



Regulations for the Importation of Used Vehicles and Trucks into Mexico

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Summary

According to NAFTA, used vehicles older than 10 years were to be imported into Mexico from the United States duty-free beginning in 2009. However, new decrees were issued by Mexico, reducing imports of used vehicles into Mexico through regulations and requirements. These measures were adopted in response to concerns about older used vehicles that were raised by local governments and private vehicle associations in Mexico, such as higher pollution generation, fuel efficiency limitations, higher maintenance costs, low mechanical conditions, reduction of new car sales, as well as the inherent difficulty in tracking and identifying older used vehicles involved in criminal actions or violations. The combination of these factors and others, forced the Mexican government to put in place some requirements to control the importation of older used vehicles.

Market Demand

The following chart shows the new vehicle unit statistics per segment and the imports of used vehicles into Mexico, demonstrating the significant 70% decline of used vehicle imports in 2009 compared with 2008, due to the new requirements. Last year, imports of used vehicles declined 23.2% compared with 2011.

New Total Number of Vehicles – Automobiles and Trucks

	2011	2012	2013 (est.)
Total Units Produced	2,557,550	2,884,869	3,150,000
Total Units Sold in Country	905,886	987,747	1,086,521
Total Units Imported	873,440	898,440	923,440
Total Units Exported	2,143,879	2,355,564	2,400,000

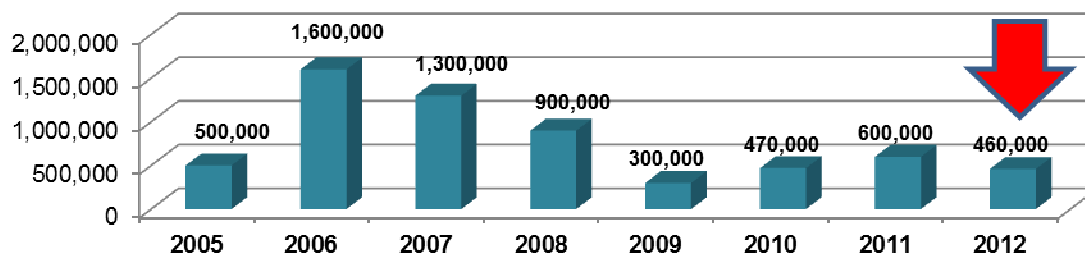
Source: Mexican Association of Automotive Industry (AMIA) and Secretary of Economy

Total Value Vehicles – Automobiles and Trucks

	2011	2012	2013 (est.)
Mexican Exports of Vehicles to the U.S.	1,362,425	1,504,364	1,644,364
Mexican Imports of Vehicles from the U.S.	3,215	3,308	3,408

Figures in USD billions

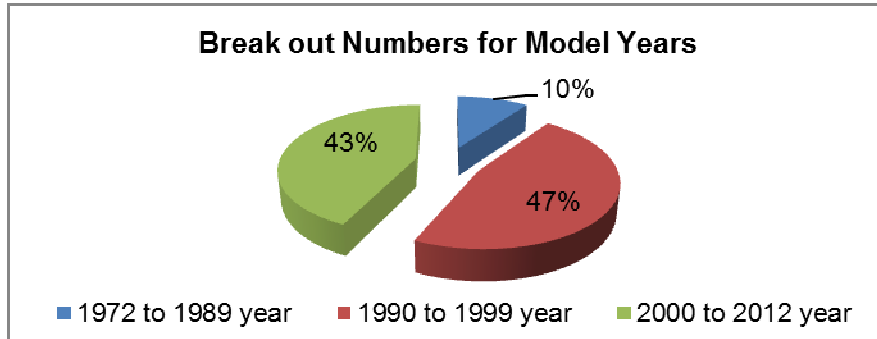
**Mexican Imports of Used Vehicles
(Million Units)**



Source: Mexican Association of Dealers (AMDA) and Mexican Association of Automotive Industry (AMIA)

