Deloitte.

Doing Business Mexico

2025

Introduction

Mexico is undergoing a transformative phase, characterized by a series of conjunctural, political, and commercial events that could impact its development in various ways. While this background presents significant challenges for investors and entrepreneurs aiming to expand into the Mexican market, it also offers valuable opportunities for growth.

To provide a clearer picture of the economic, fiscal and legal environment in Mexico, Deloitte presents the 2025 "Doing Business" edition. This high-value guide for investors compiles essential data and information, organized into three axes of analysis: the key economic variables, the legal conditions that impact business activity and tax aspects.

These key aspects, gathered and analyzed with a specialized approach, can significantly support those looking to enter, expand, or consolidate their presence in the Mexican market, enabling them to develop a comprehensive and effective strategy.

We hope this report captures your interest and proves highly useful to you.

Miguel Ángel Millán Naranjo
Managing Partner
Marketplace Mexico-Central America
Deloitte Spanish Latin America

Doing Business in Mexico

General profile

Mexico is the 12th largest economy in the world and is the second largest in Latin America. Its geographical position, the diversity of its resources and its workforce, provide competitive advantages that make it attractive to investors. Furthermore, Mexico has formed a network of 14 free trade agreements, giving preferential access to its products to more than 52 countries. Among those agreements, Mexico has a free trade agreement with one of the largest and most important economies in the world: the United States of America.

In recent years, the country has undergone a series of structural changes, through a substantial increase in public investment and accelerated increases in wages and consumption bases, which has allowed to reap good results.

in terms of economic growth. For example, in 2022 GDP rose 3.7%, while in 2023 it increased 3.2%; when the average of the last 25 years was closer to 1.8%. However, recent times have posed threats to this momentum due to political changes and economic factors worldwide that have impacted Mexico's most significant economic variables. This is the case of some protectionist policies, such as the imposition of tariffs, which could slow down the expansion of Mexican exports and private investment.

From this panorama, the country will face short term uncertainty, but also opportunities that will allow to take advantage of the strengths of its domestic market to a greater extent.

Also, the work between the governments of the United States-Mexico-Canada Agreement (USMCA) countries seems to ensure that regional integration in North America will be prioritized, which would open new sources of investment in the medium term. All in all, Mexico faces a horizon of transformation that is rich in prospects for the future and, if it manages to overcome the conjunctural turbulence, it is likely that it will resume a path towards sustainable development.

Political regime

Constitution

The Constitution is the supreme law of Mexico, establishing the nation as a representative, democratic, and federal republic comprised of 32 states, including Mexico City. It outlines the powers and responsibilities of the federal government, which is divided into three branches: Legislative, Executive, and Judicial.

Human rights, provided for both. in the Constitution as in international treaties, must guide the actions of the government and individuals, while constituting a limit to their activity.

According to the Constitution, any powers not explicitly granted to the Federation are reserved for the states. For instance, commercial matters, including banking, fall under federal jurisdiction, whereas civil matters are governed locally. Consequently, real estate is regulated by the laws of each state.

Federal powers

The Executive Branch enforces the law and is headed by the President, who serves a six-year term and is elected by direct and universal vote.

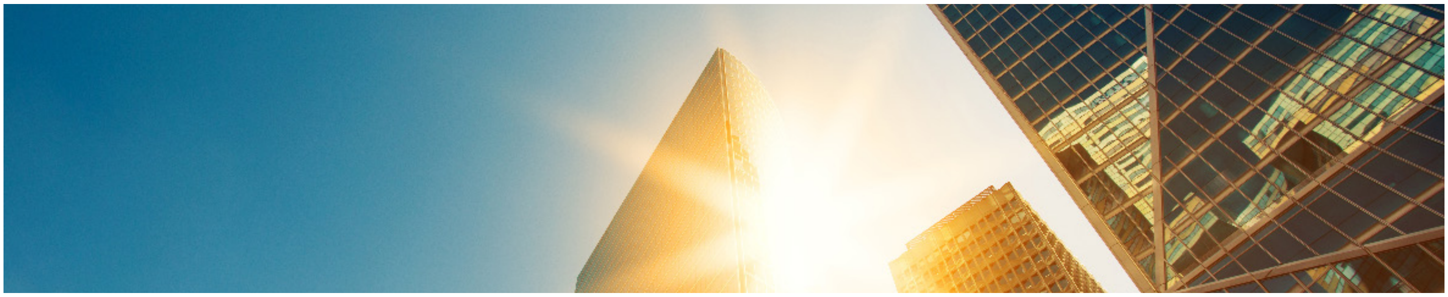
The Legislative Branch is composed of two chambers, the Chamber of Representatives and the Senate, and is responsible, among others, for submitting and approving bills. Regardless of this, each of the chambers has exclusive powers for certain subjects.

Finally, the Judicial Branch is integrated by the Supreme Court of Justice (the highest court) and different other courts, whose members will be elected by popular vote through the procedure stated in the recently approved Judicial Amendment.

Social rule of law

Because of the separation of powers and the recognition of human rights by the Mexican State and the system of checks and balances, that balance and limit the powers of the branches among themselves (all of which are fundamentally contained in the Constitution), it is understood that the rule of law is intimately intertwined with the Constitution.

For this reason, constitutional amendments, unlike ordinary amendments, require the compliance of an aggravated reform procedure; that is, they are only valid if certain hurdles are cleared, such as obtaining approval from two-thirds of the members present in both houses of Congress, as well as receiving the majority approval from state legislatures. It is important to note, however, that, since the promulgation of the Constitution (1917), over 700 constitutional amendments have passed.



Economic overview

In 2024, during its last months, the expansion of economic activity lost momentum and there was even a contraction of 0.6% in the quarterly measurement of GDP during the fourth quarter. With this, GDP had an advance of 1.2% through the whole year and left a complicated basis for growth in 2025 (forecast of +1.0%). The slowdown in public spending, the fall in investment in the face of global uncertainty and the volatile behavior of exports, are behind this phenomenon.

In general, we are cautious about our expectations for this year, especially with the historical precedent that economic growth is usually one of the most affected variables during the first year of the new presidential term, as is the case with the current federal government. However, we believe that the slowdown in economic activity expansion will contribute to a continued decline in inflation, bringing it closer to the specific target of 3.0% by June, thereby balancing the overall outlook.

Greater stability in the price overview would provide Banco de México with the necessary confidence to cut the interest rate throughout the year, from the current 10.0% to 8.00% at the end of the year. The exchange rate would remain oscillating around $20.50 pesos per dollar.

It is of utmost relevance to mention that the performance of these variables will be subject to the changes that the United States makes to its trade policy, because the imposition of tariffs would imply a structural modification of the global economic order.

Table 1.
Sectoral Composition of GDP[8] (Millions of dollars and percentage contribution)

GDP	2022	2023	2024*	% GDP
Total	24,273,382	25,073,285	25,437,866	100
Primary	840,161.2	828,041.9	808,972.2	3.2
Secondary	7,733,765	7,996,632	8,015,272	31.5
Mining	954,107.2	955,407.8	914,769.7	3.6
Construction	1,312,766	1,517,134	1,557,628	6.1
Manufacturing	5,144,481	5,209,579	5,223,452	20.5
Tertiary	14,366,044	14,858,820	15,203,464	59.8
Retail	2,345,478	2,439,226	2,471,611	9.7
Wholesale	2,359,415	2,469,473	2,533,689	10.0
Real estate services	2,313,743	2,369,739	2,389,101	9.4
Transportation	1,754,243	1,817,132	1,890,029	7.4
Financial services	917,471	988,918	1,023,627	4.0
Tourist services	119,866	125,558	129,175	2.2

Source: Econosignal, , with information from INEGI. Original series are used at current prices.

Behavior by industry

Last year industries faced a diverse scenario; in general, they went through complicated moments through the economic slowdown that threatens to worsen in 2025.

Services were the ones that showed the greatest resilience, with a growth of 2.3% compared to 0.2% for industrial activities. The following stood out: professional services, which have benefited in recent years from the growing complexity in the transaction of companies and, therefore, the greater demand in areas such as accounting, legal and software development, among others.

