



## International Real Estate Profile

Assisting Canadians to purchase International Real Estate using tax savings.

## Mexico

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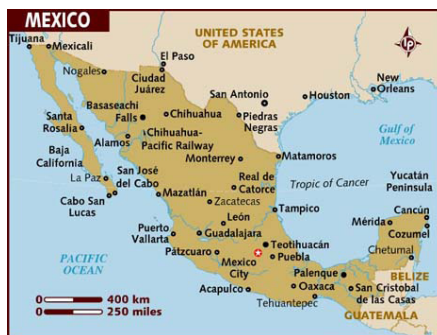
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### Things to Know at a Glance

Population: 111,000,000

Capital: Mexico City  
Population: 24 million approx.  
(the most populous city in the world)



- Mexico is a coastal area, and is home to several of the world's best beaches, located in areas such as the Mayan Riviera, Acapulco on the Pacific side and of course the exquisite beaches of Cabo San Lucas in the Baja California Peninsula.
- Mexico is home to one of the Seven Wonders of the New World, Chichen Itza, which is a part of the Mayan ruins.
- The currency in Mexico is the Peso and most items are priced in Pesos. But, USD, major credit cards and ATM cards are accepted at everywhere. There are no foreign exchange controls in Mexico.
- Mexico's climate varies by region. The Mayan Riviera located in the Yucutun Peninsula; normally experiences hot and humid weather – especially June through August. Los Cobos, which is located in Northern Mexico experiences two distinct weathers, hot desert like temperatures and cool ocean like temperatures. Acapulco, located in South Central Mexico has primarily warm to hot weather.
- Mexico spans three different time zones; Pacific, Mountain and Central. All of Mexico observes daylight savings time.

### How To Get There

Air Canada, Air Transat, West Jet and number of other commercial carriers fly direct to Mexico from Toronto, and the United States. Flight times differ depending on your departure and arrival cities, but prices range from \$400 to \$600 CAD roundtrip.

Individuals traveling to Mexico will require a tourist visa, otherwise known as a FMT. The visa is granted at the airline counter free of charge.

### Featured Properties



VICEROY



VICEROY



*Buy this luxury condo in the Mayan Riviera Viceroy Development. Beach club, lush lagoons and Greg Norman Signature PGA golf course. Listed at \$1,500,000. Use financing and business income for a net cost of zero.*

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*Navigators publishes a destination profile three times a year. Each profile provides specific tips and information on purchasing real estate in that jurisdiction. For more information please visit [www.navigators.tc](http://www.navigators.tc)*



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### Buying Property In Mexico

Mexican law permits private ownership of property by foreigners, without the need for any residency status. However, the law has specified that direct ownership of land within 100 km of an international border or 50km from the coast is not permitted.

Foreigners wishing to acquire property within the restricted areas may do so through a Mexican Bank Trust, known as a Fideicomiso. A Mexican bank, as trustee holds the deed to the property and you are granted the rights of possession and use normally for duration of 50 years, renewable for another 50. You have full rights to use, occupy, sell, bequeath, lease, rent and develop your property. The bank will only take instructions from you as the beneficiary. Mexico's Foreign Investment Act protects the rights of foreigners who have acquired such properties.

A Mexican notary public carries out sale and purchase transactions of real estate. Additionally, they are charged with the management and storage of original documents. Hiring a lawyer is normally not mandatory, however if hired, the lawyer will normally act as liaison between clients and the notary public.

If you require financing for your property, there are two ways to do so. The first option is to seek financing using the property in Mexico as security. Traditional financing is available at most Mexican banks or mortgage companies in Mexico both in USD and Mexican pesos. Additionally, Some private US lending institutions offer foreigners loans to acquire property in Mexico.

Scotiabank in Mexico offers the 'Vacation Home Buyer Program' to foreigners wishing to purchase or acquire property in the country. An open fixed rate mortgage for up to 30 years is 8.75% for the first 15 years.

As a condition of obtaining financing in Mexico, the bank will normally require the foreigner to hold a FM3 visa, however they may accept those on FM2 visas (visas are discussed on pg 3) if they can produce foreign bank statements.

The second alternative, as always, is for the purchaser to obtain financing at home using alternative sources of collateral and apply the loan proceeds to the purchase in Mexico.

### Taxes and Fees

When purchasing real estate in Mexico, there are associated agent and tax fees. An acquisition tax of about 2% of the sale value of the property applies whether the property is sold, transferred, donated, placed in trust, split off or merged.

The buyer will also have to pay a registry fee of 1.3%, which is based on the value of the transaction, to update the public records. You must also pay the Notary Public fees, which are usually 1.5%, of the value of the transaction.

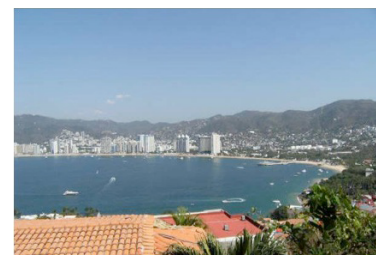
If you have acquired property within the restricted zones, a trust with the bank will be required. Prices for the set-up of such trusts will vary at each bank. Usually around \$1000 USD, with annual service charges between \$1000-\$2000 USD.

