

Mexico Extends Tax Breaks For Export Manufacturers For 2 Years.

MEXICO CITY (Dow Jones)--Mexican President Felipe Calderon extended for two years tax breaks for the export manufacturing industry, in a decree aimed at encouraging investment and employment in the sector.

In an announcement, President Calderon said Mexico's export manufacturing plants, or maquiladoras, account for more than 12% of formal private-sector employment in the country. He specifically noted the importance to the employment market of value-added industries such as aerospace, electronics goods, telecommunications and automobile makers.

The decree extends to the end of 2013 the exemption from the fixed minimum corporate tax, known as IETU, that maquiladoras were granted in late 2007. The exemption allows such plants to instead calculate their tax based on, among other things, the value of their assets in Mexico.

"It's a fiscal stimulus that will give the 6,400 companies in the sector resources they can use to bolster investment and generate more jobs," Calderon said of the extension.

The measure is one of several carried out by the government to support the maquiladora industry, Calderon added. Export-oriented manufacturing spearheaded Mexico's economic recovery from the 2008-2009 recession.

The decree also extends to the end of 2013 tax credits for companies authorized to receive tax-deductible donations in support of their social-aid and philanthropic activities. Mexico's maquiladoras employed close to 1.9 million people at the end of June, according to the National Statistics Institute.

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