



JA Del Río

Charting the Tax Future Maquiladoras in Mexico 2025



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IN PROCESS

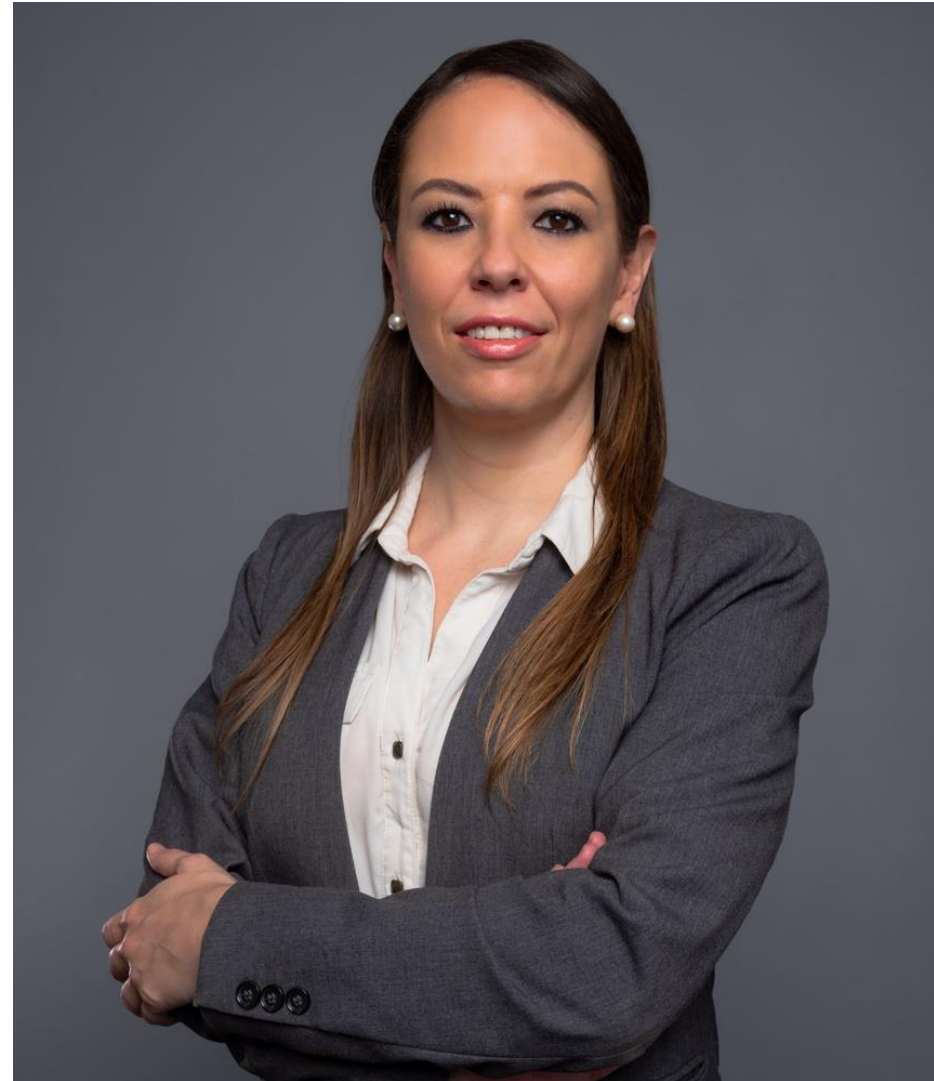
Oaxaca



Speakers



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Charting the Tax Future Maquiladoras in Mexico 2025

Maquiladoras Background
in Mexico

APA and Current Status

2025 APA-
Safe Harbor Transition

Next Steps
Analysis of the 2025
Tax Effects in Mexico

Mains Tax Topics

Transfer Pricing Topics

Global Trade Topics

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Maquiladoras Background in Mexico



