The CFDi (Comprobante Fiscal Digital por Internet) identify the electronic invoicing model in force in Mexico. This billing system, mandatory for most of the country's businesses, is now fully up and running, as shown in the data published by the SAT (Servicio de Administración Tributaria) each month.

Intro

Imagine a world where in order to do your line-item deductions at year end you would have had to have validated every purchase that you are deducting via a specific and lengthy reporting protocol. Such is the environment of personal tax deductions in Mexico where retailers in Mexico must be able to produce receipts at Point of Sale that are CFDi-compliant (more on CFDi below).

In this report, we at Edicom would like to present the possibility of incorporating this functionality into your POS systems as a value-added to your service. Edicom already has numerous clients, among them H&M and Nike, dealing with this requirement in Mexico from their back-end systems.

Ideally though, this project should be implemented at POS. The only reasons we imagine this hasn’t been happening is the newness of Mexico’s eInvoice standard, CFDI, and the inexperience of some companies with dealing with this admittedly complicated emerging market of 112 million consumers. This document provides specific information on e-invoicing compliance for legal entities doing business in Mexico, third-party providers of ERP software, and POS Point-of-Sale systems.
CFDi Basics

In Mexico, the official e-invoice is known as CFDi (Comprobante Fiscal Digital via Internet). The SAT (Servicio de Administracion Tributaria) or the equivalent of the IRS in the U.S., requires that most companies report all sales to the SAT in order to guarantee full Value Added Tax capture. This is achieved through authorized certificate authorities (PACs) which also serve as intermediaries to validate and report all invoices issued.

In addition to working with the PAC, a company must comply with a series of format and signature requirements as specified in Anexo 20 of Miscelania Fiscal. Edicom acts as both a solutions provider, guaranteeing these format and signature elements as well as a PAC, the largest, in fact, by volume.

Below we describe some of the preliminary steps for eInvoicing in Mexico.

Establishing a Legal Entity

1. Obtain a Registro Federal del Contribuyente RFC (Mexican Tax ID)
2. With the RFC apply for FIEL (Firma Electronica Avanzada). It is based on PKI Public Key Infrastructure to identify and verify the information about tax payer before the SAT (Mexican Tax Authorities). A representative of the company is required to apply in person.
3. With the FIEL apply for CSD (Certificado Sello Digital). Same infrastructure but only valid for Invoices -CFDI (Comprobante Fiscal Digital via Internet)
4. Have EDI software capable of mapping your proprietary invoices into XML v3.2 defined by Anexo 20 of the Mexican tax code Miscelania Fiscal. Apply a digital signature known as a sello with the CSD. These comprobantes must be stored for a minimum of 5 years.
5. Contract services of PAC (Proveedor Autorizado de Certificación) which validates XML syntax and reports each CFDI to the SAT

Edicom PAC - #1 suppliers of CFDIs in Mexico

EDICOM was granted SAT authorization as of 16/12/2010 to issue CFDI digital tax stamps. This authorization endorses the company's ability to respond to the real-time certification process for large batches of invoices. EDICOM was the first PAC authorized under the new regulations, and remains the largest by volume.
CFDi at POS

Process, Pros and Cons

Implementing customer CFDI compliant receipts at POS is the most logical form of dealing with this requirement. Many companies mount web portals where customers can later enter with their receipt and personal information in order to receive CFDI compliance for later deducting these purchases. While the merits of a web portal are not inconsiderable, one can imagine how simply becoming compliant at the hour of the purchase is a preferable process for the consumer. Ultimately, a hybrid solution, involving the possibility of compliant receipts at POS or the possibility to enter a portal later is the most elegant solution. In a choice between the two though, certainly a POS implementation is better.

There are some technical requirements for reporting said sales at POS. Any company (or POS provider hoping to incorporate CFDI into their services) will need to be connected to the Internet and capable of establishing a Web Services connection to the Edicom PAC. Edicom has a Web Services Description Language developed for this process and anyone interested in evaluating the feasibility of using it is encouraged to contact EDICOM’s US office.

That said, there are numerous benefits to implementing this CFDI Web Service at POS. Your market of possible Mexican clients will certainly expand due to cost and complexity savings a CFDI-compliant POS systems presents them with. For example, when CFDI is established at POS there is no double reporting of sales (as is the case when done in a combination of ERP and web portal) and therefore no required complicated choreography of Credit Notes (also subject to CFDI rules and regulations) and Invoices. Also, your retail clients have no need – although they always retain the option – of needing to set up a web portal. The elimination of these processes presents you with the argument of significant cost savings and truly useful functionality at the hour of comparing your services to those of other POS competitors.
About Edicom

Edicom is a global leader in the development of technological platforms for B2B e-commerce solutions like EDI (Electronic Data Interchange) or Electronic Invoicing. With a long history in the field of EDI, we currently have thousand of clients worldwide, many of them leaders in their respective industries such as Unilever, Procter & Gamble, Nike, Toys R’Us, etc. Over 100 million commercial transactions are generated worldwide through Edicom’s solutions in ASP – SaaS mode, throughout multiple sectors such as Retail, Healthcare, Logistics and Transportation, Automotive, Tourism, Finance, etc.

Edicom provides advanced technological solutions that enable users to outsource the administration and maintenance of large B2B communications platforms, achieving seamless operation of all systems.

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David covers the Foodservice and Retail Sectors for Edicom US. He has played an important role in expanding Edicom’s presence in the Americas by focusing on educating US companies about VAT reporting in markets such as Brazil and Mexico.

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