



# México

Tourism Board

## **0% VAT FOR INTERNATIONAL CONGRESSES, CONVENTIONS, FAIRS AND EXHIBITIONS**

*Technical brochure for use and application*



SECRETARÍA DE  
TURISMO

SECTUR



**SAT**

Servicio de Administración Tributaria  
SECRETARÍA DE HACIENDA Y CREDITO PÚBLICO

# 0% VAT

FOR INTERNATIONAL

CONGRESSES,

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FAIRS AND EXHIBITIONS

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## 1.- What is 0% VAT for International Congresses , Conventions, Fairs and Exhibitions?

It is the possibility to calculate a 0% VAT for international congresses, conventions, fairs and exhibitions when these are carried out by foreign meeting planners.

This means that those events organized by foreign companies shall not be imposed the VAT corresponding to the services specified in the Miscellaneous Tax Provisions Act.

The Miscellaneous Tax Provisions Act published on May 30, 2005 increases the supplementary services, among which, the most representative is the inclusion of meals and beverages provided on a group basis to attendants at the involved congress or convention.

The denominated "incentive trips" granted as performance award to some persons or due to any other reason, independently from the denomination or name designated thereto are not yet comprised in the items of this rule.

## 2.- What was the VAT taxed on such events?

Up to December 2003, all these events were taxed a 10% VAT in border zones and 15% in the rest of the country. Since January 1st 2004, the calculation rate is 0%.

## 3.-What are the benefits of the 0% VAT?

**\*\*More purchasing power**, since the foreign meeting planner has from 10% to 15% more purchasing capacity to contract more and improved services.

**\*\*More events**, since it benefits our country with improved conditions to compete with other leading countries in this sector, such as: U.S.A., Spain, Canada, Brazil, Argentina, etc .

**\*\*Higher economic apportionment**, since it not only has repercussions on the increase of the number of events, but also increases the number of foreign attendants to the events and facilitates a more prolonged stay in our country.

**\*\*More work positions**, since the development of this segment contributes to the tourism industry in general, which represents 5.5% of the total remunerated occupancies in the country.

#### 4.- To whom is the 0% VAT transferred?

- \* Foreign tourists or businessmen who participate in a congress, convention, fair or exhibition.
- \* Foreign meeting planners.

#### 5.- By means of what corporations is the 0% VAT implemented?

- \* All hotels and motels registered in the Internal Revenue Service (IRS) (Servicio de Administración Tributaria (SAT)) such as hotel service exporting companies.
- \* Venues, such as convention and show centers, registered in the IRS (SAT) such as convention and exhibition services exporting companies.

In order to be registered in the IRS (SAT), hotels, motels, convention centers and venues shall submit their application to the Taxpayer Assistance Local Administration (Administración Local de Asistencia al Contribuyente) that may correspond to the related tax domicile, though the official R-1 form "Application to Register in the Federal Taxpayer Registration" ("Solicitud de inscripción al Registro Federal de Contribuyentes) or by means of the R-2 form "Notice to Federal Taxpayer Registration. Modification to tax status" ("Aviso al Registro Federal de Contribuyentes. Cambio de situación fiscal"), as applicable.

#### 6.- Requirements for the operation of events.

##### 6.1 In case of a foreign meeting planner:

- 1 Contact a hotel, motel or venue registered in the IRS (SAT) as hotel, convention and exhibition service exporting company.
- 2 Request the application of the 0% VAT for the event to be held.
- 3 Celebrate a service contract, in writing, with each of the show, venues, hotels and motels, stipulating the following:

- \* Name of the related event.
- \* Starting and ending dates of the event.
- \* Address of the location where the event will take place.
- \* All services to be provided during the event.  
(See numeral 7 of this document).

4 Pay the services set forth in the contract by means of a credit card issued abroad or through a wire transfer from financial institutions located abroad.

#### 6.2 In the case of a hotel or motel:

- 1 You must be registered in the IRS (SAT) as a hotel exporting company.
- 2 Celebrate a service contract, in writing, with the meeting planner, stipulating the following:
  - \* Name of the related event.
  - \* Starting and ending dates of the event.
  - \* Address of the location where the event will take place.
  - \* All services to be provided during the event.  
(See numeral 7 of this document).
- 3 Obtain and keep a simple copy of the following documentation from foreign tourists or businessmen:
  - \* Migratory form obtained upon their admission in the country to participate in the involved congress, convention, fair or exhibition duly stamped by the migratory authorities and in force during the term of the event.
  - \* Passport or, as the case may be, a copy of the birth certificate of those persons to whom the services are provided.

- \* Registration book of guests where the related name and signature has been filed.

Note: 0% VAT shall not be transferred to foreign tourists or foreign businessmen who do not have all the documentation previously mentioned.

- 4 Receive and keep the service voucher. The payment may only be received through:
- \* Credit card issued abroad: either from the foreign meeting planner, foreign tourists or businessmen. In this case, you must keep a copy of the promissory note covering the rendered services.
  - \* Wire transfers from financial institutions located abroad: hotels or motels may receive the payment for the rendered services by means of the wire transfer to their accounts in credit institutions, stock exchange brokers, from financial institutions located abroad. In this case, you must keep the statement of account showing the respective movement.

