



Mexico: Temporary Imports For Trade Shows

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Summary

Mexico is an important and a strategic market for American exporters. The increasing importance of Mexico can be seen in the growing calendar of trade events, trade fairs and major trade shows. One of the most successful channels to obtain information, find new suppliers, start business relationships and learn about various industries is to attend local trade shows. The most attractive part of the trade show is the possibility to see the machinery and the equipment working on site.

Trade Fairs and trade shows offer some of the best opportunities to understand the Mexican market and to find potential trade partners. A trade show offers the opportunity to see potential new costumers and the real possibility to sell equipment and machinery during the days of the trade shows.

This market research focuses on the basic procedures for U.S. companies who ship products and equipment to a Mexican trade show. This report touches on some Customs topics, and explains the necessary steps to follow to enter machinery and equipment made in the U.S. to Mexico for trade events.

Exporting Logistics

Once the American company chooses the trade show in which to participate in Mexico, the company should take note of the following information in preparation for exhibiting:

Get in touch with the trade show organizers. In most cases, the show organizers make arrangements to bring merchandise into Mexico via a single freight forwarder. It is recommended that the U.S. exhibitor use the channels set up by the trade show organizers to get their merchandise into Mexico. Many of the show organizers have a strategic plan that includes logistics, transportation and the services of specialized customs brokers.

If this is not an option, a company needs to make its own arrangements. In this case, the U.S. exhibitor requires a customs broker, and a Mexican legal figure called “reponsable solidario” that is a Mexican sponsor/ support, in order for the American company to introduce the equipment into Mexico. In this case the show organizer could be used as a “reponsable solidario”

Since the importations are commercial, they must use a Mexican customs broker. Arrangements should be made before shipments leave the United States. Companies should note that if they have equipment, and they do not declare them to Mexican Customs, the goods could be considered to have fraudulently entered Mexico and could be seized by Mexican Customs.

Customs Brokers, Mexican Importers

A customs broker licensed by Mexico's Secretaría de Economía (Secretariat of Economy) and Administración General de Aduanas (Mexican Customs Agency) must submit the Pedimento de Importación (Customs Entry Form) and all supporting documents to the Mexican Customs Agency at the port of entry. The broker must have a power of attorney from the importer (your Mexican customer).

The customs broker is responsible for submitting all paperwork and paying all duties and taxes. In the case of any mistakes, such as improper tariff classification due to submitting incorrect information, the customs broker is liable. However, frequently the customs broker will pass on any of these costs to the customer. It is important to provide complete and accurate information to the customs broker, and to verify that the broker has everything needed to have your export products properly assessed.

During the import process the customs broker calculates the applicable duties and taxes, pays them at a commercial bank located at the port of entry, and submits proof of payment together with all of the export documentation for review of a Mexican Customs Agent. Once everything is in order, the customs broker receives approval and the shipment is released.

Goods imported into Mexico must be imported by an accredited importer listed on the "Padrón de Importadores" maintained by the Secretariat of Finance and Public Credit (Secretaría de Hacienda). In addition, Hacienda maintains special sub sector registries (PROSEC).

Prior to exporting to a customer in Mexico, an American exporter should confirm with the customer that their Mexican importer knows if the product is subject to PROSEC, and if so that the importer is properly registered and on the related sector list.

*Note: The Mexican government published a decree on March 31, 2008, that facilitates the foreign trade and the Customs procedures. This decree relaxed some of the "PROSEC" requirements

Definite vs. Temporary Imports

Mexican foreign trade tax laws have established five Customs regimes to import equipment into Mexican territory. However in the case of trade shows, it is important to know these three regimes:

1. **Definite Imports** – goods imported into Mexico that are expected to be used in Mexico and not re-exported. It is defined as the entry of foreign source merchandise intended to remain in national territory for an unlimited time. Importers under this regime must pay tariffs and/or any other countervailing duties, and shall comply with all other non-tariff regulations, restrictions and Customs clearance formalities. Pursuant to: Articles 96, through 101 under the Customs Law.
2. **Temporary Imports** – goods imported into Mexico on a temporary basis. This is the case for American equipment and machinery that will be exhibited during the trade shows. A temporary Import is the entry of merchandise into the country that will only enter for a limited time and for a specific purpose, provided that it will return abroad in the same condition established under the Customs. The document to carry out temporary import operations is the "pedimento", which must be filled out with the applicable codes for this type of importation. Pursuant to: Articles 104, 106 through 112 under the Customs Law.

