

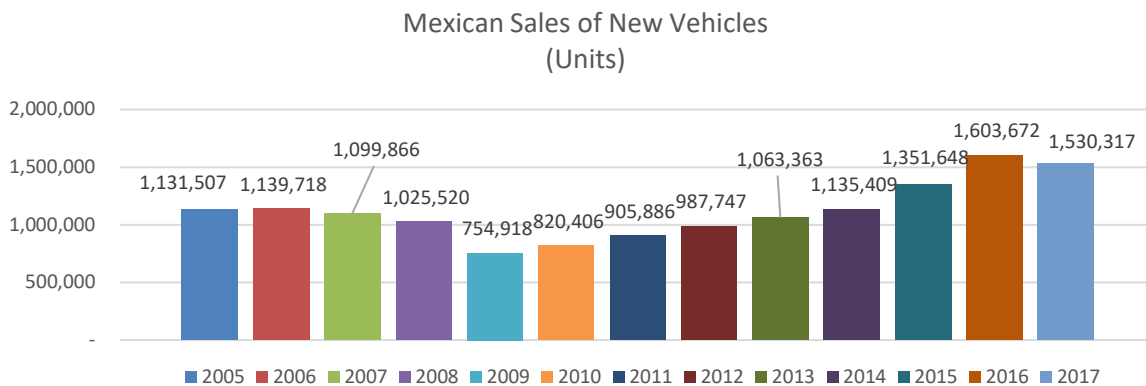
January 2018

## Summary

In accordance with the current NAFTA rules, since 2009, any used vehicle older than 10 years could be imported into Mexico from the United States duty-free. However, new decrees issued by Mexico have effectively decreased the number of used vehicle imports due to regulations and additional requirements. These measures were adopted in response to concerns raised by local governments and private vehicle associations in Mexico regarding older used vehicles. Some of the issues include older vehicles with higher emissions, stricter fuel efficiency standards, higher maintenance costs, poor mechanical conditions, decreased sales of new cars as well as the inherent difficulty in tracking and identifying older used vehicles involved in criminal activities or road violations. The combination of these factors and others forced the Mexican government to enact requirements to control the importation of older used vehicles. Per the current NAFTA requirements, by 2019, Mexico can no longer adopt or maintain prohibitions or restrictions on the imports of used vehicles from the United States. However, the Mexican government extended these requirements through March 31, 2019.

## Market Demand

While Mexico has done extraordinarily well in vehicle production, with three million units per year, this growth has not been reflected in the local automobile market, indicating that the majority of new vehicles are produced for export. Mexican sales of new vehicles reached 1.5 million in 2017, which represented a four percent decrease compared to the 2016 totals. Domestic sales are picking-up and have significantly surpassed pre-recession numbers since 2005.

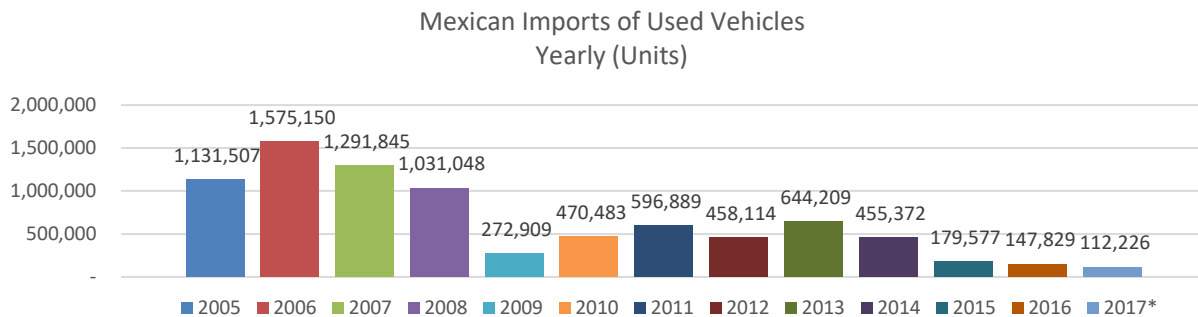


Source: Mexican Association of Dealers (AMDA) and Mexican Association of Automotive Industry (AMIA)

There are still some challenges ahead, including high interest rates, higher taxes, and increased competition which have made the market more price-sensitive for new vehicles. Today, sixty-eight percent of new cars are purchased on credit. Due to recent fiscal reforms, Mexico's value added tax (VAT) is now applicable at a rate of 16 percent throughout the country. As of 2015, the vehicle acquisition tax (ISAN) is applicable to all new and used vehicles with a minimum value of USD14,062 dollars.