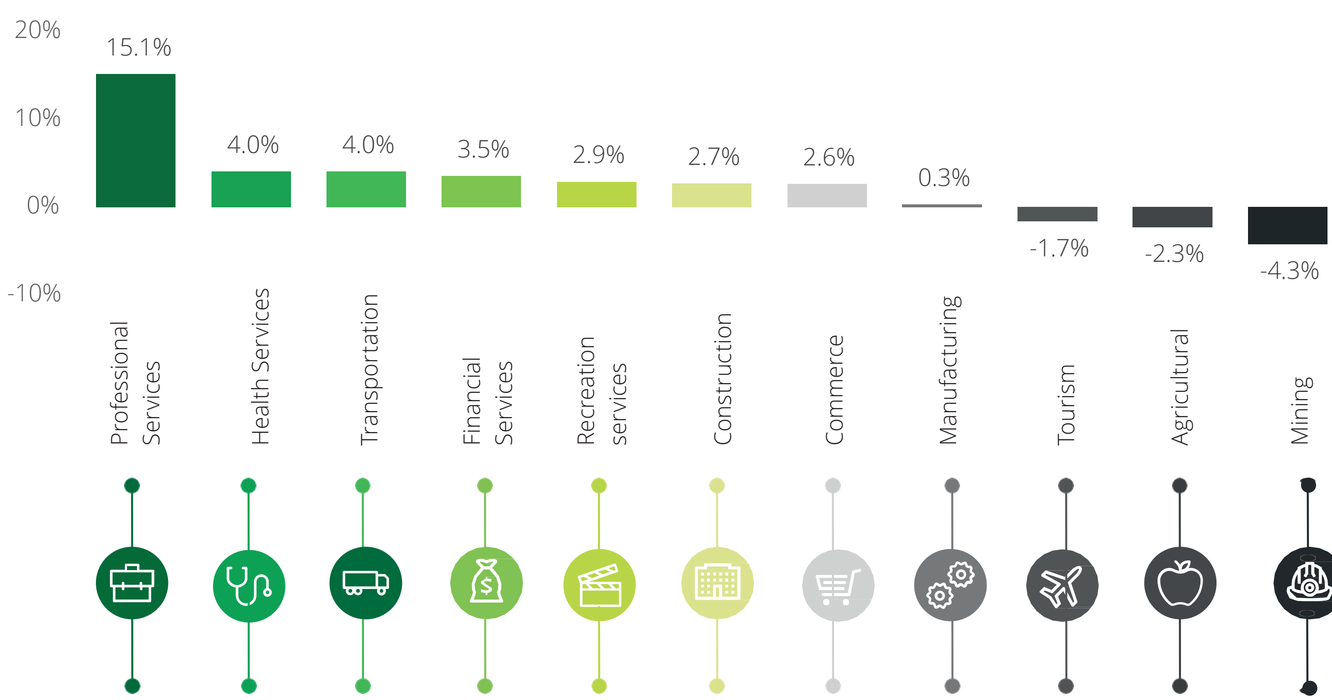
To be also highlighted is the behavior of consumer services, especially retail. They roughly contribute about 10% of the Gross Domestic Product (GDP) and, thanks to increases in salaries and transfers from public programs, they have continued to grow at a rate that is almost twice higher than that of the bulk of the economy.

On the side of the secondary sector, the behavior of construction stands out, because, until the middle of the year, it had growth rates close to 10%, but faced a significant slowdown after the presidential elections, with a final growth of only 2.7%. Its performance in the future will depend on how quickly the infrastructure and housing projects announced by the new administration begin.

As for those activities that faced the greatest complications, mining was the most alarming case with a contraction of 4.3%, linked to the fall in oil production. Through the year, Pemex reported an average production of 1.48 million barrels of crude oil per day, which implies a decrease of 6.3%, compared to 2023 levels.

Likewise, the primary sector had a loss of 2.3%, due to the arduous climatic conditions, especially the prolonged droughts that occurred in the north of the country during the first half of the year. This condition also severely affected inflation statistics, as the component that measures the prices of fruits and vegetables had increases of up to 19.7% annually in June.

Figure 1.
GDP growth by economic activity (Annual change 2024 vs. 2023, original figures)



Source: Econosignal, with information from INEGI. Original series are used in constant values at 2018 prices.

Foreign direct investment

In 2024, Mexico attracted US $36,873 million in Foreign Direct Investment (FDI), attracting 2.6% of global FDI, according to preliminary data from UNCTAD.

FDI inflows come mostly from the U.S., Mexico's main trading partner. Said country contributed about 41% of investment, compared to 38% in 2023. The sectors where these flows are directed are mainly automotive manufacturing, electrical appliances and self-service stores. In second place is Japan with a share of about 13%, also in the automotive manufacturing sector, as well as in the generation and distribution of energy. In third place is Germany, with a share of approximately 10% in total FDI and directed to states such as Puebla and San Luis Potosí, which are home to plants of the main automotive companies in that country.

The most attractive sectors for foreign investment, during 2024, were manufacturing, which attracted about 54% of total FDI. Of the flows, the automotive sector comprises about 50%, while the rest is divided into electrical appliances, computer equipment and machinery and equipment, among others. In second place, among the largest recipients of FDI, in 2024, were financial services, which attracted about 15.4% of total FDI. Mining activities reached the third position, attracting investments for approximately 9.3% of the total.

The most attractive states for this type of investment were Mexico City, which received about 44% of all the funds invested in the country; followed by the State of Mexico, with about 7%; Baja California, with almost 6.0%; Guanajuato and Chihuahua, with approximately 5% and 6% in each case.

Table 2.
Main countries of origin of FDI (Billions of dollars and percentage of participation in the total, September 2024)

USA	Japan	Germany	Canada
14.5	4.5	3.9	2.6
41%	13%	11%	7%

Source: Secretariat of Economy.

Table 3.
Major investment sectors (billions of dollars and percentage of participation in the total, September 2024)

Manufacturing	Financial Services	Mining	Temporary accommodation
19.4	5.5	3.3	2.4
54.3%	15.4%	14.1%	6.3%

Source: Secretariat of Economy. The figures are as of September 2024, so they may change later.

Figure 1.
Concentration of FDI by geographical region and sector
(Million Dollars, 2024)

Central - North	FDI (mdd)
Hotel	4.5
Manufacturing	232.8
Mining	154.3

South	FDI (mdd)
Hotel	799.2
Mining	357.9
Manufacturing	355.5

Occident	FDI (mdd)
Manufacturing	971.6
Hotel	433.3
Agriculture, breeding and exploitation	166.0

Bajio	FDI (mdd)
Manufacturing	3,423.5
Transport	294.9
Energy	230.5

Central	FDI (mdd)
Manufacturing	10,801.9
Financial services	5,182.1
Mining	2576.1

Frontier	FDI (mdd)
Manufacturing	3,622.1
Wholesale trade	1,227.7
Hotel	204.3

Note: The figures for 2024 are as of September, so they may change later.
Source: Secretariat of Economy. The figures are as of September 2024, so they may change later.

Monetary policy

The Banco de Mexico is the body in charge of maintaining price stability in the country. To do this, it sets inflation targets, ranges and deadlines to obtain it. The current established range is 3.0% +/- one percentage point.

After the COVID-19 pandemic crisis, various disruptions arose, both on the production side (shortage of goods and delays in deliveries), and on the consumption side (changes in habits), which generated the increase in the price of certain goods and services.

In this way, inflation began an upward trajectory since the beginning of 2021, and until January 2025 it managed to return within the Central Bank's target.

As a result, the interest rate rose from 4.0% in March 2021, to 11.25% two years later, and only began to fall until mid-2024. The level is currently 9.00% and is expected to keep falling over the next 12 months.

