with standing rules and according to the state of the good at the date of liquidation. The Commission will recommend the transfer and it corresponds to the Department of Exemptions what refers to authorization of the same.

Article 48.-Annulled are the dispositions that oppose the present Regulation.

Article 49.-This Regulation is in effect from its publication.

TRANSITORY I.-As refers to incentives contained in contracts signed before the promulgation of Law No. 7293 of March 31 of 1992, will be ruled by legal and regulatory norms valid to the date it's subscribed, save if a later law contains a more favorable deal. In other aspects. Such as the exoneration proceeding and control, will apply what's established in this Decree.

TRANSITORY II.-

The regulation for the activity of Vehicles Rental, whose benefits are established in clause d) of article 7 of the Law, will be regulated by another Decree.

TRANSITORY III.- Given at the Presidency of the Republic, San José, at day five of the month of December of nineteen ninety-five.

JOSE MARIA FIGUERES OLSEN.-

The Ministers of Public Treasury, Fernando Herrero Acosta, and of Tourism, Carlos Roesch Carranza.-

**GUIDE FOR REQUIREMENTS OF BASIC PLANS FOR TOURIST
PROJECTS OF COMPANIES ASPIRING FOR THE OPTION OF
TOURIST CONTRACT**

I.- Format of the plans:

1. Must present a copy of the basic plans.
2. Name of the project according to typology established in chapter 1 of Decree N° 11217-MEIC, Regulation of Tourist Lodging Companies. Indicate the trade name and type of project to perform, such as raising, extension, project and preliminary plans.

It is understood as a basic plan, that one including the site plan, the architectural distribution plan, façades, sections, elevations and roof plans. In addition, must include the solution for the evacuation systems and water supply (water treatment of wastewater, potable water, and rainwater), treatment of solid waste and electric system. In the case of housing projects, the basic plans include the distribution of the plots, geometry of the streets, indication of communal areas and contour lines. They must also have the solution criteria for the evacuation systems and water supply (treatment systems for wastewater, potable water, and rainwater), treatment of solid waste and electric system.

II.-Aquatic Transport:

Proposed plans must be presented before the Inter Institutional Commission of Marinas and Tourist Landing Places (CIMAT) and follow the recommendations it issues.

III.-Furnishing and minimum infrastructure of lodging services:

All facilities, furnishing and infrastructure of projects of tourist character must comply with the normative specified by the laws, regulations and valid codes of our country, including the Regulation for Law N° 7600 known as "Equal Opportunity for Disabled Persons in Costa Rica" that includes among others, "architectural design without barriers."

- 1) Access for vehicles and pedestrians, streets, traffic circles, indicate the accessibility works for disabled persons.
- 2) Parking lots: locate them in the ground floor, one for each four rooms at least; service spaces, loading and unloading area for passengers, spaces for disabled person with accessibility works and near to roofed areas for mobilization.
- 3) Lobby and front desk; living and waiting-rooms, counter for attention of the public, cash box, information office, public and employee restrooms, divided for each sex in conformity with what's established in the Regulations for the Law of Constructions
- 4) Administrative Area with offices for management, accounting, etc. Include separate restrooms for the staff for each sex in conformity with what's established in the Regulations for the Law of Constructions.

⁹⁹ Annexes incorporated by Executive Decree No. 29215-H-MEIC-TUR of January 19 of 2001, published in La Gaceta No. 27 of February 7 of 2001.

