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***Global Mobility Services:***  
**Taxation of International**  
**Assignees – *Mexico***



**pwc**

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This document was not intended or written to be used, for the purpose of avoiding tax penalties that may be imposed on the taxpayer.

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# *Country:* Mexico

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Additional Country Folios can be located at the following website:  
**Global Mobility Country Guides**

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# ***Introduction:*** **International assignees working in Mexico**

This booklet was prepared by PwC provide foreign nationals planning to work in Mexico with a general background of Mexican tax law and other relevant issues. It reflects tax law and practice as of January 2017, including all tax tables, exemption amounts, etc., which are periodically adjusted for inflation.

This booklet traces a Mexican assignment through seven steps.

These steps address the specifics of what to do before you arrive to Mexico, what to do when you are here, and what to do before you move out of Mexico. Familiarity with these issues will make your assignment easier and more enjoyable.

This booklet is not intended to be a comprehensive and exhaustive study of Mexican tax law, but

should be used as a guide as you prepare for your assignment to Mexico. We should advise you against making any decisions without first seeking professional advice, as laws and interpretations in Mexico are subject to relatively frequent changes without much prior notice. This booklet will give you the preliminary information you can use to define the issues that are relevant for your situation.

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# Step 1:

## Understanding basic principles

### *The scope of Mexican taxation*

1. Foreign nationals may be taxed as residents or nonresidents. Resident individuals are subject to Mexican income tax on their worldwide income, regardless of their nationality. Nonresidents are taxed only on their Mexican source income.
2. For purposes of this booklet, the terms "foreign national" and "expatriate" will be used interchangeably and will refer to an individual living, working, or engaging in business endeavors within Mexico. The term resident individual will refer to a person with residency for tax purposes under Mexican law. The term nonresident individual will refer to a person who does not meet the residency requirements. A resident has a different tax liability than a nonresident, and these differences will be discussed in more detail in this section. It should be noted that the terms "resident" and "nonresident" are for tax purposes only. An individual can be a

resident for tax purposes and a nonresident for immigration purposes, and this is frequently the case.

3. Additionally, the Mexican tax system provides different treatment to individuals and corporations. This booklet will focus on individual residents and nonresidents in Mexico, and excludes from its coverage the tax treatment of corporations.

### *The tax year*

4. For residents, the Mexican tax year corresponds to the calendar year (from January 1 through December 31). The tax year for nonresidents subject to income tax on Mexican source compensation is the 12-month period which starts with the first month the individual is tax liable.

### *Income tax rates*

5. The individual income tax (ISR) for a resident is calculated at graduated progressive rates that vary from 1.92% to 35%. The 35% rate is applied to annual income in excess of Ps\$3,000,000 or

approximately US\$161,290 @fx18.60 pesos/1USD). A nonresident will be subject to individual income tax rates of up to 30% on salary income. (See Appendix A and B for the individual income tax tables).

### *Residence*

6. For tax purposes, an individual is considered a resident when he establishes a home in Mexico. If the individual also has a home in another country, the individual is a resident in the country where he has his center of vital interests. Under Mexican law, a person is considered to have his center of vital interests in Mexico if either (a) more than 50% of the person's income for the calendar year comes from Mexican sources or (b) Mexico is the primary place of the person's professional activities. This is a complex issue that must be carefully considered, especially in the first year of an assignment. Furthermore, Mexican nationals must be able to prove that they are tax residents in another

country. Mexican nationals performing official government duties abroad (e.g., diplomats) remain Mexican tax residents.

7. When an individual qualifies as a resident of both Mexico, under this definition, as well as a resident of another country during the same time period, and Mexico has entered into a tax treaty with the other country, the “tie-breaker” provisions of the tax treaty may be applied to define the tax residency of the individual. See Appendix E for the list of countries with which Mexico has a current or proposed tax treaty.

### ***Taxation of resident individuals in Mexico***

8. An individual who is a resident for tax purposes is subject to taxation on worldwide income. The annual income tax for an individual is calculated by determining the taxable income and subtracting from this sum certain allowable personal deductions listed in Step 2.
9. The different categories of income are discussed in Step

2, provisional tax payments in Step 4, and the annual tax return in Step 5.

### ***Taxation of nonresident individuals in Mexico***

10. Nonresident individuals are subject to income tax only on income derived from Mexican sources.
11. A nonresident employee’s wages, salaries and other remuneration received for dependent personal services rendered in Mexico, are taxed on a graduated scale with a maximum rate of 30%. The tax rates can be found in Appendix B. The tax is paid on a monthly basis (see Step 4) and no annual tax return is filed.
12. Nonresidents are subject to withholding taxes on Mexican-source interest income at rates varying from 4.9% to 21%, depending on several factors. Other types of Mexican-source income (including rents and royalties) are also subject to withholding taxes when paid to a nonresident. In the case of dividends, there is an additional 10% income tax on dividends from Mexican corporations, the amount is

considered final and the payer must withhold and remit the corresponding tax.

13. Tax treaties may reduce or eliminate tax withholding for nonresidents of Mexico, and the treaty provisions should be analyzed accordingly, depending on the country of residence of the individual receiving Mexican-source income. See the PwC publication *Corporate Taxes—A Worldwide Summary (2016)* for details on treaty countries and rates.

### ***Husband and wife***

14. In Mexico, married individuals do not have the option to file a joint tax return. Each resident spouse must file a separate return if they both have taxable income. When property is held in the form of joint ownership, each owner is responsible for reporting his/her share of the income (e.g., dividends and interest). The couple’s resident children must also report their taxable income separately.

# Step 2:

## Understanding the Mexican tax system

### *Categories of income according to the income tax law*

15. The Mexican income tax law provides that individuals are taxed on income received in cash, kind, or credit, and in certain cases, in services. Most types of income, including salaries, are usually taxable at the time the income is received (whether in cash, kind, credit or services) not when earned. Deferred salaries are taxed when finally received.
16. There are 10 types of income established by the Mexican Income Tax Law:
  - 1) Salaries and remunerations similar to salaries;
  - 2) Professionals fees and income from business activities;
  - 3) Incorporation regime
  - 4) Rental income;
  - 5) Income from sale of assets;
  - 6) Income from the acquisition of assets;

- 7) Interest;
- 8) Prizes;
- 9) Dividends; and
- 10) Other miscellaneous income.

