

# New requirements on the Report for Tax Purposes, in connection with Transfer Pricing

**Fiscal Division**  
April 2009, Alert

## Alert

### Dear friends and clients:

On February 20 the Tax Miscellaneous Rules for 2008 were published in the Official Gazette, in these rules, schedule 16 was published. This schedule requires that Taxpayers and Registered Public Accountants disclose detailed information with regard to transfer pricing, when a Report for Tax Purposes is prepared, and this information is detailed in the requested information (Annexes 5, 34, 34-1 and related questionnaire). This information will provide more elements to the Tax Authorities to identify possible contingencies originating from this topic, thus increasing the tax supervision process.

The required information in the Report for Tax Purposes is summarized below:

- Taxpayers' information on all transactions with related parties for taxable year 2008, as well as the

related transfer pricing study in accordance with the Mexican Income Tax Law (MITL - articles 86 paragraphs XII and XV, 215 and 216) and the Flat Tax Law (IETU - article 18, paragraph III)

- Disclose and specify information, based on the transfer pricing documents according to segmented financial information; proposed adjustments; use of first method of Comparable Uncontrolled Price (Article 216 paragraph I of the MITL) for the analysis of each intercompany transaction, as well as information relative to the cost of sales on transactions with related parties, as functional, contractual, and asset analysis.
- With respect to transactions with related parties, additional information needs to be disclosed in connection with pro-rata expenses, financial transactions, and thin capitalization.
- The Federal Tax Registration Number of the person or persons



- (off counsel) who prepared, or advised on the information referred to in the MITL and IETU.
- Also, information shall be provided, in connection with the filing of the Informative Report on Transactions with Related Parties resident abroad, on a timely basis, as well as a declaration with regard to any discrepancies found in the Transfer Pricing Study in connection with information found in such study, as well as figures reported on Schedule 34 of the Report for Tax Purposes.
  - In the case of In-Bond activities (Maquila), information on the computation process of any of paragraphs I, II, subparagraphs a) and b) or III, used to comply with Article 216-bis of the MITL, need to be disclosed.

**Based on all of the above, it is important to underline that the requirements to comply, with the transfer pricing rules for Mexican related parties becomes more imminent based on the new requirements for 2008 Report for Tax Purposes, as well as the requirements stated in article 18 paragraph III of the IETU.**

Finally, it is important that taxpayers who enter into transactions with local related parties, anticipate possible contingencies by obtaining a transfer pricing study, before the report for tax purposes becomes due, to avoid a qualified opinion, thus avoiding a red flag for the tax authorities.

The above information allows us to inform in a broad sense the new requirements set forth in the Report for Tax Purposes with respect to transfer pricing, should you require additional information, please refer to our Publications in Spanish in our web page [www.ssgt.com.mx](http://www.ssgt.com.mx)

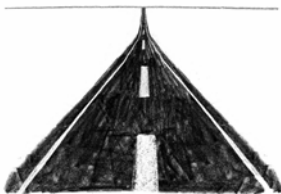
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