- 5) Rooms with bedrooms, toilets, closets, dressing room furniture and others, according to the category, natural ventilation and natural illumination. The minimum free area in a single room is 9 m² and 13.50 m² in double room, according to its classification.
- 6) A room for every 10 should be designed and built with all the facilities and complying with the requirements for the access of persons with disabilities established by Law N^o 7600 published in La Gaceta 102 of May 1996 and what's disposed in Executive Decree N^o 26831-MP, regulation of Law N^o 7600.
- 7) Indicate which rooms are suite type and their class: junior, master, presidential, etc., according to its classification and that of the establishment.
- 8) Janitor area and/or cleaning rooms, with storeroom for cleaning items, cleaning sink, etc. Have a battery of services among groups of room modules or by floor in multilevel buildings. This room will have a proportion such that it can house the necessary equipment, considering that one person gives service to 14 rooms in per workday.
- 9) Area for use by employees, with facilities of dining room, dressing room, lockers and restrooms separated by sex, with shower if justified, and access for disabled persons.
- 10) Laundry, indicating the furniture, drying and stretching areas, ironing area, storeroom for linen, soiled laundry, and others as corresponds.
- 11) Maintenance workshop and equipment with storerooms, storeroom for garden maintenance tools and similar.
- 12) Safety and prevention against emergencies, electric plant, exits, emergency stairways and lighting, fire extinguishers, fire alarms and similar.
- 13) Depending on the type and location of the project, it shall also indicate: conference rooms, game rooms, recreational and sports areas, etc., including support services required, and indicating the capacity of seated and standing occupants.
- 14) Clearly indicate the swimming pool (s) marking out the dimensions, terraces, springboards, chutes, restrooms separate by sex, exterior showers all in conformity with what's established by the Regulation for the Law of Constructions.
- 15) Locate hermetic trash deposits for the project and specific areas.
- 16) Aisles and circulation area according to the areas served with a minimum width of 1.5 free meters.

IV.- Furnishing and minimum infrastructure of gastronomy services, provided they are part of the lodging services:

- 1) Access for vehicles and pedestrians, shall include access for disabled persons.
- 2) Parking lots: locate them at the ground floor (minimum one space for every 15 guests); spaces for disabled persons with access to other facilities, parking lot per service.
- 3) Dining rooms: indicate the furniture (tables with chairs), the waiter's post, arrival and exit of dishes (served and dirty), emergency exits, etc. Include access works for disabled persons. Indicate the seating and standing occupation capacity of each

dining room, dance hall, bar area, dining room's terrace and similar.

- 4) Restrooms with separate waiting area for public of each sex, one with facilities for disabled persons.
- 5) Kitchen area indicating all of the furniture, equipment and different stages of food preparation, washing area, cleaning area, pastry and bakery area, etc.
- 6) Include storerooms, clearly indicating its specific use: cleaning, storerooms, table service tools and utensils, containers and liquors, food storing and freezing areas, and similar.
- 7) Area for use of employees, with dining room, restrooms with shower (if necessary) separate by sex, access for disabled persons.
- 8) Locate gas deposits and hermetic trash containers.
- 9) Locate electric switchboards and emergency panels.

ANNEX 2

GUIDE OF REQUIREMENTS TO CREATE AN ECONOMIC STUDY

Every economic study must be elaborated and signed by a professional duly incorporated to the Economical Sciences Association.

To obtain a Tourist Contract, an appraisal of the project's contribution should be carried out; presenting an Economic Study that complies with the conditions indicated in article 6 of the Law of Incentives for Tourist Development:

- a) Contribution on the balance of payments.
- b) Utilization of raw material and national supplies.
- c) Creation of employment direct or indirectly.
- d) Effects on regional development.
- e) Modernization or diversification of national tourist offers.
- f) Increase internal and international tourist demand.
- g) Benefits reflected on other sectors

I.-Specific aspects of an Economic Study:

Should indicate the main characteristics of the society or natural person requesting: owners, location, legal person ID, inscription in the Registry, trade name, commercial name, phone and fax. Indicate place for notifications.

II.-Detailed description of the project and timetable for construction and costs:

The project must be specified: what it consists of, the main services and complementary offered. A construction timetable, specifying the date in which it begins, conclusion and cost of each stage, must be created. In addition, it must indicate:

Area and cost of the land.

- a) Cost of infrastructure works
- b) Area and cost of construction of buildings (rooms, complementary services and amenities) per square meter.
- c) Number and cost of rooms (in case of lodging companies).
- d) Total cost per room (in case of lodging companies).

