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<table>
<thead>
<tr>
<th>Icon</th>
<th>Meaning</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image" alt="Caution Icon" /></td>
<td>Caution</td>
</tr>
<tr>
<td><img src="image" alt="Example Icon" /></td>
<td>Example</td>
</tr>
<tr>
<td><img src="image" alt="Note Icon" /></td>
<td>Note</td>
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<td><img src="image" alt="Recommendation Icon" /></td>
<td>Recommendation</td>
</tr>
<tr>
<td><img src="image" alt="Syntax Icon" /></td>
<td>Syntax</td>
</tr>
<tr>
<td><img src="image" alt="Tip Icon" /></td>
<td>Tip</td>
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Cross-Application Components
Financials
General Information
Currency

Definition
See Currencies [Ext.].

Use
When you create a company code using the template for Mexico, the system sets the Mexican peso as the local currency. The currency has two decimal places and its ISO code is MXN. The system also activates a hard currency (US dollars) and a group currency (euros) (see Parallel Currencies [Ext.]).
Taxes


**Tax Number**

**Definition**
A number assigned by the tax authorities to every person and corporation. In Mexico, the tax number is known as the *número de registro federal de contribuyentes* (RFC).

**Use**
The tax number is used for reporting to the tax authorities.

You maintain your customers’ and vendors’ tax numbers in their master records, in the *Tax code* field on the *Control data* tab (customers) or on the *Control data* screen (vendors) (see [Creating a Customer Master Record Centrally](#) [Ext.] and [Creating a Vendor Master Record Centrally](#) [Ext.]). You maintain your own tax numbers in Customizing for *Financial Accounting*, under *Financial Accounting Global Settings* → *Company Code* → *Enter Global Parameters*.

**Structure**
The structure of the tax number is different for persons and corporations, as follows:

- **Persons**
  The tax number for persons is 13 characters long. The first four letters are taken from the person’s name, then follows their date of birth (YYMMDD), then three letters chosen at random. An example would be Monique Maldonado Lemarque, MALM620202GQ1.

- **Corporations**
  The tax number for corporations is 12 characters long. The first three letters are taken from the business’s name, then follows the date of its registration (YYMMDD), then three letters chosen at random. An example would be Sportwear Company (SWC), SWC920404DA3.
Taxes on Sales/Purchases

Definition
See Taxes on Sales/Purchases, Sales Taxes and Additional Taxes [Ext.].

Use
In Mexico, taxes on sales and purchases include:

- Value-added tax (VAT), known as impuesto al valor agregado (IVA)
  VAT is levied at different rates according to where your business is located (see VAT Rate [Page 31]).

- Excise duty
  Excise duty, in the form of a special tax on production and services (impuesto especial sobre producción y servicios (IEPS)), is levied at each stage in the production of alcoholic drinks, tobacco products, and oil products. There are different rates of excise duty for different products. It is applied in addition to VAT, but is calculated on the basis of the net price.

  An alcoholic beverage costs MXN 100 per bottle net. VAT at 15% takes the price up to MXN 115; excise duty is then added at 25%, giving a final gross price of MXN 140.

When you create a company code using the template for Mexico, the system makes all the settings required for all of these taxes.
VAT Rate

Definition

The VAT rate that you pay varies according to where your business is located. Businesses located along the border to the United States are subject to a lower tax rate than those based elsewhere in Mexico; foreign businesses are not liable to VAT at all.

VAT Rates

<table>
<thead>
<tr>
<th>Location</th>
<th>VAT rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mexico</td>
<td>15</td>
</tr>
<tr>
<td>Mexico (border zone)</td>
<td>10</td>
</tr>
<tr>
<td>Abroad</td>
<td>0</td>
</tr>
</tbody>
</table>

Use

To define which VAT rate a customer or vendor is liable to, in its master record, fill out the Tax code 2 field on the Control data tab (customers) or on the Control data screen (vendors) as follows:

<table>
<thead>
<tr>
<th>Location</th>
<th>Entry</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mexico</td>
<td>Leave blank</td>
</tr>
<tr>
<td>Mexico (border zone)</td>
<td>F</td>
</tr>
<tr>
<td>Abroad</td>
<td>N</td>
</tr>
</tbody>
</table>

Integration


See also:

Creating a Customer Master Record Centrally [Ext.]
Creating a Vendor Master Record Centrally [Ext.]
Tax Code

Definition

See Tax Codes [Ext.].

