



New CFDI Payroll Obligations & How to Face Them

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

www.payrollplus.mx

Agenda





Agenda

Payroll CFDI Chronology

1

CHRONOLOGY

CFDI or Complement	Version	Published On	Effective date	Expiration date
Payroll CFDI Complement	1.1	November 20 th , 2013	January 1 st , 2014	December 31 st , 2016
Payroll CFDI Complement	1.2	Anticipated on September 29 th , 2016	January 1 st , 2017	Indefinite
Catalog to use the complement	1.2	October 5 th , 2016	-	-
Instructions to fill out the new complement	1.2	October 24 th , 2016	-	-
Start date to use the new complement	1.2	December 13 th , 2016	April 1 st , 2017	Indefinite

*The instructions published by the Tax Authorities have been contently modified since they were published. To date, there have been five changes made to the guide.

ANNEX I: SALARIES, WAGES AND ASSIMILATED SALARIES

Article 9, Section X of the transitory dispositions of the Income Tax Law, the Wages and Salaries Multiple Informative Return is abrogated, which is filed electronically through the Multiple Informative Return system (DIM in Spanish), so as of **2017**, the above-mentioned return shall no longer need to be filed.

Does the annual calculation also disappear?

The obligation to prepare the annual tax calculation does not disappear, we will continue to prepare the calculations and corresponding adjustments in December of each year.

Agenda

Main Changes in Complement 1.2

2

MAIN CHANGES

- The new payroll complement, version 1.2, was completely updated, it is designed based on a new structure and a more complete Payroll CFDI, which considers a general “Payroll” group, plus an additional 6 groups, dependent on the first one:

1. Issuer
2. Recipient
3. Income
4. Deductions
5. Other Payments
6. Sick Leaves



Changes in the complement fields 1.1 vs 1.2

Number of Fields Version 1.1	Groups	Number of Fields Version 1.2	
		Total	New
22	Payroll	9	4
0	Issuer	5	4
0	Recipient	20	4
7	Perceptions	26	15
7	Deductions	6	2
0	Sick leaves	3	0
4	Other payments	8	8
40	Total	77	37

CFDI Changes

Information

- **Required:** Meaning it must be included.
- **Optional:** Meaning it may not be necessary.
- **Conditional:** If there is a pre-requisite, the information will become required.
e.g. the information regarding the “Exchange rate” is conditional, given that it will only be required if the “currency” stated in the corresponding field any other than MXN.

