

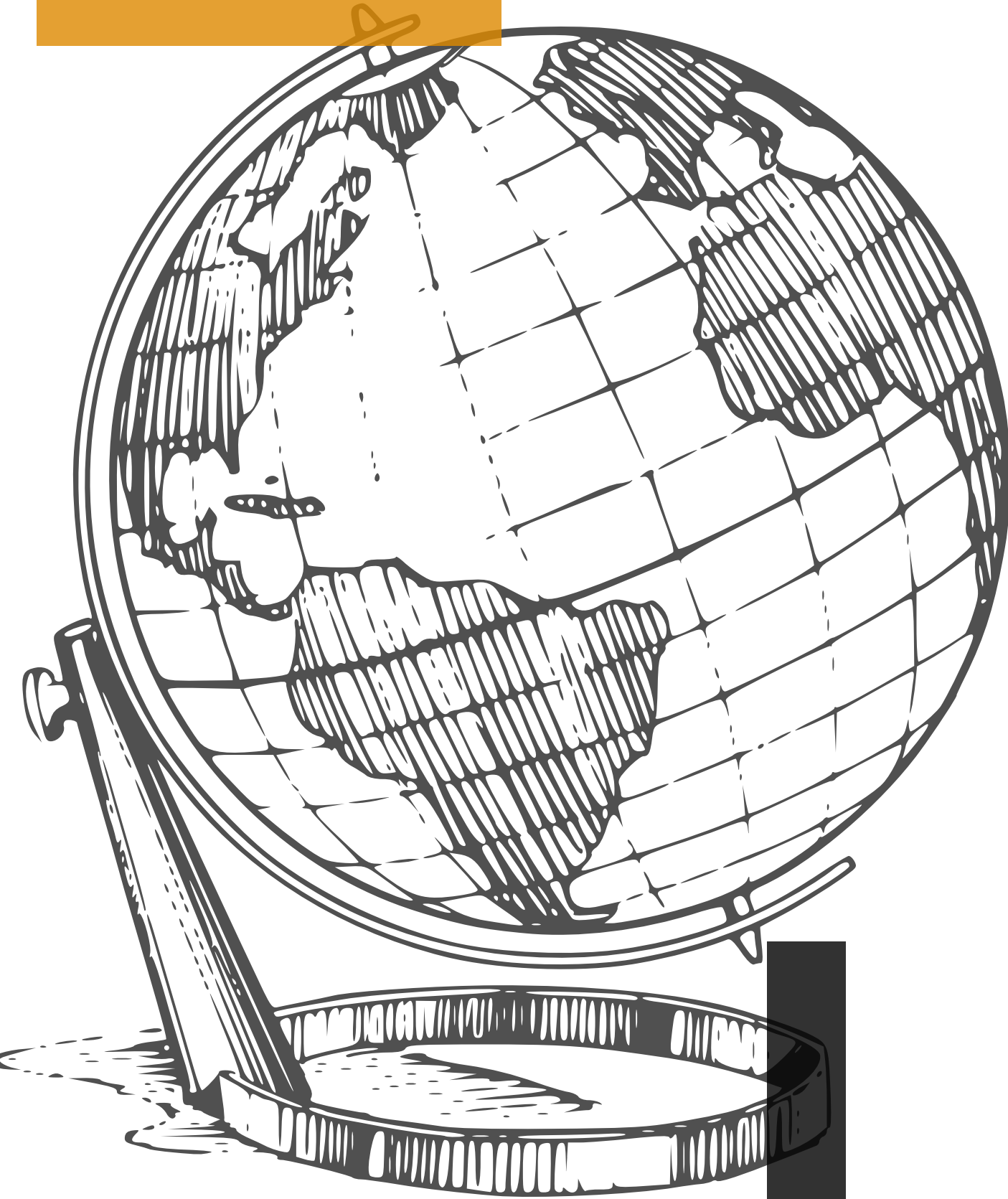


DIMSA

HOW TO DO BUSINESS IN MEXICO
Soft-Landing your Project



ABOUT US



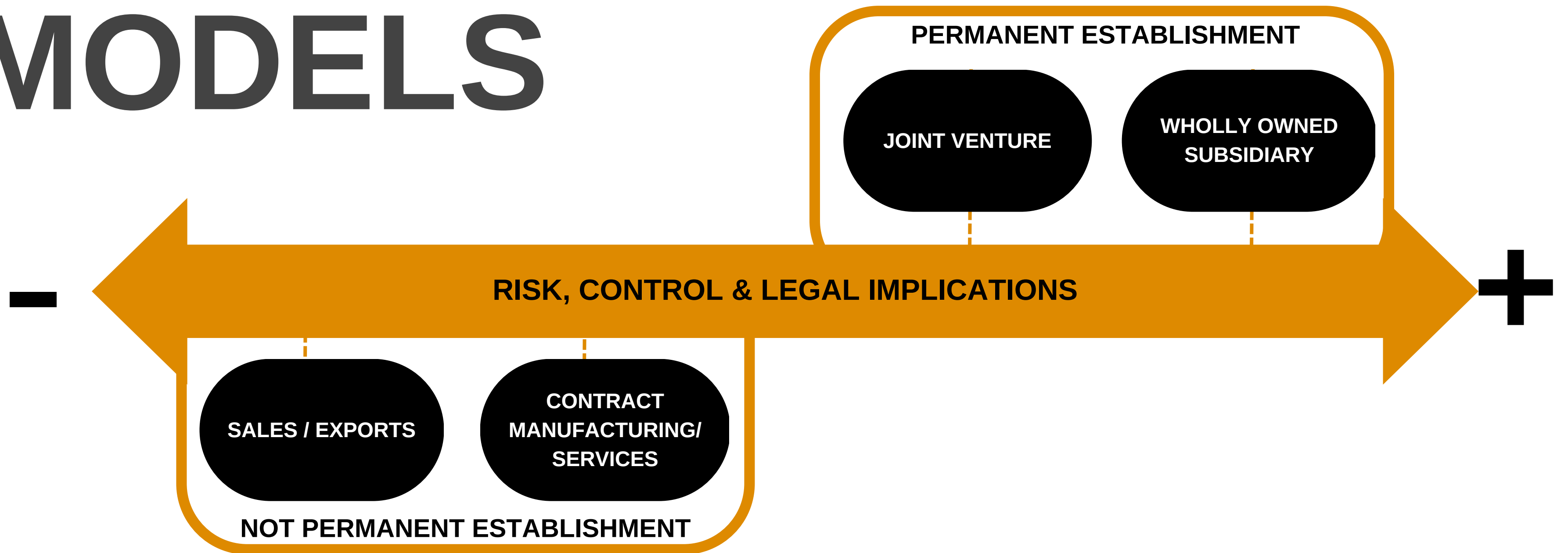
- WE DELIVER TURN-KEY, COST-COMPETITIVE, PLANNING AND OPERATIONAL SUPPORT SOLUTIONS TO COMPANIES ESTABLISHING IN MEXICO.
- WE WORK WITH PUBLIC AND PRIVATE COMPANIES
- FOUNDED 1995
- PROFESSIONAL STAFF WITH MORE THAN 20 YEARS OF EXPERIENCE
- MORE THAN 100 ACTIVE CLIENTS FROM EUROPE, ASIA, AND AMERICA.

MEXICAN REGULATORY FRAMEWORK



BUSINESS

MODELS



01

SHAREHOLDERS.

Minimum 2, can be persons, companies (local or foreign), or 1 person and 1 company.

02

NAME.

Choose at least 5 different names to see which one is available.

03

DOCUMENTATION

Notary Public will ask for a list of documents from Company and from shareholders.
Agreement on Articles of Incorporation.

SUBSIDIARY

INCORPORATION

PROCESS

04

INCORPORATION

Shareholders or people with Powers of Attorney should be present with the Notary Public to sign the Articles of Incorporation.

05

REGISTRATION

Register the Company under the Public Registry of Commerce of Mexico done by the Notary Public.

06

TAX ID

Obtain the Tax ID (RFC) and electronic signature from Tax Authority (SAT).

07

OTHER PERMITS

Apply for other optional permits such as: import/export license, INM (immigration) license, etc.