Use

When you create a company code using the template for Mexico, the system sets sample tax codes as follows:

Input VAT

<table>
<thead>
<tr>
<th>Tax code</th>
<th>Tax rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>V0</td>
<td>0</td>
</tr>
<tr>
<td>V1</td>
<td>10</td>
</tr>
<tr>
<td>V2</td>
<td>15</td>
</tr>
</tbody>
</table>

Output VAT

<table>
<thead>
<tr>
<th>Tax code</th>
<th>Tax rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A0</td>
<td>0</td>
</tr>
<tr>
<td>A1</td>
<td>10</td>
</tr>
<tr>
<td>A2</td>
<td>15</td>
</tr>
</tbody>
</table>

Excise Duty + VAT

<table>
<thead>
<tr>
<th>Tax code</th>
<th>Tax rate (excise duty + VAT) (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>S1</td>
<td>30 + 15</td>
</tr>
<tr>
<td>S2</td>
<td>30 + 10</td>
</tr>
</tbody>
</table>
Calculation Procedure

Definition
See The Calculation Procedure [Ext.].

Use
In Mexico, you use calculation procedure TAXMX. It covers all the Mexican tax codes supplied with the system (see Tax Code [Page 15]).

When you create a company code using the template for Mexico, the system sets this procedure automatically.
Withholding Tax

Definition

See Withholding Tax [Ext.].

Use

In Mexico, you are required to collect tax on a variety of expenditures, including:

- Income tax (in Spanish, *impuesto sobre la renta* (ISR))
- Value-added tax (VAT) (see Taxes on Sales/Purchases [Page 13])

You retain and remit half of the VAT on purchases; the vendor is responsible for paying the other half.

A vendor invoices you for services rendered. The invoice comes to MXN 10,000 plus VAT at 15%, MXN 1,500 – in total, MXN 11,500. You pay the vendor MXN 7,750 – the invoice value less income tax at 30% and half of the VAT at 15%.

When you create a company code using the template for Mexico, the system makes all the settings required for these taxes.

In Mexico, you withhold tax when you make a payment and not when you receive and invoice; you use the extended withholding tax functions.

See also:

Extended Withholding Tax (Release 4.0) [Ext.]
Withholding Tax Type

**Definition**
A category of withholding tax.

**Use**
When you create a company code using the template for Mexico, the system sets up sample withholding tax types for income tax and value-added tax (VAT) as follows (for more information about the taxes, see *Withholding Tax [Page 17]*):

<table>
<thead>
<tr>
<th>Tax type</th>
<th>Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>Income tax</td>
</tr>
<tr>
<td>02</td>
<td>VAT</td>
</tr>
</tbody>
</table>

**Integration**
You use withholding tax types in conjunction with *withholding tax codes [Page 19]*.
Withholding Tax Code

Definition

See Withholding Tax Code [Ext.].

Use

Whereas you use withholding tax types [Page 18] to define the different sorts of withholding tax – for example, income tax or value-added tax (VAT) – you use the tax codes to specify exactly what the tax rates are and any exemptions that apply.

When you create a company code using the template for Mexico, the system creates sample withholding tax codes for income tax and VAT as follows (for more information about the taxes, see Withholding Tax [Page 17]):

<table>
<thead>
<tr>
<th>Tax type</th>
<th>Tax code</th>
<th>Tax withholding</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>01</td>
<td>Income tax (15%)</td>
</tr>
<tr>
<td>02</td>
<td>01</td>
<td>VAT (5%, half of VAT at 10%)</td>
</tr>
<tr>
<td>02</td>
<td>02</td>
<td>VAT (7.5%, half of VAT at 15%)</td>
</tr>
</tbody>
</table>

The two tax codes for VAT reflect the different tax rates (10% and 15%). You only have to withhold half of the VAT, which works out at 5% and 7.5% of the invoiced amount respectively.
Recipient Type

Definition
See Extended Withholding Tax: Customer/Vendor Master Data [Ext.].

