

Mexico

1. Mexico was first reviewed during the 2017/2018 peer review. This report is supplementary to Mexico's 2017/2018 peer review report (OECD, 2018_[1]). 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

2. Mexico's implementation of the Action 13 minimum standard meets all applicable terms of reference (OECD, 2017_[2]).

Part A: The domestic legal and administrative framework

3. Mexico has primary and secondary laws in place to implement the BEPS Action 13 minimum standard, establishing the necessary requirements including the filing and reporting obligations.

(a) Parent entity filing obligation

4. No changes were identified with respect to the parent entity filing obligation.¹

(b) Scope and timing of parent entity filing

5. No changes were identified with respect to the parent entity filing obligation.²

(c) Limitation on local filing obligation

6. No changes were identified with respect to the limitation on local filing obligation.³

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

7. No changes were identified with respect to the limitation on local filing in case of surrogate filing.⁴

(e) Effective implementation

8. No changes were identified with respect to the effective implementation.⁵

Conclusion

9. There is no change to the conclusion in relation to the domestic legal and administration framework for Mexico since the previous peer review. 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

10. As of 31 May 2019, Mexico has 65 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.⁶ Regarding Mexico's exchange of information framework, no inconsistencies with the terms of reference were identified.

(b) Content of information exchanged

11. Mexico has processes in place that are intended to ensure that each of the mandatory fields of information as required in the CbC template are present in the information exchanged. It has provided details in relation to these procedures.

(c) Completeness of exchanges

12. Mexico has processes in place that are intended to ensure that CbC reports are exchanged with all tax jurisdictions listed in Table 1 of a CbC reporting template with which it should exchange information as per the relevant QCAAs. It has provided details in relation to these procedures.

(d) Timeliness of exchanges

13. Mexico has processes in place that are intended to ensure that the information to be exchanged is transmitted to the relevant jurisdictions in accordance with the timelines provided for in the relevant QCAAs and terms of reference. It has provided details in relation to these procedures.

(e) Temporary suspension of exchange or termination of QCAA

14. Mexico has processes in place that are intended to ensure that a temporary suspension of the exchange of information or termination of a relevant QCAA be carried out only as per the conditions set out in the QCAA. It has provided details in relation to those processes.

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

15. Mexico has processes in place that are intended to ensure that the Competent Authority consults with the other Competent Authority prior to making a determination that there is or has been significant non-compliance with the terms of the relevant QCAA or that the other Competent Authority has caused a systemic failure. It has provided details in relation to those procedures.

(g) Format for information exchange

16. Mexico confirms that it uses the OECD XML Schema and User Guide (OECD, 2017^[3]) for the international exchange of CbC reports.

17. No information or peer input was received for Mexico in relation to the format for information exchange. There are no concerns to be reported in respect of the format of information exchange

(h) Method for transmission

18. Mexico indicates that it uses the Common Transmission System to exchange CbC reports.

Conclusion

19. Mexico has in place the necessary processes and written procedures to ensure that the exchange of information is conducted in a manner consistent with the terms of reference relating to the exchange of information framework. Mexico meets all the terms of reference regarding the exchange of information.

Part C: Appropriate use

20. No changes were identified in respect of appropriate use. There were no recommendations issued in the 2017/2018 peer review.

21. No information or peer input was received for Mexico suggesting any issues with appropriate use. There are no concerns to be reported in respect of appropriate use.

Conclusion

22. Mexico meets all the terms of reference relating to the 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	-

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.

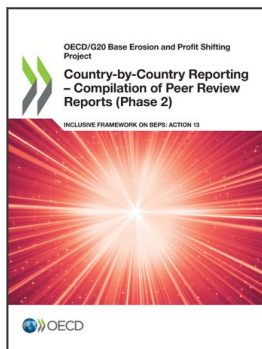
³ Mexico's 2017/2018 peer review included a general monitoring point with respect to the local filing conditions. The beginning of the timeframe for the tax authority to require CbC Report under local filing requirements is not express in the legislation. Mexico confirms that CbC reports will not be 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 will be 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. Mexico confirms that the internal manual deals with local filing in line with paragraph 60 of the Action 13 Report. This monitoring point remains in place.

⁴ 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 will be 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. Mexico confirms that the internal manual deals with local filing and its deactivation in line with paragraph 60 of the Action 13 Report and the Terms of Reference. This monitoring point remains in place.

⁵ 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.

⁶ 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.



From:

Country-by-Country Reporting – Compilation of Peer Review Reports (Phase 2)

Inclusive Framework on BEPS: Action 13

Access the complete publication at:

<https://doi.org/10.1787/f9bf1157-en>

Please cite this chapter as:

OECD (2019), “Mexico”, in *Country-by-Country Reporting – Compilation of Peer Review Reports (Phase 2): Inclusive Framework on BEPS: Action 13*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/e2a7a07c-en>

This document, as well as any data and map included herein, are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area. Extracts from publications may be subject to additional disclaimers, which are set out in the complete version of the publication, available at the link provided.

The use of this work, whether digital or print, is governed by the Terms and Conditions to be found at <http://www.oecd.org/termsandconditions>.