



JA Del Río

2022 Tax Reform Proposal Analysis

Contents:

- Introduction
- Federal Revenue Law
 - Income Tax Law
- Value Added Tax Law
 - Federal Tax Code
 - Conclusions
- Questions & Answers

Tax Reform 2022

Introduction.

On **September 8th, 2021**, through the Ministry of Finance and Public Credit (Secretaría de Hacienda y Crédito Público), the Federal Executive submitted to the Union Congress (Congreso de la Unión) the proposed economic package for Fiscal Year 2022, for the consideration of the House of Representatives (Cámara de Diputados) for review and approval.

This proposal involves amendments, additions and repeals to multiple provisions, highlighting the:

- Federal Fiscal Code
- The Income Tax Law (ITL)
- The Value Added Tax Law (VATL)
- The Special Tax on Production and Services Law (IEPS).

The document states that the proposal is based on trust in citizens. Its main objectives are administrative simplification and the reinforcement of legal certainty to achieve a more efficient and equitable tax system, inhibiting tax evasion and avoidance.



What is the intention of Tax Reform 2022?

- Avoid and fight elusion and tax evasion.
- Increase the base of taxpayers with those the informal sector for greater tax collection through the creation of new regimes.
- Economic reactivation due to the COVID-19 pandemic.
- Greater control and adaptation to current regulations aimed at increasing the taxable base of taxpayers.

What are the Government's commitments for 2022?

- Not to increase or create new taxes for collection.
- Combat corruption and impunity.
- Simplify tax compliance for taxpayers.
- Support the health sector.

Tax Reform 2022



In the submitted 2022 economic package, the following is proposed:

- Facilitate the taxpayer's procedures and self-determination of tax calculations to avoid the payment of financial advisory services by promoting the use of technology through simple tools.
- Incorporate simplified regimes based on public trust for tax individuals & legal entities.
- Granting and reinforcing legal certainty to taxpayers by adapting the legal tax provisions, based on citizens' trust.
- Supporting the health sector by increasing audit processes and collection of tax debts by the Authority due to the high demand for public resources.



JA Del Río

2022 Revenue Law

Economic environment (estimates)



- Annual inflation growth
- 3.4%



- Exchange rate (pesos per dollar, average)
- \$20.3



- GDP growth
- 4.1%



- Barrel Price (dollars per barrel, average)
- \$55.1



- Interest rate (average)
- 5.0%



Income estimate

2021

Total income was estimated at \$6,295,736.2 million pesos.

2022

Total income is estimated at \$7,088,250.3 million pesos.



Represents 12.58% more income for 2022, with no new taxes or rate increases.

Tax Indicators



Surcharge rates are maintained

- 1.47% late payment
- 0.98% extension: monthly
- 1.26% monthly: up to 12 installments.
- 1.53% monthly: up to 24 installments.
- 1.82% monthly: + 24 installments



Withholding rate in the financial system

- Decrease from .97% to .08% annually

Taxpayers' Self-Correction

A tax benefit of 40% reduction in fines for infractions derived from non-compliance with tax obligations other than payment is maintained for taxpayers subject to electronic review.



Tax Incentives

Tax incentives are maintained for fiscal year 2022, among which the most relevant are:

- Credit to the IT of the IEPS paid for the acquisition of diesel or biodiesel for final consumption (various assumptions).
- 50% credit of the payments made on the national toll highway network, for taxpayers engaged in public or private land transportation of cargo or passengers.
- Credit to IT of the IEPS corresponding to the acquisition of fossil fuels for its productive process and not destined for combustion.



Comparative IL 2022 vs 2021

Concept	2021	2022	Variation
Federal Revenue	6,295,736.20	7,088,250.30	12.59%
Income tax	1,908,813.40	2,073,493.50	8.63%
VAT	978,946.50	1,213,777.90	23.99%
IEPS	510,702.70	505,238.50	-1.07%
ISAN	7,521.80	12,113.20	61.04%
Foreign Trade Taxes	61,638.40	72,939.50	18.33%
Other taxes	6,900.20	7,458.80	8.10%
Accessories	58,962.00	59,342.40	0.65%



JA Del Río

Income Tax Law (“ITL”)

Income Tax Law Topics



Determination of foreign exchange gain (Art. 8)

It is proposed that the foreign exchange gain and loss may not be greater or exceed, respectively, the resulting amount from the application of the exchange rate established by the Bank of Mexico (Banco de México), corresponding to the day on which the gain is received, or the corresponding loss is incurred.

Until 2021, the Law mentioned that this only applied to exchange losses, but not to gains, creating a discrepancy in the Law where the taxpayer used lower exchange rates. This was implemented to complement the article, thus regulating the parameters of the profit accrued by the exchange fluctuation.

The new wording for this calculation would result in the strict application of the exchange rate established by the Bank of Mexico published in the Official Federal Gazette when calculating the exchange gain or loss.

Order to credit Income Tax paid during the year vs the annual return (Art. 9).

In 2022, it is proposed the addition of a paragraph which **establishes the order that taxpayers must follow** for crediting vs the corporate annual IT, the Income Tax paid during the year to **grant legal certainty* and as a measure** to limit balances in favor of taxpayers with income abroad, as follows:

"Against the annual tax calculated under the terms of this article, the following credits may be made, in their order:

- a) The IT amount of the **monthly installments** made during the year.
- b) The IT **paid abroad**, in terms of **Article 5** of this Law".

* Until 2021, there was no established order to carry out the crediting, however, it was a common practice that the order was the other way around, i.e.: IT paid abroad & then the IT of

Income Tax Law Topics





JA Del Río

Income Tax Law Topics

“Back-to-back loans” (Art. 11)

The Law in force establishes that the following are considered “back-to-back credits”:

“(…) transactions through which a person provides cash, goods or services to another person, who in turn provides, directly or indirectly, cash, goods or services to the first mentioned person or to a related party of the first mentioned person. Also, transactions in which a person grants financing and the credit is secured by cash, cash deposits, shares or debt instruments of any kind, of a related party or of the borrower itself, to the extent that it is so secured, are also considered to be secured loans. For these purposes, it is considered that the loan is also secured under the terms of this section, when its granting is conditioned to the execution of one or several contracts that grant an option right in favor of the lender or a lender’s related party, whose exercise depends on the partial or total nonpayment of the loan or its accessories by the borrower.

