

# RITCH

## M U E L L E R

### June 1, 2020 – VAT rules on digital services come into force

On June 1, 2020 new value-added tax (“VAT”) regulations for digital services provided by non-Mexican residents will come into effect.

New Chapter III BIS of the VAT Law establishes a new tax regime applicable to the following digital services when rendered by non-Mexican tax residents: (i) download of information (images, movies, text, music, games, among others); (ii) intermediation between third parties that supply and demand goods and services; (iii) online clubs and dating websites, and (iv) remote teaching, including exercise lessons.

Digital services will be deemed rendered in Mexican territory whenever: (i) the recipient of the digital services provides a Mexican address; (ii) the payment in respect of the digital services is carried out through an intermediary in Mexico; (iii) the IP address of the recipient of the digital services is in Mexico, or (iv) the recipient of the digital services provides a Mexican telephone number.

The non-Mexican tax resident digital service providers rendering digital services in Mexico must comply with new obligations, including, among others, obligations requiring them to: (i) register in the Federal Taxpayers’ Registry (*Registro Federal de Contribuyentes*); (ii) obtain an electronic signature (*e.firma*); (iii) designate a legal representative and a domicile in Mexico; (iv) compute and pay VAT, monthly; (v) issue tax invoices, and (vi) provide quarterly information to the Mexican tax authorities regarding the digital services rendered.

Should you require additional information in respect of the new VAT regulations on digital services or their application, do not hesitate to contact Oscar A. López Velarde ([olopezvelarde@ritch.com.mx](mailto:olopezvelarde@ritch.com.mx)) or Santiago Llano ([sllano@ritch.com.mx](mailto:sllano@ritch.com.mx)), partners of the Tax practice at Ritch Mueller.

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