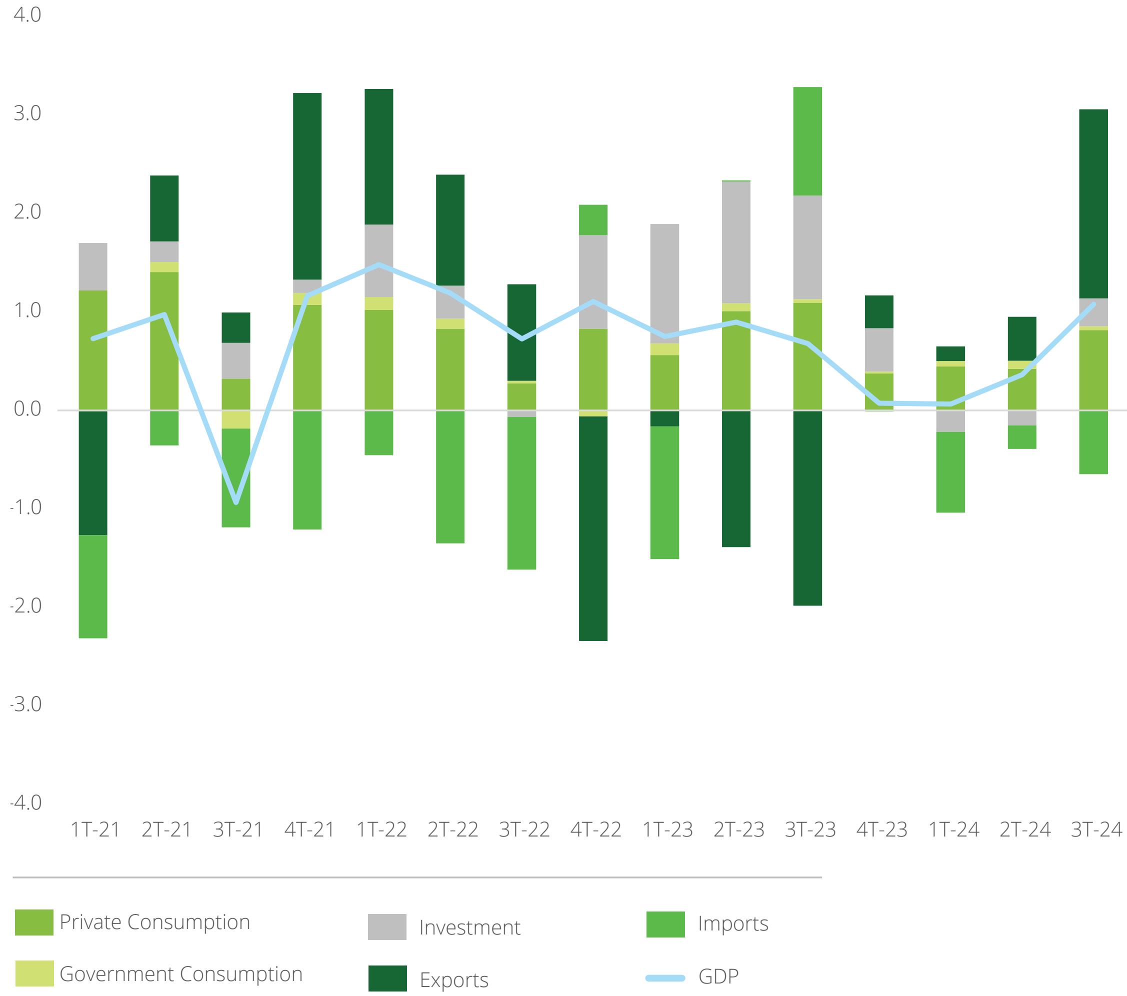
At the beginning of 2025, the overview became more complex due to the possibility of the United States imposing tariffs, which would cause a reordering of global value chains and a general increase in the price of inputs and final goods. In the specific case of Mexico, the depreciation of almost 20% of the exchange rate in the last 12 months could generate additional pressures.

In this context, inflation and interest rate forecasts will see that their balance of risks is tilted to the upside. Banco de México has already warned of this scenario in its recent communications and has been clear that, going forward, it will favor a prudent approach when cutting the rate; so, although the market anticipates that the reference rate could reach 8.00%, a pause is not ruled out if inflation figures begin to reverse the trend.

Currently, general inflation has positioned itself between 3.5% and 4.0%, but it is likely that, in the next 12 months, its volatility will increase both downwards, due to the base effects of comparison, and upwards, due to the tariff effects.

Current Economy and Prospects

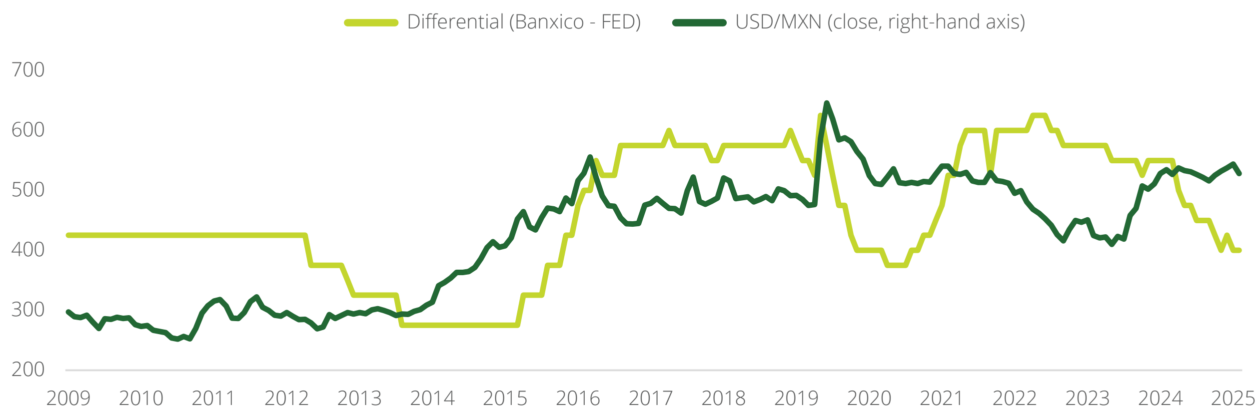
Figure 2.
GDP growth and contribution of aggregate demand components
(Contribution to GDP in percentage points, on the left axis, and quarterly % change in GDP)



Source: INEGI

Although the Mexican economy had a weak start in 2024, it ended up growing by 1.2% for the entire year, thanks to the recovery of exports towards the closure, and to the constant participation of consumption. This last component of aggregate demand has been recently the protagonist thanks to sustained increases in the minimum wage, low unemployment rates, and government support and transfers. Preliminary information suggests that most indicators weakened during the last quarter, especially investment, due to the presidential transition in Mexico which halted public spending and because private investment held back in the face of the uncertainty surrounding the electoral process in the United States. Going forward, these conditions will change little, consequently the growth forecast for the Mexican economy is reserved at around 1.0%. We expect the global and local outlook to stabilize in 2026, so that production would once again show rates of progress like the average of the last 20 years (1.8%), since then.

Figure 3.
Interest Rate Differential Between Mexico and the U.S. and the Exchange Rate of the Peso Against the Dollar
(Reference rate in percentage and inflation, in annual percentage change)



Source: Federal Reserve and Banco de Mexico. Econosignal's forecasts for 2025.

Regarding the rest of the variables, we believe that the most notable change will be the growth of the interest rate differential between Mexico and the United States, because, as mentioned earlier, although Banco de Mexico will adopt a cautious stance, it will continue to cut the rate in the coming months. This, to reduce restrictions on economic activity, while the Federal Reserve will remain unchanged.

This situation has already begun to be valued by the financial markets and, therefore, part of the depreciation of about 20% of the exchange rate in the last 12 months is associated with it. However, it is important to note that the peso has remained relatively stable within the business environment, despite the significant changes of the latter. In the last 4 months, it has stabilized between $20 and $21 pesos against the dollar.

Although we estimate that there will be episodes of volatility in the near future, our forecast for the end of the year is $20.50, while for the interest rate we expect 8.00% and 3.8% in the case of consumer inflation.

Key economic variables

GDP 2024

$US1,871.0 billion

Position in the world

12 / 193

GDP growth

(Annual percentage change, original figures)

2022 3.7	**2023** 3.2
2024ᴾ 1.2	**2025ᴾ** 1.0

ᴾ Proyected value.

Source: National Institute of Statistics and Geography (INEGI, for its acronym in Spanish), the Secretariat of Finance and the World Bank. GDP projections are from Econosignal.