In 2022, a new 5th paragraph is added stating that:

“Financing operations other than those previously referred to in this article from which interests derive from legal entities or permanent establishments in the country of residents abroad when said operations lack a business reason, will also be treated as back-to-back credits.”

Income Tax Law Topics

Determination of provisional payment (Art. 14)

It is proposed to modify the wording of the article where until 2021, it mentioned the possibility of reducing the monthly installments as of the 2nd semester of the fiscal year by means of an authorization, when it is estimated that the profit ratio applied will be higher than the profit ratio of the fiscal year to which such payments correspond.

The proposal for the year 2022 is to modify the wording and allow the reduction of the profit ratio, not of the monthly installments.



Income Tax Law Topics

Revenue recognition & timing to do so. Ownership of an asset & the usufruct of that asset (Art. 18/19)

- Dismemberment of property attributes (improper interpretation) by alienating only the bare ownership of the property, reserving the usufruct for a certain period of time.
- Erroneous interpretations regarding the expiration of the usufruct; it has been considered that at that moment the owner generates a taxable income → the value of the usufruct (appraisal at the moment of consolidation with the bare ownership).
- Gain on disposal: Income obtained (-) Cost.
- Proposed: Cost proportionality rule → proportion of the value of the asset disposed divided by the total value of the asset.
- Obligation to notaries, brokers, judges, and other attestors, through a declaration, to inform the tax authority of the characteristics of the operation and the information of the taxpayer who acquired the bare property within the established period (30 following days).

Income Tax Law Topics

Business reason in corporate restructures (Art. 24)

- The benefit for the disposal to be carried out at tax cost, *will only be granted to Mexican resident companies belonging to the same group.*
- In case of a Tax audit, the authority detects that the restructuring *lacks a business reason*, the authorization will be without effect and the corresponding tax must be paid.
- These amendments are intended to ensure that the corporate restructuring and the relevant transactions (before and after the restructure) are not intended to avoid contributions.

Business reason in corporate restructures (Art. 24)

- Inclusion of new requirements:

1. The opinion made by a Certified Public Accountant (CPA), in addition to the current requirements, must include:
 - The bookvalue of the shares, organization chart of the group where the percentage of ownership of the partners or shareholders is observed, directly or indirectly, before and after the restructuring; business segments and line of business of the issuing company and the acquiring company, and it is certified that said companies consolidate their financial statements .
2. Report all *relevant operations* related to the restructure that have taken place five years before the request.
3. If a relevant operation is carried out in the subsequent 5 years, Form 76 must be submitted (proper definition of relevant operations → 8 specific acts.).

Income Tax Law Topics



Income Tax Law Topics



Deductions (Art. 27)

- Fighting the illicit hydrocarbon and oil market:
 - Additional requirements in the e-invoice (CFDI): verify that the declared permit is valid (difference between suspended due to danger to national security does not mean revoked).
- Disbursements for technical assistance, technology transfer, or royalties:
 - *When carried out by a third party* as long as they are residents in Mexico.
 - That it has been agreed in the contract that the provision by specialized services providers or the execution of specialized works (recent Labor reform related to subcontracting schemes).
- Bad debt accounts:
 - For credits that at the time of maturity are greater than 30,000 UDIS (aprox \$150k MXN), it will be understood that there is a notable practical impossibility of collection at the moment in which the taxpayer **exhausts the legal means to obtain the collection, and there is a final resolution by the competent authority endorsing it**. Credit Institutions will have an obligation to submit to the SAT the same information submitted to financial information companies at the time of deducting uncollectible accounts.

Income Tax Law Topics

Thin Cap (Art. 28)

- Changes to the determination mechanics :
 - For the calculation of the stockholders' equity for the year, based on the balances of the tax attributes, the tax losses pending reduction that have not been considered in the determination of the tax result must be reduced from the CUCA, CUFIN, and CUFINRE.
 - Limitation to the exercise of this option in cases in which the result of the operation mentioned above is greater than 20% of the stockholders' equity of the year in question, except that in case of a tax audit, the company proves that they have the corresponding support.
- Exclusion:
 - **Strategic areas** → only when ownership is proven with a document issued by the competent authorities.
 - Non regulated Financial Institutins (SOFOMES

