

# Mexican Tax Issues for Foreigners



# Tax scenarios for capital gains

	USD	MXN
Purchase value	USD 250,000.00	\$ 4,250,000.00
Sale value	USD 300,000.00	\$ 5,700,000.00
Commision	USD 24,000.00	\$ 456,000.00
Other expenses	USD 789.47	\$ 15,000.00
<b>Net gain</b>	<b>USD 34,019.11</b>	<b>\$ 646,363.00</b>

\* Exchange rate \$17

\*\* Exchange rate \$19

\*\*\* 8% commission

	Non-resident		Corporation		Resident (no exemption)		Resident (primary residence exemption)	
	USD	MXN	USD	MXN	USD	MXN	USD	MXN
Federal tax	USD11,961.95	\$ 227,277.05	USD10,205.73	\$ 193,908.90	USD1,708.85	\$ 32,468.15	USD66.75	\$ 1,268.34
Local tax	USD0.00	\$ -	USD0.00	\$ -	USD3,140.61	\$ 59,671.65	USD413.80	\$ 7,862.17
<b>Net tax</b>	<b>USD11,961.95</b>	<b>\$ 227,277.05</b>	<b>USD10,205.73</b>	<b>\$ 193,908.90</b>	<b>USD4,849.46</b>	<b>\$ 92,139.80</b>	<b>USD480.55</b>	<b>\$ 9,130.51</b>



# Tax scenarios for rental income

	USD	MXN
Rental income	\$ 95,000	\$ 1,805,000
Authorized deductions	\$ 50,000	\$ 950,000
<b>Tax profit</b>	<b>\$ 45,000</b>	<b>\$ 855,000</b>

	Non-Resident	Corporation	Individual (general regime)
Rental income	\$ 1,805,000	\$ 1,805,000	\$ 1,805,000
Authorized deductions	\$ 950,000	\$ 950,000	\$ 950,000
Tax profit	\$ 855,000	\$ 855,000	\$ 855,000
Income tax	\$ 451,250	\$ 256,500	\$ 205,013.23
VAT	\$ 288,800	\$ 288,800	\$ 288,800
<b>Subtotal federal taxes</b>	<b>\$ 740,050</b>	<b>\$ 545,300</b>	<b>\$ 493,813.23</b>
Discount on federal taxes	0%	0%	0%
	\$ -	\$ -	\$ -
<b>Federal taxes due</b>	<b>\$ 740,050</b>	<b>\$ 545,300</b>	<b>\$ 493,813.23</b>
Local hospitality tax	\$ 54,150	\$ 54,150	\$ 54,150
<b>Total tax MXN</b>	<b>\$ 794,200</b>	<b>\$ 599,450</b>	<b>\$ 547,963.23</b>
<b>Total tax USD</b>	<b>\$ 41,800</b>	<b>\$ 31,550</b>	<b>\$ 28,840.17</b>



# Tax scenarios for rental income

	Individual RIF									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Rental income	\$1,805,000	\$1,805,000	\$1,805,000	\$1,805,000	\$1,805,000	\$1,805,000	\$1,805,000	\$1,805,000	\$1,805,000	\$1,805,000
Authorized deductions	\$950,000	\$950,000	\$950,000	\$950,000	\$950,000	\$950,000	\$950,000	\$950,000	\$950,000	\$950,000
Tax profit	\$855,000	\$855,000	\$855,000	\$855,000	\$855,000	\$855,000	\$855,000	\$855,000	\$855,000	\$855,000
Income tax	\$205,013.18	\$205,013.18	\$205,013.18	\$205,013.18	\$205,013.18	\$205,013.18	\$205,013.18	\$205,013.18	\$205,013.18	\$205,013.18
VAT	\$ 144,400	\$ 144,400	\$ 144,400	\$ 144,400	\$ 144,400	\$144,400	\$144,400	\$144,400	\$144,400	\$144,400
<b>Subtotal federal taxes</b>	<b>\$349,413.18</b>	<b>\$349,413.18</b>	<b>\$349,413.18</b>	<b>\$349,413.18</b>	<b>\$349,413.18</b>	<b>\$349,413.18</b>	<b>\$349,413.18</b>	<b>\$349,413.18</b>	<b>\$349,413.18</b>	<b>\$349,413.18</b>
Discount on federal taxes	100%	90%	80%	70%	60%	50%	40%	30%	20%	10%
	\$349,413.18	\$314,471.86	\$279,530.54	\$244,589.22	\$209,647.91	\$174,706.59	\$139,765.27	\$104,823.95	\$69,882.64	\$34,941.32
<b>Federal taxes due</b>	<b>\$ -</b>	<b>\$34,941.32</b>	<b>\$69,882.64</b>	<b>\$104,823.95</b>	<b>\$139,765.27</b>	<b>\$174,706.59</b>	<b>\$209,647.91</b>	<b>\$244,589.22</b>	<b>\$279,530.54</b>	<b>\$314,471.86</b>
Local hospitality tax	\$54,150	\$54,150	\$54,150	\$54,150	\$54,150	\$54,150	\$54,150	\$54,150	\$54,150	\$54,150
<b>Total tax MXN</b>	<b>\$54,150</b>	<b>\$89,091.32</b>	<b>\$124,032.64</b>	<b>\$158,973.95</b>	<b>\$193,915.27</b>	<b>\$228,856.59</b>	<b>\$263,797.91</b>	<b>\$298,739.22</b>	<b>\$333,680.54</b>	<b>\$368,621.86</b>
<b>Total tax USD</b>	<b>\$2,850.00</b>	<b>\$4,689.02</b>	<b>\$6,528.03</b>	<b>\$8,367.05</b>	<b>\$10,206.07</b>	<b>\$12,045.08</b>	<b>\$13,884.10</b>	<b>\$15,723.12</b>	<b>\$17,562.13</b>	<b>\$19,401.15</b>