The hotel services and similar services contracted by means of travel agencies may be paid by the latter in the name of the foreign tourists or businessmen, either through:

- \* Pay-self check with the legend "credit to the beneficiary account" on its front side, or
- \* Wire transfer to accounts of credit institutions or stock exchange brokers. In both cases, the hotel or motel shall keep the statement of account containing the respective movement.

Note: In all cases, the invoice with the VAT transferred at 0% shall only be issued by the hotel or motel.

### 6.3 In case of a venue:

- 1 You must be registered in the IRS (SAT) as a convention and exhibition service exporting company.
- 2 Celebrate a service contract, in writing, with the meeting planner, stipulating the following:
  - \* Name of the related event.
  - \* Starting and ending dates of the event.
  - \* Address of the location where the event will take place.
  - \* All services to be provided during the event.  
(See numeral 7 of this document).
- 3 Receive and keep the service voucher. The payment may only be received through:
  - \* The organizer credit card issued abroad: In this case, you must keep the statement of account containing the respective movement.
  - \* Wire transfers from financial institutions located abroad to an account in credit institutions or stock exchange brokers in Mexico in the name of the venue. In this case, you must keep the statement of account containing the respective movement.

In the event that the temporary use of the convention and exhibition centers and supplementary services are contracted through organization service providers to carry out the events, these may be paid by the mentioned intermediaries, provided that:

- 4 The payment and issuance of the service voucher is made in the name of the foreign meeting planner, by means of each of the following payment forms:

- \* Pay-self check with the legend “credit to the beneficiary account” on its front side.
- \* In both cases, the venue shall keep the statement of account containing the respective movement

Note: In all cases, the invoice with VAT transferred at a 0% rate shall only be issued by the venue.

#### 6.4 In case of a foreign tourist or businessman:

- 1 Register in the registration book of the event to be able to receive the benefit of the 0% VAT.
  - 2 Deliver a copy of the corresponding documentation to be applied the 0% VAT.
- \* Migratory form obtained at the time you entered into the country to participate in the related congress, convention, fair or exhibition, duly stamped by the migratory authorities and in force during the term of the event.
  - \* Passport or, as the case may be, a copy of the birth certificate of those persons to whom the services are provided.
  - \* Registration book of guests where the related name and signature has been filed.

### 7.- What are the services to which the 0% VAT is applicable?

#### 7.1 In case of a hotel or motel:

Only the hotel and similar services, as well as the supplementary services described below:

### Hotel and similar services:

- 1\* Accommodation.
- 2\* Two-way transportation to the hotel from bus stations, ports and airports.
- 3\* Meals and beverage services are included in the hotel services if these are provided in the tourist packages integrating them, provided that these are contracted by the foreign meeting planner and are provided on a group basis within the hotel or motel to Congress or convention attendants.
- 4\* The period comprised in these hotel and similar services is from two nights prior to the starting date of the related event up to two nights after its completion.

### Supplementary services:

- |   |                                 |
|---|---------------------------------|
| 1* Mounting.  | 2* Registry of attendants.      |
| 3* Masters of ceremonies.   | 4* Translators..                |
| 5* Aides-de-camp.   | 6* Audiovisual projection.      |
| 7* Communication by telephone or radio and connection to Internet.                          | 8* Visual or sound recording .  |
| 9* Photography.   | 10* Use of computing equipment. |
| 11* Recorded and live music.  | 12* Decoration.                 |
| 13* Security.   | 14* Cleaning.                   |
| 15* And in case of venues, the meals and beverages provided on a group basis to attendants. |                                 |

### As long as it is:

- 1\* Stipulated in the clauses of the contract celebrated in writing with the foreign meeting planner.
- 2\* Provided within the hotel, motel or venue facilities, and
- 3\* Billed through the hotel, motel or venue.

### 7.2 In case of a venue

Solely the supplementary services described in the above table. Therefore, in this case the prior and subsequent period of the event set forth in the hotel and similar services does not apply.

## 8.- Glossary

**Congress:** Professional meeting held in order to discuss and carry out a professional, cultural, sportive, religious, social, government or academic exchange of ideas and knowledge concerning a subject of interest.

**Convention:** Guild or entrepreneurial meeting held in order to take into consideration commercial issues among the participants regarding a market, product or trademark.

**Fair:** Trade or culture event that joins members of an entrepreneurial, professional or social sector, organized with the purpose to present products or services.

**Exhibition:** Showing of products or services that concur in a specific area in order to commercialize them and promote businesses.

**Incentive trip:** An award to people as a result of their performance or due to any other reason, independently of the designation or name granted thereto. Up to date, the 0% VAT does not apply to this kind of events.

**Meeting planner:** The institution, association, entity or company in which takes place the convention, congress, fair or exhibition regardless of the fact that such persons are aided by organization service providers to carry out the events.

### Supporting documents.

Article 29, item VII of the Value Added Tax Law.

Rules 5.6.5., 5.6.6. y 5.6.7. of the Resolution on the Miscellaneous Tax Provisions Act 2005, published in the Federation Official Gazette on May 30, 2005.

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