

# Webinar for U.S. companies on New Textile and Apparel Measures in Mexico

April 8, 2015

Mexico City, Mexico



# AGENDA

12:00 **Welcome Remarks**

**Joshua Teitelbaum**, Deputy Assistant Secretary for Textiles, Consumer Goods, and Materials

12:03 **Welcome Remarks**

**Steve Alley**, Deputy Senior Commercial Officer, U.S. Commercial Service Mexico

12:05 **Presentation - SAT (Tax Administration Authority)**

**Sylvia Robles Romo**, Attorney, Central Administrator for Legal Aspects of Foreign Trade, SAT

12:30 **Presentation - Ministry of Economy**

**Juan Diaz Mazadiego**, General Director of Foreign Trade, Ministry of Economy

1:00 **Q&A**

1:30 **End Webinar**

Emcee: Sarah Cook, Commercial Officer



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## TEXTILE AND GARMENT INDUSTRY IMPORTATION

General Direction For Foreign Trade  
Foreing Trade Legal Affairs

April 2015

## INDEX

- I. Regulation Background
- II. Diagram
- III. Signing into Registry
- IV. Cost Estimate Announcement
- V. Textile And Garment Industry Import Automatic License
- VI. Guarantee Construction
- VII. Audits
- VIII. Additional Information

# I. Background

Illicit trade practices: Subvaluation

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graph TD; A[Illicit trade practices: Subvaluation] --> B["Damages the development of the national industry<br/>Increases job losses<br/>Generates a low level of investment and promotes the informal economy<br/>Affects tax revenue by reducing the tax base of the General Import Tax"]; B --> C[Measures to prevent and tackle subvaluation];
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Damages the development of the national industry

Increases job losses

Generates a low level of investment and promotes the informal economy

Affects tax revenue by reducing the tax base of the General Import Tax

Measures to prevent and tackle subvaluation

## I. Background

Decree setting up productivity and competitiveness measures as well as to combat textile and apparel subvaluation practices, published on December 26th 2014, in the Official Journal.

- In Customs Matters
- Financial Support
- Policy promote to innovation and competitiveness

## II. REGULATION DIAGRAM

### BEFORE IMPORT PROCESS

1-. Signing into Sectoral Registry

Only if estimated price is below 5 days.

2-. Issuance of Previous License

### DURING IMPORT PROCESS

3-. Domestic Tax Interest Guarantee Construction

### AFTER IMPORT PROCESS

4-. Taxation (as usual)

## II. SIGNING INTO REGISTRY

Anyone intending to import merchandise into our country, must be registered as a natural or legal person at the Tax Administration Service. (Customs Law, article 59, section IV)

- Mandatory since April 1st ,1996
- For specific sectors: starting January 10th , 2003
- Textile and Apparel Sector mandatory since March 1st 2015, could be requested starting January 1st.

### III. SIGNING INTO REGISTRY

Electronic Procedure:  
[www.sat.gob.mx](http://www.sat.gob.mx)

The system will verify the data

Time of response: 15 days

Handbooks available at the Tax Administration Service's Website

Requirements established in:

Annex 1 "Procedural Instructions to register at the Importers Registry and / or Importers Registry of Specific Sectors, according to Rule 1.3.2."