- Tax Deposit** – This regime consists of the storage of foreign or domestic merchandise in general deposit warehouses authorized to render this service pursuant to the General Law of Credit Organizations and Auxiliary Activities. The convention centers or the places where a trade show takes place have the possibility to be a TAX DEPOSIT / Recinto Fiscal. In addition, the general deposits are authorized by the Customs authorities. This procedure is undertaken once the tariffs and/or countervailing duties are determined. Additionally, merchandise may be stored for longer period as required (as long as a storage agreement exists and the service is paid) or it may be extracted partially from the warehouse. Marketing of the merchandise on tax deposit is also a possibility. It is worth mentioning that not all merchandise may be classified under this regime. Pursuant to: Articles 119, 120, and 123 under the Customs Law.

The valuation and taxation of definite imports is straightforward. But in the case of temporary imports this is more complicated, and those intending to send temporary imports to Mexico should understand how the various regimes work so that they can take advantage of preferential treatment under them.

In order to facilitate and expedite temporary importation into Mexico, it is helpful to plan ahead. Most temporary imports require the services of a Mexican Customs broker and may involve the posting of temporary import bonds (TIBs). The 15 percent Value Added Tax (IVA) for Mexico does not apply to temporary imports.

Temporary imports should not pay tariffs or countervailing duties, unless they are introduced under a duty deferral, duty drawback, maquiladora, or IMMEX programs. All other obligations regarding non-tariff regulations and restrictions as well as customs clearance formalities of the merchandise under this regime should be fulfilled. Pursuant to: Articles 104, 106, and 108 through 112 under the Customs Law.

Required Documentation

All imports into Mexico require a “Pedimento de Importación” (Customs entry authorization), an invoice in Spanish and a bill of lading. To qualify for preferential tariff treatment under NAFTA, a NAFTA Certificate of Origin must also be included.

At a minimum, U.S. exporters of equipment and products to Mexico must affix a label to each package of the product prior to its entering the country. All the information on the label must be in Spanish and include the following information:

- Brand name
- Producer name and address
- Exporter name and address
- Country of origin
- Importer name, address and RFD number (taxation number)
- Product description in Spanish
- Product description in English
- Preparation and handling instructions
- Net weight in metric units
- Date of expiration
- Ingredients
- Special Warnings

- Instructions sheet
- Power of attorney
- Contact person and e-mail address

The exhibitor/shipper is responsible for the preparation and forwarding of two sets of export documents. One set is for the temporary import of all associated materials that will be returned to the U.S after the show. The second set covers the permanent importation of brochures, “give-a-ways” and items to be sold at the show. These items are subject to duties as prescribed by Mexican custom laws.

Once the broker has approved your documents, it is important that no additions or deletions be made to the shipment. Any problems due to improper documentation, piece count, weight, value, etc. could subject the shipment to delays or it could possibly miss the show altogether.

Selling Equipment During a Trade Show. Changing the Import Status.

The show day comes and the American exporter is exhibiting machinery made in the U.S. at a major show in Mexico. A potential customer is fascinated with the equipment’s performance and asks if it is for sale.

This is a real possibility during a trade show. What is the process to follow? Is it possible to sell the equipment to a Mexican customer, if the equipment entered as a temporary import?

The answer is **yes**, it is possible to sell the exhibited equipment. The exhibitor should ask the Customs broker to make the change in the status from “temporary” to “definitive” import. This is a relatively straight forward process in that the same Customs broker can handle all the procedures. The Customs broker is going to replace the first “pedimento” (Customs entry authorization document) and provide a new one to the Mexican Customs authority, notifying the change of regime. The cost for change in status is the sum of taxes and the import tariff applicable to the equipment plus the Customs broker’s fee. The time that it takes to conclude this operation depends on the Customs broker, but it is not uncommon that in one day the paperwork can be in order. Pursuant to: Article 101 under the Customs Law.

This report is based on the latest information available as per official Mexican Customs policies and is designed to provide general information. However, given the changing nature of trade regulations, companies who will be exhibiting at a trade show in Mexico are encouraged to check their exhibitor manuals/ and or consult with show Freight Forwarders or Customs Brokers if there are specific questions.

Resources & Contacts

United States Commercial Service in Mexico

www.buyusa.gov/mexico/en/

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Confederation of Custom Brokers Associations of the Republic of Mexico (CAAAREM)

www.caaarem.org.mx

TRADE SHOWS

http://www.buyusa.gov/mexico/en/trade_events.html

For More Information

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