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Certification in VAT and IEPS

One of the most important issues of tax amendments passed last December 11, 2013, is the payment of Value Added Tax (VAT) and Special Tax on Production and Services (IEPS) for the entry of goods into the national territory under the temporary importation regime.

Indeed, effective January 1, 2015 all those who enter goods into Mexico under the customs regime of temporary import production, processing or repair programs maquila or export; tax warehouse to undergo the process of assembly and vehicle manufacturing, production, processing or repair fiscal area and strategic fiscal area will be subject of VAT and IEPS.

Nevertheless, in order to minimize this impact that considerably affects all the companies that realize activities under such temporary operations and customs regimes, most notably the maquiladora industry, the Federal Government created a new certification to avoid paying these taxes or recover them within 10 to 20 days, in accordance with Article 28-A of the tax Law and 15-A of the IEPS Law, in relation with the General Rules on Foreign Trade.

It is important to point out that this certification scheme is based on trust, because if companies comply with several requirements they would reach a tax credit granted by the Federal Government for the total VAT or IEPS generated at the entry of goods into Mexico or, where appropriate, they would be in a position to claim a refund which will be returned in the abovementioned periods (10-20 days).

In this regard, on February 27, 2014 it was published in the Official Gazette the requirements for this Certification on VAT and IEPS, in accordance with the Seventh and Eighth Amendments to the General Rules on Foreign Trade for 2013.

Finally, we inform you that the companies wishing to apply for this Certification to avoid paying VAT and IEPS in their temporary imports shall apply during the current year in accordance with the periods established by the Tax Administration Service, beginning 1 April, 2014.

Members of Portilla Ruy-Díaz y Aguilar, S.C. will be pleased assisting you with the requirements for the obtaining of this certification as well as for assist you in its process.

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