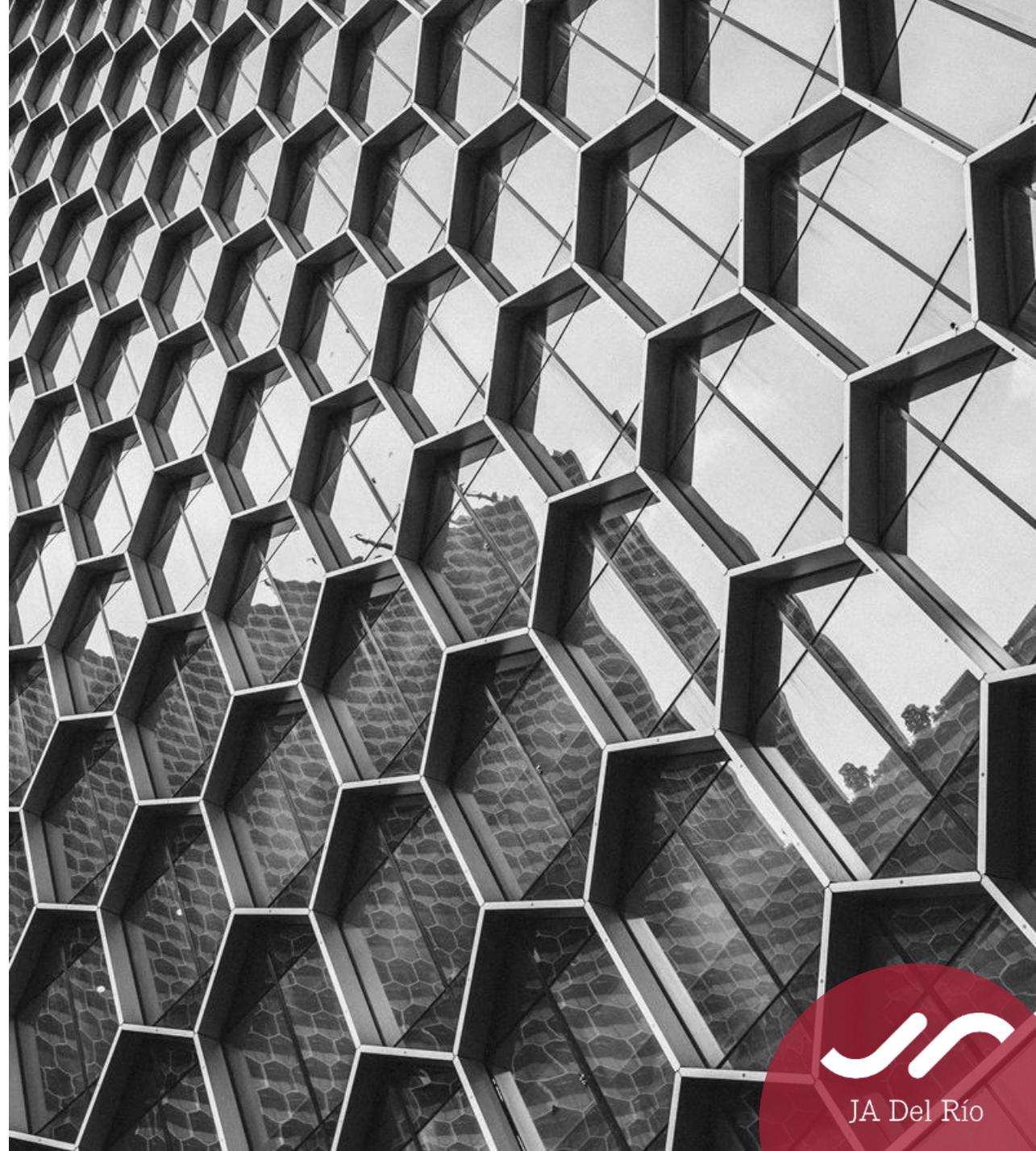
Income Tax Law Topics

INVESTMENTS

Modification of the definition of concept “Investment” (MOI) including:

- expenses for the preparation of the physical site
- Installation
- Assembly
- Handling
- Delivery
- as well as those related to the services contracted for the investment to work.

Avoid deducting these items as expense in 1 fiscal year, but brought depreciation.



File Notice when disposal of assets that are no longer useful (Art. 31)

INTENTION

Restore the obligation of legal entities to submit the notice regarding those assets that are no longer useful to generate income.

MOTIVE

Taxpayers implement **aggressive strategies** which continue to give tax effects to assets that are no longer useful to generate income or, early deregister assets that are still useful, which has generated undue deductions.

OBJECT

Avoid said conducts and the undue deduction of assets that are still useful to generate income or their use even though they were deregistered, in order to have greater control over said assets.

Real estate usufruct (Art. 32)

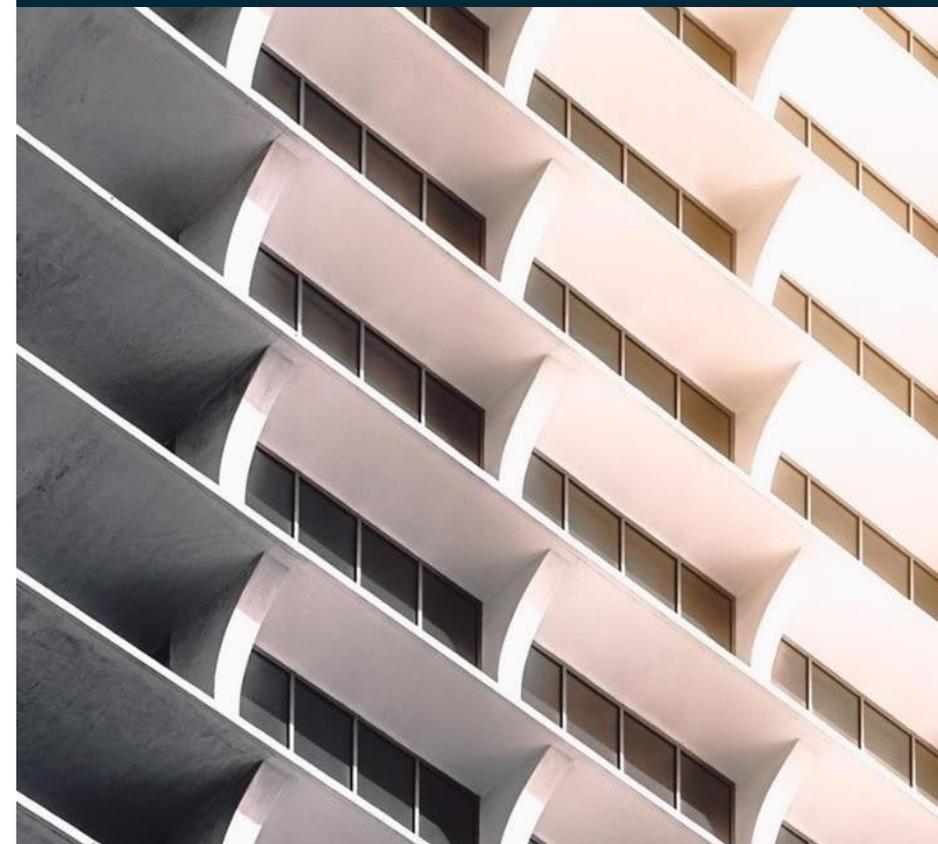
- The acquisition of the usufruct right over a real estate, will be considered a fixed asset.
- Maximum deduction rate 5%.