### *Income from employment*

17. Employment income is widely defined and includes cash, goods, credit, certain services and any other kind of benefits provided by the employer. Any income related to employment, including the mandatory annual profit sharing distributions made to employees, as well as income derived as a consequence of termination of employment, will be subject to taxation.
18. Fees to members of the Board of Directors are treated as salary income. Under some circumstances independent professionals can elect to have their fees treated as salary income, in which case it will be the payer's responsibility for withholding the income tax from the professional's income and remitting the

withholdings on a monthly basis.

The employer must make a true-up calculation at the end of the year for each of its employees who will not file an annual tax return, in order to adjust the actual tax withholdings to equal the tax liability on salaries on an annual basis. The employer does not have to make this year-end true-up calculation if (1) the employee began his employment after January 1st or terminated his labor relationship with the employer before December 1 (2) the employee notifies the employer in writing that the employee will file an annual tax return or (3) the employee's compensation exceeded Ps\$400,000. In these cases, the employee will be required to file an annual tax return. With respect to income not derived from employment, only the individual employee is obligated to calculate the tax and file the corresponding periodic and annual tax returns.

### **Professional fees**

19. The fees of independent professionals and other resident individuals rendering personal services (i.e., independent contractors) are taxable at ordinary rates, and the individuals may deduct their normal business related expenses following rules similar to those for business enterprises, as described in the Information Guide for Doing Business in Mexico. However, a net loss is not currently deductible against other income, but the tax loss may be carried forward for 10 years against professional and business income only.

If a Mexican company contracts a professional or independent contractor it must withhold Mexican income tax in an amount equal to 10% of the gross amount paid.

The independent contractor must invoice a value-added tax (or "IVA" for its initials in Spanish) equal to 16% of the sum of the professional fees he billed to the company. At the same time, however, the company must withhold IVA in an amount equivalent to two-thirds of the professional fees billed by the independent contractor, with the net result that the company will

actually pay to the independent contractor (in the case of IVA) an amount equal to a third of the IVA invoiced. The invoice should disclose both the IVA due, as well as the amount of the professional fees charged.

The above income tax withholding and IVA considerations do not apply in the context of salaried employees, who are only subject to income tax withholding at the normal tax rates (i.e., up to 35% in 2017). As an administrative convenience, where an independent professional works predominantly for one employer/client, the professional may elect to have the employer treat his compensation as salary, in which case, the employer would withhold the same amount of income tax as salary income and no IVA would have to be paid or withheld.

### **Business activities**

20. All income received by individuals from business activities carried out by unincorporated enterprises (i.e., sole proprietorships) is subject to ordinary income tax rates, and the individuals may deduct their normal business expenses following rules similar to those for business enterprises, as

described in the PwC publication Information Guide for Doing Business in Mexico.

21. Individual taxpayers with business or professional income are required to make monthly advance payments of income tax, computed on the actual profit year-to-date, less the income tax withheld or otherwise remitted year-to-date. In addition, these taxpayers must remit monthly the difference between the IVA collected and the IVA paid with their deductible expenses on a monthly basis.

### **Incorporation regime**

22. This is a special regime available to individuals on a transitory basis, designed to encourage small business owners to incorporate themselves into the registry of taxpayers. It applies to individuals who only execute business activities, sales of assets or who render services without professional title, as long as the income earned in the previous year was less than Ps\$2,000,000 or approximately US\$ 107,527 @fx18.60 It also applies to individuals who are beginning with such commercial activities, and who estimate that their

income will be less than Ps\$2,000,000.

23. The income tax is determined on a bi-monthly basis with specific tax rates applicable to this regime. The individuals may deduct their normal business related expenses following rules similar to those for business enterprises, as described in the Information Guide for Doing Business in Mexico. The tax payment will be considered final. If the business related expenses exceed the income received during the two months, the difference may be deducted in the following period.
24. The tax liability determined may be reduced in accordance with the number of years the individual has been paying taxes under such regime. For example 100% in the first year of incorporation but after 10 consecutive fiscal years, the individual must change to professional fees or business activities scheme.

### ***Capital gains from the sale of personal and real property***

25. Residents of Mexico are taxed on their worldwide capital gains:
  - The gain realized on the sale of a principal

residence is partially exempt. Qualification as a principal residence usually must be proven by providing receipts with the taxpayers' name and the address of the property, such as telephone, gas and electric bills. The amount of the exemption is limited to the proportional part of the gain relating to approximately US\$209,250 of the gross sales proceeds. The exemption is available only if the individual did not sell another principal residence during the previous 3 years.

- There is a 10% definitive income tax on net gains realized on the sale of Mexican or foreign shares through the Mexican Stock Exchange as well as shares of Mexican companies sold on recognized foreign stock exchanges.

Losses may be offset against gains, but not against other income. The net gains must be reported and the tax paid along with the annual return. It is an independent income tax and the net gains are not included with other taxable

income for the regular income tax. The remaining loss may be applied in the following ten tax years.

26. The net capital gains realized on the sale of any other Mexican or foreign stocks and other investment property are also taxable to residents.
27. When not tax exempt, the taxable gains on the dispositions of real property and corporate stock receive a slightly favorable income tax treatment, as compared to other income items. In calculating the gain on the sale of an asset, the historical cost of the asset may be adjusted (increased) for inflation in Mexico (on the basis of the number of months the asset had been held). In the case of shares of capital stock of non-publicly traded Mexican companies, the adjustment also includes amounts intended to partially cover fluctuations in net retained earnings, whether capitalized or not.
28. A portion of the resulting gain may be subject to a lower tax rate, if the asset was held for at least 24 months. In addition, under a complex formula, capital losses may be used to partially or completely offset capital gains (or the tax thereon), and in some cases,

other investment income (but not against compensation, business or professional income).

### **Rental income**

29. Resident individuals are taxed on their worldwide rental income. They may deduct actual expenses incurred with respect to the property rented, including depreciation at 5 % on the building's cost, indexed for inflation, property taxes, insurance premiums, maintenance, interest on loans for the purchase or construction of the property (adjusted for inflation) and commissions paid up to 10% of the rental income for the period.

In order to deduct the actual expenses it is necessary to maintain an electronic accounting system and file the corresponding reports through the tax authority's website. Not complying with this requirement could result in a deductibility exposure for the actual expenses incurred.

30. Alternatively, resident individuals may elect to deduct a standard deduction equal to 35 % of the gross rental income (plus real estate taxes), in lieu of the deduction for actual expenses and depreciation mentioned above.

Rental losses can be deducted against other investment income in the same year. Any excess loss cannot be carried forward.

