

Inspiring philanthropy beyond borders



# In-Kind Donations Guide to Mexico



*Guide for In-Kind Donations to Mexico  
Through Non-Governmental Organizations  
(NGOs)*

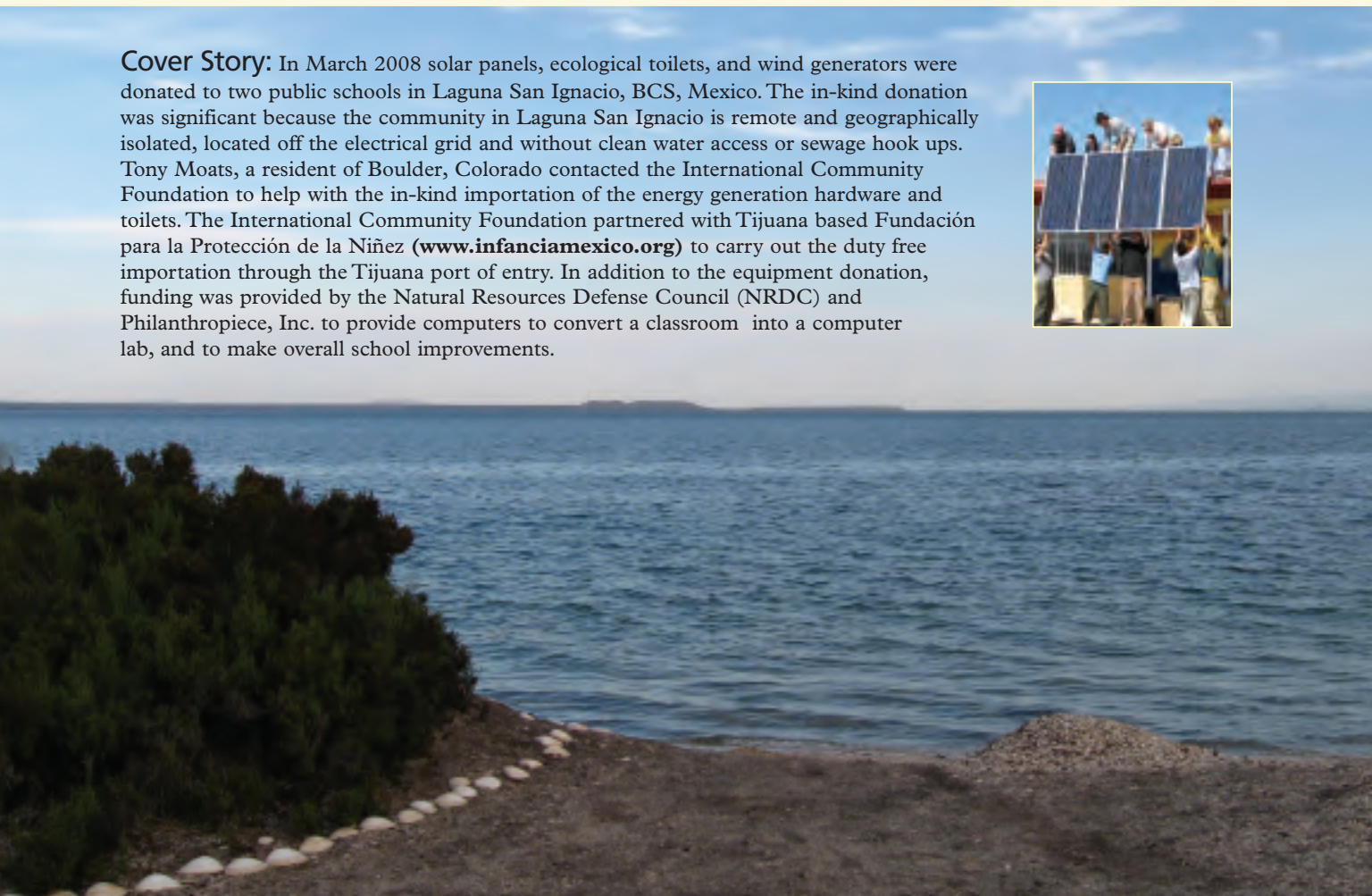
# In-Kind Donations Guide to Mexico

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**Cover Story:** In March 2008 solar panels, ecological toilets, and wind generators were donated to two public schools in Laguna San Ignacio, BCS, Mexico. The in-kind donation was significant because the community in Laguna San Ignacio is remote and geographically isolated, located off the electrical grid and without clean water access or sewage hook ups. Tony Moats, a resident of Boulder, Colorado contacted the International Community Foundation to help with the in-kind importation of the energy generation hardware and toilets. The International Community Foundation partnered with Tijuana based Fundación para la Protección de la Niñez ([www.infanciamexico.org](http://www.infanciamexico.org)) to carry out the duty free importation through the Tijuana port of entry. In addition to the equipment donation, funding was provided by the Natural Resources Defense Council (NRDC) and Philanthropiece, Inc. to provide computers to convert a classroom into a computer lab, and to make overall school improvements.



