



Mexico - Civil Law



Incorporate Now



Consultation

Click request a call for a free, no obligation consultation.
In a hurry? Click incorporate now, and startup your company immediately.

Incorporating a company in Mexico

Mexico taxes

If you want to do business in Mexico, you have to know about taxation for a LLC, which is the most common legal entity in Mexico.

Mexican resident companies are liable to tax on their worldwide income. The predominant tax rate for offshore income, from our research, and this is not personal tax advice, is 30%. However, undistributed profits of a foreign subsidiary are not usually subject to Mexican tax until dividends are paid. A LLC in Mexico will pay CIT at 30% rate. This ranks Mexico as 136th when compared to corporate tax rate worldwide.

The VAT rate in Mexico is 16.00%, that ranks the country as 134th overall in terms of VAT taxation rate internationally. In terms of other taxation, an employer will contribute 7.58% to the equivalent of a social security fund and an employee will contribute 1.65%. The overall complexity of the tax system is medium. This is measured by average time to comply with a country's labor tax requirements is as it is 64hours. Contributing to this is the number of yearly labor tax payments, which is 2 in MX.

Thin capitalisation mandates are officially enacted. Thin capitalisation refers to any type of laws on given company with respect to debt-to-asset ratios.

Dividends received by a Mexico resident entity from another resident entity are exempt from corporate income tax. Dividends received from a foreign company are taxable, but a tax credit may be available for foreign tax paid. Dividends are payments of an earnings of the legal entity, passed by the board, to shareholders. Dividends can be either stock, cash, or property.

Capital Gains are generally subject to corporate income tax at the standard rate. Capital Gains from the sales through the Mexican Stock Market may be taxed at a reduced rate of 10%. A capital gains tax is levied on the profits that a corporation or natural person realizes when he or she sells a capital asset for a price that is higher than the purchase price.

The dividends withholding tax rate is 10%. This means that the tax authorities expects companies to automatically withhold 10% of dividends remitted abroad. The interest withholding tax rate ranges from 4.9% to 35%. This means that the taxman expects legal entities to automatically withhold from 4.9% to 35% of payments abroad on interest payments. The royalties withholding tax rate may be 25% or 35% (patents and trademarks). This means that the tax authorities expects legal entities to withhold 25% or 35% of royalty payments offshore. Payments on royalties and interests to residents of jurisdictions considered tax havens are subject to a withholding tax of 40%. Withholding taxes may be reduced or eliminated under a tax treaty.

There is no known tax on wealth in Mexico. There are no known inheritance taxes. There are property and transfer taxes in Mexico. There are widely used research and development tax incentives in Mexico.

The above is not tax or legal advice for your particular situation. We can help you find to an expert in Mexico who will advise you. Want to work together? Click the free consultation button above or press incorporate now if you are in a hurry.

The vat rate in Mexico is 16% which ranks 101 in the world.

- ✗ Patent box
- ✓ RND credit
- ✗ Wealth tax
- ✗ Estate tax
- ✓ Transfer taxes
- ✗ Asset taxes
- ✗ Capital duties

- 73 Tax treaties
- 30% Offshore Tax
- 30% Corp rate
- Loss carryback years
- 170 Corporate time
- 16% VAT rate

Mexico Legalese

When examining a jurisdiction in which to incorporate, the first thing to look at is the legal code. The underlying law in Mexico is civil law. You will want to get some local advice as to how to best structure a company in Mexico. Electronic signatures are permitted.

The letters MX is for Mexico and the most common company type in Mexico is a LLC.

You should expect a wait time of 2-3 Days to incorporate a LLC in MX. The types of currencies you can use to setup your legal entity is often any legal currency.

Yes, one is allowed to re-domicile a LLC from MX. You are usually allowed to change the jurisdiction of the company, pending certain procedures.

There must be at least This means it is not possible for you to own a LLC in Mexico as a sole shareholder. You must have other shareholders, they can be nominees or de facto shareholders. Corporate Shareholders are permitted, which means you can have a legal entity as a shareholder. Foreign ownership is permitted, up to 100% of the total shareholding.

A legal entity is only required to have one director. Speaking of shareholders, corporate directors are not permitted. Directors are disclosed publicly. There is a requirement to have annual meetings of shareholders.

A registered agent is normally required, which means the company will have to pay a fee on a yearly basis, for an agent which can receive any lawsuit papers on behalf of the company. A related requirement, a company secretary is required by law.

There is a requirement to file accounts to relevant authorities. Consequently, there is oftentimes a requirement to have these accounts audited.

Overall we think Mexico is a good option and have given it a score of 75 as an IO score, using the Incorporations.IO proprietary formula.

- ✗ **Directors not disclosed in a public registry**
- ✗ **Shareholders not disclosed in a public registry**
- ✓ **Redomiciliation permitted**
- ✓ **Registered office required**
- ✗ **Corporate director permitted**
- ✓ **Local Secretary not required**
- ✓ **Local Director not required**
- ✓ **Electronic signature**

- 2 Shareholders required**
- 1 Directors required**
- 2-3 Days to form**



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Country Info



🚩 National Flag of

**Estados Unidos
Mexicanos (spa)**

\$ Currency

MXN

☎ Area Code

+52

🏛 Capital

Mexico City

📍 Region

Central America

🌿 Native Languages

Spanish