Over the 2013-2017 period, the importation of used vehicles decreased by eighty-three percent, reaching over one hundred thousand units. To date, over eight million used vehicles have been imported into Mexico since 2005. Today, a private individual can import one used vehicle for his/her own use without an import license but it is still mandatory

to comply with the current regulations and restrictions as per the recent decrees that evolved into a more complex import process. Companies can import more than one used vehicle but are required to obtain an import license and follow the current regulations and restrictions to import the vehicle as per the aforementioned recent changes.



2017\* January - November(available)

Source: Mexican Association of Automotive Industry (AMIA)

## Market Data

Recent statistics show an estimated 31 million passenger vehicles currently in use in Mexico. In Mexico City and the metropolitan area there are an estimated of 9.5 million vehicles with 57 percent of them registered in Mexico City and the surrounding Estado de Mexico which comprises 18 municipalities. On average, passenger vehicles are replaced every 12 to 15 years in Mexico. Around 12 percent of Mexican vehicles are 11-15 years old, 19 percent are 16 to 20 years old, and 38 percent are 21 years old or more.

## 2015 Used Vehicle Decree

Effective April 7, 2015, the Mexican government keeps in force the entry allowance of used vehicles from the United States and Canada, only if the importer falls into these two categories:

**Persona Fisica:** Private individuals can import one used vehicle during a twelve-month period without the requirement of registering with the “Padron de Importadores”, which is Mexico’s official importers’ registry. Once imported, vehicles must be registered in accordance with the Public Vehicle Registry Law (Repuve). If they need to import more than one used vehicle, they must be registered with the “Padron de Importadores” and have a RFC number (Federal Taxpayer’s Registration).

**Persona Moral:** Companies or proprietors can also import one used vehicle in a twelve-month period without the requirement of registering with the “Patron de Importadores”, which is Mexico’s official importers’ registry. They can import an unlimited number of used vehicles as long as they are signed up at the “Padron de Importadores”. In addition, they are mandated to provide import records on a monthly basis to the Mexican Government Entity for Taxation (SAT).

### Requirements for Importers

- ✓ Obtaining a Customs Agent (affiliated to custom of entry of vehicle)
- ✓ Bill of Lading for permanent import for each car with the appropriate code per Appendix 2 and Annex 2
- ✓ Invoice stamped “shipper export” by US customs
- ✓ Reference Price
- ✓ Brand, make and model year
- ✓ NIV (Vehicle Identification Number) along with a visible digital picture
- ✓ RFC (Federal Taxpayer’s Registration)
- ✓ CURP (Unique Population Registry Code - Personal ID Number)

- ✓ INE (Official Elections Voting and ID card)
- ✓ Proof of Address including zip code
- ✓ Vehicle must be physically driven so as to pass customs
- ✓ \*IGI payment (General Import Tax)
- ✓ Preferential Duty as per FTA
- ✓ \*VAT payment (Value Added Tax) 16 percent
- ✓ \*DTA payment (Custom's Paperwork Fee)
- ✓ Payment through wire transfer / check
- ✓ \*ISAN (vehicle acquisition tax) showing on the bill of lading

ISAN is applicable to imports of used vehicles with varying deduction amounts. Those with a value of USD14,062 dollars, are assessed a two percent tax. Vehicles valued between USD16,544 to USD25,312 are assessed a tax ranging from five to 17 percent in plus additional taxes ranging from USD281 to USD1,546. Cars valued at more than USD38,830 will apply a maximum deduction of USD38,795 with a two-tiered tax calculation. More information about ISAN tax rates and vehicle codes can be found - Annex 15 in this link: [http://www.sat.gob.mx/informacion\\_fiscal/normatividad/Paginas/2018/rmf\\_2018.aspx](http://www.sat.gob.mx/informacion_fiscal/normatividad/Paginas/2018/rmf_2018.aspx)

Importers of used vehicles are required to post a guarantee representing any difference in duties and taxes if the declared customs value is less than the established reference price. Otherwise, if a lower valuation can be formally justified or proven, the importer is reimbursed within a period not exceeding three months. Reference prices can be found at the below link, as per the decree of December 27, 2016.

[http://www.dof.gob.mx/nota\\_detalle.php?codigo=5467690&fecha=27/12/2016](http://www.dof.gob.mx/nota_detalle.php?codigo=5467690&fecha=27/12/2016)

Regarding the IGI tax, the methodology has changed. Used vehicles are no longer included as they are already assessed the ad-valorem tax based on the October 7, 2017 regulations - details can be found at:

[http://www.sat.gob.mx/aduanas/importando\\_exportando/guia\\_importacion/Paginas/contribuciones\\_que\\_puedan\\_causarse\\_con\\_importacion.aspx](http://www.sat.gob.mx/aduanas/importando_exportando/guia_importacion/Paginas/contribuciones_que_puedan_causarse_con_importacion.aspx)

If the used vehicle's VIN indicates that it was manufactured in the United States, Mexico or Canada, it will not require a permit for importing from the Secretary of Economy, or a Certificate of Origin to be imported into Mexico.