Macroeconomic context (figures at the end of 2024)

GDP per capita	**14,966** Dollars
Reference rate	**10.0** Percent
Inflation	**4.2** Annual percentage change
Performance Rate	**4.1** Percent
Exchange rate	**20.8** MXN/USD
Population	**131** Millions of people
FDI	**36.9** Billion dollars
Fiscal balance	**-5.7** Dollars
Primary balance	**-1.5** Percentage of GDP
Public debt	**51.4** Percentage of GDP
Current account	**-10.7** Percentage of GDP
Balance of trade	**-9.0** Percentage of GDP
International Reserves	**12.2** Percentage of GDP
International Reserves	**229** Billion dollars

Competitiveness

Position in the world

56 / 57

(IMD, 2024)

Ease for doing business

Position in the world

36 / 50

(WB, 2024)

Corruption Perceptions Index

Position in the world

140 / 180

(TI, 2024)

Source: International Institute for Management Development (IMD), World Bank (WB), and Transparency International (TI).

Foreign Trade (Main Goods, 2024)

Product	Value (mdd)	Participation
Exports	**617**	
Cars	62.5	10.1%
Trucks	42.1	6.8%
Auto Parts	41.1	6.7%
Computers	25.1	4.1%
Petroleum	16.7	2.7%
Imports	**625**	
Auto Parts	34.4	5.5%
Integrated circuits	25.8	4.1%
Refined petroleum	19.7	3.2%
Cars	18.9	3.0%
Phones	17.4	2.8%

Foreign Trade (Major Trading Partners, 2024)

Country	Value(mdd)	Participation
Exports	**617**	
United States	513.6	28.4%
Canada	18.9	7.9%
China	9.9	6.3%
Germany	7.7	4.3%
South Korea	6.2	3.6%
Imports	**625**	
United States	250.0	40.1%
China	129.8	20.8%
South Korea	23.0	3.7%
Germany	21.3	3.4%
Japan	19.3	3.1%


Daily Signups
This month
Last month
Last year
15,323 Signups past 30 days
2,430 vs previous month
Liquidity
Cash In
Cash Out
Net
$25.9M Total Bank Balance
$17.9M Working Capital
Daily Signups
20,1% YTD
Updated 3 Min ago
Monthly Sales
This year
Last year
Next year projections
May Sales 73.2 M
Up 21.3 M From Last May
Refreshed 2 Min ago
65%
Gross Profit Margin
37%
Operating Ratio
22%
75%
32%
Affiliates Sales
Last 24 Hours
Updated 1 Min ago
Sales By Product
Services
Hardware
Software
Subscriptions
Sign Up Fees
Upgrades
Last 30 days
Updated 15 Min ago
Retention
81%
69%
85%
Profit and Loss summary

Legal system

Legal entities
Private legal entities or corporations are recognized as independent entities separate from their partners or members and therefore have an independent existence from them. The most common commercial companies regulated by the *General Law of Commercial Companies (Ley General de Sociedades Mercantiles)*, are:

- Corporation *[Sociedad Anonima - S.A.- , in Spanish]* (the most widely used in the business field).
- Limited Liability Company (S. de R. L., for its acronym in Spanish).

The commercial companies regulated by the *Securities Market Law (Ley del Mercado de Valores)*, whose objective is to eventually become issuers of debt or equity in the Mexican market, are:

- Publicly Traded Corporation (S.A.B. *[for its acronym in Spanish]*, companies issuing capital in the public market).
- Private Company (Sociedad Anonima Promotora de Inversion *[S. A. P. I., for its acronym in Spanish]*).
- Publicly Held Corporation [Sociedad Anonima Promotora de inversion Bursatil].

In addition to commercial companies, there are the following civil companies (although they may have another name and regulation in different states):

- Civil Company (S.C., for its acronym in Spanish).
- Civil Association (A.C., for its acronym in Spanish).

Commercial companies are those that are incorporated for the realization of a preponderantly economic purpose, while civil companies have a contrary purpose.

Main commercial companies
In principle, companies can be incorporated by two or more partners, who can be all residents abroad. Exceptionally, there is the Simplified Stock Company (S.A.S., for its acronym in Spanish), which is incorporated with one or more individuals, with a simplified structure of transaction and taxation.

The most common commercial companies
in Mexico, and their main characteristics, are:

	Corporation Sociedad Anónima (S.A.)	Limited Liability Company (S. de R.L.)	Publicly Held Company Sociedad Anonima Promotora de Inversion (S. A. P. I.)
Shareholders/ partners	Minimum: 2 shareholders. Maximum: unlimited.	Mínimo: 2 socios. Máximo: 50 socios.	Mínimo: 2 accionistas. Máximo: ilimitado.
Capital	No minimum capital is required to incorporate a company; the capital is represented by shares (negotiable instruments).	No se exige un capital mínimo para constituir una sociedad y éste se encuentra representado por partes sociales (que no constituyen títulos de crédito).	No se requiere un capital mínimo para constituir una sociedad y éste se encuentra representado por acciones (títulos de crédito).
Responsibility and social capital	The liability of shareholders in a corporation is generally limited to the amount of their capital contributions. The capital is represented by shares that grant their holders corporate rights; there may be different series of shares, which would confer different corporate rights; for example, limited economic or corporate rights.	The liability of partners in a S. de R.L. is generally limited to the amount of their capital contributions. The capital of the S. de R. L. is divided into membership interests, one per partner, which are not represented by shares.	LThe liability of shareholders in a S.A.P.I. is generally limited to the amount of their capital contributions. The capital is represented by shares that grant corporate rights on their holders; there may be different series of shares, with different corporate rights: for example, limited economic or corporate rights.
Transfer of membership	They can be limited to the transfer of shares in status; as a matter of principle, they are of free transfer.	The shares may be assigned with the approval of at least most of the partners.	The transfer of shares may be limited in bylaws; as a matter of principle, they are of free transfer.
Administration	The administration may be entrusted to a sole administrator or to a Board of Directors.	Management may be entrusted to a sole manager or to a Board of Managers.	The administration must be trusted upon a Board of Directors.
Vigilance	One or more changes	Where appropriate, supervisory board	One or more statutory auditors; if adopting the regime of a publicly traded corporation, an independent external auditor and an Audit Committee shall be appointed instead of the statutory auditors.
Variable Capital (C.V., for its acronym in Spanish)	The three types of companies allow Variable Capital, which provides significant flexibility for corporations.		
Porpuse	Is the most used type of company in Mexico, given its similarity to corporations in other jurisdictions and the flexibility of internal organization (e.g., rights and obligations of shareholders, limitation on the transfer	of shares, administration, etc.). In certain jurisdictions (e.g. the USA) this type of company is considered a transparent partnership that may allow you to opt for a "check the box" for tax purposes.	

Financial sector

The regulation of each financial intermediary corresponds to decentralized bodies of the Secretariat of Finance and Public Credit, agency in charge of managing the resources of the taxes collected and the supervision of the government budget (they are typically specialized), as well as
Banco de Mexico. The financial authorities are essentially the following:

National Banking and Securities Commission (CNBV, for its acronym in Spanish)
It oversees most financial intermediaries, including, but not limited to, stock exchanges, brokerage houses, banks and auxiliary credit organizations.

National Insurance and Bonding Commission (CNSF, for its acronym in Spanish)
It oversees insurance institutions, agents, surety companies and other entities in the sector.

Employee Benefits Security Administration [In Mexico, the National Commission of the Savings for Retirement System *(Consar, for its acronym in Spanish)*], oversees the retirement savings system, which includes mandatory pension funds for employees in Mexico.

National Commission for the Protection and Defense of Financial Services Users (Condusef, for its acronym in Spanish)
This commission is, unlike the others, independent from the Secretariat of Finance and Public Credit, and is responsible for the defense of users (consumers) of financial services.

In **Mexico**, only multiple banking institutions or development banking institutions can receive deposits from the public; these depositors are beneficiaries of an insurance from the **Institute for the Protection of Bank Savings (IPAB, for its acrony in Spanish),** which is created with specific reserves from banks.

In the past, foreign investment was limited in Mexico, although over time these historical restrictions were eliminated. Today there is no restriction on foreign investment in Mexican banks (except regarding foreign governments). In fact, foreign financial institutions can be incorporated in Mexico through a subsidiary.

Infrastructure

Public infrastructure projects can be financed through public debt or through private investment; in any case, the principles stated by the Constitution must be followed, that is, the activities must be performed using procedures that ensure the efficient, economical, effective, transparent, and honest management of resources, specifically through public tenders.

There are, of course, exceptions to public tenders, such as: direct award or restricted invitations. However, even these procedures must be oriented to the fulfilment of the previous conditions.