Market Data

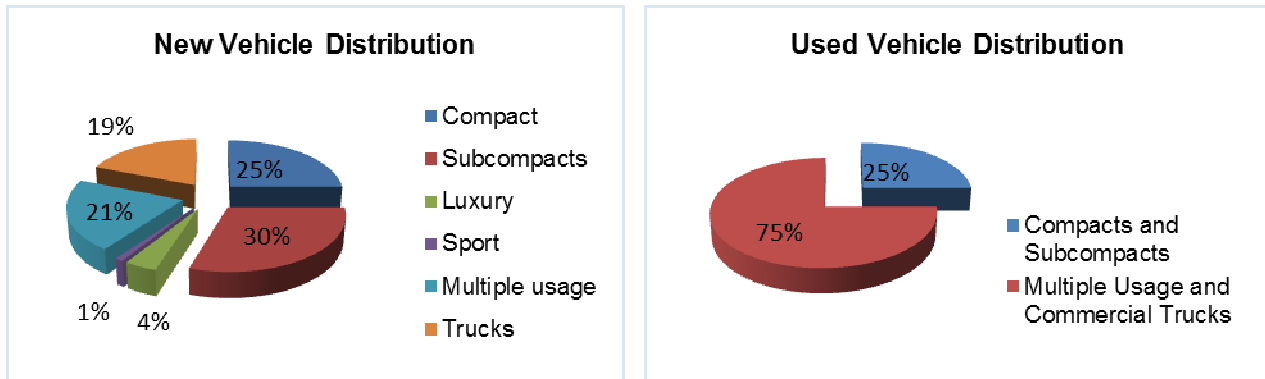
Recent statistics show an estimate of 32.7 million passenger vehicles that transit in Mexico nationwide. The average age of renovation for passenger vehicles in Mexico is 17 years old, compared to only seven years old in the United States. In total, 57% of Mexican vehicles are 10 years old on average.



Source: ARIDRA

Seventy-five percent of the used vehicles imported into Mexico are categorized as multiple-use and light trucks, while the remaining 25 percent fall into the compact and subcompact car categories. The following chart also shows the distribution of new vehicles in Mexico.

Distribution of Vehicles (New and Used)



Source: AMDA – Mexican Association of Dealers

2009 Used Vehicle Decree

Effective January 26, 2009, the Mexican government allowed entrance of used vehicles from the United States and Canada, subject to new requirements. The most significant requirements included a Vehicle Identification Number (VIN, or NIV in Spanish) confirming that the vehicle was manufactured in the United States, Mexico, or Canada. In addition, compliance with standard vehicle categories; and the payments of IVA (value added tax), ISAN (vehicle’s acquisition tax), as well as a 10% ad-valorem tax (3% for border zone*) based on reference pricing established for the given year, make, and model of the vehicle. Used vehicles destined for the border zone are only permitted if they are less than 10 years old. Those older than 5 years old but less than 10 years old are mandated to remain in that zone. Used vehicles ten years or older are permitted in the rest of Mexico.

*Border Zone includes: Baja California Norte and Sur, Sonora (Cananea and Caborca), Chihuahua, Coahuila, Nuevo Leon, Tamaulipas.

Importers of used vehicles were required to post a guarantee representing any difference in duties and taxes if the declared customs value is less than the established reference price. Otherwise, if a lower valuation can be formally justified or proven, the importer was reimbursed in a period no longer than three months. Reference prices can be found in this link, as per the decree on January 26, 2009:

http://www.ajrmexico.com/app/dof/files/01-2009/26012009_SHCP_A2PE.pdf

If the VIN of a used vehicle indicates that it was manufactured in one of the NAFTA member countries, it will not require a prior permission (license or authorization to legally import) from the Secretary of Economy, or a NAFTA Certificate of Origin to be imported into Mexico.

Used vehicles imported into Mexico from the United States having a non-NAFTA country of origin will be subject to a 50% duty and importation permits. In case that the country of origin has a trade agreement with Mexico that includes preferential treatment for used vehicles (e.g. Japan), then the vehicle must be imported directly from the country of origin to receive preferential treatment. Otherwise, if imported through the United States, the 50% duty applies.

