

LEGAL REQUIREMENTS FOR FOREIGNERS RESIDING IN MEXICO

A General Guide for
Long-Term Stays and
Business Activities



Iusknow

A platform with deep expertise in immigration, corporate law, foreign investment, real-estate acquisitions and tax obligations in Mexico. It delivers practical, step-by-step support and educational programs designed to help users make informed decisions and avoid costly mistakes.

Key resources include:

- Legal guidance for foreigners establishing themselves or investing in Mexico.
- Courses and guides in English and Spanish.
- Clear explanations on immigration processes, company formation, foreign-investment rules, property purchases and tax compliance.

1. Introduction

Mexico is one of the most accessible countries for foreigners seeking medium- or long-term residence. Whether the goal is to live, work, invest, or operate a business, foreigners must comply with a combination of immigration, civil, commercial, and tax rules.

This guide provides a general overview of the main legal requirements for foreigners planning to stay in Mexico for more than six months, including those who wish to engage in business or professional activities.

2. Immigration Requirements for Long-Term Residence

2.1. Temporary Residency

Foreigners who intend to stay in Mexico for longer than 180 days typically apply for a Temporary Resident Visa. This status is suitable for:

- Long-term personal stays
- Remote workers
- Investors
- Individuals with family ties in Mexico
- Employees hired by Mexican companies

Temporary residency is usually granted for one year and may be renewed for up to four years.

2.2. Work Authorization

Not all temporary residents automatically have permission to work. Those who intend to engage in paid activities, operate a business, or provide services must ensure their residency includes work authorization, either granted during the visa process or added later through a modification of conditions.

2.3. Permanent Residency

Permanent residency is available to certain categories of applicants, such as:

- Individuals with strong economic solvency
- Parents of Mexican citizens
- Spouses of Mexican citizens (after a period of temporary residency)
- Long-term temporary residents

Permanent residents may work freely and do not need to renew their immigration status.

2.4. Obligations Before Immigration Authorities

Foreign residents must:

- Exchange their visa for a resident card within 30 days of arrival
- Keep their immigration documents valid
- Notify authorities of changes in address or employment

3. General Requirements for Doing Business in Mexico

3.1. Legal Capacity to Conduct Business

Foreigners with valid residency may legally:

- Form companies
- Invest in Mexican businesses
- Sign commercial contracts
- Provide services or work (with authorization)

3.2. Business Structures

Mexico offers several business structures suitable for foreign participation. The most common include:

- S.A. de C.V. (corporation)
- S. de R.L. de C.V. (limited liability company)
- S.A.P.I. de C.V. (investment-friendly corporation)

These entities allow foreign ownership, subject to certain sector-specific restrictions.

3.3. Foreign Investment Rules

Most economic sectors are open to 100% foreign ownership. Some activities require special authorization or have limits, particularly in areas considered strategic.

Foreign investors who own or participate in Mexican companies generally must register with the National Registry of Foreign Investment, which requires periodic updates.

3.4. Basic Operating Requirements

Businesses in Mexico typically need:

- Registration before tax authorities
- A municipal business license
- Compliance with zoning rules
- Sector-specific permits when applicable

4. Tax Obligations for Foreigners and Businesses

4.1. Personal Tax Residency

A foreigner may become a Mexican tax resident if Mexico becomes their primary place of residence or if they spend more than 183 days per year in the country. Tax residents must generally report worldwide income.

4.2. Tax Identification Number (RFC)

Foreigners who work, operate a business, or sign certain contracts may need an RFC, Mexico's tax identification number. This is also required for many administrative processes, such as opening bank accounts or issuing invoices.

4.3. Corporate Tax Compliance

Companies operating in Mexico must comply with:

- Monthly tax filings
- Annual tax returns
- Electronic invoicing rules
- Basic accounting obligations

4.4. International Tax Considerations

Mexico has agreements with many countries to prevent double taxation, which may reduce tax burdens for foreigners who earn income in multiple jurisdictions.

5. Housing and Real Estate Considerations

5.1. Renting Property

Foreigners may rent property without restrictions. Landlords typically request:

- Identification
- Proof of income
- A guarantor or rental insurance

5.2. Buying Property

Foreigners may purchase property in most of Mexico. In coastal and border areas, property is acquired through a bank trust rather than direct ownership. This structure is common and widely used by foreign buyers.

5.3. Utilities and Services

To register utilities such as electricity, water, or internet, foreigners usually need:

- A rental contract or proof of address
- Identification
- In some cases, an RFC

6. Social Security and Healthcare

6.1. Social Security for Workers

Foreigners employed in Mexico must be registered with the national social security system, which provides access to healthcare and other benefits.

6.2. Voluntary Enrollment

Residents who are not formally employed may enroll voluntarily in the public healthcare system for an annual fee.

6.3. Private Healthcare Options

- Many foreigners choose private healthcare services or insurance plans due to broader provider networks and shorter wait times.

7. Civil and Commercial Contracting

7.1. Legal Capacity

Foreign residents have full legal capacity to enter into civil and commercial agreements, including:

- Leases
- Employment contracts
- Service agreements
- Purchase and sale contracts

7.2. Language and Formalities

Contracts may be drafted in English, but Spanish versions are typically required for official or notarized acts. Notarization is necessary for transactions involving real estate, company formation, and certain powers of attorney.

7.3. Electronic Signatures

Mexico recognizes advanced electronic signatures for many legal and administrative procedures. Foreigners with an RFC may obtain one.

8. Banking and Financial Requirements

8.1. Opening Personal Accounts

Most banks require:

- A valid resident card
- Proof of address
- Identification
- In some cases, an RFC

8.2. Business Banking

Companies must provide incorporation documents, tax registration, and identification for their legal representatives to open corporate accounts.

9. Practical Considerations for Long-Term Living

9.1. Address Registration

Foreign residents must notify immigration authorities of changes in address within a specified period.

9.2. Driving

Foreigners may use their foreign driver's license for a limited time, but long-term residents are encouraged to obtain a Mexican license.

9.3. Importing Personal Goods

Residents may import household goods under certain conditions, typically through a special customs permit.

10. Summary Overview

Foreigners planning to reside in Mexico for more than six months should ensure they:

- Obtain the appropriate residency status
- Secure work authorization if needed
- Understand the basic rules for business participation
- Comply with tax obligations
- Use proper legal formalities when signing contracts
- Follow local rules for housing, utilities, and daily life

Mexico offers a flexible and accessible legal framework for foreigners, but long-term stays require attention to immigration, tax, and commercial compliance.

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