

## WHO ARE WE?

### Mission

Our mission is to offer tax consultation services of the highest caliber, and to provide efficient, creative and innovative solutions, delivered with an interdisciplinary approach of legal and accounting services. We work to prevent and solve risks to the taxpayer, and to seek out strategies to achieve the greatest possible legal tax savings for our clients.

We also assist our clients in all facets of taxpaying life, advising them on all matters related to their rights and guarantees, as well as the fulfillment of their formal and material obligations to maintain a healthy relationship with the Tax Administration.

We provide the best defense during litigation and other tax procedures, on both the governmental and judicial levels.

### Vision

We strive to be the leading independent firm providing consulting services and tax litigation services, both nationally and internationally. We work to embody these goals to the satisfaction of our clients, by utilizing methods of the highest quality and providing the best customer service, the greatest creativity and innovation, and the utmost integrity in our provision of all our professional services.

At Faycatax, we are proud to offer a team of highly skilled tax professionals.

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### Adrián Torrealba N. | Socio

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Member of the Costa Rican Bar Association (Colegio de Abogados de Costa Rica) and Doctor of Financial and Tax Law, from the Complutense University of Madrid (Universidad Complutense de Madrid). Additionally, Dr. Torrealba specialized in Financial and Tax Law at the University of Pisa, and specialized in Constitutional Law and Political Science at the Center for Constitutional Studies in Madrid (Centro de Estudios Constitucionales de Madrid).

He was Director of the General Tax Administration for the Ministry of the Treasury from 2000-2003.

He is an active member of the International Fiscal Association (IFA), Vice-President of the Costa Rican Institute of Fiscal Studies (Instituto Costarricense de Estudios Fiscales), and Tax Commission Coordinator of the Costa Rican Bar Association (Colegio de Abogados de Costa Rica).

Dr. Torrealba has authored several books and international articles on tax topics, and is a professor of Financial and Tax Law in the Masters Department of Public Law at the University of Costa Rica. His books include: Income Tax in Costa Rica (First Edition, 2003; Second Edition, 2009), and he is published by the Supreme Court Judicial School to offer examples to judges in disputed decisions.

In print, he has authored the book Manual on International Tax Law, written together with Victor Uckmar of Italy, and which discusses the issue of taxation of foreign exchange gains.

Instructor in the Course of Tax Law for Judges, in the Judicial School, 2009.

Consultant with the Inter-American Development Bank, to develop technical notes on regulations for Honduras's Value Added Tax, 2011.

Consultant with the Inter-American Development Bank, for income tax reform in Peru, 2003.

Court reporter for the 2014 updates to the Tax Code Model for the Inter-American Center for Tax Administration (CIAT).

Tax consultant for the reform of Nicaragua's Commerce Code, 2014.



### Modesto A. Vargas C.

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Member of the Costa Rican Bar Association (Colegio de Abogados de Costa Rica) and of the Costa Rican Institute of Fiscal Studies (Instituto Costarricense de Estudios Fiscales). Graduate of Law from the University of Costa Rica (Universidad de Costa Rica). Completed the International Auditing Program from Alex G. McKenna School of Business, Economics, and Government, Saint Vincent College, USA. Attorney Vargas was also a member of the Regulatory Board for the Bureau of Taxation, of the Costa Rican Treasury Department. He has authored articles on various tax-related subjects, and is also Professor of Tax Law at La Salle University, and of Tax Specialty at Fudepos University.



### José María Oreamuno L. | Socio

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Diploma in Advanced Doctorate Studies in Taxation Law from the University of Castilla-La Mancha (Universidad de Castilla-La Mancha), Spain. Masters candidate in Tax Law and Corporate Law from the Latin American University of Science and Technology (Universidad Latinoamericana de Ciencia and Tecnología; ULACIT). Graduate in Law and Social Sciences from the Francisco Marroquín University of Guatemala (la Universidad Francisco Marroquín de Guatemala) and Graduate of Law from the University of Costa Rica (Universidad de Costa Rica).

