

Service

Tax Concierge 2023

TAX CONCIERGE carries out the withholdings of the Income Tax in full adherence and compliance with what is established in the tax legislation in Mexico, such as: The Income Tax Law and the publication in the Official Gazette of the Federation (by its acronym DOF) of December 27, 2022 “ANNEXES 1,5,8,15,19,26 AND 27 OF THE MISCELLANEOUS FISCAL RESOLUTION FOR 2023, PUBLISHED IN THE EVENING EDITION”, and this is stated in the Withhold Certificate that we issue to you, which complies with the requirements established in tax matters (Federal Tax Code: articles 29 and 29-A of said ordinance) to verify that you are paying the aforementioned tax as imposed in Mexico.

In this regard, we must specify that in Mexico we have the principle that the tax laws that impose a burden on taxpayers, that indicate exceptions and establish fines and sanctions are strictly applied, as established in article 5 of the Federal Tax Code; therefore, if we do not comply exactly with what is imposed by said tax laws, both for the payment of taxes as well as the documentation that proves this, we would be both the host (owner of a property in our country put into hosting service) and our company being creditors a fine and sanction by the authority, which in our country is known as a tax credit, which in our experience is sometimes unpayable.

It is very important to clarify that the withholdings made by AIRBNB are at its discretion, and not strict application, since no legal system establishes the percentage retention that is charged regardless of the income you earn, therefore, said platform what it is offering you is a tax savings strategy and not the legality and certainty of the correct payment of your taxes, so we do not omit to let you know that these practices in our country are punishable, as established in article 199 of the Federal Tax Code:

Article 199 . A reportable scheme is considered any scheme that generates or may generate, directly or indirectly, obtaining a tax benefit in Mexico and has any of the following characteristics: obtaining a tax benefit in Mexico

...

V. Involve a resident abroad that applies an agreement to avoid double taxation signed by Mexico, with respect to income that is not taxed in the country or jurisdiction of tax residence of the taxpayer. The provisions of this fraction will also be applicable when said income is taxed at a reduced rate compared to the corporate rate in the country or jurisdiction of tax residence of the taxpayer.

Being American citizens and entering into a contract with a platform of Irish origin (Airbnb), they do not have representation in Mexico (country where their property is located and is made available to the hosting service), this for legal and tax purposes, for that you are in a state of defencelessness before any review and requirement by the tax authority in Mexico; due to the above and derived from the tax reforms in our country, it becomes necessary for foreign residents to have representation in legal and tax matters in Mexico, so that said representation is in charge of paying the taxes corresponding to the who are obliged in Mexico (for the lodging of their property) and can accredit these in their country of origin, this in accordance with the **AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED MEXICAN STATES AND THE GOVERNMENT OF THE UNITED STATES OF AMERICA TO AVOID DOUBLE TAXATION AND PREVENTING FISCAL EVASION IN THE MATTER OF INCOME TAXES AND ITS PROTOCOL, PUBLISHED IN THE OFFICIAL GAZETTE OF THE FEDERATION (DOF). ON FEBRUARY 3, 1994, UPDATED BY THE PROTOCOLS THAT MODIFY THEM, PUBLISHED IN THE DOF ON JANUARY 25, 1996 AND JULY 22, 2003.**

Said representation will be included in the execution of the Mercantile Commission Contract entered into between the Host and our company **TAX CONCIERGE**, the same company that will be in charge of making the payment of taxes corresponding to the host before the tax authority in Mexico.

To accurately and effectively prove that you have already paid your tax in Mexico and thus be able to take advantage of the international treaties entered into between our country and your country of tax residence to avoid double taxation, the only way you have to do it is to have a Withhold Certificate that complies with all those requirements established in the Mexican laws and that they record the due and correct tax withholding, as offered by our company, it is important to let you know that you consider that whoever offers you a minor withholding (not justified by law) and does not give you a valid receipt, it is not protecting and supporting you to be able to invoke the treaty to avoid double taxation (indicated above), on the contrary, you are being part of the commission of a crime in tax matters, so you can be bothered in your person and assets, since said crime is punishable in a pecuniary way and with prison.

We know that in Mexico tax obligations are confusing, complex, and entangled, since the amounts and formulas for tax withholdings are contained in tables with percentages and operations that are difficult to understand, as is the one applicable to this case:

Lower limit \$	Upper limit \$	Fixed fee \$	% To be applied on the lower limit surplus
\$0.01	\$368.10	\$0.00	1.92%
\$368.11	\$3,124.35	\$7.05	6.40%
\$3,124.36	\$5,490.75	\$183.45	10.88%
\$5,490.76	\$6,382.80	\$441.00	16.00%
\$6,382.81	\$7,641.90	\$583.65	17.92%
\$7,641.91	\$15,412.80	\$809.25	21.36%
\$15,412.81	\$24,292.65	\$2,469.15	23.52%
\$24,292.66	\$46,378.50	\$4,557.75	30.00%
\$46,378.51	\$61,838.10	\$11,183.40	32.00%
\$61,838.11	\$185,514.30	\$16,130.55	34.00%
\$185,514.31	From now on	\$58,180.35	35.00%

For this reason, the payment of taxes is difficult to digest and understand, so the withholding percentage that must be applied is varied according to the income you obtain during the 15-day period, compared to the operation (without legal certainty) made by Airbnb when the income from the lodging service does not exceed **\$41,000.00 (FORTY-ONE THOUSAND PESOS 00/100 NATIONAL CURRENCY)** in accordance with the table shown above, the host may see savings compared to the retention made by the platform digital Airbnb; However, when the income received by the host exceeds said amount, a monetary saving will not be reflected, since the percentage of withholding of the Income Tax (ISR) would increase, and this is because the Mexican tax laws themselves so establish, however, both in both taxes the host must be certain that the payment of their taxes is being made correctly and in full adherence to the aforementioned provisions; therefore, with this you will be able to prove the payment of taxes in your country (in order to avoid double taxation of this tax) and not being fined and penalised in Mexico, since as it has been reiterated, the service offered by our company to the host has total certainty and legal legality.

Due to the aforementioned and under the protection that our expertise in tax matters has given us for more than 20 years, we are on your side, to make all this work (calculation and payment of tax) much easier to understand, this in **total attachment and compliance with Mexican laws**, since if we only offer you a monetary savings strategy we would be making you part of the crime of tax fraud, which would not only affect you in Mexico but also in your country of residence.