Amortization of intangibles allowing the exploration or exploitation of public domain assets (Art. 32)

They will not be considered expenses in the preoperative period those corresponding to intangible assets allowing the exploration or exploitation of public domain assets, which will be treated as deferred expense.

Deduction of investments in the mining sector (Art. 34)

Fixed assets for facilities, additions, repairs, improvements, adaptations, as well as any other construction carried out in a mining lot will be subject to the maximum depreciation rate of 5% per year.



Income Tax Law Topics

Tax-loss in the spin-off of companies (Art. 57)

- Tax losses pending to amortize, must be divided between the parent companies and the spin-off companies engaged in the same line of business and in the proportion in which the inventories and accounts receivable related to the business activities of the parent company, or fixed assets.
- The cases in which it will be considered that there is a change of partners or shareholders who have control of a company are extended, and therefore the application of tax losses could be limited:
 - Change of the holders of more than 51% of the shares or social shares with right to vote, directly or indirectly.
 - Suspension clauses for change of shareholders the moment will be at the signing of the contract.

Income Tax Law Topics



Other obligations (Art. 76 – IX, X and XII)

It is planned to extend the obligation to have a Transfer Pricing Study to all operations between related parties, regardless of whether they are residents in Mexico or another jurisdiction, and concepts are specified.

Information is requested regarding the functions or activity, assets used, and risks assumed **for the taxpayer and the party or related parties** with which they carry out operations for each type of operation.

It is requested to develop the elements of comparability and include the detail in the application of the adjustments, which have been made in the terms of article 179.

It is proposed that the form “Annex 9” is filed no later than May 15th of the following year after the end of the FY.

Income Tax Law Topics

Other Obligations.(Art. 76)(cont.)

It is proposed to include section XX, consisting of informing the tax authorities of the sale of shares or securities that represent the ownership of goods issued by the taxpayer, carried out between residents abroad without a permanent establishment in Mexico.

The information must be submitted no later than the month following the day the operation occurs. The legal entities that do not submit the information will be jointly liable for the calculation of the tax corresponding to the resident in México.





Income Tax Law Topics

Annual informative statements from related parties. (Art. 76-A)

The obligation is aligned with the modifications of article 32-A and 32-H of the FTC.

.... Fraction VI. Taxpayers who are related parties of the subjects established in article 32-A, second paragraph of this code.

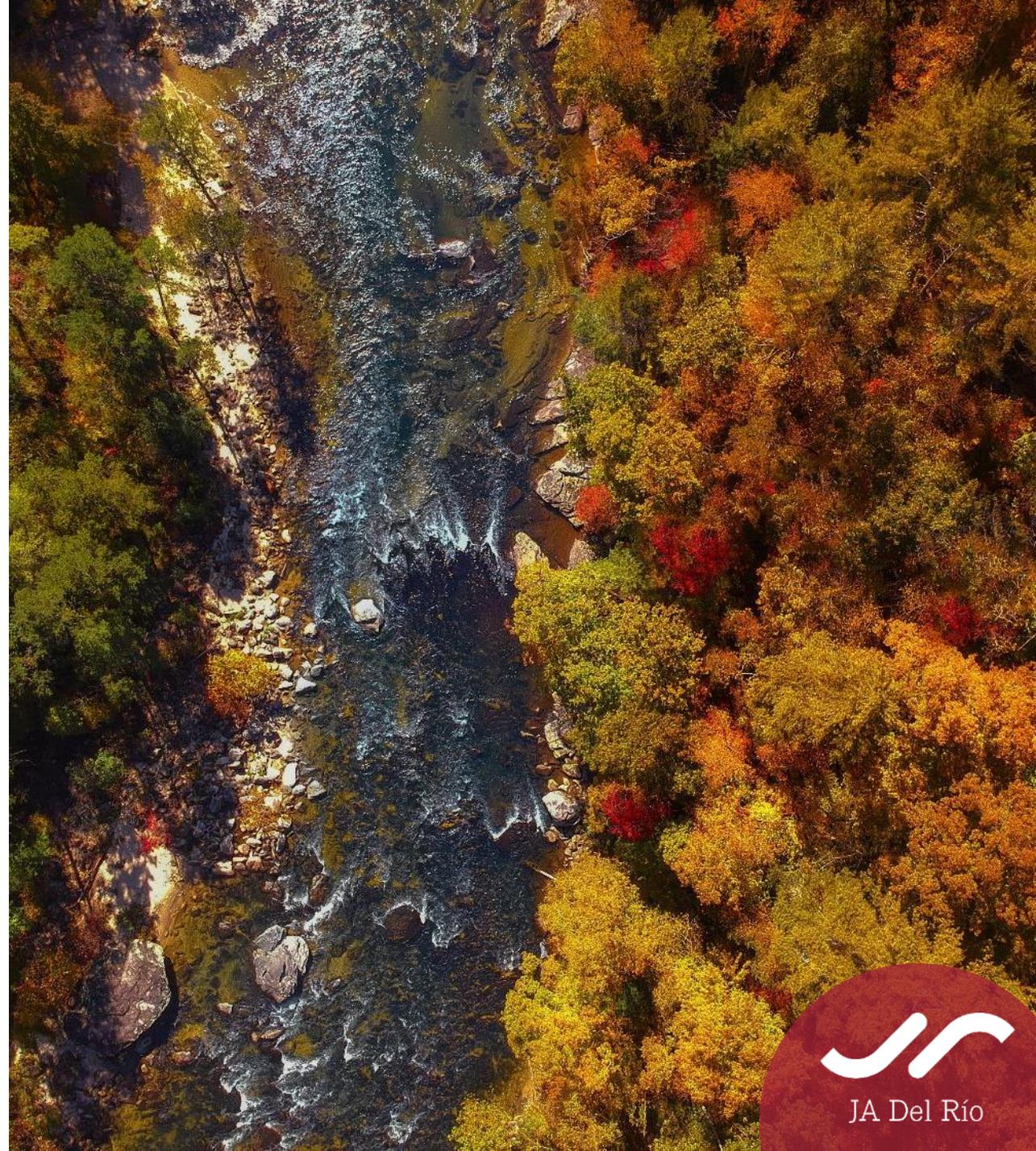
The date of the presentation of the local informative return is modified to May 15th, which is aligned with the modifications to the Auditors' report & the form "Annex 9".



