

A Guide to the New Complemento de Pagos in Mexican Electronic Invoicing



Introduction

A mandate that requires companies to issue a supplement for the reception of payments, or Complemento para recepción de Pagos, took effect Sept. 1. The new mandate, which the Mexican tax administration (SAT) had planned on launching in January 2018 but delayed because of technical difficulties, has a major impact on payment processing and VAT calculation in Mexico.

This document is a guide to the legal and regulatory requirements of the new supplement.



What is the Complemento de Pagos?

The Mexican Tax Code requires companies to use electronic invoices in their daily sales and purchase transactions. These invoices are known as CFDI, or Comprobante Fiscal Digital por Internet, and companies have to report them to and have them validated with a UUID by the SAT for each transaction completed. Depending on the type of transaction a company makes, there is supplementary information that it must provide to the SAT. In those situations, companies need to add supplements, or Complementos, to the CFDI.

For example, whenever a CFDI is issued by the seller and a partial payment or no payment is received from the buyer for the goods or services sold, the tax administration requires the seller to issue a supplemental electronic payment receipt that is known as the supplement for the reception of payments or “Complemento para recepción de Pagos.” That receipt is known as the supplement for the reception of payments, or Complemento para recepción de Pagos. This electronic receipt contains additional information for transmission to the SAT, including the amount of a partial payment received and a reference to the original CFDI. (Invoices for full payment up front do not require the Pagos supplement.)



What is the role of the Complemento de Pagos?

The Mexican VAT system uses cash accounting, meaning companies only pay VAT on the payments they receive immediately for their taxable sales. However, the electronic invoices sellers provide to the SAT include information on all sales, whether paid in cash, by credit or via deferred payments. That means that the number of invoices for a given month will not match the VAT amount reported to the SAT if sellers have received payments on credit or have taken late payments for previous transactions. The Complemento para recepción de Pagos bridges the information gap between the amounts of payments received and the number of transactions in a given period of time.

Content of the Complemento de Pagos

The Complemento de Pagos includes information related to:

1. Basic information for the parties involved in the transaction, including name, tax ID, tax regime, address, and the bank account number of both the issuer and the recipient of the CFDI. Information about the payment itself, including date, time, amount, form of payment, currency used and exchange rate if in foreign currency, check number or similar if used, account numbers from where the payment comes and will be deposited, tax ID of the bank where the payment is deposited, and more.
2. The digital signatures related to the payment: Electronic signature of the issuer of the payment, electronic routing number, and digital certificate. The CFDIs related to the receipt: UUID number of the main CFDIs, their serial number and folio, currency used on each of them, number of installment, method of payment, original amount due on those CFDIs, and amount of pending payment.

With the information in the Pagos receipt, the SAT has all the necessary information to track the origin and the destination of each payment. Moreover, the Pagos makes it possible for the SAT to match the amount of VAT reported and paid each month with the invoices that a company reports to the tax administration daily.

Using the CFDI with the Complemento de Pagos

Companies can issue one supplement for each payment received during a given period. However, current regulations also allow them to issue a Complemento de Pagos that includes several payments from the same customer if those payments all happened in the same month. Also, regulations allow a company to issue a single Complemento de Pagos when a customer makes a single payment that covers several CFDIs that have not yet liquidated, or cleared.

In all these scenarios, the Complementos de Pagos should provide careful detail of the CFDIs they are related to. When a seller receives partial payment within a month, the company will have the option to pay the tax immediately. When a buyer makes a single payment to liquidate several CFDIs, the seller has the option to issue a single supplement of payment that details the connection to all the CFDIs toward which the payment was made. By the same token, if a seller receives several payments during a month from the same client, the seller can issue a single supplement, indicating which CFDIs are included in that payment.

Distribution criteria for Complementos de Pagos with references to multiple CFDIs

In order to determine which CFDIs go with which payment, sellers should apply the following assignment criteria in the following order

1. If there is an explicit legal provision of public order that establishes it, the distribution should be made according to it.
2. If there is no specific legal provision, the distribution of the payments will be made following the agreement between the seller and the purchaser.
3. If there is no specific agreement between the parties, the buyer may indicate to the seller the CFDI to which the seller should apply the payment and the amount that corresponds to each receipt. That must happen within five days of the buyer making the payment.
4. In case the buyer does not indicate to the seller the CFDI(s) to which the payment will apply, the seller will apply them to the oldest outstanding CFDI(s).

Printing Complementos de Pagos

The Complemento de Pagos is mainly intended to supply transactional information to the SAT. Normally, companies send it in an XML format that is structured following the parameters set out by the SAT. The SAT provides a detailed description of the XSD files, the forms of transmission, and the portal where the SAT receives the information.

A seller can transmit the Complemento de Pagos in the same format to a customer making a payment. However, the buyer also has an option to obtain a printed representation of the supplement. In such cases, printed supplements have to comply with a series of conditions established by the law. According to Miscellaneous Rule 2018 2.7.1.7, printed supplements should contain all the information mentioned previously, plus:

1. The bar code generated according to the technical specification established in the Annex 20 or the tax number of the voucher
2. The serial number of the Electronic Seal Certificate of the issuer and SAT
3. The expression: "Este documento es una representación impresa de un CFDI" (This document is a printed representation of a CFDI)
4. The date and time of issuance and certification of the CFDI
5. An original chain of the digital certification

Deadline for remittance

A frequent source of confusion is the date when a seller should submit a Complemento de Pagos to the SAT. According to current regulations, the seller must submit the supplement by the 10th day of the month after the transaction was made. Sellers, therefore, do not need to submit Complementos de Pagos in real time.

- Sanctions ranging from 13,570.00 to 77,580.00 pesos
- Shutting down of the seller's business

However, the most important consequence of not issuing a Complemento de Pagos is that the buyer in the transaction in question will not be allowed to deduct VAT the supplement is not present. Since companies pay VAT on a cash basis in Mexico, the only way to deduct the VAT is by proving that a payment took place. The Complemento de Pagos is now the only acceptable proof of a deferred payment.

In 2017, when the SAT introduced the mandate to use the Complemento de Pagos, tax authority's guidelines established that there were three methods of payments for CFDIs: the PUE for full up-front payments, the PPD for payments in installments and the PIP for down payments and payments received in full after the release of the CFDI. The coexistence of these methods of payment proved to be complicated, and the SAT issued another guideline requiring use of the PPD option alone.

PPD is a Spanish acronym for Partial and Deferred Payments. It indicates that a payment on the Complemento de Pagos receipt is being issued is a partial or deferred payment related to a previously issued CFDI.

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