

On November 12, 2021, the Decree reforming, adding and repealing several tax provisions for the fiscal year 2022 was published in the Official Gazette of the Federation.

It is a robust economic plan, which mostly includes amendments to the Federal Tax Code and the Income Tax Law. Even though the modifications to the Value Added Tax Law, the Special Tax on Production and Services Law, the Federal Law on Duties and the Federal Income Law are fewer, they are not insignificant.

Notwithstanding the large amount of content included in this reform, the absence of a serious and informed debate in the parliamentary process that preceded is striking. The bill proposed by the Federal Executive was approved by Congress practically without any changes.

This shortage in the exchange of ideas to discuss, improve or even eliminate some of the contents proposed in the different tax laws, prevented the final legislative product from addressing plural, balanced and consensual points of view, which is especially important when carrying out legal modifications in tax matters.

While it is true that during the legislative process some of the contents that attracted the attention of the media, such as the obligation of registration before the RFC for INDVs from 18 years old, the limit established for INDVs to make deductible donations, or the new obligation that public accountants will have to indicate in their reports if there is a conduct that may constitute a tax crime committed by the taxpayer they assist, there are a large number of issues that unfortunately went unnoticed, even though they will have a significant impact on the economic and administrative burden of taxpayers.

Among these high impact measures, just to mention a few, we can identify the broadening of the definition of back-to-back credits, the extension of the use of the term "business purpose" for corporate restructurings as well as for mergers and spin-offs, the limitation to apply tax losses in the latter, the non-crediting of VAT in respect of activities that are not carried out in Mexican territory, or the very delicate powers of the Tax Authorities to determine the simulation of operations during the course of an audit, as well as to unilaterally update the obligations of taxpayers before the RFC, in the event that an inconsistency is identified between the economic activity reported and the concepts used to issue tax receipts.

Due to the importance of this reform, our intention through this document is to describe most of the legislative changes that will become effective next year, without losing sight of the details necessary to understand the scope of these new legal provisions.

If necessary, **Galicia's** tax area can elaborate on any particular topic, considering the diversity of sectors and economic activities that are involved in the approval of this economic package.

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## Abbreviations

<b>AGAPES</b>	Agricultural, livestock, forestry or fishing activities.	<b>CUFINRE</b>	Net after tax reinvested profits account.
<b>APA</b>	Advance Pricing Agreements.	<b>Digital Services</b>	Services provided by the withholding agent through digital platforms in order to facilitate that INDVs sell goods or provide services.
<b>CFDI</b>	Electronic tax invoice issued in accordance with the applicable Mexican tax provisions.	<b>DOF</b>	Official Gazette of the Federation.
<b>CI</b>	Credit institutions.	<b>DSC</b>	Digital Seal Certificate.
<b>CL</b>	Customs Law.	<b>DTA</b>	Double taxation agreements.
<b>CNBV</b>	National Banking and Securities Commission.	<b>DTA</b>	Double Taxation Treaties.
<b>CNSF</b>	National Insurance and Bonding Commission.	<b>EDOS</b>	Companies invoicing simulated transactions.
<b>CONSAR</b>	National Commission of the Retiring Saving System.	<b>EFOS</b>	Companies billing simulated transactions.
<b>CUCA</b>	Contributed capital account.	<b>e-signature</b>	Advanced electronic signature for tax purposes.
<b>CUFIN</b>	Net tax income account.	<b>FDL</b>	Federal Duties Law.

<b>FTC</b>	Federal Tax Code.	<b>REFIPRES</b>	Preferential tax regimes.
<b>FIL</b>	Federal Income Law.	<b>RESEM</b>	Non-Mexican Resident Digital Service Provider without an establishment in Mexico.
<b>INDV(s)</b>	Individual(s).	<b>RFC</b>	Federal Tax Registry.
<b>IT</b>	Income Tax.	<b>SAT</b>	Tax Administration Service.
<b>ITL</b>	IT Law.	<b>SCJN</b>	Federal Supreme Court of Justice.
<b>ITLR</b>	ITL Regulations.	<b>SHCP</b>	Ministry of Finance and Public Credit.
<b>LE</b>	Legal Entity.	<b>Standard</b>	Standard for the Automatic Exchange of Information on Financial Accounts in Tax Matters.
<b>Mexico</b>	United Mexican States.	<b>STPS</b>	Ministry of Labor and Social Welfare.
<b>MOI</b>	Original investment amount.	<b>STPSL</b>	Special Tax on Production and Services Law.
<b>NAFTL</b>	New Automobile Federal Tax Law.	<b>STR</b>	Simplified Trust Regime.
<b>PAE</b>	Administrative Enforcement Procedure.	<b>UFIN</b>	Net tax profit.
<b>PE</b>	Permanent Establishment.	<b>VAT</b>	Value Added Tax.



## Economic Plan 2022: Modifications to various tax provisions

Mexico City, November 29, 2021

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**PTU**

Employee profit sharing.

**VATL**

Value Added Tax Law.

**Recipients**

Recipients located in  
national territory.

**VATLR**

VATL Regulations.

## **Income Tax Law**

### **1. Standard for the determination of foreign exchange gains.**

Paragraph 6 of Article 8 of the ITL was amended to introduce an objective rule for the determination of foreign exchange gains; said rule establishes that gains cannot be less than that which would result from applying the exchange rate to settle obligations denominated in foreign currency payable in Mexico set by Mexico's Central Bank, published on the DOF, which corresponds to the date on which the gains are obtained.

### **2. Back-to-back loans.**

A new hypothesis was added to section V of article 11 of the ITL under which financing operation for which interest is payable by legal entities or PE in Mexico are considered as back-to-back loans if said operations lack a business purpose.

### **3. Assessment of provisional tax payments.**

Subparagraph b) of the seventh paragraph of article 14 of the ITL expressly establishes that the authorization referred to in said article refers to the decrease of the profit quotient and not the amount that corresponds to the provisional payment. It is also established that for the cases in which taxpayers underpaid the provisional payments, they must present a complementary tax statement to pay the omitted tax amounts including adjustments and additional charges.

### **4. Bare ownership and usufruct of assets.**

#### **a) Accruable income from the bare ownership and usufruct of an asset.**

Section XII was added to article 18 of the ITL to establish that the value of the usufruct right determined through an appraisal, will constitute taxable income for the bare owner at the time in which the bare ownership and the usufruct are consolidated.

Likewise, an informative obligation was included for notaries, brokers, judges and public officers before whom the instrument has been granted through which the attributes of the property were dismembered, within the 30 days after the referred transaction is carried out.

This measure is applicable even to usufructs created before the entry into force of the Decree.

### **b) Assessment of the profits from the alienation of the bare ownership and usufruct of an asset.**

A fourth paragraph was added to article 19 of the ITL to establish that, to determine the gain in the alienation of the usufruct or bare ownership of an asset, the MOI must be subtracted from the price obtained in the proportion of the price that corresponds to the attribute transmitted, according to the appraisal that is practiced.

## **5. Business purpose in corporate restructuring.**

### **a) Authorization to conduct corporate restructuring for legal entities with residence in Mexico.**

The first paragraph of article 24 of the ITL was amended to clarify that the authorization to transfer shares at tax basis, in the case of restructuring of companies, will only be granted to legal entities with residence in Mexico that belong to the same group.

### **b) Additional requirements for the granting of the authorization.**

Some additional requirements were included to obtain the authorization, such as including in the tax opinion for the tax basis, the book value of the shares subject to authorization, the organizational chart of the group showing the percentage of participation in the capital stock of the partners or shareholders, as well as the direct and indirect shareholding of the companies comprising the group before and after the restructuring; the business segments and line of business of the issuing company and the acquiring company; and certifying that such companies consolidate their financial statements for accounting and financial purposes.

Moreover, it is established as a requirement to indicate all relevant operations related to the restructuring that is subject of the authorization, within the 5 years prior the filing of the request for authorization.

In addition, it was established as an obligation of the acquiring company to file an informative tax return when, within 5 years after the reorganizations and restructurings, a relevant transaction is carried out. Furthermore, a catalog of acts that will qualify as relevant operations was introduced.

Section VI of second article of the transitory legal provisions for the ITL states that taxpayers who as of December 31, 2021, have a current authorization to defer the payment of IT, in terms of article 161, seventeenth paragraph of the ITL, or article 190, tenth paragraph of the ITL in force until December 31,

2013, and who carry out any relevant transaction, must report it to the tax authority through the informative tax return related to corporate reorganizations or restructurings referred to in article 31-A, section I, subsection d) of the FTC.

### **c) Business purpose.**

It was included in article 24 of the ITL that when the tax authority, in the exercise of its verification powers, detects that a corporate restructuring lacks a business purpose or does not comply with any of the requirements, the authorization will cease to have effect and the IT must be paid on the sale of shares, considering the value at which said shares had been sold between independent parties in comparable transactions, or considering the value determined by appraisal.

## **6. Deductions.**

### **a) Combat against the illicit market of hydrocarbons and petroleum products.**

A deductibility requirement was included for expenditures made for the purchase of fuels, to declare in the CFDI the information of the current permit of the fuel supplier and that such permit is not suspended at the time of issuance of the CFDI, through an amendment to the second paragraph of section III of article 27 of the ITL.

### **b) Expenses for technical assistance, technology transfer or royalties.**

Section X of article 27 of the ITL was amended to establish that taxpayers who deduct expenses for technical assistance, technology transfer or royalties receive the service directly and not through third parties, except in the cases of specialized services or the execution of specialized works referred to in article 15-D of the FTC. The foregoing is in line with the entry into force of the labor subcontracting reform.

### **c) Collection procedures for nonperforming credits.**

Subsection b) of section XV of article 27 the ITL was amended to adjust the deduction requirements when there is a clear impossibility of credit collection whose principal amount at maturity is greater than 30,000 investment units (UMAs). The tax write-off of these credits will be subject to the creditor obtaining a final resolution issued by the competent authority which it effectively demonstrates that the collection procedures have been exhausted, or, where appropriate, that the execution of the resolution was not possible.

