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# Customs Valuation support



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# Overall frame

Mexican Customs Law establishes that the taxable base of the import tax and duties is the “**Customs Value**” of the goods, which in a very simple conception will be...

*Customs Value = Transaction Value (price paid of the goods) + Incremental expenses to:*

- a. bring such goods the border*
- b. use and / or export the goods*
- c. royalties not included in the price*
- d. any profit in favor of the seller generated after the importation*

As always, every concept has a comprehensive and complex legislation, but that is not the intended message for this occasion.



# Overall frame

Article 59 of the Customs Law, which comes to be one of the most important, as is in this were the obligations of the importers are listed; determines in its fraction III, that whoever imports goods into Mexico must provide to its customs broker with a **“Value Affidavit”**, and such has to be individually hand-signed by the Legal Representative of the importer and under protest to tell truth, that the **Customs Value declared in every operation, gathers all the required elements to be accurate**.

Additional legislation, excludes temporary importations made by “VAT Certified Companies” from the application of the aforementioned Article; which results on a scope reduced to “Definitive imports”, “Temporary imports of NOT VAT Certified Companies” and “Imports to be sold in Mexico”.



# New Regulation

The recent publication of the “New Customs Law Ruling” provides in its Article 81 that beginning on **01/15/ 2016** every importer must **additionally** provide its customs broker with:

- i.** The commercial invoice (*NO “Proformas” allowed*)
- ii.** Bill of Lading, air waybill, packing list or the related transportation documents
- iii.** Proof of origin, or precedence of the merchandise
- iv.** The “VAT bond”, if applicable
- v.** The payment of the related merchandise, such as: bank transfer, letter of credit, etc.
- vi.** The payment of the incremental expenses, such as: freight, insurance, customs broker, and the like
- vii.** Legal binding contracts of the related merchandise



# Comments

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Recently the Mexican Customs Authority (“MCA”), has significantly increased its audit capacities, by implementing software able to receive and analyze massive amounts of data, received from different sources, but related to the same information of the importers and companies in general.

This enables the MCA to easily cross references and detect potential omissions or contingencies of the universe of companies established in Mexico and not only of those already being audited.

On the other hand, the MCA is delegating more responsibilities on “People”, such as the legal representatives of the importers and the customs brokers, with the clear intention of having more guardians of its interests, and also because the process to sanction a company is way more complicated, than the one followed for a person.

2016 is expected to be a highly e-audited year, for the simple reason that the MCA already has everything needed to do it, and the Country income is dropping fast.



# Comments

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Finally and landing on the customs valuation, we strongly suggest to double check controls about the subject, as the economical sanctions due to misscompliance can impact the overall business performance of the importer in Mexico, due to the significant impact on Income and Value Added Taxes that this has.

Global Customs Group – Compliance Advisory Team





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