

Mexico's Supreme Court rules in two year maquila claim

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Von Wobeser y Sierra SC has helped German pump engine manufacturer Pierburg Pump Technology in a successful Supreme Court challenge against the country's maquila (IMMEX) decree.

The ruling concludes a two-year legal challenge by the Mexican arm of the company to assert its status as a maquila.

In a Supreme Court ruling on 31 October declared unconstitutional article 33 of the IMMEX decree, which had challenged the manufacturer's maquila status because Pierburg Pump had previously owned the assets used in its Mexican operations. The ruling said the article violated Mexico's constitutional principle of tax equity by unreasonably discriminating between Pierburg Pump Technology and other maquilas performing similar manufacturing operations.

Pierburg Pump Technology Mexico had filed an *amparo* (a constitutional claim) back in February 2011, following the introduction of amendments to the IMMEX decree in January that redefined what qualified as "maquila activities" for the purpose of tax incentives.

As well as allowing Pierburg Pump to enjoy the tax incentives that come with maquila status, the ruling is expected to save it "several million dollars" as it will not be paying taxes in Mexico on revenue through Germany and the US- because it will not be considered a permanent establishment in the country. The ruling is also a relevant judicial precedent for other manufacturers who had owned their assets in the past, says Von Wobeser partner Luis Miguel Jiménez.

Counsel to Pierburg Pump Technology Mexico

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Comments

There are currently no comments.