Incorporated and a Member of the Commission on Tax Affairs, for the Costa Rican Bar Association (Colegio de Abogados de Costa Rica).

Member of the Costa Rican chapter of the International Fiscal Association (IFA) and of the Costa Rican Institute of Fiscal Studies (Instituto Costarricense de Estudios Fiscales) (ICEF).

Professor of Tax Law at the University of Costa Rica.

Frequently publishes in the Tax Column (Columna Tributaria) and the Fiscal Tribune (Tribuna Fiscal) of the weekly financial paper, El Financiero.



## Luis A. Anzoátegui M.

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Member of the Institute of Certified Public Accountants and a graduate of the Inter-American University of Costa Rica (Universidad Interamericana de Costa Rica) with a Masters in Finance. Additionally, he has a wealth of experience in financial analysis and internal audits. He has also served as an external auditor for a consulting audit firm.



## Isabela Martén Vega

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Member of the Costa Rican Bar Association (Colegio de Abogados de Costa Rica) and of the Costa Rican Institute of Fiscal Studies (Instituto Costarricense de Estudios Fiscales). Attorney at Law with an emphasis in Business Administration, graduate of ULACIT. Completed a Tax Specialization from Fudepos University Alma Mater & Faycatax, and the INCAE Program, "How to formulate a strategic plan: The 7 ways to create a strategic plan." Additionally, is a Masters candidate in Corporate Consulting at ULACIT. Has assisted the Legislative Assembly and has extensive experience in legal consultation at various companies.

## CONSULTING

- **General Tax Consulting:** Faycatax offers its clients the services of highly trained professionals for consultation on tax-related matters, allowing companies to make effective and informed decisions in their daily work.
- **Ongoing Assistance:** We offer our clients continuous assistance and an ongoing relationship, through which we gain an understanding of their business and business environment, and thus are able to provide the necessary tools not only to prevent contingencies, but also to maximize the benefits derived from current tax legislation.
- **Tax Structuring and Planning:** We offer our customers a detailed study of their business or organization, in order to design a structure that allows them, over the short and medium term, to minimize their tax contingencies and, above all, to maximize their tax savings opportunities, to the extent permitted by national law.
- **Online Consults:** The dynamic business environment in which our clients operate, requires us to offer expedited attention to their consultation needs. For this reason, we offer a system for online consultation, which offers a number of options for tax consults at preset times, based on customized packages designed according to each client's needs.

## DUE DILIGENCE

### Coordination of Due Diligence Processes for Taxes and Accounting

At FAYCATAX, we aid in your investment decisions. In cases of company acquisition, we offer global and detailed tax analysis of a potential company, before you finalize the acquisition.

Our Tax-Accounting Due Diligence service aims to identify risk situations associated with the determination of taxes in the Company subject to review; this analysis is based on current laws and jurisprudence, and also on the International Standards for Financial Reporting (IFRS), which form the basis for taxpayer accounting records.

Among other regulations to review are: The income tax on profits (ISR), general sales tax (IVA), tax on personal salary (ISR wage), tax on remittances abroad (ISR remittances), tax on disposable income (income tax dividends), income tax returns for the financial market (ISR financial market), municipal taxes (property and patents) and social security, for each of which the degree of compliance must be formally and materially verified, as established by law and other regulations, as applicable at the time that taxes and benefit contributions are liquidated, for the fiscal period open to review by the Tax Administration.



## Erik Ramírez V.

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Member of the Institute of Certified Public Accountants of Costa Rica and a Masters graduate in Tax Consulting from the Costa Rican University of International Cooperation (Universidad para la Cooperación Internacional de Costa Rica), with more than 10 years' experiences in tax consulting and auditing firms.

Currently a professor at the University of Costa Rica (Universidad de Costa Rica), in the Economic Sciences Department.



