



# **MODALITY 10 RESICO PROGRAM**

## Executive Summary for U.S. CEOs & CFOs

Foreign companies increasingly rely on Mexican independent professionals, but most are not properly registered with the Mexican tax authority (SAT). This creates audit, compliance, and payment-documentation risks for the U.S. company.

Factorum eliminates these risks at zero cost to you.

We register each Mexican provider under RESICO Modality 10, enabling them to issue fully compliant tax invoices (CFDI), receive direct international payments, and maintain ongoing SAT compliance.

RESICO (Simplified Trust Regime) is a tax regime created for individuals who provide professional services, including those provided abroad.

You avoid:

- Establishing a Mexican entity
- Payroll, HR, or labor-law exposure
- Significantly reduces misclassification exposure when the relationship is properly structured as independent.
- Documentation gaps during financial audits

Your providers remain independent, fully compliant, and cost-efficient compliance structure—with tax rates between 1.25% and 2.5%, far below traditional payroll taxation in Mexico (the income tax rate may vary depending on the accumulated annual income.)

The above is within the legal framework established by Mexican tax legislation.

### **Factorum – RESICO Modality 10 Program**

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Compliance Enablement for Foreign Companies Hiring Independent Mexican Service Providers.

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## 01. Executive Overview

Modern global companies increasingly engage Mexican professionals as independent service providers. Yet, foreign companies often face a critical barrier: providers in Mexico are not properly registered to invoice international clients or comply with SAT requirements.

Factorum eliminates this barrier.

**We support and manage compliance processes on behalf of the provider.**

- Operate legally as independent service providers
- Issue valid SAT-compliant CFDI invoices to foreign entities
- Receive cross-border payments directly in their own Mexican bank accounts
- Maintain monthly and annual tax compliance with the SAT

**Foreign companies pay nothing.** Costs are borne entirely by the independent provider.

**There is no employment relationship and no outsourcing model.**

**Providers invoice you directly.**

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## 02. The Challenge for Foreign Companies

Hiring Mexican talent is easy, but registering as an employer in Mexico can be complicated.

Foreign companies often face:

- Providers without the ability to issue valid CFDIs
- Lack of SAT registration or proper tax obligations
- Compliance risk due to informal arrangements
- Difficulties with audits, banking compliance, and documentation

Companies want transparency and legal certainty—but providers need the right structure.

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## 03. Factorum's Solution (Not Outsourcing — Pure Compliance Enablement)

Factorum is not an employer, PEO, or outsourcing company.

We never intervene in the commercial relationship between you and your provider.

Our role is simple and powerful:

We ensure your Mexican service providers are fully registered and compliant under RESICO Modality 10.

This allows them to:

- Invoice you directly
- Receive payments directly
- Maintain full SAT compliance

- Your company has zero legal presence required in Mexico.
- Your company assumes no labor relationship is created by Factorum's structure whatsoever.
- Your company pays no fees to Factorum.

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## 04. How the Program Works

### Step 1 — Provider Registration

Factorum registers each provider with:

- RFC (Federal Tax ID)
- RESICO Modality 10 regime
- SAT obligations setup
- Banking verification

### Step 2 — CFDI Setup for International Services

We configure everything the provider needs to issue global-service CFDI invoices:

- Correct SAT catalog codes
- Templates for service descriptions
- Validation of invoice metadata

### Step 3 — Direct Payment From Foreign Company

You pay your service providers directly via:

- International wire
- ACH / SWIFT transfers
- USD or MXN deposits

### Step 4 — Full Ongoing Compliance

Included with their annual plan:

- Monthly SAT tax filings
- Annual declaration
- Review and validation of invoices
- Ongoing support for providers

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## 05. Value Proposition

### For Foreign Companies

- Zero cost to enroll or operate
- No entity formation in Mexico
- No labor obligations or employment classification risk
- Fully compliant documentation (CFDI invoices)

Transparent and auditable payment structure

- Direct relationship with each independent provider

## For Mexican Service Providers

- Legal tax registration under RESICO
- Low tax rates under the simplified regime
- Ability to invoice foreign companies
- Direct access to international payments
- Full support managing SAT obligations

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## 06. Why RESICO Modality 10 Matters

RESICO 10 is the ideal tax framework for independent professionals offering services, giving them:

- Preferential tax rates (1%–2.5%)
- Streamlined monthly compliance
- Recognition as legitimate service providers
- Full CFDI invoicing capacity

This benefits providers such as:

- Software developers
- Designers & creatives
- Marketing professionals
- Consultants & analysts
- Remote freelancers
- Content creators
- IT support & engineering services

### 6.1. RESICO Modality 10 vs. Traditional Payroll

Foreign companies often assume that hiring a Mexican worker requires creating an employment relationship, local payroll, or establishing a Mexican entity. RESICO Modality 10 eliminates all of this.

