

Are you ready to expand to Costa Rica? Expansion can be a complicated process. You need to establish payroll, hire the right employees, make sure they're compensated correctly, and ensure they receive guaranteed benefits. This is in addition to the stresses of running a new company location and navigating compliance.

Before completing any of those tasks, you must set up a Costa Rica subsidiary. Depending on where and how you incorporate, the process could take weeks or months. Globalization Partners completes this process in just a few days. As the Employer of Record, we also take on the responsibility of compliance, so you can focus on running the new company location.

## How to Set up a Costa Rica Subsidiary

If you're wondering how to set up your Costa Rica subsidiary, you need to discuss a few different aspects of your expansion first. The setup process can vary based on what region of Costa Rica you incorporate in. Different regions operate under separate regulations, as well as cultural factors, that could impact your business. Always research the area around your physical office location before establishing your subsidiary.

You also have choices regarding what type of structure you would like to incorporate as. In Costa Rica, the two most common entities are the Sociedad Anónima (SA) or the Sociedad de Responsabilidad Limitada (SRL). An SRL is equivalent to a limited liability company (LLC) and offers many benefits for companies looking to expand.

The process to set up a Costa Rica subsidiary as an LLC includes:

- Submitting a notarized document to the Mercantile Registry and requesting a corporate identification number
- Verifying the proposed trade or commercial name for your company with the Public Registry through a notary public
- Preparing a study of the registry in case your company's capital stock includes personal property or real estate
- Publishing an announcement of your formation in La Gaceta, the country's legal newspaper
- Paying all due revenue stamps and registry rights at any branch office of Banco de Costa Rica

## Costa Rican Subsidiary Laws

Costa Rica's applicable subsidiary laws depend on what type of entity you choose. For an LLC, you need at least one director and two shareholders, who can be of any nationality. You

will also need at least \$1 of paid-up share capital to complete the incorporation process.

Companies do the majority of business in Costa Rica in-person or over the phone. So, it's important to know Spanish or work with a consultant, lawyer, or global PEO experienced in speaking Spanish. Your LLC also needs a physical address in Costa Rica, where you keep your statutory and accounting records. If none of your directors live in Costa Rica, you need to appoint a registered agent.

Before you can run payroll, you must set up in-country bank accounts through a public or private bank. It's notoriously difficult to open bank accounts in Costa Rica, so you should prepare for delays. Customer service is another challenge, but persisting with the process will pay off.

## **Benefits of the Costa Rican Subsidiary Setup Process**

The biggest benefit of the Costa subsidiary setup process is you can start working in the country. With an LLC, you can also protect both the subsidiary and the parent company. The subsidiary operates freely in Costa Rica, while the parent company has limited liability for the subsidiary's actions.

Globalization Partners offers even more benefits through our Costa Rica subsidiary outsourcing services. We use our Employer of Record and established subsidiary in Costa Rica to save you time. Instead of setting up your own Costa Rica subsidiary in weeks or months, we help you start working in a few days. You don't have to worry about compliance, as we take on the liability for you.

## **What Do You Need to Establish a Subsidiary?**

You should prepare for incorporation by setting aside the time and money you need for the entire process. Work with your accounting department to budget the right amount for all the fees involved in the Costa Rica subsidiary setup process. You can also set aside time to travel back and forth to Costa Rica to help make the process smooth.

## **Work With Globalization Partners**

Globalization Partners uses our Costa Rica subsidiary outsourcing services to help you during your expansion. Contact us today to learn more.