

Decree enacting the General Import and Export Tax Law

Mexico City, June 9, 2022

On June 7, 2022 the "*Decree enacting the General Import and Export Tax Law*" was published in the Official Gazette of the Federation ("DOF") abrogating the former General Import and Export Tax Law (for its acronym in Spanish "LIGIE") and issuing a totally new one.

In this regard, since Mexico is a member country of the World Customs Organization ("WCO"), it is mandatory to apply the amendments and recommendations to the harmonized system. Therefore, in order to be in compliance with the acquired commitments and to be aligned with the tariff schedule with its main trading partners, the Seventh Amendment of the Harmonized System Committee of the WCO was implemented through such Decree, modifying the tariff schedule of the goods traded internationally by the WCO members.

The new Law amends the classification and identification of non-living edible insects, fish by-products, crustaceans and mollusks suitable for human consumption, 3D printers, multipurpose drones, smartphones, technological waste, gases with high potential global warming, rapid diagnostic kits for certain diseases, articles for tobacco and nicotine consumption, vapers, electronic cigarettes, among others.

In this sense, 531 new tariff codes were created, 594 were modified and 243 were eliminated. The most relevant changes that we consider to be included in the new LIGIE are the following:

CHAPTER 03. Fish and crustaceans, mollusks and other aquatic invertebrates

- The addition of heading 03.09, which includes flour, powder and pellets of fish, crustaceans, mollusks and other aquatic invertebrates for human consumption, eliminating them from headings 03.05, 03.06, 03.07 and 03.08, where they were previously classified.

CHAPTER 04. Milk and milk products; birds' eggs; natural honey; animal edible products, not elsewhere specified or included

- Yogurt is added to heading 04.03., it may be concentrated or flavored or sweetened with sugar or other sweetening ingredients, fruits or other nuts, cocoa, chocolate, spices, coffee or coffee extracts, plants, parts of plants, cereals or bakery products, as long as any added substance is not used to replace, completely or partially, any milk constituent, and the product preserves the essential character of yogurt.
- Edible insects are added to heading 04.10. including edible insects, lifeless, whole or in pieces, fresh, chilled, frozen, dried, smoked, salted or in brine, as well as flours and meals of insects, fit for human consumption according to the chapter notes.

CHAPTER 15. Animal, vegetable or microbial fats and oils and their cleavage products; prepared fats and oils; animal or vegetable waxes

- Fats and oils from microbial origin are added to subheading 1516.30 and 1516.30.01.

CHAPTER 24. Tobacco and manufactured tobacco substitutes; products, whether or not containing nicotine, intended for inhalation without combustion; other nicotine-containing products intended for the absorption of nicotine in the human body.

- Products containing nicotine for inhalation without combustion; other products containing nicotine intended for the absorption of nicotine in the human body are added to heading 24.04, commonly known as vapes, electronic cigarettes, nicotine patches, among others.

CHAPTER 30. Pharmaceutical products

- Subheading 3006.93 is added, including placebos and kits for blind (or double-blind) clinical trials, intended for recognized clinical trials, offered in dose.

CHAPTER 38. Several products of chemical industries

- Subheadings and tariff codes are added for diagnostic or laboratory reagents and prepared diagnostics, or even in kits.
- Heading 38.27 is added for mixtures containing halogenated derivatives of methane, ethane or propane, not specified or included elsewhere.

CHAPTER 68. Articles made of stone, plaster, cement, asbestos or similar materials

- Various subheadings and tariff codes comprising carbon fibers, textiles and articles of carbon fibers, among others, are added to heading 68.15.

CHAPTER 70. Glass and glass products

- Additional subheadings and tariff codes are added to heading 70.19 for flat woven fabrics of closed-mesh rovings, close-mesh spunbonded woven fabrics of taffeta weave, not coated or laminated, and chemically bonded fabrics, among others.

CHAPTER 84. Nuclear reactors, boilers, machinery and mechanical devices; parts of such machinery or equipment

- Heading 84.14 now includes biological gas safety containers, even with filter.
- Subheading 8419.12 and various tariff codes are added for solar water heaters.
- Subheading 8428.70 is added for industrial robots.
- Heading 84.85 is created for additive manufacturing machines, among others.

CHAPTER 85. Electrical machinery equipment and their parts; sound recorders and reproducers, television image and sound recorders and reproducers, and their parts and accessories

- Tariff code 8541.40.04 was eliminated, which previously contemplated "Photosensitive semiconductor devices, including photovoltaic cells, whether or not assembled in modules or panels; light-emitting diodes (LED).", therefore, additional tariff codes were created (8541.42.01, 8541.4301 and 8541.49.99) in order to include "unassembled photovoltaic cells in modules or panels", "assembled photovoltaic cells in modules or panels" and "the others", providing they will be exempt from the payment of the General Import Tax ("IGI").

