Galicia

Update | Tax and Tax Litigation

2026 Tax Reform

Mexico City, November 12, 2025

On November 7, 2025, the evening edition of the Official Gazette of the Federation ("DOF") published the Federal Revenue Law for Tax Year 2026, along with amendments to the Federal Tax Code and the Excise Tax on Production and Services Law.

The most relevant aspects of the aforementioned legal provisions are highlighted below.

I. Federal Revenue Law for Tax Year 2026

1. *Increase in surcharge rates*

The surcharge rates applicable when an extension is authorized for the payment of tax assessments are modified as follows:

Concept	Monthly surcharge rate applicable to Tax Year 2025	Monthly surcharge rate applicable to Tax Year 2026	Increase
Outstanding balances	0.98%	1.38%	0.4%
Payment in installments up to 12 months	1.26%	1.42%	0.16%
Payment in installments from 12 to 24 months	1.53%	1.63%	0.1%
Payment in installments over 24 months or deferred payments	1.82%	1.97%	0.15%

In accordance with the above, and pursuant to Article 21 of the Federal Tax Code ("FTC"), the surcharge rate for compensation to the Federal Treasury for late payment during Tax Year 2026 will be 2.07% per month.

It should be noted that the aforementioned rate is determined by applying a 50% increase provided for in said article to the base rate established in the Federal Revenue Law.

2. ***Withholding tax rate on interest paid by the financial system or insurance institutions***

For tax year 2026, the annual withholding rate paid by institutions of the finance sector will increase from 0.50% to 0.90%, representing an increase of 0.40 percentage points (80% increase) that will directly impact taxpayers with financial investments.

3. ***Flexibility of the Authorized Donors Regime in cases of natural disasters***

The tax incentive that allows authorized donors to make donations to unauthorized organizations or trusts for the rescue and reconstruction work in cases of natural disasters is maintained.

This incentive maintains the specific requirements for authorized donors and non-authorized recipient organizations, preserving tax deductibility and transparency controls to ensure the proper use of resources in national emergency situations.

4. ***Financial Technology Institutions (FinTech)***

Crowdfunding institutions regulated by the Law to Regulate Financial Technology Institutions (FinTech), have an obligation to withhold and pay income tax and value-added tax derived from interest generated in financing operations, acting as intermediaries.

Income tax withholding shall be applied at a rate of 20% on the amount of nominal interest paid to Mexican residents. In the case of foreign residents, the rate corresponding to current legislation shall be applied, and such withholding shall be considered a definitive payment. A withholding of value-added tax will be applicable at a rate of 16% on the nominal value of the interest accrued.

Likewise, these institutions will be required to issue the corresponding digital tax receipts, clearly identifying the withholdings made, and to pay said taxes withheld no later than the 17th day of the following month.

5. *Digital platforms*

The withholding rate applicable to individuals with business activities who sell goods or provide services through technological platforms is standardized at the maximum rate of 2.5% of the Simplified Trust Regime for individuals.

Legal entities that obtain income from the sale of goods or provision of services through digital platforms shall pay income tax through withholding at a rate of 2.5%, without any deductions. The tax withheld and paid may be credited against the income tax payable in provisional payments or in the annual tax return. For these purposes, legal entities must provide their Federal Taxpayers Registry ("RFC") code to digital platforms, otherwise a withholding rate of 20% will be applicable instead of the referred rate of 2.5%.

6. *Private equity funds' benefits*

It is established that foreign legal entities that manage private equity funds investing in legal entities resident in Mexico will retain their transparent status even if the managing entity is a tax resident in Mexico.

Specialized Retirement Fund Investment Companies (SIEFORES) that are members or participants in such foreign legal entities, shall be exempted from income accrual in accordance with the provisions of section VI of article 205 of the Income Tax Law. In these cases, foreign legal entities will continue to be treated as transparent for tax purposes, and SIEFORES will not lose this status in relation to Articles 4-B and 177 of the Income Tax Law.

7. *Deduction of uncollectible accounts for credit institutions*

The tax treatment applicable to the deduction of uncollectible accounts in Title II of the Income Tax Law for credit institutions is standardized, replacing the current regime, where the notorious practical impossibility of collection is established when the portfolio is written off in accordance with the provisions of the National Banking and Securities Commission, without the need to obtain a final resolution from the competent authority demonstrating that all collection efforts have been exhausted.

