



“Payroll Tax Withholdings for companies providing personnel services”

Payroll
Plus[®] MX
Simplifying Payroll Across Mexico[®]

www.payrollplus.mx

PAYROLL TAXES - GENERAL ASPECTS

- Object and subject of the tax
- Tax rate (1.8 % to 3 %)
- Exempt income
- Tax stimuluses



PAYROLL TAXES - GENERAL ASPECTS

- Audit obligation by a public accountant



States

Mexico City

Mexico State

Guerrero

Oaxaca

San Luis Potosí

Veracruz

Quintana Roo

PAYROLL TAXES - GENERAL ASPECTS

- Annual return obligation



States

Aguascalientes

Chiapas

Mexico State

Guanajuato

Guerrero

Oaxaca

Veracruz

- Obligation to withhold from outsourcing companies



REFORMS TO STATE LEGISLATION APPLICABLE FOR 2017

1. Jalisco Revenue Act (Ley de Hacienda del Estado de Jalisco)
2. Nuevo León Revenue Act (Ley de Hacienda del Estado de Nuevo León)
3. Nayarit Revenue Act (Ley de Hacienda del Estado de Nayarit)
4. Quintana Roo Payroll Tax Act (Ley del Impuesto Sobre Nóminas del Estado de Quintana Roo)

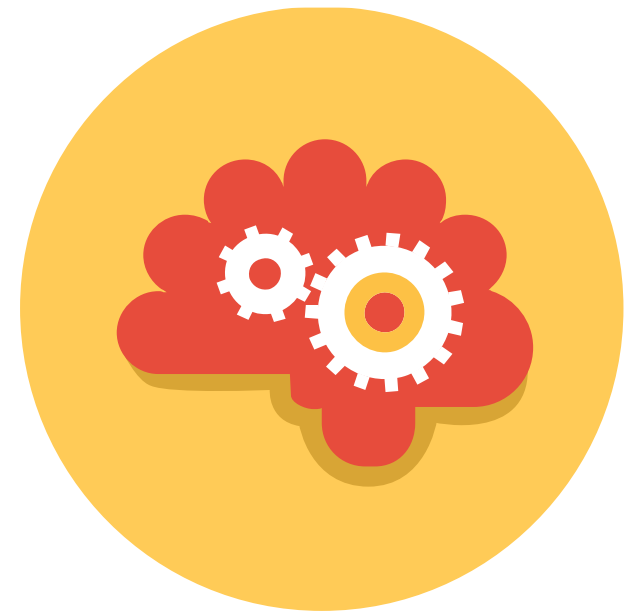
Agenda

Jalisco Revenue Act



TAX APPLIES TO

- Individuals and Public or Private Legal Entities.
- The Federation.
- Trusts.
- Decentralized Organisms
- Government Offices
- State-Owned Entities
- Autonomous Public Organisms





TAX BASE

- Total expenses paid as consideration for subordinate personal work.

TAX RATE

- 2% on the Tax base.

TAX PAYMENT

- No later than the 12th of the month following that when it is generated.

TAXPAYER OBLIGATIONS

In 2017 art. 46 of the Jalisco Revenue Act is amended to include

- Persons subject to this tax, receiving the rendering of personnel services from a third party, both shall comply with several obligations:

OBLIGATIONS FOR THE RECIPIENT OF THE SERVICE

- Register as a withholder of this tax.
- Withhold and remit the tax generated by the service provider.
- Issue withholding receipts.





OBLIGATIONS FOR THE SERVICE PROVIDER

- Inform the entity/person receiving the service of the payroll amount and corresponding tax.
- If the above mentioned is not complied with, the recipient of the services shall calculate the tax to be withheld (90% of the value of the invoice).

JOINT LIABILITY

The parties engaging these services shall be jointly liable for the payment of this tax.

FINES

- From 15 to 100 units of measurement and updates (UMA) for failing to register before the State Registry (value: \$1,132.35 to \$7,549 pesos).
- Failure to comply with the obligation to withhold and pay shall result in a fine ranging from 50 to 100 UMA (value: from \$3,774.50 to \$7,549 pesos) for each omitted period. Same fine upon withholding and failure to pay.
- If the taxes are not paid, including those withheld, and this is discovered by the Authorities, the fine shall range from 55% to 75% of the omitted contribution.
- In the event of re-occurrence, the fine shall increase by 20% to 30%.