Agenda

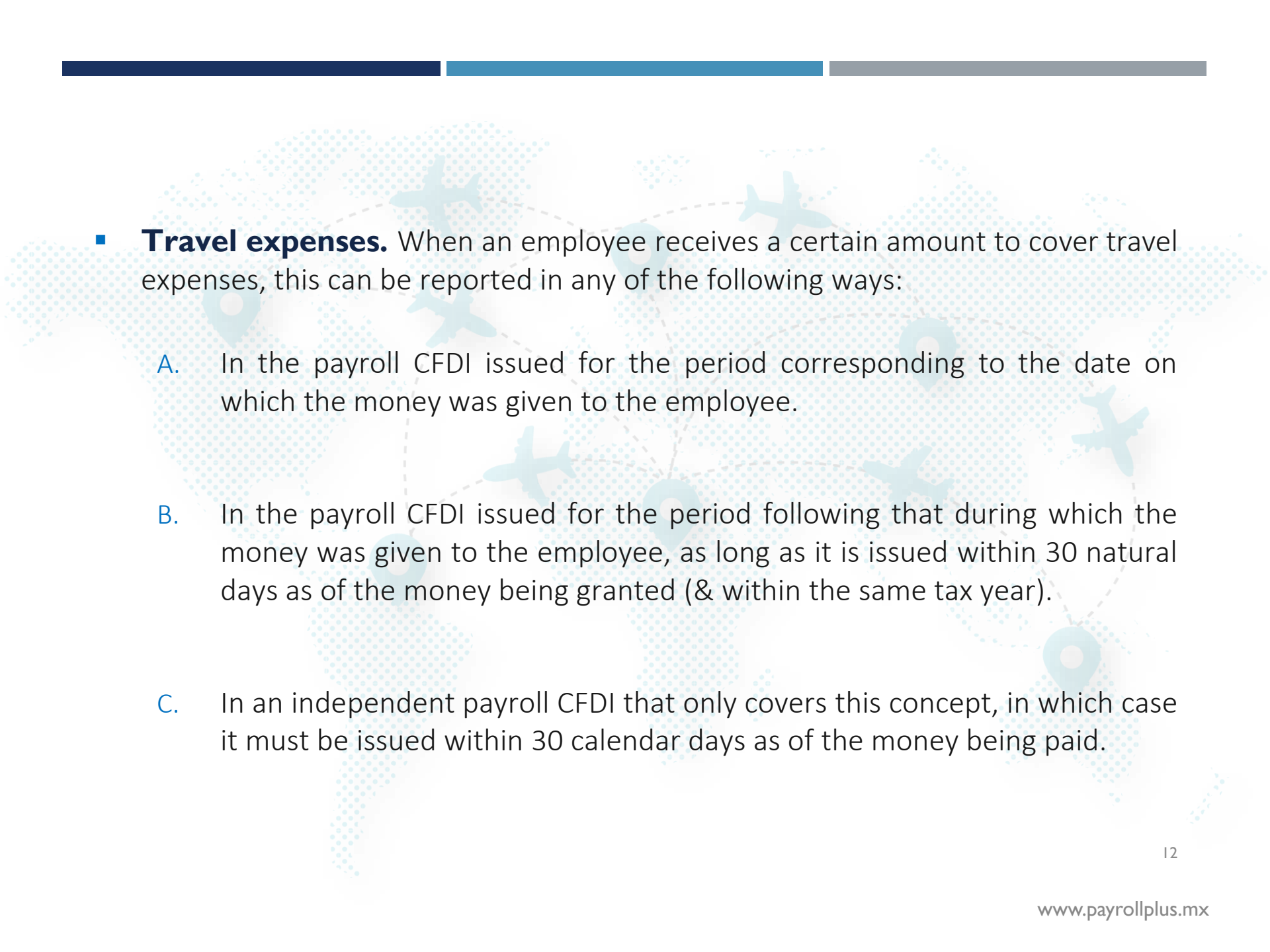
Travel Expenses

3

What are travel expenses?

- Travel expenses are monetary resources assigned to the employees when they go on a business trip or to a location other than their current workplace. They can include food, lodging, mileage, car rentals, transports, amongst others.



- 
- **Travel expenses.** When an employee receives a certain amount to cover travel expenses, this can be reported in any of the following ways:
 - A. In the payroll CFDI issued for the period corresponding to the date on which the money was given to the employee.
 - B. In the payroll CFDI issued for the period following that during which the money was given to the employee, as long as it is issued within 30 natural days as of the money being granted (& within the same tax year).
 - C. In an independent payroll CFDI that only covers this concept, in which case it must be issued within 30 calendar days as of the money being paid.



- **Travel expenses.**

What to do when the employee does not account for the expense or refund the money?

- Travel expenses that are not accounted for must be declared in a CFDI as a taxable income. Additionally, in the deductions, a registry must be made corresponding “Adjustment for travel expenses paid in advance”, with the same amount declared as taxable income.