GENERAL ACCOUNTING PRINCIPALS (GAP)

Mexican GAP is 90% similar to USA or European GAP, except for some specific treatment of assets, expense agregation, labor liability, and tax deferral.



BANKING

- In Mexico, you can open bank accounts in Mexican Pesos and US Dollars, but it is required to have specific Powers of Attorney.
- Majority of transactions are electronic, except for some specific government fees, labor severance payments, etc.
- Anti-money laundry regulations do apply.

TAXES

FEDERAL

VAT

16% applies to all transactions within Mexico.

INCOME

Corporate tax is 30% on profit.

DUTIES

Import duties range from 0% - 30% depending on the product, but the average is 5%

SPECIFIC

Special tax on alcohol, tobacco, gasoline, diesel, etc.

ISAN

On purchase of new vehicles.

STATE

PAYROLL TAX

Between 1.8% and 4%, average is 3%.

MUNICIPAL

PROPERTY TAX

Yearly tax, between 1% and 3%.

ISAI

Average 3% of transaction value



SAFE HARBOR TAX

6.5%

**Of all costs
and expenses
in 1 year.**

OR

6.9%

**Of total value
of operational
assets.**

FOREIGN

TRADE



IMMEX PROGRAM

Allows foreign manufacturers to import equipment, raw materials, and components, deferring taxes, under the condition that finished goods will be exported from Mexico.

In order to apply for the IMMEX you must have the following:

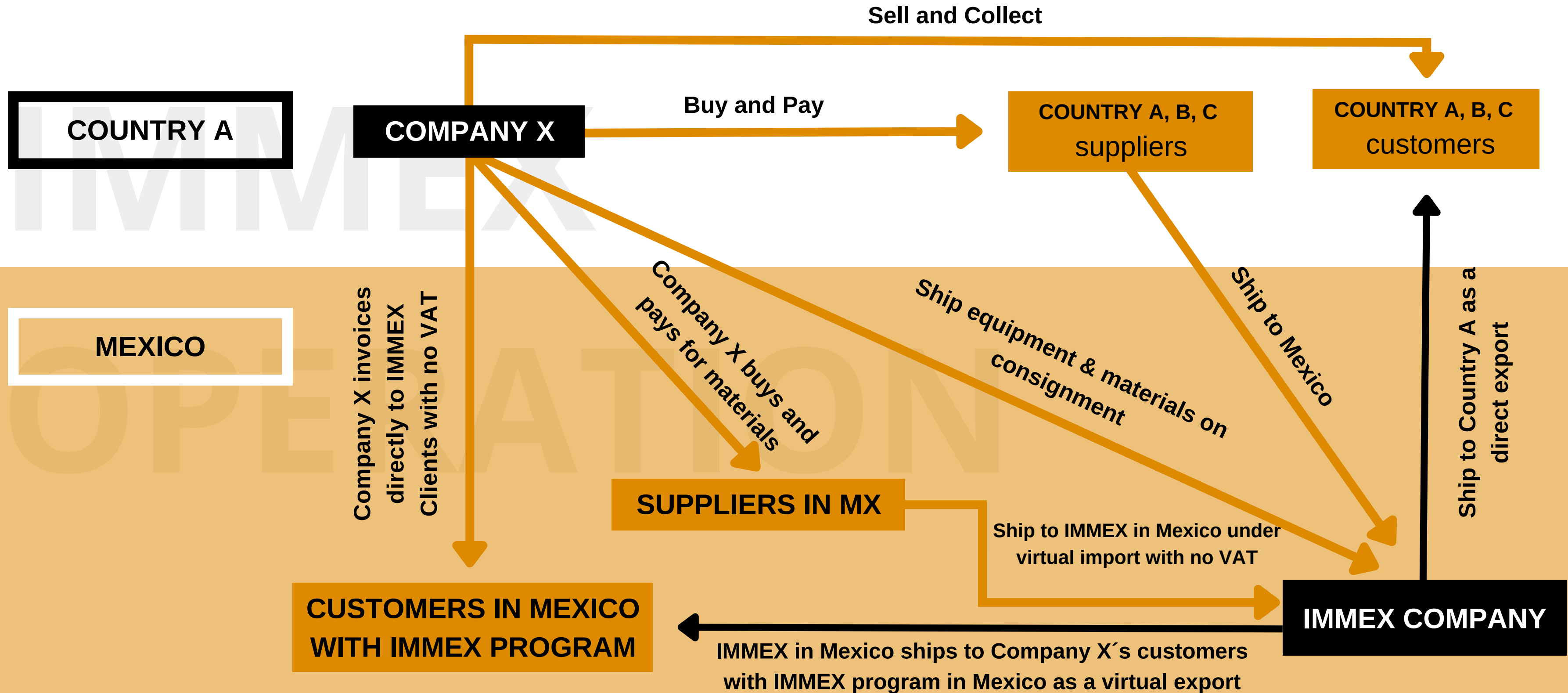
- Mexican entity with Tax ID and Import/Export license.
- Industrial property in Mexico or leasing contract with one.
- Submit detail description of the manufacturing process.



VAT CERTIFICATE

Additional to IMMEX Program, VAT and IEPS certificate is aimed for companies who import goods temporarily to manufacture, transform, or repair products allowing them to defer this Tax until the final goods are exported.

TYPICAL IMMEX OPERATION

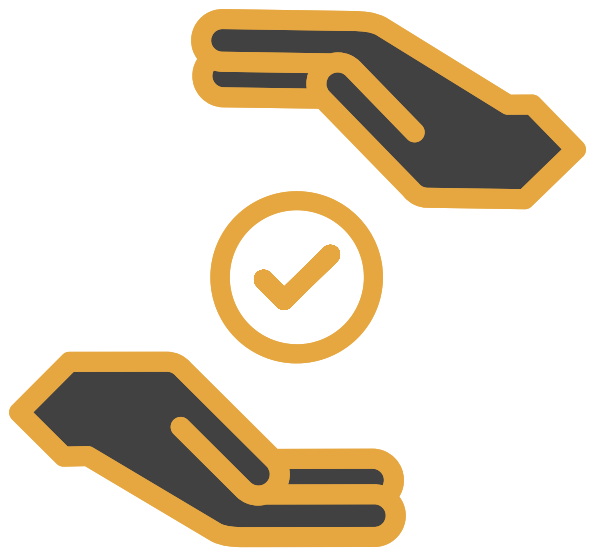


WHAT IS PROSEC PROGRAM

● Article 303

Due to USMCA regulations regarding drawback and duty deferral programs, importation of raw materials and components should pay duties. PROSEC reduces such duties to almost 0 and there are 22 sectors in the program, each covers a group of products.