➤ General Regime for Legal Persons

➤ Legal Persons with no lucrative activities

➤ Tax Consolidation Regime

➤ Regime for Natural Persons conducting Enterprise and Professional Activities

➤ Regime for Agricultural Farming, forestry and fisheries Activities

➤ Regime for Corporate Groups

➤ Coordinated Regime (highway carrier) legal person

In compliance with their tax obligations

Registered in the Federal Taxpayers Registry, in any of the Authorized Regimes

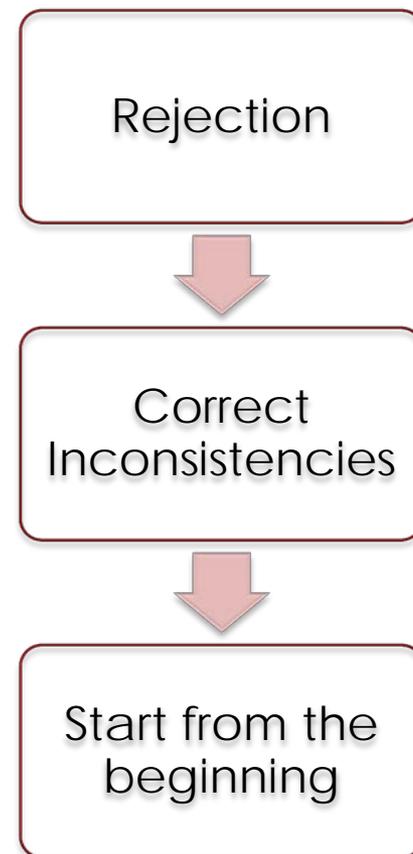
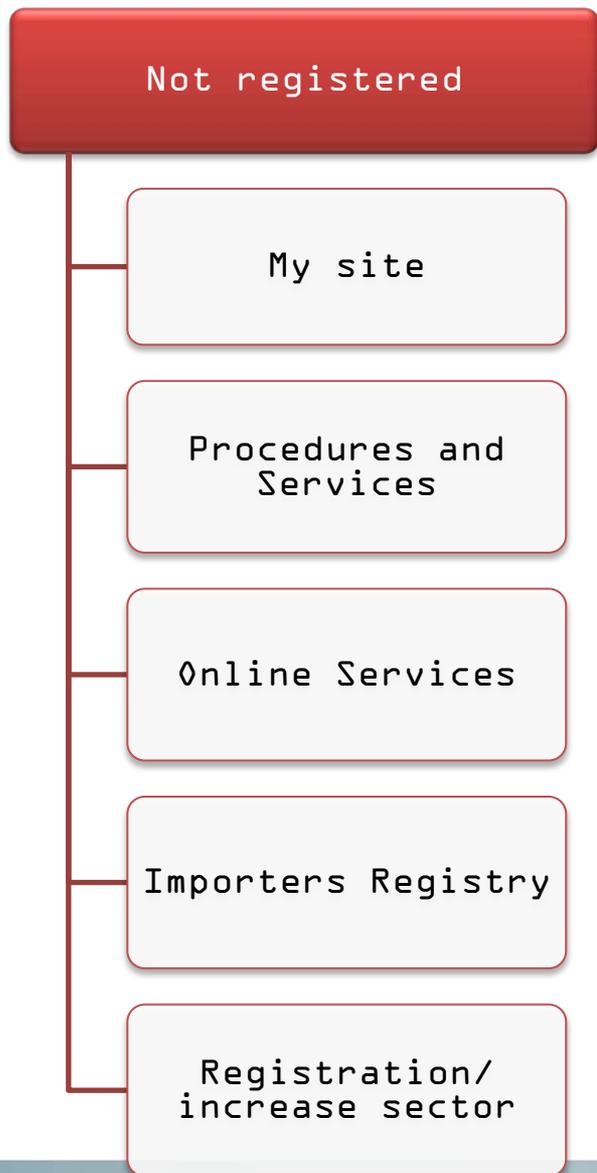
Customs Broker's are Assigned

Tax residence and taxpayer, located or to be verified



## Specific Requirements of Sector 11 “Textiles and Apparel”

- ❖ Compliance of the General Requirements
- ❖ Free form written letter under oath (with headings), containing the full name and RFC of the partners, shareholders and legal representatives
- ❖ An opinion on the tax compliance of the Legal person, partners, shareholders and legal representatives
- ❖ Do not appear in the published list of article 69 t 69-A of the Federal Fiscal Code, except for section IV, article 69 of the same Code
- ❖ Evidence of the email's update for tax mailbox purposes
- ❖ Free form written letter under oath (with headings) indicating the address of the warehouses and branch offices
- ❖ Free form written letter under oath (with headings) indicating the name, RFC and Social Security Number of the taxpayer's employees. And in case it is for a third party, indicate the company name and RFC



Certified Companies:  
in VAT and Excise Tax  
on Production and  
Services: Simplified  
registration  
procedure



## IV. COST ESTIMATE

□ It refers to minimum cost calculated by the Secretary of Finance and Public Credit regarding certain finished products, with the purpose of identify risk operations of values lower, which can be imported providing a warranty for the difference of taxes

Resolution that provides the mechanism to guarantee tax contributions payment regarding merchandise subject to estimated prices by the Secretary of Finance and Public Credit, published in the Official Journal on February 28th 1994 and its subsequent amendments.