REGISTRATION REQUIREMENTS - WITHHOLDER REGISTRATION

- Documents necessary for the registration before the corresponding State Authorities.
- Form FGJFI-191-A, specify “Payroll Tax Withholder” as the activity.
- Service contract.
- Service provider registration before the Social Security.
- Carry out the process as well as payment in person before SEPAF authorities.



Agenda

Nuevo León Revenue Act



TAX APPLIES ON

- Expenses paid as consideration for subordinate personal work in the capacity of Employer, within the State.

SUBJECT OF THE TAX

- Individuals, legal entities or economic units.
- Government, on all 3 levels.
- Trusts.
- De-centralized Organisms.
- Public Entities.

TAX BASE

- Total expenses paid as consideration for subordinate personal work.

TAX RATE

- 3% on the tax base.

TAX PAYMENT

- No later than the 17th of the month following that of the corresponding payment.



TAXPAYER OBLIGATION

In 2017 article 158 Bis of the Nuevo León Revenue Act is amended

- Persons subject to the payment of this tax, engaging the rendering of personnel services by another taxpayer, both shall comply with several obligations:

OBLIGATIONS UPON SERVICE RECIPIENT

- Register as tax withholders
- Determine the tax
- Withhold and pay the tax
- Submit proof of tax withholding

OBLIGATIONS UPON SERVICE PROVIDER

- File a monthly tax return.
- Credit the tax withheld.
- Pay the difference or request the refund.

JOINT LIABILITY

- Persons engaging these services shall be jointly liable for the payment of this tax.



FINES

- Failure to submit registration application (8.5 UMA value \$641.66)
- Lack of payment of contributions, including those withheld and if this fact is discovered by Tax Authorities. The fine shall be 75% to 100% of the omitted contribution.
- Omitting the delivery of contributions shall be sanctioned with the same penalties as those applicable to tax evasion.



REQUIREMENTS FOR REGISTRATION AS WITHHOLDER

- Register through the Virtual Treasury portal.
- Enter general data.
- You shall receive a state account number to file the corresponding returns through the Virtual Treasury portal.

Agenda

Nayarit Revenue Act



PURPOSE OF THE TAX

- Execution in this state, of payment as consideration for personal subordinate work derived from a labor relation.

SUBJECT OF THE TAX

- Individuals
- Legal entities





TAX BASE

- Total expenses paid as consideration for subordinate personal work.

TAX RATE

- 2% on the tax base.

TAX PAYMENT

- Within the first 10 calendar days of the month following that when it was generated.

OBLIGATION UPON TAXPAYERS

In 2017, article 85 of the Nayarit Income Act is amended

Persons subject to this tax, engaging the rendering of personnel services by another taxpayer located in another State, the following obligations shall be complied:

- Determine the tax.
- Withhold and pay the tax.
- Provide tax withholding receipts.

FINES

- Failure to pay, partially or in full, the amount of the contributions withheld or collected or that should have been withheld or collected (1 or 2 times the omitted amount)



Agenda

Quintana Roo Revenue Act





PURPOSE OF THE TAX

- Expenses paid as consideration for personal work rendered within the State, under the employer's instructions or orders.

SUBJECT OF THE TAX

- Individuals, Legal Entities or Economic Units.
- Government Trusts.
- Decentralized Organisms.



TAX BASE

- Total expenses paid as consideration for subordinate personal work.

TAX RATE

- 3% on the tax base.

TAX PAYMENT

- Execute it no later than the 17th of the month following the month when it was generated.

OBLIGATION UPON TAXPAYER

Persons subject to this tax, making payments to persons rendering services in the State, shall comply with the following obligations:

- Determine the tax.
- Withhold and pay the tax

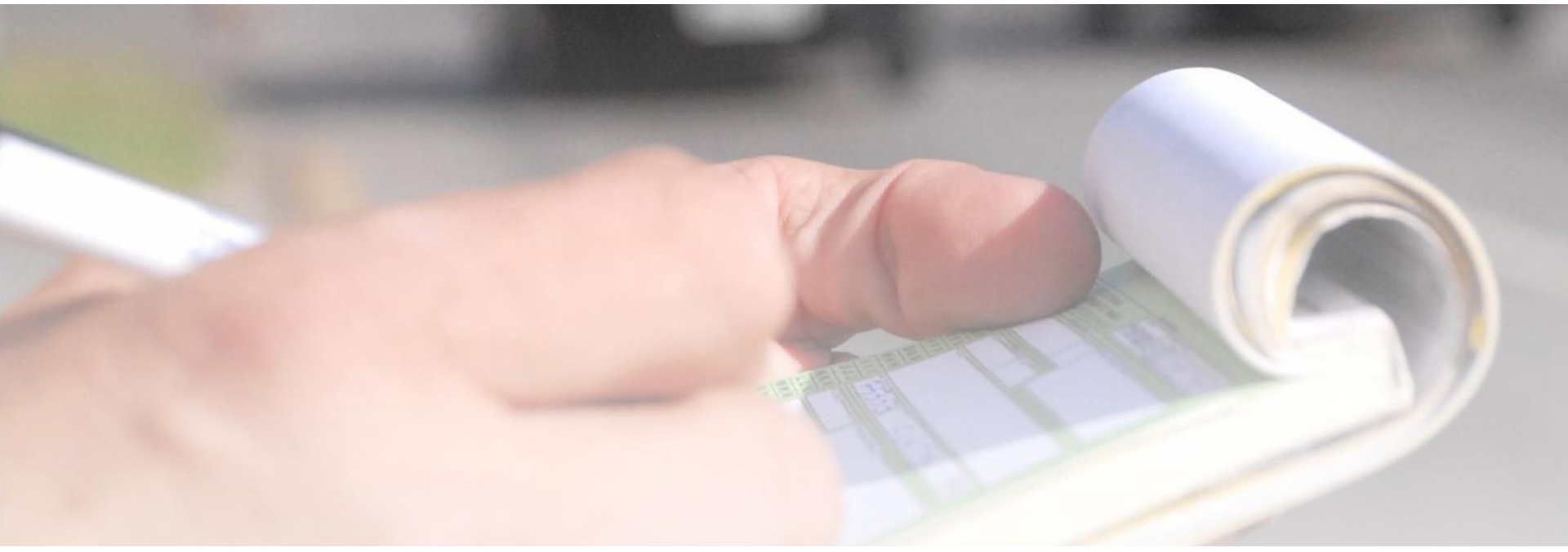
This obligation may be filled through the SEFIPLAN's website electronically.

- Submit proof of registration

This obligation may be complied in person, by going to SEFIPLAN.

FINES

- Failure to pay, partially or in full, the amount of contributions withheld or collected or that should have been withheld or collected (from 100 to 300 in this case the Law mentions the measurement to be in minimum wages however a it will apply as UMAs, that is to say \$ 7,546 to \$22,638 pesos).



RELEVANT ASPECTS REGARDING PAYROLL TAXES

- Rate Increases
- Changes to exempt concepts
- Tax Benefits
- States with a withholding obligation



LEGAL FRAMEWORK

Jalisco

- Jalisco Revenue Act and Jalisco Tax Code

Nuevo León

- Nuevo León Revenue Act and Nuevo León Tax Code

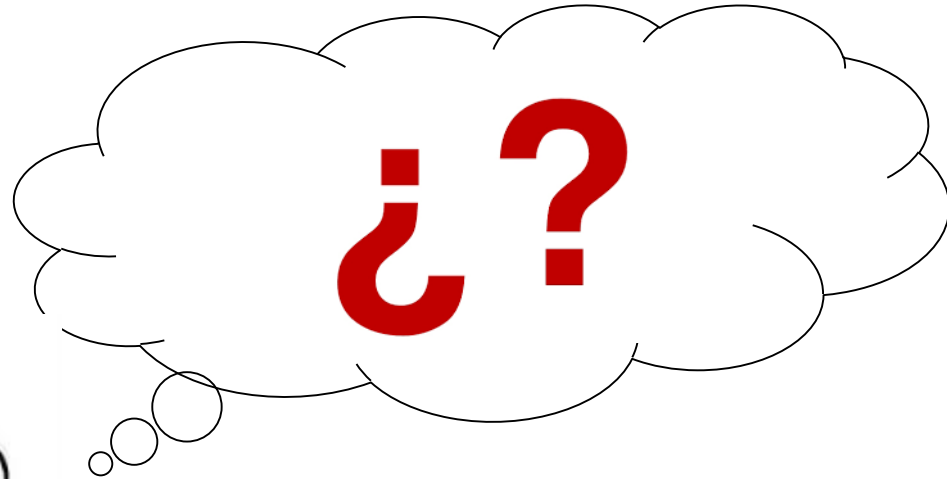
Nayarit

- Revenue Act and Nayarit Tax Code

Quintana Roo

- Quintana Roo Payroll Tax Act and Tax Code

Any Questions?



**Please contact us if you have any question or
comments.**

Aidee Chao

Contact

aidee.chao@payrollplus.mx

Payroll
Plus[®] **MX**
Simplifying Payroll Across Mexico[®]

www.payrollplus.mx