FREE TRADE AGREEMENTS



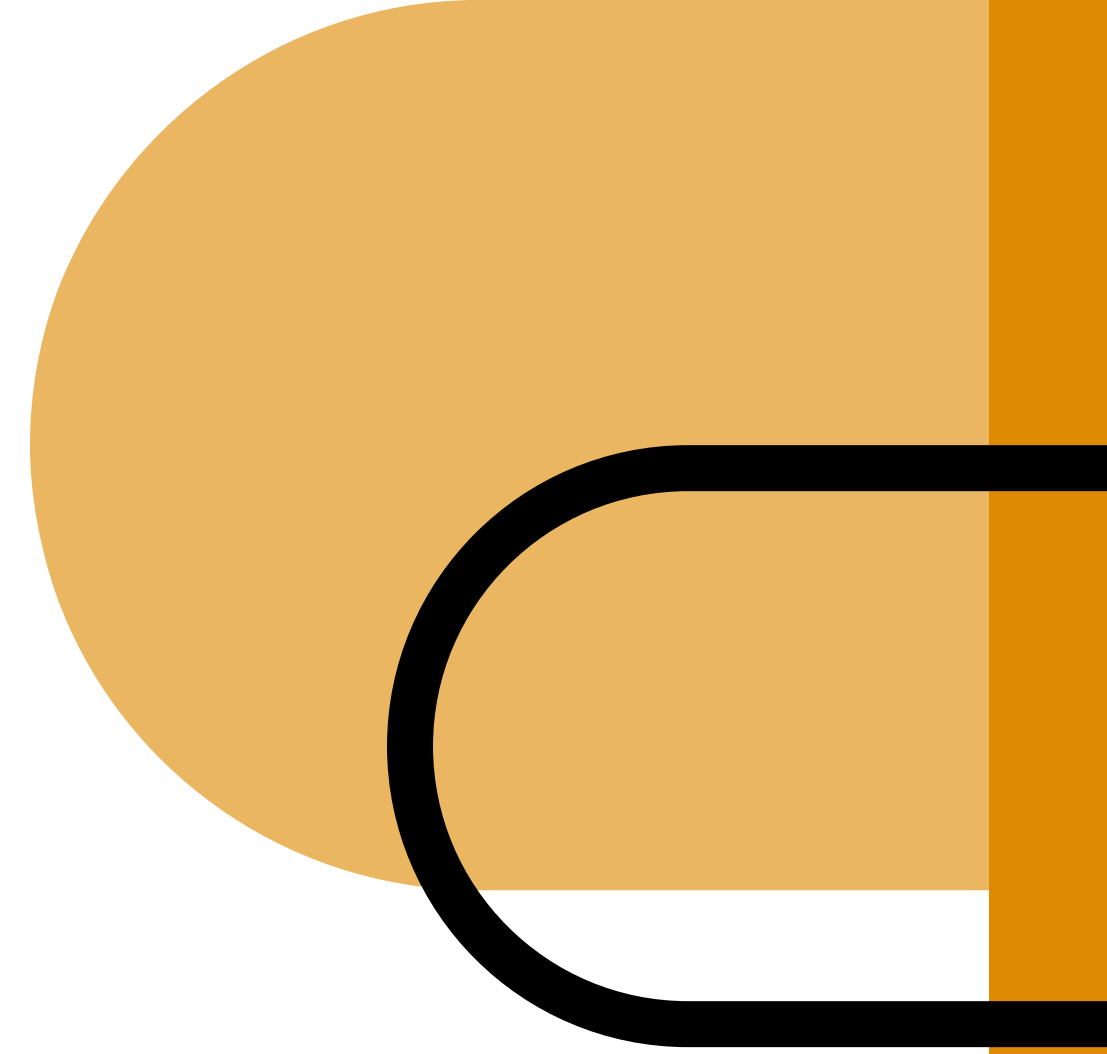
Mexico has signed 12 FTAs with 46 countries. 32 Investment Promotion and Protection Agreements (IPPA), 9 Specific Sectors Trade Agreements (SSTA), and 60 Double Taxation Agreements.



RULE OF ORIGIN

1. A Change in Tariff Classification
2. #1 + Regional Value Contents
3. Special Rule for Sensible items

HUMAN RESOURCES



WORKDAYS

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY	SUNDAY	WEEKLY SHIFT
8	8	8	8	8	8	Off	48
7	7	7	7	7	7	Off	42
7.5	7.5	7.5	7.5	7.5	7.5	Off	45
Paid	Paid	Paid	Paid	Paid	Paid	Paid	7 days


Day shift is 48 hours a week from 6:00 am to 8:00 pm.
 Night shift is 42 hours a week from 8:00 pm to 6:00 am.
 Mixed shift is 45 hours a week.

*Pay overtime 1.5 hours daily

VACATIONS



LABOR UNIONS



Workers choose the labor union through a vote.

It is not an obligation to be unionized, but it is a right.

Annual reviews are voted amongst workers to see if they agree or not.

Minimum 10 employees to have a union.

COMPENSATION

REQUIRED BY LAW

CHRISTMAS BONUS (15 days)
PAID VACATION DAYS + PREMIUM
SOCIAL SECURITY (IMSS)
HOUSING FUND (INFONAVIT)
RETIREMENT FUND (SAR)
MATERNAL/PATERNAL LEAVE
PROFIT SHARING (PTU)
OFFICIAL HOLIDAYS