Net tax profit account or CUFIN (Art. 77)

To precise the mechanics of the CUFIN determination, the following is proposed:

- To determine the UFIN, the Profit Sharing (PTU) is not a concept that must be subtracted.
- This was the legislators' initial intention since the 2004 Reform.



Income Tax Law Topics



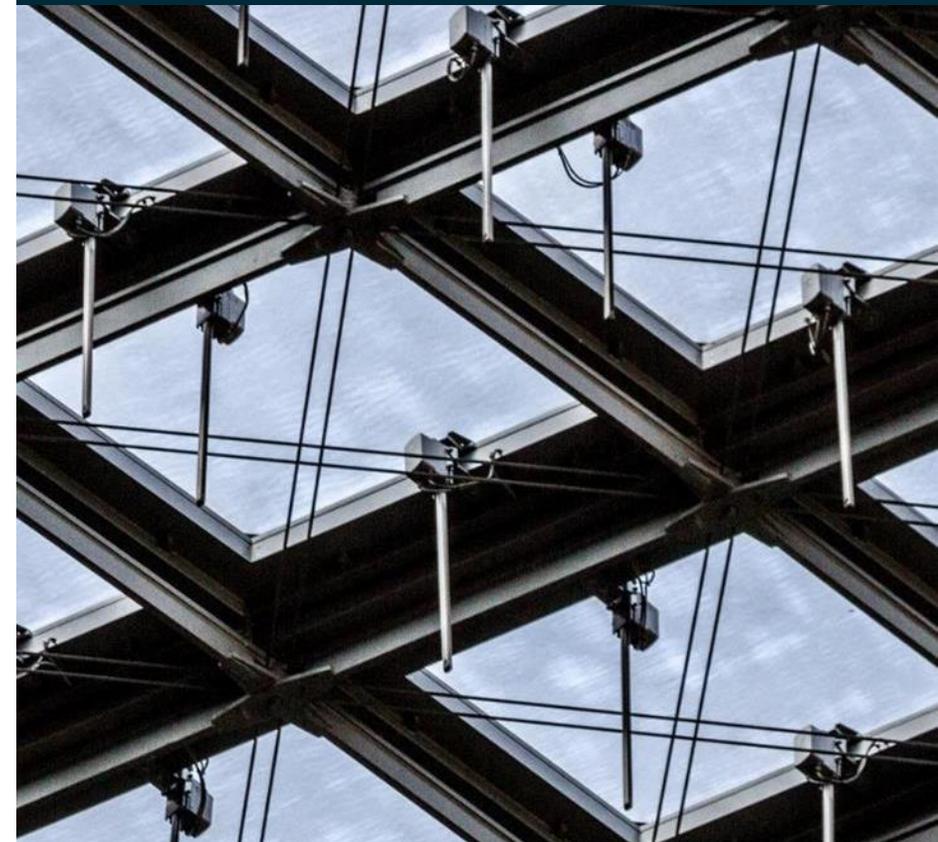
Title IV on Individuals taxpayers (Overview)

- Exclusion of individual taxpayers from the AGAPES Regime.
 - In various provisions that regulated AGAPES individuals and common lands and common land holders are excluded from this regime, in the understanding that they must pay taxes under the Simplified Trust Regime.
- Elimination of concepts that are equivalent to salaries.
 - When the fees for services provided predominantly to a service provider, as well as independent service providers and business activities that opt for the scheme have chosen to be considered as equivalent to salaries, they must be taxed according to Professional Activities from the year following to that in which they exceed the annual income of \$75,000,000 MXN.

Title IV on Individuals taxpayers (Overview)

- Informative return of individual taxpayers.
 - Eliminate the possibility of exempting legal entities from the obligation to present informative returns for withholdings made to individuals taxpayers providing professional services, when they issue receipts in terms of the FTC and the tax withheld is detailed.
- Electronic accounting and informative return
 - Eliminates the obligation for individuals with business activity with an income lower than 2 million pesos.

Income Tax Law Topics





Section II “Tax Incorporation Regime.” (Eliminated). Simplified Trust Regime (Art. 113-E).

- It is proposed to eliminate the “Tax Incorporation Regime” and replace it with a new “Simplified Trust Regime” for individuals.
- A simpler regime for individuals who carry out various business activities and/or receive income from real estate rental, with income lower than MXN 3,500,000 per year (CFDI).
- The tax rate under the simplified regime varies between 1% on income under \$300,000 per year to 2.5% on income between \$2,500,000 and \$3,500,000 per year.



Section II

“Tax Incorporation Regime” (Eliminated). Simplified Trust Regime (Art. 113-E).

- The regime will be applicable to individual taxpayers who carry out various activities including:
 - Business Activity;
 - Provision of services directly or through technological platforms;
 - Granting of the enjoyment or temporary use of goods;
 - Agricultural, livestock, forestry or fishing activities, and ground transportation of federal cargo.

Income from acquisition of real estate. (Art. 160)

- Income from a source of wealth in Mexico by real estate acquisition obtained by a resident abroad.
- If the authority determines a difference between the agreed value of the property & the appraisal value, it is proposed to establish that in the first instance, the person obliged to pay the tax will be the seller if he is a resident in Mexico or a resident abroad with a permanent establishment in the country.
- Those who pay the tax in this case, will replace the taxpayer in the obligation to pay the tax.



Income Tax Law Topics



Sale of shares (Art. 161).

- In the case of income from a source of wealth in Mexico due to the sale of shares between related parties, it is proposed to add the obligation to include in the respective auditors' opinion, sufficient elements to accredit that the sale price of the shares sold is at market value.
- It will seek to establish a new legal assumption by virtue of which it will be considered that the shares are outside a business group, and therefore the tax that was deferred due to a corporate restructuring has to be paid, when the issuing company and the acquiring company of the shares stop consolidating their financial statements.
- It is reiterated that *the lack of a business reason* makes an authorization restructure lose validity and, therefore, a tax is caused and needs to be paid.

