

2015

RISKS OF

AUDIT TO BUSINESSES



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Owners, shareholders, and business leaders in 2015 will be at risk, when the treasury initiates its program of auditing discrepant operations through procedures for electronic control and detection of apocryphal tax receipts.

Auditing discrepancy, which in addition to an offense, constitutes a crime, is the inconsistency between a person's declared income and the expenses that he or she realizes on a daily basis.

Entrepreneurs who acquire or have acquired property or those who have put it in the name of the spouse or children or parents, those properties are the first group capable of being audited, as the treasury has realized, the main pattern of concealment of funds it is through the purchase of real estate. The treasury considers the purchase of real estate or

construction thereof, is part of the Mexican culture, which over time, has considered investing in real estate, as the best option to guard one's resources, to not lose the purchasing power of currency and to obtain appropriate gains from income.



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The cross-referencing of information in public records; the information provided by notaries, realtors and real estate agencies, will be one of the main sources for the detection of such operations, where the product of the discrepancy will be based on how such property was acquired, where the income was obtained, how it was bought, from whom it was bought and how it was paid. Donations from parents to children or grandchildren or to the ancestors, will be the target of this fiscal inspection to determine the origin of the donor.

Another source of discrepancy that will be part of fiscal inspections by the SAT in 2015, will be holding bank accounts, investments, savings, or any other, including credit and debit cards in Mexico or abroad. Many think that until the entry into force of Foreign Account Tax Compliance (FATCA) the information exchange will exist, however, persons holding dual nationality have already been detected, who are those who regularly have bank accounts in both countries and taking advantage of dual nationality elude the respective payment for such accounts. Several patterns have been detected. Mexicans with undeclared accounts in USA. Unregistered Mexicans with undeclared accounts in Mexico. Children and spouses of Mexicans, who without economic activities have bank accounts in USA or Mexico and are sheltered in their nationality to distract the requesting State. Children and American spouses, with whom funds are deposited from Mexican activities. Mexican companies that send funds to the US companies simulating operations which are actually virtual. Mexican companies paying people or entities abroad without withholding taxes, among others.

The purchase of new luxury vehicles for themselves or their spouses or relatives in a straight line to the third degree, are also indicators of wealth that the Treasury is verifying if the acquirer has no economic activities.



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On the other hand, operations by purchasing bills, is a trend that is developing very strongly in 2015. The objective of the verification will be checking if the activity really took place and the consideration was paid.

Therefore, our firm recommends checking A) in the case of discrepancy, how to minimize risk. The way [the activity] should meet its formal obligations to prevent accumulation of income and mechanics that should be employed to regularize the situation of each person or company. Exercises of regularization have been performed with different groups of taxpayers, to identify the type of impact on assets/properties they would have as a result of said measure and they have been convenient and appropriate for each case. Which means that before they start with these attributions, it is desirable to have a scenario that keeps the peace of entrepreneurs in 2015.

Furthermore, to verify the issuance of vouchers, the treasury will focus on:

1. verifying tax receipts where generic operations are recorded.

2. reviewing contracts where the existence of that operation is demonstrated,
3. the form of payment, the payment type, and currency of payment,
4. the physical evidence of that operation.

It is anticipated that in the program 2015, those intangible services will be verified, for example, designs, consulting, analysis, technical services, royalties, valuations, product positioning, technology sales, among many others and verifying who provided these services specifically, identifying the person, specialty, reason for hiring and many other additional requirements.

So in 2015, in order not to be subject to an observation of this nature by the SAT, we recommend you check your status at the fiscal year end, identifying and eliminating operations which could jeopardize companies or your person by carelessness, negligence or malpractice. We invite you to regularize your situation in order to avoid, in 2015, being located in any event of risk.

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