Maquiladoras 101

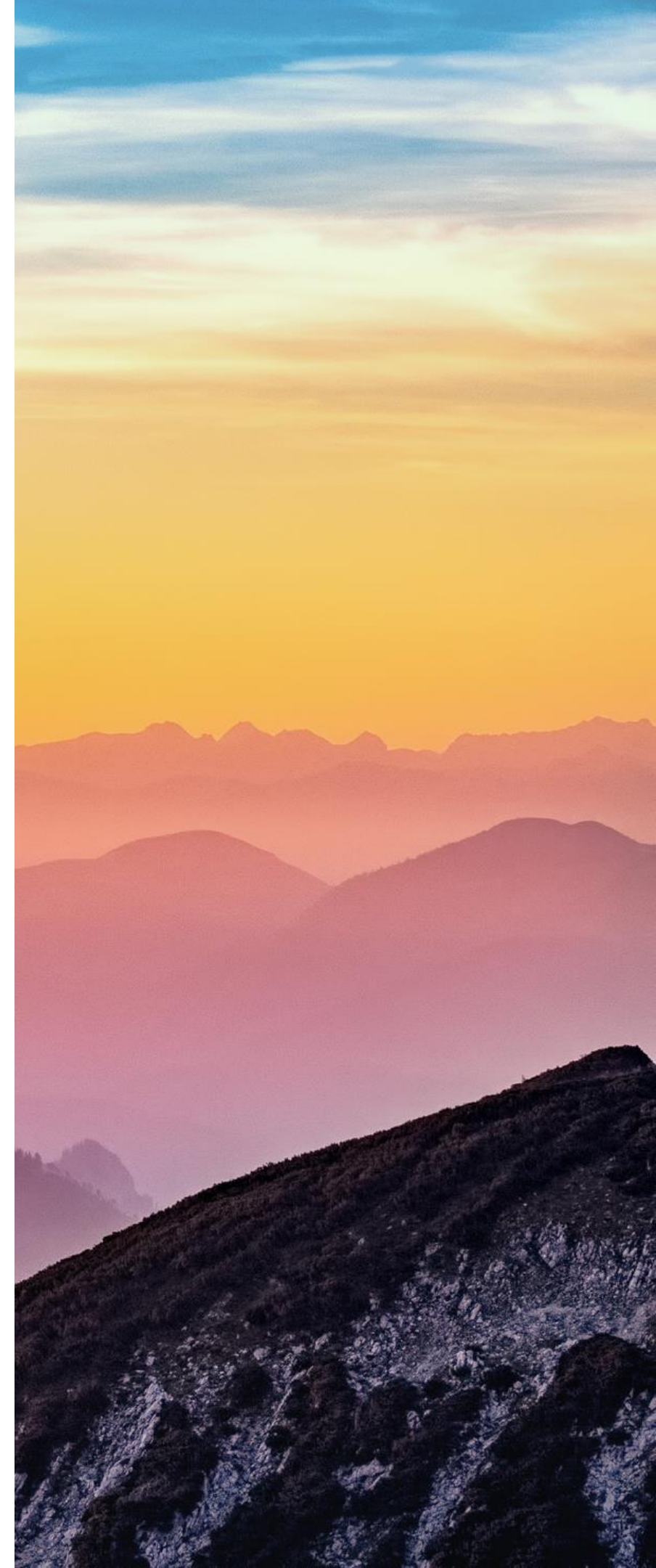


Maquiladora's Tax Benefits in Mexico

Permanent
establishment protection
to the foreign company

Additional deduction
of exempt wages

VAT / IEPS Certification***



Maquiladora's Essential Tax Requirements in 2024

Compliance with Transfer Pricing Obligations when determining your taxable income, consider the following:

Safe Harbor Computation

The higher of 6.5% on costs and expenses or 6.9% on assets

Advance Pricing Agreement (APA):

2025 ?????!!!!

M&E Ownership Requirements:

At least 30% of the machinery and equipment must be owned by the Foreign Resident.

Other Maquila Income:

Other maquila income should not exceed 10% of the total maquila operation income.

Notice of Property Disposal:

In the case of the disposal of movable and immovable property, a notice about the income obtained must be submitted in January.

Filing of DIEMSE:

Submit the DIEMSE Informative no later than June 30.

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— APA and Current Status



APA and Current Status

Where are we with 2019 APA and what is expected for 2020-2024?

Expectations on QMA / Fast Track methodology

Some aspects of implementation when receiving an APA resolution.

What are the options for maquilas after 2022?