Payments abroad.

- It is included that payments abroad to related parties must be at market values.
- Modify applicable rules in payment of interest with a source of wealth in Mexico, rates of 4.9% and 10% Domestic law will not be helpful if the direct or indirect beneficial owners are debtor's related parties:
 - Shareholders of more than 10% of the shares with the right to vote, legal entities to more than 20% owned by the debtor.

Income Tax Law Topics





Income Tax Law Topics

Requirements of the representatives (Art. 174)

- When Legal Representatives are designated in Mexico for residents abroad, they must have enough assets to respond as jointly obligated (particular rules).

Preferential Tax Regimens (REFIPRES. Art. 176)

- Income subject to REFIPRES will not be considered:
 - Annual inflation adjustment
 - exchange gains, or losses
- They will not be considered either to calculate the tax result.



Income Tax Law Topics

Determination of prices for operations with related parties.(Art. 179)

Article 179 includes a mention of the obligation also applicable to Title IV taxpayers.

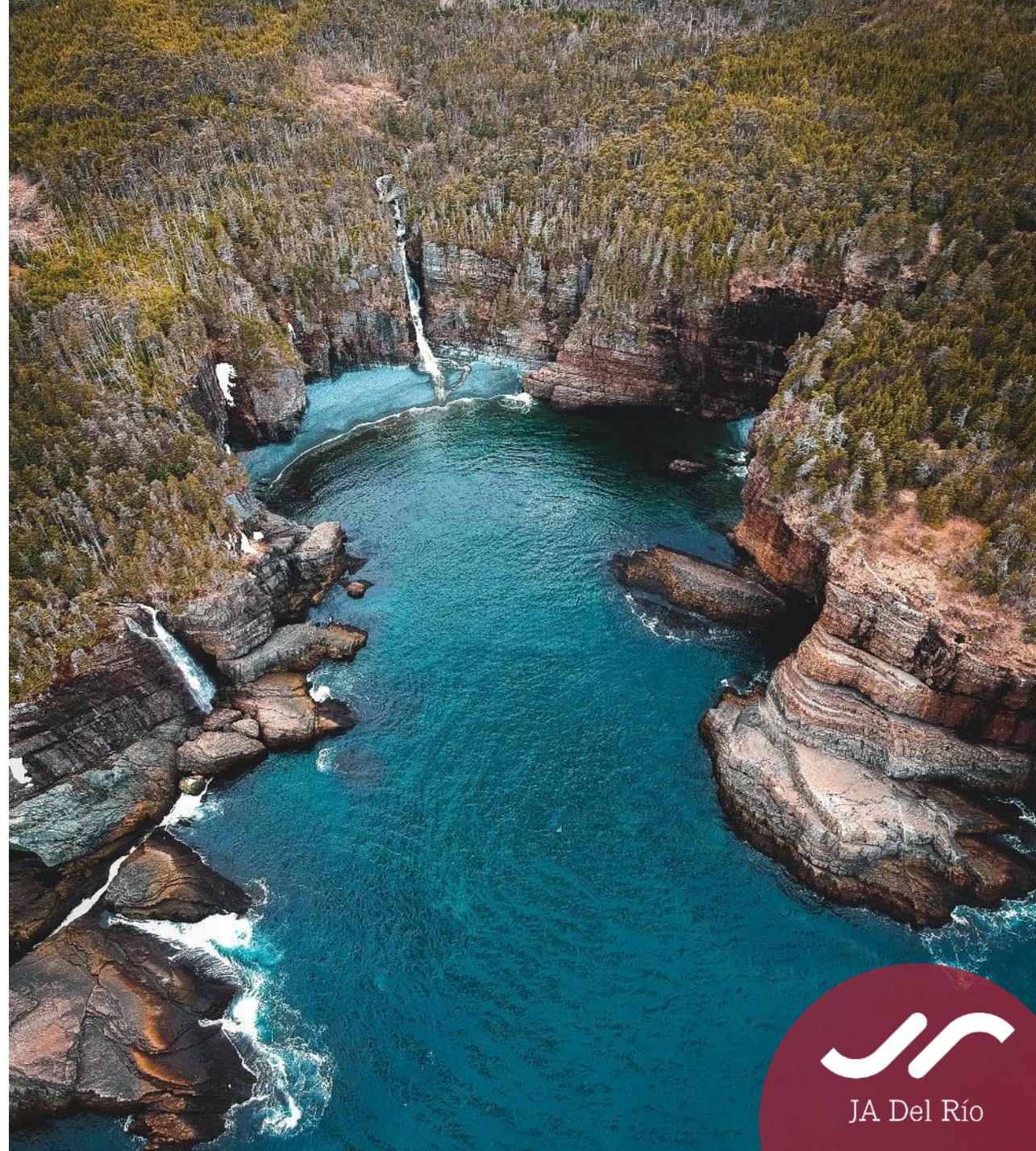
It is established that in the comparability analyzes only the financial information of the fiscal year subject to analysis will be considered and only when the business cycles cover more than one year, financial information of the comparables from 2 more years may be used.

Methods to determine prices for transactions with related parties.(Art. 180)

The interquartile range established in the ITL regulations is incorporated as mandatory, or the method agreed upon in the framework of a friendly procedure.

Maquiladoras complying with the provisions on Advance Pricing Agreements (APA) for operations with related parties.

- The APA resolution is eliminated and the only available option to determine the minimal profit for maquila companies in Mexico are Safe Harbor rules (6.5% of cost & expenses OR 6.9% on assets). This avoid the PE for the foreign resident.
- In this line, the text stating the application of one of the Safe Harbor options is eliminated. The obligation continues to submit the informative declaration of the maquiladora operations in which it must be reflected that the fiscal profit of the year represented at least the greater amount that results from applying the provisions of sections I and II of the article.