### **Interest and dividends**

31. Mexican and foreign source interest and dividends are taxable in Mexico. In general, interest from the Mexican banking system and Mexican government obligations is subject to a withholding tax at source. The interest income (net of an adjustment for inflation) must be reported in the annual tax return. Interest paid on a few Mexican government bonds and other similar obligations remain exempt, under transition rules.

32. With respect to interest income, Mexico taxes foreign interest income and recognizes the effects of inflation and exchange fluctuations on foreign cash deposits and investments that produce interest income. No cash needs to be converted to pesos, since the adjustments are recognized on the accrual basis. If a net loss is determined after making these adjustments, the loss may be subtracted from other investment income received in the same year (but not employment, professional, or business income). The remaining loss

may be applied in the following five tax years.

33. The calculation of the inflation adjustments and exchange gains and losses with respect to investments held abroad is very complex. To alleviate the administrative burden of this calculation, there is an option for calculating the amount of taxable income for the foreign interest received. In this simplified calculation, a factor published by the Mexican tax authorities (SAT) is applied to the balance of cash and interest bearing investments held at the beginning of the tax year (e.g., the balance on January 1, 2017, for 2017 tax year returns).
34. Resident individuals should include dividends received from Mexican corporations (grossed up with a factor of 1.4286 for 2017 to include the corporate tax paid by the corporation at 30%) in their individual income tax returns and take a credit for the corporate tax paid. Dividends paid by foreign companies are fully taxable, and if subject to tax in another country, a limited foreign tax credit is available.
35. There is an additional 10% income tax on dividends distributed by foreign

corporations. The tax amount must be paid by the individual no later than the 17th, day of the following month in which the income was received and it is considered final.

The additional 10% income tax is also applicable to dividends distributed by Mexican corporations, if the dividend was distributed out of income earned by the company after 2013. In this case the tax must be withheld and remitted by the Mexican corporation and it is also considered final.

### **Investments in tax havens (REFIPRE)**

36. Normally, investment income is not taxed until received. However, taxable investment income also includes income earned (even if not distributed) by investments of any kind located in countries considered to be “tax havens” in proportion to the ownership percentage of the resident taxpayers.
37. For example, normally a taxpayer does not report the income of a corporation in which he has invested, and would only be taxed on dividends paid to him. However, if the taxpayer is the sole shareholder of a corporation located in a tax haven, the taxpayer would

be required to report as his income the income received by the corporation, even if the corporation does not pay any dividends.

38. This rule applies to investments located in jurisdictions where no tax is paid (or the tax paid is less than 75 % of the Mexican income tax that would be payable in Mexico, the additional 10% tax on dividends will not be taken into consideration to determine the income subject to a tax haven jurisdiction). These are known as territories with a Preferential Tax Regime (REFIPREs, for the initials in Spanish) or what is informally referred to as tax havens.
39. If the taxpayer does not have effective control of the administration of the investment in the tax haven, the income will not be recognized until it is received.
40. Residents are also required to file a separate report with the tax authorities by February 28 of each year regarding their direct and indirect investments during the previous calendar year in countries considered to be tax havens. Failure to file the information report may subject the resident individual to severe

penalties, including incarceration.

### **Categories of compensation related tax exempt income**

41. The following types of salary income are completely tax-exempt, they must be properly documented and comply with any requirements established by law:
- Insurance benefits for sickness or work related injury;
  - Reimbursement of medical and funeral expenses;
  - Certain social security benefits;
  - Social security contributions (both the employee and employer portions);
  - Benefits received from the Workers’ Housing Fund (INFONAVIT);
  - Salary received by foreigners in the following cases (when there is a reciprocal law in the country of origin that applies to Mexican nationals):
    - Diplomatic agents;
    - Consular agents;

- Embassy and consular employees;
  - Official delegation members;
  - Scientific and humanitarian delegation members;
  - Representatives, employees and officials of international organizations with their central office in Mexico;
  - Foreign technicians employed by the federal government;
  - Reimbursement of travel costs incurred by an employee exclusively for business purposes, provided that they are properly documented to the employer and disclosed in the employee's annual tax return (see Step 7), when necessary.
42. The following types of salary income are partially tax-exempt, they must be properly documented and comply with all requirements established by law (in some cases the exempt amount is so low that it may produce only a negligible tax savings):
- Overtime pay required by law;
  - Christmas bonus, annual profit sharing distributions, vacation premiums, and Sunday premiums;
  - Qualifying social welfare benefits;
  - Distributions from workers' savings funds ("Fondos de Ahorro");
  - Pension and retirement benefits, including social security retirement benefits; and
  - Severance payments.
- Deductible personal expenses***
43. The following expenses may be deducted, subject to varying limitations, provided that they are paid to Mexican residents and are properly documented with official receipts:
- Mandatory school transportation,
- provided that the school makes it an obligatory service, and the cost of the service is separately disclosed in the official invoice;
- Services rendered by a doctor, dentist, psychologist, nutritionist as well as clinical tests and hospital expenditures for the taxpayer and his immediate family;
  - Medical insurance premiums paid by the individual with coverage for himself and his immediate family;
  - Funeral expenses;
  - Contributions to charitable organizations approved by the Tax Administration Service (Servicio de Administración Tributaria, "SAT"), up to 7% of the individual's taxable income from the previous year;
  - Qualified donations made to certain Mexican learning institutions;
  - Home mortgage interest paid to a Mexican financial

institution (adjusted for inflation);

- Contributions made to a qualifying private personal retirement plan or complementary contributions to the public retirement savings plan (SAR) of the social security system.
- Taxpayers are allowed to deduct tuition (except for university education) paid for the spouse, children, parents and themselves. The allowed amounts for fiscal year 2017 vary from \$12,900 to \$24,500 Mexican pesos, depending on the education level.

The total amount of personal deductions for the year is limited; therefore it may not exceed the lesser of the following:

- Amount equivalent to 5 times the annual minimum wage (a maximum of 146,073 pesos for 2017), or
- Amount equivalent to 15% of the taxpayer's gross income, including any tax exempt income

Charitable contributions and school tuition expenses are not subject to the general limitation indicated above, because they have their own separate limitations.

