

Extract from the VAT Regulation of the United Mexican States

Article 58. For the effects of Article 29, Fraction IV of the Law, the abroad exploitation of services rendered by individuals or corporations residing in the country include both those rendered in Mexico and those rendered abroad.

Likewise, it is understood among other suppositions, that the services the aforementioned fraction refers to, are exploited abroad when they are hired and paid by a resident in a foreign country without any establishment in the country, provided they are paid by means of a nominative check or money transfer to the accounts of the service provider at credit institutions or stock exchange offices and the payment comes from bank accounts located in a foreign country.

Section II Filming or recording services

Article 62.- For the effects of Article 29, Fraction IV, item g) of the Law, filming or recording services are considered those where the filming or recording is destined to be projected in cinemas or television systems or to be sold or rented for commercial purposes. The mentioned services may include any of the following: wardrobe, make-up, locations, movable goods, personal services of extras, transport of persons within the country from or to the shooting or recording places; lodging in the shooting or recording places; visual or sound recording, illumination and mounting; food at the shooting or recording places; use of animals; or, transportation of filming or recording equipment within the country.

It is considered that the shooting or recording services are exported when they are rendered by residents in the country to individuals or corporations residing abroad without any establishment in the country.

Article 63.- Pursuant to the set forth in Article 29, Fraction IV, item g) of the Law, the taxpayers must meet the following requirements:

- I. To execute in writing a service contract that specifies the filming and recording services that will be rendered;
- II. To present a filming or recording service exportation notice to the Tax Administration Service, before these are rendered, together with a copy of the contract the previous fraction refers to, as well as the filming or recording program and the list of places where these will be performed.

The untimely presentation of the notice this fraction refers to will have absolutely no effect.

- III. To audit for fiscal effects their financial statements by a registered public accountant in the terms of Article 52 of the Federal Tax Code, corresponding to the calendar year the filming or recording services were rendered, and
- IV. To receive the payment of the filming or recording services by means of a nominative check from whom receives the services or by means of a money transfer to bank accounts or stock exchange houses to the taxpayer.