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Mexico Tax News

January 2021



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Northern Border Region Decree

Income Tax & Value Added Tax

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Income Tax & Value Added Tax

The Mexican government published a decree that announced modifications to the tax incentive measures available to taxpayers;

- The incentives provide a reduced income tax rate of 20% (reduced from 30%) and a reduced rate of value added tax (VAT) to 8% (reduced from 16%).
- Allow taxpayers to apply the incentives by means of a notice, if submitted no later than 31 March of the applicable year.
- **Extend application of the incentives through 31 December 2024.**
- The decree extend this tax incentives to taxpayers with business operations in the Mexican northern and southern border regions.

Reportable Tax Planning

Reportable Tax Planning

Regarding the tax planning arrangements reporting (“Esquemas reportables” in Spanish),

which came into effect during 2020,

it is important to remember that within the lists as such we can find situations that could be applicable to the **maquiladora industry**.

Reportable Tax Planning

Basic information for Maquiladoras

New tax obligation:	Tax planning arrangements
Due date:	February 17, 2021
Tax provision:	<ul style="list-style-type: none">• The tax planning arrangements that must be disclosed are:• those designed, marketed, organized, implemented or administered as of the year 2020,• or prior to that year when any of their tax effects are reflected in the fiscal years from 2020 onwards.• <u>In the latter case, the taxpayers will be the only ones required to disclose.</u>
Tax planning arrangements:	A tax planning arrangement is considered to be any that generates or may generate, directly or indirectly, obtaining a tax benefit in Mexico and <u>has any of the characteristics of article 199 of the Federal Tax Code.</u>

Reportable Tax Planning

Most common examples of reportable tax planning for Maquiladoras

Reportable Tax Planning:	Involves transactions with related parties in specific cases, such as the transfer of intangible assets or transactions that transfer assets or provide services <u>in exchange for no compensation or provide services that are not remunerated.</u>
Legal Basis:	Article 199 fraction VI subsection c) of the Federal Tax Code
Reporting Instructions:	Rule 2.21.12 of the Miscellaneous Tax Resolution

Reportable Tax Planning:	Avoids constituting permanent establishment in Mexico in terms of the Income Tax Law or apply a tax treaty to avoid double taxation signed by Mexico.
Legal Basis:	Article 199 fraction VII subsection c) of the Federal Tax Code
Reporting Instructions:	Rule 2.21.15 of the Miscellaneous Tax Resolution

Miscellaneous Tax Rules

Monthly Income Tax Payments

Rule 3.9.19 of the Miscellaneous Tax Rules

- The return will be pre-filled with the information of the revenues issued at the CFDI's of the period.
- The information corresponding to the provisional payments made will be preloaded in advance and with information from the annual return for the immediately preceding fiscal year.



Complaints related to CFDI invoice

Rule 2.7.1.49 of the Miscellaneous Tax Rules

Taxpayers may request the intervention of the tax authority to act as conciliatory and guidance counselor, per the filing guide 304 / CFF “Conciliation of complaints about invoicing”, contained in Annex 1-A, when they fall into one of the following assumptions:

- The CFDI is not issued
- The CFDI of an existing operation is canceled without reason and it is not issued again the corresponding CFDI.
- The payment complemento is not issued
- A payroll CFDI is issued and there is no employment relationship with the issuer
- A CFDI for income, expenses or payment is issued, where there is no commercial relationship with the issuer
- Require the cancellation of an invoice and the receiver does not accept it, even if the cancellation is appropriate.

Debt capitalization

Article 30 of the Federal Tax Code and Rule 2.8.1.23 of the Miscellaneous Tax Rules



“... In the case of increases (*of capital*) due to the capitalization of liabilities,
the meeting minutes containing said acts must also be kept,


as well as the document certifying the accounting existence and value of
the liability...

- The accounting certification of the liability existence and its value should be issued by a Registered Public Accountant.

Other tax news

Sale of assets 2020 Notice

Notification for the sale of assets for 2020 applicable to manufacturing companies “**maquiladoras**” that sold movable or immovable property during 2020.

 It is important to remember that in accordance with **Rule 3.20.2** of the **Miscellaneous Tax Rules**, it will be necessary to present a written notification to the authorities, indicating, among other points and the business reason. *In case of obtaining income from the sale of movable and immovable property.*

 ***When should it be filed?***

During the month of January of the following year in which the sale of movable and immovable property took place.



New State IRS Director in Baja California

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el mexicano
GRAN DIARIO REGIONAL

ESTATAL

Asume dirección del SAT BC Eva María Viridiana Sori

POR REDACCIÓN | MARTES, 19 DE ENERO DE 2021



Source:
<https://www.el-mexicano.com.mx/Noticia/Estatal/2828/Asume-direcci%C3%B3n-del-SAT-BC-Eva-Mar%C3%ADa-Viridiana-Sori>



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