The main laws governing federal public procurement and public works are the *Law on Public Sector Procurement, Leases and Services, the Law on Public Works and Related Services, and the Law on Public-Private Partnerships;* the latter allows for long term contracts or agreements, through which a private developer can finance and provide, in whole or in part, the infrastructure necessary for the adequate provision of public services, for example, hospitals, roads, etc.

Investment vehicles

In **Mexico**, existen mecanismos y formas diversas para implementar inversiones, por ejemplo:

- *Joint-venture agreements (asociaciones en participación, in Spanish)*.
- Capital contributions.
- Private equity investment trust.
- Non-business administration trust.
- Debt contracting (including convertible debt and hybrid instruments).
- Trusts issuing the following:
  - Development Capital Certificates (CKDes).
  - Investment Project Certificates (CERPIs).
  - Real Estate Trust Certificates (CBFIs or REITS in the United States).
  - Energy and Infrastructure Fiduciary Stock Certificates (FIBRA E).
- Investment funds.

Foreign Investment (FI)

Mexico, in principle, has no restrictions on FI; there are, however, some precisions for certain sectors, for example, for reasons of national security or public interest. In accordance with the above, the restrictions provided for in the Foreign Investment Law, in this regard, are:

Restricted activities that can only be performed by the Mexican government, such as hydrocarbon exploration and extraction, energy supply, nuclear energy production, issuance of banknotes, mail, etc. Activities reserved for Mexican individuals or entities whose bylaws include a clause excluding residents abroad, such as domestic land transport of passengers, tourism and cargo (excluding courier and package delivery services).

Activities in which FI is limited to certain thresholds. For example, 49% in companies engaged in the manufacture and marketing of explosives, firearms, cartridges, ammunition and fireworks; printing and publication of newspapers, broadcasting; scheduled and non-scheduled domestic air transport; non-regular international air transport service in the form of air taxi; and specialized air transport service.
Activities where FI is limited to certain thresholds, which can be exceeded with approval

Agreements and treaties

Mexico has signed 30 Agreements for the promotion and reciprocal protection of investments ("APPRIS", for its acronym in Spanish), 29 of which are in force, and 14 free trade agreements with 50 countries, with investment protection provisions.

Both, APPRIS and trade agreements, provide foreign investors with a set of guarantees, such as fair and equitable treatment, non-discrimination (e.g., under the national treatment and most-favored-nation clauses), compensation for expropriation (direct and indirect) and access to arbitration.

Tax Aspects

General

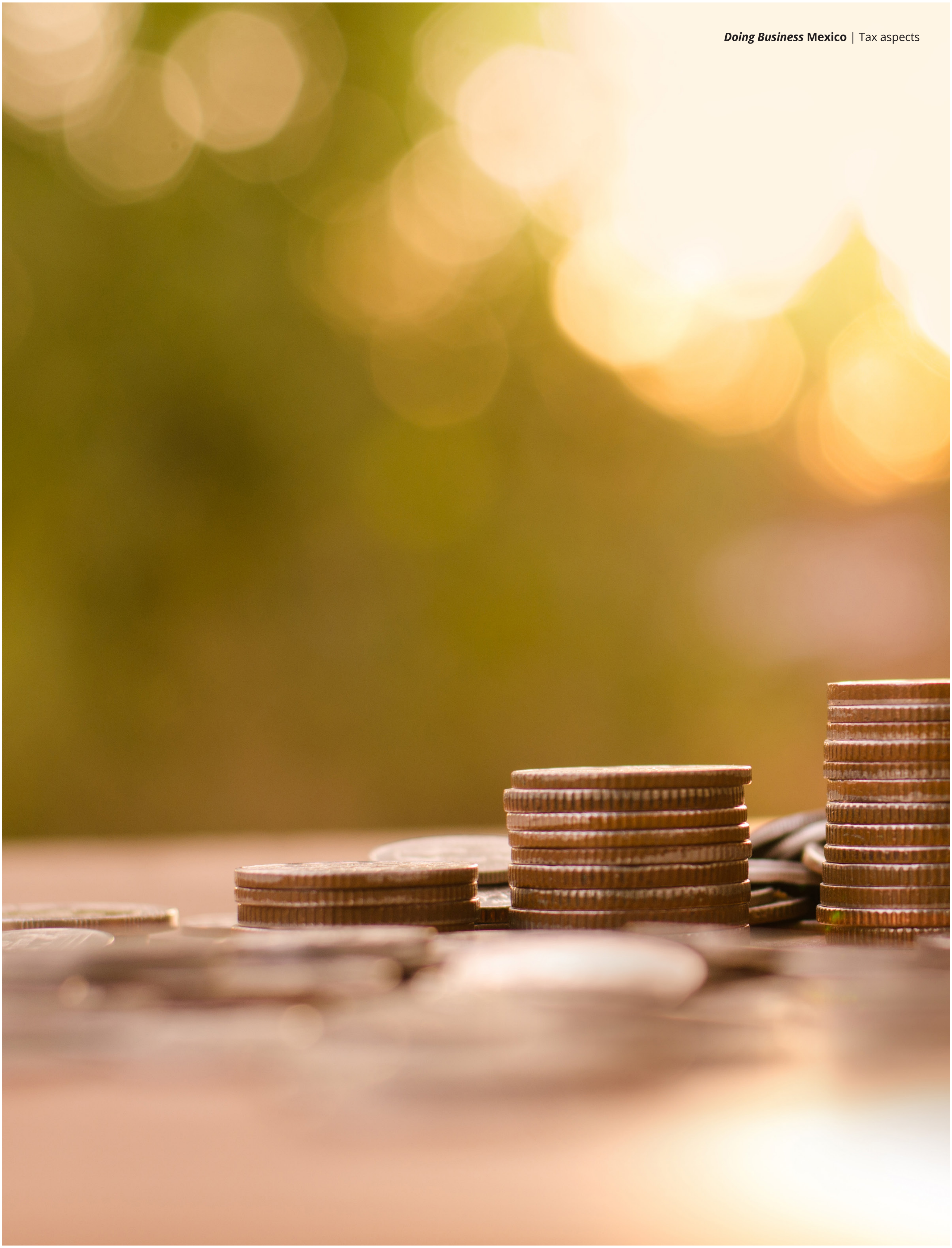
The main taxes that impact companies doing business in Mexico are: Income Tax (ISR, for its acronym in Spanish), Value Added Tax (VAT), Special Tax on Production and Services (IEPS, for its acronym in Spanish), as well as social security contributions that must be paid on behalf of employees. However, there are other relevant taxes, such as the Tax on the Acquisition of Real Estate (ISAI, for its acronym in Spanish).

The outsourcing of personnel in Mexico is limited to those services that are of a specialized nature, so companies in the country must have their own personnel and should distribute and pay an amount equivalent to 10% of the income as profit sharing to their employees (PTU, for its acronym in Spanish).

The payment of the PTU has a limit of 3 months of salary for each worker or the average of the profit share received in the last three years, whichever is the most favorable to the worker. Profits must be paid within 60 days of filing the income tax return and no later than May 31 of the following year.

Mexico has a system of incentives and tax benefits for "maquiladora" companies, focused on boosting manufacturing activities for goods destined for export and other services, such as data processing. Mexico is also an active member of the Organization for Economic Co-operation and Development (OECD) and Mexican law has included provisions on Transfer Pricing applicable to transactions with domestic and foreign related parties. In this regard, Mexico has a wide network of bilateral treaties to avoid double taxation, and most of them are based on the OECD model convention.

As a result of the OECD's initiative to prevent the erosion of tax bases and avoid the transfer of profits between jurisdictions - Base Erosion and Profit Shifting (BEPS) - , Mexican law has incorporated various provisions against tax evasion and the abusive use of tax treaties.



Corporate taxes
Tax residency

A company is resident in Mexico if the main administration of its business is in national territory.

Tax base and rates

Companies resident in Mexico pay income tax on a taxable basis, which is determined by deducting from the total accruable income in the year the authorized deductions, the PTU paid in the year, as well as the tax losses of previous years pending amortization. Companies resident abroad pay taxes only on income with a source of wealth in Mexico. In general, it is assumed that the source of wealth is in Mexico when the activities and/or assets involved in the transactions are located in the country, or when there are payments made by Mexican entities to residents abroad.

