



GRUPO BMW

DOING BUSINESS *IN MEXICO*

2020

VTZ

VAZQUEZ TERCERO & ZEPEDA
ABOGADOS



CREATING A COMPANY INTRODUCTION

As a result of Mexico's Trade and Investment Promotion Agency -PROMEXICO– extinguishment, **Vázquez Tercero & Zepeda (VTZ)** seeks to fill that void and promote Mexico as a business destination.

This is why **VTZ** has developed the guide **Doing Business in Mexico 2020**, which is divided into the following seven chapters:

1. *Why Invest in Mexico?*
2. *Foreign Investment.*
3. *International Trade Policy.*
4. *Trade Policy for the Manufacturing Industry.*
5. *Creating a Company in Mexico.*
6. *Taxation.*
7. *Labor & Migration.*

In line with our values, our chapters seek to provide relevant business and legal information in a practical and concise manner. This chapter, *Creating a Company in Mexico*, will provide a general overview of the process to incorporate a company as well as information on company types in Mexico, including some tax-related comments. Furthermore, other business legal structures are explained.

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CREATING A COMPANY IN MEXICO

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5. Creating a Company in Mexico

In recent years, Mexico has changed its Company Law to facilitate the creation of a company. As a result, Mexico relaxed requirements, reduced the days as well as the number of procedures to start a business, and, thus, has improved its *Starting a Business* indicator of the World Bank's *Doing Business 2020*.¹ According to this study, 8 steps are necessary to create a company in Mexico, *but* under the assumption that only Mexicans are involved. A company with foreign capital is subject to additional steps as noted below.

Before reading this chapter, we strongly suggest reviewing our [Foreign Investment Chapter](#) because Mexico prohibits or restricts foreign capital in certain activities or economic sectors. Needless to say, most economic sectors are not subject to foreign investment controls and, thus, we will focus on the “all other” activities or economic sectors that do not have foreign investment restrictions.

We will first outline the steps that a foreign investor must take to incorporate a company or opening a business. Then, we will provide a general picture of the type of companies as well as other business structures suitable for foreign investors.

5.1 The Steps to Create A Company in Mexico

The steps to create a *traditional* company do not vary as to the type of company, such as a stock company or limited liability company. The intervention of a Notary Public or Public Broker is necessary to incorporate a company in Mexico. Due to some limited powers of a Public Broker, entrepreneurs normally prefer to retain the services of a Notary Public.

Step 0: Will you need a Power-of-Attorney?

Are you planning to “shake hands” with your business partners in Mexico or will you delegate the tasks to your *trusted advisor*?

If a foreign investor, as an individual, is not planning to sign the corporate deed personally, the foreign investor must sign a Power-of-Attorney (POA) in his country, naming his Mexican attorney or attorneys and listing their powers. Once signed the POA, the foreign investor must either apostille or legalize his POA and, of course, send by express packaging services the document.

¹ Mexico Starting a Business rank in the Doing Business is 107th out of 190 economies.

CREATING A COMPANY IN MEXICO

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1. WHY INVEST IN MEXICO?

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