

Customer Advisory: New Mexico Bill of Lading Requirements – effective September 30, 2021 for all cross-border transportation moves

Complemento Carta Porte al CFDI / Bill of Lading Complement to a CFDI

We are contacting all our Mexico/U.S. cross-border shippers to let you know of an important new requirement to shipping your cross-border freight, which is currently in effect and will be required by Mexico law by September 30, 2021.

The Mexican government has recently issued a new fiscal control that will directly impact all commercial transportation moves in Mexico. As a means to have a greater control over the transportation sector, the Mexican government through the Secretariat of Finance (Hacienda) has issued a new requirement that will tie all cargo moves digitally to a formal digital invoice, referred to in Mexico as a CFDI, by obligating the carrier to add certain information to this electronic document in order to create a digital version of a Bill of Lading. The Bill of Lading will now be a “complement” of the digital invoice that was issued for the shipment by the Mexican carrier.

What is a CFDI?

A CFDI is a requirement of the fiscal and tax regulations in place in Mexico. Simply put, a CFDI is a digital representation of a document, for our practical purposes we'll mentioning two types of CFDI's.

- 1) **Income CFDI (most common):** In general terms, if a company (or an individual), buys a product or service from another company, an electronic copy of that transaction is reported to Hacienda through that Income CFDI. The issuer of the CFDI (the seller) and the receiver (the buyer), of said digital document can then use it for tax recording purposes. The Value Added Tax (IVA in Mexico), is a forward-looking type of tax. In other words, as the goods move up the supply chain, from say a producer to a distributor to the end user, the IVA is transferred up the supply chain. For example, the distributor of the good can deduct the IVA that was collected by the producer of that good, from the IVA he collects from the end user that ultimately bought the product. It's a self-regulating process.
- 2) **Transfer CFDI:** This serves to broaden the ownership of the goods that need to be transported within the national or foreign territory. It is important to clarify that this CFDI must not be considered as an income into the books of the entity which issues the CFDI.

What is Hacienda looking at controlling from this new reform?

One of the main objectives of this new fiscal requirement is to generate further tax revenues by having greater fiscal control over the informal transportation sector. Hacienda recently declared that by requiring a digital version of the Bill of Lading that is tied to a CFDI the Mexican tax authorities will be able to generate up to an \$7.5 billion dollars in additional tax revenues (150,000 Million MXN).

A significant amount of freight in Mexico is hauled by smaller owner-operator companies. From a tax perspective, many of these companies may or may not report their moves and their taxable income to the government thus allowing them to evade taxes. By obligating these players to generate a digital Bill of Lading (Carta Porte), that is tied or “complemented” to the fiscal electronic invoice, there will be a higher degree of control over all shipments moving in the Mexican territory. The authorities will now have the right to ask any given driver for proof of their digital Bill of Lading Complement to a CFDI. Failure to provide one can result in fines and delays.

What impacts will this have over Mexico Northbound shippers (Mexican exporters)?

The reform will have an impact on practically all shippers and the different players across the transportation supply chain. Mexican shippers will now be required to share additional information with their Mexican carrier base in order to adequately document a shipment. This will include piece count, weight, merchandise to be moved, final destination of said merchandise and in the case of International Transportation, the Pedimento associated to that move; among other things.

What impacts will this have over Mexico Southbound shippers (Mexican importers)?

Similar to what will now be required by Northbound shippers, Southbound shippers will also need to provide more detailed information regarding the freight to be moved to include (in the case of International Transportation), the Mexican Pedimento. In great part, the Mexican importer of record will be responsible in submitting to the carrier that will be performing the border crossing the required information in order to create the Bill of Lading Complement to a CFDI.

What modes of transportation does this requirement apply to?

The requirement applies to all modes of transportation crossing over the Mexico and U.S. border – truckload, intermodal and bulk.

When will the Bill of Lading Complement to the CFDI requirement come into effect?

The requirement came into effect on June 1, 2021 with a 120-day grace period – meaning the requirement will become mandatory on September 30, 2021.

Does the CFDI will show the value of the shipment?

There is no need to show the value of the shipment. As of the writing of this FAQ, the new regulation leaves this field as an optional item for the commercial transportation of goods.

What happens if I provided wrong information to the carrier to create the Bill of Lading Complement to the CFDI?

If the shipper discovers that the information provided to the carrier is incorrect and/or incomplete, corrections or revisions in the documentation can be made, even if the load is in transit. This should be



done as soon as the discrepancy has been discovered. The original CFDI will then need to be cancelled and a new one must be created, always making a reference to the first document that was issued.

As a cross-border shipper, what do I need to do to prepare for this new requirement?

The first thing you need to do is to make sure that you are working with carriers that have procedures, policies, controls and a correct tax compliance in place that guarantee that these types of changes are considered and complied with.

Your Schneider Customer Service Representative will be working with you to proactively determine any additional data needs you will need to send prior to implementation. Due to the additional data needed to schedule a pick-up, it will be important to provide the information early and accurately. Working under a pre-dispatch scenario or using a consolidated Pedimento for your outbound needs will also drive efficiencies.

What is Schneider doing to prepare for this new requirement?

Schneider works with carriers that meet strict guidelines in terms of not only security, but that are also formally registered with Hacienda. Schneider's offices in Mexico have been working very closely with our 3rd party carriers to assure that they are working towards being compliant by the required deadline. We are determining what additional information we will require from both southbound and northbound shippers, in order to comply with the additional data our 3rd party carriers and rail partners will need in order to generate the Bill of Lading Complement to the CFDI.

Have questions?

In the U.S. for over 80 years and Mexico for 28 years, Schneider is here for the long haul. We provide our cross-border shippers the expertise you need to ensure safe and compliant cross-border transportation of your organization's freight. If you have any immediate questions regarding this advisory, please reach out to your Schneider Customer Service Representative.

We appreciate your continued trust in the experts at Schneider.

Your Schneider Team

See these sources for more information:

<https://www.eleconomista.com.mx/economia/SAT-quiere-recaudar-hasta-150000-millones-de-pesos-a-traves-de-la-Carta-Porte-20210528-0075.html>

[http://omawww.sat.gob.mx/tramitesyservicios/Paginas/documentos/Instructivo de llenado del CFDI con complemento carta porte.pdf](http://omawww.sat.gob.mx/tramitesyservicios/Paginas/documentos/Instructivo_de llenado del CFDI con complemento carta porte.pdf)