The corporate income tax rate is 30%. The same rate applies to Mexican branches of foreign entities under the figure of a Permanent Establishment, which is aligned with the principles issued by the OECD

Accruable income

The gross income of a legal entity resident in Mexico includes all income received in cash, in kind, in services or in credit, as well as those from abroad. Therefore, all profits from transactions are also part of gross income; passive income such as interest, royalties and rents; and capital gains.

Authorized deductions

Costs, expenses, and investments will be deductible provided they meet specific requirements, including being duly recorded in the accounting records, being strictly necessary for the company's transactions, and being supported by digital electronic invoices (CFDI, for its acronym in Spanish) that comply with the formalities and characteristics outlined in the relevant tax provisions, among other criteria.

It should be noted that, in addition to the general requirements of deductions, there are specific and limiting requirements for some of them. Some examples are the following: to deduct expenses related to payroll, the corresponding obligations regarding withholding and payment of taxes and social security contributions, must be met; likewise, social welfare expenses (which consist of benefits granted to all employees) will only be partially deductible by express provision of the Law; regarding investments, there are maximum annual deduction rates which are defined according to the type of assets or the relevant industry; regarding interest, certain limitations must be considered, like the requirements for thin capitalization for interest paid to related parties abroad, or restriction to deduct interest expense to 30% of an adjusted tax profit (earnings before taxes, interest, depreciation and amortization), when the interest expense, or together with all the companies that belong to the same group or are related parties, exceeds $20 million pesos during the corresponding fiscal year, and such excess may be considered as deductible in the following ten fiscal years..

Inflation

The *Income Tax Law (LISR, for its acronym in Spanish)* recognizes the effects of inflation in Mexico, the main ones being income related to taxpayers' liabilities (debt) and deduction for credits maintained as a result of their transactions. In addition, the value of other assets may be adjusted due to inflation, such is the case of the deduction of investments (fixed assets), as well as tax losses and balances in favor of contributions.

Capital gains

For companies resident in Mexico, capital gains derived from the sale of fixed assets, shares and real estate, are considered accruable income subject to the general rate of 30%.

Residents abroad selling shares issued by Mexican companies are subject to the payment of ISR, at a rate of 25% on the total amount of the transaction without deduction, or they may choose to pay 35% on the gain, if they appoint a legal representative in Mexico.

Residents abroad obtaining gains from the sale of shares issued by Mexican companies through licensed stock exchanges, provided these shares are publicly traded, are subject to a 10% withholding tax on profits, subject to certain limitations. The withholding must be made by the intermediary of the transaction

Dividend distribution and return of capital

Regardless of the withholding tax applicable to dividends —as discussed later in this document—, Mexican companies must keep a record of the profits that have been taxed with corporate income tax in a special account known as the Net Tax Profit Account (CUFIN, for its acronym in Spanish).

Essentially, dividends or profits distributed in excess, from the balance of this account, will be subject to the payment of taxes by the entity paying them; however, the tax paid may be credited, either against the tax of the year in which it was paid, or during the two subsequent years.

Similarly, Mexican taxpayers are required to keep track of the capital contributions received from their shareholders through the Capital Account of Contribution (CUCA, for its acronym in Spanish). Capital reductions that are backed by the balance of this account could be redeemed to shareholders without an additional lien; however, when the amount of such reduction exceeds the balance of the CUCA, the differential will be considered a profit distribution for tax purposes, subject to the rules described in the previous paragraph.

Payments made abroad

Mexican companies that make payments to persons or entities resident abroad, will be required to withhold and pay the tax to the Mexican tax authorities, on behalf of the recipient, in certain circumstances. Companies, as withholding agents, must file an annual return detailing transactions with residents abroad. Withheld taxes are generally required to be paid by the 17th day of the month following that in which the withholding occurred, unless a specific different deadline is stated by tax law. Companies, as withholding agents, will be liable for incorrect withholdings and/or non-payment and may be subject to additional interest and penalties arising from non-compliance. Below, we have outlined the most common withholdings applicable to payments:

Salaries

Residents abroad with income from salaries derived from companies located in Mexico, providing services in national territory, are exempt from ISR on the first $125,900 pesos of income, for a period of 12 months; but are taxed 15% on the $125,901 pesos income, which does not exceed $1 million pesos; income exceeding $1 million pesos is taxed at 30%, without deductions.

Regarding residents abroad paid by foreign companies without a permanent establishment in the country, or whose services are unrelated to such an establishment, if they spend fewer than 183 days (consecutive or not) in Mexico within a 12-month period, they will be exempt from income tax; otherwise, the employee will be taxed. Taxes paid as nonresidents are considered final and there is no obligation to file an annual tax return for this regard.

Dividends

In addition to the dividend tax mentioned above, Mexico has an additional tax of a 10% withholding on dividends distributed by a Mexican entity to a nonresident company or individual, regardless of their residence. The tax is considered final, and the rate may be reduced, under an applicable tax treaty.

Interests

Mexico has the following withholding tax rates on interest paid abroad:

- 4.9% on interest paid to the financial system.
- 10% on interest paid to financing entities that belong to foreign states, foreign banks, or entities that invest capital in the country through shares listed on the stock market. This applies to negotiable instruments issued through banks or brokerage houses in countries with which Mexico does not have a treaty to avoid double taxation, as well as for the acquisition of any type of credit, whether present, future, or contingent.
- 15% on interest paid to reinsurance companies and on financial leases.
- 21% on interest that is not subject to the 4.9% or 10% rates; and interest paid to suppliers residing abroad, financing the acquisition of machinery and equipment that is included in the company's fixed assets.
- 40% on interest paid to a related party located in a preferential tax regime (REFIPRE, for its acronym in Spanish).
- 35% in all other cases.

Royalties

Payments for royalties and technical assistance is considered to have a source of wealth within the national territory when the goods or rights for which payment is made are utilized in Mexico, or when the payment is made by a resident of the country.

Payments made to residents abroad for technical assistance; know-how; use of models, plans or formulas; and transfer of similar technology (including the use of commercial, industrial, or scientific information or equipment) are subject to a 25% withholding tax, such as ISR. Royalties paid to a foreign licensor of patents, trademarks, and trade names, without the provision of technical assistance, are subject to a 35% withholding tax, unless this rate is reduced under an applicable tax treaty.

Other payments made abroad

Among other items subject to withholding taxes, the following stand out: fees for services, lease of movable and immovable property, capital gains from the sale of shares or other assets and payment of reinsurance premiums.

It is important to note that payments to foreign related parties located in low-tax regimes, will not be subject to the previous withholding rates but to a 40% rate, with some exceptions.

In general, income subject to REFIPRE is considered as income that is not taxed abroad or is taxed at a rate lower than 75% (effective rate of 22.5%) of ISR that would be caused and paid in Mexico. Additionally, payments made to related parties or through a structured agreement, when they are considered REFIPRE, will not be deductible.

International treaties

Mexico has a wide network of treaties to avoid double taxation, the vast majority of which follow the model of the OECD. These Treaties generally provide a benefit of reduction/elimination of withholding rates for the signatory countries regarding income obtained by their respective residents.

To obtain the benefits of tax treaties, the beneficiary of the income must prove its residence in the corresponding jurisdiction and comply with the provisions stated by the agreement. It should be noted that Mexico has signed the Multilateral Instrument to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting, the provisions of which, applicable to the agreements in question, must be. observed from the date it became enforceable.

Finally, it is important to note that the Law in Mexico states new requirements of substance and business reason in taxpayers' transactions. Likewise, new restrictions are included for the claim of deductions for transactions performed with foreign related parties, when income in the corresponding jurisdiction is subject to low taxation.

The network of double taxation treaties in force in Mexico is shown below:

Argentina	South Africa	Panama	Slovakia
Estonia	Belgium	Ukraine	Norway
Korea	Hong Kong	Colombia	Japan
Romania	Malta	Ireland	Barbados
Australia	Spain	Peru	Turkey
Finland	Brazil	United Arab Emirates	Catar
Kuwait	Hungary	Czech Republic	Greece
Russia	Netherlands	Israel	China
Austria	Sweden	Poland	Uruguay
France	Canada	United Kingdom	Luxemburg
Latvia	Iceland	Denmark	Indonesia
Singapore	New Zealand	Italy	Costa Rica
Bahrain	Switzerland	Portugal	
Germany	Chile	United States	
Lithuania	India	Ecuador	

Note: This table contains the list of countries with which Mexico has signed agreements to avoid double taxation.

