



Non-resident providers of digital services need to register for VAT in Mexico. This legislation is in force since June 1, 2020. The Mexican authorities approved a bill that imposed a value-added tax (VAT) on non-resident electronic service providers and electronic platforms that sell digital services to Mexican residents. It is worth noting, that both B2C and B2B supplies are in the scope of these amendments.

VAT standard rate

VAT standard rate in Mexico in 2024 is 16%.

VAT Withheld by Foreign Intermediaries

If the foreign intermediary is involved in the supply of goods or services, the percentages they should withhold for the supplier depend on the supplier's residence and valid RFC. For those based in Mexico, if they have a valid RFC the intermediary should withhold 50% of their VAT, otherwise they must withhold 100%. All suppliers based outside Mexico should have 100% of their VAT withheld by the intermediary.

Threshold

There is no registration threshold for non-resident digital service providers. Companies providing digital services to Mexican residents are obliged to register with Federal Taxpayers Registry (or Registro Federal de Contribuyentes, known as the RFC) from the first sale.

Deductible VAT

There are no VAT deductions for all electronic service providers in the Mexico.

Pieces of evidence

To determine that the place of supply of electronic services is the Mexico, it is only necessary to provide services to any person or company residing in the Mexico. This includes persons using the services for personal consumption as well as those using them for trade or commercial purposes.

E-services list

The list of digital services includes the following:

- Licenses, upgrades, and extensions, comprising website filters and firewalls.
- Smartphone apps, video games, and virtual games.
- Webcasts and web seminars.
- Digital materials such as music, files, pictures, text, and info.
- Ad platforms that furnish online advertising space on digital media platforms.
- Online portals that facilitate the buying, displaying, and assessment of prices for products and services, such as electronic bazaars or networks.
- Search engine solutions.
- Social media services.
- Databases and hosting, e.g. website hosting, online data storage, file sharing, and cloud storage solutions.
- Internet telecommunication.
- Digital publications and magazine subscriptions.

Exempted supply of services

- Download or access of electronic books, newspapers, and magazines;
- Agriculture or livestock;
- Renting of Real Estate for residential purposes.

Registration procedure

To become a VAT payer in the Mexico, companies should be registered with Mexican Tax Administration Service (SAT) online. The application should be accompanied with the company's extract from trade register apostilled and officially translated to Spanish language.

Tax representative

Non-resident companies or non-resident intermediaries that provide electronic services and register for VAT are required to appoint a representative to act as your local agent and be responsible for fulfilling your tax obligations on your behalf.

Keeping records

For non-resident companies that are e-service providers in the Mexico, the general requirement for keeping accounting records is five years. Keeping records abroad is possible.

Filing VAT return

VAT-registered taxpayers are required to file the Monthly VAT Returns.

The filing deadline for taxes should be determined by the sixth digit of the taxpayer's RFC number. Depending on the digit, the deadline should take place 17 days after the reporting month. For the digit 1 or 2, one working day should be added; for 3 or 4, two working days; for 5 or 6, three working days; for 7 or 8, four working days; and for 9 or 0, five working days.

VAT payment date

Electronic service providers are required to make payments within the same deadline which is stated for filling VAT return.