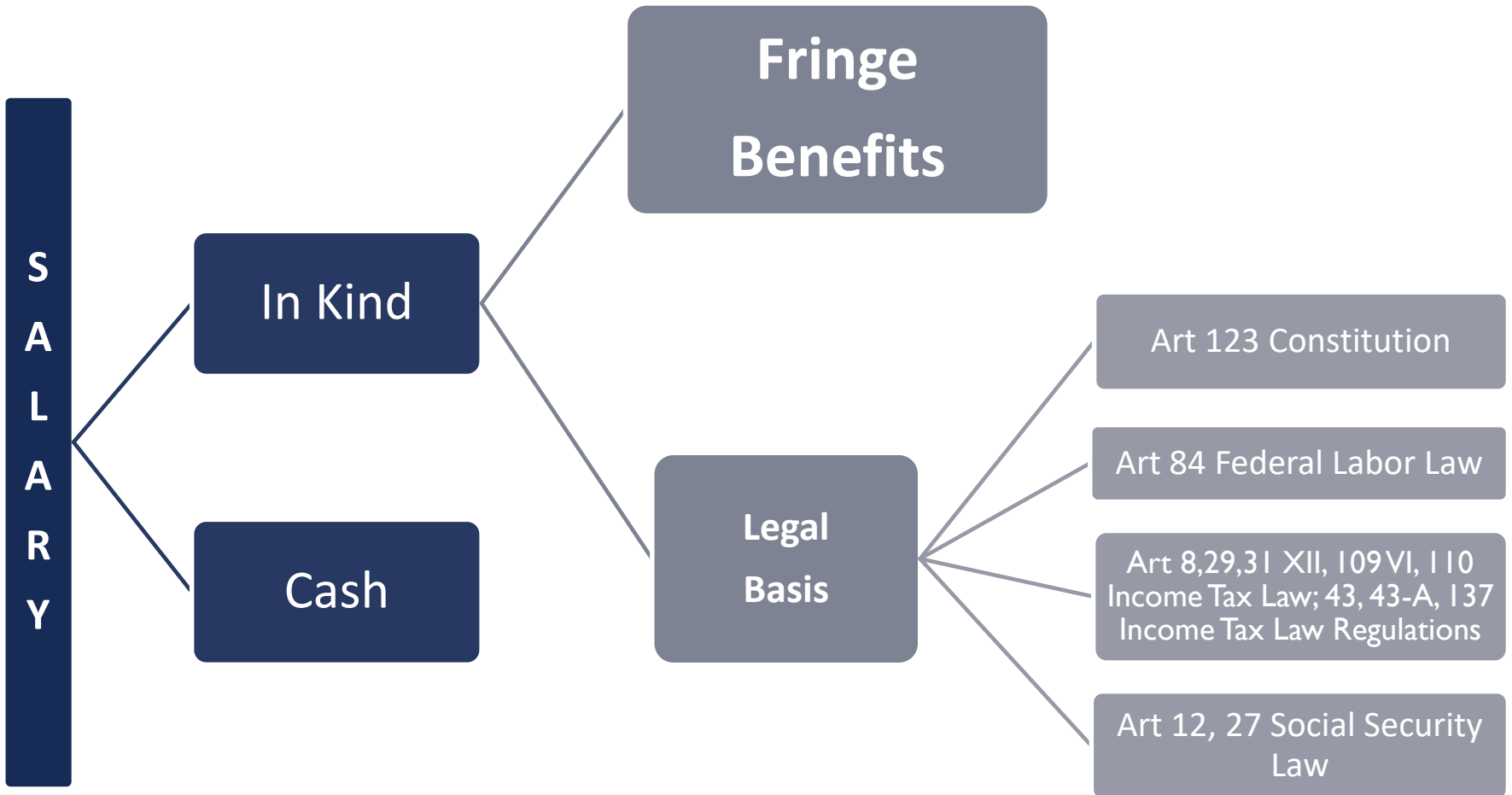
10% of the travel expenses assigned may not be accounted for (*and therefore not be considered as taxable*) as long as this does not exceed \$15,000 pesos a year.