### **Foreign tax credits**

44. An individual resident may derive income from another country, which is subject to tax in that country. The individual may credit the foreign income tax paid against his Mexican income tax liability. However the credit is limited to the amount of foreign tax that would have been paid on income earned by a nonresident of that country, or the actual amount of foreign tax paid, whichever is less. Therefore, a US citizen cannot credit in Mexico more US tax than he would have paid had he not been a US citizen.
45. In addition, the credit may not exceed the Mexican tax calculated (on a stand-alone basis) on the foreign source income, net of deductions allowed by the Mexican law. Deductions not corresponding exclusively to foreign source receipts must be considered in the same ratio as that of foreign source receipts to total receipts of the period. In addition, no credit is allowed for foreign taxes imposed on income that is exempt from Mexican taxation. Excess foreign tax credits may be carried forward ten years. Carrybacks are not allowed.
46. If an individual receives income from a country in

which Mexico has entered into a Convention for the Avoidance of Double Taxation (commonly known as a Tax Treaty), the amount of income tax payable in the other country will be governed by the terms set forth in the Treaty if the terms of the Treaty are more favorable than local law. Appendix E contains a list of the countries with which Mexico has concluded income tax treaties.

### **Social security contributions and benefits**

47. Employees in Mexico are covered by the Social Security Law. The Mexican Institute of Social Security (IMSS) is responsible for the administration of mandatory social security insurance benefits and the collection of the contributions.
48. The most important risks covered by social security insurance benefits are:
  - Occupational hazards (workers' compensation);
  - Sickness and maternity (provided through medical clinics owned and administered by IMSS);
  - Disability and life;

- Old age and retirement pension; and
  - Day-care and social services.
49. Both the employer and the employee must pay social security contributions, but the employer pays a significantly higher portion than the employee. The employer is responsible for the withholding and remittance of the employee's portion of the contribution.
50. In addition, the employer is also required to contribute to a workers' housing fund (INFONAVIT), and the employee retirement savings fund (SAR).
51. All contributions are calculated based on the employee's salary, up to certain maximum levels. See Appendix C for a sample rate table which combines the various rates used to fund the different forms of mandatory social insurance,

including the retirement savings fund (SAR) and the worker's housing fund (INFONAVIT), applicable to an employer in Mexico with a low occupational hazard rating. Based on that table, the employer's maximum annual contributions are equal to approximately Ps \$116,949 including SAR and INFONAVIT. The employee's maximum participation is approximately Ps\$18,785.

52. It should be noted that Mexico has totalization agreements with Spain and Canada, whereby a national of those countries may be able to eliminate certain contributions to be made to the Mexican Social Security Institution, to the extent that he remains participating in his home country social security system.

### ***SAR and Afores***

53. The retirement savings fund ("SAR") was created in 1992 and since July 1997 the funds have been managed by private Mexican financial institutions which are registered for such purposes known as "Afores". Afores are responsible for administrating the employee retirement deposit accounts and are also in charge of investing the retirement funds, subject to strict limitations on where to invest.
54. The main objective of establishing the Afores is to generate long-term internal savings for each employee in order to ensure an adequate pension at retirement.
55. The SAR account is fully vested, but funds cannot be withdrawn from there until the employee reaches age 65, except under very limited circumstances.

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# Step 3:

## What to do before you arrive in Mexico

56. It is highly recommended that immigration issues be considered before the assignee arrives to Mexico, in order to avoid delaying the start of the assignment or producing complications for tax purposes.

### **Immigration Status**

57. Foreigners have to enter Mexico with the proper Visa and if applicable, the appropriate Immigration Document. (Please consider that the Visa is required for foreigner to access Mexico, with the possibility to leave the country only once; if so desired, once the foreigner is in the country he/she may “exchange” its visa for the appropriate immigration form that best suits his/her needs).
58. Please consider that in order for the foreigner to work in the country it shall be necessary that a Mexican company issue him/her a job offer.
59. An individual may file in for any of the following visas to enter Mexico, in accordance

with the activities that will be performed in the country:

– **Non-working Tourist Visa (NWTV)**

This visa may be used if the individual will be performing non-business activities or attending conferences. This visa may allow a person to stay in Mexico for up to 6 months.

– **Working Tourist Visa (WTV)**

This visa may be used if the individual will be performing working activities in the country for a period no longer than 6 months. This visa may allow a person to stay in Mexico for up to 6 months.

Both of the above visas are obtained attending an appointment at the Mexican Consulate Office abroad.

In case that the foreigner is a National which does not need a visa to enter into Mexico, she/he will be able to stay in Mexico for up to 6 months only with her/his FMM (Multiple Immigration Form, for its acronym in Spanish).

– **Temporary Resident Visa (TRV)**

This visa authorizes the foreigner to stay in the country for no longer than four years, with the possibility to obtain a working permit in exchange for remuneration, subject to a job offer and with the right of entering and leaving the country, as many times as required.

– **Permanent Resident Visa (PRV)**

This visa may be used by the individual who

is willing to reside in Mexico permanently, with the possibility to obtain a working permit in exchange for remuneration, subject to a job offer and with the right of entering and leaving the country, as many times as required.

It is important to bear in mind that a foreigner will be able to apply for this kind of visa if she/he has resided in Mexico for four years or proving family relationship with a Mexican or with a person who has a permanent residence in Mexico.

The Temporary visa with work permit is obtained for the first time in a two-steps process.

First, the individual must apply for the visa at the Mexican Immigration Office located at Mexico. As soon as the Immigration Authority issues its favorable resolution, the individual must schedule an appointment at a Mexican Consulate abroad in order to obtain a stamped

transitory visa on her/his passport.

Once the individual arrives into Mexico, she/he must appear before the Immigration Authority in order to exchange/swap the transitory visa and the FMM for the Temporary Residence card. The Residence Card allows to the foreigner to enter and leave the country at any time as required.

The Permanent Residence visa for family relationship is obtained at the Immigration Office located at Mexico once the individual arrives into Mexico. The individual must apply for a change of condition, from tourist to permanent resident for family relationship. Once the Immigration Authority issues its favorable resolution, the individual must apply for the swap process. The Residence Card allows to the foreigner to enter and leave the country at any time as required.

60. In order to stay in Mexico for business purposes for a

period exceeding 6 months, an individual should apply for and obtain a long-term visa. Therefore, a person who is not planning to reside permanently in the country; but for more than 6 months should request a Temporary Resident visa, valid for up to 4 years. A foreigner who has the intention to live permanently in Mexico (an immigrant), should request a Permanent Resident visa, and this is granted for an unlimited period of time. In both cases (Temporary or Permanent Resident), the same status and authorized period of residence in Mexico can be obtained for the assignees' family members (economic dependents), granting them family unity preservation right.