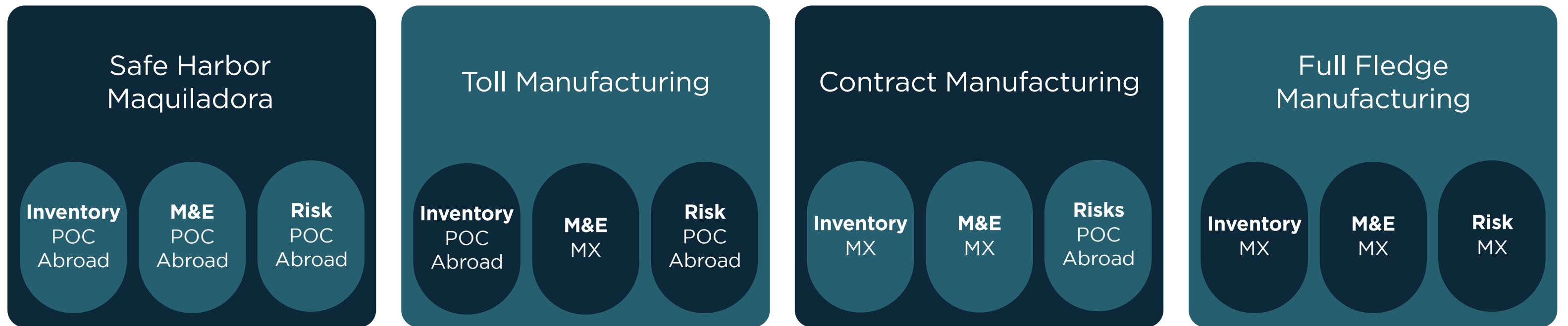
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2025 APA-Safe Harbor Transition



2025 APA-Safe Harbor Transition

2025 Manufacturing Options***



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Next Steps Analysis of the 2025 Tax Effects in Mexico



Next Steps

1

Be alert for the publication of any decrees or rules.

2

Conduct a comparative analysis of your current situation Vs Safe Harbor.

3

Identify opportunities to enhance the tax efficiency of Safe Harbor computations.

4

Evaluate alternatives for 2025 and beyond.

5

Assess tax implications of any manufacturing model transition.

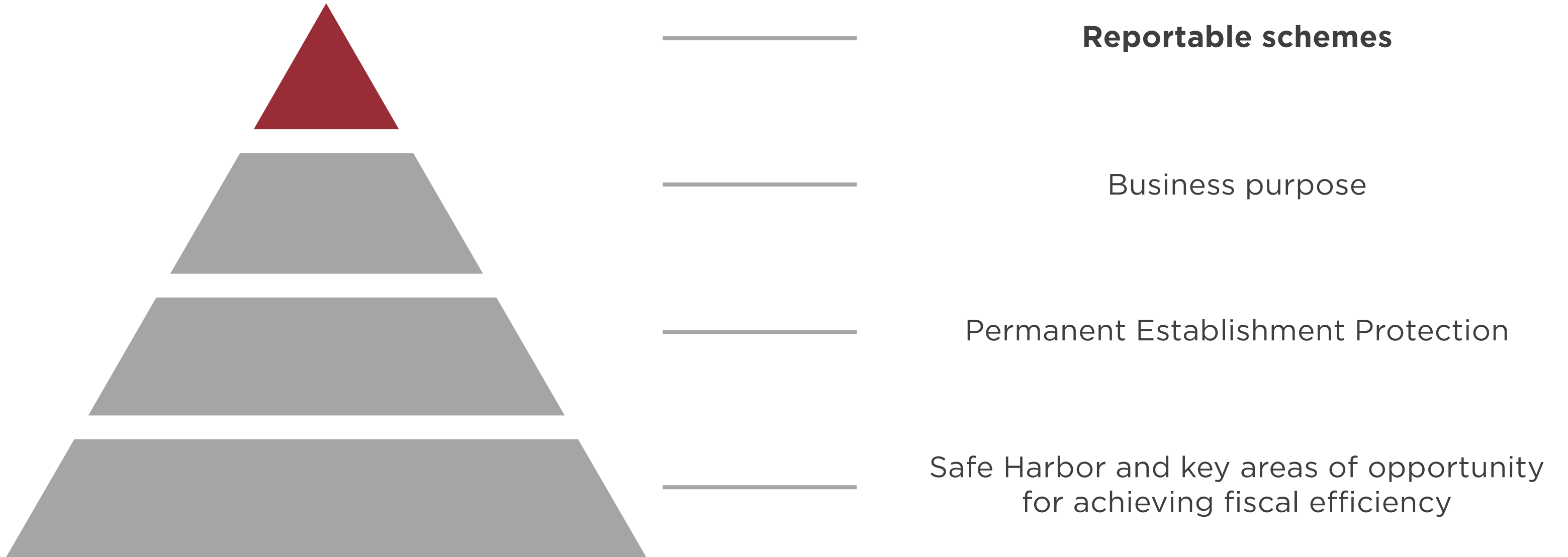
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Main Tax Topics



