

office in Mexico. After five years, a new FM-3 can be obtained, but many foreign residents elect to upgrade it to an FM-2 visa at that time. An FM-2 is an immigrant visa. It must be renewed annually, but after five years the holder is eligible to apply for *inmigrado* status, which is permanent residency. An FM-2 application must be made in Mexico and usually requires a lawyer.

The minimum income for either an FM-2 or an FM-3 changes periodically, and it is expressed as a multiple of the Mexico City minimum wage. In late 1997, it was approximately 10,000 Mexican pesos per month. About half the minimum is required for each dependant. Twelve months of bank statements or proof of Canadian pension eligibility are usually accepted as proof.

Retirees receiving pensions from a Canadian source in Mexico will generally be subject to withholding taxes in Canada and may also be taxed in Mexico. The Canada-Mexico tax treaty prevents double taxation of these earnings by setting maximum rates for the total tax. Pensioners contemplating living in Mexico should verify the details with the International Tax Services Office of Revenue Canada.

## Real Estate

Canadians (and other foreigners) may acquire real estate in Mexico, and they have the same rights as Mexican citizens, except for three principal restrictions.

- They cannot own mineral or water rights.
- They must apply for a permit to own land.
- They may not own property within a 100-kilometre band along the borders or a 50-kilometre zone along the coasts.

Non-residents must acquire an additional permit from the Secretaría des Relaciones Exteriores (SRE) (Secretariat of Foreign Affairs).

Indirect foreign ownership of land within the border and coastal zones can be arranged using a *fideicomiso*— a bank trust with a 50-year term. The bank holds legal title to the property for the benefit of the buyer. A *fideicomiso* can also be used outside the restricted zones to establish multiple owners or successor rights.