

Tax laws and regulations are complex and any company planning to establish a joint-venture company, arrange a licensing agreement or sell consulting services should consult a Mexican tax specialist.

### ***Foreign Investment***

In May 1989, the Mexican government announced a sweeping revision of regulations governing domestic and foreign investment in Mexico which increased the flow of investment capital and helped to stimulate economic growth.

Key changes within the National Foreign Investment Commission (CNIE), which receives, reviews and approves proposals, have made the process simpler and expeditious. For example, CNIE authorization is automatic provided that upon registration, a proposal:

- involves an investment of less than US\$100 million during the pre-operative period;
- is funded from abroad;
- is located in areas other than Mexico City, Monterrey or Guadalajara (this applies only to industrial facilities);
- will balance its foreign exchange needs over the first three years;
- will create jobs; and
- meets environmental regulations.

Even when a project is only partially in accordance with these conditions, approval will be automatic if a formal response from the CNIE is not received by the applicant within 45 days.

In addition, foreign investors may now own up to 100 percent of the project in certain unrestricted sectors.

As Mexico moves further toward deregulating many areas of the economy, foreign investment opportunities are constantly improving. Current information on which sectors are open for foreign participation and the limits to ownership can be obtained by contacting the Mexican Investment Board, the Mexican Embassy in Ottawa, or from consular offices operated by Bancomext in Vancouver, Toronto, and Montréal (see Chapter VI for more information).