

Travel expenses and Fringe benefits in the new payroll complement





Diary

Background

1

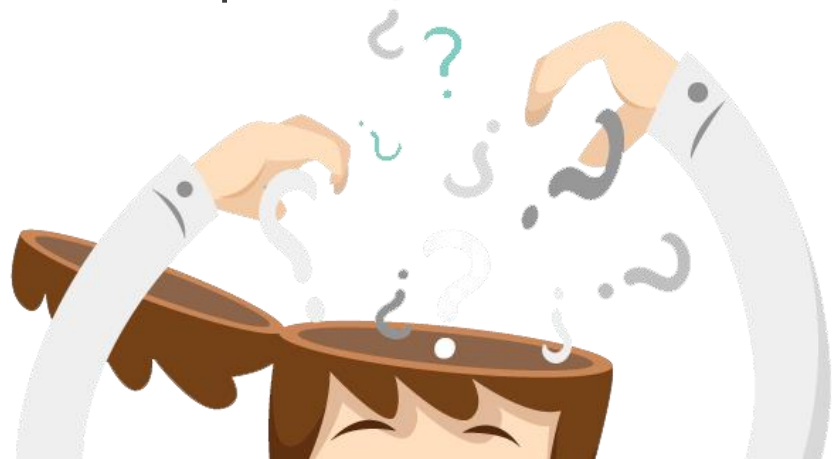
Background

When a worker receives money from his employer, this is considered a cumulative income and therefore the employer would have to withhold an income tax. **But ¿what happens with...?**

Travel Expenses

Fringe benefits

Are they Income ?, If they are income, are they taxed or taxed exempt? Are they recorded on the payroll? When do I report them?



What is Considered as Travel Expenses

Purpose of travel expenses: It is considered that travel expenses are the resources given by the employer to the worker, the main function of these resources is for the employee to carry out activities outside the usual work place and that these activities benefit the interests of the company.



The amount of money delivered by companies to their employees in many cases is supported with tax receipts on behalf of the companies, but in some cases these are not proved with documents that meet tax requirements.

Are Travel expenses Tax Deductibles?

- Company employee or professional service provider



- Respect established limits
- Record them in accounting



- Lodging
- Food
- Transport
- Car Rental
- Mileage Payment



- Have a CFDI



Limitations

Type of travel expenses	Deductible Amount	Documentation to be presented
Lodging	Abroad: \$ 3,850.00 In Mexico: Unlimited	The one related to transport.
Food expenses	Abroad: \$ 1,500.00 per day per beneficiary In Mexico: \$ 750.00 daily per beneficiary	The one related to food expense. If the documentation provided is only for transportation, food must be paid by credit card in the name of the person making the trip.
Car rental	In Mexico or abroad: \$ 850.00 daily	The one corresponding to the lodging or transport.

You must take into consideration that ...

- Expenses that are not used for lodging, food, transportation, car rental or when they are applied within the 50-kilometer range that surrounds the taxpayer's establishment will not be deductible.
- If the Expenditure is made abroad, a CFDI will not be required as a fiscal voucher; however, documentation must be provided.
- Separate the deductibility for the company from the verification of travel expenses by the employee.



Fiscal Requirements

Some of the requirements that Electronic Bills must have:

- RFC of the dispatcher
- Postal Code
- Contain the sheet number (folio) assigned by the SAT (Tax Authority) and the SAT digital stamp
- Place and date of issue
- RFC of the person to whom it is issued
- Amount, unit of measure and class of goods or merchandise covered by the CFDI
- Form of payment (Cash, wire transfer, check, debit card, credit or Electronic Wallet authorized by the SAT)