Following the Tax Administration Service tariff classification criteria of solar panels, new tariff codes are added, including "direct current photovoltaic generators" and "alternating current photovoltaic generators", which will be subject to the payment of 15% IGI.

CHAPTER 87. Motor vehicles, tractors, velocipedes and other land vehicles; parts and accessories thereof

- Subheadings and tariff codes are added to heading 87.01 for piston, compression-ignition (diesel or semi-diesel) tractors, tractors equipped with piston propulsion, with compression-ignition (diesel or semi-diesel) engines and with electric motors, among others.

CHAPTER 88. Aircraft, spacecraft, and their parts

- Heading 88.06 is added for unmanned aircraft with its respective subheadings and tariff codes.
- Heading 88.07 is created to cover parts of headings 88.01, 88.02 and 88.06, corresponding to "Balloons and dirigibles; gliders, gliding wings and other aircraft, not motor-powered", "Other aircraft (for example, helicopters, airplanes), excluding unmanned aircraft as defined in heading 88.06; spacecraft (including satellites) and their launch vehicles and suborbital vehicles" and "unmanned aircraft", respectively.

CHAPTER 94. Furniture; medical furniture; bedding, mattresses, mattress supports and similar stuffed furnishings; lamps and lighting fittings, not elsewhere specified or included; illuminated signs, plates and similar articles or prefabricated articles

- "Luminaires" are incorporated in heading 94.05, as well as additional subheadings and subdivisions including "lamps and other luminaires, electric, for hanging or fixing to the ceiling or wall, other than those of a kind used for lighting public spaces or thoroughfares: Designed only for use with light-emitting diode (LED) light sources", "photovoltaic electric luminaires and lighting fixtures, designed for use only with light-emitting diode (LED) light sources" and "signs, illuminated signs and nameplates, illuminated signs and the like: designed for use only with light-emitting diode (LED) light sources", among others.
- A subheading and a tariff code is created for modular steel construction units.

CHAPTER 95. Toys, games and sports equipment; parts and accessories thereof

- Games activated by coins, bank bills, bank cards, tokens or by any other means of payment, are added to heading 95.04, previously contemplated in subheading 9504.30.
- Heading 95.08 is amended to also include amusement park rides and water park attractions such as roller coasters, bumper cars, motion simulators and dynamic movie theaters, among others.

CHAPTER 96. Diverse manufactures

- Heading 96.19 is amended in order to include diapers in general, eliminating the limitation of diapers only for babies.

CHAPTER 97. Art objects, collection objects and antiques

- Heading 97.01 is expanded to include mosaics and various subheadings and subdivisions are added to cover them.
- Different subheadings and tariff code are created for heading 95.05 including collections and collection pieces that have a zoological, botanical, mineralogical, anatomical or paleontological interest; human specimens and their parts; extinct or endangered species, and their parts, among others.

The new LIGIE will become effective ten business days after the Tax Administration Service (for its acronym in Spanish, "SAT") determines that the systems used in foreign trade operations are ready to operate under the new Law, which must occur within 180 days after its publication.

It is specified that, with the effectiveness of the new LIGIE, the one published in the DOF on July 1, 2020 will no longer be in effect, for which it is established that the Ministry of Economy must publish in the DOF the Commercial Identification Numbers ("NICOs"), as well as the correlation charts of the tariff codes and NICOs of the General Import and Export Tax Law that is being issued, within 40 calendar days after the publication of said Decree.

It is established that the Ministry of Economy, along with the Ministry of Finance and Public Credit, shall publish the National Notes in the DOF within 60 calendar days after the publication of the Decree in comment.

Likewise, it is established that the Ministry of Economy and the other competent authorities must publish in the DOF the legal instruments whose content must be updated as a consequence of the enactment of the new LIGIE, within 90 calendar days after the publication of the Decree, which we consider contradictory to the enactment, since on one hand the SAT is granted with a time frame of 180 days to regularize the systems used in foreign trade operations and on the other hand, the Ministry of Economy is given a much shorter term to do so.

Finally, it is clarified that the mentions contained in other laws, regulations, decrees, agreements and other provisions of general observance, with respect to the abrogated LIGIE, will be understood to be referred to the new LIGIE.



The following link contains the official publication of the DOF for your consultation:
https://www.dof.gob.mx/nota_detalle.php?codigo=5654292&fecha=07/06/2022#gsc.tab=0

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