In 2026, credit institutions may consider a practical impossibility of collection when the account receivable -whose principal amount on the due date is greater than 30,000 investment units- when, among other requirements, obtain a final resolution issued by the competent authority demonstrating that all collection efforts have been exhausted or, where applicable, that it was impossible to execute the favorable resolution.

8. *2026 International Federation of Association Football (FIFA) World Cup*

It is established that those involved in the organization and staging of the 2026 FIFA World Cup, including trials, matches, and related events, shall not be subject to formal payment obligations, transfer, withholding, collection, and payment in accordance with tax provisions, arising exclusively from the performance of acts or activities or from the obtaining of income for their participation in the aforementioned competition, as of the last four-month period of 2025.

For such purposes, FIFA must identify the persons carrying out the referred activities to the Tax Administration Service ("SAT").

The above shall not apply in certain cases, including: (i) having definitive tax assessments, or tax assessments that, when enforceable, are not guaranteed or the guarantee is insufficient, and (ii) hold certificates issued by the tax authority for the issuance of digital tax receipts that have been canceled.

9. *Tax regularization program for 2026*

As in Tax Year 2025, a tax regularization program was approved for 2026, consisting of the granting of a tax incentive to individuals and legal entities that have tax assessments meeting certain requirements, including:

- The tax assessments must be final or have been consented.
- The tax assessments are under the administration and collection of the SAT or the National Customs Agency in Mexico.
- That such tax assessments involve the omission of federal taxes, government charges, fines (with or without aggravating circumstances), and compensatory fees corresponding to 2024 or a prior year.
- The taxpayer has not reported more than 300 million pesos in accruable income for 2024.
- The taxpayer has not previously obtained a similar tax benefit based on generalized and massive tax debt forgiveness programs, or did not benefit from the regularization program approved for the 2025 Tax Year.

- The tax incentive will not apply to taxpayers subject to the General Administration of "High-income" Taxpayers, among other cases.

  The incentive will consist in a 100% reduction of fines, surcharges, and enforcement costs, including fines for aggravating circumstances. In the event the tax assessment consists exclusively of fines derived from non-compliance with obligations other than payment, the incentive shall be a 90% reduction of the fine, provided the omitted obligation has been fulfilled.

- If the taxpayer is subject to review and enforcement powers, the incentive will apply provided that all identified irregularities are corrected, and if any defense or administrative review has been filed against the tax assessment, the incentive will apply if the defense or administrative review is withdrawn.

The request must be submitted to the tax authority no later than October 31, 2026, and will suspend the collection procedure for the respective tax assessment, without the need to guarantee the tax interest.

10. *Repatriation of capital*

The twenty-fourth transitional article provides a benefit for individuals or legal entities residing in Mexico or those residing abroad with a permanent establishment, to return to Mexico lawful funds held abroad until September 8, 2025, through the application of a preferential rate of 15%, without deductions or the possibility of offsetting taxes.

To do so, taxpayers must meet certain requirements, including the following:

- The return must be made no later than December 31, 2026.
- The return must be made through transactions carried out between credit institutions or brokerage firms incorporated in Mexico and entities incorporated outside the national territory, with the sender and the beneficiary being the same.
- The funds must be invested in Mexico for a period of at least three years from the date of investment; the transitional provision establishes the allowed destination of such funds.
- The tax must be paid within 15 calendar days of the date of return of the funds (when they are deposited in a credit institution or brokerage firm in the country).
- Supporting documentation proving that the funds were received from abroad, that the respective tax was paid in accordance with the transitional provision, proof of deposits or investments made in Mexico, as well as the corresponding tax return and documentation

proving the origin of the funds that were returned or entered the country must be kept for five years as part of the accounting records.

The following are exempt from such benefit: (i) funds that have been deducted by a resident in Mexico or abroad with a permanent establishment; (ii) taxpayers subject to the Simplified Trust Regime (Title IV, Chapter II, Section IV of the Income Tax Law); (iii) persons with a final judgment for tax crimes, linked to criminal tax proceedings or listed in Article 69-B (presumption of issuing digital tax receipts covering non-existent transactions) or 69-B Bis (presumption of improperly transferring tax losses) of the FTC; (iv) illicit funds linked to money laundering or terrorist financing activities (Article 400 Bis of the Federal Criminal Code); and (v) funds originating from countries considered high risk by the Financial Action Task Force (North Korea, Iran, and Myanmar).