In case that the project develops by stages, indicate the works and services included in each of the stages.

III.-Market Analysis:

1. Perform an analysis of the existing offer in the service the project intends to offer, and detail the following aspects:

- a) number and type of services offered
- b) clearly specify which of them are innovative services offered by the project, and improvement of services that are already given in similar activities (value added in quality and type of service)
- c) average fee offered by type of service

2. Make a market analysis directed to the project for which a detail of the following aspects must be included:

- a) Characterize the market goal of the project. This implies a definition of the profile of client (s) (if offering a service, by market segments) to whom this service is mainly directed (age, average income level, school years, place of origin, etc.)
- b) Estimate the average number of clients to be attended based on estimated annual average occupation.

The detail of one or two will permit estimating the contribution to the Balance of Payments, and value modernization and diversification of the tourist offer and increase in internal and international demand.

IV.-Administrative Organization:

Mention the number of employees to be hired, and indicate the estimated size of the payroll, this helps to estimate the generation of direct employment by the project.

V.-Effects on regional development and benefits in other aspects:

Mention the benefits of economic, social and cultural nature that would take place in the region as a direct and indirect consequence of developing the project.

Specifically include the estimate of:

- a) Supplementary economic activities that could develop with the project. For example, in the case of hotels, activities like souvenir shops, sport articles rental and sales shop, restaurants, etc.
- b) Infrastructure works that could be propitiated by the project.
- c) Cultural activities to develop as part of the supplementary services offered.

This aspect has the purpose of assessing the effects of developing the project, regionally, and other sectors and evaluation of the potential generation of indirect employment.

VI.-Purchase Plan:

Every project must include a preliminary purchase plan, with a description of national goods and imported to exonerate, in its respective quantities that are required to operate.

It must also present, according to the plans, a budget with the quantity and type of materials to be used in the work, certified by a responsible professional in Engineering or Architecture. In case of a company renting vehicles, the purchase plan will include a detail of the quantity and complete description of the vehicles it will use in the renting activity, this quantity may not be less than twenty vehicles of their property.

In every case, all the assumptions used to make the estimations must be made explicit.

ANNEX 3

GUIDE OF REQUIREMENTS TO OBTAIN A TOURIST CONTRACT. DETAIL OF REQUIREMENTS BY ACTIVITY

A.-LODGING ACTIVITY

I.-Legal Requirements

- 1) Written request to obtain a tourist contract subscribed by the interested or by the legal representative in case of artificial person and with the signatures adequately authenticated.
- 2) Copy of the resolution granting the tourist declaratory.
- 3) Certification of the Rights of Legal Representation, if.
 - a) The one presented for declaratory proceedings is over three months of issued.
 - b) The company representatives have changed after the granting of the tourist declaratory. The information related with such representatives must be updated.Any certification must be presented within three months from the date of its issuance.

- 4) Sworn Declaration: granted by the interested, if natural person or legal representative of the entity in case of legal persons. Such declaration by a notary must include the following commitments:
 - a) that the company's exclusive objective is the tourist activity, and in case of doing other affairs, will keep them apart in their accounting and management
 - b) that he commits to begin operations or construction, within a maximum term of six months, counting from the signature of the tourist contract. The Commission may only extend this term by a reasoned act in attention to a duly justified request from the interested

II.-Technical Requirements

1. Lodging companies wishing to obtain the benefits of the Law of Incentives granted by the Tourist Contract, must comply with the following characteristics:
 - a) Hotel companies: a minimum of 20 rooms
 - i) Hotels
 - ii) Residential hotels
 - iii) Hotels with apartment facilities: a minimum of 10 units
 - b) Hotel Related Companies:
 - i) Pensions and Guest Houses a minimum of 10 rooms
 - ii) Lodges a minimum of 10 rooms
 - iii) Cabins a minimum of 10 units composed of living room, dining room, kitchen, toilet, 1 or 2 bedrooms and a parking lot per unit.
2. Lodging companies that are going to develop infrastructure must comply with the requirements of plans specified in the Guide "Requirements for

construction plans of tourist projects for companies desiring to opt for the tourist contract”, as corresponds.

