Mexico Qualifiers Guide

MEXICO'S CONTENT GUIDE

THOMSON REUTERS TAX RESEARCH

Introduction

Most of Mexico rules demand a qualifier to properly work, as they refer to specific taxation on certain operations with both products and services, in accordance with Mexico's law.

This guide provides a list of these qualifiers and describes the situations they apply on a given operation.

WORKBENCH PARAMETERS

The qualifiers were designed to allow specific taxation and are attached to a product or service. The complete list of qualifiers can be found latter on this document.

In the example below, we are setting the parameters for the first line of the qualifier list:

- a) Product: Syrup to Make Flavored Beverages
- b) Qualifier: MXHAB
- c) Operation: Such rule only applies to Syrup used to prepare soft drink, as well as Syrup used to prepare soft drink sold in automatic, electrical, or mechanical devices with sugar added.
- d) Legal basis: Art. 2-A, I, b, 2 LIVA and Art 2, I, G LIEPS.
- e) Conditions: Syrup to Make Flavored Beverages are exempt from VAT, except when used to prepare soft drinks and/or sold in automatic machines, when 16% VAT rate and IEPS Fee \$ 1.5086 applies.
- f) Expected results: In this example, we are triggering the 16% VAT and \$1.5086 IEPS.



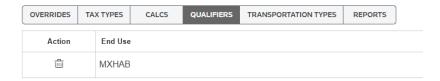
Document Line Information Tab

In the example, we are using the product "Syrup to Make Flavored Beverages" from Harmonized Tree:



Document Line Information / Overrides / Qualifiers Tab

The qualifier must be the one associated with the product. In the list of qualifiers (provided latter on this document), the qualifier "MXHAB" is the one associated with the Product "Syrup to Make Flavored Beverages", so this qualifier must be populated in the "Qualifiers":



RESULTS

When all requirements are met, the result will show the expected taxation:





FRONTIER ZONE AREA

Document Addresses Tab

If the operation is being conducted in a Frontier Zone city, then it's populated in the "Document Addresses" tab with the respective City of Frontier, "ANAHUAC" in this example.



RESULTS

When all requirements are met, the result will show the expected for VAT taxation, returning the Authority "Mexico Frontier Zone" when the operation is performed in a Northern border city and the Authority "Mexico Frontier Zone - Southern Region" when the operation is performed in a Southern border city:

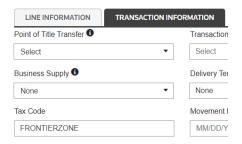




FRONTIER ZONE VAT REDUCTION

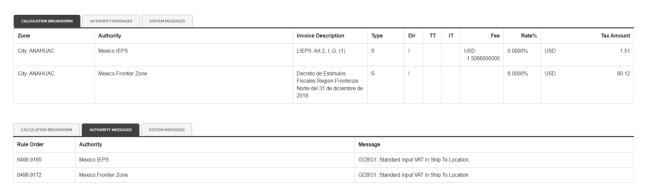
Transaction Information Tab

If the operation is being conducted with a company eligible for the VAT reduction, then it's also needed to populate the "Tax Code" with the tax code "FRONTIERZONE":



RESULTS WITH REDUCED VAT

When all requirements are met, the result will show the expected taxation:



QUALIFIERS LIST

The full list of qualifiers, products, and situation they apply can be found on the file "Mexico Content Qualifiers Guide List" at the link:

Mexico Tax Content Documentation

CONCLUSION

This guide explains how to set the parameters to trigger correct taxation in Mexico Authorities for Harmonized products. Please contact Customer Support with any additional question.