A fourth paragraph was added to section XV of article 27 of the ITL to establish that CI will be obliged to present the information they provide to credit information companies, when the tax authority exercises its verification powers.

### **7. Thin capitalization.**

The fifth paragraph of section XXVII of article 28 of the ITL was amended to indicate that taxpayers may elect to consider as stockholders' equity for the year, to determine the exceeding amount of their debts, the amount resulting from adding the initial and final balance of the CUCA, CUFIN, CUFINRE, decreasing the sum of the initial and final balances of the tax losses in accordance with the provisions of said section. Upon exercise of the option, taxpayers must continue applying it for the next 5 fiscal years.

Moreover, it is explained that said option may not be exercised when the result of such option exceeds 20% of the stockholders' equity of the fiscal year, unless it can be evidenced during the exercise of verification powers that the situations that cause such difference have a business purpose and demonstrates the support of the CUCA, CUFIN, CUFINRE and tax losses.

Additionally, the sixth paragraph of section XXVII of article 28 of the ITL was amended to exclude the application of the rules of thin capitalization to debts incurred for the construction, operation or maintenance of productive infrastructure related to strategic areas for the country or for the generation of electric energy, since such exceptions are applicable only to those taxpayers who demonstrate that they carry out such activities through an official document issued by a competent authority.

In addition, the exclusion of certain debts for the calculation of thin capitalization will no longer be applicable to regulated nonbank finance companies (when they carry out activities mainly with their domestic or foreign related parties).

### **8. Investments.**

#### **a) Items included in the MOI.**

The second paragraph of article 31 of the ITL was modified to include in the integration of the MOI the expenses for installation, assembly, handling, delivery and those related with services hired for the investment to operate.



### **b) Notice for the alienation of assets that cease to be useful.**

The sixth paragraph of said article 31 was amended to restate the obligation of taxpayers to file a notice to the tax authorities regarding those assets that have ceased to be useful to obtain income.

### **c) Acquisition of the right of usufruct of real estate.**

A third paragraph was added to article 32 of the ITL to specify that, since it is constituted on real estate, the usufruct will be considered as a fixed asset for which the annual depreciation rate of 5% is applicable.

### **d) Investments in the mining sector and the right of usufruct on real estate.**

The fifth paragraph of article 32 of the ITL was amended to modify the definition of expenses made during the pre-operational period, excluding those made for the acquisition of mining concession titles. The expenses mentioned should be treated as deferred expenses and they will be deducted, in accordance to section IV of article 33 of the ITL, at the maximum annual rates according to the number of years for which the concession was granted.

In addition, article 34 of the ITL, section I, subsection b) and section XV were amended to clarify that the expenses incurred to build ramps, roads, tunnels or bridges in mining lots cannot be considered as expenses of the fiscal year, but are investments that must be depreciated by applying 5% of their value on an annual basis.

## **9. Financial sector.**

### **a) Deduction of technical reserves.**

The first paragraph of article 50 of the ITL was amended to specify as a requirement for the deduction of the technical reserves that such reserves must be created according to the legal provisions issued by the CNSF.

### **b) Informative tax return of the financial sector.**

The temporality of the informative tax return of cash deposits filed by the financial system institutions was changed from being annual to monthly, that is, no later than the 17<sup>th</sup> day of the month following the one to which the information corresponds, by modifying section IV of article 55 of the ITL.

### **c) Updating of the reference to corporations with concession to operate as stock exchange.**

To adapt the regulatory framework, articles 56, 126 and 166 of the ITL were amended to change the reference made to "Mexican Stock Exchange" and replace it with "any corporation that obtains the concession title granted by the SHCP to operate as a stock exchange".

## **10. Tax losses.**

### **a) Amortization of tax losses in corporate spin-offs.**

The seventh paragraph of article 57 of the ITL was amended and an eight paragraph was added to the same article to establish that in the event of a corporate spin-off, the tax losses carryforward must be divided among the original company and the spun-off companies engaged in the same line of business, and such circumstances must be proved in the context of a tax audit.

### **b) Change of partners or shareholders in companies with tax losses.**

The third paragraph of article 58 of the ITL was amended to broaden the cases in which it is considered that there is a change of partners or stakeholders who have control of a company. This will occur, in essence, when in one or more acts carried out within a period of 3 years from the date of the merger, the stakeholders of more than the 50% of voting shares change, or the stakeholders that can impose decisions in meetings or direct the management, strategy or main policies of the company, change.

A fourth paragraph was added to the aforementioned article to establish that, regarding the new cases, in the event that agreements or legal acts are entered into that subject the change of partners or shareholders to a suspensive condition or term, the change will be deemed to take place from the time of the execution of such act.

On the other hand, the exceptions currently contained in the third paragraph of article 58 of the ITL, which allow considering that there was no change of partners or shareholders in cases of inheritance, donation, corporate restructuring, merger or spin-off that do not constitute an alienation, are transferred, identically, to a new fifth paragraph added to the same article.

## **11. Elimination of INDV from the AGAPES regime.**

The INDV that engage in the AGAPES activities were excluded from said regime, since they will be incorporated into the new STR; as a result, article 74 of the ITL was amended and article 74-A was repealed.

### **12. Related party obligations.**

The reference to “residents abroad” was removed from article 76 of the ITL, sections IX and X, since the tax residence of the related party is irrelevant for purposes of complying with the obligations established in such article.

Articles 76, sections IX and XII, 90 and 179 of the ITL were also amended to include the reference to “profit margins” as a parameter to determine income and deductions in transactions with related parties.

Section IX of article 76 of the ITL was amended to provide greater clarity as to what the supporting documentation must contain to demonstrate that the amount of income and deductions are made in accordance with the prices, amounts of consideration or profit margins that would have been used by independent parties in comparable transactions.

Finally, by amending articles 76, section X and 76-A of the ITL, the compliance date established for the filing of the informative tax return and the local informative tax return of related parties was standardized with the filing date of the tax opinion.

### **13. Amendments related to the mandatory nature of tax opinion.**

In accordance with the changes that were also approved in the FTC, the amendments to the ITL were made to contemplate the obligation to audit financial statements in articles 4, first paragraph, 42, third paragraph and 76, section XIX of the ITL.

### **14. Notice of transfer of shares between foreign residents.**

A new obligation was established for LEs to inform the tax authorities through a notice about the transfer of their shares or securities, carried out between residents abroad without PE in Mexico, by adding section XX to article 76 of the ITL. Additionally, in the event of failure to file the notice in question, the issuing LE will be jointly and severally liable for the respective tax.

### **15. Determination of the UFIN.**

The third paragraph of article 77 of the ITL was amended to specify that PTU is not a concept to be subtracted in the determination of the UFIN.

**16. Elimination of concepts that are similar to salaries.**

Considering that those who received income similar to salaries cannot be taxed under the STR, it was specified through the amendment to the last paragraph of article 94 of the ITL that those who received income similar to salaries referred to in sections IV, V and VI of said article, who obtain income in excess of MXN\$75,000,000, must be taxed under the business and professional activities regime.

**17. Business and professional activities.**

**a) INDV informative tax return.**

The sixth paragraph of article 106 of the ITL was amended to eliminate the reference to the informative tax return, since there is no obligation to file it for withholdings of professional services.

**b) Electronic accounting and informative tax return.**

The exception of not keeping electronic accounting records for INDVs with business and professional activities with an annual income lower than MXN\$2,000,000 was eliminated from article 110, section II of the ITL, since with the creation of the STR, said taxpayers would no longer have such obligation.

In addition, section X of the aforementioned article was amended, so that INDVs file the informative tax return of the transactions they carry out with related parties, no later than May 15 of the year immediately following the end of the fiscal year in question.

**18. RIF.**

Section II, Chapter II, Section II of Title IV of the ITL was repealed and the first paragraph of article 152 of the ITL was amended, so that those who were paying taxes under the RIF now pay taxes under the STR.

**19. Granting the right of use or temporary enjoyment of real estate property by INDVs.**

**a) Obligation to keep accounting records.**

Section II of article 118 of the ITL was amended so that the INDV who grant the temporary use or enjoyment of real estate property must keep electronic accounting records.

### **b) Documentation in the tax return.**

For income received through trusts, the second paragraph of article 118 of the ITL was eliminated with respect to the obligation to attach the CFDI issued by the trustee to the annual tax return, since no document is attached to the payment returns.

### **20. Donations.**

The second paragraph of article 151, section V of the ITL was amended to include as institutions to manage personal retirement plans the investment fund management companies (*sociedades integrales de acciones de fondos de inversión*).

Likewise, it is intended that the institutions, in addition to having their authorization to manage personal retirement plans, comply with the requirements and conditions to maintain the validity of the authorization issued by the SAT.

The exception foreseen in the last paragraph of the article mentioned was modified, so that the deductible amounts corresponding to donations that are not onerous or remunerative are subject to the global limit of personal deductions, that is, they may not exceed the resulting amount less than 5 times the annual value of the UMA or 15% of the total income of the INDV, including those for which taxes are not paid.

### **21. Comparable transactions for foreign residents.**

A second paragraph was added to article 153 of the ITL so that taxpayers under Title V with income from a source of wealth in Mexico, apply to their income, earnings and profits, as well as to their deductions derived from transactions with related parties, the prices, amounts of consideration or profit margins that they would have used or obtained with independent parties in comparable transactions.

### **22. Income from acquisition of property by foreign residents.**

The fifth paragraph of article 160 of the ITL was amended to regulate more clearly the determination and payment of IT on the acquisition of real estate by foreign residents without a PE or with a PE without it being an attributable income to such resident. In this regard, it is established that when the tax authorities audit and perform an appraisal and there is a difference of more than 10% of the agreed consideration, the Mexican seller (Mexican resident or PE in Mexico) is obligated to pay the tax.

### **23. Transfer of shares with source of wealth in Mexican territory.**

In order to align the seventh paragraph of article 161 of the ITL with the provisions of section VII of article 24 of the ITL, the reference "registered public accountant" was replaced by "certified public accountant".