Resolution that amends and discloses Annex 4 incorporating textil and apparel December 29th 2014 and came into force on February 2nd, 2015. Jan 30

Incorporates  
the Textile  
and Apparel  
Sector



## Exceptions

- Exempt from paying the General Import Tax (art'61 Customs Law)
- For shipments with a value not exceeding \$ 1,000 USD.
- For passengers operations not related to luggage and franchise.
- For companies who dismantle used motor vehicles (Border Region's Rule)
- Exempt from paying the General Import Tax according to the **Tariff of the General Import and Export Taxes Law** or to **International Agreements**

## V. TEXTILE AND GARMENT INDUSTRY IMPORT AUTOMATIC LICENSE

Allows to obtain information beforehand the import process of Textile and Garment Industry merchandise: Correct tax classification, Country of Origin and Value.

- **General Consideration For License Submission:**

- a) Automatic license applies only to definitive import customs regime
- b) 730 tariff codes corresponding to Textile and Garment sector are liable to automatic license
- c) Applied when estimate price is below unit price.
- d) Automatic import license is submitted by: Harmonized Tariff Number, Merchandise description, Unit Price, Country of Origin.
- e) Automatic Import license is valid for 60 calendar days.

**NOTE:** \* According to the Ministry of Economy there are 734 published Harmonized Tariff Number, however only 730 are subject to estimate price to the SHCP, reason why only those apply for automatic import license.

# TEXTILE AND GARMENT INDUSTRY IMPORT AUTOMATIC LICENSE

- PROCESS OF OPERATION



The importer registers the Automatic Import License in the VUCEM, and immediately receives the license number

5 DAYS



Passes and sent electronically the Import license number to the SAT.



Gives view to the SAT and performs risk analysis



The importer validates the Automatic Import License and is allowed the clearance of the merchandise at customs.

NOTE: If the import is done by sea, additionally you must submit the export document issued by the customs authority of the exporting country and the insurance contract of maritime transport. As well as the due Spanish translations.



## VI. GUARANTEE CONSTRUCTION

### CUSTOMS WARRANTY ACCOUNT

- Deposits made to Financial Institutions in order to guarantee the payment of taxes and duties which might arise from importing merchandise with a value below the estimated price according to the rules set up by the Secretary of Finance and Public Credit, as well as during the internal or international transit of merchandise or in cases where tax credits are determined by customs authorities.



# Customs Broker

- Entry summary Form:
- Identified "Warranty Accounts"
- Proof of deposit or warranty

- Simplified bill of lading
- Proof of deposit or warranty
- Other related documents(article 36-A Customs Law)

# Customs Office

IMPORTER		CONSIGNEE	
NAME	...	NAME	...
ADDRESS	...	ADDRESS	...
CITY	...	CITY	...
STATE	...	STATE	...
COUNTRY	...	COUNTRY	...
COMMODITY		COMMODITY	
DESCRIPTION	...	DESCRIPTION	...
HS CODE	...	HS CODE	...
QUANTITY	...	QUANTITY	...
UNIT	...	UNIT	...
VALUE	...	VALUE	...
CURRENCY	...	CURRENCY	...

# Financial Institution

- Opening an account:
- Deposit into Customs Warranty Accounts
- Irrevocable contingent credit line
- Referenced account
- Trust Fund