Indirect Taxes

VAT

VAT is levied on the sale of goods; to the provision of services; to the import and export of goods or services; and leasing transactions.

The standard VAT rate is 16% and there is an 8% rate applicable in certain municipalities on the northern and southern borders of the country. VAT on imports is calculated on the customs value of the import. Likewise, a 0% rate is applied to exports and services used abroad, if the latter are contracted and paid for by a resident abroad without a Permanent Establishment in Mexico.

Companies can credit their monthly input VAT against the output VAT. If the input VAT exceeds the output VAT, the taxpayer can either request a refund or apply the excess against the VAT payable in subsequent months.

IEPS

IEPS is applied to certain specific products and services, such as the import and sale of tobacco, alcoholic beverages, mobile phone services, automotive fuels and other hydrocarbons, energy drinks and flavored beverages, fossil fuels, pesticides, etc. Rates vary, depending on the type of product.

There is also a special tax on foods with a high caloric content of 8%, including snacks, ice cream, among others.

Taxes on Individuals

Tax residency

An individual is considered a tax resident in Mexico when he or she has established his or her home in Mexico. If the person has a home in two countries, the key factor will be the location of their center of vital interests (when more than 50% of the income comes from a source of wealth in Mexico or when having in Mexico the main center of their professional activities).

Tax base and rates

Individuals residing in Mexico, regardless of their nationality, are subject to ISR regarding their worldwide source income. Persons residing abroad only pay taxes on income of Mexican source of wealth.

Accruable income

Individuals pay taxes on income received in cash, in kind, or on credit and, in certain cases, on services. Tax revenues include remuneration for personal services (salaries, bonuses, and special allowances, such as housing), interest, corporate dividends, capital gains, rental income, etc.

Some states in the country (including Mexico City) impose separate taxes on wages and salaries, which are usually paid by employers.

Personal deductions

Some expenses that individuals are entitled to deduct, when calculating the taxable base for income tax purposes, are the following:

- Medical, dental, professional services fees in the field of Psychology and Nutrition, as well as hospital expenses incurred by the taxpayer and the taxpayer's spouse.
- Unlimited medical and dental fees and hospital expenses incurred by a taxpayer with a disability.
- Health insurance premiums and charitable donations.
- Mortgage interest payments (with limitations).
- Supplementary retirement contributions.
- The total amount of personal deductions (except for supplementary retirement contributions) are limited to 1) five times the value of the Updated Unit of Measure (UMA); or, 2) 15% of total income, including exempt income (whichever is less).

Rates

In individuals, ISR rates are progressive up to 35% and employers withhold advanced tax payments on wage income.

Income from dividends is added to other accruable income and taxed at the appropriate progressive rate.

An individual's capital gains, arising from the sale of publicly traded shares, including financial derivative transactions related to such shares, are subject to the capital gains tax of 10%.

Digital services taxes

In Mexico, applicable rules on ISR and VAT are contemplated for digital service providers through online platforms. Digital services are considered when they are provided through applications or content in a digital format through Internet or other network, fundamentally automated, which may or may not require minimal human intervention, provided that a consideration is charged for the services.

The VAT and ISR rules apply to the following persons who carry out certain activities through digital platforms: (1) individuals residing in Mexico; (2) residents in Mexico that provide digital services to receivers located in national territory, operating as intermediaries in activities performed by third parties affected by VAT; (3) Residents abroad without a permanent establishment providing digital services in Mexico to recipients located in national territory.

The ISR will be paid through withholding from legal entities resident in Mexico or resident abroad with or without a permanent establishment in the country, as well as foreign entities or legal entities that provide, directly or indirectly, the use of said technological platforms, computer applications and similar, to individuals resident in Mexico, as follows: (1) the withholding for land transportation services of passengers and delivery of goods, is 2.1%; (2) for lodging services, the withholding will be 4%; (3) for sale of goods and provision of services, the withholding will be 1%. However, if the individuals do not provide their Federal

Taxpayers Registry (RFC, for its acronym in Spanish)., the withholding will be 20%.

In the case of VAT, residents abroad without an establishment in Mexico who provide digital services to recipients located in national territory, must, among others, register in the RFC, appoint a legal representative in Mexico, provide a domicile in national territory and calculate the corresponding VAT, applying the rate of 16% to the consideration effectively collected, and make their payment to the authorities, except when they provide the service through persons who operate as intermediaries in activities performed by third parties, provided that the latter withhold 100% of VAT.

Residents abroad without an establishment in Mexico who provide intermediary services must withhold 50% of the output VAT to individuals who sell goods, provide services, or grant the temporary use or enjoyment of goods. If these individuals do not provide their RFC , the withholding rate will be 100%.

Other tax obligations

Optional and mandatory tax audit report and ISSIF

One of the most accessible ways for tax authorities to verify that companies comply with tax obligations, is the review of the report of the financial statements for tax purposes (tax audit report), issued by registered public accountants; being relevant the disclosure that these accountants must perform about possible tax crimes incurred by the companies. In the case of the Information on the Tax Situation of the Taxpayer (ISSIF, for its acronym in Spanish), although it is true that it is not ruled by an accountant, it contains sufficient information for the tax authorities to verify the due compliance of the tax obligations of the companies.

Companies resident in Mexico may choose to submit the tax audit report to the tax authorities, provided that, in the immediately preceding fiscal year: they obtained accruable income exceeding $157 million pesos; that the value of their assets exceeds $124 million pesos, updatable; or that, at least 300 of its workers provided services in each of the months of the immediately preceding financial year.

Companies resident in Mexico that in the immediately preceding fiscal year obtained accruable income equal to or greater than $1,940 million, as well as those that, at the end of the immediately preceding fiscal year, have shares placed among the general investing public, on the stock exchange, are required to file the tax audit report.

ISSIF

As part of the tax return, companies resident in Mexico must submit the ISSIF when, among other requirements, they obtained, in the immediately preceding fiscal year, accruable income equal to or greater than $1,062 million pesos, which can be updated. This also applies to those whose shares are publicly traded on the stock exchange at the end of the previous fiscal year, as well as to taxpayers with related-party transactions that require a tax audit report. Such transactions must exceed $13 million pesos for business activities or $3 million pesos for the provision of professional services.

Companies that choose to submit the tax audit report, or those bound to submit it, will not be obliged to file the ISSIF.

Disclosure of reportable schemes

Following the guidelines of the Final Report on Action 12 of the BEPS Project, which mandates that taxpayers disclose their aggressive tax planning strategies, the Federal Tax Code (CFF, for its acronym in Spanish) establishes a disclosure regime for reportable schemes.

Essentially, both companies and their tax advisors are required to disclose 14 reportable schemes as outlined in the CFF.

These schemes also involve the design, marketing, organization, implementation, or management of strategies that provide current or future tax benefits. A threshold of $100 million pesos in tax benefits determines whether these schemes must be disclosed to the tax authorities.

Obligation regarding transfer pricing

According to the LISR, taxpayers of Title II that enter transactions with related parties, are obliged to obtain and keep supporting documentation that demonstrate that the amount of their income and deductions was in accordance with the prices or amounts of consideration that would have been used by independent parties in comparable transactions.

Filing informative returns or tax audit report

A. Multiple Information Return (DIM, for its acronym in Spanish), Annex 9: In accordance with the provisions of Article 76, section X, of the LISR, taxpayers who entered transactions with related parties must submit Annex 9 of the DIM.
B. Information on Tax Situation (ISSIF): If the taxpayer is required to file ISSIF, such return must include information on transactions performed with related parties
C. Tax audit report (Sipred): If the taxpayer chooses to submit the Tax Audit Report Filing System (Sipred, for its acronym in Spanish) in accordance with the provisions of Article 32-A of the CFF, it must include in its corresponding exhibits, the information on the transactions performed with related parties (including a detail of the way in which each intercompany transaction is analyzed).

Non-obligated taxpayers

Taxpayers exempt from complying with this obligation are:

01. Those performing business activities whose income in the immediately preceding fiscal year did not exceed $13 million pesos.

02. Taxpayers whose income derived from the provision of professional services did not exceed $3 million pesos in said fiscal year.