Through the adjustment to the eighth paragraph of article 161 of the ITL, it is established that instead of the public accountant only indicating the way in the restated stockholders' equity was computed, the present value of the projected profits or cash flows or the stock exchange quotation of the last event of the day of the disposal of the issuer, the public accountant must also include the transfer pricing study with which the market value of the disposal of shares or securities that represent the ownership of assets is demonstrated.

The eleventh paragraph of article 161 of the ITL was amended to indicate that the obligation of withholding and payment of taxes by the intermediary in the stock market may be waived in accordance with the general rules issued by the SAT.

The seventeenth paragraph of said article was amended to specify that it will be understood that the shares are outside the group of companies in the event of a restructuring of companies belonging to the same group, when the LE issuing the shares and the company acquiring the shares cease to consolidate their financial statements in accordance with the provisions that regulate them.

In addition, the eighteenth paragraph of the article was amended to specify that the authorization for the deferral of IT derived from the gain on the sale of shares of companies belonging to the same group, will not have legal effects when the tax authority, in the context of an audit, discovers that the restructuring or, if applicable, the relevant operations related to such restructuring, lacked a business purpose or that the exchange of shares generated income subject to a REFIPRE. Likewise, such paragraph was modified so that such authorizations are not only conditioned to the compliance with the requirements established in the ITLR, but also to those established in the resolutions issued by the tax authority.

A transitory provision of the ITL was included for those taxpayers that carry out relevant operations as of January 1, 2022, that up to December 31, 2021 have obtained an authorization that is in force to defer the payment of IT, to inform the tax authority through the declaration of relevant transactions. In these cases, the period of 5 years to file such declaration will start as of the entry into force of the Decree.

### **24. Withholding rate for interest for residents abroad.**

The eleventh paragraph of article 166 of the ITL was amended to clarify that the limitation to apply the reduced rates is applicable to any transaction that gives rise to the payment of interest; therefore, the

term "derived from the securities in question" was eliminated from the referred paragraph to combat incorrect interpretations of such paragraph.

Thus, it is clarified that the withholding rates for the payment of interest to foreign residents of 4.9% and 10% will not be applicable if the beneficial owners, either directly or indirectly, individually or jointly, are related parties of the debtor in Mexico, receive more than 5% of the interest and are shareholders of more than 10% of the voting shares of the debtor, or legal entities of which more than 20% of their shares are owned by the debtor.

### **25. Income of foreign residents for indemnification of damages or losses.**

Section III of article 172 of the ITL was amended, which establishes the taxable income derived from indemnifications for damages and income derived from penalty and conventional clauses.

In this sense, a second paragraph was added to that section, to provide for the assumption that when the judgments or arbitration awards condemn a payment without indicating whether it is compensation for damages or losses, the payer must withhold IT on the total amount of the compensation paid to the foreign resident. Such IT may be requested as a refund by the resident abroad by proving to the tax authorities, which part of the payment corresponds to compensation for damages and which part corresponds to compensation for losses.

### **26. Legal representation of residents abroad.**

The first paragraph of article 174 of the ITL was amended to expand the obligations of the legal representative in Mexico of foreign residents, among which are to voluntarily assume joint and several liability for the payment of the tax incurred by the foreign resident and to be economically reliable in accordance with the general rules issued by the SAT for such purpose.

### **27. REFIPRE.**

#### **a) Elimination of the distinction between the treatment of transactions between related parties resident in Mexico and abroad.**

The title of Title VI of the ITL was amended to add within the title the reference to transactions between related parties.

**b) Concepts that are not considered subject to REFIPRE.**

Article 176, third paragraph of the ITL was amended so that income subject to REFIPRE, the rules related to the inflationary adjustment and the exchange effects derived from the fluctuation of foreign currency with respect to Mexican currency, are not taken into account when determining Mexican IT for purposes of IT effectively paid in Mexico.

**c) Determination of the taxable income of the foreign entity.**

The second paragraph of article 177 of the ITL was amended to clarify that the rules related to the inflationary adjustment and the exchange effects referred to the Mexican peso are not directed to the income obtained abroad in a REFIPRE at the time of determining the Mexican IT (for purposes of comparison with the tax effectively paid in Mexico), therefore, they should not be taken into consideration to determine the taxable income of the REFIPRE.

**28. Multinational companies and transactions between related parties.**

**a) Comparable transactions with multinational companies.**

Article 179 of the ITL incorporates the obligation to comply with the market value principle and other obligations related to transfer pricing for taxpayers under Title II and IV of the ITL.

It was clarified that the information of the comparable transactions corresponding to the specific fiscal year subject to analysis must be considered, except when the business cycles or commercial acceptance of a product of the taxpayer cover more than 1 fiscal year, in which case comparable transactions corresponding to 2 or more fiscal years, prior or subsequent, may be considered.

**b) Interquartile method for obtaining the price range of the amount of consideration or profit margins in comparable transactions.**

The second paragraph of article 180 of the ITL was amended to clarify that the adjustment of price ranges will no longer be made through the application of statistical methods, but in accordance with the interquartile method, the method derived from a friendly procedure established in a DTA to which Mexico is a party or the method authorized in accordance with the general rules issued by the SAT, as already is established in article 302, third paragraph of the ITLR.



### **c) Transfer pricing.**

The fifth paragraph of section II of article 182 of the ITL was repealed to eliminate the obligation of maquiladora companies to submit a written statement to the tax authorities regarding their taxable income.

The third paragraph of article 182 was also eliminated and the first paragraph of section I of article 183 Bis of the ITL was amended to eliminate the possibility for maquiladora companies to obtain an advanced pricing agreement with the tax authority regarding compliance with their transfer pricing obligations.

### **29. Registration for financial institutions who administer tax incentives referred in article 185 of the ITL.**

The first paragraph of article 185 of the ITL concerning tax incentives on the payment of premiums for insurance contracts was amended to remove the provided reference "set forth by the SAT through general rules", since article 304 of the ITLR, has already established the benchmark considered as authorized.

In addition, the fourth paragraph of said article was also amended to include a registration before the SAT of financial institutions that grant financial products, which may give rise to the application of tax incentives provided within that article.

### **30. STR for INDVs.**

Section IV was added, within Chapter II of Title IV of the ITL providing the STR, which seeks to facilitate the payment of the IT of INDVs who only carry out business activities, professional or grant the temporary use or enjoyment of goods, provided that the entirety of their income earned in the previous fiscal year does not exceed MXN\$3,500,000.

This regime provides minimum tax rates in the range of 1% to 2.5% for the calculation and payment of the IT on a monthly and annual basis, which are applied progressively on the basis of the income obtained by the taxpayer.

Under the new regime, taxpayers must comply with a number of obligations that include registering before the RFC, generating its e-signature and activating its tax mailbox, issuing and requesting CFDI; submitting the monthly tax payment, if applicable, and submit its annual tax return.

In addition, through the inclusion of the ninth and tenth paragraphs of article 113-E of the ITL, INDVs who are exclusively dedicated to AGAPES, whose income does not exceed MXN\$300,000, are exempted from payment of the IT. When they exceed said amount and up to MXN\$3,500,000, the IT must be paid on the totality of the income received in terms of the STR.

Section VII, article 2, of the transitory provisions of the ITL states that taxpayers who choose to pay taxes in terms of the new Section IV, will have 6 months from the entry into force of the Decree to apply the credits, the pending refunds and requests for favorable balances.

Section VIII, article 2 of the transitory provisions of the ITL states that during the fiscal year 2022, INDVs that are obliged to submit monthly tax returns, that fail to comply with said obligation will not be required to exit the STR, provided that they file their annual tax return, in which they calculate and pay the IT for the whole fiscal year.

### **31. STR for legal entities.**

A tax regime was incorporated in Chapter XII of Title VII of the ITL, which will benefit legal entities who are tax residents in Mexico and who are only incorporated by INDVs, whose total income does not exceed MXN\$35,000,000; and for those who start operations and who estimate that their total income will not exceed the amount indicated above. Taxpayers subscribed to this special regimen will compute their IT liabilities under a cash flow basis.

In addition, a proposed scheme of deduction of investments may be applied by legal entities; the percentage will depend on the type of asset and will apply to the MOI, to the extent that the investments do not exceed MXN\$3,000,000 in the fiscal year. If this amount is exceeded in the fiscal year, the maximum percentages provided for in Title II of the ITL apply instead. There are general requirements for deductions to be complied with considering cash flow and the elimination of concepts that do not converge with the scheme such as nonperforming credits and cost of goods sold.

Taxpayers who no longer meet the requirements to continue to apply the proposed tax scheme must, in the following fiscal year, comply with their obligations under Title II of the ITL, by submitting the update notice of economic activities and obligations no later than January 31 of the fiscal year following the one in which this occurs.

In accordance with section I of article 2 of the transitory provisions for the ITL, taxpayers who, at the entry in force of the Decree, are taxed in accordance with the provisions of Title II of the ITL, or who are applying the option of accumulation provided for legal entities which now is repealed, shall apply the provisions for the STR, provided that they comply with the requirements provided for such regime and submit by January 31, 2022 a notice of update of economic activities and obligations before the SAT. If the notice is not filed, the SAT will carry out such update.

Additionally, through sections I and XI of article 2 of the transitory provisions for the ITL, it is specified that the maximum amounts of income in 2022 to access the STR will be the invoiced income.

There are other transitory provisions regarding the accruable income, deductions, investments and for those taxpayers that have inventory of merchandise that must be complied with if applicable.

### **32. Enabling clauses.**

Amendments were made to articles 7, third paragraph; 161, eleventh paragraph; and 188, section IV and a twenty-first paragraph was added to article 166 and a section X was added to article 187 of the ITL to provide that the SAT may issue general rules for the application of those provisions.

### **Value Added Tax Law**

#### **1. Animal food.**

Article 2-A part I, subsection b), first paragraph of the VATL was amended to expressly provide that the 0% rate is applicable to products intended for human and animal food.

#### **2. Feminine hygiene products.**

Article 2-A, section I, subsection j) of the VATL was amended in order to modify the applicable rate for feminine hygiene products from 16% to 0% of VAT.