III.-Economic Requirements

This type of companies must present an economic study according to the specifications of the Guide “Requirements to create an economic study.”

Once the revision of documents is done, the Tourist Board shall specify in writing and only once, the list or requirements or documents pending, which the applicant must supply and present only once and not in partial form.

B.-RECEPTIVE TRAVEL AGENCIES, AIRLINES AND LEASING OF VEHICLES

I.-Legal Requirements

- 1) Written request to obtain a tourist contract subscribed by the interested or legal person in case of artificial person and authenticated signatures.
- 2) Copy of the resolution granting tourist declaratory.
- 3) Certification of the Rights of Legal Representation, if:
 - a) the one presented for declaratory proceedings is over three months of issued.
 - b) The company representatives have changed after the granting of the tourist declaratory. The information related with such representatives must be updated.
Any certification must be presented within three months from the date of its issuance.
- 4) Sworn Declaration: granted by the interested, if natural person or legal representative of the entity in case of legal persons. Such declaration by a notary must include the following commitments:
 - a) that the company’s exclusive objective is the tourist activity, and in case of doing other affairs, will keep them apart in their accounting and management
 - b) that they commit to begin operations or construction, within a maximum term of six months, counting from the signature of the tourist contract. The Commission may only extend this term by a reasoned act in attention to a duly justified request from the interested.

For companies renting vehicles it is necessary, in addition:

1. That an Authorized Public Accountant gives them a certification about:
 - a) the composition of their social capital according to account books, indicating: the total amount of social capital, number of shares and participation percentage of the partner
 - b) the company’s capacity to invest in the activity a minimum amount that guarantees the operation of a fleet of not less than twenty new vehicles. Every certification presented must not be over three months counting from its date of issuance.

2. Indicate in the Sworn Declaration the company's commitment to renew the exonerated vehicles, within a maximum term of three years, counting from the date of registration in the Public Registry. To this end the time that it takes for Administration to resolve the respective requests of beneficiaries from exemptions won't count.

II.-Technical Requirements

For vehicles rental companies: The applicant will indicate the quantity and detailed description of vehicles, and the styles it will use in its leasing activity, in a quantity not less in any case of twenty vehicles.

III.-Economic Requirements

To present an economic study according to the specifications of Annex 2 "Guide of Requirements to create an economic study."

Once the revision of documents is done, the Tourist Board shall specify in writing and only once, the list or requirements or documents pending, which the applicant must supply and present only once and not in partial form.

C.-AQUATIC TRANSPORT

I.-Legal Requirements

- 1) Written request to obtain a tourist contract subscribed by the interested or legal person in case of artificial person and with the signatures adequately authenticated.
- 2) Copy of the resolution granting the tourist declaratory.
- 3) Certification of the Rights of Legal Representation, if;
 - a) the one presented for the declaratory proceedings is over three months of issued.
 - b) The company representatives have changed after the granting of the tourist declaratory. The information related with such representatives must be updated.Any certification must be presented within three months from the date of its issuance.
- 4) Sworn Declaration: granted by the interested, if natural person or legal representative of the entity in case of legal persons. Such declaration by a notary must include the following commitments:
 - a) that the company's exclusive objective is the tourist activity, and in case of doing other affairs, will keep them apart in their accounting and management
 - b) that they commit to begin operations or construction, within a maximum term of six months, counting from the signature of the tourist contract. The Commission may only extend this term by a reasoned act in attention to a duly justified request from the interested.

II.-Technical Requirements

In case of new projects they must comply with what is established in point c) of Annex 1 "Guide of Requirements for construction plans of tourist projects for companies wishing to opt for a tourist contract."

III.-Economic Requirements

Present a study according to the specifications of Annex 2 "Guide of Requirements to create an economic study."

Once the revision of documents is done, the Tourist Board shall specify in writing and only once, the list or requirements or documents pending, which the applicant must supply and present only once and not in partial form.