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On May 31, 2021, the new Insolvency Law of Costa Rica was published in the official newspaper La Gaceta, which will come into force as of December 1, 2021.

This law reflects the effort made by the country to update and revamp its legislation by adapting to the current needs and situations that both companies, and the national economy, are facing.

Through the new Insolvency Law, the country seeks to provide legal certainty to the debtors by implementing a simple, low-cost, and modern proceeding, ensuring a more agile and dynamic process that adjusts to the current reality and needs.

Among the main changes that can be identified on this new Insolvency Law we can mention:

- The creation of a unique insolvency proceeding. This will eliminate the Civil Insolvency Proceeding, Judicial Reorganization Intervention Proceeding, Company or Individual Voluntary Arrangement Proceeding, and Bankruptcy Proceeding, which is included in the current legislation.
- The inclusion of Alternative Dispute Resolution (ADR) methods within insolvency proceedings. This means that arbitration, conciliation, and mediation mechanisms are now available and recognized for the parties to be used.
- The approval for the Supreme Court of Justice to create new specialized and dedicated Insolvency Courts to handle all insolvency-related matters.

These are just some of the changes included within this legislation that generates a new approach and scope to the insolvency scene in Costa Rica.

In Dentons Muñoz, our professionals are currently up to date with this new regulation and are fully prepared to advise you on these matters. Please do not hesitate to contact us to obtain further details and information about this, or other topics of your interest.

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