#### **3. VAT crediting requirements.**

Article 5, section II, first paragraph, of the VATL establishes as a requirement to credit the tax paid on importation, that the respective customs return must be under the name of the taxpayer that intends to apply the credit.

#### **4. No VAT crediting when activities are performed outside the national territory.**

Article 4-A was added to the VATL to establish the concept of "activities not subject to VAT", specifying as such, those which the taxpayer does not carry out in Mexican territory through activities of sales, rendering of services and the granting of use or temporary enjoyment of goods, as well as those which

are different from the taxed activities provided for in article 1 of the VATL, carried out in national territory, when, in the cases aforementioned, the taxpayer obtains income or consideration for which it makes expenses and investments in respect of which the VAT was transferred or that which the taxpayer would have paid on the importation.

**a) Expenses used exclusively to perform acts or activities not subject to tax.**

It was specified, through the amendment to article 5, section V, subsections b) and d), first paragraph and its numeral 2 of the VATL, that the tax transferred or paid on importation corresponding to expenses for the acquisition of services or for the temporary use or enjoyment of goods or investments, which are used exclusively to carry out acts or activities not subject to VAT, including those referred to in article 4-A of the VATL, will not be creditable.

**b) Expenses or investments used indistinctly to carry out both tax and non-taxed acts or activities for VAT purposes.**

It was clarified through the amendment to article 5, section V, subsections c) and d), numeral 3, as well as the addition of article 4-A to the VATL, that the tax transferred or paid in the import that corresponds to disbursements for the acquisition of goods other than investments, for the acquisition of services or for the temporary use or enjoyment of goods, that are used indistinctly to carry out taxable and non-taxed acts or activities for VAT purposes, will be creditable in the proportion that the value of the taxed activities represents the total value of the taxable and non-taxed activities, including those that are not subject to VAT.

### **5. Obligations in the pre-operational period.**

With the aim of correctly determining the adjustment of the crediting of the tax transferred for expenses and investments made in the pre-operational period, taxpayers are required to inform the tax authority of the month in which they begin their activities for VAT purposes, in the manner established by general rules, through the amendment of article 5, section VI, second paragraph of the VATL.

### **6. RIF.**

References to the RIF were eliminated from the VATL to be consistent with the recent STR proposal. Likewise, a transitory provision is provided so that taxpayers currently taxing under the RIF may opt to continue paying their taxes under the terms of such regime in force until 2021, in accordance with article 5-E of the VATL.

### **7. Obligations of RESEM who provide Digital Services to Recipients.**

Amendments were made to articles 18-D, section III and the second paragraph of article 18-H Bis of the VATL to establish that the delivery of information on the number of services or operations carried out in national territory with Recipients by RESEM is on a monthly basis and no longer quarterly.

### **8. Temporary use or enjoyment of tangible property.**

It was specified that the temporary use or enjoyment of goods in national territory is subject to the payment of VAT, regardless the place of the material delivery of such goods, through the amendment to article 21 of the VATL.

## **Special Tax on Production and Services Law**

### **1. Importation of automotive fuels.**

A fifth paragraph was added to subsection D) of article 2, section I, of the STPSL, which provides that, when the tax or customs authority, detect that due to the characteristics of the merchandise being introduced into the Mexican territory, it corresponds to automotive fuels in respect of which the total or partial payment of the STPS has been omitted, the corresponding quota will be applied according to the type of fuel in question, without prejudice to the applicable administrative and criminal penalties.

### **2. Definitions related to alcoholic beverages (electronic tag and establishment).**

Article 3, section IV, of the STPSL was amended to define what is meant by "electronic tag", to provide legal certainty on its application and to establish its material and operative difference with respect to the physical tag, which is maintained.

Moreover, a definition of "establishment of final consumption" is provided by means of a list, but not limited to said list, of the places where alcoholic beverages are regularly sold for final consumption in the establishment itself.

### **3. Automotive fuels. Fees applicable when the tax payment has been omitted.**

Article 5 of the STPSL was amended to provide that where the tax authority notices the failure to pay the automotive fuels tax referred to in article 2, section I, paragraph D), of the STPSL, for purposes of

determining the omitted tax, the fees provided in the STPSL will apply without any reduction, since it is not reasonable to encourage or support unlawful conduct.

#### **4. RIF.**

Article 5-D of the STPSL was repealed to eliminate the references to the RIF so it is consistent with the recent proposal of the STR for INDVs regarding IT. Likewise, a temporary provision was provided so that taxpayers currently taxed under the RIF may opt to continue paying their taxes in terms of such regime in force until 2021.

#### **5. Alcoholic beverages for consumption in the same place or the establishment in which they are sold.**

##### **a) Destruction of alcoholic beverages containers.**

Article 19, section XVIII of the STPSL was modified, to authorize the SAT to issue general rules to establish the cases in which the obligation for taxpayers to destroy the containers of alcoholic beverages that are sold for their consumption in the same place or establishment will not be applicable.

##### **b) QR code readings.**

Article 19, section XXIV of the STPSL was modified to establish as an obligation the reading through a mobile device, in the presence of the consumer of the QR codes of the tags by the establishments where alcoholic beverages are opened for sale and consumption.

#### **6. Denatured alcohol, non-crystallizing syrups, cigars and other tobacco products.**

##### **a) Denatured alcohol and non-crystallizing syrups.**

Article 19, section XIV of the STPSL was modified to eliminate the obligation of the manufacturers, producers, bottlers, and importers of denatured alcohol and non-crystallizing syrups, to register in the Alcoholic Beverages Taxpayers' Registry, since such products do not require the acquisition of tags and seals.

**b) Security code. Suppliers of printing services.**

Article 19, section XXII of the STPSL was modified to eliminate the figure of the security code printing service provider and establish that the SAT will be in charge of generating and providing the referred codes.

**c) Security code in cases, packages, wraps or any other form of presentation.**

Article 19, section XXII of the STPSL was modified to include as an obligation of the producers, manufacturers and importers of cigars and other tobacco products, the printing of the security code in any means of presentation such as cases, packages, wrappers or any other, and not to limit that the security codes are only requested to be printed on packs.

**7. Updating of quotas applicable to automotive fuels.**

By means of temporary provisions of the STPSL for the fiscal year of 2022, the procedure for updating the fees applicable to automotive fuels set forth in article 2, section I, subsection d) of the STPSL is modified to reflect the expected inflation during 2022, according to the general criteria of economic policy 2022.

**New Automobile Federal Tax Law**

**1. Armored automobiles.**

The first paragraph of article 2 of the NAFTL was modified and the second paragraph of the same article was repealed, as to eliminate the differential treatment applicable to the sale of armored automobiles.

**Other regulations**

**1. Weight, volume and assessment of the inherent characteristics of the merchandise.**

Articles 16-C of the CL, as well as the third temporary article of the "Decree by which several provisions of the MFTC, of the CL, of the Criminal Federal Code and of the Federal Law to Prevent and Sanction the Felonies in Hydrocarbons Matters are modified, added and repealed" (*Decreto por el que se reforman, adicionan y derogan diversas disposiciones del FTC, de la CL, del Código Penal Federal y de la Ley Federal*

*para Prevenir y Sancionar los Delitos Cometidos en Materia de Hidrocarburos*), published in the DOF on June 1, 2018, are repealed so that the parties obliged to obtain a report of weight, volume or other characteristics inherent to the merchandise, can access a broader market to acquire equipment, hire other verifiers and laboratories, by not being restricted to hire only those authorized by the SAT. General rules will be issued to indicate the characteristics that the report must meet.

## **2. Public key.**

The second article, section XXII, first paragraph of the "Decree by which several provisions of the Federal Tax Code are modified, added and repealed" (*Decreto por el que se reforman, adicionan y derogan diversas disposiciones CFF*), published in the DOF on January 5, 2004, was amended to refer to "public key" and not to "public code".

### **Federal Tax Code**

## **1. Residents for tax purposes in Mexican territory.**

Article 9 of the FTC is amended to establish that LE and INDV taxpayers who fail to prove their new tax residence, or by proving it, the change of said residence is made to a REFIPRE, will not lose their tax residence in Mexico. The foregoing will not be applicable when the country in which the new tax residence is accredited, has entered into a comprehensive information exchange agreement and an international treaty that allows mutual administrative assistance in the notification, collection and collection of taxes.

It is also set that the INDV and LE that cease to be tax residents in Mexico are required to file a notice within the first 15 days after such change. When they fail to do so, they will not lose their status as residents in Mexico.

## **2. Deadlines.**

### **a) Tax return reception.**

The fifth paragraph of article 12 of the FTC was amended to eliminate the reference to the receipt of tax returns by CIs; it was clarified that what the CIs receive are not tax returns but payment of taxes.



It is also established that the deadline for filing tax returns expires on the corresponding day, regardless of whether it is a non-business day or Friday. That is to say, for the filing of tax returns, no extension of the filing deadline to the following business day applies, since this extension of the deadline only applies to the payment of taxes.

### **b) Suspension of deadlines due to force majeure or Acts of God.**

A seventh paragraph was added to Article 12 of the CFF to establish that the tax authorities may suspend the deadlines established in the tax provisions due to force majeure or Acts of God by means of general provisions.

### **3. CFDI in operations with the public in general.**

The second paragraph of Article 14 of the FTC was amended to clarify that in the case of sales in installments, simplified receipts must no longer be issued, but rather CFDI's containing the requirements established by general rules.

### **4. Merger or spin-off of companies without business purpose.**

Article 14-B of the FTC was amended to specify that the majority shareholders of the spin-off company must maintain the same proportion in the capital stock of the spun-off companies as they had in the original company before the spin-off, as well as in the original company when the latter still exists, so that the spin-off is not considered as a transfer for tax purposes.

The fifth paragraph of said article was amended to specify that the merger and not only the spin-off, will be considered as a transfer when, as a result of the merger, concepts or items arise in the accounting capital stock of the merger or the merged company which were not recorded in the accounting capital stock of the financial statement approved by the meeting in which the merger was agreed.

