

Obligation of Foreign Shareholders in Mexican Companies to Register in the Federal Taxpayer Registry

In accordance with the provisions of the Federal Tax Code, the shareholders of Mexican companies are required to:

- a) Request registration in the Federal Taxpayer Registry.
- b) Provide the information related to identity, address, tax situation, as well as to indicate an email and telephone number.
- c) Request an electronic signature certificate (e-signature).

The code of the Federal Taxpayer Registry that is assigned to each shareholder must be placed in all documents and procedures, printed or electronic, related to the Tax Administration Service.

In addition, the code of the Federal Taxpayer Registry for each shareholder must be identified in the following documents:

- a) In the public deed that contains the incorporation of the Mexican company in which they participate as shareholders.
- b) In the partners and shareholders minute book that each company must hold.
- c) In each shareholders' meeting deed.

In relation to the above, as of this fiscal year 2020, a notice must also be filed with the tax authorities, informing the name and code of the Federal Taxpayer Registry of the shareholders, every time a modification is made in the stock capital of the company.

As it can be seen, it is important that the shareholders of a Mexican company request its registration in the Federal Taxpayer Registry, since the assigned code must be inserted in a series of legal documents; in addition, the fact of not requesting the registration inscription in the aforementioned Registry when it is obliged to do so, constitutes a tax offense, having as first consequence a penalty, but above all, the company would not be able to access certain tax benefits by not proving that its shareholders are duly registered in the Federal Taxpayer Registry.

However, there is a facility that allows shareholders who reside abroad and participate in Mexican companies, to avoid the request of registration in the Federal Taxpayer Registry, provided that such companies carry out the following:

- a) Submit to the Tax Administration Service, within the first three months following the end of each fiscal year, a list of shareholders residing abroad.
- b) Indicate the address, tax residence and tax identification number of each shareholder residing abroad.

In the event that the Mexican company does not comply with the aforementioned requirements, the foreign shareholder has the legal obligation to request its registration in the Federal Taxpayer Registry.

Please feel free to address Jorge Montes, partner and leader of the Tax Practice Group in VTZ, for any doubts or comments in relation to the above.

VTZ | Jorge Montes
jorge.montes@vtz.mx
VAZQUEZ TERCERO & ZEPEDA

MEX +52 (55) 5534-3636

www.VTZ.mx

GDL 01800-2-LAW-VTZ



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