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Tax and Import Restrictions on Resident Foreigners in Select Countries

Belize • Costa Rica • Greece
Honduras • Republic of Ireland

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QUESTIONS POSED

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What are the restrictions on importing personal belongings, and what are the taxes on them in Belize, Costa Rica, Greece, Honduras and Ireland?

Question No. 2:

Are there requirements or limitations on the amount of money that a new resident or retiree can bring with them to Costa Rica and Ireland?

Question No. 3:

How difficult is it to set up a bank account in Belize, Costa Rica, Honduras and Ireland?

Question No. 4:

What about taxes for new residents in general in Belize, Costa Rica, Greece, Honduras and Ireland?

BELIZE

Question No. 1:

The immigration and customs laws of Belize do not appear to contain special provisions for the importation of goods by persons entering the country as permanent residents. The Immigration Act contains a very general provision that allows the principal immigration officer to issue "any prospective immigrant a permit to enter or remain in Belize subject to such conditions as to occupation, security to be furnished, or any other matter...as [he] may think expedient."[1] Thus, it appears that exemptions from customs duties can be provided for on entry permits.

Question No. 2:

Residents of Belize need the approval of the exchange control authorities to keep foreign currencies.[2]

Question No. 3:

Approval of the Central Bank is needed for banks to establish foreign currency accounts. Foreign currency accounts may be blocked so that funds may not be sent out of the country without special approval.[3] It appears that current government policies are liberal.[4]

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[1] Bel. Rev. Laws, ch. 121, §8(1) (1980).

[2] Exchange Control Regulation Act, Bel. Rev. Laws, ch. 43 (1980), as amended.

[3] International Monetary Fund, *Exchange Arrangements and Exchange Restrictions, Annual Report 1991*, 48-49 (1991).

[4] *Id*.

Question No. 4:

Belize's Income Tax Act does not contain special provisions for new residents. All residents are taxed a graduated percentage of their income that extends from 5% of the first Bel$1,000 of income to 50% on income in excess of Bel$60,000.[5]

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[5] Income Tax Act, Bel. Rev. Laws, ch. 46, §25 (1980), as amended. The Belize dollar is pegged to the United States dollar.

COSTA RICA

The Retirement Law[1] authorizes foreigners to retire in Costa Rica either as pensioners or annuitants.

Question No. 1:

The Law grants the immigrant customs duty exceptions for the importation of household goods and an automobile.[2]

Question No. 2:

To be awarded pensioner status, the applicant must prove the existence of a minimum monthly pension of $600. The stability of the income must be proven every six months to the Instituto Costaricense de Turismo by a duly executed certified statement[3] The status of *resident investor* is a different category under which a person must deposit $80,000 in a Costa Rican bank or obtain a certificate from a foreign institution that the applicant's income is no less than $1,000 per month.

Question No. 3:

According to available sources, no restrictions are placed on the opening of a bank account by a pensioner.

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[1] Ley No. 4812 of July 28 1971, as amended by Ley No. 6982 of Dec. 18, 1984, as cited *in Tax Havens Encyclopedia* 2 (London, Butterworth, 1992).

[2] *Id*.

[3] W. H. Diamond & D. B. Diamond, 2 *Tax Havens of the World* 10-11 (Oakland, Calif., Matthew Bender, 1993).

Question No. 4:

The income tax legislation is based on the principle of territoriality. Consequently, foreign-source income is tax exempt.[4] Income from government bonds is also exempt. Other major benefits include an exemption of migration taxes and a four-month tax holiday after being accepted as a retiree on payment of customs duties and sales taxes on the purchase of imported articles for the new home.[5]

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[4] *Supra* note 1, Ley No. 7092 of Apr. 21, 1988, as amended, art. 2.

[5] *Supra* note 3, p. 8-9.

GREECE

Americans who enter Greece may not need a visa for a stay of up to 3 months.[1] A residence permit must be obtained for longer periods. This document is attained upon application submitted to the appropriate police authorities fifteen days before the expiration of the three-month period.[2] An extension is dependent on various criteria, such as the purpose of the stay, sufficient means of support, intention to stay longer and various health considerations.[3]

Question No. 1:

The Customs Regulations distinguish between items for personal use and items intended for permanent residence.[4]

In general, used items for personal use such as clothing, jewelry, books, linens, etc., and which are comparable to the traveler's social status are imported free of duty or any tax imposed on imports.[5] The same exemption applies to food items, liquor, cigarettes, etc., and used items, one of each kind, such as cameras, binoculars and portable musical instruments. The above list which is not exhaustive also includes domestic animals.

New items are free of import duties as long as their value does not exceed $150. Used oriental carpets up to 25 square feet are subject to a 50% import duty on their total value.[6]

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[1] Art. 6 of Law No. 1976/1991 on Entry and Exit, Residence, Employment, Expulsion of Aliens, Procedure to Recognize Foreigners as Refugees and Other Provisions, *in Ephemeris tes Kyverneseos tes Hellenikes Demokratias* (Official Gazette of Greece), pt. A, issue no. 184 (Dec. 4, 1991).

[2] *Id*. art. 12, para. 1.

[3] *Id*. art. 2, para. 2.

[4] Legislative Decree No. 2544/53 *Peri Telonismou Eidon Atomikes Chreseos Epivaton kai Eidon Metoikounton* (Custom Treatment of Items Used for Personal Use and Items Intended for Permanent Residence of Travellers), as amended, *in* A. Kontakses, *Teloneiakos Kodix* (Customs Code) 328 (Athens, 1986).