Use
When you create a company code using the template for Venezuela, the system creates two recipient types: **domestic vendor** and **foreign vendor**.

You assign your vendors a recipient type in the vendor master record.
Customizing Withholding Tax

Follow the instructions as described in Extended Withholding Tax: Customizing [Ext.], using the following information:

**Withholding Tax Type**

When you define the withholding tax types [Page 18], use the activity Define Withholding Tax Type for Payment Posting: withholding tax in Mexico is levied when you make a payment and not when the invoice is issued.

**Withholding Tax Codes**

See Withholding Tax Code [Page 19].
Generic Withholding Tax Reporting

Use

You use this report to prepare withholding tax returns for the tax authorities and certificates for your vendors (see Generic Withholding Tax Reporting [Ext.]).

You are required to file a tax return with the authorities annually, and to provide your vendors with a copy. In addition, you are also required to issue your vendors a withholding tax certificate for every transaction where the tax is incurred.

Features

The country version for Mexico includes a Smart Form that you can use for tax returns and tax certificates, IDWTCERT_MX. It shows all the income tax and value-added tax incurred each period.

Activities

To access the report, from the SAP Easy Access screen, choose Accounting → Financial Accounting → Accounts Payable → Withholding Tax → General → Withholding Tax Reporting (Generic).
General Ledger Accounting
Chart of Accounts

Definition
See Chart of Accounts [Ext.].

Use
In Mexico, you use chart of accounts INT, as supplied with the R/3 System.
Accounts Payable and Accounts Receivable

April 2001
Customer Master Records
Tax Number

Definition
A number assigned by the tax authorities to every person and corporation. In Mexico, the tax number is known as the número de registro federal de contribuyentes (RFC).

Use
The tax number is used for reporting to the tax authorities.

You maintain your customers’ and vendors’ tax numbers in their master records, in the Tax code 1 field on the Control data tab (customers) or on the Control data screen (vendors) (see Creating a Customer Master Record Centrally [Ext.] and Creating a Vendor Master Record Centrally [Ext.]). You maintain your own tax numbers in Customizing for Financial Accounting, under Financial Accounting Global Settings → Company Code → Enter Global Parameters.

Structure
The structure of the tax number is different for persons and corporations, as follows:

- **Persons**
  The tax number for persons is 13 characters long. The first four letters are taken from the person’s name, then follows their date of birth (YYMMDD), then three letters chosen at random. An example would be Monique Maldonado Lemarque, MALM620202GQ1.

- **Corporations**
  The tax number for corporations is 12 characters long. The first three letters are taken from the business’s name, then follows the date of its registration (YYMMDD), then three letters chosen at random. An example would be Sportswear Company (SWC), SWC920404DA3.
VAT Rate

Definition

The VAT rate that you pay varies according to where your business is located. Businesses located along the border to the United States are subject to a lower tax rate than those based elsewhere in Mexico; foreign businesses are not liable to VAT at all.

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<tbody>
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<td>15</td>
</tr>
<tr>
<td>Mexico (border zone)</td>
<td>10</td>
</tr>
<tr>
<td>Abroad</td>
<td>0</td>
</tr>
</tbody>
</table>

Use

To define which VAT rate a customer or vendor is liable to, in its master record, fill out the Tax code 2 field on the Control data tab (customers) or on the Control data screen (vendors) as follows:

<table>
<thead>
<tr>
<th>Location</th>
<th>Entry</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mexico</td>
<td>Leave blank</td>
</tr>
<tr>
<td>Mexico (border zone)</td>
<td>F</td>
</tr>
<tr>
<td>Abroad</td>
<td>N</td>
</tr>
</tbody>
</table>

Integration


See also:

Creating a Customer Master Record Centrally [Ext.]
Creating a Vendor Master Record Centrally [Ext.]
Vendor Master Records
Tax Number

Definition

A number assigned by the tax authorities to every person and corporation. In Mexico, the tax number is known as the número de registro federal de contribuyentes (RFC).