ADDITIONAL BENEFITS

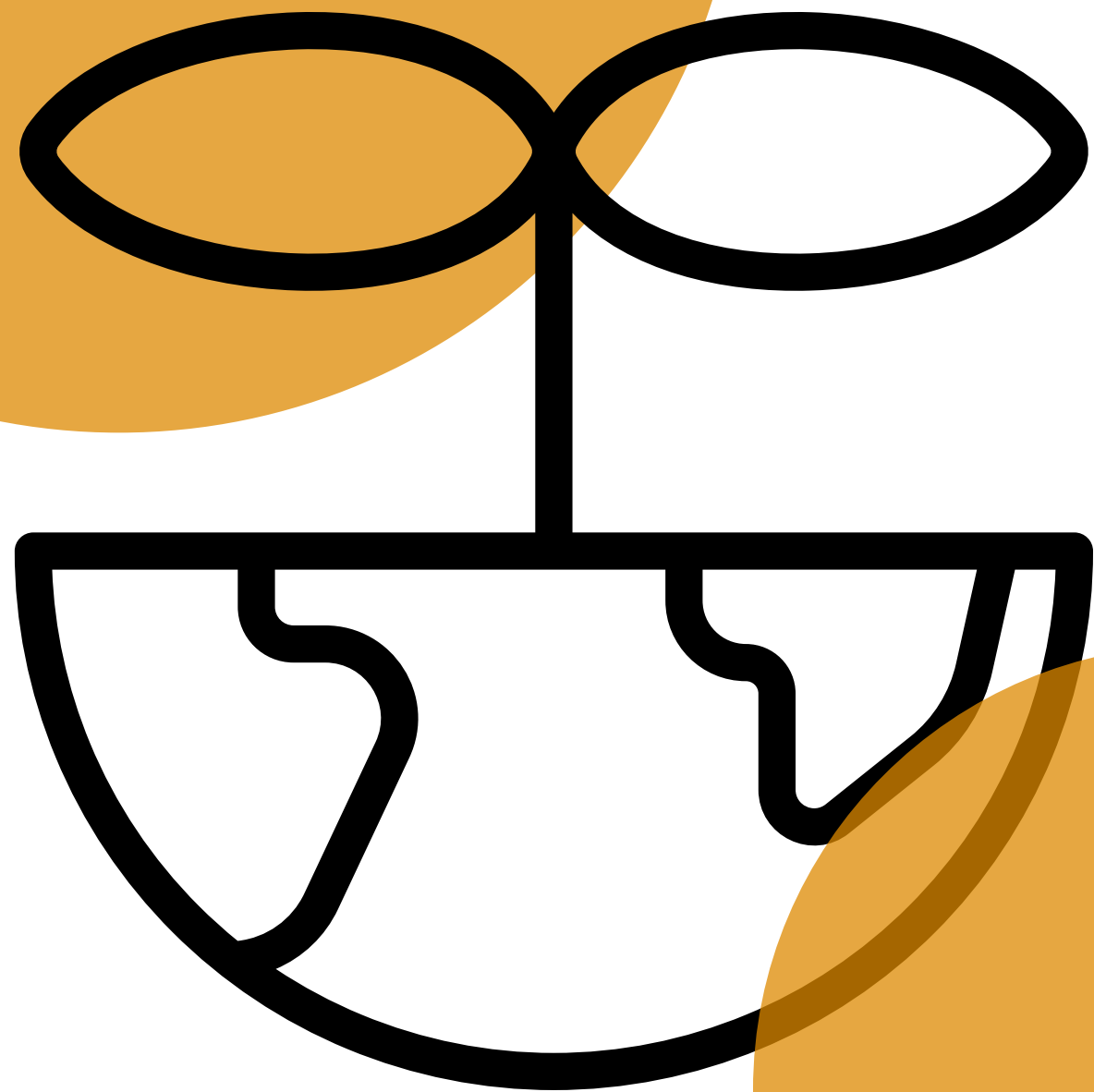
CHRISTMAS BONUS ABOVE 15 DAYS
SAVINGS FUND
FOOD COUPONS
DAYS FOR WEDDING
DAYS FOR FAMILY DEATH
MEDICAL/LIFE INSURANCE
OTHERS

FIRING

To fire a worker without a proper legal cause, there must be a severance payment of 3 months worth of salary as compensation + due benefits.



Environmental, Health, & Safety



PREOPERACIONAL LICENSES AND PERMITS

Leasing contract certified
by notary public.

Copy of last payment of property
tax (preferred the most recent one).

Certificate of Municipal land use for
industrial purposes.

Environmental Impact Assessment
Authorization of building construction.

Environmental Impact Assessment
Authorization of industrial park construction.

Groundwater concession title (if applies), or
Municipal water and sewage system contract.