61. Foreigners are not allowed to perform any type of paid services in Mexico without his/her visa that allows them to do so. The visa must bear a "work permit" legend in it. The work permit can be issued to authorize an individual to work either as an employee for a Mexican company or on behalf of a foreign company. A Mexican employer cannot employ foreigners if they do not have a work permit that specifically authorizes them to work for that employer.

62. Work permit must be obtained even if the assignee

will be performing Technical or Managerial activities in the facilities of a Mexican company or on behalf of it and receives any compensation or benefit from the Mexican Company.

63. If it is anticipated that the assignee will remain on a foreign payroll, but those costs will be charged back to a related Mexican entity and treated as a payroll expense of the Mexican entity for tax

purposes, the employee must obtain authorization to work as an employee of the Mexican entity.

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# Step 4:

## What to do when you arrive in Mexico

### *Taxpayer enrollment*

64. Residents working in Mexico must obtain a tax ID number (RFC) and a CURP (Uniform Population Control Number). The law states that the Mexican employer is obligated to register all employees with the Mexican tax authorities. However, in practice foreign individuals need to obtain the tax ID number directly from the Mexican authorities and a CURP from the Immigration Authorities. To obtain the RFC, the individual is required to have the CURP and either complete an electronic form through the tax authorities' website or make an appointment to visit the nearest tax office and submit the following documents:

- Proof of tax domicile (which could be the following bills showing the same exact address as the official tax domicile, no more than three months old: telephone, water and electricity bills or a

bank account statement).

- Certified copy of the individual's work permit visa.

The CURP will be usually obtained at the same time the work permit visa request is approved by the Immigration authorities.

Mexico has implemented mandatory electronic filing of annual tax returns. As part of this process, taxpayers are also obligated to obtain an advanced electronic signature "Firma Electronica" (E.firma) from the tax authorities. For some purposes, a simple password (Contraseña) is sufficient. We recommend that both be obtained.

In addition, the tax authorities established an official channel of communication between the taxpayer and them through a system referred to as e-filing mailbox (Buzón Tributario). Individuals must activate this e-filing mail box by providing a main and alternate email address.

### *Opening a Bank account*

65. Individuals obligated to file tax returns in Mexico need

to make their tax payments from a personal Mexican bank account. Therefore, we recommend that individuals open a peso denominated checking account in a Mexican bank as soon as possible after arriving to Mexico. The following documents are normally required to open a bank account:

- Passport;
- Proof of domicile (any bill that the individual's name and Mexican address on it); and
- Work permit visa.

In addition, individuals will need to request advanced electronic banking services from the bank, in order to be able to make electronic tax payments through the bank's internet portal.

66. Usually a Mexican employer deposits the employee's salary payments directly into his bank account. To be able to withdraw the funds, the bank will also provide the employee with an automatic teller machine card.

### ***Transfer of funds to or from Mexico***

67. There are no limits regarding the transfer of funds to or from Mexico. The transfer must take place through a qualified bank or other financial institution, which must ascertain the legitimacy of the transfer. Any amount may be transferred, but the institution is required to report transfers in excess of US\$15,000 to the Mexican Central Bank (Banco de Mexico).

### ***Registration with the Social Security Institute***

68. A Mexican employer is obligated to register all its employees with the Mexican Social Security Institute (IMSS). Once registered, the employee will receive proof of registration from the employer, which should be submitted to the clinic that corresponds to the employee's domicile if it is anticipated that the employee will utilize the social security benefits such as medical care. In turn, the employee will receive a social security medical service card, which will give him the right to use all social security services provided by law. An employee can also register his dependent family

members so that they will also qualify for medical treatment.

### ***Income paid by a foreign employer/ sponsor***

69. Where an expatriate's salary is paid directly by a foreign company, the expatriate employee bears responsibility for making the monthly estimated tax payments (see below). In certain cases, when the foreign paid salary is charged to a Mexican company, the Mexican company is treated as sponsoring and employing the expatriate for immigration and tax purposes, and therefore, it must withhold and remit the income tax and social security corresponding to the employee's salary.
70. We recommend that the salary and benefits that make up an individual's remuneration be carefully analyzed to better understand which of these benefits will be considered to be taxable income in Mexico for the employee and which could be deducted by the Mexican employer as corporative expense, especially when salary is paid from abroad.

### ***Estimated tax payments***

71. Provisional tax payments on salary income tax must be remitted on a monthly basis. If the employer is a Mexican resident, the Mexican employer must withhold the required tax from the employee's salary. For this purpose, a resident of a foreign country who has a permanent establishment or fixed base in Mexico with which the employee services are related will be treated as a Mexican employer. If the employer is not a tax resident of Mexico, the employee must pay the corresponding income tax by filing a monthly tax return electronically through a Mexican bank, and the payment is due by the seventeenth day of the following month in which the income was received.
72. The estimated payments are calculated by using the corresponding tax tables.
73. When an individual obtains income other than compensation from abroad (interest, dividends, rental income, etc.), this investment income is taxable in Mexico. In many cases provisional tax payments are not required to be filed in Mexico with respect to this income, but the income must be

reported on the annual tax return and the corresponding income tax is paid when the annual tax return is filed.

74. Nonresident employees who do not have a local employer (e.g., cross-border commuters) have several options for having their monthly tax payments

remitted on their behalf, including, among others, having their tax remitted by the company on whose premises they are physically working in Mexico.

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# Step 5:

## What to do at the end of the year

### **Annual Tax return**

75. For resident expatriates working in Mexico, an annual tax return must be filed, in which they must worldwide investment and compensation income. Nonresidents do not file annual returns (since their monthly tax payments are final). Also, If a resident individual's only source of income is from a Mexican employer and the compensation received in the year is less than Ps\$400,000, the employer is responsible for making an annual withholding tax adjustment for the employee, so that the annual withholding tax equals the income tax that would have been determined on an annual return, in which case the employee does not have to file an annual tax return.

76. Individual annual income tax returns must be filed in the month of April of the following year (no extensions are available and any late filing will cause additional late payment charges based on the tax balance due).
77. Annual tax returns are filed through internet website of the Tax Administration Service (known as SAT for its initials in Spanish). In case of a balance due, upon submission of the annual return through internet, the tax payment must be made by electronic transfer from the internet site of the taxpayer's Mexican bank on the same day that the tax return is filed.

### **Information necessary for filing the annual income tax return**

78. To be able to deduct expenses mentioned in Step

2, the expatriate should always request official electronic receipts or invoices (CFDI). Certain details from these official documents must be included in the annual tax return, otherwise the deductions will automatically be denied. The individual should also request that any Mexican employer issue the corresponding electronic paystubs (CFDI) related to the salary.