Additionally, when the tax authority detects that a merger or spin-off lacks a business purpose, or fails to comply with the requirements of the aforementioned article, the tax for the transfer will be determined, considering as accruable income the gain derived from the merger or the spin-off.

To verify the business purpose, the authority may consider relevant operations related to the merger or spin-off, carried out within the 5 years immediately preceding these. A catalog of relevant operations was created.

It also addresses the obligation to report these new relevant operations, through an informative tax return, when any of them are carried out within 5 years after the merger or spin-off took place.

Finally, it is established that the financial statements used to carry out the merger or spin-off must be audited by a public accountant registered before the SAT.

### **5. Transfer of capital stock in a spin-off.**

The first paragraph of article 15-A of the FTC was amended to specify that in corporate spin-offs there must be a transfer of capital stock.

### **6. Standardization of the image right with the tax treatment applicable to royalties.**

A third paragraph was added to article 15-B of the FTC to establish that payment for the right to the image, which implies the use or concession of use of a copyright on a literary, artistic or scientific work, is also considered a royalty for tax purposes.

### **7. Update regarding the means of publication of the DOF.**

Section III of article 16-C of the FTC, regarding the publication of indicators for derivative financial transactions, was amended to establish that these may also be published in electronic media and not only in print.

### **8. E-signature or DSC of LE with partners or shareholders in an irregular fiscal status.**

A sixth paragraph was added to article 17-D of the FTC to establish that the SAT will deny a LE the granting of an e-Signature and/or the DSC when one of its partners or shareholders with effective control is in certain cases of irregularity and has not corrected its tax status; or, otherwise, when such partner or shareholder has effective control of another LE with irregularities that have not been corrected.

**9. Cancellation of the DSC.**

The seventh paragraph of article 17-H of the CFF was amended to establish that taxpayers that have exhausted the clarification procedures contained in article 17-H Bis of the CFF or the instances to disprove the presumptions of simulation of operations, and have not corrected or disproved the irregularities detected, will not be able to access the procedure to obtain a new DSC. For these cases, taxpayers may only file a new DSC, as long as they have the final resolution of the tax authority and also correct their tax status.

**10. Restriction of the DSC.**

Various sections of article 17-H Bis of the FTC were amended to include new hypothesis for which the tax authority may temporarily restrict the use of the DSC; including, among others: taxpayers that pay taxes in STR regime and omit to file 3 or more monthly payments, consecutive or not, in a tax year; taxpayers who have been notified of the fine for recidivism in conducts that oppose a domiciliary visit; EDOS that have not demonstrated the materiality of the operations or, having gone, have not accredited such materiality; when the value of taxable acts or activities declared by a taxpayer does not concur with the values included in the CFDI, complements, account statements or databases to which the authority has access; and it detects that one of its partners or shareholders who has effective control is in certain cases of irregularity.

Finally, a seventh paragraph was added to said article, to establish that when the tax authority has ruled in a definitive manner about the tax status of a taxpayer through any other procedure included in the FTC, the clarification procedure will only be accessible when the taxpayer has previously corrected its tax status.

**11. Electronic means.**

Article 17-I of the FTC was amended to establish that the mechanism for the authenticity of the e-signature will be determined by general rules, instead of referring to the original document with the author's public key.

**12. Clarification on the computation of deadlines.**

The seventh paragraph of article 22 of the FTC was amended to establish that, within the term set to make a tax refund request, the period between the issuance of the first request for information and the attention of the first or second request does not compute within the 40-days period to make the refund.

**13. Refund request in an electronic format.**

Article 22-C of the FTC was amended to establish that all tax refund requests of credit balances must be filed in electronic format with an e-signature.

**14. Audits in tax refunds request.**

Section VI of article 22-D of the FTC was amended to grant the taxpayer 20 days as of the day following the effective date of the notification of the last partial notice or the observations notice, to exhibit documents, books or records that disprove the facts or omissions discovered during the tax audit process.

In addition, section VII was introduced to the same article, to specify that the tax authority must issue the administrative resolution within a term not to exceed 20 business days following the end of the term granted for the taxpayer to disprove the facts or omissions.

**15. Self-correction through the application of credit balances.**

A sixth paragraph is added to Article 23 of the FTC to establish that taxpayers subject to an audit may choose to correct their tax status by applying the amounts they are entitled to receive from the tax authorities for any concept, against the omitted taxes and also surcharges and penalties.

The following will not be eligible for application as part of a self-correction: the amounts that have been previously denied in refund, expired credits, credits that derive from an administrative resolution or a sentence and those that remain of VAT credit balances that have been previously credited in terms of article 6 of the VATL.

By a transitory provision, this option would become effective as of January 1, 2023.

### **16. Application of tax incentives.**

Articles 25 and 25-A of the FTC are amended to update its content and clarify that tax incentives or subsidies may only be credited up to the amount of the taxes that are effectively due.

It is also specified that the deadline for the application of tax incentives will begin computing from the last day of the fiscal year in which the right to apply such incentives arose.

### **17. Joint and several liability.**

Section IV of article 26 of the FTC was amended to add cases in which an acquisition of a commercial negotiation is deemed to occur.

In addition, section V of the same article was modified to indicate that legal representatives of non-residents in the country or foreign residents, who carry out activities for which taxes must be paid, are jointly and severally liable for up to the amount of such taxes.

Section VIII of the same article was changed to specify that the manifestation of willingness to assume joint and several liability with the taxpayers is made through the forms or formats indicated by the SAT through general rules.

Finally, section XI of article 26 of the FTC was amended to establish a hypothesis of joint and several liability for LE who have not submitted the information related to the sale of shares or securities issued by the LE, carried out between residents abroad without PE in Mexico.

### **18. RFC.**

A last paragraph was added to section A of article 27 and a section IV to article nine of the transitory provisions of the CFF to establish that INDV of legal age must request their registration before the RFC. INDV without economic activities will be registered under the heading "Registration of INDVs without economic activity" according to the FTC Regulations, therefore, as long as they do not carry out economic activities, they will not be obliged to file tax returns or pay taxes.

Section VI of section B of the same article was amended to establish that whenever any modification or incorporation of partners or shareholders is made, in addition to their name and RFC, the percentage of participation of each partner or shareholder in the capital stock, the corporate purpose and who exercises the effective control must also be reported.

Moreover, a second paragraph was added to the referred section VI to specify that the information that must be filed by the LE that place shares among the general investing public, corresponds to the LE or the INDV that have control, significant influence or command power within the same, their RFC and the percentage they represent with respect to the total shares of the LE.

In addition, the second paragraph of section VIII of section B of article 27 was repealed, eliminating the exception that existed for public notaries not to record in the protocol of a public deed of incorporation, merger, spin-off or liquidation of a LE, the date of the request for registration in the RFC, when the notary directly requested the registration in the RFC of the LE.

A second paragraph was added to subsection I of section C of the same article to establish that any technological tool may be used, in addition to those already provided, to verify the tax domicile. The data obtained may be used to update the RFC information regarding the taxpayers' tax domicile.

Likewise, the second paragraph of section VI of section C of article 27 was repealed, that recognized the possibility that the tax authorities could request information from the public notary that had made a registration before the RFC, and when such request was not complied with, the SAT could request such information directly from the taxpayer.

A section XIII was added to section C of the same article to specify that the tax authorities may cancel or suspend the RFC of a taxpayer when it is confirmed that in the 5 previous fiscal years the taxpayer has not carried out any activity or has not issued CFDI.

A subsection d) was added to section IX of section D of the same article, which establishes that taxpayers that file a notice of cancellation of the RFC due to total liquidation of assets or total cessation of operations must have a positive opinion of compliance with social security obligations, except in the case of cancellation of the RFC due to a merger.

### **19. CFDI.**

#### **a) Clarification regarding the export of merchandise not subject to alienation, or that are sold free of charge, and regarding the CFDI that cover the transportation of merchandise.**

The first paragraph of article 29 of the FTC was amended to specify that those who export merchandise that is not subject to alienation or whose alienation is free of charge, are the ones who have the obligation to issue the corresponding CFDI.

In addition, the third paragraph of said article was changed to specify with respect to the CFDI that cover the transportation of merchandise that they will also serve to support the legal possession and legal stay of said merchandise.

#### **b) Publication of complements.**

Section III of article 29 of the FTC was amended to specify that CFDI, in addition to complying with the requirements of article 29-A of the FTC, must comply with the requirements established by the SAT through general rules, including the CFDI complements that will be published in the SAT's website.

Likewise, subsection a) of section IV of article 29 was amended to establish that, in addition to the SAT validating the requirements established for CFDI pursuant to article 29-A of the FTC, it will validate those contained in the CFDI complements.

#### **c) CFDI certification providers.**

The second, third, fourth and fifth paragraphs of section IV of article 29 of the FTC regarding the regulation of the authorization and operation of CFDI certification providers are repealed and are transferred to a new article 29 Bis of the FTC.

#### **d) Delimitation regarding the issuance of CFDI for expenses.**

The third paragraph of section VI of article 29 of the FTC was amended to specify that the CFDI for expenses that do not have legal support that accredits the tax refunds, discounts and bonuses before the tax authorities, cannot be reduced from the CFDI of the taxpayer's income; which may be verified by the tax authorities in an audit.

### **e) Update of the economic activities and obligations stated in the CFDI, in case of discrepancy.**

A new second paragraph was added to section V of article 29-A of the FTC, to establish that the tax authority may update the economic activities and obligations of the CFDI issuer, when a discrepancy is detected between the economic activity of the issuer and the description of the goods, merchandise, service or the use or enjoyment indicated in the CFDI issued. Non-conforming taxpayers may seek clarification through general rules to be determined by the SAT.

### **f) Additional information for the CFDI.**

Section IV of article 29-A of the FTC was amended to include as a requirement for the issuance of a CFDI the name or corporate name, zip code of the tax domicile and as well as the code of the tax use that the recipient will give to the CFDI.

### **g) Delimitation regarding the cancelation of the CFDI.**

The fourth paragraph of article 29-A of the FTC was amended to state that unless otherwise provided, CFDI might only be cancelled in the fiscal year in which they are issued and that the INDV or LE in favor of whom they are issued accepts their cancellation. The SAT will establish the form and means in which the acceptance must be manifested.