II. Federal Tax Code

1. *Federal Taxpayers Registry*

a. Cleansing of the RFC

Sections XII and XIII of Article 27 (sub-section C) of the FTC are amended to clearly indicate the powers of the authority to suspend and cancel the RFC, with specific grounds for each case.

Thus, it is expected that the RFC will be suspended or the tax obligations of taxpayers will be reduced if, in the previous three Tax Years: (i) they have not filed returns, without being obligated to do so; (ii) have not been reported in returns filed by third parties; (iii) have not issued or received tax receipts; (iv) have not filed notices with the RFC; and (v) do not have pending requirements to be met by the tax authority.

The same grounds apply for cancellation of the RFC, with the following differences: (i) the period will be the previous five Tax Years; (ii) the reason of not having pending requirements is eliminated and it is established that they must not have tax assessments, under the terms established by the tax authority in general rules; and (iii) it is specified that the RFC will be canceled due to the demise of the individual taxpayer.

b. Refusal to register legal entities in the RFC

Section XIV of subsection c) of Article 27 of the FTC is added to empower the tax authority to deny the registration of legal entities when it detects that their legal representatives, partners, shareholders, or persons who form part of their organizational structure are in any of the

following situations: 17-H, section X (temporary restriction of the digital certificate for issuing tax receipts); XI (presumption of non-existence of transactions); XII (presumption of improper transfer of tax losses) or XIII (digital tax receipts without a permit number) or 69, twelfth paragraph, section I (definitive tax assessments) to IV and IX of the FTC and have not corrected their tax situation, or that any of the above persons are part of another legal entity that is in any of the aforementioned situations and have not corrected its tax situation.

2. *Digital platforms*

Article 30-B is added to the FTC to establish that digital service providers must allow tax authorities permanent, online, real-time access to information within their systems or records that allows them to verify proper compliance with their tax obligations. This obligation will take effect on April 1, 2026.

During the legislative process, the President's initiative was amended to specify that only information that allows for verification of proper compliance with tax obligations must be provided, understood as all information related to activities that reflect income or expenses, or activities that may be subject to taxation and that is not linked to private data such as privacy, honor, reputation, private life, and, consequently, human dignity.

The obligated parties are those referred to in Articles 1-A BIS and 18-B of the Value Added Tax Law ("VAT Law"), which essentially consist of residents in Mexico who provide digital intermediation services between third parties offering and those demanding goods or services, as well as residents abroad without a permanent establishment in Mexico who provide the following digital services to recipients located in national territory: (i) downloading or accessing images, movies, video games, traffic, as well as any multimedia content with the exception of books, newspapers, and magazines; (ii) intermediation between third parties offering and demanding goods or services; (iii) online clubs and dating sites; and (iv) distance learning, tests, or exercises.

3. *Review and enforcement powers and temporary restriction of the digital certificate for issuing tax receipts*

a. <u>Use of technological tools in home visits and verification of goods in transit</u>

A third paragraph is added to Article 42 of the FTC to establish that on-site audits and physical verification of goods in transit referred to in sections III, V, and VI of said article, the tax authorities may authorize the use of technological tools to generate photographs, audio

recordings, or videos of the proceedings they carry out, with respect to the facts and omissions that have come to light, as well as the goods discovered under the respective order.

The stated purpose is to strengthen the legal certainty of taxpayers subject to review and enforcement powers and to make the actions of the tax authority more transparent.

b. Report of facts and omissions to audited taxpayers

The fifth and sixth paragraphs of Article 42 of the FTC are amended to establish that the tax authority, within 10 days after issuing the last partial report or notification of the irregularities or provisional resolution in electronic reviews has been issued, shall inform the taxpayer by official letter of the facts and omissions detected. This notification shall be made directly to the taxpayer, their legal representative and, in the case of legal entities, to their management bodies.

This act shall not interfere with the deadlines for the exercise of review and enforcement powers. In order to exercise this right, legal entities must keep the authority informed with the details of the chairman of the board of directors, the sole administrator, and/or the person who holds that position in their management body.