#### Key Advantages Over Traditional Payroll Employment:

- No employer-employee relationship → foreign companies avoid labor responsibilities, compensation rules, social security obligations, compliance with local HR regulations, etc.

- Direct invoicing instead of payroll → providers operate as independent service professionals.
- Lower tax burden for the provider → RESICO rates (1%–2.5%) are significantly lower compared to payroll tax brackets.
- No need for a Mexican legal entity → payroll requires incorporation and local compliance; RESICO does not.
- Full flexibility → providers remain independent and project-based.

### **Provider Benefits vs. Payroll Employment:**

- Full autonomy as independent contractors
- Higher net income due to simplified RESICO taxation
- Ability to invoice global clients
- Avoids restrictive employment classifications

### **Cost Benefits with RESICO's Modality 10 (Independent Provider):**

- No employer social security burden
- No labor liabilities or mandatory benefits
- ISR rate between 1.25% and 2.5% for the provider
- No need for a Mexican legal entity

### **Bottom Line:**

Foreign companies avoid the high cost of payroll structures, outsourcing models, or misclassification penalties. Providers pay dramatically lower taxes under RESICO, while remaining fully compliant with SAT.

## 6.2. Risks of Working With Unregistered Providers

Hiring Mexican talent informally creates significant compliance exposure for both the foreign company and the service provider.

### Risks for the Foreign Company:

- No SAT-compliant documentation → payments cannot be justified in audits.
- Misclassification exposure → informal work can be interpreted as employment by authorities.
- Banking & AML flags → undocumented international payments trigger compliance alerts.
- Reputational and operational risk → especially for companies under U.S./EU accounting standards.

### Risks for the Mexican Service Provider:

- Cannot prove lawful income → affects banking, credit, and financial verification.
- SAT penalties → for income not declared or lacking CFDI invoices.
- Higher taxes outside RESICO → default regimes increase the provider's tax burden.
- Potential account holds or audits due to undocumented transfers.

Factorum eliminates these risks by ensuring every Mexican provider is fully registered and compliant under RESICO Modality 10.

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## 7. Real-World Use Cases

### Case 1: U.S. Startup with 10 Mexican Contributors

Before: informal payments, no CFDIs, compliance gaps.

After Factorum:

- All 10 providers registered under RESICO 10
- Monthly CFDI invoices issued directly to the U.S. company
- International payments processed cleanly
- Full SAT compliance for every provider

## Case 2: European Agency Working with 5 Mexican Specialists

Providers invoice legally and professionally

No need for the agency to establish a Mexican entity

Zero operational friction

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## 8. Pricing Model

### Free of Charge for Foreign Companies

Foreign companies pay nothing to use Factorum when working with Mexican providers.

### Provider Annual Compliance Plan

The only requirement is that each service provider purchases the annual plan:

**MXN \$6,600 per year**

(approximately **USD \$368 per year**)

This includes:

- Tax payment processing support so that each CFDI invoice reflects the appropriate RESICO tax obligations, ensuring that required SAT taxes associated with the invoiced income are correctly calculated, reported, and paid as part of the provider's compliant workflow.
- Full RESICO Modality 10 registration
- Annual invoicing package (CFDI)
- Monthly SAT declarations
- Annual tax declaration (only if applicable)
- Full support and ongoing compliance maintenance

Affordable. Compliant. Seamless.

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## 9. Why Factorum

- 15+ years of experience in Mexico's electronic invoicing ecosystem
- Specialist expertise in independent-provider compliance
- End-to-end SAT alignment
- Robust technology + human guidance
- Zero labor-risk structure

Factorum empowers cross-border collaboration by making compliance effortless.

**This program does not constitute legal or labor advice. Employment classification depends on the factual nature of the working relationship.**

## Contact

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