



Going Global

Mexico

Now, for tomorrow



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Mexico

Once the conditions of having a Permanent Establishment in a particular territory have been met, the following key points should usually be considered:

Key requirements	Response
Main types of entity	<p>The main types of entities are:</p> <ul style="list-style-type: none">- Sociedad Anónima de Capital Variable (S.A. de C.V.), which is considered a Corporation.- Sociedad de Responsabilidad Limitada (S. de R.L.), this is treated as a Limited Liability Corporation.- Sociedad Anónima Promotora de Inversión (S.A.P.I), this is a newly type of corporation that has more flexibility in terms of voting rights and types of shares than a SA de CV- Sociedad Civil (S.C), this is the Mexican equivalent of Partnership- Asociación en Participación (A. P.) or Joint-Venture, these are agreements between two parties that are treated as companies under a Mexican Tax Perspective- Mexican Branch Office, branches in Mexico must file for permits and are treated as companies under a Mexican tax perspective as well.
<p>Any material advantages regarding having a branch or a company?</p> <p>(Excluding the liability of a company typically not extending to its parent company and losses of a branch potentially being available to an overseas parent)</p>	<p>In general terms branches reduce the legal and administrative burden under a foreign investor perspective, and locally it is not required to have a local board of director and are not subject to the provision of the Mexican General Law of Mercantile Companies.</p> <p>However, branches are treated the same as companies for local tax purposes and take more or less the same time for start their operations.</p> <p>Companies advantages are:</p> <ul style="list-style-type: none">- Protection of legal liability in Mexico- Possibility to deduct intercompany interests, and royalties
Can company and branch registrations be completed by Baker Tilly or must a third party, such as a law firm, be involved?	Company and Branch: Baker Tilly can complete the registrations in both cases.

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Key requirements	Response
Once the company or branch has been set up, what other main registrations are typically required?	<p>The main registrations required are:</p> <ul style="list-style-type: none">- National Registry of Foreign Investment- Importer License- Notice Foreign Trade- Intellectual Property- Social Security- Employer Migration Certificate- Local notices (for instance, local payroll tax, opening an establishment) <p>These registrations vary upon company's activities.</p>
What information must typically be provided to set up a company or branch ?	<p>Company It is necessary the following information:</p> <ul style="list-style-type: none">- Name of the Mexican Company- Full Name of the Partners- Fixed Social Capital- Social Object- Full name of the Board of Directors- Full name of the Legal Representatives- Full name of the Vigilance Officer- Address or location- * Bylaws of the Companies that will be the Partners of the Mexican Company,- * Power of Attorney. <p>Branch:</p> <ul style="list-style-type: none">- * Bylaws of the Foreign Company,- * Power of Attorney for local legal representative.- <p>*These are necessary to be translated into Spanish and apostilled:</p>

Key requirements	Response
Does a local company / branch require a local shareholder, local nominee director or local representative? If so, indicative typical costs.	Company: It requires two shareholders (these could be local or foreign). One of the shareholders can own most of the voting rights of the company, leaving the second one with just a symbolic amount of ownership. Branch: It requires a local representative
Any other local requirements for a company or branch , such as a business licence?	A company starts its business transactions once it got its legal and tax incorporation. It depends on the main activity of the company, some additional licences could be: construction permits, getting electricity, intellectual property.
Typical cost of registering a company including professional fees and authorities' charges?	US\$6,000 (breakdown: Legal incorporation US\$3,000 and Tax incorporation US\$2,000 and \$US1,000 for Public Notoray expenses).
Typical cost of registering a branch including professional fees and authorities' charges?	Tax incorporation US\$2,000.
Typical timeframe for registering a company once all the information has been provided	Three weeks
Typical timeframe for registering a branch once all the information has been provided	One week.
Audit requirements / threshold	Local Tax statutory audit report (dictamen fiscal) is optional.
Accounting regime / GAAP	Company and Branch: Mexican FRS, US GAAP or IFRS but is mandatory to keep records in Mexican Peso regardless the functional currency.
Requirements around filing financial statements	To elaborate financial statement according to Mexican Statutory at least once per year. Also, companies must file "annual tax return" it includes financial statements.
Key contact for establishing a company / branch	Manuel Aguilar (Managing Partner) maguilar@bakertilly.mx +52 (55) 5661 8124 Ext. 1200 +52 (55) 7589 0551

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