

Mexico

Mexico has met all aspects of the terms of reference (OECD, 2017^[3]) (ToR) for the calendar year 2019 (year in review) and no recommendations are made.

Mexico can legally issue two types of rulings within the scope of the transparency framework.

In practice, Mexico issued rulings within the scope of the transparency framework as follows:

- 13 past rulings;
- For the period 1 April 2016 - 31 December 2016: one future ruling;
- For the calendar year 2017: 328 future rulings;
- For the calendar year 2018: 294 future rulings, and
- For the year in review: 48 future rulings.

Mexico publishes their tax rulings in redacted form.¹

Peer input was received from one jurisdiction in respect of the exchanges of information on rulings received from Mexico. The input was positive, noting that information was complete, in a correct format and almost all received in a timely manner.

A. The information gathering process

743. Mexico can legally issue the following two types of rulings within the scope of the transparency framework: (i) cross-border unilateral advance pricing arrangements (APAs) and any other cross-border unilateral tax rulings (such as an advance tax ruling) covering transfer pricing or the application of transfer pricing principles and (ii) permanent establishment rulings.

744. For Mexico, past rulings are any tax rulings within scope that are issued either: (i) on or after 1 January 2014 but before 1 April 2016; or (ii) on or after 1 January 2010 but before 1 January 2014, provided they were still in effect as at 1 January 2014. Future rulings are any tax rulings within scope that are issued on or after 1 April 2016.

745. In the prior years' peer review reports, it was determined that Mexico's undertakings to identify past and future rulings and all potential exchange jurisdictions were sufficient to meet the minimum standard. In addition, it was determined that Mexico's review and supervision mechanism was sufficient to meet the minimum standard. Mexico's implementation remains unchanged, and therefore continues to meet the minimum standard.

746. Mexico has met all of the ToR for the information gathering process and no recommendations are made.

B. The exchange of information

Legal basis for spontaneous exchange of information (ToR II.5.1, II.5.2)

747. Mexico has the necessary domestic legal basis to exchange information spontaneously. Mexico notes that there are no legal or practical impediments that prevent the spontaneous exchange of information on rulings as contemplated in the Action 5 minimum standard.

748. Mexico has international agreements permitting spontaneous exchange of information, including being a party to the (i) *Multilateral Convention on Mutual Administrative Assistance in Tax Matters: Amended by the 2010 Protocol* (OECD/Council of Europe, 2011^[41]) ("the Convention") and (ii) bilateral agreements in force with seven jurisdictions and (iii) tax information exchange agreements in force with three jurisdictions.²

Completion and exchange of templates (ToR II.5.3, II.5.4, II.5.5, II.5.6, II.5.7)

749. In the prior years' peer review reports, it was determined that Mexico's process for the completion and exchange of templates were sufficient to meet the minimum standard. With respect to past rulings, no further action was required from Mexico. Mexico's implementation in this regard remains unchanged and therefore continues to meet the minimum standard.

750. For the year in review, the timeliness of exchanges is as follows:

Future rulings in the scope of the transparency framework	Number of exchanges transmitted within three months of the information becoming available to the competent authority or immediately after legal impediments have been lifted	Delayed exchanges		
		Number of exchanges transmitted later than three months of the information on rulings becoming available to the competent authority	Reasons for the delays	Any other comments
	77	1	See below	Mexico has already exchanged the ruling in December 2019 as soon as the issue was identified.

Follow up requests received for exchange of the ruling	Number	Average time to provide response	Number of requests not answered
	0	N/A	N/A

751. During the year in review, Mexico experienced one delay for future rulings. Mexico explained it was due to a mistake at the time of processing information received by the competent authority, and was rectified with a one month delay in exchange. Mexico conducted the relevant delayed exchange, and improved internal processes to ensure the same issue will not occur again. Therefore, no recommendation is made given the minor and non-recurring nature of the delayed exchange.

Conclusion on section B

752. Mexico has the necessary legal basis for spontaneous exchange of information, a process for completing the templates in a timely way and has completed all exchanges. Mexico has met all of the ToR for the exchange of information process and no recommendations are made.

C. Statistics (ToR IV)

753. The statistics for the year in review are as follows:

Category of ruling	Number of exchanges	Jurisdictions exchanged with
Cross-border unilateral advance pricing agreements (APAs) and any other cross-border unilateral tax rulings (such as an advance tax ruling) covering transfer pricing or the application of transfer pricing principles	78	Canada, China (People's Republic of), France, Ireland, Korea, Luxembourg, Netherlands, Poland, Singapore, Switzerland, United States
Permanent establishment rulings	0	N/A
Total	78	

D. Matters related to intellectual property regimes (ToR I.4.1.3)

754. Mexico does not offer an intellectual property regime for which transparency requirements under the Action 5 Report (OECD, 2015^[1]) were imposed.

Summary of recommendations on implementation of the transparency framework

Aspect of implementation of the transparency framework that should be improved	Recommendation for improvement
Mexico experienced one minor delay in exchanging information on future rulings.	No recommendation is made because Mexico completed the exchange on the delayed future ruling quickly after the issue was identified and resolved, and this is not a recurring issue.

References

- OECD (2017), *BEPS Action 5 on Harmful Tax Practices - Terms of Reference and Methodology for the Conduct of the Peer Reviews of the Action 5 Transparency Framework*, OECD Publishing, Paris, <http://www.oecd.org/tax/beps/beps-action-5-harmful-tax-practices-peer-review-transparency-framework.pdf>. [3]
- OECD (2015), *Countering Harmful Tax Practices More Effectively, Taking into Account Transparency and Substance, Action 5 - 2015 Final Report*, OECD/G20 Base Erosion and Profit Shifting Project, OECD Publishing, Paris, <https://dx.doi.org/10.1787/9789264241190-en>. [1]
- OECD/Council of Europe (2011), *The Multilateral Convention on Mutual Administrative Assistance in Tax Matters: Amended by the 2010 Protocol*, OECD Publishing, Paris, <https://dx.doi.org/10.1787/9789264115606-en>. [4]

Notes

¹ Available at: http://www2.sat.gob.mx/sitio_internet/sitio_aplicaciones/Resoluciones_Favorables/

² Parties to the Convention are available here: www.oecd.org/tax/exchange-of-tax-information/convention-on-mutual-administrative-assistance-in-tax-matters.htm. Mexico also has bilateral agreements in force with Austria, Canada, Hong Kong (China), Russian Federation, South Africa, Ukraine and the United States. In addition, Mexico has tax information exchange agreements permitting spontaneous exchange of information with Aruba, Canada and the United States.



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