Income Tax Law Topics

SIMPLIFIED TRUST REGIME FOR LEGAL ENTITIES

- Applicable to legal entities constituted by individuals.
- Total income of the previous year lower than \$35 million MXN.
- Or that at the beginning of operations, it does not project to exceed this income.
- Accumulation of income and deductions based on cash flow.
- Tax payable monthly (17 of the following month), annual tax in accordance with 212 ITL.
- 30% profit.
- Unsupported deductions: bad debt, cost of sales.
- Investments of less than \$3 million MXN will establish different maximum rates to depreciate in a shorter term.
- In case of non-compliance, Title II will be applied, having to file a notice of updating economic activities and obligations no later than January 31st.
- Transitory dispositions.
- Limitations to those who will not be able to pay taxes in this regime.



JA Del Río

Value Added Tax Law (VAT)



Acts or Activities taxed at the rate of 0% VAT

Rate
0%

to food products for both human and animal consumption.

It is proposed to tax at 0% VAT rate, the menstrual products that economically impacts the biological condition of the female gender.

Acts or Activities not subject to VAT

- It is proposed to add to article 4-A to VATL to define non-object acts or activities - other than article 1 of the VATL and acts not carried out in the national territory.
- In addition, it is also proposed to reform articles on:
 - Determination of the crediting factor and
 - Rules in creditable VAT non-object acts or activities are incorporated.



Requirement to credit VAT on Importations.

- All import documents (pedimentos) must be issued under the name of the taxpayer and reflect the VAT paid.

Preoperative periods. Adjustments to accreditation factor.

- It is proposed to add the obligation to submit a start of activities notice.



Tax Incorporation Regime

Disappearing the "Tax Incorporation Regime (RIF)" - removal of bimonthly VAT returns.

Note: All those taxpayers who are in the RIF, until August 31st, 2021, will be able to continue with the facility on VAT returns.

Provision of Digital Services in Mexico

It is proposed to adapt sending information related to digital services provided by foreign residents on a monthly basis, which is currently quarterly.

Non-compliance?

3 months block
of digital services



JA Del Río



Temporary Enjoyment or Use of Tangible Assets in the National Territory

It is proposed to specify that the temporal use or enjoyment of tangible goods is granted when their use is carried out in national territory.

- Regardless of the place of delivery or celebration of the legal act.



JA Del Río

Federal Tax Code ("FTC")

Tax Residence

- Unless proven otherwise, it is not lost.
- Low tax regime
 - Mexican residence will be maintained within the following 3 or 5 years.
- Comprehensive information exchange agreement in force with Mexico and a treaty that allows mutual administrative assistance in the notification and collection of contributions.



Merger or Spin-off



- New rules and strengthening in the event of sale:
 - Demonstrate business reason for the merger or spin-off
 - Relevant operations (5 years before and 5 years after) will be taken into account to determine if said acts are related to the merger or spin-off.
 - In the event of a tax audit, if there is non-compliance, the authority will apply the rules and therefore the operation could be considered as a sale.
 - Mandatory opinion for tax purposes by CPA.
- The transfer share capital, not only tax attributes.
- Shareholders must maintain the same ownership before and after the split.

Refusal of E-signature and E-seals (CSD).

Partner or
Shareholder



effective control of
the legal entity

- Presumption of non-existence of operations
- Presumption of undue transmission of losses
- With firm credits With unpaid or guaranteed credits
- Non-localized taxpayers
- With sentence for tax crimes

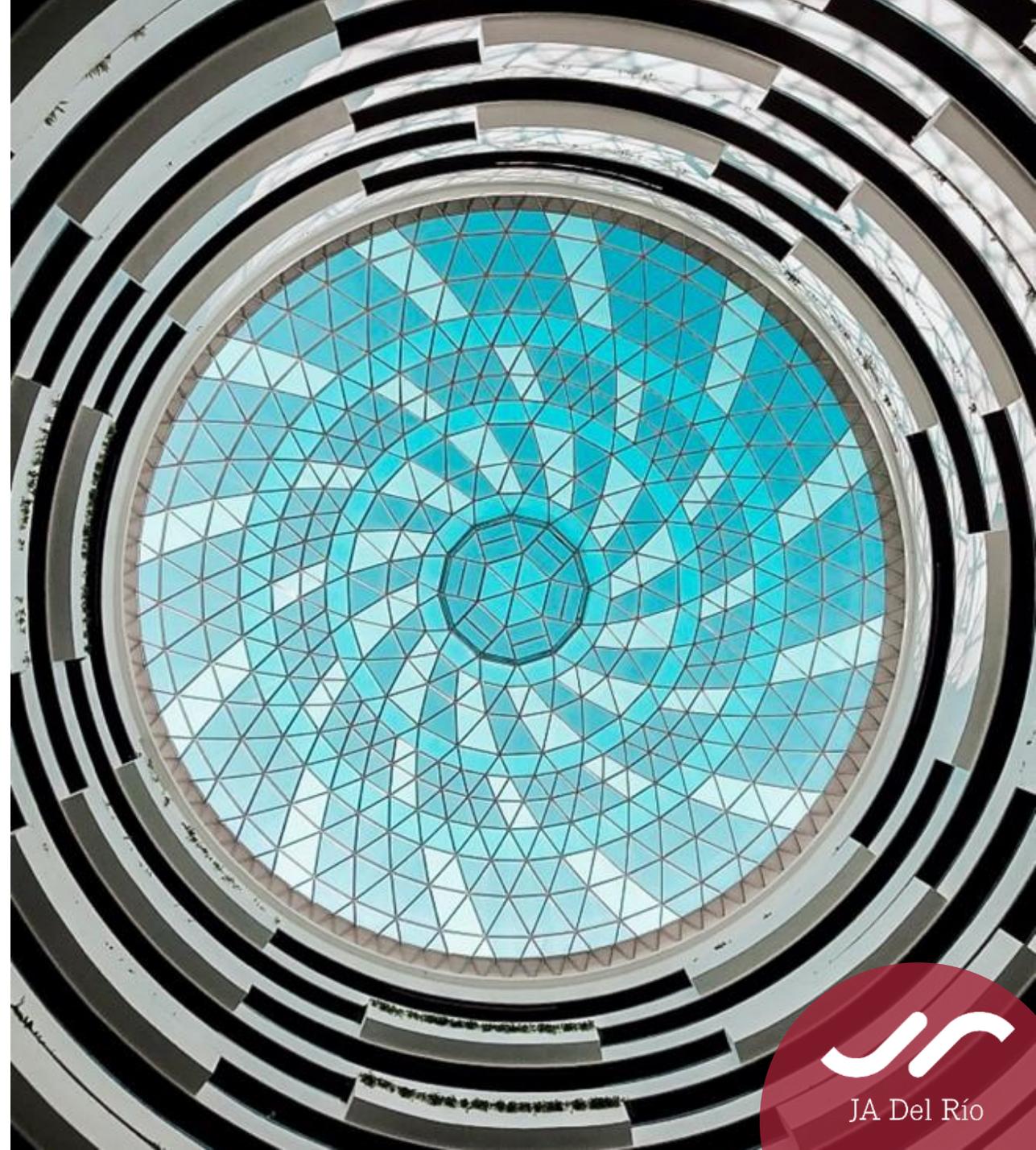
Who is the Partner or Shareholder with cash control ?