79. Most Mexican bank interest is taxable, and the banks must provide a statement of interest earned net of inflation and income tax withheld. Also, you should gather supporting documentation for other personal income in Mexico as well as all other countries.

All supporting documentation must be kept for at least 5 years.

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# ***Step 6:***

## **What to do when you leave Mexico**

### ***Tax return and final notice***

80. If an employee permanently leaves Mexico before December 31, he will be considered to be a nonresident at the end of the tax year. As such, his income tax withholdings and provisional tax

payments will be considered as final and the employee would not be allowed to file an annual tax return. In addition, all taxpayers who have been enrolled with the tax authorities are required to notify a suspension of their income activities in Mexico

and change of tax residence as applicable.

### ***Transfer of funds to your home country***

81. As mentioned in Step 4, there are no restrictions regarding the transfer of funds to or from Mexico.

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# Step 7:

## Other matters requiring consideration

### **Double taxation**

82. Mexico has treaties with various countries to eliminate either income tax or social security double taxation (see Appendix E for a list of these countries). Double taxation can also be eliminated based on Mexican law. However, many provisions established by double taxation treaties signed by Mexico with other countries may provide for more preferential tax treatment and can be applied instead of Mexican local law.

### **Inheritance and gift tax**

83. No specific estate, inheritance, or gift tax exists in Mexico. However, inheritances and gifts are treated as income under the income tax law, but may be tax exempt.
84. Income obtained by a Mexican resident through inheritance is exempt from income tax no matter what relationship the deceased has to the heir.
85. With respect to gifts, income obtained as a result

of a gift from a spouse, lineal ascendants or descendants is also exempt from income tax. Gifts between siblings are not exempt, and gifts to parents are not exempt if the asset is later given or sold to a sibling.

86. Other gifts are tax-exempt, provided the gift does not exceed three times the annual minimum wage (currently about US\$4,712). Any portion of the gift exceeding this amount would be subject to income tax.
87. Recipients of a tax-exempt gift or inheritance acquire a cost basis in the asset that is equal to the cost basis of the donor of the gift or inheritance (“carry-over basis”). The cost basis of an asset received as a taxable gift is the fair value of the gift as used for determining the income tax (“stepped-up basis”).
88. Even if the transfer is exempt for federal income tax purposes the beneficiary of a gift or bequest of real property would be subject

to a local real estate transfer tax of between 2% and 4% depending on the state in which the real estate is located.

### **Mandatory Information Disclosures**

89. Loans, prizes, gifts, travel expenses reimbursed by your employer, inheritances, and/or gross proceeds from sale of personal residence received during the calendar year should be reported in the Mexican annual income tax return for information purposes only, unless the total amount received is under certain limits. These items may not be taxable, but any tax exemption can be lost if the information is not reported on the annual tax return.

### **Business and travel expenses**

90. When you have a business expense, it must be properly documented. You must ask the local vendor for an official electronic receipt (“factura/CFDI”). To obtain the receipt, you must show

a copy of your company's official taxpayer seal which discloses the company's tax ID number (RFC). Usually your Mexican employer will provide you with a card with a copy of the company's official tax seal which contains this information so that these charges may be deducted. Business trips that are within 50 kilometers of the business, or that do not specify food, transportation, car rental, kilometers traveled and hotel expenses are not deductible. However, the following business expenses are partially deductible provided that they comply with the above rules and they are properly documented with official receipts:

- Meals (when traveling);
- Car rental (only for the purpose of business travel);
- Temporary hotel; and
- Seminar or convention business trips (up to an amount not exceeding the limit of daily travel expenses for lodging).

91. The expenses for having a meal at a restaurant that is within 50 kilometers of the

business would be deductible by the employer at 8.5% of the actual cost, but only if the payment is made by credit, debit or service card. Expenses incurred at a bar would not be deductible in any case.

92. The preceding business expenses are deductible up to certain limits, which are updated regularly for inflation. In most cases, the deductible limits are lower for expenses incurred within Mexico than for those incurred abroad.

#### ***Private pensions***

93. Private pension plan distributions may result in a taxable benefit for the employee for Mexican tax purposes. In this respect, professional advice should be sought.

#### ***Purchasing/selling/renting an apartment or house***

94. For an expatriate who will be staying in Mexico less than 3 years, renting an apartment or house is the general practice. In this respect, it is advisable that the rental payment be made directly by the employee and not by the company. The reimbursement of the rental cost will be fully taxable to the employee no matter who pays the landlord. However, if the

assignee does decide to buy a house or apartment, it should be noted that historically interest rates are higher than in the US or Europe and loans may be difficult to obtain, although this is beginning to change. Capital gains derived from a sale of a principal residence are at least partially tax-exempt, but only once every 3 years.

#### ***Purchasing or selling a car***

95. New automobiles are generally more expensive in Mexico than in some other countries. The sticker price already includes the value-added tax. Other costs involved in purchasing a new car include a special tax (ISAN), license plates, periodic emissions check (mandatory in Mexico City) and in several states of the country, the annual automobile property tax ("tenencia") which is relatively expensive applicable to cars from a specific value.

96. If you decide to bring your car with you to Mexico, be prepared for burdensome responsibilities and documentation. By importing a car, you will be required to submit numerous forms and obtain authorization from Mexican customs officials at the

point of entry, noting the car's destination within Mexico. You must renew the permit every six months (or within the periodicity established at entry) with the customs office closest to your domicile in Mexico. Only the individual importing the car may drive it, and the car must be used solely for personal use. You will not have to pay the general import tax but you will not be permitted to sell your car while in Mexico. Foreign cars are subject to the pollution control regulations which restrict

use of the car in Mexico City, whereas late model Mexican cars are currently exempt from the pollution control regulations.

97. It may be to your benefit when leaving the country to sell your car if acquired in Mexico. Otherwise, you may have to pay an export tax to take it out of the country. If you sell your car you will be required to provide the new owner with the registration documentation of the car, the latest emissions check certificate, and original

receipts for each year's property tax ("tenencia") in the states where it is applicable.

### ***Medical insurance***

98. You should determine if your insurance plan from your home country would give you the coverage you need in Mexico. You can buy medical insurance that offers complete medical coverage, although coverage limited to major medical expenses is the most common.