**Vehicles under harmonized code numbers:** 8701.2002, 8702.10.05, 8702.90.06, 8704.21.04, 8704.22.07, 8704.23.02, 8704.32.07, and 8705.40.02 which include used vehicles for gasoline, diesel, passenger, trucks and tractors. Customs offices of entry for used vehicles are: Ciudad Juarez, Piedras Negras, Reynosa, Matamoros, Mexicali, Nogales, Nuevo Laredo, Veracruz and Tijuana with operational hours now on from 8:00 am to 13:00 hrs.

**Rest of the Country:** Both importer categories "Personas Físicas or Morales" can import used vehicles which are allowed eight to nine years old but will be assessed a 10% ad-valorem tax.

**Border Zone:** Both importer categories "Personas Físicas or Morales" with location in the border zones including Baja California Norte and Sur, Sonora (Cananea and Caborca), can import used vehicles if five to nine years old with one percent ad-valorem tax. If used vehicles are 10 years old with a 10% ad-valorem tax.

### Import Restrictions

Used vehicles which, due to their condition are restricted or prohibited from circulating in their own country of origin, will also be prohibited from importation into Mexico. Used vehicle restrictions also apply to the following conditions, some of which may be indicated on the vehicle's deed of title:

- Parts only
- Assembled parts
- Total Loss (except those with deed of title "salvage", "clean", "rebuilt" or "corrected").
- Dismantlers
- Destruction

- Non-repairable
- Non rebuildable
- Non-street legal
- Flood (except those with deed of title "clean", "rebuilt" or "corrected").
- Junk
- Crush
- Scrap
- Seizure / forfeiture
- Off-highway use only
- Water damage
- Not eligible for road use
- Salvage category whenever these types: except those with deed of title "clean", "rebuilt" or "corrected".
- DLR (Dealer License Requirement) Salvage
- Salvage - parts only
- Lemon salvage
- Salvage letter - parts only
- Flood salvage
- Salvage Cert-Lemon Buyback
- Salvage Certificate - No VIN
- Salvage Title w / No Public VIN
- DLR / Salvage Title Rebuildable
- Salvage Theft
- Salvage Title - Manufacture Buyback
- Court Order Salvage Bos
- Salvage / Fire Damage
- Salvage with Replacement VIN
- Bonded Salvage
- Watercraft Salvage
- Salvage Katrina
- Salvage Title with Altered VIN
- Salvage with Reassignment
- Salvage Non-Removable
- Stolen (only when the deed of title indicates it was recovered and valid status)
- Frame Damage
- Fire Damage
- Recycled
- Crash Test Vehicle

#### Customs Agent's Obligations:

The Customs Agent must request the original title from the importer and verify that it doesn't contain any of the above categories that the document is altered and contains no corrections, erasures, or anything that could lead to believe the document was modified or is a counterfeit. Moreover, after verifying the document, it is mandatory to attach copy of bill of lading (containing an electronic signed) and submit it on line along with the following handwritten notation on the document: "I hereby formally affirm that this document is a true copy of the original". Confirm the vehicle's country of origin through chambers or associations and establish that the vehicle to be imported has not been stolen, damaged, suffered a crash, is restricted or forbidden from circulating in their own country of origin. In addition, the Agent should verify that the vehicles meet these conditions through the websites maintained by companies authorized by the Mexican General Customs Administration (AGA) and which provide background information and records for imported used vehicles. The Agent should provide a copy to the importer where the NIV appears. This measure applies only to vehicles from the United States whose model year is less than 30 years from importation's date. He/she should provide the following information:

- a) Verify that the vehicle has not been stolen, total loss or rescued.
- b) Deed's date and record number
- c) NIV Decodification and accuracy as per the Bill of Lading

- d) Legal vehicle import - Bill of Lading registered at SAAI (<https://aplicacionesc.mat.sat.gob.mx/PEA/login.aspx>)
- e) Customs certification and bar code as per Appendix 17 - Annex 22 must appear on the import bill of lading
- f) Code and Bill of Lading, as well as RFC or Curp for the importer
- g) Odometer mileage statement
- h) Physical - mechanical inspection record
- i) Vehicle emissions report
- j) License Plate Number

The source of information from the country of origin should have online capability for SAT to verify that the vehicle is not stolen. Likewise, the importer should take a digital picture of the NIV and attach it to the bill of lading. It is also important to verify that the vehicle is not stolen in Mexico by consulting the Mexican Public Vehicle Registry (REPUVE) at <http://www.repuve.gob.mx>.