The authority's intention with this amendment is to establish direct, efficient, and productive communication with the taxpayer once it has become aware of the facts and omissions detected during the review and enforcement powers.

c. Requirement for special documentation upon the review and enforcement powers

The last paragraph of Article 48 of the FTC is amended to expressly empower the tax authority to request, in the exercise of its review and enforcement powers, reports, data, documents, accounting records or part thereof, as well as economic and financial information, in the order, methodology, and characteristics it deems appropriate to relate the taxpayer's operations, acts, or activities, in addition to information relating to bank accounts opened in the taxpayer's name.

This express power granted to the authority is justified on the grounds that it concerns documentation that the taxpayer should already have, so legislators argued that they are only imposing the burden of presenting it in a certain order derived from the specificity or complexity of their transactions.

We consider this power to be excessive and in violation of the legal certainty principle, as determined by the Courts, in addition to placing a greater administrative burden on taxpayers

subject to review and enforcement powers to comply with information requirements of this nature.

d. False digital tax receipts

It is established as a requirement that digital tax receipts cover existing, true, and real transactions, and those that do not comply with this shall be considered false.

Correlatively, Article 113 Bis of the FTC establishes that anyone who, either personally or through an intermediary, issues, disposes of, purchases, acquires, or gives tax effect to false digital tax receipts shall be punishable with two to nine years of imprisonment. The same penalties shall be imposed on digital platforms that allow the publication of advertisements for the acquisition or sale of receipts covering non-existent or false transactions, simulated legal acts, or false tax receipts.

Article 29-A Bis of the FTC establishes that if, during an audit, it is detected that digital tax receipts do not cover existing, true, and real transactions, the appropriate action may be taken without the need to exhaust the special procedure explained below.

Article 49 Bis of the FTC adds an expedited audit procedure with a maximum duration of 24 business days when the tax authority suspects that a taxpayer is issuing false digital tax receipts.

From the moment the visit order is notified, the digital certificate for issuing tax receipts will be suspended, without the possibility of applying the ordinary procedure of Article 17-H Bis, that is, submitting a clarification case to lift the suspension until the review is completed.

The visit may be carried out at any place where the taxpayer conducts their transactions (tax domicile, establishments, or warehouses), and the visitors may use technological tools such as photographs, audio recordings, or videos to document the facts. Detailed reports will be drawn up, and the taxpayer will have five business days to offer evidence or statements that refute the presumption. Subsequently, the authority has 15 business days to issue a resolution.

If the taxpayer can prove the authenticity of the receipts, the suspension will be lifted. If not, the digital tax receipts will be declared false with general effects, without producing tax effects, and the taxpayer will be subject to the provisions of Article 17-H, section XIII, which means that the certificate will be invalidated.

When the digital tax receipt is determined to be false, the name and RFC of the taxpayer who issued it will be published on the SAT website and in the DOF. Third parties who have received

digital tax receipt from that issuer have 30 calendar days to correct their tax situation by filing supplementary returns. If they fail to do so, the SAT may temporarily restrict their digital certificate for issuing tax receipts in accordance with Article 17-H Bis, section XIV of the FTC.

It is questionable that the procedure for presuming the issuance of false digital tax receipts does not provide for the possibility for the recipient of the receipt to prove that the transactions covered by the receipts are existing, true, and real. Furthermore, there is uncertainty as to whether the procedure for temporary restriction of such certificate will allow the veracity of the receipt to be proven, or whether only the tax correction will be taken as a means to avoid the cancellation of the digital certificate.

e. New cases of temporary restriction of digital seals

Some cases are added to Article 17-H Bis of the FTC for the temporary restriction of digital certificate for issuing tax receipts, in addition to those already mentioned. These cases relate to taxpayers who:

- Have customs violations.
- Have outstanding tax assessments that have not been paid in full, together with their accessories, provided in the previous tax year they issued digital tax receipts for an amount exceeding four times the historical amount of the tax assessments.
- Have not declared the corresponding entry code in the corresponding field (receipt type) in the digital tax receipt.
- Have not declared the code of the permit issued by the National Energy Commission when issuing the digital tax receipt, or sell fuels without having imported or acquired them in accordance with the applicable provisions, or declare an incorrect one without having the aforementioned permit.
- It is detected that the reported income, the value of the taxable acts or activities declared, as well as the tax withheld, stated in the provisional or final payment declarations, withholding declarations, or declarations for the tax year, or the information returns, do not match the income or value of acts or activities indicated in the digital tax receipts, their payment supplements or bank statements, files, documents, or databases kept by the tax authorities, in their possession, or to which they have access to.

