

COSTA RICA

Costa Rica is a small country in Central America. With an area of 51,100 sq km, despite its size, it proudly shelters 5% of the world's biodiversity. It has a population of approximately 5.2 million, with Spanish as the primary language. Tourism is one of its main sources of income, and the country has been considered an attractive destination for foreign investment due to its skilled workforce and political stability.

NATIONAL HOLIDAYS

Costa Rica celebrates many official public holidays, including the following:

JAN 1	New Year
MAR 28-29	Holy Week
APR 11	Juan Santamaría's Day
MAY 1	Labor Day
JUL 24	Guanacaste Day
AUG 2	Day of the Virgin of Los Angeles* (* payment is not mandatory)
AUG 15	Mother's Day
SEP 1	Day of the Black Person and Afro-Costa Rican Culture
SEP 15	Independence Day
DEC 1	Abolition of the Army* (* payment is not mandatory)
DEC 25	Christmas

EMPLOYMENT CONTRACTS

Overall, there are two types of employment contracts:

FIXED TERM: It specifies the start and end date of completion of the employment relationship.

INDEFINITE: It is a contract not subjected to a term, so it will last until one of the parties, voluntarily or involuntarily, decides to end the

PROBATION PERIOD

Up to 3 months, for indefinite term contract, but if we have a fixed term contract the period needs to make sense based on the duration of the contract, it can't exceed 3 months.

WORKING HOURS

ORDINARY SHIFT: The employees work within these hours: 5 am to 7 pm, 8 hours per day, 48 hours per week, with a half-hour lunch break.

NIGHT SHIFT: The employees that work within these hours: 7 pm to 5 am. Six hours per day, 36 hours per week, and it is not allowed to accumulate night hours.

COMBINED SHIFT: Divided working hours between 5 am and 7 pm and between 7 pm and 5 am. For example, an employee who starts working at 2 pm and ends at 10 pm works 7 hours per day and 42 hours per week. If the employee works until 10:30 pm, then it will be a night shift.

ACCUMULATIVE SHIFT: This is the shift during which the hours that should be worked on the 6th day of the week are worked during the previous five days. Saturday will be considered a business day to calculate the employee's vacation.

For all shifts, the employer must provide one mandatory rest day after one week or six days of



OVERTIME: 50% of charge over the regular
h o u r .

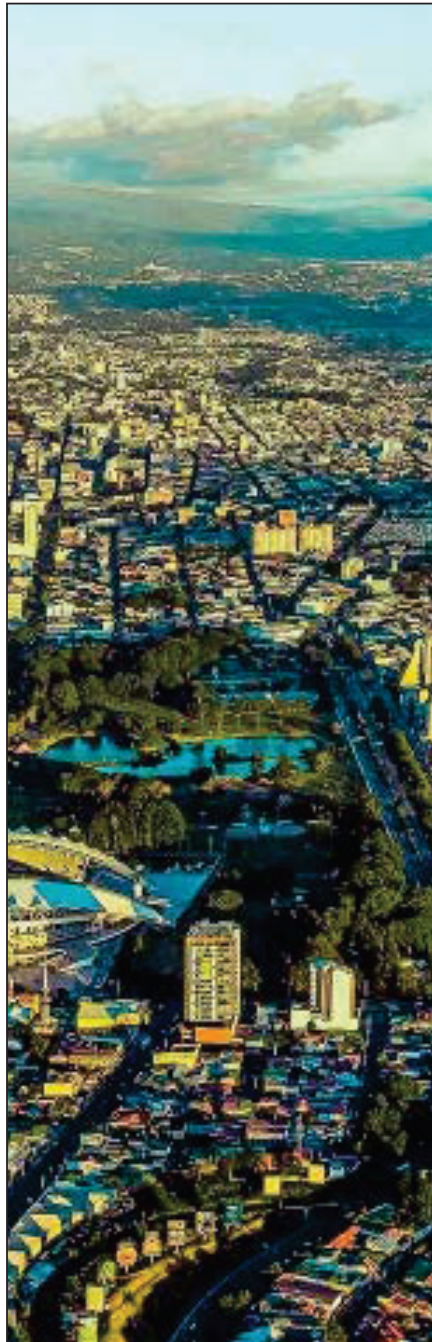
BONUS REQUIRED BY LAW

AGUINALDO: This is an economic benefit that Costa Rican legislation grants to all workers. It consists of delivering once a year, the equivalent of one month's salary. All the people who are part of the Costa Rican workforce as permanent employees of a company have the right to receive the bonus in the first 20 days of December of each year, in its entirety, if they have accumulated a year of service and, in part, according to the time worked for that employer.

It's important to note that this is a mandatory benefit. Even in the event of termination of the employment relationship, all employees will have the right to bonus payment, regardless of the cause of termination (resignation, dismissal with or without employer responsibility). However, the exception to this rule is when the employment relationship is terminated before the employee manages to accumulate one month of work.

SICK LEAVE

The employer must pay the employee **50% of their salary** for the **first 3 days** during the sick leave. From the **fourth day onwards**, the Costa Rican Social Security (**CCSS**) pays **60%** of the salary, verified by a disability certificate issued by a doctor of the institution.



VACATIONS

Every worker has the right to a minimum of **14 days** of paid annual vacations after **52 weeks** of uninterrupted work.

