

Procedures to set up or create a Costa Rican Corporation:

1. The Law requires a minimum of two (2) persons to register the corporation. After the incorporation, the number of shareholders may be reduced or increased, with NO limitations as to the nationality.
2. The articles of incorporation must be recorded in a notarized public instrument and registered in the Mercantile Registry.
3. The Corporation' s name must be expressed in Spanish, Latin or Greek, though it may include Fictitious names. The name must be followed by the expression “ Sociedad Anónima” or its abbreviation, “ S.A.”
4. For new corporations and for capital increases in all companies, the law establishes that all payments or capital stock must first be deposited in a bank account. A Public Notary must certify this transaction. The deposit may be returned only to the legal representative of the corporation, once the new company or the capital increase has been registered.
5. Twenty-five percent (25%) of each subscribed share must be paid at the moment of registration. Shares that are to be paid in kind have to be fully paid.
6. The types of shares must also be stated. Bearer shares or non-par value shares are not allowed. Common shares have equal rights and one vote each. Accumulative vote is operative in the election of Board Members if stated in the articles of incorporation.
7. Registration procedures usually last at least four weeks. Shell companies can be used in case of immediate application.

Basic Features of Corporations in Costa Rica

1. The corporation is managed by a Board of Directors of no less than three members, President, Secretary and Treasurer, who do not need to be shareholders (there are no citizenship or residency requirements). No one person can hold two office positions.
2. The President of the Board legally represents the corporation, as well as any other member specified in the charter. They are able to delegate all or some of their power to other members of the Board if the charter permits. They may also appoint one or more managers.
3. One half of the members of the Board are required for meetings and a majority of those present to hold a resolution. The President has two votes in case of a tie.
4. Supervision of the corporate business should be exercised as provided in the charter. It is normally performed by a Controller that is not part of the Board of Directors.

5. Ordinary meetings should be held at least once a year. The topics reviewed at ordinary meetings include: Approval or rejection of financial statements, distribution of profits, appointment or dismissal of Board members, statutory or external audits, and other matters not reserved to special meetings and proposed in the agenda.
6. Special meetings are to be held to review topics such as: amendment of the articles of incorporation or by-laws, issuance of other classes of shares not included in the by-laws, when required by law or by the incorporation charter.
7. Meetings may be held outside Costa Rica when so allowed by the articles of incorporation.
8. Quorum for ordinary meetings on first convening should be constituted by fifty percent (50%) of voting shares. For special meetings, quorum is constituted by seventy-five percent (75%) of voting shares, unless a higher percent is required by the articles of incorporation.
9. Resolutions for ordinary meetings are formed by more than one-half of the present votes. For special meetings, by more than one-half of all shares with the right to vote.
10. On second convening, any attendance constitutes quorum and more than one-half of the present votes decides.
11. The company must have a Resident Agent, normally an attorney with office in Costa Rica. The Resident Agent must be registered in the Mercantile Registry and will be in charge of receiving all legal notifications.

Registering a Branch in Costa Rica

Foreign corporations, which have or intent to open branches in Costa Rica are required to appoint, maintain, and register a legal representative agent vested with full powers of attorney in the country for the business affairs of the branch.

The power of attorney should include:

1. The objective and purpose of the branch, as well as the capital stock assigned.
2. The full name of officers and managers and the duration term of the parent corporation.

The legal existence and capacity of the corporation and the agent, in cases that require recording, should be complete when the power of attorney is filed in the Commercial Section of the Public Registry, along with a certificate issued by the relevant Consul of Costa Rica.

The statement of capital stock of the main corporation shall only serve the specific purpose of making its financial standing, and does not imply the obligation to pay recording fees therefore.

Registering a representative with full powers of attorney

An unlimited power of attorney authorizes a person to act on behalf of a company. It must be given by a representative of the parent company with sufficient power of this act, before a Costa Rican Public Notary or the local Costa Rican Consul.

For registration, the deed must have:

1. A certification issued by the Consul where it states that the parent company is constituted and authorized in accordance with the laws of its place of residence.
2. Photocopy of the parent company' s incorporation document and its modifications.
3. A relationship containing names and surnames of the persons comprising the Administration Council and the corporate officials.

All this must be fully certified and authenticated by the Consul.