

Mexico – Information on residency for tax purposes

Section I – Criteria for Individuals to be considered a tax resident

As a general rule, all individuals who establish their permanent home in Mexico are deemed to be residents in Mexico. In case such individuals have also a permanent home available to them in another country, they shall be deemed to be residents in Mexico if they have their centre of vital interest in national territory; this is, when more than 50% of the total revenue obtained by the individual within a calendar year arises from sources within the country or when the main centre of their professional activities is located in Mexico.

For these purposes, individuals who temporarily use real estate for touristic purposes shall not be considered as having established their permanent home in Mexico.

In addition, individuals who are government officials or employees are deemed to be residents in Mexico even though their centre of vital interest is located abroad.

Individuals who changed their tax residence to a country or territory where their income is subject to preferential tax treatment (according to the provisions established in the Mexican Income Tax Law) do not lose their status as residents of Mexico for tax purposes, unless the country in which the new residence for tax purposes is located has entered into a TIEA with Mexico.

Unless proven otherwise, it is assumed that all individuals having Mexican nationality are deemed to be residents in Mexico.

Relevant tax provisions:

Article 9 – Mexican Tax Code (*CFF* for its acronym in Spanish)

Article 5 – Mexican Tax Code Regulations (*RCFF* for its acronym in Spanish)

Administrative Regulation 2.1.4 and 2.4.12 – Mexican Tax Regulations for 2015 (*RMF* for its acronym in Spanish)

Technical Sheet No. 6/CFF of Annex 1-A of the Mexican Tax Regulations (*Ficha 6/CFF del Anexo 1-A de la RMF*)

Section II – Criteria for Entities to be considered a tax resident

All legal persons having in Mexico the place of their main administration or the place of effective management are deemed to be residents in Mexico for tax purposes.

In such regard, it is considered that a legal person has established the place of its main administration or place of effective management when the place where the person or persons who take or carry out the decisions regarding the legal person's control, direction, operation or management, as well as those regarding the activities it performs, are located in Mexican territory.

As a general rule, Mexican tax provisions do not attribute tax residency to legal arrangements. However, there are exceptions to such treatment regarding the *asociaciones en participación*, defined as a group of persons who carry out business activities as a result of entering into an agreement, provided that such persons take part in the profits or losses derived from the activities performed. These legal arrangements shall be deemed to be Mexican residents if they carry out business activities in Mexico, if the agreement is entered into in accordance with Mexican Law or when the *asociación en participación* fulfills any of the hypothesis contained in Article 9 of the Mexican Tax Code (*CFF* for its acronym in Spanish).

Relevant tax provisions:

Article 9 – Mexican Tax Code

Article 17-B – Mexican Tax Code

Article 6 – Mexican Tax Code Regulations

Administrative Regulation 2.1.4 – Mexican Tax Regulations for 2015

Section III – Entity types that are as a rule not considered tax residents

Mexican tax provisions do not attribute tax residency to certain legal arrangements such as *fideicomisos*. In such cases, the controlling persons of the *fideicomiso* are the ones considered to be residents for tax purposes. Nevertheless, in other cases, such as the *asociaciones en participación* Mexican provisions do attribute tax residency to legal arrangements

Section IV – Contact point for further information

Mexican Competent Authority:

Central Administration for International Tax Legal Affairs (Administración Central de Normatividad Internacional)

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