Is one who carries out any of the following acts:

- Has powers to appoint or remove directors, administrator or equivalent,
- Has the right to vote + 50% CS,
- Directs the administration and strategies through ownership of securities or in any other way.

E-Seals (CSD) Restrictions.

- Differences between monthly returns vs tax invoices, information filed by third parties (VAT monthly informative return) or any other database to which the tax authority has access to.
- Transactions with blacklisted companies without initiating the clarification procedure before the tax authorities.
- Opposing a home visit or not providing the information and documentation that the authority requires.
- Partners or shareholders with irregular tax situations.
- Simplified Trust Regime taxpayers who omit the filing of 3 monthly returns, or the annual return.





New Tax ID regulations

- Individuals > 18 years must obtain Tax ID.
- Notice of change or addition of partners/shareholders with effective control.
- Tax ID of taxpayers without activities during the last 5 years will be cancelled.
- Positive opinion of Social security contributions will be mandatory for taxpayers in liquidation procedures.



E-invoice (CFDI) Modifications

- Name or company name, postal code, address of the beneficiary are mandatory fields... again.
- The taxpayer's economic activity will be updated by the Tax Authority according to the description of goods or services included in the invoice.
- Credit notes must be exclusively issued to support rebates, discounts or refunds. Under no scenario to cancel existing invoices or reduce income.
- Limit to cancel tax invoices until the filing of the annual declaration.

Relevant Transactions

- Exempt mergers and spin offs.
- Corporate reorganizations and restructurings (sale of shares):
 - Mexican groups
 - Multinational groups

Statutory Audit report for tax purposes & Tax Situation Informative Return (ISSIF)

- Statutory report for tax purposes
 - Mandatory for Mexican companies
 - Income \geq MxP \$876,171,997 MXN / USD ~\$44M (obtained in the previous FY)
 - Shares placed among the general investing public
 - Shares placed on the stock market
 - Signed by CPA
 - Optional in some cases
 - Taxpayers must elect the option when filing their tax return
- Tax Situation Informative Return
 - Mandatory (among others) for Related parties of companies obliged to file the Statutory report for tax purposes





CPA Responsibilities

- It is proposed in the initiative, that if derived from the preparation of the opinion by the CPA, it has knowledge that the taxpayer:
 - Has breached with tax and / or customs provisions
 - Has carried out operations that may constitute a tax offense
- CPA must inform tax authorities through general rules TBD.
- Failure to report would lead to the suspension of the registration for up to a period of 3 years.



JA Del Río

Transfer Pricing

Expansion of home visit cases and, in general, inspections focused on operations between related parties.

Simulation of acts in operations with related parties for tax purposes.

It is clarified that the information on transfer pricing reviewed by the authority will be considered confidential.



Qualified Tax Fraud

- The simulation of independent professional services (scheme adopted by certain entities to avoid Labor Reform provisions).
- The deduction, credit, application of any stimulus or tax benefit or obtaining, in any way, a tax benefit, concerning expenses that may violate anti-corruption legislation, including expenditures consisting of giving, either by themselves or through a third party, money, goods or services to public servants or third parties, national or foreign, contravening the legal provisions.

Self-correction by applying balances in favor

- Taxpayers subject to powers of verification
 - May offset their balances in favor against omitted contributions and accessories determined by the tax authority.
 - Even in the case of different contributions.
 - Upon request (general rules)





Joint liability

- Acquisition of Negotiations
 - 9 cases of negotiations' acquisition are included
- Representatives of residents abroad up to the amount of contributions owed by the non-resident.
- Legal entities that omit to file information related to the sale of shares between foreign residents.
- Those who assume joint and several liabilities will do so through the forms published by the tax authority.

Tax authorities' powers.

New
faculty



Cabinet reviews on:

- Controlling beneficiary; and
- Automatic exchange of financial information.

Tax authorities are expected
to make home visits to:

- Financial institutions;
- Trusts;
- Trustors;
- Trustees;
- Contracting parties or members,
in the case of any other legal
entity.



JA Del Río

Conclusive Agreement

Maximum duration - 12 months

- It seeks to speed up the procedure
 - Minimizing the impact of updates and surcharges
- Agreements initiated before January 1st, 2022:
 - Must be concluded within the 12 months following the Reform's entry into force

Reduction of fines

- New assumption:
 - Dispute resolution procedure established in an agreement to avoid double taxation signed by Mexico.
- The term “fine forgiveness” is replaced by “reduction of fines.”
- Provisions related to fine forgiveness in the case of insolvency proceedings are repealed.



Let's Talk!



Víctor Ramos

Tax Partner

victor.ramos@jadelrio.com



Arnaldo Rodríguez

Tax Director

arnaldo.rodriguez@jadelrio.com



Renata Aguilar

Tax Director

renata.aguilar@jadelrio.com



María José González

Transfer Pricing Director

maria.gonzalez@jadelrio.com



Leonardo Gámez

Tax Partner

leonardo@jadelrio.com



JA Del Río