Agenda

Managing Fringe Benefits Payments

4





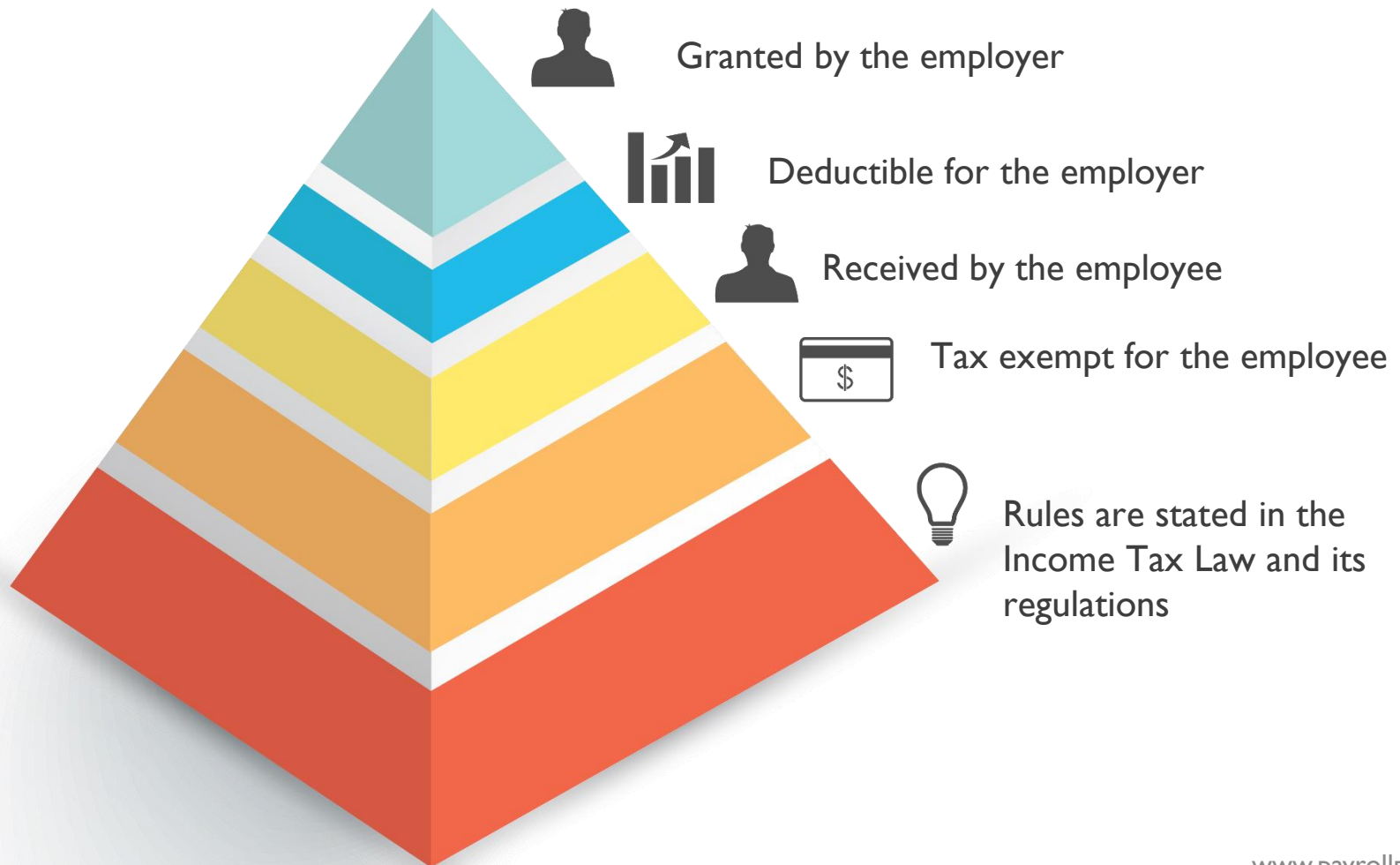
What are fringe benefits?



Article 8 Income Tax Law:

Fringe Benefits are considered to be expenditures made to satisfy **present or future contingencies or needs**, as well as providing **benefits in favour of employees**, partners or members of a cooperative entity, aimed to improve their physical, social, economical or cultural growth, and that allows them to improve their quality of life and that of their families.

