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64

1948

AN
NORTH AMERICAN DEPARTMENT

AN

3612

Registry Number } **AN3612/441/32**
FROM Mr. Sullivan,
San José,
No. 51 (34/1/3)

Dated 6th October, 1948.
Received in Registry 13th October.

Transmits copy of note to the Costa Rican Government of 27th August, and their reply of 4th October, relative to the Capital Levy.

Last Paper. ✓

AN 3611

References.

(Minutes.)

See action on AN. 3609.

H 15/10

(Print.)

(How disposed of.)

(Action completed.)

(Index.)

R. 19/10

J. 3/11

Next Paper.

AN 3816 ✓

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BRITISH LEGATION

No.51

San José, Costa Rica.

Ref: 34/1/3

6th October, 1948.

3612

Sir,

1
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With reference to your despatch No. 68 (AN 2882/441/32) of the 11th August last relative to the Capital Levy in Costa Rica, I have the honour to transmit to you herewith, for the information of the Board of Trade, copy of the note which I addressed to the Costa Rican Ministry of Foreign Affairs on the 27th August and the translation of their reply dated 4th October, 1948.

I have the honour to be,
with the highest respect,
Sir,
Your most obedient, humble Servant,

B. Sullivan
(B.P. Sullivan)

H.M. Principal Secretary of State
for Foreign Affairs,
Foreign Office,
London, S.W. 1.

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Enclosure No.1 in San José
despatch No.51 of 6th October.

COPY.

No.62
Ref:34/1/3

BRITISH LEGATION

San José, Costa Rica.

27th August, 1948.

Your Excellency,

With reference to Decree No. 70 imposing a capital levy of 10%, His Majesty's government in the United Kingdom have enquired whether the levy of 10% is to be charged on assets as held in the Republic of Costa Rica or whether it is to be levied on capital both in Costa Rica and elsewhere.

His Majesty's Government also desire me to enquire how, in the case of individuals, the Costa Rican Authorities propose to determine residence of foreign subjects for the purpose of collecting this levy and, where foreign companies are concerned, whether the charge would be on that part of their capital effectively engaged and attributable to the branch established in Costa Rica, or on the whole of their capital wherever it may be used.

I should be very grateful if Your Excellency would be so good as to supply me with information to enable me to reply to this enquiry.

I avail myself of this opportunity to renew to Your Excellency the expression of my highest consideration and most distinguished sentiments.

Sgd. B.P. Sullivan.

His Excellency,
The Minister for Foreign Affairs,
San José.

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Enclosure No.2 in San José
despatch No.51 of 6th October.

TRANSLATION

Republic of Costa Rica
Ministry of Foreign Affairs.

No.2019/B

San José, 4th October, 1948.

Monsieur le Ministre:

I have the honour to refer to your notes No. 62 and 68 of August 27th and September 27th respectively, regarding the 10% tax recently established, and to transcribe hereunder the information furnished by Tributación Directa (Department of Direct Taxation) to the Ministry of Finance, as follows:

" Replying to your note No.6217 of the 24th instant, to which was attached a note from the Chief Clerk of the Ministry of Foreign Affairs embodying note No.62 of August 27th received from the British Legation:

As to whether the 10% tax on capital, established by decree No.70 of 21st June last is to be imposed only on assets held in Costa Rica, or on capital existing outside Costa Rica, there is no doubt that the ruling thesis applicable is the former, for apart from the general principles governing this matter, the decree referred to, and No.133 of August 5th^{*} complementary to it, say nothing about assets that are not here, so that property abroad appears to be excluded, and it should be so interpreted.

With regard to the interpretation of "residence" for the effects of the law, this Directorate is of opinion (subject to your Ministry's better judgment) that this is of little or no importance as the tax falls directly on capital existing in Costa Rica and as it affects foreigners, those in transit are the only exceptions in the matter of movable assets.

And with respect to foreign companies, the tax will be collected in the same way as from persons, that is to say, exclusively on capital of all kinds existing in Costa Rica."

I take advantage of this opportunity to renew to Your Excellency the testimony of my highest consideration.

SGD. P. BENJAMIN NUÑEZ.

His Excellency
Bernard P. Sullivan,
Envoy Extraordinary and Minister
Plenipotentiary
of Great Britain,
San José.