# Appendix A:

## Individual income tax rates

### *Individual income tax rates*

The annual individual resident income tax rates for 2017 are as follows:

Mexican Income Tax - Individuals

Annual Income Tax Schedule 2017

(Mexican pesos)

| Lower Limit            | Upper Limit  | Tax on Lower Limit | Tax Rate on Excess Over Lower Limit |
|------------------------|--------------|--------------------|-------------------------------------|
| 0.01                   | 5,952.84     | -                  | 1.92%                               |
| 5,952.85               | 50,524.92    | 114.29             | 6.40%                               |
| 50,524.93              | 88,793.04    | 2,966.91           | 10.88%                              |
| 88,793.05              | 103,218.00   | 7,130.48           | 16.00%                              |
| 103,218.01             | 123,580.20   | 9,438.47           | 17.92%                              |
| 123,580.21             | 249,243.48   | 13,087.37          | 21.36%                              |
| 249,243.49             | 392,841.96   | 39,929.05          | 23.52%                              |
| 392,841.97             | 750,000.00   | 73,703.41          | 30.00%                              |
| 750,000.01             | 1,000,000.00 | 180,850.82         | 32.00%                              |
| 1,000,000.01           | 3,000,000.00 | 260,850.81         | 34.00%                              |
| 3,000,000.01 and above |              | 940,850.81         | 35.00%                              |

# ***Appendix B:***

## **Individual nonresident income tax rates applicable to compensation income**

The income tax on the Mexican source compensation earned by nonresident employees is calculated using the following tax rate tables:

### **Tax rates applicable to Compensation for Nonresident Employees**

| Cumulative Compensation Ps\$ |                    |                  |
|------------------------------|--------------------|------------------|
| <i>Lower Limit</i>           | <i>Upper Limit</i> | <i>Tax Rates</i> |
| 0                            | 125,900            | Exempt           |
| 125,900                      | 1,000,000          | 15%              |
| 1,000,000                    | And above          | 30%              |

#### Notes:

The tax rates are applied on a monthly basis to income as it accumulates during the applicable 12-month period. The tax due for any month is the excess of the tax on compensation received to date during the 12-month period less the tax on the compensation received through the previous month.

# Appendix C:

## Social security rates applicable to salary

Mexican Daily Social Contribution Table-Employer's Responsibility (Including the Retirement Savings Fund (SAR) and the Worker's Housing Fund (INFONAVIT))

| <i>Number of Daily Minimum Wages Bracket</i> | <i>Daily Minimum Wage Amount</i> | <i>Contribution on the Lower Limit</i> | <i>Basic Marginal Rate</i> | <i>Workers Risk Premium</i> | <i>Total Rate on Wages</i> |
|----------------------------------------------|----------------------------------|----------------------------------------|----------------------------|-----------------------------|----------------------------|
| 1                                            | 80.04                            | 27.13                                  | 33.90%                     | 0.54355%                    | 34.44%                     |
| 3                                            | 226.47                           | 48.58                                  | 21.45%                     | 0.54355%                    | 21.99%                     |
| 25                                           | 1,887.25                         | 310.15                                 | 16.43%                     | 0.54355%                    | 16.98%                     |

|                                        |            |               |
|----------------------------------------|------------|---------------|
| Maximum Annual Wage subject to SS Ps\$ | 688,846.25 |               |
| Maximum Annual Wage subject to SS US\$ | 37,034.74  | Approximately |

**Mexican Daily Social Contribution Table-Employee's Responsibility (Including the Retirement Savings Fund (SAR) and the Worker's Housing Fund (INFONAVIT))**

| <i>Number of Daily Minimum Wages Bracket</i> | <i>Daily Minimum Wage Amount</i> | <i>Contribution on the Lower Limit</i> | <i>Basic Marginal Rate</i> | <i>Workers Risk Premium</i> | <i>Total Rate on Wages</i> |
|----------------------------------------------|----------------------------------|----------------------------------------|----------------------------|-----------------------------|----------------------------|
| 1                                            | 80.04                            | 1.90                                   | 2.37%                      |                             | 2.37%                      |
| 3                                            | 226.47                           | 5.38                                   | 2.38%                      |                             | 2.38%                      |
| 25                                           | 1,887.25                         | 51.47                                  | 2.73%                      |                             | 2.73%                      |

|                                        |            |               |
|----------------------------------------|------------|---------------|
| Maximum Annual Wage subject to SS Ps\$ | 688,846.25 |               |
| Maximum Annual Wage subject to SS US\$ | 37,034.74  | Approximately |

Notes:

1. The contributions are calculated by multiplying the contribution on one daily wage by the number of days in the period. The above table applies to 2017.
2. For 2017, the maximum daily wage subject to social contributions is \$ 1,887.25 (\$75.49 x 25). The annual wage cap would be Ps\$ 688,846.25 (Ps\$ 1,887.25/day x 365 days) or US\$ 37,034.74 (FX\$ 18.60 /\$1USD).
3. This table includes the social security contributions covering the funding for sickness and maternity, disability and life, day-care, old age and retirement, as well as the contributions for the retirement savings fund (SAR) and the workers' housing fund (INFONAVIT).
4. The occupational hazard premium rate used in this example is an average rate for new low risk businesses.

# Appendix D:

## Typical tax computation

### Individual resident tax calculation for 2017

#### Assumptions

1. Resident individual who earns a salary, with wife and two children.
2. Wife and children have no income.
3. Husband's income is as follows:

|                                                                                                                               |                  |
|-------------------------------------------------------------------------------------------------------------------------------|------------------|
| Salary, allowances and bonus                                                                                                  | 1,000,000        |
| Non-taxable fringe benefits                                                                                                   | 100,000          |
| Investment income from abroad, on which a foreign tax of 30% (16,500) was paid to the foreign country on a non-resident basis | 55,000           |
| Sale of personal residence in Mexico (exempt)                                                                                 | 1,500,000        |
| <b>Total income</b>                                                                                                           | <b>2,655,000</b> |

4. Allowable deductions include the following:

|                          |        |
|--------------------------|--------|
| Medical Expenses         | 30,000 |
| Charitable Contributions | 15,000 |

#### Tax Computation

| Income:                                |           | Ps\$             |
|----------------------------------------|-----------|------------------|
| Salary, allowances and bonus           |           | 1,100,000        |
| Less - Earned income exclusions:       |           |                  |
| Non-taxable fringe benefits            | (100,000) |                  |
| Exempt portion of Christmas Bonus      | (2,401)   |                  |
| Exempt portion of vacation premium     | (1,201)   | (103,602)        |
| Taxable earned income                  |           | 996,398          |
| Add - Foreign source investment income |           | 55,000           |
| <b>Total Income</b>                    |           | <b>1,051,398</b> |

| <b>Deduct:</b>                      |          |           |
|-------------------------------------|----------|-----------|
| Medical expenses                    | (30,000) |           |
| Charitable Contributions            | (15,000) | (45,000)  |
| Total income subject to regular tax |          | 1,006,398 |
| Income tax                          |          | 263,026   |
| Less - Tax credits:                 |          | 0         |
| Total tax                           |          | 263,026   |
| Less - Foreign tax credit (Note 1)  |          | (3,454)   |
| Net tax Liability                   |          | 259,572   |

Notes:

1. The foreign tax credit allowed is the lesser of (a) the Mexican tax on the foreign source income calculated on a stand-alone basis, and (b) the foreign tax paid on the foreign-source income (limited to the equivalent of the foreign taxes paid on a nonresident basis). The limit is Ps\$ 3,454 pesos on Ps\$55,000 pesos of foreign source income.

