

## VAT IN MEXICO TO RISE - DEADLINE LOOMS

**The Value Added Tax (VAT) in Mexico is set to rise January 1, 2010, and insurance buyers must act fast if they want to avoid paying more outstanding 2009 premium invoices. The VAT rate will increase from 15% to 16% throughout most of Mexico and from 10% to 11% in the south and north national border areas.**

After January 1, unpaid premium invoices issued in 2009 will be reissued by insurers reflecting the higher VAT rate.

Some insurers are allowing until January 10 for payment of 2009 premiums invoiced prior to January 1, 2010. Insureds should contact their broker to determine if this grace period applies.

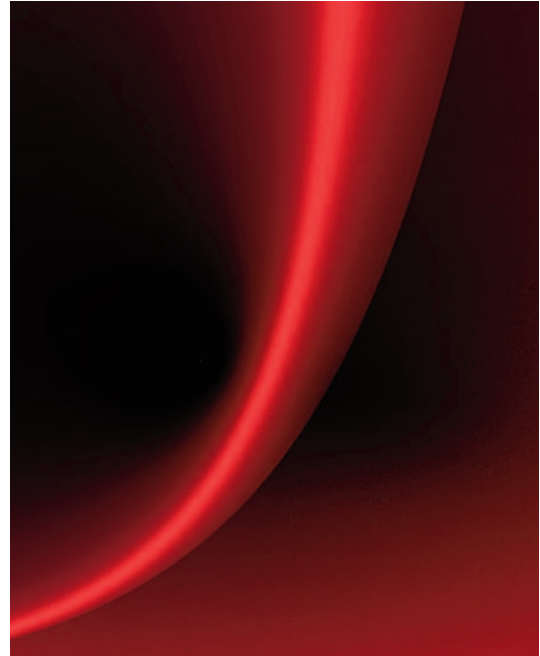
In accordance with the new Transitional Provisions of the Value Added Tax Law, Article Eight, premiums for policies with effective issuance dates on or before December 31, 2009 must be paid before January 1, 2010 to avoid the VAT rate increase.

## POLICIES WITH INSTALLMENTS

For 2009 policies with payment by installments and expiry terms during 2010, all outstanding invoices for installment payments after January 1 will be reissued and/or exchanged for invoices reflecting the increased VAT rate.

Buyers are reminded that the rules about automatic policy cancellation for nonpayment remain in place. Policies with premiums outstanding more than 30 days will be automatically cancelled without notification, as provided under Article 40 of the General Law of Insurance Contracts in Mexico.

Please contact your insurance adviser about how the change in the VAT rates may impact your placements.



## CONTACT

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