Taxpayers whose income does not exceed the thresholds mentioned in the previous paragraphs, but who have engaged in transactions with companies or entities subject to REFIPRE (as outlined in Article 179, penultimate paragraph, of the LISR), must demonstrate that these transactions are conducted at market value.

Audit powers

Audit powers regarding transfer pricing, are stated in Article 46, section IV (transfer pricing audit), of the CFF. If the taxpayer does not have the transfer pricing study, it may be liable to infractions and fines for non-compliance with this obligation.

BEPS *Information returns*

With the adoption of BEPS, the obligation to file three annual information returns, applicable, among others, to taxpayers with income of approximately $850 million pesos or more in the immediately preceding fiscal year, regarding the local and master returns.

Regarding the country-by-country or CbC return, it is only applicable to certain taxpayers. In the case of Mexican multinational groups, the requirements include, among others, that the taxpayer has consolidated revenues of $12 billion pesos (€750 million euros). This means that, in practice, a very small group of local taxpayers are subject to the "Country- by-Country return".

The reports are:

01. Master informative return of related parties of the multinational business group (Master report). It includes information on the multinational group, such as activities, intangibles, and financial and tax position.
02. Local Informative return of related parties (Local report). It is focused on the taxpayer in Mexico, regarding its activities (functions, assets and risks), financial information and comparable transactions in detail.
03. Country-by-country informative return of the multinational business group (Country-by-Country rReport). It only applies to certain taxpayers, because it includes detailed information for each jurisdiction of the entities that make up the group, Permanent Establishments, activities by entity, number of employees, distribution of income from activity and tax payments.

The filing date for the local report is May 15 of the year following the tax year, while the master and country-by-country reports must be filed by December 31 of the year following the relevant tax year.

International Trade and Customs

Companies looking forward to importing any kind of goods into Mexico are required to have an Importer's Registry.
However, certain sectors such as chemicals, tobacco, textile and clothing, footwear, among others also require an Importer's Registry of Specific Sectors or even an Exporter's Registry of Specific Sectors.

These registries are requested before the Tax Administration Service.

Promotion Programs and Authorizations

The manufacturing and services sector for the export market in Mexico are an important receptor of FDI.

There is an important concentration of manufacturing clusters in the Central and Northwestern region.

Mexico has a series of incentive programs that give the manufacturing and/or export services sectors a competitive edge, with benefits such as tariff reductions or exemptions, or deferral programs, which allow companies to avoid cash disbursement on general import duties and VAT on imports under specific circumstances

IMMEX Program

The Manufacturing Industry, Maquiladora, and Export Service (IMMEX) Program, authorized by the Secretariat of Economy, is an export promotion program that allows companies to perform temporary imports with deferred import duties over goods to be subject of a manufacturing or service process.

PROSEC Program

The Sectoral Promotion Program (PROSEC), authorized by the Secretariat of Economy, is a manufacturing promotion program, focused direct or indirect producers, regardless of whether they are focused on the export or domestic market, and it allows companies to import goods to be incorporated and used in their production process with a preferential ad-valorem tariff.

VAT and IEPS Certification

In 2014, the Tax Administration Service established a certification scheme for exporting companies, to apply a tax credit consisting of an amount equivalent to 100% of VAT and IEPS in temporary import operations of goods destined for manufacturing, transformation, or repair processes in maquila or export programs.

VAT and IEPS Guarantee

Additionally, for companies that are not ready to apply to this certification scheme, a guarantee scheme is also available, that has the same benefit of applying a tax credit of 100% of VAT and ET in temporary import operations, supported by a letter of credit or bond with less requirements than the VAT and IEPS Certification.

Authorized Economic Operator
The Authorized Economic Operator (AEO) is part of the certification scheme for exporting companies promoted

by the Tax Administration Service that focuses on strengthening the security of a company's foreign trade logistics and supply chain through the implementation of internationally recognized minimum security standards.

Additionally, this Certification provides administrative and customs benefits for foreign trade operations.

Drawback
According to the Drawback Decree, companies are allowed to request to the Secretariat of Economy the reimbursement of the import duties paid on a permanent importation, if the goods initially imported into Mexico are subsequently exported abroad, provided that they comply with a series of documental requirements.

Free Trade Agreements and Economic Cooperation Agreements

Mexico has 14 free trade agreements with 52 countries and 30 agreements for the promotion and reciprocal protection of investments with 31 countries or administrative regions, in addition to 9 agreements of limited scope (Economic Complementation Agreements and Partial Scope Agreements) within the framework of the Latin American Integration Association (ALADI); putting more than 90% of its trade, under free trade agreements[1].

Within the framework of the Free Trade Agreements and International Trade Agreements signed by Mexico, the main benefit is the elimination or reduction of import tariffs in the participating countries, that can be applied to goods obtained or manufactured in Mexico and that qualify as originating.

In international trade it is essential to determine the country of origin of the goods subject of import or export, because:

- It determines the origin of the goods.
- It identifies goods that are eligible for preferential tariff treatment under a trade agreement or treaty.
- It ensures that the preferences of a trade agreement are granted only to goods produced in member countries and not to those manufactured in other countries.

The process for determining if a good qualifies as originating is known as Certification of Origin.

USMCA
One of the most critical and important trade agreements for Mexico is the USMCA. It replaces the North American Free Trade Agreement ("NAFTA"), which, among others, states the provisions applicable to trade among Mexico, the United States and Canada, related to agriculture, investment, technical barriers to trade, digital trade, labor, best regulatory practices, macroeconomic policies and exchange rate policies.

The USMCA was signed on November 30, 2018, in Buenos Aires, Argentina, after almost 15 months of negotiation and was finally ratified by the Mexican Senate on June 19, 2019, entering into force on July 1, 2020.

1. Secretariat of Economy,. Trade and Customs, Countries with treaties and agreements signed by Mexico, 28 February 2025. Mexico government.

Getting Started - (*Soft Landing* In Mexico)

Below is a brief compilation of the most relevant steps that a company wishing to invest in the country should initially consider:

Legales

- Legal and corporate analysis of the characteristics of the investment.
- Incorporation of the new company.
- Powers of attorney should be granted abroad for the representation of the entities that will incorporate the new company in Mexico.
- Permit of company name before the Secretariat of Economy.
- Bylaws of the new Mexican company.
- Legal and regulatory analysis of the permits, authorizations, registrations or other requirements for the normal functioning of the new company, according to its preponderant activity, including federal, local, environmental and administrative aspects.

Tax

- Analysis of the transactions of the operating model, to define tax implications in Mexico and/or abroad.
- Corporate taxes for transactions, including withholding rates in Mexico.
- Analysis of the fundamental tax aspects to comply with the requirements for the deduction of national and/or foreign payments.

Accounting, Payroll, and Tax Compliance

- Prepare accounting records and monthly financial statements, in Mexican accounting standards, in pesos and in Spanish, in accordance with the corresponding regulations.
- Prepare, on a monthly basis, corporate tax returns (ISR, VAT and withheld taxes).
- Submit, on a monthly basis, in accordance with current tax rules, electronic files containing data from its Mexican accounting.
- Design the electronic invoicing procedure and obtain its authorization before the authorities.
- When hiring your first employee, you must obtain employer records, prepare official payrolls in compliance with local regulations, and submit monthly labor tax returns.

Expatriate Employees

- Determination of tax residency, considering local legislation as well as treaties, to avoid double taxation in terms of ISR.
- Analysis of the expatriate's investments in Mexico or abroad, to determine the tax treatment.

International Trade and Customs

- Determination of importers' or exporters' registries needed and the best import/export model for the companies operations and needs, including an analysis of the indirect taxes triggered.
- Determination of the Mexican classification of goods, which will be used to determine the taxes, permits, authorizations, registrations, or other requirements related to non-tariff regulations for the import or export of goods.
- Analysis of the best strategy for requesting promotion programs or authorizations, which relies on the Company's industry, activities, time and readiness for operation.
- Analysis on the possibility to request preferential duty treatment according to a free trade agreement.

Contactos

For more information on the economic, legal and tax aspects to consider when doing business in the country, please contact us:

Arturo Camacho
Tax and Legal Services Partner
Marketplace México-Central America
Deloitte Spanish Latin America
acamacho@deloittemx.com

Daniel Zaga
Chief Economist
Deloitte Spanish Latin America
dzaga@deloittemx.com

www.deloitte.com/mx