[5] *Id*. art. 6, at 330.

[6] *Id*.

On the other hand, household items intended for permanent residence are treated as follows:[7]

- used household items, with the exception of those that use electricity are subject to a 10% import duty on their value;

- used or new household electrical items are subject to 20% of their value;

- used carpets up to 50 square feet are subject to 20%; and
- used or new cars (one for each family) are subject to half the duty imposed on imported cars and up to 1/3 of the consumption tax provided that the individual imports the car within six months upon arrival in Greece.

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7 *Id*. art. 12.

Question No. 2:

According to tax law, natural persons domiciled in Greece are subject to income tax for their worldwide annual income.[8] As a general rule, Greek tax law allows full tax credit for taxes paid in foreign countries for income from sources within those countries. Such tax credit may not exceed the amount of the Greek tax.[9] Greece has signed a treaty with the United States for the avoidance of double taxation.[10]

Until 1992, pensions granted by foreign private or public sector to foreigners or nationals residing permanently in Greece were tax exempt. However, article 3, paragraph 2, of Law No. 2065/1992 *Anamorphose tes Ameses Phorologias kai Alles Diatakseis* (Reform of Direct Taxation and Other Provisions) abolished this exemption.[11]

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[8] Legislative Decree No. 3323/1955, as amended, *in* P. Raptarchis, 27 *Diarkes Kodikas Nomothesias* (Continuous Compilation of Laws) 137(a) (Athens, looseleaf).

[9] J. Dryllerakis, *Tax Law and Investment Incentives* 290, in K. Kerameus & P. Kojyris, *Introduction to Greek Law* (The Netherlands, 1988).

[10] Convention and protocol for the avoidance of double taxation and prevention of fiscal evasion with respect to taxes on income. Signed at Athens Feb. 20, 1950; protocol signed at Athens Apr. 20, 1953; entered into force Dec, 30, 1953. 5 UST 47; TIAS 2902.

[11] 40 *Kodikas Nomikou Vematos* (Code of Legal Tribune), issue 4, 481 (Athens, 1992).

HONDURAS

Residency is obtained in Honduras under the provisions of the Law on Population and Immigration Policy,[1] as amended.[2] The status of *residents pensionados* or *residentes rentistas* is granted to individuals who have income from foreign sources.[3]

Question No. 1:

A foreigner who enters Honduras legally with the intention of establishing him/herself in the country is entitled import all personal property free of charge. This may include an automobile and the personal property of dependents as well.[4]

Question No. 2:

To obtain residence, a foreigner must show that he has funds from abroad, income from these funds, or any other permanent income from abroad in the amount of not less than US$600.00 if the status applied is *resident pensionado* and US$1,000 if the status applied is *resident rentista*.[5]

Question No. 3:

According to avialable sources, no restrictions are placed on the opening of a bank account by an immigrant.

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[1] Ley de Población y Política Migratoria, Decreto No. 34, *La Gaceta* (L.G.), Dec. 10, 1970.

[2] Ley para los residentes, pensionados y rentistas, Decreto No. 93-91, L.G., Sept. 3, 1991.

[3] *Id*. arts. 1 & 2.

[4] *Id*. arts. 5 & 6.

[5] *Id*. art. 2.

Question No. 4:

Immigrants living on their foreign income do not pay income taxes on such income, including pensions, regardless of the total amount.[6]

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[6] *Id*. art. 11.

REPUBLIC OF IRELAND

The following information is provided in answer to the questions posed with regard to United States Citizens retiring in Ireland. It is assumed that the retirees are entering Ireland on the basis of Irish citizenship acquired by descent[1] or by obtaining leave to reside in the country under the Aliens Order, 1946, as amended.

Question No. 1:

Personal property imported into Ireland on a transfer of residence is exempted from import charges, i.e. excise duties and Value Added Tax (VAT).[2]

Question No. 2:

Ireland welcomes foreign capital into the country. However, some exchange control requirements apply, and notification of the Central Bank of Ireland is required in order to facilitate subsequent repatriation of the capital. Exchange Control Notice EX 17,[3] applying to persons taking up permanent residence in Ireland, allows foreign exchange transactions by foreign nationals residing in Ireland involving the following assets: foreign currency securities, cash balances in foreign currencies held by an applicant on taking up residence in Ireland, and the income from such assets.

Under the terms of the Notice, a person who is newly arrived in the State is considered to be an Irish resident if he intends to live there for an indefinite period or for a period of not less than three years.

Question No. 3:

No restrictions are placed on the opening of a bank account by a person seeking resident status in Ireland.

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[1] Having at least one Irish grandparent is sufficient to confer a right to Irish citizenship, provided a person born out of Ireland of a parent also foreign born has his birth registered. Irish Nationality and Citizenship Act, 1956 and 1986.

[2] *Customs and Excise Tariff of Ireland* xxii (1990).

[3] P. Ussher & B. O'Connor, *Doing Business In Ireland* ¶ 13.06[5]i (1992).

Question No. 4:

Taxes are imposed on the basis of residence not nationality in Ireland. Irish resident individuals are liable to Income Tax on income arising on a world-wide basis. Other applicable taxes are Capital Gains Tax, VAT, Stamp Duties (on certain written documents), Capital Acquisitions Tax (comprising gift and inheritance taxes), and Residential Property Tax.

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