

Voluntary Report – Voluntary - Public Distribution

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Report Number: MX2025-0021

Report Name: Tax on Imported and Domestic Alcoholic Beverages

Country: Mexico

Post: Guadalajara

Report Category: Beverages

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Report Highlights:

Mexico's Special Tax on Production and Services (IEPS) is applied to both domestically produced and imported alcoholic beverages. The tax rate varies based on alcohol content, from 26.5 percent for lower alcohol content beer and wine to 53 percent for distilled spirits.

The Special Tax on Production and Services (IEPS) applies to the sale and importation of certain products that are considered unhealthy or harmful to well-being, including beer, wine, and distilled spirits. Importers and domestic producers are required to pay the IEPS; this cost is generally passed on to the final consumer.

Alcohol Content	IEPS Rate	Products
Up to 14%	26.50%	Beer, Wine
14% - 20%	30%	Wine, Liqueur
Above 20%	53%	Distilled Spirits

IEPS Impact on U.S. Alcoholic Beverage Prices in Mexico

The IEPS significantly increases the final price of alcoholic beverages in Mexico. The following examples for U.S. beer, wine, and spirits provide approximate costs along the supply chain.

American IPA beer, 6-pack

- U.S. exporter's cost
 - Production: \$8
 - Logistics: \$3
 - Total: \$11
- Mexican importer's purchase price
 - Exporter cost: \$11
 - Exporter markup, typically 30 percent: $\$11 * 0.30 = \3.30
 - Importer's purchase price: \$14.30 or **286 pesos**
(exchange rate – 20 pesos to the dollar)
- **IEPS Tax**
 - 26.5 percent of the importer's purchase price (see table above)
 - $286 \text{ pesos} * 0.265 = 76 \text{ pesos}$
 - Total with IEPS: 362 pesos
- Value Added Tax (IVA)
 - 16 percent tax on all products (domestic and imported)
 - $362 \text{ pesos} * 0.16 = 58 \text{ pesos}$
 - Total with IVA: 420 pesos
- Final Retail Price
 - Combined importer & retailer markup, 40 percent: $420 \text{ pesos} * 0.40 = 168 \text{ pesos}$
 - **Final Retail Price: 588 pesos or \$29**

California wine (> 14% alcohol content), 750ml bottle

- U.S. exporter's cost
 - Production: \$15
 - Logistics: \$5
 - Total: \$20
- Mexican importer's purchase price
 - Exporter cost: \$20
 - Exporter markup, typically 35 percent: $\$20 * 0.35 = \7
 - Importer's purchase price: \$27 or **540 pesos**
- **IEPS Tax**
 - 30 percent of the importer's purchase price (see table above)
 - $540 \text{ pesos} * 0.30 = 162 \text{ pesos}$
 - Total with IEPS: 702 pesos
- Value Added Tax (IVA)
 - 16 percent tax on all products (domestic and imported)
 - $702 \text{ pesos} * 0.16 = 112 \text{ pesos}$
 - Total with IVA: 814 pesos
- Final Retail Price
 - Combined importer & retailer markup, 40 percent: $814 \text{ pesos} * 0.40 = 326 \text{ pesos}$
 - **Final Retail Price: 1140 pesos or \$57**

Premium Kentucky Bourbon, 750ml bottle

- U.S. exporter's cost
 - Production: \$30
 - Logistics: \$8
 - Total: \$38
- Mexican importer's purchase price
 - Exporter cost: \$38
 - Exporter markup, typically 35 percent: $\$38 * 0.35 = \13.30
 - Importer's purchase price: \$51.30 or **1026 pesos**
- **IEPS Tax**
 - 53 percent of the importer's purchase price (see table above)
 - $1026 \text{ pesos} * 0.53 = 544 \text{ pesos}$
 - Total with IEPS: 1570 pesos
- Value Added Tax (IVA)
 - 16 percent tax on all products (domestic and imported)
 - $1570 \text{ pesos} * 0.16 = 251 \text{ pesos}$
 - Total with IVA: 1821 pesos
- Final Retail Price
 - Combined importer & retailer markup, 40 percent: $1821 \text{ pesos} * 0.40 = 728 \text{ pesos}$
 - **Final Retail Price: 2549 pesos or \$127**

Attachments:

No Attachments.