## Pamela Navarro Hidalgo

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Member of the Costa Rican Bar Association (Colegio de Abogados de Costa Rica) and of the Costa Rican Institute of Fiscal Studies (Instituto Costarricense de Estudios Fiscales). Graduate of law from the University of International Cooperation, with more than 10 years' experience in diverse legal areas. Additionally, is professor of Tax Law at Castro Carazo Metropolitan University (Universidad Metropolitana Castro Carazo).

## TAX INFORMATION

Impositus is a highly efficient service for consultation and research, via Internet, of Costa Rican tax information, whose content is essential to the comprehensive doctrinal analysis of Costa Rican law, which is the responsibility of the most highly qualified tax academics and experts in the country. This system makes available in one location, all the various sources of Costa Rican Tax Law. More than 16,000 documents are currently available.

### A. Essential Content of the Service

Impositus contains a collection of doctrinal work by renowned Costa Rican tax experts Dr. Adrian Torrealba, Lic. Eric Thompson, and Lic. José María Oreamuno, among other professionals who have been producing documentation for more than 15 years. Additionally, the system offers constant updating of these works. In this context:

a. The Code of Tax Regulations and Procedures, Income Tax Law, the General Sales Tax, Property Tax Law, and Personal Property Tax Law, are all recorded and linked to allow real-time access to the referenced texts. Editions of these recorded and linked editions are not available on the market.

b. Some of regulatory bodies offer comments and systematic doctrinal explanations.

c. In particular, the system has two works or books online, which are constantly updated and include:

Tax Law. General:

Volume I: General Provisions and Material Tax Law

Volume II: Formal Tax Law

Volume III: Tax Law and Criminal Sanctions

Author: Dr. Adrian Torrealba Navas

Has a Course or General Tax Law Treaty, for the entire Code of Tax Regulations and Procedures – the only of its kind in Costa Rica and Central America.

## INCOME TAX LAW IN COSTA RICA

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Author: Dr. Adrian Torrealba Navas, with collaboration from Modesto Vargas Castillo

This is the most ambitious book written in the 20 years since Act 7092 was put into place. This work explains the ins and outs of the law, as well as the criteria for best practices in international tax doctrine, with abundant references to official pronouncements by the Tax Administration, the Administrative Tax Court, the General Attorney's Office, the Contentious-Administrative Tribunal, and the First and Fourth Chambers of the Supreme Court. The text is both comprehensive and educational, and does not avoid difficult questions, but instead rigorously reviews the position or positions held by various authorities, and then submits these to deep analysis, to conclude with the author's opinion. The result is an indispensable tool for understanding income tax law in our country.

d. The Faycatax Tax Journal, which represents a collection of analyses on a large number of specific tax issues dating from 1998; to date, more than 500 items have been added. Each month, a new journal issue is entered into the system.

e. The collection of newspaper articles that the Faycatax professional team has published widely for several years, and which are categorized by topic.

f. Guest authors: where prestigious national and international academics and professionals share their knowledge.

g. Impositus is, moreover, a tool for constant and consistent updating, and seeks to ensure that readers have access to the most current and exhaustive resources possible, for content related to regulatory, jurisprudential and doctrinal tax law in Costa Rica.

The doctrinal value of Impositus must be assessed as a function of the résumés and histories of its included authors, as derived from the documents therein. It is noteworthy, for example, that Dr. Adrian Torrealba and Lic. Eric Thompson Chacón are both co-authors of the chapter on Costa Rican tax law in one important work, "Tax Systems and Tax Reforms in Latin America," which has an introduction from Vito Tanzi and was published in 2008 by Routledge International Studies, both in the United States and Canada.

In Costa Rica, no other service or publication currently exists with such understandable or available content, as that of the Impositus system.

### B. Content Instrumental to the Service

Impositus offers access to its system via a website, Impositus.com, which is available 24 hours a day, 7 days a week. The site integrates raw material from the Electronic Tax Digest, and also incorporates information that the Administration has not yet added to the Digest, as long as Impositus has access to said information via administrative notification or through an express request made to the Directorate General of Taxation.

Additionally, Impositus imports information directly from SINALEVI, the judicial electronic jurisprudence system, as well as from pages such as that of the Comptroller General of the Republic.

