

2025 Tax regularization program & Extension of other Tax Incentives

Mexico City, January 6, 2025

The following is a detail of the new tax regularization program set forth in the Federal Revenue Law for the Fiscal Year 2025 (*Ley de Ingresos de la Federación para el Ejercicio Fiscal de 2025*) ("LIF 2025"), and the Decree that extends the effectiveness of several tax incentives published on December 24, 2024.

I. LIF 2025

The Thirty-Fourth Transitory Article of the LIF 2025 provides a tax incentive consisting in the elimination of 100% of fines, surcharges and enforcement expenses for individuals and corporations whose income in the corresponding fiscal year does not exceed MXN\$35,000,000.

This Law exempts from the referred benefit those taxpayers who: (i) have been convicted for tax crimes; (ii) did not disprove facts in procedures established in articles 69-B and 69-B Bis of the Federal Tax Code; and (iii) have previously benefited from other tax "write-off" programs.

Taxpayers wishing to benefit from this tax regularization program must submit the corresponding request, no later than September 30, 2025, to the Tax Administration Service, complying with the requirements established for such purposes in the rules contained in the General Tax and Administrative Guidelines in effect as of 2025 (the "Rules").

Likewise, the taxpayer must declare the omitted taxes or duties updated, and make the respective payment in a single exhibition, no later than December 31, 2025. The reply issued by the tax authority to the respective request cannot be challenged.

The Rules clarify that in case the taxpayers have been subject to review and enforcement powers, they can still apply for the tax incentive with respect to the years and periods corresponding to 2023 or prior years, before the tax assessment is notified. Once the tax assessment has been issued, the tax assessment must be "definitive" to apply for the tax

incentive; if any means of defense was filed thereby challenging the assessment, the corresponding waiver must be exhibited.

The Rules also clarify that the tax incentive may not be applied by the entities referred to in Title III of the Income Tax Law, nor with respect to tax assessments arising exclusively from fines derived from the noncompliance of tax obligations different than payment obligations or fines imposed for infractions that are of a different nature than a tax, customs or foreign trade nature, among other scenarios.

II. Decree extending the effectiveness of various tax incentives

To continue promoting the relocation strategy of companies known as “nearshoring”, among other reasons, on December 24, 2024, a Decree was published extending the effectiveness of several tax benefits or incentives previously granted.

The Decrees, whose tax benefits or incentives were extended to cover the fiscal year 2025, are the following:

- Decree granting tax incentives to key sectors of the export industry consisting of the immediate deduction of investments in new fixed assets and the additional deduction of training expenses, published on October 11, 2023;
- Decree granting tax incentives for the northern border region, published on December 31, 2018 and amended through publications on December 30, 2020 and October 21, 2022;
- Decree granting tax incentives for the southern border region, published on December 30, 2020;
- Decree establishing tax incentives regarding the special tax on production and services applicable to certain fuels, published on December 27, 2016 and its subsequent amendments;
- Decree establishing supplementary tax incentives for automotive fuels, published on March 4, 2022; and
- Decree establishing tax incentives for the sale of certain fuels in the southern border of Mexico, published on December 28, 2020.

This Decree entered into force on December 25, 2024.

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