

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:

	Actions	Description	Product Code	Product Code Type	Commodity Code	UoM	Part No.	Capacity	Quantity	Gross Amount*
1	  Line Data ▾		Syrup to Make Fl...	- None -		Select here ▾			1 USD	1000

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”:

OVERRIDES	TAX TYPES	CALCS	QUALIFIERS	TRANSPORTATION TYPES	REPORTS
Action		End Use			
		MXHAB			

RESULTS

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

CALCULATION BREAKDOWN		AUTHORITY MESSAGES		SYSTEM MESSAGES					
Zone	Authority	Invoice Description	Type	Dir	TT	IT	Fee	Rate%	Tax Amount
Country: MEXICO	Mexico IEPS	LIEPS, Art 2, I, G, (1)	S	I			USD 1.5086000000	0.0000%	USD 1.51
Country: MEXICO	Mexico	Art. 2nd-A, I, b, 2 LIVA	S	I				16.0000%	USD 160.24

CALCULATION BREAKDOWN		AUTHORITY MESSAGES		SYSTEM MESSAGES	
Rule Order	Authority	Message			
6499 9172	Mexico IEPS	GCBG1: Standard input VAT in Ship To Location.			
6499 9172	Mexico	GCBG1: Standard input VAT in Ship To Location.			

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.

Country *	
MX - Mexico	
Province/State	County or District
NUEVO LEON	
City	Postal Code
ANAHUAC	

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:

CALCULATION BREAKDOWN									
AUTHORITY MESSAGES									
SYSTEM MESSAGES									
Zone	Authority	Invoice Description	Type	Dir	TT	IT	Fee	Rate%	Tax Amount
City: ANAHUAC	Mexico IEPS	LIEPS, Art 2, I, G, (1)	S	I			USD 1.5086000000	0.0000%	USD 1.51
City: ANAHUAC	Mexico Frontier Zone	Art. 2nd-A, I, b, 2 LIVA	S	I				16.0000%	USD 160.24

CALCULATION BREAKDOWN		
AUTHORITY MESSAGES		
SYSTEM MESSAGES		
Rule Order	Authority	Message
6498 9172	Mexico IEPS	GCBG1: Standard input VAT in Ship To Location.
6499 9172	Mexico Frontier Zone	GCBG1: Standard input VAT in Ship To Location.

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":

LINE INFORMATION	TRANSACTION INFORMATION
Point of Title Transfer ⓘ <div>Select</div>	Transaction <div>Select</div>
Business Supply ⓘ <div>None</div>	Delivery Ter <div>None</div>
Tax Code <div>FRONTIERZONE</div>	Movement I <div>MM/DD/Y</div>

RESULTS WITH REDUCED VAT

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

CALCULATION BREAKDOWN		AUTHORITY MESSAGES	SYSTEM MESSAGES						
Zone	Authority	Invoice Description	Type	Dir	TT	IT	Fee	Rate%	Tax Amount
City: ANAHUAC	Mexico IEPS	LIEPS, Art 2, I, G, (1)	S	I			USD 1.5086000000	0.0000%	USD 1.51
City: ANAHUAC	Mexico Frontier Zone	Decreto de Estimulos Fiscales Region Fronteriza Norte del 31 de diciembre de 2018	S	I				8.0000%	USD 80.12

CALCULATION BREAKDOWN		AUTHORITY MESSAGES	SYSTEM MESSAGES
Rule Order	Authority	Message	
6498 9165	Mexico IEPS	GCBG1: Standard input VAT in Ship To Location.	
6498 9172	Mexico Frontier Zone	GCBG1: Standard input VAT in Ship To Location.	

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.