4. *Additional aspects related to digital tax receipts*

In the case of hydrocarbons and petroleum products, taxpayers who distribute or sell them must issue digital tax receipts establishing the current permit number granted by the National Energy Commission.

This reform seeks to strengthen control and transparency in hydrocarbon and petroleum operations, combating illegal practices.

Article 29-A of the FTC incorporates what was previously found in the Miscellaneous Tax Resolution concerning the possibility of canceling digital tax receipts no later than the month in which the annual income tax return is due (corresponding to the tax year in which the digital tax receipt was issued). This addition to the FTC makes it possible to file an amparo lawsuit against it, since the Supreme Court of Justice of the Nation has not ruled on whether this deadline granted for the cancellation of digital tax receipts is adequate or not.

5. *Violations and penalties*

Failure to submit reports on volumetric controls of hydrocarbons or petroleum products when requested by the authorities is added to Article 81, Section I, of the FTC as punishable conduct. The corresponding fine is established in Article 82, Section I, subsection e) of such FTC.

The destruction or alteration of seals for closing establishments, or actions that prevent their purpose or operate without completing the closure period, is incorporated into Article 81, Section XXV, Subsection i) of the FTC. This offense will be punished in accordance with Article 82, Section XXV, Subsection i), with a fine and closure of the establishment for twice the previously imposed period.

Article 83, section IX, of the FTC is amended to add as an offense the conditioning of the issuance of digital tax receipts on the presentation of the recipient's Tax Identification Card or Tax Status Certificate.

Finally, Article 84, section IV, subsection b) of the aforementioned FTC is amended to standardize the treatment of taxpayers under the Simplified Trust Regime with the Tax Incorporation Regime with respect to violations for not issuing and delivering digital tax receipts.

6. *Tax Guarantee and other measures*

Articles 141 and 144 of the FTC are amended to establish the following:

- The exemption to guarantee the tax interest of the Federation in administrative appeals is eliminated, which is highly questionable.

- The transitional provisions of the Federal Revenue Law for Tax Year 2026 establish that taxpayers who file an appeal for revocation in a timely manner as of January 1, 2026, may submit the guarantee of the tax interest within six months from the date of filing the defense. If the administrative appeal is resolved earlier, the tax interest must be guaranteed within 10 days of the date on which the notification of the resolution takes effect.

- A mandatory priority is established in the forms of guaranteeing the tax interest of the Federation, provided for in Article 141 of the FTC, in accordance with the following order:

  - Deposit note issued by an authorized institution;
  - Letter of credits issued by an authorized institution;
  - Pledge, except for intangible assets, and mortgage, except for rural properties;
  - Surety bond granted by an authorized institution, which shall not enjoy the benefits of order and exception;
  - Joint and several liability assumed by a third party who proves their suitability and solvency;
  - Administrative levy of businesses, tangible movable property, and real estate, except for rural properties;

  It is established that the deposit note must be used up to the maximum amount of the taxpayer's economic capacity, and if this is not sufficient to guarantee the total amount, the other means of guarantee must be used in accordance with the order established above. Taxpayers must demonstrate the impossibility of guaranteeing their tax debts under the modalities established in said order of priority.

  The order of priority for guaranteeing tax interest is a major concern in litigation and new defense, which will lead to different legal strategies for paying the tax assessment and, if it is nullified, obtaining a refund for the updated amount and interests, or, where appropriate, attempting to exhaust, where applicable, the "substance over form" trial.

- Securities and accounts receivables are eliminated as a means of guaranteeing tax interest. It is clarified that pledges and mortgages will be limited to suitable assets in accordance with the rules of the tax authority, and that the administrative levy will not proceed with respect to assets with characteristics of rural properties.

- When the taxpayer offers on more than two occasions any of the guarantees indicated in sections III (pledge), V (joint and several liability assumed by a third party), or VI (administrative levy) of Article 141 of the FTC, without complying with all the information

required by the authority for acceptance, they may not offer the same asset in these modalities.

