

Mexico

1. Mexico was reviewed as part of the 2017/2018 and the 2018/2019 peer reviews. This report is supplementary to those previous reports (OECD, 2019^[1]) (OECD, 2018^[2]).
2. The first filing obligation for a CbC report in Mexico commences in respect of periods commencing on or after 1 January 2016.

Summary of key findings

3. Mexico's implementation of the Action 13 minimum standard meets all applicable terms of reference (OECD, 2017^[3]).

Part A: The domestic legal and administrative framework

4. Mexico has legislation in place to implement the BEPS Action 13 minimum standard.

(a) Parent entity filing obligation

5. No changes were identified.¹

(b) Scope and timing of parent entity filing

6. No changes were identified.²

(c) Limitation on local filing obligation

7. Mexico's 2017/2018 peer review included a general monitoring point with respect to the local filing conditions. The beginning of the timeframe for the tax authority to require CbC Report under local filing requirements is not express in the legislation. Mexico confirms that CbC reports will not be requested under local filing requirements before a reasonable timeframe. Mexico confirms that local filing will be applied in line with paragraph 60 of the Action 13 Report and that this is clarified in an internal manual for tax inspectors in order to ensure that local filing can only be required in the circumstances defined by the minimum standard and terms of reference. This monitoring point is removed.

(d) Limitation on local filing in case of surrogate filing

8. Mexico's 2017/2018 peer review included a general monitoring point with respect to the limitation on local filing in case of surrogate filing. Mexico indicates that even though there is no express limitation, if the conditions in the terms of reference are met, the deactivation of local filing will apply. Mexico confirms that the limitation on local filing in case of surrogate filing is clarified in an internal manual for tax inspectors in order to ensure that local filing will be deactivated in the circumstances defined in terms of reference. This monitoring point is removed.

(e) Effective implementation

9. No changes were identified.³

Conclusion

10. Mexico meets all the terms of reference relating to the domestic legal and administrative framework.

Part B: The exchange of information framework

(a) Exchange of information framework

11. As of 31 March 2020, Mexico has 73 bilateral relationships, including those activated under the CbC MCAA and under bilateral CAAs. Within the context of its international exchange of information agreements that allow automatic exchange of information, Mexico has taken steps to have qualifying competent authority agreements in effect with jurisdictions of the Inclusive Framework that meet the confidentiality, consistency and appropriate use conditions.⁴ Regarding Mexico's exchange of information framework, no inconsistencies with the terms of reference were identified.

(b) Content of information exchanged

12. No changes were identified.

(c) Completeness of exchanges

13. No changes were identified.

(d) Timeliness of exchanges

14. No changes were identified.

(e) Temporary suspension of exchange or termination of QCAA

15. No changes were identified.

(f) Consultation with other Competent Authority before determining systemic failure or significant non-compliance

16. No changes were identified.

(g) Format for information exchange

17. No changes were identified.

(h) Method for transmission

18. No changes were identified.

Conclusion

19. Mexico meets all the terms of reference regarding the exchange of information.

Part C: Appropriate use

Appropriate use

20. No changes were identified.

Conclusion

21. Mexico meets all the terms of reference relating to appropriate use of CbC reports.

Summary of recommendations on the implementation of country-by-country reporting

Aspect of the implementation that should be improved		Recommendation for improvement
Part A	Domestic legal and administrative framework	-
Part B	Exchange of information framework	-
Part C	Appropriate use	-

References

- OECD (2019), *Country-by-Country Reporting – Compilation of Peer Review Reports (Phase 2): Inclusive Framework on BEPS: Action 13*, OECD/G20 Base Erosion and Profit Shifting Project, OECD Publishing, Paris, <https://dx.doi.org/10.1787/f9bf1157-en>. [1]
- OECD (2018), *Country-by-Country Reporting – Compilation of Peer Review Reports (Phase 1): Inclusive Framework on BEPS: Action 13*, OECD/G20 Base Erosion and Profit Shifting Project, OECD Publishing, Paris, <https://dx.doi.org/10.1787/9789264300057-en>. [2]
- OECD (2017), *Terms of reference for the conduct of peer review of the Action 13 minimum standard on country-by-country reporting*, OECD Publishing, <https://www.oecd.org/tax/beps/beps-action-13-on-country-by-country-reporting-peer-review-documents.pdf>. [3]

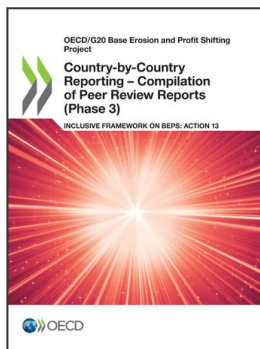
Notes

¹ Mexico's 2017/2018 peer review included a general monitoring point with respect to the annual consolidated group revenue threshold under article 76-A, paragraph III.c.6. of the Mexican Income Tax Law, which may be inconsistent with paragraph 8 a) ii. of the terms of reference, as it may generate fluctuations from year to year on the threshold to require the filing of CbC reports. Mexico indicates that the sole purpose of this provision is to have a legal vehicle in order change the threshold if such change arises from the 2020 revision. Mexico confirms that there were no yearly fluctuations to the annual consolidated group revenue threshold under article 76-A during the year in review. This monitoring point remains in place.

² Mexico's 2017/2018 peer review included a monitoring point relating to the definition of "number of employees" in its legislation. The definition in Mexico's legislation does not mirror the Action 13 Report's specific instructions by not providing flexibility to taxpayers to report independent contractors as employees. However, this does not seem to raise any significant concern, taking into account the particular domestic context as described by Mexico. Mexico confirms that the definition of "number of employees" remains as established since it is intended to address specific issues related to certain tax planning set-ups relevant in the Mexican context. This monitoring point remains in place.

³ Mexico's 2017/2018 peer review included a general monitoring point relating to processes that would allow Mexico to take appropriate measures in case it is notified by another jurisdiction that such other jurisdiction has reason to believe that an error may have led to incorrect or incomplete information reporting by a Reporting Entity or that there is non-compliance of a Reporting Entity with respect to its obligation to file a CbC report. This monitoring point remains in place.

⁴ No inconsistency with the terms of reference will be identified where a QCAA is not in effect with one or more jurisdictions of the Inclusive Framework that meet the confidentiality, consistency and appropriate use conditions, but this is due to circumstances that are not under the control of the reviewed jurisdiction. This may include, for example, where the other jurisdiction intends to exchange CbC reports using the MCAA but it does not have the Convention in effect for the relevant fiscal period, or where the other jurisdiction has declined to have a QCAA in effect with the reviewed jurisdiction.



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