From this basis of primary documentation, the tool offers an added value not available from any other tax-law documentation informational tool. We will enumerate this added value in the following points:

1. In the area of judicial documentation and of documentation from the Attorney General's Office, to build Impositus, a selection was made of judicial jurisprudence and of exclusively tax-related information from the Attorney General of the Republic. In other words, Impositus pre-selects material related to tax matters, as opposed to, for example, SINALEVI, which offers that material intermixed with all other legal documentation.

2. Impositus has also systematized both national and municipal tax legislation, as well as tax incentive regulations. The system also includes a section on Bills, which will be of great importance when tax reform discussions become active.

The information universe highlighted above, is integrated through a modern and powerful search engine that allows users to search information via subject, quickly and comprehensively. Bringing together all available information related to tax law and regulations, is a task that the tool can achieve in just a few minutes. The system emphasizes this function, making it possible to select and then store catalogs of selected information, in such a way that users can save files of their own searches.

This means that Impositus is not just a helpful tool to solve concrete cases within the Administration, but that it is also a unique tool to support training processes. Any bibliographic problem is likewise solved with this tool, insofar as it is related to national doctrinal and jurisprudence material.

Impositus is constantly undergoing updating and growth, and is a tool that FAYCATAX.COM can recommend.

## TRAINING

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### Preventive Tax Diagnostics

We are proud to put the extensive academic and professional experience of our FAYCATAX specialists at the disposal of our clients' companies and institutions. We are happy to design training sessions for any tax matter, according to your needs.

We have over 15 years of experience in the field. When you train with Faycatax, you train with university professors specializing in tax law, who will share their knowledge with you. We also offer excellent supplementary materials, including presentations, CDs with accompanying texts, and access to the online information system Impositus.com.

- Seminars
- Tax-related lectures

## FISCAL DIAGNOSTICS

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### Diagnostics for Tax Prevention

We offer our clients the opportunity to better understand their grade of compliance with various established tax obligations, according to national and municipal regulations. This allows them to take action to eliminate or reduce certain tax and fiscal obligations. As a result of our diagnostic, we offer our clients a series of recommendations that allow them to correct situations that generate financial risk.

## LITIGATION AND OTHER PROCEDURES

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### Diagnostics for Tax Prevention

We offer our clients the opportunity to better understand their grade of compliance with various established tax obligations, according to national and municipal regulations. This allows them to take action to eliminate or reduce certain tax and fiscal obligations. As a result of our diagnostic, we offer our clients a series of recommendations that allow them to correct situations that generate financial risk.

## GOVERNMENT AGENCIES

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### Support and Advice During Tax Audits Performed by the Tax Administration

Faycatax offers its clients legal support throughout the review process and tax assessment, as conducted by tax authorities. We advise our clients on how to interact with auditors, and on how best to conduct relations with administrative officials.

### Legal Defense in Administrative Proceedings Arising from Tax Audits

Once the audit process is complete, and certain tax liabilities are deemed owed by the taxpayer, determinative and penal proceedings may begin. Faycatax offers its clients legal defense throughout this process.

These processes may include the following steps:

- Presentation of an appeal against levied charges
- Reversal actions before the Tax Administration, and Appeals to the Administrative Tax Court

## OTHER PROCEEDINGS

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### Preparation and Presentation of Enquiries with the Tax Administration

Faycatax offers its clients various services for the preparation of enquiries with the Tax Administration, in order to request criteria from this authority regarding any subject relevant to our clients and in which our client's tax treatment is not sufficiently clear.

This service may include both the presentation of an enquiry, as well as any eventual claims and appeals that may be presented to government agencies, in opposition to a delivered resolution.

- Extension, Article 61
- Returns: Various proceedings
- Petitions
- Assistance in proceedings related to government collections and payment arrangements

### Defense in Municipal Governmental Proceedings

Our firm will accompany you and defend you in any municipal proceedings related to property tax, patent tax, the maritime zone, and other tax categories that the local Treasury Department oversees.