### **h) CFDI characteristics.**

The fifth paragraph of article 29-A of the FTC was amended to state that, through general rules, the characteristics of the CFDIs referred to in article 29, first and last paragraphs of the FTC may be established in the case of transactions carried out with foreign residents without a PE in Mexico.

## **20. Exchange of information.**

A new ninth paragraph was added to article 30 of the FTC to state that the information and documentation indicated in articles 32-B, section V and 32-B Bis of the same Code, related to the Standards, must be kept for a period of 6 years from the date the information was generated or should have been generated.



### **21. Tax obligations.**

The sixth paragraph of article 31 of the FTC was amended to eliminate the obligation to inform the tax authority the reason for not making the payment in cases where there is no tax payable or credit balance for any of the obligations to be met in normal or complementary returns.

Likewise, the eighth paragraph was amended to eliminate the option of sending the tax returns through the postal service.

Similarly, the twelfth paragraph of article 31 of the FTC was amended to refer to article 6 of the FTC regarding the deadline that must be met for filing tax returns.

Finally, the fifteenth and sixteenth paragraphs of the same article were repealed, regarding the authorization of certification providers of digital documents that incorporate the digital seal of the SAT and the requirements to obtain and keep such authorization.

### **22. Relevant transactions.**

Subsection d) of the first paragraph of article 31-A of the FTC was amended to add the information obligation of relevant operations, comprising cases in where there is no transfer in a spin-off or merger; transfer of shares at tax cost in the case of restructuring and; transfer of shares or securities made by foreign residents without a PE in Mexico.

### **23. Establishment of the obligation for certain taxpayers to be audited by a registered public accountant.**

A second paragraph was added to article 32-A of the FTC, to establish that LEs obligated to pay taxes under Title II of the ITL must report their financial statements when in the last immediately preceding fiscal year they have reported accruable income equal to or greater than MXN\$1,650,490,600, or were publicly traded in a stock exchange.

However, for other taxpayers, the option to have their financial statements audited remains in effect.

Additionally, the fifth paragraph of article 32-A of the FTC was amended to establish May 15 as the term for filing the accountant tax report.

### **24. Tax return reception.**

The first and second paragraphs of section III of article 32-B of the FTC were amended to specify that CI are required to receive and process payments on behalf of the tax authorities, under the agreements between the SHCP and such institutions with respect to the services agreed upon.

Finally, section VI of article 32-B of the FTC was amended to specify that payments received are part of the reports that CI must make to the SHCP, eliminating the reference to the tax returns.

### **25. Standard.**

Section VII of Article 32-B Bis of the FTC was amended to establish that financial institutions may enter into the transactions they are authorized to carry out with their bank account holders, provided that they comply with the procedures to identify foreign accounts or reportable accounts among the financial accounts, and submit to the tax authorities the information required by the Standard.

Section VIII of the same article was amended to specify that the SAT may enter into collaboration agreements that allow it to supervise, verify and ensure that financial institutions correctly implement the Standard, in addition to adopting actions that allow compliance with Mexico's agreements on the exchange of financial information.

Likewise, section IX of the same article was repealed, which established the sanction for not keeping the special registry to identify foreign and reportable accounts among financial accounts. In line with the above, the last paragraph of the article in question was amended to establish a specific system of penalties and violations, which refers to articles 82-E and 82-F of the FTC with respect to the Standard.

### **26. Beneficial owner regulation.**

Article 32-B Ter was added to the FTC to provide that legal entities, trustees, settlors or beneficiaries, as well as the contracting parties or members, in the case of any other LE, are required to obtain and keep as part of their accounting, the information relating to their beneficial owners, in the manner and terms determined by the SAT through general rules.

The second paragraph of the aforementioned article regulates the requirements of such information by the tax authority and the third paragraph includes an obligation for public notaries, brokers and any other person involved in the incorporation of the aforementioned entities, as well as financial entities and members of the financial system, to obtain the information that allows the identification of the beneficial owners, and to adopt measures to verify their identity.

The last paragraph of the article establishes that the public registers of the federal entities, the Mexican Financial Intelligence Unit, the CNBV, the CONSAR and the CNSF will cooperate with the SAT to confirm the accuracy of the information provided in connection with the beneficial owners.

Additionally, an article 32-B Quater was included to the FTC to define the characteristics to be met by INDVs or groups of INDVs in order to be considered as beneficial owners.

On the other hand, article 32-B Quinquies was added to the FTC to establish as an obligation of the legal entities to keep updated the information regarding the beneficial owners and it was established that the SAT will issue the general rules for the application of such provision.

Likewise, articles 84-M and 84-N were added to the FTC, to establish sanctions and penalties regarding information related to the beneficial owners.

### **27. Tax obligations compliance opinion.**

A section IX was added to the first paragraph of article 32-D of the FTC, to include that INDV, LE or any other legal figures cannot carry out any transactions with those exercising federal public resources, those who fail to comply with the obligations established in articles 32-B Ter and 32-B Quinquies of the FTC.

The ninth paragraph of the aforementioned article was also amended to add that the federal tax authorities in matters of social security will issue a tax obligation compliance opinion.

Finally, the tenth paragraph of article 32-D of the FTC was amended to establish that taxpayers must also authorize the federal social security authorities to make public the result of the tax obligation compliance opinion.

### **28. Tax authority's powers regarding tax returns and voluntary compliance.**

Article 33, section I, paragraph c) of the FTC is modified to clarify that the tax authorities will provide electronic tools, forms or tax return formats so that they can be easily filled out and filed.

In addition, a subsection j) was incorporated to section I of the same article to establish that the tax authorities will implement programs to promote tax certainty and prevent tax controversies through cooperative, voluntary and timely compliance with tax provisions.

### **29. Obligation to file tax returns, notices and other documents.**

Article 41, first paragraph of the FTC specifies that the authorities may require the filing of the information

reports of volumetric controls referred to in article 28, section I, paragraph B of the FTC, when they are not filed in a timely manner or in accordance with tax provisions.

### **30. Obligations and sanctions of the registered public accountant.**

A third paragraph was added to section III of article 52 of the FTC, to establish that when, as a result of the preparation of the audited financial statements, the registered public accountant is aware that the taxpayer has failed to comply with the tax and customs provisions or has carried out any conduct that may constitute the commission of a tax crime, the registered public accountant must inform the tax authority, in accordance with the general rules issued by the SAT for such purposes.

### **31. Appraisals.**

A second paragraph was added to section VI of article 42 of the FTC to indicate that the appraisal may also be performed with respect to all types of goods or legal rights referred to in article 32 of the ITL, and all types of services.

### **32. Tax audits on financial institutions, legal entities, trustees, settlors or beneficiaries.**

The first paragraph of article 42 of the FTC was amended to specify that financial institutions, trustees, settlors or beneficiaries, in the case of trusts, and the contracting parties or members, in the case of any other LE are subjects to tax review.

Sections XII and XIII were added to the aforementioned article, to indicate that the tax authorities have auditing powers in order to conduct domicile visits or tax audit to the parties mentioned in the previous paragraph, to verify the Standard compliance.

### **33. Simulation of legal acts for tax purposes.**

Article 42-B was added to the FTC, through which the authorities are empowered to determine the simulation of legal acts between related parties, through verification powers. This addition mirrors what is stated by paragraphs 21 to 24 of article 177 of the ITL.

### **34. Harmonization of references contained in the ITL with respect to transfer pricing provisions.**

Section VII of article 48 of the FTC was amended to establish that the term to challenge the facts and circumstances stated in the observations notice would be 2 months, when the review corresponds to related parties.

At the same time, section B of article 46-A of the same law was changed to specify that audits will last up to 2 years when it concerns transfer pricing obligations.

### **35. Confidentiality document in tax audits.**

The fifth, sixth and seventh paragraphs of section IV of article 46, section VII of article 48 of the FTC were amended to regulate the confidentiality document through which taxpayers may have access to confidential information provided or obtained from independent third parties regarding comparable transactions affecting competitiveness of such third parties, in the case of tax audits involving transfer pricing and related parties transactions.

### **36. Domicile visits in connection with articles 32-B, section V, 32-B Bis, 32-B Ter, 32-B Quarter and 32-B Quinquies of the FTC.**

Sections I and VI of article 49 of the FTC were amended to establish the places and the procedure to carry out domicile visits applicable to financial institutions, trustees, settlors or beneficiaries, as well as contracting parties or members, in the case of any other LE.

### **37. Exceptions to the review order sequence.**

Subsection m) was added to the fifth paragraph of section III of article 52-A of the FTC, to establish an exception comprising the sequential order principle stating that taxpayers are obliged to have their financial statements audited by a registered public accountant.

### **38. Exhibits of the tax return with the payments in installments, partial or deferred payments.**

Section II of the first paragraph of article 66 of the FTC was amended to state that when the taxpayer self-determines or auto-corrects, it must pay 20% of the total amount of the tax credit at the time of the request for the authorization of the installments payment.

### **39. Statute of limitations for the exercise of the tax authority's verification powers.**

The fourth paragraph of article 67 of the FTC was amended, establishing the suspension of the statute of limitation period, the time limit for requesting an APA in terms of article 34-A of the FTC. This suspension will begin from the time the APA is requests until the conclusion is notified and has effects.

The sixth paragraph of the aforementioned article was also amended to add that when the statute of limitation period is suspended for 2 years or more, the total period may not exceed 7 years, 7 years with 6 months or 8 years, as the case may be.

Additionally, the last paragraph of article 67 of the FTC was amended to establish that the time limit set forth in such provision shall not affect the implementation of the arrangements derived from a MAP, nor those reached as a result of the comprehensive tax information exchange agreements or the inter-institutional agreements signed based on such tax information exchange agreements.

### **40. Update to the legal framework of tax secrecy.**

The fourth paragraph of article 69 of the FTC was amended to expressly include that the confidentiality of information regarding the identity of independent third parties in comparable transactions and the information of the comparables used to support the resolutions applicable to all cases in which the tax authority exercises its powers of verification with respect to the obligations regarding related parties, specifically those contained in articles 76, sections IX and XII, 90, penultimate paragraph, 110, section XI, 179 and 180, all of the ITL.