Main characteristics of fringe benefits

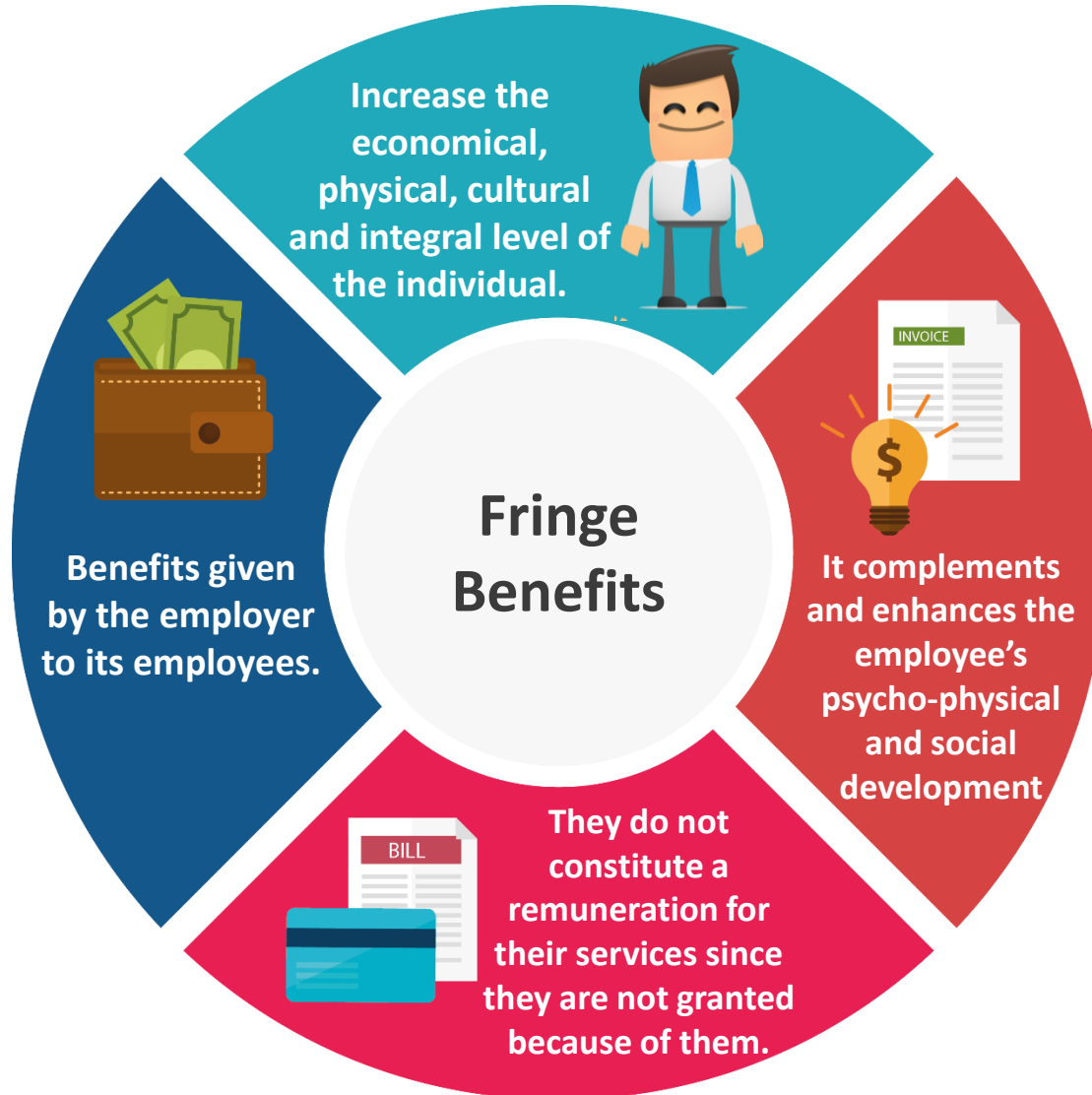


Focus on the Income Tax

- A company's main goals when granting these benefit are:



Let's Talk About Fringe Benefits!



Fringe benefits in regular payroll



Food Coupons



Savings Fund



Sickleave Subsidy



Funeral Allowance



Staff Cafeteria

Fringe Benefits in Special Payroll



Education Scholarships



Daycare Centers



Cultural and Sports Activities



Entertainment



Relaxing Activities

Fringe Benefits in Special Payroll



Private
Medical
Expense
Insurance



Life Insurance



Agenda

Actions

5

What actions should I take?

- Our clients **should ask** their employees for **information such as their:**
 - Tax ID in a format issued by the Tax Authorities.
 - CURP in the official format.
 - Bank information such as their: CLABE or bank account number & name of the bank.
- They must also **inform Payroll Plus MX of:**
 - **Fringe benefits** paid, as soon as the expense is carried out and/or delivered to the employee.
 - **General information regarding the employees**, (kind of contract, working hours, if they are union members, location of where the employee will perform their duties).
 - **Amounts given for travel expenses**, as well as information of travel expenses unaccounted for.

What actions will Payroll Plus MX take?

- **Payroll Plus MX** will help you comply, by carrying out the following activities:
 - We will perform **monthly, bimonthly or quarterly comparisons of the CFDI** information generated by the payroll system vs. the information registered with the Tax Authorities.
 - We will continue **validating the amount paid in the monthly tax installments** vs. the amounts withheld in payrolls.
 - We will continue **reconciling the accounting registries vs payroll** twice a year.
 - We will **validate employee tax IDs**.
 - We will continue to **prepare the annual calculations for employee taxes**.

We are ready!

- **We will register all payments in a timely manner using version 1.2**
- **Don't forget to update your employees' information:** Type of contract, working hours, if they are members of unions, location where the employees work.
- **We will include the additional information required for employees in our "New Employee Registration" form.**
- We will prepare **Travel Expense and Fringe Benefit payrolls as required.**



Let's
go!

Payroll Options

- **Include in Pre-Payroll Information:**

The information regarding the concepts that we have mentioned would be provided along with the regular pre-payroll information, the aim being to include them in the regular payroll and therefore only process on run which include all these benefits.

- **Special Payroll:**

The information is sent all together at the end of each month so that a separate payroll can be prepared.

- **Independent:**

The client is in charge of registering the information with the Tax Authority (SAT).





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

Questions?



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

If you have any questions, please contact us!