Calendar year	Aged vehicles to be imported (allowed)
2009	10 years or more
2011	8 years or more
2013*	6 years or more
2015	4 years or more
2017	2 years or more
2019	any

**New Decree cancels the allowance for at least two years.*

2011 Used Vehicle Decree

Effective July 1, 2011, the Mexican government allowed entrance of used vehicles from the United States and Canada, subject to the following requirements:

Certificate of Origin issued by the vehicle manufacturer or confirmation by the exporter based on manufacturer's information. If this information is not available, the Vehicle Identification Number (VIN, or NIV) confirming that the vehicle was manufactured in the United States, Mexico, or Canada can fulfill it. Once imported, vehicles should be registered in accordance with the Public Vehicle Registry Law (Repuve), compliance with standard vehicle categories, payments of IVA (value added tax), ISAN (vehicle's acquisition tax), as well as a 10% ad-valorem tax (one percent for border zone*) based on reference pricing established for the given year, make and model of the vehicle.

**Border Zone includes: Baja California Norte and Sur, Sonora (Cananea and Caborca), Chihuahua, Coahuila, Nuevo Leon, Tamaulipas.*

Used vehicles destined for the border zone are allowed if five to nine years old with a one percent ad-valorem tax and those 10 years or older with a 10% ad-valorem tax. All categories are mandated to remain in that zone and can be imported by end-users or individuals (one vehicle per year). Used vehicles aged eight and nine years old with a 10% ad-valorem tax are permitted in the rest of Mexico for resale. Used vehicles of a condition which are restricted or prohibited from circulating in their own country of origin, are prohibited from importation into Mexico.

2013 Used Vehicle Decree (Latest)

A new decree issued on January 2013 postponed the regulation expansion to cars aged 6-10 years old for at least two years. Therefore, requirements remain as per 2011 used vehicle decree; explained above.

Classification of Vehicles Nationwide:

Used vehicles covered by the regulations might be subject to different terms, depending upon whether their destination is the border zone or the rest of Mexico. Harmonized Schedule codes for used vehicles subject to the

regulations nationwide are delineated by the Tariff Law of General Taxes for Imports and Exports (TIGIE) as follows:

- Vehicles for transporting up to 15 passengers: 8702.10.05, 8702.90.06, 8703.21.02, 8703.22.02, 8703.23.02, 8703.24.02, 8703.31.02, 8703.32.02, 8703.33.02, or 8703.90.02;
- Vehicles for transporting 16 passengers or more: 8702.10.05, 8702.90.06; highway tractors: 8701.20.02, 8705.40.02;
- Merchandise transportation vehicles: 8704.21.04, 8704.22.07, 8704.23.02, 8704.31.05 and 8704.32.07

http://www.aduanas.sat.gob.mx/aduana_mexico/2008/vehiculos/141_10039.html

Classification of Vehicles in Border Zone:

Harmonized Schedule codes for used vehicles subject to the regulations for border zone are delineated by the Tariff Law of General Taxes for Imports and Exports (TIGIE) as follows:

- Vehicles for transporting up to 15 passengers: 8702.10.05, 8702.90.06, 8703.21.02, 8703.22.02, 8703.23.02, 8703.24.02, 8703.31.02, 8703.32.02, 8703.33.02, or 8703.90.02;
- Merchandise transportation vehicles, with maximum weight capacity of 11,793 kg: 8704.21.04, 8704.22.07, 8704.31.05 and 8704.32.07

http://www.economia.gob.mx/files/marco_normativo/D136.pdf

Persona Fisica: Individuals can import one used vehicle in a period of twelve months without the requirement of signing up to the Padron de Importadores, which is Mexico's official importers registry. Once imported, vehicles should be registered in accordance with the Public Vehicle Registry Law (Repuve). If they need to import more than one used vehicle, they should be signed up in the Padron de Importadores and have a RFC (Federal Taxpayer's Registration).

Persona Moral: Companies or proprietors can import unlimited number of used vehicles as long as they are signed up at the Padron de Importadores, which is Mexico's official importers registry and have a RFC (Federal Taxpayer's Registration). In addition, they are mandated to provide import records on monthly basis to the Mexico Government Entity for Taxation (SAT).