In order to comply with Mexican standards for emission controls as per NOM-041-SEMARNAT-2015 for imports of used vehicles, some more additional regulations were put in place. The last decree notification issued on December 28, 2017 indicates that these measures will be effective until March 31, 2019 or until further notice. Agents need to ensure that they present a certified vehicle emissions report showing the certificate number and must keep a copy for their record, including a digital NIV picture. The customs agent must ensure the documentation matches the vehicle's original documentation. In addition, there should be space on the report to affix the dimensional bar code required (the Quick Response Code, or QR). Additional information must include the owner's name, the NIV, the country of origin, misfire monitoring, catalyst monitoring, fuel system monitoring, oxygen sensor monitoring, comprehensive catalyst monitoring, the date and results of the test.

Applicable Decrees can be accessed on the following links:

February 14, 2005

[http://www.dof.gob.mx/nota\\_detalle.php?codigo=786726&fecha=14/02/2005](http://www.dof.gob.mx/nota_detalle.php?codigo=786726&fecha=14/02/2005)

August 22, 2005

[http://www.dof.gob.mx/nota\\_detalle.php?codigo=2089827&fecha=22/08/2005](http://www.dof.gob.mx/nota_detalle.php?codigo=2089827&fecha=22/08/2005)

April 26, 2006

[http://www.dof.gob.mx/nota\\_detalle.php?codigo=2154846&fecha=26/04/2006](http://www.dof.gob.mx/nota_detalle.php?codigo=2154846&fecha=26/04/2006)

February 1, 2008

[http://www.dof.gob.mx/nota\\_detalle.php?codigo=5029320&fecha=01/02/2008](http://www.dof.gob.mx/nota_detalle.php?codigo=5029320&fecha=01/02/2008)

December 24, 2008

[http://www.dof.gob.mx/nota\\_detalle.php?codigo=5075762&fecha=24/12/2008](http://www.dof.gob.mx/nota_detalle.php?codigo=5075762&fecha=24/12/2008)

January 26, 2009

[http://www.dof.gob.mx/nota\\_detalle.php?codigo=5078407&fecha=26/01/2009](http://www.dof.gob.mx/nota_detalle.php?codigo=5078407&fecha=26/01/2009)

July 1, 2011

[http://www.dof.gob.mx/nota\\_detalle.php?codigo=5198960&fecha=01/07/2011](http://www.dof.gob.mx/nota_detalle.php?codigo=5198960&fecha=01/07/2011)

January 31, 2013

[http://www.dof.gob.mx/nota\\_detalle.php?codigo=5286296&fecha=31/01/2013](http://www.dof.gob.mx/nota_detalle.php?codigo=5286296&fecha=31/01/2013)

August 29, 2014

[http://www.dof.gob.mx/nota\\_detalle.php?codigo=5358231&fecha=29/08/2014](http://www.dof.gob.mx/nota_detalle.php?codigo=5358231&fecha=29/08/2014)

April 7, 2015

[http://www.dof.gob.mx/nota\\_detalle.php?codigo=5388003&fecha=07/04/2015](http://www.dof.gob.mx/nota_detalle.php?codigo=5388003&fecha=07/04/2015)

December 31, 2015

[http://www.dof.gob.mx/nota\\_detalle.php?codigo=5421975&fecha=31/12/2015](http://www.dof.gob.mx/nota_detalle.php?codigo=5421975&fecha=31/12/2015)

June 7, 2016

[http://www.dof.gob.mx/nota\\_detalle.php?codigo=5440157&fecha=07/06/2016](http://www.dof.gob.mx/nota_detalle.php?codigo=5440157&fecha=07/06/2016)

January 27, 2017

[http://www.dof.gob.mx/nota\\_detalle.php?codigo=5470117&fecha=27/01/2017](http://www.dof.gob.mx/nota_detalle.php?codigo=5470117&fecha=27/01/2017)

December 18, 2017

[http://www.dof.gob.mx/nota\\_detalle.php?codigo=5508123&fecha=18/12/2017](http://www.dof.gob.mx/nota_detalle.php?codigo=5508123&fecha=18/12/2017)

December 28, 2017

[http://www.dof.gob.mx/nota\\_detalle.php?codigo=5509594&fecha=28/12/2017](http://www.dof.gob.mx/nota_detalle.php?codigo=5509594&fecha=28/12/2017)

## Resources & Contacts

Mexican Association of Dealers (AMDA)

<http://www.amda.org.mx>

Mexican Association of the Automotive Industry (AMIA)

<http://www.amia.com.mx>

Secretariat of Interior (SEGOB)

<http://www.dof.gob.mx>

Mexican Customs (Aduana Mexico)

<http://www.aduanas.sat.gob.mx>

## For more information

The U.S. Commercial Service in Mexico City can be contacted via e-mail at: [monica.martinez@trade.gov](mailto:monica.martinez@trade.gov); Phone: 011-52-55-5080-2000 x 5218; Fax: 011-52-55-5566-11115 or visit our website: <http://www.buyusa.gov/mexico>

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