A section X was added to article 69 of the FTC to include as an exception to tax secrecy those taxpayers whose CSD has been terminated, for being located in any of the cases of sections X, XI or XII of article 17-H of the FTC, unless the taxpayers correct the irregularities detected by the tax authorities or correct their tax status.

### **41. Procedure against EFOS and EDOS update.**

A tenth paragraph was added to article 69-B of the FTC to include as a new assumption of non-existence of transactions supported by tax receipts, when the tax authority detects that a taxpayer has been issuing tax receipts that support transactions carried out by another taxpayer to which the use of the CSD has been temporarily restricted. This assumption also operates when such tax invoices have been issued involving assets, personnel and infrastructure of the taxpayer to which the CSD was restricted.

### **42. Maximum length time for the conclusive agreement procedure.**

A fourth paragraph was added to article 69-C of the FTC to establish that the conclusive agreements procedure will have a maximum length of 12 months, starting from the filing of the request of the agreement by the taxpayer.

Through the transitory provisions, all conclusive agreement procedures that are in process prior to January 1, 2022, must conclude within 12 months from the entry into force of the Decree.

### **43. Reduction of fines.**

The fifth paragraph of article 70-A and 74 of the FTC was amended to incorporate, as an assumption for the reduction of fines that a dispute resolution procedure established in a DTA, also known as MAP has not been filed.

The tenth paragraph of article 144 and article 146-B of the FTC were repealed, eliminating the remission of tax credits in cases of bankruptcy proceedings.

### **44. Penalty applicable to the optional regime for corporate groups.**

Article 76 of the FTC added a penalty for the integrating and integrated companies taxed under the Optional Regime for Corporate Groups, consisting of a penalty of 60% to 80% applied to the difference between the tax loss reported and the one that actually corresponds.

### **45. Penalties related to ITL provisions.**

A second paragraph was added to section II of article 77 of the FTC, to indicate an increase in the penalties derived from non-compliance with the provisions of articles 76, sections IX and XII, 76-A, 90, penultimate paragraph, 110, section XI, 179, 180, 181 and 182 of the ITL regarding certain obligations on transfer pricing and related party transactions.

### **46. Clarification on the term "residence" in transfer pricing transactions.**

Articles 81, section XVII and 83, section XV of the FTC were amended to eliminate the reference to "resident abroad". Therefore, the tax violations provided in such articles and the penalties derived from the non-compliance of obligations with respect to transactions with related parties, regardless of their tax residence, are clarified.

### **47. Violations and fines related to the cancellation of CFDI.**

A section XLVI was added to article 81 of the FTC to include as a violation the CFDI cancellation after the established term for that purpose. On that regard, section XLII was added to article 82 of the FTC, where a fine of 5% to 10% is applicable to the amount reflected in the CFDI when it is cancelled after the given term.

### **48. Violations and sanctions for financial institutions.**

Articles 82-E and 82-F were added to the FTC to establish a system of violations and penalties specific to matters related to reporting obligations of financial institutions under the Standard.

### **49. Violations related to authorized certification providers.**

Article 82-G is added to the FTC to establish conducts that are considered violations attributed to certification providers when they send the CFDI to the SAT.

### **50. Violations related to accounting obligations.**

Article 83, section XVII of the FTC was amended to add as a violation the filing of the informative return on the taxpayers status with errors. Section XIX was also added to the same article to establish as a violation, the use of CFDI issued by third parties, when the tax authorities in the exercise of their verification of powers determine that such tax receipts support non-existent or simulated transactions.

### **51. Penalties for CFDI.**

A subsection d) was added to section IV of article 84 to establish a penalty ranging from MXN\$400 to MXN\$600 for each CFDI that is issued and does not have the corresponding complements.

### **52. Penalties and fines related to the beneficial owners.**

In connection with articles 32-B Ter, 32-B Quater and 32-B Quinquies to the FTC, articles 84-M and 84-N were added, to establish the penalties related to the non-compliance of the obligations foreseen for legal entities, trustees, settlors or beneficiaries, as well as the contracting parties or members, in the case of any other legal figure, in the matter of conservation and delivery of information on the beneficial owners.



### **53. Penalties related to tags, seals and containers containing alcoholic beverages.**

Sections VI, VII, VIII and IX were added to article 86-A of the FTC to include as penalties, the non-compliance with sanitary measures regarding alcoholic beverages; the incorrect use of tags or seals; the omission of reading the QR code of the tag when obligated to do so and; producing more than once the authorized electronic folios for printing digital tags.

### **54. Violations by producers, manufacturers and importers of cigars and other manufactured tobacco.**

A last paragraph was added to article 86-G of the FTC to establish as violations by producers, manufacturers and importers of cigars and other manufactured tobacco, with the exception of cigars and other manufactured tobacco made entirely by hand, the failure to comply with sanitary measures regarding tobacco, as well as the incorrect use of security codes.

### **55. Violations committed by public officials or employees.**

Section VI was added to article 87 of the FTC to establish a violation for public officials who do not issue the administrative resolution corresponding to the procedure of assumption of non-existence of transactions within the term provided in article 69-B of the FTC.

### **56. Penalty when simulating labor relationships.**

Article 108 of the FTC was amended to establish as a qualification of the crime of tax fraud or its equivalent, to increase by one-half the penalty imposed to those taxpayers who use the new STR to hide labor relationships, simulating them as independent professional services.

### **57. International anti-corruption conventions.**

Subsection k) was added to the seventh paragraph of article 108 of the FTC to include within the cases of qualified tax fraud and qualified comparable tax fraud, the deduction, crediting or application of any tax incentives or tax benefit with respect to expenditures made in violation of anti-corruption legislation, such as those consisting of giving, by itself or through an intermediary, money, goods or services to public officials or third parties, national or foreign, in violation of the legal provisions.

**58. Suspension of the term for filing of the administrative tax appeal.**

The third paragraph of article 121 of the FTC was amended to clearly state the regulation on the suspension of the term for the filing of the administrative tax appeal, when a MAP is requested. The suspension will start at the moment when the foreign competent authority notifies the SAT of the receipt of the request, or, if it was filed before the Mexican competent authority, when the latter receives it and until the taxpayer is notified of the conclusion of the MAP or its rejection.

**59. Notification made through podiums (*estrados*).**

Article 139 of the FTC was amended to extend from 6 to 10 days the period for the publication of notices made through podiums (*estrados*) by the tax authorities in their website.

**60. Assumption to guarantee the fiscal interest.**

Section IV of article 142 of the FTC was amended to add as an applicable case to guarantee the tax interest when a MAP is requested without having previously filed an administrative tax appeal.

**61. Diligence of seizure and auctions.**

Article 151 Bis of the FTC was added to empower the tax authority, in the case of enforceable credits, to carry out the seizure of goods that, by their nature, can be carried out through the tax mailbox.

At the same time, article 152 of the same Code was amended to specify that the requirements established for the seizure proceeding are applicable when it is carried out in person.

In addition, a change was made to article 176 of the FTC to allow taxpayers who pay taxes under the new STR to participate in auctions of goods organized by the tax authority.

**62. Suspension of the execution of the resolution by the tax authorities PAE.**

The second and third paragraphs of article 144 of the FTC were amended, eliminating the reference to the MAP, since said procedure is not considered to be in accordance with the legal nature of the means of defense that are provided for and that originates the suspension of the PAE.

**63. Fighting against the illicit market of hydrocarbons and petroleum products.**

**a) Accounting for volumetric controls.**

Section I, section B of article 28 of the FTC was amended to eliminate the figure of authorizations to be a supplier of equipment and programs to carry out volumetric controls and related services.

Therefore, it will no longer be necessary to publish the authorized suppliers referred to in the Third transitory provision of the *"Decree amending, adding and repealing various provisions of the Fiscal Code of the Federation, the Customs Law, the Federal Criminal Code and the Federal Law to Prevent and Punish Crimes Committed in Hydrocarbons"* published in the DOF on June 1, 2018, and therefore such transitory provision was repealed.

In addition, the first paragraph of section I of Article 28 of the FTC was amended to clarify that the certificates that prove the correct operation and function of the equipment and computer programs to carry out volumetric controls, which are part of the accounting.

Finally, section B section I of article 28 was amended to include the specific parameters of the obligation to carry volumetric controls.

An enabling clause is also added for the SAT to determine the technical characteristics by means of general rules, to the regulations on hydrocarbons and petroleum products issued by any competent authority.

**b) Hydrocarbons sector presumption determination.**

Article 55 of the FTC was modified to indicate that the tax authority has the power to presumptively determine income when inconsistencies are found in the accounting information of the taxpayers in the hydrocarbons sector, as well as when taxpayers do not have or do not correctly keep volumetric controls.

In addition, the fourth paragraph of article 60 of the FTC was amended to determine the value for the transfer of goods missing in inventories.

**c) Violations and penalties related to volumetric controls.**

Section XXV of article 81 and section XXV of article 82, both of the FTC, were amended to establish the conducts that constitute a violation in the matter of volumetric controls, as well as the amount of the penalty according to the violation committed.

### **d) Criminal punishment for taxpayers who do not have volumetric controls on hydrocarbons and petroleum products or disrupt them.**

Article 111 Bis of the FTC was amended to modify the catalog of conducts that constitute tax crimes related to volumetric controls in the area of hydrocarbons and petroleum products.

Sections I, II and III were amended to penalize, respectively, those taxpayers that do not have volumetric controls of hydrocarbons or petroleum products; do not have equipment and computer programs to carry out the volumetric controls or, if they have them, do not keep them in operation at all times, disrupt, disable or destroy them, and; do not have the certificates that proves the correct operation and functioning of the equipment and computer programs.