## Introduction

**F**or years, people have been making in-kind donations of goods to Mexico. Unfortunately, a lack of understanding of the legal process has led to problems getting the donations to the appropriate recipients. Recognizing the lack of understanding that most donors have about in-kind donations, this Guide has been developed to help those who want to give items to Mexico while also being in compliance with Mexican law. The Mexican tax authority, the Servicio de Administración Tributaria, or SAT, has established a relatively simple process for giving goods to Mexico through in-kind donations to a specific class of Mexican non-governmental organizations (NGOs) known as Authorized Donees (“Donatarias Autorizadas”).<sup>1</sup>

The International Community Foundation, Fundación Internacional de la Comunidad, and Mexican Congressman Carlos Torres Torres from Tijuana have written this Guide to help U.S. donors better understand this process.

To facilitate in-kind donations, the SAT has streamlined its authorization process by introducing an online form - the electronic form (“firma electrónica”). The “firma electrónica” allows for faster processing of a donees

### **This Guide concerns in-kind gifts meeting the following conditions:<sup>2</sup>**

- Donated goods or commodities are in good condition and are valued in excess of US\$300; and
- Donations are made to registered Authorized Donees;

**By following these rules, donors may avoid paying duties on the donated goods in Mexico and may also seek tax deductions for the donation in the U.S.**

request to receive in-kind donations. Although this improvement has made the process faster, there are other factors besides time that should be considered. It must be pointed out that in-kind donations are not without costs to both the donor and recipient. Applicable expenses may include transportation to the U.S./Mexico border, warehouse/storage facility costs; staff time in the U.S. and Mexico to process the paperwork; and transportation within Mexico. Authorized Donee beneficiaries may be able to absorb some of these expenses, but donors should be aware of the potential hardship that may be placed on the organizations receiving the donations. For this reason, in-kind donations that are accompanied with a cash grant often make the most sense to ensure that the donation will arrive at its intended location and be used for the intended purpose.

It is encouraged that donors and recipients follow the rules and regulations for making in-kind donations to Authorized Donees in Mexico. While many individuals/donors may have the best intentions to donate items to Mexico, the consequences for bringing illegal items across the border can be severe. For example, if an individual gets caught illegally bringing used clothes into Mexico, the clothes may be confiscated, the car could be impounded, or worse, one could face criminal charges. The hope is that this Guide serves as a useful reference that helps support in-kind donations and encourages goodwill between the U.S. and Mexico.

<sup>1</sup> Mexican Authorized Donees may have juridical personality under different legal forms. The principal legal forms are “Asociación Civil,” (A.C.), “Institución de Asistencia Privada” (I.A.P.); and “Institución de Beneficiencia Privada.” Organizations with Authorized Donee status have the right to issue receipts to donors in order for the donors to receive tax deductions from Mexican income tax. These receipts may also support deductions from U.S. income tax under an applicable U.S.-Mexico treaty. In exchange for this preferential status, Authorized Donees follow strict reporting requirements regarding their receipt and use of donations.

<sup>2</sup> The process described in this Guide is not designed to instruct those interested in the casual donation of toys or clothing.





**“As much societal involvement as possible  
and only government when it is necessary. ”**

**Lic. Carlos Alberto Torres Torres**  
DIPUTADO FEDERAL

Due to globalization and international trade, the impact on society of non-governmental organizations (NGOs) has become a more influential factor related to many world issues. NGOs are consulted daily by their governments around the world. I am convinced in the power of voluntary work within a social structure and I recognize that any NGO that acts independently from any government usually depends on outside donations and volunteer services to attend to large societal problems.

