
INTERNATIONAL TAX PLANNING

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MEXICO'S CORPORATE FLAT TAX REGIME

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Mexico has introduced a new corporate flat tax regime, effective January 1, 2008, which operates independently from the regular Mexican income tax system. Any Canadian company with operations in Mexico should appropriately incorporate the workings of this new tax regime into its overall budgeting, tax return, and instalment compliance processes, and ensure that its tactical planning takes into account the interaction of the existing and new regimes.

This article is intended for those who advise Canadian companies about business operations in Mexico. As with any novel system, some issues will not become apparent immediately. However, this preliminary explanation will provide basic awareness of the workings of the new tax regime and enable Canadian advisers to have appropriate discussions with their Mexican counterparts about its application and planning implications.

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