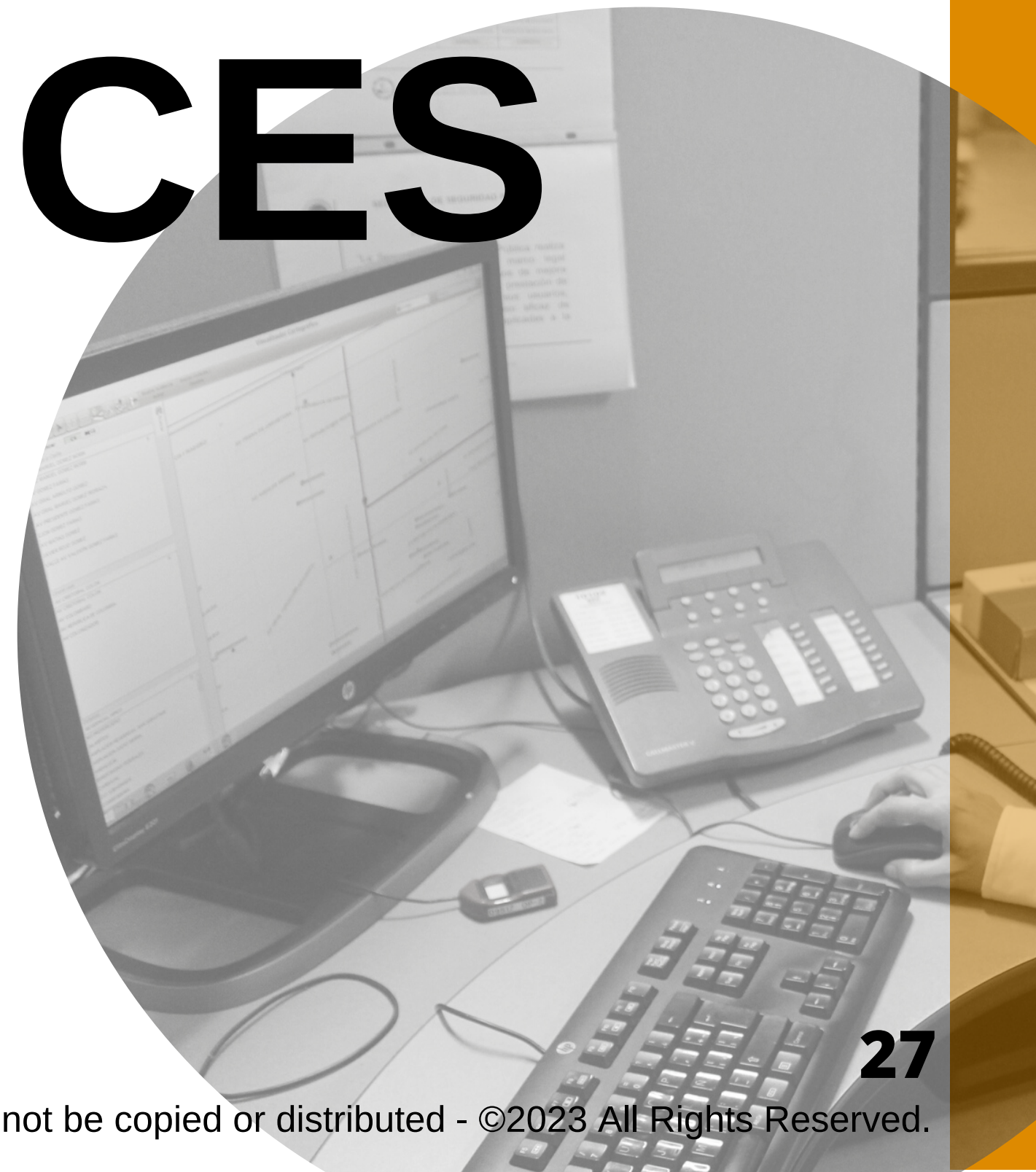
Construction license.

Operacional Licenses and Permits

Permits

LICENSE OR PERMIT	Authority
Specific Land Use	Municipal
Civil Protection Approval	Municipal
Operation License	Municipal
Non-Hazardous Waste Registration	State
Wastewater Discharge Registration	State
Hazardous Waste Registration	Federal
Basic Chemical Operational License	Federal
Air Emissions Registration	State
Enviromental Impact Assessment	State
Contingency Program and Formation of Brigades	State

OUR SERVICES



ACCOUNTING

- Usage of DIMSA's web-based accounting software.
- Accounts Payable day-to-day transaction registration and Preparation of weekly Accounts Payable report.
- Preparation of invoices as agreed by both parties and record of journal entries within the month.
- Preparation of the monthly electronic accounting for SAT and file state taxes.
- Calculation and control of depreciation of fixed assets.
- Preparation of the accounting month-end close.
- Presentation of INEGI monthly statistical report. (if applies)

TREASURY

Bank reconciliations will be prepared each month.

Maintain accurate bank balances in e-craft.

DIMSA will operate with Banorte bank accounts, one account in MXN and one account in USD.



TAXES



- Preparation and submission of monthly and yearly tax compliance reports to authorities: VAT, withholding tax, income tax, Digital tax Certificate (CFDI), informative declarations, etc.
- Recommendation and advice of Transfer Pricing Study and Foreign Trade transactions fiscal impact.
- Answer any extraordinary information requests made by authorities.

PAYROLL

Usage of Licensed Payroll software.

Front-end: Bank account employee registration, enter data of absenteeism, vacation days, Personal time-off, etc.

Creation and delivery of dispersion bank files and accounting journal entries.

Clarifications and notifications to the IMSS (Social Security).

Digital stamping of payroll slips.

HUMAN RESOURCES



Recruitment and
selection of personnel.

Advise for benefits and wages benchmark, as
well as types of shifts available.

Management support of Union relations,
including: selection and negotiation of Union
Contract.

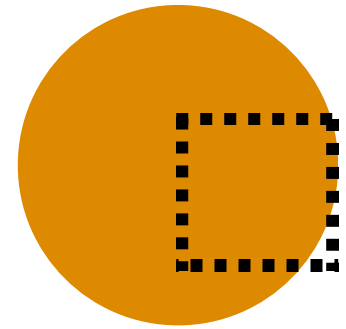
IMPORT/EXPORT

Usage of DIMSA's web-based Annex 24 software.

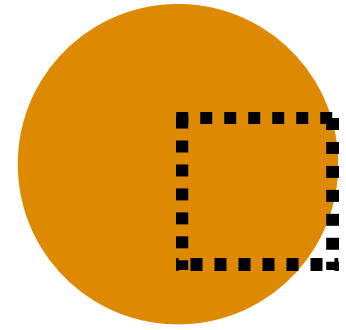
Recommend processes for Fixed Assets invoices purchased in Mexico imported by a third party.

Assist with bill of materials, HTS Codes, importation, and exportation legal requirements.