Use

The tax number is used for reporting to the tax authorities.

You maintain your customers’ and vendors’ tax numbers in their master records, in the Tax code 1 field on the Control data tab (customers) or on the Control data screen (vendors) (see Creating a Customer Master Record Centrally [Ext.] and Creating a Vendor Master Record Centrally [Ext.]). You maintain your own tax numbers in Customizing for Financial Accounting, under Financial Accounting Global Settings → Company Code → Enter Global Parameters.

Structure

The structure of the tax number is different for persons and corporations, as follows:

- **Persons**
  
  The tax number for persons is 13 characters long. The first four letters are taken from the person’s name, then follows their date of birth (YYMMDD), then three letters chosen at random. An example would be Monique Maldonado Lemarque, MALM620202GQ1.

- **Corporations**
  
  The tax number for corporations is 12 characters long. The first three letters are taken from the business’s name, then follows the date of its registration (YYMMDD), then three letters chosen at random. An example would be Sportswear Company (SWC), SWC920404DA3.
VAT Rate

Definition
The VAT rate that you pay varies according to where your business is located. Businesses located along the border to the United States are subject to a lower tax rate than those based elsewhere in Mexico; foreign businesses are not liable to VAT at all.

VAT Rates

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</tr>
<tr>
<td>Mexico (border zone)</td>
<td>10</td>
</tr>
<tr>
<td>Abroad</td>
<td>0</td>
</tr>
</tbody>
</table>

Use
To define which VAT rate a customer or vendor is liable to, in its master record, fill out the Tax code 2 field on the Control data tab (customers) or on the Control data screen (vendors) as follows:

<table>
<thead>
<tr>
<th>Location</th>
<th>Entry</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mexico</td>
<td>Leave blank</td>
</tr>
<tr>
<td>Mexico (border zone)</td>
<td>F</td>
</tr>
<tr>
<td>Abroad</td>
<td>N</td>
</tr>
</tbody>
</table>

Integration

See also:
Creating a Customer Master Record Centrally [Ext.]
Creating a Vendor Master Record Centrally [Ext.]
Recipient Type

Definition
See Extended Withholding Tax: Customer/Vendor Master Data [Ext.].

Use
When you create a company code using the template for Venezuela, the system creates two recipient types: domestic vendor and foreign vendor.
You assign your vendors a recipient type in the vendor master record.
Payments
Payment Method

Definition

See Payment Methods [Ext].

Use

When you create a company code using the template for Mexico, the system assigns it the following payment methods:

<table>
<thead>
<tr>
<th>Payment method</th>
<th>Spanish name</th>
<th>Key</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>Efectivo</td>
<td>E</td>
</tr>
<tr>
<td>Check</td>
<td>Cheque</td>
<td>C</td>
</tr>
<tr>
<td>Bank transfer</td>
<td>Transferencia bancaria</td>
<td>T</td>
</tr>
</tbody>
</table>

Cash

This method is used mainly in payroll.

Check

To print checks, use report RFFOUS_C with form F110_MX_CHEQUE.

Bank Transfer

This is used for Financial Accounting, Travel Management, and Human Resources. To create the bank transfer files, use report RFFOM100. Sample formats are provided for the banks Banamex and Banco Santander.
Reporting
Top Customers Report

Use
You use this report to create a list of the customers that your business has sold the most goods and services to (in terms of pesos), in accordance with Mexican legal requirements.

You are required to submit this report in file format to the authorities at the end of each fiscal year. They then cross-check it with the files submitted by other businesses, to ensure that the tax declarations correspond.

The list shows either your top 50 customers (but only those that you sold over MXN 20,000 worth of products to) or all of those that you sold products to in excess of MXN 50,000.

Prerequisites
In order for the report to run correctly, you must have:

- Defined what VAT rate each of your customers is liable for (see VAT Rate [Page 31])
- Maintained the tax number for each of your customers (see Tax Number [Page 30])

Features
The report determines your top customers on the basis of net sales figures (that is, before tax). To calculate the net sales, the system reads each customer’s gross sales figures and deducts the appropriate rate of tax. It rounds the amounts to the nearest peso.