MATERNITY LEAVE

According to the labor code in Costa Rica, pregnant women get **four months** of paid maternity leave. It includes 1 month before and 3 months after their delivery. The employee must provide their company with a doctor's certificate at least five weeks before the due date to avail of this benefit.

If the employee has an unintentional abortion or a premature delivery, they are entitled to half of the maternity leave. If the employee is absent for longer due to an illness that prevents them from working, they will receive the same benefits for the entire recovery duration, up to three months. In Costa Rica, paid maternity leave is mandatory. The employer must pay 50% of the employee's salary during maternity leave, while the Social Security Administration must pay the other 50%.

TERMINATION

WITH JUST CAUSE: The reasons why we can terminate someone with just cause are established in the law, are very specific and required a very detailed process for us to do it. No severance is

WITHOUT JUST CAUSE: it is a unilateral decision of the employer. Therefore, severance is required.

SEVERANCE

Severance is divided into:

a) NOTICE

Is the notification given to/by the employee when he is being terminated/resigned? For employees, it is not mandatory to provide notice when they decide to resign, but it is common. For the employer, only indefinite-term contracts require

0-3 MONTHS	No notice is required
3-6 MONTHS	1 week notice
6-12 MONTHS	15 days notice
+12 MONTHS	30 days notice

This can be paid out, or we can ask the employee to work during that period.

b) UNEMPLOYMENT (CESANTÍAS)

LESS THAN 3 MONTHS	No payment
3-6 MONTHS	7 days of salary
6-12 MONTHS	14 days of salary
+12 MONTHS	19.5 days of salary

TAXES

Costa Rica has a clearly defined system of taxation that employers and employees must adhere to. In Costa Rica, the employer and the employee pay taxes. Here is the division:

EMPLOYER

HEALTH AND MATERNITY	9.25%
BASIC PENSION SCHEME	5.42%
BANCO POPULAR EMPLOYER FEE	0.25%
FAMILY ASSIGNATIONS	5.00%
SOCIAL AID (IMAS)	0.50%
INA	1.50%
CONTRIBUTION FROM BANCO POPULAR EMPLOYER	0.25%
LABOR CAPITALIZATION FUND	1.50%
COMPLEMENTARY PENSION FUND	2.00%
NATIONAL INSURANCE INSTITUTE (INS)	1.00%
TOTAL EMPLOYMENT COST	26.67%

EMPLOYEE

MEDICAL & MATERNITY	5.50%
DISABILITY, OLD AGE & DEATH BENEFITS	4.17%
WORKMENS SAVINGS BANKS	1.00%
TOTAL EMPLOYEE COST	10.67%

Income tax rates for individuals are calculated based on gross income on a progressive scale. They range from 0% to 25% and are deducted from the employee's salary every month.

HEALTH INSURANCE

It's non-mandatory to offer health insurance to

ADDITIONAL BENEFITS

All the benefits listed here are non-mandatory but are commonly offered to employees. It is essential to mention:

- a) All allowances are taxable, as the figure is not standard;
- b) When the employer decides to give a non-mandatory benefit, it becomes mandatory for the employer, and we shouldn't take it out nor decrease it;
- c) All the employees should receive the same benefits.

Here's a list of the common benefits offered to



- c) Phone/Internet allowance;
- d) Home Office allowance.

LABOR LAW - NUMBER VALID PAGE

Check out more about labor laws in Costa Rica in the link below:

COSTA RICA Labor CODE/CÓDIGO DE

TRABAJO DE COSTA RICA: https://www.mtss.go.cr/elministerio/marco-legal/documentos/Codigo_Trabajo_RPL.pdf

HOME OFFICE/HYBRID WORK - LAW - GUIDANCE

Check out more about Home-office/Hybrid work laws in Costa Rica in the link below:

LAW TO REGULATE TELEWORK
LEGISLATIVE DECREE NO. 9738/LEY PARA
REGULAR EL TELETRABAJO
DECRETO LEGISLATIVO N.º 9738: <https://www.mtss.go.cr/elministerio/marco-legal/documentos/9738.pdf>

FOREIGN EMPLOYEES: WHICH PAPERS DO WORKERS NEED TO HAVE TO BE CONTRACTED BY THE LOCAL LAW? MAXIMUM QUOTA ALLOWED.

All those individuals who:

- a) Have a residency ID;
- b) Have migratory category that allows them to engage in economic activity, or legal status as a

refugee or asylee.

Being a permanent or temporary resident, refugee, or asylee duly authorized allows them to work and be subject to all labor rights and duties.

REGULATIONS:

a) POLITICAL CONSTITUTION, ARTICLE 68:

<https://wipolex-res.wipo.int/edocs/lexdocs/laws/en/cr/cr110en.pdf>

b) LABOR CODE AND RELATED LEGISLATION:

https://www.mtss.go.cr/elministerio/marco-legal/documentos/Codigo_Trabajo_RPL.pdf

Law 8764, General Law of Migration and Foreigners.

Executive Decree No. 19010-G, Regulation to the General Law of Migration and Foreigners.

c) LAW 8764, GENERAL LAW OF MIGRATION AND FOREIGNERS:

<https://www.refworld.org/legal/legislation/natlegbod/2010/es/70115>

d) EXECUTIVE DECREE NO. 19010-G, REGULATION TO THE GENERAL LAW OF MIGRATION AND FOREIGNERS:

https://www.ilo.org/wcmsp5/groups/public/@ed_norm/@relconf/documents/meetingdocument/wcms_104700.pdf