This restriction stems from the past abuse of administrative levy as a means of guaranteeing tax interests without complying with the applicable requirements , since, by offering the guarantee, the authority suspended the collection procedure until the validity of the guarantee proposed by the taxpayer was assessed.

- Certain portions of Articles 145, 151, 156-Bis, and 156-Ter of the FTC are amended to extend from three to 20 days the period for the authority to inform the taxpayer of the conduct that gave rise to the measure, in the case of seizures, freezing of bank deposits, and other procedures.

7. *Tax crimes*

Articles 103, 104, 105, 113 Bis, and 115 Ter of the FTC are amended to classify criminal conduct related to smuggling, the introduction of goods under illegal schemes, and the use of false tax receipts.

Specifically, sections XIII, XXIV, XXV, XXVI, and XXVII are added to Article 103 of the FTC to presume smuggling in various behaviors related to goods destined for the customs bonded warehouse regime, the transfer or introduction of goods temporarily admitted through non-existent operations or simulated acts, as well as other conduct related to goods destined for the authorized premises or subject to the tax warehouse regime.

Similarly, Article 105, sections I and XVIII, of the FTC is amended to punish with smuggling penalties those who sell, trade, acquire, or possess containers or receptacles containing alcoholic beverages without being able to prove their legal status or without prior permission, or without labels or seals, or that fail to comply with other requirements. This will also apply to counterfeited or altered tobacco or nicotine products; or when, as an importer of goods, the origin is falsely certified in order to import them into the country under a preferential tariff treatment.

Article 115 Ter of the FTC is amended to punish anyone who declares false information or submits false or altered documentation in proceedings.

III. Excise Tax on Production and Services Law

1. *Manufactured tobacco, handmade tobacco, and other products containing nicotine (Articles 2, Section I, Subsection C), 3, Section VIII, Subsection d), 5,*

7, 8, Section I, Subsections d) and j), 10, 11, 14, and 19, Sections II, IV, IX, and X)

The articles applicable to manufactured tobacco and nicotine-containing products establish the following:

- A rate of 200% for cigarettes, cigars, and other manufactured tobacco products; 32% for cigars and manufactured tobacco products made entirely by hand; and 100% for other products containing nicotine.

- In addition to the rates, a fee of $1.1584 must be paid per cigarette sold or imported. For other nicotine products, the fee is calculated by dividing the nicotine content by 8 milligrams.

- During tax years 2026 to 2029, lower transitional fees will apply, which will gradually increase until reaching the final fee of $1.1584 for 2030.

- The fee provided for in Article 2 will come into effect on January 1, 2030, and during 2026-2029, staggered charges will be applied: 2026 ($0.8516), 2027 ($0.9197), 2028 ($0.9932), 2029 ($1.0726). Taxpayers may apply previous rates if goods or services were delivered before the entry into force of the new Law and payment is made within 10 calendar days thereafter.

- "Other nicotine-containing products" are defined as those containing natural or artificial nicotine in any form, which do not contain cut, ground, powdered, or leaf tobacco, and which are not designed to be heated or burned.

- For the calculation of the monthly tax, one cigarette is considered to be equivalent to 0.75 grams of tobacco and containing 8 milligrams of nicotine. In the case of other manufactured tobacco products, the payment is calculated by dividing the total weight by 0.75, and for nicotine products, by dividing the nicotine content by 8.

- Sales of cigarettes, cigars, and other manufactured tobacco products to the general public are exempt from the tax, unless the seller is a manufacturer, producer, packager, distributor, or importer.

- Products containing nicotine used as nicotine replacement therapy that are registered as medicines are also exempt.

- Manufacturers and importers of cigarettes and nicotine products must calculate the tax based on the retail price. For cigars and other manufactured tobacco products, the consideration agreed upon shall be considered.

- Manufacturers and importers must register annually with the tax authorities the list of sale prices for each product, classified by brand and presentation, indicating wholesale prices, retail prices, and suggested retail prices.

- Tax receipts issued must specify the total weight of tobacco, the number of cigarettes sold, or the number of milligrams of nicotine contained in the products.

- Manufacturers and importers must report monthly to the Ministry of Finance and Public Credit the sale price, value, and volume of each product, as well as the total weight, number of cigarettes, or milligrams of nicotine sold.

- Manufacturers, producers, or packagers must keep physical records of the volume manufactured, produced, or packaged, and report quarterly the monthly readings of the records of the devices used for such control.