## Mexico

### Featured Properties



*Acapulco Value!*  
*4 Individual bungalows around the pool and 1 bdrm on the top level for maids. Total 6 bdrms 9 baths, sleeps 10. \$975,000 USD. Use your active business income for a net immediate cost of \$526,500.00 USD.*



*Buy this 3 bdrm 3.5 bath condo (pictured above) overlooking Acapulco Bay listed at \$475,000 using retained earnings for a net immediate cost of \$328,000.00.*



# NAVIGATORS

OPTIMIZING THE PREPARED ENVIRONMENT

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### Taxes and Fees

When selling property, you will have to pay 35% income tax on property gains and real estate fees. If the property has not been your main residence for two years you will be subject to income tax on the sale of the property. You will have the choice to either pay 20% on the gross amount of the transaction or 40% tax on the net profit obtained from the sale.

Rental income for residents is taxable at the usual income tax rates. A withholding tax rate of 21% applies to non-residents. Property tax is based on the assessed value of the property, and ranges from 0.05% to 1.2% depending on each state.

Real estate agents, if retained, charge 4-8% of the value of the sale as their fee. In addition to paying this fee, you will also have to pay Mexico's 15% sales tax (otherwise known as Impuesto al Valor Agregado 'IVA'), on agent fees. The rate will depend on whether you are in the border zone, which is 10%, or anywhere else which is 15%.

### Visas

Canadians can travel to Mexico on a FMT, which is a 180 day visitor visa, the most common, which is normally granted to you at an airline counter. Individuals intending to stay beyond the 180 days can apply for an FM3 non-immigrant visa, which must be renewed yearly. The visa permits you to reside in Mexico for up to a year. A requirement of this visa is proof of income, amounts of which constantly change based on political and economic climate, though usually it is less than \$1000 per month and about half of that for dependents. This amount is reduced by 50% if one owns and resides in their Mexican home. A FM3 holder is also permitted to work, however with certain restrictions. This visa is ideal for those who wish to reside in Mexico for part of the year.

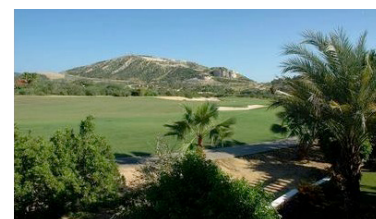
For individuals who wish to permanently reside in Mexico, a FM2 Immigrant Visa is necessary. The FM2 is very similar to a green card. FM2 visa holders enjoy many of the same rights as Mexican citizens do, with the exception of voting.

### Tips and Traps

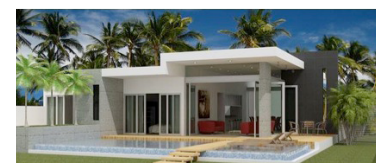
- Agricultural land, otherwise known as Ejido lands, can be privately owned. However, due to the lands long history, they are given different treatment. The sale of such properties requires the consent of the whole community that 'owns it'. If you are purchasing such lands, ensure that you obtain proper legal counsel and a notary public has ensured proper procedures have been followed for private title ownership. It is highly advisable to purchase title insurance for such properties.
- Ensure that a Notary Public verifies all official documents pertaining to the purchase or sale of property. Do not take anyone's word for its verification.
- Under Mexican Law, liens are passed on with title; a Notary Public will do a series of checks on the property that will reveal any such liens.
- Timelines for transactions can vary. If you have agreed to deadlines in your agreement, ensure you leave yourself plenty of time to meet these.
- Loans in pesos may be attractive to those with dollar incomes, particularly with the possibility that the peso may depreciate against the USD, which would lower payments and overall debt in dollars. However, if there is no significant devaluation, it is possible that a peso loan may work out to be more over the duration of the term.

## Mexico

### Featured Properties



*Buy this golf view villa in a gated community in Palmilla Los Cabos. 2 bdrm 2.5 bath. 1600 sq ft, listed at \$525,000. Use financing and active business income for a net cost of zero.*



*On the Beach for \$155,000. That is the listed price!! You can buy this beach house using your corporate pension plan funds for a net effective cost of \$87,900.*



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### Turks & Caicos Strategic Planning Conference and Real Estate Tour Nov 2009

Navigators hosted its first Strategic Planning Conference and Real Estate Tour in the beautiful Turks & Caicos Islands. The event was a great success. Attendees were educated on the importance of tax planning and heard from some of the industries leading professionals.

In the afternoon attendees were given guided tours of some of the Island's most beautiful properties. The evening socials, held at some of TCI's most prestigious venues, allowed the attendees, speakers and sponsors the opportunity to network in a more intimate setting. Attendees were left with memories of a very informative and engaging conference on one of the 'world's most beautiful islands'.



### Paris Strategic Planning Conference and Real Estate Tour May 19-22, 2010

Have you ever dreamed of owning a pied-à-terre in the City of Lights? This is your opportunity to find out how you can by attending our Navigators Strategic Planning Conference and Real Estate Tour in Paris France being held from May 19 – 22, 2010. The early bird registration rates will end March 31.

This four-day event includes three morning seminars on tax and estate planning, international banking, boutique investments, international residency options, family office services and private health care.

Guided real estate tours will be conducted two afternoons, featuring apartments and pied-à-terre's in some of the most exclusive areas of Paris.

Registration fees will cover all seminars, guided real estate tours, lunches and dinners.

Please direct your inquiries to [aila.makooli@ngma.ca](mailto:aila.makooli@ngma.ca) or call 416-259-1222.

Limited number of seats available