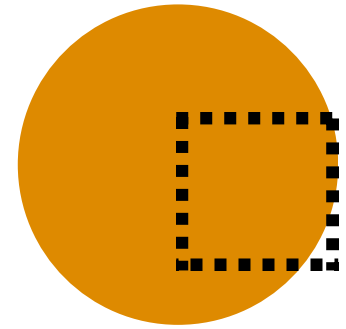
EHS



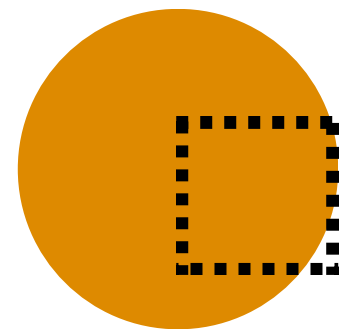
Manage and/or assist in obtaining applicable authorizations, licenses and/or permits.



Offering the pertinent recommendations in case of finding actions or activities that are out of legal compliance during monthly visit.



Provide useful tools for the implementation of applicable formats, procedures and training materials.

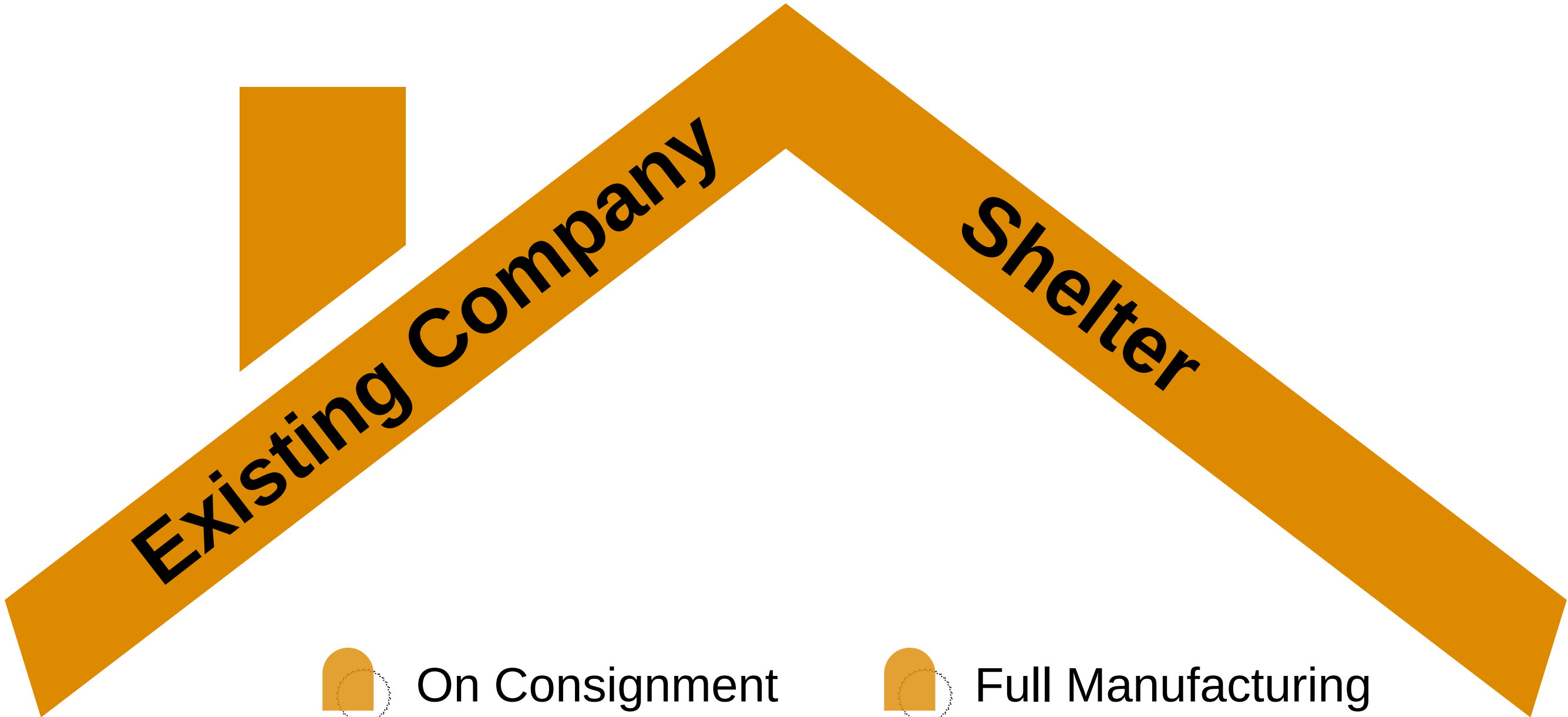


Provide guidance and support for visits by authorities who monitor legal compliance.




SHELTER CONCEPT






 On Consignment
Import/Export

 Full Manufacturing
Activities

 Labor and
Staffing

 Regulatory Framework
Compliance

	Shelter Concept in the Past	Shelter Concept Nowadays (since 2020)
IMMEX	15 days to get IMMEX Program	60 days to get IMMEX Program
VAT Certificate	No VAT Certificate required	90+ days to get VAT Certificate
Tax	Not considered permanent establishment, no Tax.	Safe Harbor Tax from year 1.
Sensible Items	No Sensible Items	1 year to get Sensible Items Registry
Non-deductibles	Non-deductible expenses were part of the cost	Non-deductible expenses are added to the income and taxed

	RISK	FLEXIBILITY	COST	FISCAL COST	TIME
OWN SUBSIDIARY	Lowest	Highest	Lowest	Lowest	Slow
SHELTER	Higher	Lower	Higher	Higher	Slow
MULTI SHELTER	Highest	Lowest	Highest	Highest	Fast

