# Revision History

<table>
<thead>
<tr>
<th>Date</th>
<th>Revision Notes / Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>14-Mar-2019</td>
<td>Updated to include 2019 rules for Border VAT</td>
</tr>
<tr>
<td>22-Oct-2015</td>
<td>Updated best practice VAT</td>
</tr>
</tbody>
</table>
Disclaimer

The Concur Global Template consists of Expense configurations designed to support the most commonly known configuration and statutory requirements for supporting T&E best practices. The system includes support for specific statutory requirements based on our understanding of "common interpretation" gathered from our experience of in-country legislation through the deployment of Concur into this market. The Country Template represented in this guide is intended to provide customers with a starting point to aid in the deployment of their T&E solution, and should in no way be construed as tax or compliance advice for your business. The template configuration may need to be adjusted to match the requirements of your business, and any legal or statutory requirements should be confirmed with your company’s tax accounting and/or compliance departments before being authorized for configuration into your Concur Expense system.

Updates

Rates and/or regulatory requirements provided as part of the Templates are not guaranteed to be up to date, so any information provided should always be verified by the customer against the current government regulations. Updates are applied through on-going partnership with in-country Concur product marketing teams, liaison with implementing customers, and through collaboration across the various Concur implementation teams deploying in these countries.

The timing of updates can vary by country and feature. For example, certain countries provide regular annual updates to statutory travel allowance and mileage rates, while the rates in other countries are less frequently updated. VAT rate updates are typically less frequent or predictable and can occur at any time and are quite often dependent on broader economic situations. Tax authorities do however typically provide advanced warning where VAT rate or rule changes come into effect to allow businesses time to prepare.

Every effort is made to ensure that where updates are known to Concur that these are applied to the latest version of the template in a timely fashion. Where updates have been applied these will be reflected in any available template documentation.
# Table of Contents

**Best Practice VAT Configuration Options** .......................................................... 5  
VAT Considerations ........................................................................................................ 5  
Definition of an Original VAT Invoice ........................................................................ 5  
Expense Types with Special VAT Handling ................................................................. 6  
Active Expense Types with no VAT Calculation ........................................................... 7  
Non-Domestic VAT ........................................................................................................ 8  
Exclusions ....................................................................................................................... 9  
Expense Types Not Activated ....................................................................................... 9  
**Mexico Deductibility** ............................................................................................ 10  
**Travel Allowance** .................................................................................................... 11  
**Mileage Rates** ........................................................................................................... 12  
Personal Car Mileage .................................................................................................... 12  
Company Car Mileage .................................................................................................. 12
Best Practice VAT Configuration Options

VAT Considerations

The intention is to pre-configure the VAT (known as IVA in Mexico) within the Template environment using pre-configured elements to support the statutory VAT requirements in Mexico. This will assist with ensuring that users enter the correct information before auditing to ensure compliance with the tax regulations for reclaiming VAT.

Concur will provide recommended best practices for configuring the environment for Mexico based on the following model:

- **Best Practice configuration options** - specific data entry fields and audit rules to control compliance before the expense claim is audited or processed.

- **3 Receipt Types** (Tax Receipt, Receipt and No Receipt – typically updated through Localization as Factura, Comprobante, and Sin Comprobante). VAT is reclaimable/deductible based on the Receipt Type of Tax Receipt.

- **3 VAT Rates** - VAT on expenses is calculated based on one General flat rate of 16%, except for Airfare which includes an International flat rate of 4%.
  - General/Domestic Airfare - 16%
  - Border Transactions – 8% (effective from Jan-1-2019)
  - International Airfare – 4%

- **As of Jan-1-2019 Mexico re-introduced a reduced VAT for transactions close to the border, with a rate of 8%.

- **Provide links within the Company Information panel in “My Concur” to the Mexico Government Tax web site to assist users:** [www.sat.gob.mx](http://www.sat.gob.mx)

Definition of an Original VAT Invoice

The following are mandatory items that a valid Mexico VAT Invoice should contain:

- a consecutive number in a logical order
- date of issue of the invoice
- the time of supply and the time of (pre)payment, where they differ from the date of the invoice
- the supplier’s name, address and Mexico VAT registration number
- the customer’s name and address
- the customer’s VAT identification number in case of services and goods supplied to Mexico VAT registered customers
- quantity and a clear description of the goods or services
- the net value for each item and any discounts applicable
- applicable VAT rate per item
- the total VAT amount payable, total net value and total VAT per rate
- indications of any VAT exemption or reverse charge
Expense Types with Special VAT Handling

Special VAT conditions and data entry requirements for which it is suggested we include special pre-configured tax handling in the template system.