2. *Flavored beverages with added sweeteners (Articles 2, Section I, Subsection G), 3, Sections XVIII, XX BIS, and 19, Section XXIII)*

The articles applicable to beverages flavored with added sweeteners establish the following:

- A specific fee of $3.0818 per liter for flavored beverages, concentrates, powders, syrups, essences, or flavor extracts containing any type of added sugars or sweeteners.

- A specific fee of $1.5000 per liter when beverages contain any type of added sweeteners.

- In the case of concentrates, powders, syrups, essences, or flavor extracts, the tax is calculated based on the number of liters of flavored beverages that can be obtained according to the manufacturer's specifications.

- "*Flavored beverages*" are defined as non-alcoholic beverages made by diluting sugars or sweeteners in water, which may include additional ingredients such as flavorings, juices, pulps, or nectars from fruits or vegetables, that may or may not be carbonated.

- A "*sweetener*" is defined as any natural or artificial substance added to beverages to impart a sweet taste, other than sugars.

- Importers of flavor concentrates, powders, syrups, essences, or extracts must declare under oath the number of liters of flavored beverages that can be obtained according to the manufacturer's specifications.

We consider that these modifications breach various constitutional principles, such as tax proportionality and equality, tax legality, and legal reasonableness, which would allow taxpayers to challenge their unconstitutionality by filing an indirect amparo lawsuit.

3. *Gambling and Lotteries (Article 2, Section II, Subsection b))*

The article applicable to gambling and lotteries establish the following:

- A 50% tax rate for gambling games and raffles that require a permit under the Federal Law on Games and Raffles, those conducted by decentralized agencies, and games or contests where the prize is won by the participant's skill using machines with electronic visual images.

- This also includes gambling games and raffles conducted via the internet or electronic means by residents abroad without an establishment in Mexico.

- Foreign residents or digital intermediation platforms must comply with the obligations established for digital services, including the payment of tax, withholdings, and the filing of returns and information.

- Failure to pay tax, withholdings, or file returns will be penalized in accordance with the Excise Tax on Production and Services Law and the FTC.

- Failure to comply with tax obligations will result in temporary blocking of access to the service provider's digital service.

4. *Video games with violent, extreme, or adult content (Articles 2, sections I, subsection k), II, subsection d), 3, sections XXXVIII, XXXIX, 5-A Bis, sections I and II, 18, 18-B, and 20-A).*

The articles applicable to video games with violent, extreme, or adult content establish the following:

- A 8% rate on video games with violent, extreme, or adult content, unsuitable for minors under 18 years, both in physical format (when sold to the general public) and in digital access or download services.

- A "*video game with violent, extreme, or adult content*" is defined as one that contains intense violence or prolonged scenes of violence, bloodshed, sexual or graphic sexual content, strong language, or real-money gambling.

- "*Additional content within the* video game" is defined as any digital content that complements the video game for which a consideration is paid, such as new scenarios, levels, characters, weapons, or game modes.

- The tax applies both when access or download is carried out directly by the service provider and when it is carried out through digital intermediation platforms.

- Video games that can be accessed or downloaded without payment but offer additional content within the video game are also taxed. In this case, the tax is applied to the price paid for the additional content.

- When access is through a membership or subscription that allows access to a catalog of video games, the tax rate applies only to the price corresponding to access to each taxable video game, provided that this is separated on the receipt. Otherwise, it shall be considered that 70% of the consideration corresponds to taxable services.

- Digital intermediation platforms that charge the price and tax on behalf of the service provider must withhold 100% of the excise tax on production and services charged. The withholding agent replaces the provider in the payment obligation.

- Digital service providers residing abroad without an establishment in Mexico must register with the RFC, offer and collect the tax included in the price, file monthly returns, provide information on services rendered, and issue electronic receipts when requested by the recipient.

- Digital intermediation platforms must publish the price including tax, provide information to SAT on intermediation operations, and comply with RFC registration obligations.

- Failure to comply with tax obligations will result in the temporary blocking of access to the digital service of the provider, in accordance with the provisions of the VAT Law.

We consider that these amendments breach various constitutional principles such as tax equality, tax legality, and legal reasonableness, which allow taxpayers to challenge their unconstitutionality by filing an indirect amparo lawsuit.

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