Selection
The selection screen includes the following:

- Company code
  
  If you want to create a file to submit to the authorities, enter one company code only, otherwise the file format will be incorrect.

- Output control group box

  Specify what files you want the report to create and where it should save them to.

Output
The system creates the files that you have specified. For more information about the file format, see File for Top Customers Report [Page 37].

Activities
To access the report, from the SAP Easy Access screen, choose Accounting → Financial Accounting → Accounts Receivable → Reporting → Mexico → Top Customers Report.
File for Top Customers Report

Definition
The file that the system creates when you run the Top Customers Report [Page 36]. The report creates files in UNIX or PC format (or both) as specified.

Structure
The file consists of a series of records. The first contains the file header data; all the following records contain data about the customers.

The structure of the first record is: RFC|42P1955|reporting period. The other records are structured RFC|sales volume|name|address, with the address breaking down as street/building/district area/postal code. Spaces are represented as slashes (/).
Top Vendors Report

Use

You use this report to create a list of the vendors that your business has purchased the most goods and services from (in terms of pesos), in accordance with Mexican legal requirements.

You are required to submit this report in file format to the authorities at the end of each fiscal year. They then cross-check it with the files submitted by other businesses, to ensure that the tax declarations correspond.

The list shows either your top 50 vendors (but only those that you purchased over MXN 20,000 worth of products from) or all of those that you purchased products from in excess of MXN 50,000.

Prerequisites

In order for the report to run correctly, you must have:

- Defined what VAT rate each of your vendors is liable for (see VAT Rate [Page 31])
- Maintained the tax number for each of your vendors (see Tax Number [Page 30])

Features

The report determines your top vendors on the basis of net purchase figures (that is, before tax). To calculate the net purchases, the system reads each vendor’s gross purchase figures and deducts the appropriate rate of tax. It rounds the amounts to the nearest peso.

Selection

The selection screen includes the following:

- **Company code**
  
  If you want to create a file to submit to the authorities, enter one company code only, otherwise the file format will be incorrect.

- **Output control group box**
  
  Specify what files you want the report to create and where it should save them to.

Output

The system creates the files that you have specified. For more information about the file format, see File for Top Vendors Report [Page 37].

Activities

To access the report, from the SAP Easy Access screen, choose Accounting → Financial Accounting → Accounts Payable → Reporting → Mexico → Top Vendors Report.
File for Top Vendors Report

Definition
The file that the system creates when you run the Top Vendors Report [Page 38]. The report creates files in UNIX or PC format (or both) as specified.

Structure
The file consists of a series of records. The first contains the file header data; all the following records contain data about the vendors.

The structure of the first record is: RFC|42P1955|reporting period. The other records are structured RFC|purchases volume|name|address, with the address breaking down as street/building/district area/postal code. Spaces are represented as slashes (/).
Generic Withholding Tax Reporting

Use
You use this report to prepare withholding tax returns for the tax authorities and certificates for your vendors (see Generic Withholding Tax Reporting [Ext.]).

You are required to file a tax return with the authorities annually, and to provide your vendors with a copy. In addition, you are also required to issue your vendors a withholding tax certificate for every transaction where the tax is incurred.

Features
The country version for Mexico includes a Smart Form that you can use for tax returns and tax certificates, IDWTCERT_MX. It shows all the income tax and value-added tax incurred each period.

Activities
To access the report, from the SAP Easy Access screen, choose Accounting → Financial Accounting → Accounts Payable → Withholding Tax → General → Withholding Tax Reporting (Generic).
Asset Accounting
Chart of Depreciation

Definition

See Chart of Depreciation [Ext.].

Use

When you create a company code using the template for Mexico, the system assigns it chart of depreciation 1MX, which follows Mexican accounting requirements.