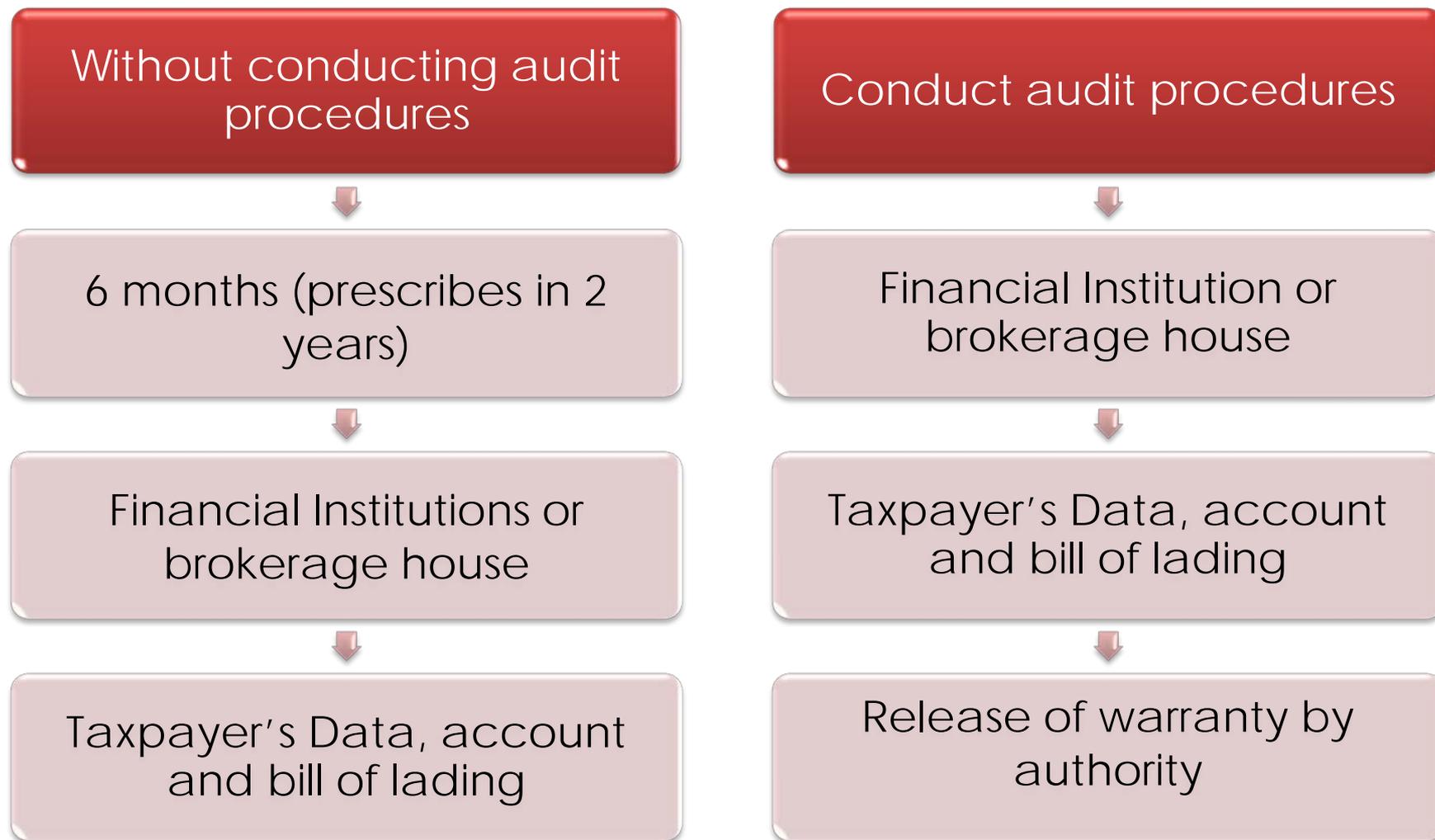


## Customs Office will review

- Original Certificate (printed in triplicate) or printed (electronically)
  - The amount of the Certificate
  - The taxpayer data is the same in the bill of lading and certificate
  - Hold on to the certificate
- 
- A individual Customs warranty account should be applied per customs document
  - In the process of definition of the requirements for global warranties (6 months)



## Warranty's Release and Cancellation



## VII AUDITS

During the audits it should be prove that the values have not been altered, it should be consistent with the tax declarations.

The audits are selected considering risk criteria.

The process of an audit last, usually one year.

## VII. ADDITIONAL INFORMATION

On the SIICEX webpage there is a link with all information related to the Textile And Garment Industry Import Automatic License Scheme

<http://www.siicex.gob.mx/portaSiicex/PEXIM/Textiles/Textiles.htm>



The screenshot displays the SIICEX (Sistema Integral de Información de Comercio Exterior) website. At the top left, the logos for the Secretaría de Economía (SE) and the Mexican National Seal are visible. The main title is 'Sistema Integral de Información de Comercio Exterior (SIICEX)'. Below this, there is a navigation menu with links: 'Comercio Exterior en Cifras', 'Siceteca', 'Tarifa', 'Boletín', '¿Sabías qué...', and 'Lo del mes...'. The breadcrumb trail reads 'Inicio > Permisos y Avisos > Permiso Automático Textil'. A search icon is located to the right of the breadcrumb. The main heading is 'Permiso Automático de Importación de Textil y Confección'. Below the heading is a collage of images related to textiles and garment manufacturing, including fabric rolls, sewing tools, and finished garments. On the right side, there is a green 'CONTENIDO' (Table of Contents) button, followed by a list of menu items: 'INTRODUCCIÓN', 'NORMATIVIDAD', 'PREGUNTAS FRECUENTES', 'ORIENTACIÓN A USUARIO', 'REGISTRO DE SOLICITUD', and 'MANUAL DE USUARIO'.

THANK YOU!

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