In my personal experience and as a congressman in Mexico I have realized that in the words of Victor Hugo “democracy is not enough; it is also essential to be humane.” I have learned to appreciate this with the individuals that represent non-governmental organizations who with their intelligence and virtue struggle daily against the obstacles that limit access to resources needed to provide better services for their communities. I am convinced that our role as legislators and government officials is to promote the following:

- a) Government should respect the autonomy of non-governmental organizations
- b) Recognize the social significance of NGO activities
- c) Treat NGOs as public interest institutions
- d) Offer incentives and stimuli, both fiscal and legal, that is to say, as prerogatives of the NGO community not subject to the decisions of governmental entities
- e) A transparent system for the use of public funds that are designated to strengthen civil society.

This is why I undertook the task of simplifying one of the processes that has been impeding NGOs (that are Donatarias Autorizadas) to accept donations from abroad. It has been a long struggle for the noble efforts of the NGOs, their testimony and perseverance in spite of the adversity.

I want to extend my appreciation and gratitude to the Servicio de Administración Tributaria de México (SAT) for their support in order to simplify the procedure for importing donations from abroad by automating the process via the Internet through firma electrónica. In the past, this procedure sometimes took up to a year and can now be completed in a few weeks. I recognize that this new system only benefits Mexican NGOs that are Donatarias Autorizadas, but I believe this is the first step in promoting more efficiency.

I am grateful to the NGOs that have given me the opportunity to learn about their work, and as the old Native American saying tells us, “Unless you have walked in the moccasins of another man, you do not know this man, you have no idea how he thinks and feels and you no have idea why he does certain things.” I want to tell you that is how I was able to accomplish this task, by putting myself in the shoes of an NGO.

I am committed to continue my search for options because I am convinced that Mexico has a great legacy of effort, sacrifice, and selflessness, of joint achievements in the past, and in the present and a common mission. I want to reiterate my commitment to work toward a future with a common vision.

Very truly yours:

Lic. Carlos Alberto Torres Torres  
DIPUTADO FEDERAL POR BAJA CALIFORNIA  
XIX LEGISLATURA  
CAMARA DE DIPUTADOS

# In-Kind Donations Guide to Mexico



## LIST OF PERMITTED IN-KIND DONATIONS TO MEXICO

1. Ambulances and mobile clinics that offer medical services or have radiology equipment
2. Buses/vans for the use of educational institutions (schools)



School bus donated to Project Amigo in Colima, Mexico

3. Fire engines
4. Garbage trucks equipped with a compactor, sweeping cars, and tankers
5. Tow trucks, buses for dredging and Trucks with hydraulic equipment
6. New or used computing equipment as well as its peripherals for educational institutions (schools)
7. Medical equipment and laboratory instruments
8. Wheelchairs
9. Orthopedic equipment
10. Medical products such as: bandages, needles for injections, forceps
11. Medicines and/or vitamins
12. Diverse prostheses and rehabilitation prostheses

13. Reconstructed/refurbished eye-glasses or frames
14. Bottled water and canned food
15. Books
16. Fire extinguishers and oxygen tanks
17. Musical instruments
18. Sports equipment
19. Products for personal hygiene and home cleaning products
20. School and office equipment
21. Toys not coming from China
22. New clothes and new shoes not coming from China



## ITEMS NOT PERMITTED FOR IN-KIND DONATIONS TO MEXICO\*

1. Items that are already in Mexico
2. Donated items where the donor and the recipient are the same person
3. Items donated by Mexican nationals that domiciled in Mexico
4. Items subject to countervailing duties (Customs agent can inform you)
5. Used clothing
6. Used shoes
7. New shoes from Asian countries
8. Canned food that is expired
9. Bottled water that will expire within three months
10. Medicine that will expire within one year

**\*This is not an exhaustive list and items can change according to Customs rules and regulations.**

**For more details visit:**

 [www.sat.gob.mx/sitio\\_internet/servicios/promociones\\_agj/34\\_5844.html](http://www.sat.gob.mx/sitio_internet/servicios/promociones_agj/34_5844.html)

# Steps for Making In-Kind Donations to Mexico

This process is specifically for formal in-kind donations to be received by NGOs in Mexico that are registered as **Donatarias Autorizadas**. For a list of **Donataria Autorizadas** in Mexico see:

 [www.sat.gob.mx/sitio\\_internet/servicios/donatarias/autorizadas/default.asp](http://www.sat.gob.mx/sitio_internet/servicios/donatarias/autorizadas/default.asp)