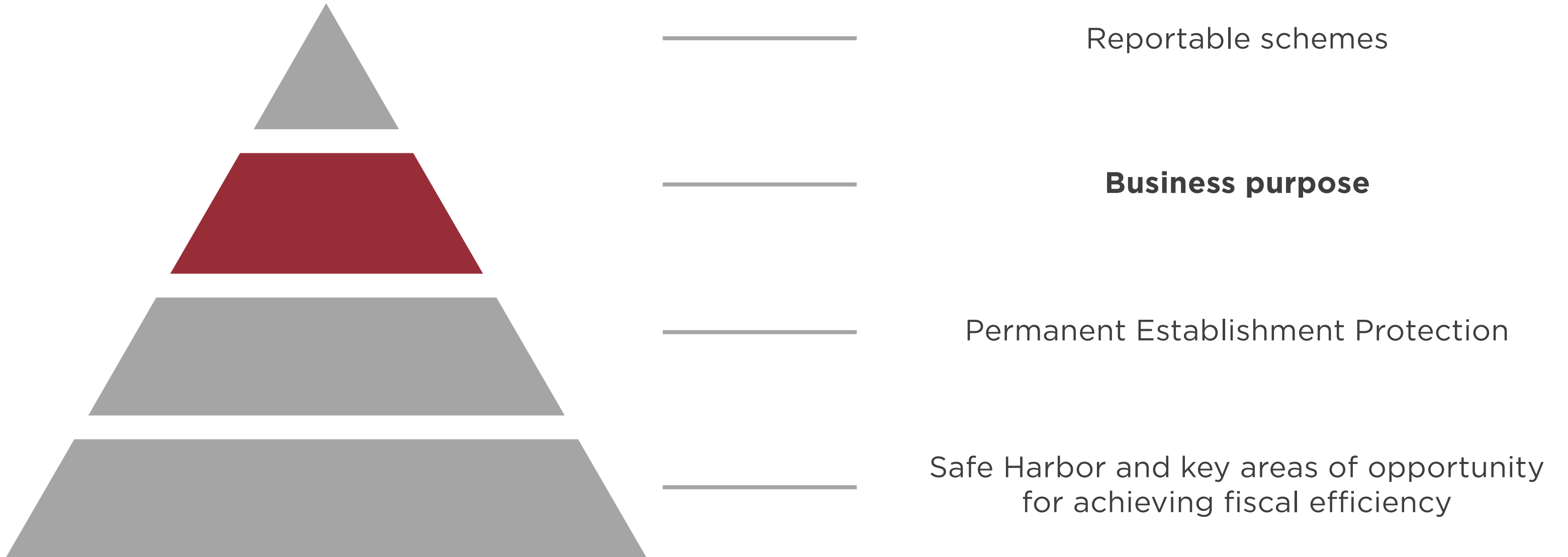
Main Tax Topics

Assessment of Tax Implications



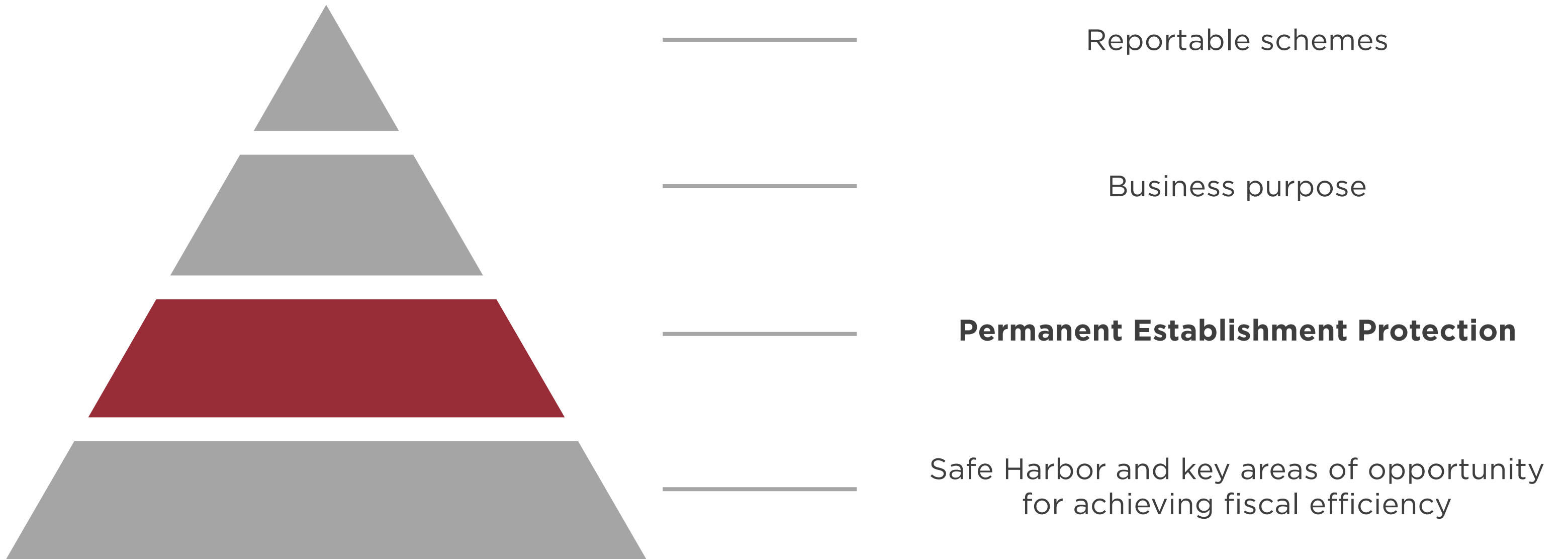
Main Tax Topics

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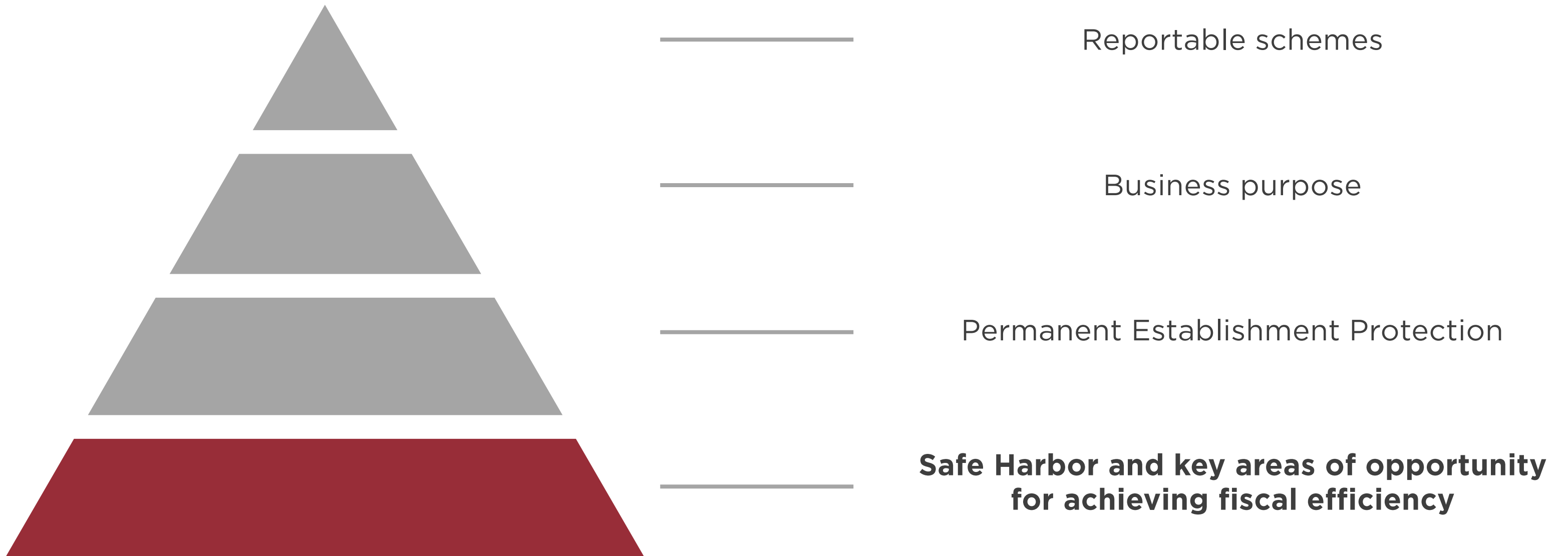
Main Tax Topics

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Main Tax Topics

Assessment of Tax Implications



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Transfer Pricing Topics

APA Vs Transfer Pricing Report

APA

- Certainty on the tax profit.
- With a resolution no need of further Compliance but applying the QMA.
- Profit margins generally low. -Authorities have not solved APAS from 2020 to this date.
- Fines and surcharges will be applied once the resolution is taken.