Structure

Chart of Depreciation

<table>
<thead>
<tr>
<th>Depreciation area</th>
<th>Use</th>
<th>Currency</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>Book depreciation (unadjusted)</td>
<td>Local</td>
</tr>
<tr>
<td>03</td>
<td>Inflation adjustments</td>
<td>Local</td>
</tr>
<tr>
<td>04</td>
<td>Book depreciation (adjusted)</td>
<td>Local</td>
</tr>
<tr>
<td>15</td>
<td>Tax depreciation</td>
<td>Local</td>
</tr>
<tr>
<td>16</td>
<td>Income tax adjustments</td>
<td>Local</td>
</tr>
<tr>
<td>18</td>
<td>Asset tax adjustments</td>
<td>Local</td>
</tr>
<tr>
<td>30</td>
<td>Consolidated book depreciation</td>
<td>Local</td>
</tr>
<tr>
<td>31</td>
<td>Consolidated book depreciation</td>
<td>Group</td>
</tr>
<tr>
<td>32</td>
<td>Book depreciation</td>
<td>Group</td>
</tr>
<tr>
<td>33</td>
<td>Book depreciation</td>
<td>Hard</td>
</tr>
<tr>
<td>34</td>
<td>Inflation adjustments</td>
<td>Group</td>
</tr>
<tr>
<td>35</td>
<td>Inflation adjustments</td>
<td>Hard</td>
</tr>
</tbody>
</table>

These depreciation areas cover different inflation and currency requirements, as follows:

- **Book depreciation before and after adjustment for inflation**
  - Depreciation area 01 is used for recording depreciation before inflation adjustment. Area 04 is used for adjusted depreciation. Area 03 is used for the inflation adjustments only, that is, the difference between the unadjusted and adjusted values.

You buy a machine for MXN 1,000,000. In the first year it depreciates by MXN 100,000, giving a net book value of MXN 900,000. Inflation is running at 25%.

The entries are as follows:

<table>
<thead>
<tr>
<th>Area</th>
<th>Acquisition cost (MXN)</th>
<th>Depreciation (MXN)</th>
<th>Net book value (MXN)</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>1,000,000</td>
<td>100,000</td>
<td>900,000</td>
</tr>
</tbody>
</table>
Book depreciation in different currencies

The information in depreciation area 01 is duplicated in depreciation areas 32 and 33, with the difference that these areas are kept in your hard currency and group currency respectively. Whenever you post any changes in depreciation area 01, the system automatically updates areas 32 and 33.

Inflation adjustments in different currencies

Similarly, the system automatically maintains two copies of the depreciation area that you use to post inflation adjustments in your local currency (02): area 34 shows the adjustments in your group currency; area 35 in your hard currency. However, all adjustments in these areas will be zero, as inflation only affects the local currency.

Tax depreciation

You use areas 15, 16, and 18 for tax purposes.

See also:

Currency [Page 10]
Period Control Method

Definition

See Period Control Method [Ext.].

Use

In Mexico, in addition to the standard period control methods supplied with the system, an additional method is required for depreciating buildings, machinery, cars, and hardware. Using this method, assets purchased on the first day only of any given month are depreciated starting that month. Assets purchased after the first are depreciated from the following month.

You buy a new machine on August 1. Since you bought it on the first day of the month, depreciation begins in August. Two days later, you purchase a car. However, in this case, you start to depreciate it as of the next month, September.

Integration

This method is used in the following depreciation keys:

<table>
<thead>
<tr>
<th>Depreciation key</th>
<th>Type of asset</th>
</tr>
</thead>
<tbody>
<tr>
<td>MX01</td>
<td>Buildings</td>
</tr>
<tr>
<td>MX02</td>
<td>Machines</td>
</tr>
<tr>
<td>MX03</td>
<td>Cars</td>
</tr>
<tr>
<td>MX04</td>
<td>Hardware</td>
</tr>
</tbody>
</table>

When you create a company code using the template for Mexico, the system uses this method and the keys automatically.
Travel Management
Country Version for Mexico

Use

The Travel Expenses application component of SAP Travel Management has been adapted to conform to the statutory and business requirements in Mexico.

Features

In particular, the country version for Mexico takes the following special aspects of travel expense settlement into account.

Hard currency

Reimbursement of receipts in local and hard currency [Ext.]

Payment via data medium exchange in local and hard currency [Ext.]

Receipt maximum rates

New receipt maximum rate: Distribution of receipt amount [Ext.]
Human Resources