## 1 Procedure for U.S. Donors:

- a. The donor must communicate with the Mexican NGO and send a detailed letter in Spanish (**carta del donante**) to the Mexican **Donataria Autorizada** describing the donation. The description should specify:
  - The legal name of the Mexican **Donataria Autorizada**
  - Quantity and unit measurement
  - Description, brand, and model
  - Material composition
  - Country of origin
  - Value of the item
  - Port of entry for the importation
- Additional information such as, catalogues, manuals, photos, receipts or invoices can be uploaded to the **Servicio de Administración Tributaria de México (SAT)** website:

 [www.sat.gob.mx/sitio\\_internet/servicios/promociones\\_agj/34\\_5844.html](http://www.sat.gob.mx/sitio_internet/servicios/promociones_agj/34_5844.html)

- b. Donors should receive confirmation within a month along with appropriate documentation from the Mexican NGO once the in-kind donation has been approved. The documents need to be shown at the Port of Entry.

## 2 Procedure for Recipient NGO in Mexico for Electronic Submission:

- a. The recipient NGO that must also be a registered **Donataria Autorizada** can use **firma electrónica** (electronic signature) or the regular (paper) process to request permission to import donated items.
- c. Submit the letter from the donor (**carta del donante**) translated into Spanish indicating the donated items.

- b. For **firma electrónica (Firma Electrónica Avanzada (FIEL))** visit:

 [www.sat.gob.mx/sitio\\_internet/e\\_sat/tu\\_firma/](http://www.sat.gob.mx/sitio_internet/e_sat/tu_firma/)



### The Mexican Donataria Autorizada must:

- 1 Possess a **Clave de Identificación Electrónica Confidencial (CIEC)**
- 2 Be enrolled in **Firma Electrónica Avanzada (FIEL)**
- 3 Have applied through **Forma Oficial** to be part of **Sistema Automatizado de Donaciones del Extranjero**

# Steps for Making In-Kind Donations to Mexico

- d. Submit a document that verifies who the legal representative (**Acreditación del Represente Legal**) is for the **Donataria Autorizada**.
- e. In the case of a vehicle donation, one must also attach the title of ownership and pictures of the vehicle.
- f. Only items that comply with rules and regulations for non tariff barriers as well as official rules or guidelines for Mexican government agencies including: Secretaría de Economía; Secretaría de Agricultura, Ganadería; Desarrollo Rural, Pesca y Alimentación; Secretaría de Salud; y Secretaría de Medio Ambiente y Recursos Naturales can be donated duty free.
- g. Authorization from SAT will be sent electronically to the **Donataria Autorizada** within as a month.
- h. Once the **Donataria Autorizada** receives the authorization from SAT the item can be imported at the Port of Entry. The authorization is valid through the end of the calendar year.
- i. Transport and deliver only the exact items that were approved by SAT for the importation.
- j. No Customs agent is necessary.



## More Details Online

For detailed instructions for in-kind donations from the Mexican government agency

**Servicio de Administración Tributaria (SAT)** visit:

[www.sat.gob.mx/sitio\\_internet/home.asp](http://www.sat.gob.mx/sitio_internet/home.asp)

→ "Otros Servicios"

→ "Promociones Jurídicas"

**click on**

"Manual Práctico para las

Donaciones del Extranjero

– Artículo 61 Fracción XVII de la

Ley Aduanera"

For English follow the steps above and **click on**

→ "Versión en Inglés" Appendix

## 3 Procedure for Recipient NGO in Mexico for Paper Submission:



**FOR THE PAPER PROCESS,  
THE FORM CAN BE  
DOWNLOADED AT:**



[www.sat.gob.mx/sitio\\_internet/servicios/promociones\\_agj/34\\_6721.html](http://www.sat.gob.mx/sitio_internet/servicios/promociones_agj/34_6721.html)



Please note that procedures are subject to change or may be updated.  
Review the SAT websites for new laws, regulations, and procedures.



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**Donation Success Story:** In the summer of 2004 San Diego's Old Globe Theater made plans to renovate their 500 seat theatre. Through the International Community Foundation, the Old Globe learned that the Teatro Juarez in La Paz, Mexico needed seats. Responding to this need, the Old Globe generously donated the seats for the benefit of this historic 275 seat capacity Mexican theater with the remaining seats used for spare parts and to retrofit a smaller community based theatre in the community of Todo Santos. Beyond the physical donation, additional funding was needed to cover the cost of transportation, temporary warehousing, and customs fees which the International Community Foundation secured from local San Diego area donors. Thanks to this unique in-kind gift, La Paz and Todo Santos now have remodeled theatres and closer cross-cultural ties have been forged with the arts community in San Diego.