TRANSFER PRICING REPORT

- Transfer Pricing obligations: TP Report, informative returns (Appendix 9, Local and master file).
- Profit margins according to functions, assets and risks. -There aren't costs involved in submitting obligations to tax authorities. -Business restructuring - ¿reportable scheme?

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Global Trade Topics



IMMEX and VAT Certification

IMMEX. Obligations:

- a) Export Threshold:
Annual sales abroad of at least US\$500,000, or invoice exports accounting for at least 10% of total invoices.
- b) Compliance Documentation and reports
- c) Inventory controls for IMMEX (principal problems annex 24)
- d) IMMEX Address

VAT Certification. Obligations:

- Have temporarily imported merchandise under the IMMEX Program and returned, during the last twelve months, 60% of the total value of temporary imports of inputs.
- VAT Reports of Inventory (annex 30)
- Foreign trade Address



Global Trade Topics

M&E Ownership. Maquila

- 30% or more of the M&E used in the Maquila operation must be owned by the foreign principal

Inventory Ownership. Maquila

- The goods must only be owned by a third party residing abroad.

Notes:

1. The return of waste and waste abroad is not required.
2. They can use goods for their production that are permanently imported into Mexico as long as they are exported integrated with those imported temporarily under the IMMEX program.

Maquiladoras are permitted to obtain no more than 10% of the company's revenue from sources other than the provision of manufacturing or assembling services. to a foreign principal. Some rules are applicable.

Global Trade Topics

•Manufacturing contractual relationship (Agreement)

Case: Modification of contracts with Principal (Agreement)

IMMEX: Obligation to update the contracts and operation process to Secretary of Economy VAT

Certification: Update the contracts and operation process

Added value in exports for Safe Harbor

Returns or exports (customs declarations)

- The obligation of declaring the Value Added on export are all those companies that carry out maquila operations in the terms of the IMMEX Decree. (Safe Harbor)

Requirements:

- Must consider the national inputs or nationalized and other costs and expenses, involved in the elaboration, transformation, or repair of the goods that are returned, as well as the gross profit for such goods.

Alert of compliance: Compliance VAT verification procedures

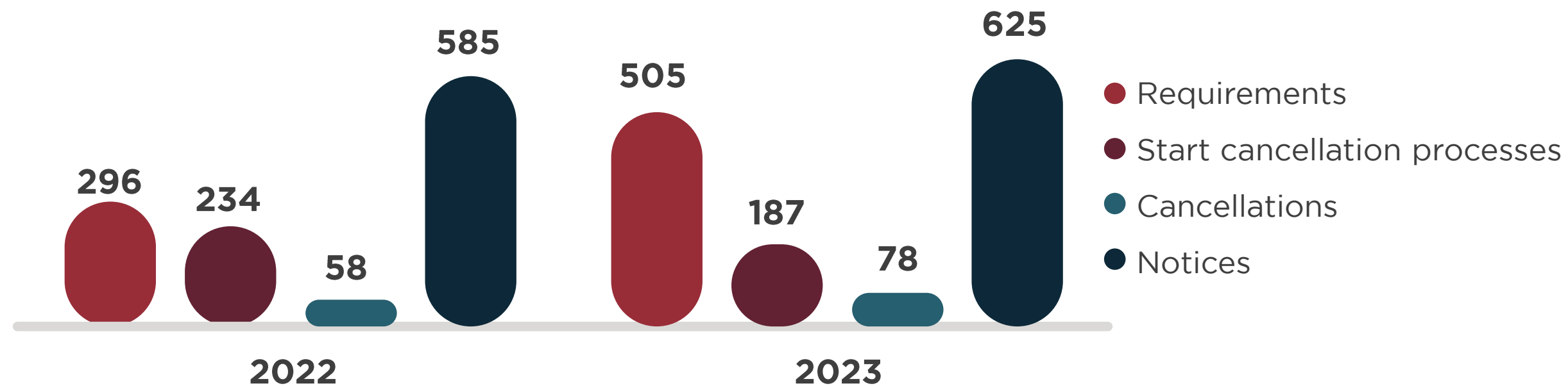
Tax authorities Trends:

- 19-point compliance verification visits
- Letters of Request compliance obligations

Consequences of losing VAT certification:

- They will not be able to access it again until 2 years have passed.
- 100% payment of VAT and IEPS for the temporary importation of merchandise.

VAT Certifications procedures



Source: SAT



JA Del Río

¡Let's talk!

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