### Defense in State Institution Governmental Proceedings

Our firm will accompany you and defend you in any proceedings before the IDA, IMAS, ICT and IFAM, among other national governmental bodies.

## IN COURT

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### Defense in Court Cases

Governmental tax procedures may result in court proceedings. Faycatax provides effective professional assistance throughout the various stages of any legal court proceedings.

Costa Rica's new Government Judicial Review Code represents a significant change, since it places the parties (government and taxpayer) on a more equal playing field during the judicial process, by introducing predominant "orality" to the conduct of process; this achieves a substantial reduction in time to receive judgment. Additionally, as this is not the obligatory end to administrative proceedings, the taxpayer is not required to wait to finalize the administrative procedure in order to attend court.

### Request to Uphold Constitutional Rights (Recurso de Amparo) and Unconstitutional Action, before the Constitutional Court

We are proud to defend a taxpayer's fundamental right against tax excesses, and to work to find effective tools to present our clients' requests to uphold their constitutional rights and take action against unconstitutional acts, in Costa Rica's Constitutional Court.

Faycatax puts its team's extensive experience and qualifications at the disposal of its clients, in order to handle any and all constitutional matters related to taxation.

## COMPLIANCE

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### Diagnostics for Tax Prevention

We offer our clients the opportunity to better understand their grade of compliance with various established tax obligations, according to national and municipal regulations. This allows them to take action to eliminate or reduce certain tax and fiscal obligations. As a result of our diagnostic, we offer our clients a series of recommendations that allow them to correct situations that generate financial risk.

This is a very important and relevant service, since in many cases, any exposure to tax risk can be identified and confronted, proactively and in a timely manner, to the advantage of our clients. Additionally, our tax prevention diagnostic service helps us identify not only risk situations, but also opportunities for the company to design efficient tax structures to minimize their associated tax burden, within the boundaries of the law.

### Review of Statements

Any company or individual requires constant guidance when filing their taxes. Faycatax offers a review service for tax returns, providing our clients with tax professionals skilled in the areas of public and tax accounting, and who will conduct a detailed review of preliminary filings, as well as provide the corresponding accounting support, in order to avoid creating any tax contingencies or paying more tax than is owed.

The goal of this review is to establish adequate calculations, reasonable inclusion of all filing information, document support and calculations, as well as the legal and technical basis for all transactions reflected in filings and in financial statements.

### Compliance Monitoring and Tax Return Processing

Using our client's industry or economic activity as a basis, and in accordance to all taxes to which our client is subject, Faycatax offers compliance control and tax preparation services. Our goal is to assist our clients in all financial matters, so that they may work with our tax or public accounting professionals on their tax filings. We also provide assistance in all matters related to support documentation and, later, bookkeeping in order to comply with all their legal duties, be they formal, material, disclosure or presentation, as established by tax law and financial reporting rules.

## OUTSOURCING OF ADMINISTRATIVE & ACCOUNTING DUTIES

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### Accounting Services

The purpose of this service is to assist our client in all matters related to accounting preparations, which generates financial statements such as the Balance Sheet, Income Statement, Cash Flow Statement, and Statement in Changes of Equity, which the company requires to prepare for their tax returns and to make informed financial decisions.

Our accounting services may include:

- The compilation and organization of account receipts for assets, liabilities, income and expenses.
- Completion of financial journal entries, and inclusion of these in accounting systems in order to generate financial statements and other related information.
- Completion of legal and accounting statements, with information required to comply with all mercantile and tax laws of Costa Rica.
- The preparation of tax returns, and account management for legal work benefits.
- The preparation of monthly, quarterly and annual tax declarations, as well as municipal tax returns.

### Transfer Prices

We provide the technical and legal advice that our clients require during operations with related companies.

Advice regarding compliance with obligations related to transfer pricing.

Escrow and planning documents related to transfer pricing.

Advice on advance price agreements. APAs.

Diagnostic of the taxpayer situation, with respect to transfer pricing.

Legal support during Tax Administration audits.