Likewise, sections IV, V and VI were added to prosecute those who provide the tax authority with fake, incomplete or inaccurate records in the volumetric controls; count, install, manufacture or commercialize any system or program whose purpose is to disrupt the volume records or the information contained in the equipment or computer programs; give any tax effect to the CFDI issued by an EFOS taxpayer that supports the acquisition of any type of hydrocarbon or oil, without having demonstrated the substantiality of such operations or having corrected their tax status.

Finally, a second paragraph was added to article 111 Bis of the FTC to criminalize the conduct of transfer of hydrocarbons or petroleum products of illicit origin; establishing the hypotheses in which it is considered that the hydrocarbons or petroleum products transferred are of illicit origin.

### **e) Contraband.**

Article 102 of the FTC was amended to refer to the "border strip" or "border region" instead of "free zone". As a result, the third paragraph of the same article 102 was amended to establish as mandatory the injury statement to the SHCP in cases of failure to pay the IEPS.

### **f) Contraband presumption.**

Section XX of article 103 of the FTC was amended to indicate that, in the case of automotive fuels, contraband will be presumed when the description or rates classification of the merchandise is declared inaccurately, thereby avoiding the payment of taxes and countervailing duties.

Furthermore, sections XXII and XXIII were added to the aforementioned article to establish that contraband will be presumed when goods or merchandise are transferred by any means of domestic transportation without the CFDI which states the type of entry or transfer, as applicable, to which the *Carta Porte* Complement is included.

Likewise, this offense will be presumed when the transfer involves hydrocarbons, petroleum products or

petrochemicals, which do not have such documentation, as well as the CFDI complements of such goods.

### **g) Violations for contraband crime of hydrocarbons and petroleum products.**

A last paragraph was added to article 104 of the FTC to include as a violation for the commission of contraband crime, involving hydrocarbons and petroleum products, the definitive cancellation of the registry of importers of specific sectors, as well as the cancellation of the patent of the customs agent that has been used to carry out the customs clearance procedures with respect to such goods.

### **h) Liability of customs brokers and customs agencies.**

The second paragraphs of sections XII and XIII of article 105 of the FTC, which established the exoneration of the liability of customs agents and customs agencies, were repealed; therefore, now the customs clearance will be liable for the customs declaration of the goods.

### **i) Homologation of the references with the CL.**

Subsection c) of section II of Article 106 of the FTC was amended to homologate the references used in the documentation that proves the legal keeping of the goods in accordance with the provisions of the CL, and included the express reference that the specific requirements will be established through the general provisions issued by the SAT for the CFDI.

## **Federal Income Law**

### **1. Administrative facilities and tax benefits.**

In the events of extensions for the payment of tax credits, the surcharges will remain in the same terms as during the year 2021, according to article 8 of the FIL:

- a) 0.98% monthly over the unpaid balances.
- b) 1.26% monthly for installments payments of up to 12 months.
- c) 1.53% monthly for installments payments between 12 months and 24 months.
- d) 1.82% monthly for installments payments above 24 months, as well as deferred payments.

Additionally, article 9 of the FIL ratifies those agreements and general provisions from which benefits have been granted in accordance with the FIL, as well as those for which the collection of taxes and other administrative resolutions issued by the SHCP have been suspended in whole or in part.

**2. Tax incentives.**

According to article 16 of the FIL, the tax incentives in effect during the year 2021 are preserved.

**3. IT for interests paid by the financial system.**

Addressing article 21 of the FIL, for the fiscal year of 2022 the annual withholding tax rate referred to in articles 54 and 135 of the ITL will be of 0.08%, while in 2021 was of 0.97%.

**4. Repeal of the provisions of VAT and STPSL for RIF taxpayers.**

In connection with the repealing of the RIF, the article stating a reduced rate for VAT and STPSL purposes for these taxpayers was also removed.

**Federal Duties Law**

**1. General provisions.**

An article 3 Bis to the FDL was added, to establish that the resolutions of the tax authorities arising from audits must be considered for the calculation and payment of duties that in their mechanics consider accruable income or authorized deductions in terms of the ITL.

**2. Consular services.**

Article 20 of the FDL was modified to adjust and increase the price of the duties for the issuance of passports.

The first paragraph of section III of article 22 of the FDL was modified to include the information related to visas, making the distinction of the concept of visas in foreign passports which is already included in such provision and which are of a different nature.

In harmony with the above, the text of subsection a) of section III of article 22 of the FDL was amended to refer to the visa of analysis certificates, of free sale and medical.

Similarly, article 22 of the FDL, section III, was modified to add a subsection f) that includes a new duty for the authorization of visitor's visa without permission to perform long-term paid activities.

In addition, the duty for rendering consular services for the certificate issuance regarding the incorporation of foreign legal entities, established in subsection a) of section IV of article 22 of the FDL, was repealed.

Regarding the exemptions of payment of certain duties related to consular services included in article 24 of the FDL, the wording of section VIII of such article was amended to establish that the compulsory documents for the procedure of services related to the military service are exempt.

Likewise, article 26 of the FDL was modified to adjust the price for the issuance of nationality and naturalization documents and specify each procedure regarding nationality.

### **3. Publication in the DOF of the quotas corresponding to the duties for the services performed by the CNBV and the CNSF.**

Article 29-I was added to the FDL to indicate that the SHCP will publish in the DOF the result of the arithmetic operations provided for in articles 29-D and 30, both of the FDL, which are used to determine the payment of duties for inspection and surveillance services performed by the CNBV and the CNSF.

### **4. Customs services.**

A subsection u) was added to article 40 of the FDL to establish the amount to be charged for processing the access request to customs clearance after hours.

### **5. Services related to obtaining security codes and tags.**

Article 53-I was added to the FDL to establish the corresponding duties for obtaining security codes that are printed on cigarettes packs, cases and other packages containing cigars or other tobacco products.

In addition, an article 53-K was added to the FDL to update the duties that correspond to obtaining physical tags and for obtaining electronic tags, both for containers filled with alcoholic beverages.

### **6. Services regarding Mexican official standards and quality control.**

The increase in the amount contained in article 73-A of the FDL, corresponding to the duties for the use of official trademarks and officials passwords, was amended.

### **7. Services in competition and antitrust matters.**

Article 77 of the FDL was amended to establish that, for the study, processing and, where appropriate, authorization of the non-filed notice, the same duties will be paid as those corresponding to the pre-merger filing notices.

### **8. Services related to the granting of the federal digital license.**

Articles 148 and 172-F, both of the FDL, related to the collection of duties for license processing, both for federal motor and railroad transportation, were amended to adapt them to the implementation of the federal digital license, adjusting the duty quota.

### **9. Copyright services.**

Article 184 of the FDL, section XXI, was modified to extend the exemption to cases of people with any type of disability, besides visual.

### **10. Forest services.**

The text of article 194-N of the FDL was modified to repeal the reference to the commercial forest plantation management program's opinion, since it is no longer a requirement to obtain a forest plantation authorization.

The text of section I of article 194-N-2 of the FDL was modified to homologate with the General Law of Sustainable Forestry Development the name of the phytosanitary documentation necessary for the import of forest raw materials, products and by-products; the word "certified" was amended to "requirements sheet".

Article 194-N-4 of the FDL was amended to incorporate new concepts for which duties must be paid, relative to the authorization for obtaining and use of biological and genetic forest resources.



**11. Health services.**

Article 195 of the FDL, section IV, was modified to estates, in subsection b), the duties corresponding to the health license for establishments that provide hemodialysis services, keeping in subsection a) the duties for the sanitary license for medical care establishments where surgical or obstetric acts are performed.

**12. Maritime services.**

New fees were incorporated into articles 195-Z 11 Bis, 195-Z 11 Ter and 195-Z-11 Quarter, all of the FDL, for the provision of certain services that were attributed to the Ministry of the Navy.

Article 195-Z-25 of the FDL was modified to provide for the annual revalidation or replacement of the maritime approval certificate as a waste receiving facility.

The duties contained in article 170 of the FDL were transferred to the new article 195-Z-28 of the same legislation, corresponding to the arrival authorization, clearance, anchoring maneuver or repairing, requested during ordinary operation hours by national or foreign vessels who carry out deep sea navigation or cabotage.

**13. Use or enjoyment duties regarding protected natural areas.**

Article 198 of the FDL, fraction I Quarter was modified to classify the Biosphere of the Marias Islands as a protected natural area considered to be of low carrying capacity due to the vulnerability and fragility of their ecosystems, to regulate visits to that natural area.

In that sense, the reference to section I Quarter was included in article 198 of the FDL in all paragraphs which provide for a benefit, whether an exemption or a discount is granted.

**14. Use, exploitation or enjoyment duties for national waters.**

The text of section II of article 229 of the FDL was amended to repeal the reference to annual duties return of payment for duties for the use, exploitation or enjoyment of national waters, since this form of payment does no longer exists, as this is made through quarterly payments considered as definitive.

### **15. Radio electric spectrum.**

Section VIII of article 240 of the FDL was amended to include the concepts of “experimental purposes, verification of technical and economic feasibility of developing technologies or temporary testing of equipment” within the payment of duties regulated in the above-mentioned section.

A section X was added, with subsections a) and b) to the aforementioned article, to establish the amount and the methodology for the calculation of the corresponding quotas for the authorization for the use and exploitation of the radio electric spectrum for secondary use.

Table A contained in article 244-B of the FDL is updated to modify the frequency ranges in Megahertz that serve as the basis for calculating the annual duties for the use, enjoyment and exploitation of frequency bands by concessionaires and license holders.

### **16. Wastewater discharge point.**

Article 278-B of the FDL was modified to regulate sampling and analysis of the quality of discharged wastewater, to obtain the concentrations of pollutants in said discharges.

### **17. Transitory provisions.**

The tax benefit consisting of the reduction of 70% of the amounts corresponding to the duties for registration of title and issuance of professional certificate of technical and professional technical level remains the same.

Additionally, the collection procedure applicable to financial institutions subject to the supervision and oversight of the CNBV is preserved, to keep the possibility of paying quotas with an increase of 4% over those paid in 2021.

Regarding consular services, the benefit consisting of a 50% reduction in the payment of duties to Mexicans wishing to obtain an open public will in a consular office abroad remains the same.

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