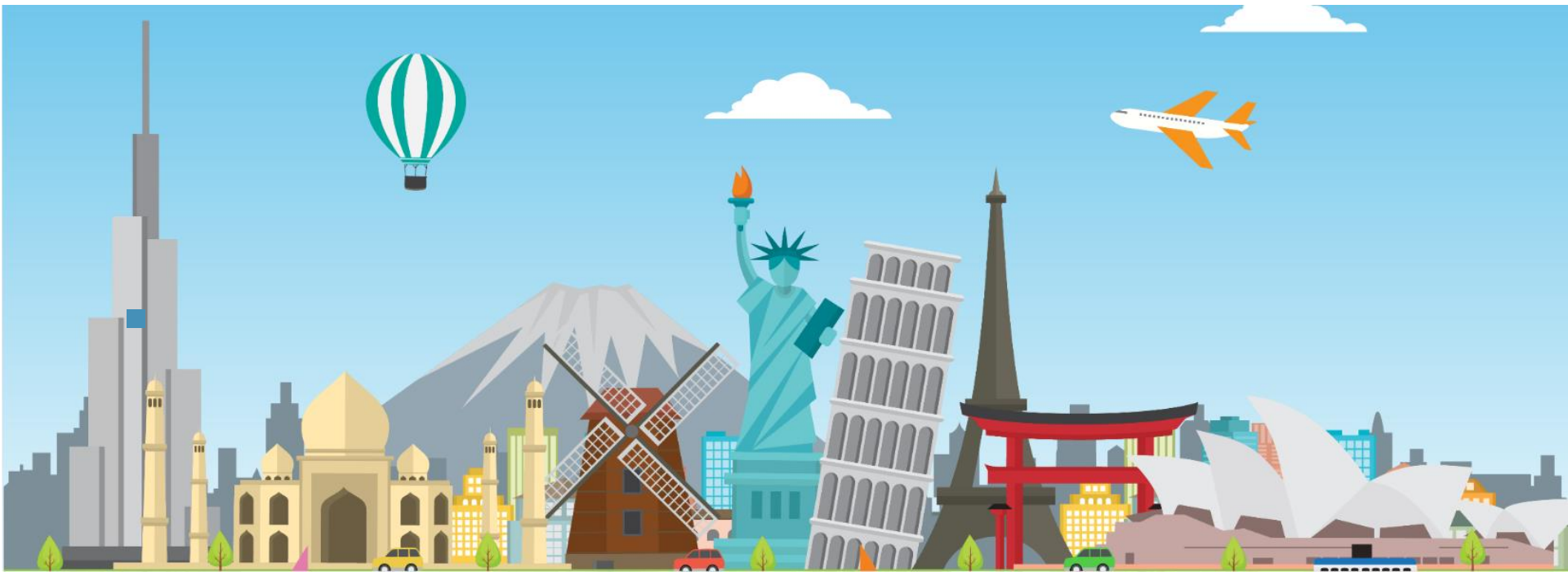
Diary

Travel expenses

2

What are Travel Expenses?

They are the monetary resources that are allocated to workers when making a trip. They can include food, lodging, mileage payment, car rental, transportation payment among others.



■ Treatment Flow of travel expenses in the payroll



**Business
trip**



**Travel
Expenses
Delivery**



**1st CFDI
Registration**



**Provide Proof
of Travel
Expenses**



**2nd
CFDI
Registration**

Preparing payroll tax receipts for Travel Expenses

- It is considered that travel expenses an employee uses to carry out activities that benefit his employer, are tax exempt income, therefore are not subject to income tax withholding.

It is allowed to omit the verification of travel expenses delivered up to 20% or 15,000 pesos per year without being considered taxable (Article 152 RLISR)

■ When to prepare payroll tax receipts?

When travel expenses are provided to the worker, this data may be reported in any of the following ways:

- A. In the payroll CFDI within the period that contains the date on which the resource was delivered to the employee.
- B. In the next payroll CFDI to the one that corresponds to the date on which the resource was delivered to the worker, as long as it is issued within the 30 calendar days following the date of delivery of the resource. (Within the same fiscal year).
- C. In a separate payroll CFDI that covers only the delivery of travel expenses within 30 calendar days following the date of delivery of travel expenses.

The following must be considered:

Flow Registration: The travel expenses given to the worker must be recorded in the field "other payments" (Travel expenses paid to the worker).



What if the worker does provide proof of the amount or returns the money?

- According to the ISR law and regulations, verified travel expenses must be marked as tax exempt perception "perceptions" (Travel Expenses) In addition, an "Adjustment of travel expenses paid in advance" must be recorded in the deductions with the same amount that is indicated in the taxed perceptions.



Travel Expenses Discount

- When the worker can only prove part of the expense and returns the rest.
- The limit of allowable discounts to the worker must be honored.



What to do when the employee can not prove Expense and does not return the amount?

- **Taxed Perception:** Travel expenses that can not be proved by the employee should be reflected in the payroll CFDI as taxed charges. In addition, an "Adjustment of anticipated travel expenses" must be recorded in the deductions with the same amount as indicated in the taxed perception.



Diary

Fringe benefits

3

Fringe Benefits Definition:



Article 8 LISR:

Fringe Benefits are all expenditures made for the purpose of satisfying **present or future** contingencies or needs, as well as the granting of benefits in favor of employees or members of cooperative societies, tending to physically, socially, economically or cultural improvement, that allow them to improve their and their family's quality of life.

Fringe Benefits!



1. Satisfy present or future needs.

2. Benefit Granted to the Employee.



3. Improves Employee's Quality of Life.



**E
M
P
L
O
Y
E
R**

In Kind

Reimbursement

Fringe Benefits

In Kind Benefits



Medical Expense Insurance



Life Insurance



Food Vouchers



Food Subsidy



Relaxing Activities

In the form of a Reimbursement



Disability subsidy



Aid in the event of death

Benefits in kind or by reimbursement :



Student Scholarships



Day Care



**Cultural and Sports
Activities**



Entertainment

Others!



Savings Fund

How and when to issue a payroll CFDI? :

- A. At the moment of delivery of the benefit.
- B. It can be included in the regular payroll (Client's payment period) or in special payroll, also the company could do it independently.
- C. According to the benefits the client must have the amount that corresponds to each employee.





Diary

Overview

4

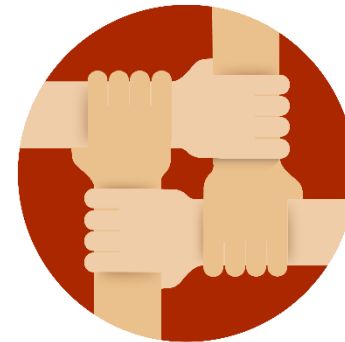
Best Practices



Travel Expenses Policy



Payroll



Fringe Benefits Plan



QUESTIONS & ANSWERS

Question or comment please contact us.

Aidee Chao

aidee.chao@payrollplus.mx

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

www.payrollplus.mx