SITE SELECTION ASSISTANCE



Labor Market in the area

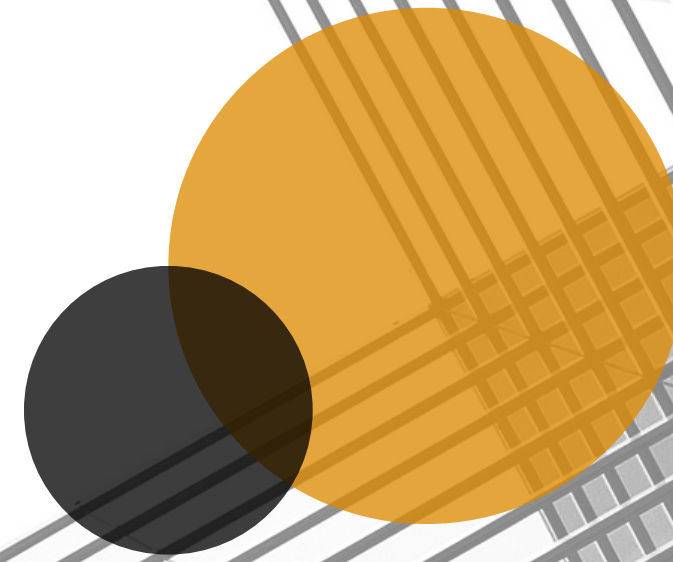
Logistics and Transportation

Permits and Registration Assessment

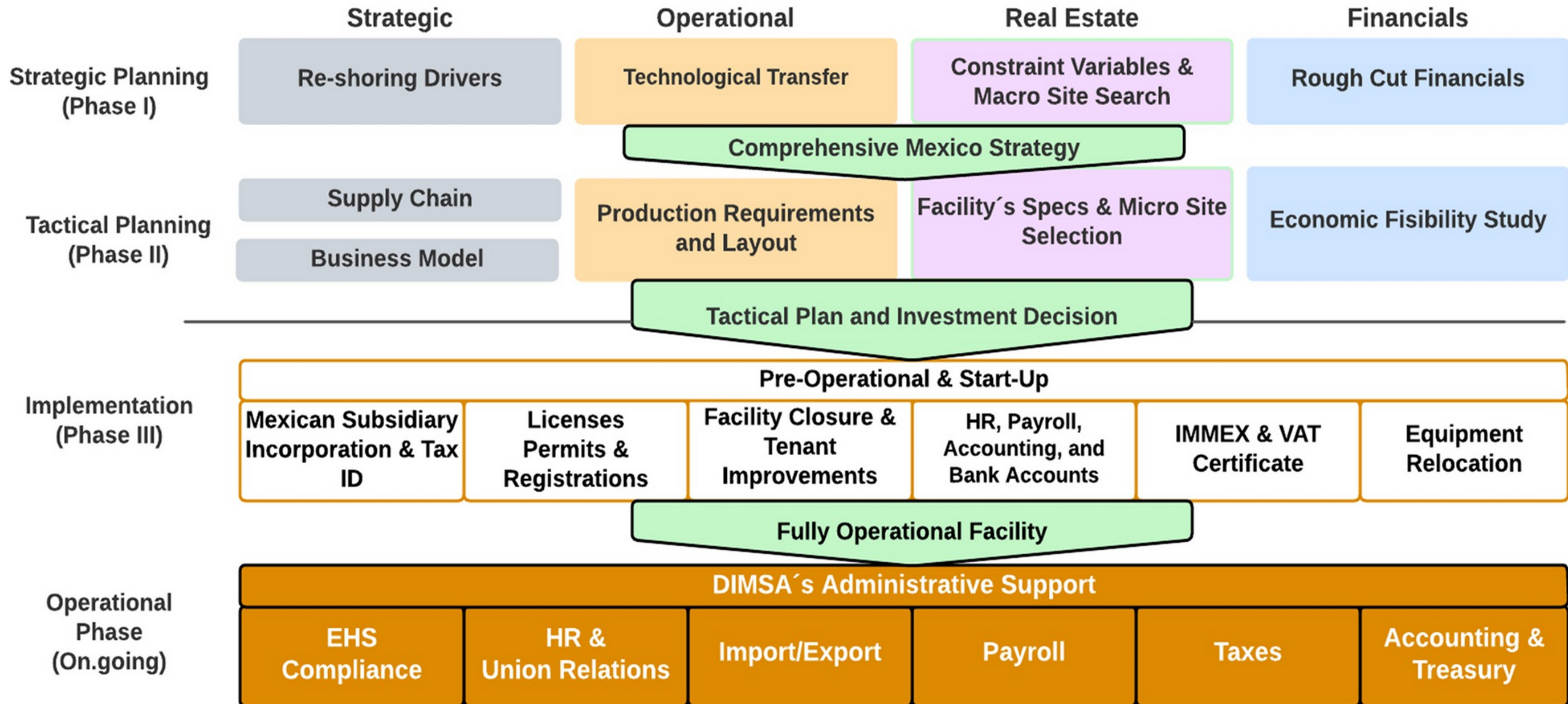
SOFT-LANDING

GENERAL

ROADMAP



General Roadmap for a 4 phase Manufacturing Project Implementation



MANY THANKS!

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