



## Mexico VAT guide

Mexico, VAT is called “Impuesto al Valor Agregado”, abbreviated IVA.

### VAT Standard rate

VAT standard rate in Mexico in 2023 is 16%, which applies to supplies of goods and imports with exemptions. Export in Mexico is zero-rated.

### VAT Reduced rate

VAT reduced rate in Mexico is 8%, and applies in special regions of Mexico. Businesses may qualify for reduced rate when they sell goods to the Northern and Southern Border regions of Mexico, but it doesn't apply to imports.

### VAT registration threshold

There is no registration threshold in Mexico. Any business who is providing taxable activity have to register for VAT in Mexico.

### Deductible VAT

Resident businesses can reclaim input tax by deducting it from output tax. Non-resident businesses who do not have permanent residence and are not registered for VAT cannot reclaim input tax.

## **Registration procedure**

It is mandatory to have a local company or permanent establishment in Mexico to become a taxpayer. Businesses have to apply for tax identification number in the Federal Taxpayers Registry of the Tax Administration Service. The procedure for getting a registration needs to be done personally or it can also be started electronically (pre-registration) through the SAT website and be completed personally within ten days of submitting the electronic application.

## **Keeping records**

The period of keeping records in Mexico must be at least five years.

## **VAT returns filing and payment date**

VAT returns in Mexico must be submitted electronically and paid monthly within 17 days of the month following the reporting period.

## **Penalties**

Penalties in Mexico are applicable for late filing and payment of VAT returns. In cases of fraud and non-payment of taxes, there may be imprisonment punishment.