Requirements for Importers

- Vehicle Identification Number of a NAFTA country
- *ISAN tax
- Ad-valorem Tax (10% or one percent)
- Tenencia Tax (Vehicle Usage Annual Tax)
- DTA payment (Custom's Paperwork Fee)
- Reference price: If the reference price is higher than the price listed on the shipping invoice, the seller will be required to pay a deposit for the difference. If the seller can justify that the vehicle is properly valued on the shipping document price within three months, the deposit will be returned.
- 16% IVA (value added tax) in the interior of Mexico, or 11% IVA in the border zone
- Import License (Padron de Importadores)

***ISAN Tax (ISAN Law – section 3)** for used vehicles imported both nationwide and to the border zone, the ISAN will not be applicable if the value of the vehicle does not exceed MX\$ 193,231.20. NAFTA-manufactured vehicles with a value between MX\$ 193,231.21 and MX\$ 244,759.53 will pay only 50% of the ISAN tax as referenced per vehicle model and year.

Import Restrictions

Used vehicles of a condition which are restricted or prohibited from circulating in their own country of origin, will be prohibited from importation into Mexico. Used vehicle restrictions also apply for the following conditions, some of which may be indicated on the vehicle's deed of title:

- Parts Only
- Assembled Parts
- Total Loss
- Dismantled
- Destruction
- Non-repairable
- Non-rebuildable
- Non-street legal
- Water Damage
- Flood (except when also indicated: "clean", "rebuilt", "reconstructed", or "corrected")
- Junk / Scrap / Crush
- Seizure / Forfeiture
- Off-Highway Use Only / Not Eligible for Road Use
- Salvage, when refers to the following:
 - DLR (Dealer License Requirement) Salvage
 - Salvage - Parts only
 - Salvage - Flood
 - Salvage Certificate - Lemon Law Buyback
 - Salvage Certificate – No VIN
 - Salvage Title w / No Public VIN
 - DLR / Salvage Title Rebuildable
 - Salvage - Theft
 - Salvage Title – Manufacture Buyback
 - Court Order Salvage
 - Salvage / Fire Damage
 - Salvage with Replacement Vin
 - Bonded Salvage
 - Watercraft Salvage
 - Salvage Katrina
 - Salvage Title with Altered Vin
 - Salvage with Reassignment
 - Salvage Non Removable

Source: Mexican Customs

http://www.aduanas.gob.mx/aduana_mexico/2008/vehiculos/141_15074.html

U.S. exporters are advised to work closely with their importers and Mexican custom brokers to ensure that all specific requirements are met, avoiding complications at the border.

Decrees issued per date with restrictions can be accessed in the following links:

February 14, 2005

ftp://ftp2.sat.gob.mx/asistencia_servicio_ftp/publicaciones/legislacion05/resolucion20050214.doc

August 22, 2005

ftp://ftp2.sat.gob.mx/asistencia_servicio_ftp/publicaciones/legislacion05/decreto20050822.doc

April 26, 2006

ftp://ftp2.sat.gob.mx/asistencia_servicio_ftp/publicaciones/legislacion06/decvehic20060426.doc

February 1, 2008

http://ftp2.sat.gob.mx/asistencia_servicio_ftp/publicaciones/legislacion08/impv010208.doc

December 24, 2008

http://dof.gob.mx/nota_detalle.php?codigo=5126246&fecha=24/12/2009

January 26, 2009

http://www.ajrmexico.com/app/dof/files/01-2009/26012009_SHCP_A2PE.pdf

July 1, 2011

http://www.economia.gob.mx/files/marco_normativo/D136.pdf

January 31, 2013

http://www.dof.gob.mx/nota_detalle.php?codigo=5286296&fecha=31/01/2013

Resources & Contacts

Mexican Association of Dealers (AMDA)

<http://www.amda.org.mx>

Mexican Association of the Automotive Industry (AMIA)

<http://www.amia.com.mx>

Secretariat of Interior (SEGOB)

<http://www.dof.gob.mx>

Mexican Customs (Aduana Mexico)

<http://www.aduanas.sat.gob.mx>

For More Information

The U.S. Commercial Service in Mexico City, Mexico can be contacted via e-mail at: monica.martinez@trade.gov; Phone: 011-52-55-5140-2628; Fax: 011-52-55-5566-1115; or visit our website: <http://www.buyusa.gov/mexico>

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