# Appendix E:

## Double taxation agreements

List of countries with which Mexico has tax treaties in force (updated list as of January, 2017):

| Country           | Applicable as of<br>dd/mm/yyyy: | Country              | Applicable as of<br>dd/mm/yyyy: |
|-------------------|---------------------------------|----------------------|---------------------------------|
| Argentina         | 01/01/2005 (f)                  | Italy                | 01/01/1996                      |
| Aruba             | 01/09/2014 (c)                  | Japan                | 01/01/1997                      |
| Australia         | 01/01/2004 (a)                  | Jersey Islands       | 22/03/2012 (c)                  |
| Australia         | 01/07/2004 (b)                  | Korea                | 01/01/1996                      |
| Austria           | 01/01/2006                      | <b>Kuwait</b>        | 01/01/2014                      |
| Bahamas           | 01/01/2011 (c)                  | Latvia               | 01/01/2014                      |
| <b>Bahrein</b>    | 01/01/2013                      | Liechtenstein        | 24/07/2014 (c)                  |
| Barbados          | 01/01/2010                      | <b>Lithuania</b>     | 01/01/2013                      |
| Belgium           | 01/01/1998                      | Luxembourg           | 01/01/2002                      |
| Belize            | 09/08/2012 (c)                  | Malta                | 01/01/2015                      |
| Bermuda           | 09/09/2010 (c)                  | <b>Netherlands</b>   | 01/01/1995                      |
| Brazil            | 01/01/2007                      | Netherlands Antilles | 04/02/2011 (c)                  |
| Canada            | 01/01/1992                      | New Zealand          | 01/08/2007 (h)                  |
| Canada            | 01/01/2008 (g)                  | New Zealand          | 01/01/2008 (b)                  |
| Canada            | 01/01/1993 (c)                  | Norway               | 01/01/1997                      |
| Cayman Islands    | 01/01/2013 (c)                  | Panama               | 01/01/2011                      |
| Chile             | 01/01/2000                      | Peru                 | 01/01/2015                      |
| China             | 01/01/2007                      | Poland               | 01/01/2003                      |
| <b>Colombia</b>   | 01/01/2014                      | Portugal             | 01/01/2002                      |
| Cook Islands      | 03/03/2012 (c)                  | <b>Qatar</b>         | 01/01/2014                      |
| <b>Costa Rica</b> | 01/01/2013 (c)                  | Romania              | 01/01/2002                      |
| Czech Republic    | 01/01/2003                      | Russia               | 01/01/2009                      |
| Denmark           | 01/01/1998                      | Saint Lucia          | 18/12/2015 (c)                  |
| Ecuador           | 01/01/2001                      | Samoa                | 18/07/2012 (c)                  |

|                  |                |                            |                        |
|------------------|----------------|----------------------------|------------------------|
| Estonia          | 01/01/2014     | <b>Singapore</b>           | 01/01/1996             |
| Finland          | 01/01/1999     | Slovak Republic (Slovakia) | 01/01/2008             |
| France           | 01/01/1993     | South Africa               | 01/01/2011             |
| Germany          | 01/01/1994     | Spain                      | 01/01/1995             |
| Gibraltar        | 27/08/2014 (c) | Sweden                     | 01/01/1993             |
| Greece           | 01/01/2006     | Switzerland                | 01/01/1995             |
| Guernsey Islands | 24/03/2012 (c) | Turkey                     | 01/01/2016             |
| Hong Kong        | 01/01/2014     | <b>Ukraine</b>             | 01/01/2013             |
| Hungary          | 01/01/2012     | United Arab Emirates       | 01/01/2015             |
| Iceland          | 01/01/2009     | United Kingdom             | 01/04/1994 (e)         |
| India            | 01/01/2011     | United States              | 01/01/1994             |
| Indonesia        | 01/01/2005     | United States              | 26/10/1995 (d)         |
| Ireland          | 01/01/1999     | United States              | 18/01/1990 (c)         |
| Isle of Man      | 04/03/2012 (c) | United States              | 26/10/1995 (c) and (d) |
| Israel           | 01/01/2000     | Uruguay                    | 01/01/2011             |

(a) Regarding only taxes related to: (1) Dividends, (2) Interest, and (3) Royalties

(b) Regarding other taxes

(c) For information exchange purposes only

(d) Modification

(e) Applied retroactively

(f) To avoid double taxation on international transportation

(g) Renegotiated agreement signature date

(h) Regarding only taxes related to: income tax withheld benefits and profits of a non resident.

**List of countries with which Mexico is negotiating tax treaties (or which do not have final approval) (updated list as of July 2017):**

|           |              |
|-----------|--------------|
| Argentina | Nicaragua    |
| Oman      | Pakistan     |
| Egypt     | Philippines  |
| Guatemala | Saudi Arabia |

|                  |             |
|------------------|-------------|
| Iran             | Slovenia    |
| Jamaica          | Thailand    |
| Lebanon          | Vanuatu     |
| Malaysia         | Venezuela + |
| Marshall Islands |             |
| Monaco           |             |
| Morocco          |             |

+ Already signed, not approved by the Mexican Senate, but approved by the foreign country

**List of countries with which Mexico has signed social security totalization agreements: (Updated list as of July 2017):**

| Country       | Applicable as of                              |
|---------------|-----------------------------------------------|
| Canada        | 05/01/1996                                    |
| Spain         | 01/01/1995                                    |
| United States | Not approved by either countries' legislature |

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# *Appendix F:*

## Mexico contacts and offices

### *Contacts*

#### *Mexico City Office*

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