**NOTE:** Where the user is given the option of a VAT drop-down list, this field will be configured on the **Tax Form** so that a value is required.

**Airfare**

There are various VAT rates depending on whether the flight arrival city is International or Domestic. In order to assist in providing the necessary information to calculate VAT on Airfare the user will be required to select from the following options in a drop-down field:

- International Airfare
- Domestic Airfare

Based on the selection of the value the system will calculate the VAT. Based on the selection of the Receipt Status the system will calculate whether the VAT is reclaimable.

Re-label the VAT Subtract from Gross field on the Airfare expense form to TUA (an airport tax). TUA is subtracted from Gross for the VAT calculation on Airfare.

**Border Expenses**

To assist in providing the necessary information to calculate VAT for expenses incurred near to the border, the Entry Form for all expense types (except for Airfare) requires the user to declare the rate of VAT that the expense was subject to (i.e. the receipt includes 16%, 8% or 0% VAT treatment). This takes the form of a simple drop-down field which is required for the user to complete that includes the following values:

- General (16%)
- Border City (8%)
- Exempt (0%)

Based on the selection the system will calculate the VAT. Based on the selection of the Receipt Status the system will calculate whether the VAT is reclaimable.

**Meals**

To assist in providing the necessary information to calculate VAT the user will be forced to itemize all meals expenses. An expense type “Tips/Gratuities” will be available as part of an Itemization Wizard to enable the user to declare the gross amount (inclusive of VAT) spent on tips as part of the meals expense. The system then apportions the remainder (after tips have been itemized) as a separate itemization booked to the meals expense type.
Active Expense Types with no VAT Calculation

- Bank Fees
- Entertainment – Clients
- Entertainment – Staff
- Miscellaneous
- Newspapers/Magazine/Books
- Non-Business Calls
- Passports/Visa Fees
- Personal Car Mileage
- Professional Subscriptions/Dues
- Public Transport
- Taxi
- Tips/Gratuities
- Train
- Tuition Reimbursement

**NOTE:** Customers who wish to activate these expense types for VAT must request this via their Implementation Consultant.
Non-Domestic VAT

VAT Reclaim for Deployed Overseas Countries

Currently we only configure VAT reclaim for Domestic transactions as standard. To support Non-Domestic reclaim for countries other than your home country would require configuring VAT for all possible countries of destination, which is too much work to maintain and configure.

The alternative approach should be to instruct customers that where they deploy to multiple countries (business hubs) Concur is then able to setup the Tax Conditions within each configured Tax Authority to support overseas reclaim for those countries included in the deployment. In other words, reclaiming VAT for employees incurring VAT applicable transactions overseas where the destination is one of the countries within the deployment scope can be supported. This is because the Tax Authority and Configuration for that country is already setup for Domestic Reclaim.

Example: A customer is deploying to Mexico, UK and Germany who wants to reclaim overseas VAT. Concur will already be configuring VAT for Mexico, UK and Germany, so an additional task is required to setup the VAT for those countries to include employees who claim transactions in either of the other 2 countries. So a Mexico employee travelling to UK and Germany can also have their expense tracked for VAT reclaim.

NOTE: The main consideration in this approach is where the entry forms for one country (Mexico) do not include fields used by the other country’s tax configuration. For example, in Germany there are specific data fields required to validate the VAT for Domestic employees. Provided all entry forms were setup to include all fields relevant for these expenses for any country of destination this approach could be feasible.
**Exclusions**

Special VAT conditions for which it is suggested we do not include special tax handling conditions.

None

**Expense Types Not Activated**

The following are a list of standard Expense Types not activated for Mexico:

- Alcoholic Beverages
- Company Car Mileage
- Currency Exchange Fees
- Ex Pat Expenses
- Medical Fees
- Relocation Expenses

*NOTE: Customers who wish to activate these expense types must request this via their Implementation Consultant and if applicable must be included in VAT calculations.*
Mexico Deductibility

Mexico Deductibility is very complex and cannot be supported within the current application. We will collect the parameter values and provide them in the SAE to assist the client in developing an external solution.

Below are expenses types that are associated to a **Tax Form** that has a required field with a drop-down list selection of Local or Traveling.

- Business Meals (attendees)
- Breakfast
- Lunch
- Dinner
Travel Allowance

In Mexico there are no statutory per-diem rates provided by the Government. Best practice is for employees to reclaim actual expenses.

**NOTE:** If customers wish to deploy a Company Specific Travel Allowance, this will require working with your Concur Implementation Consultant to scope the additional configuration work required.
Mileage Rates

Personal Car Mileage

Personal Car Mileage in Mexico is not pre-configured

Company Car Mileage

No statutory Company Car Mileage rates are configured as part of the Global Template for Mexico.