

“Green” State Taxes - 2025

Mexico City, January 6, 2025

Below is a summary of legislation from various states that established “green” taxes on gas emissions, which came into effect on January 1st, 2025.

I. Mexico City

On December 27, 2024, the Decree amending the Mexico City Fiscal Code, among other regulations, was published in the Mexico City Official Gazette.

Specifically, through this reform, Chapter VII TER, titled “Ecological Taxes” was added, which includes a new tax on the emission of pollutants into the atmosphere. Pursuant to the transitory provisions, the rules concerning this tax came into effect on January 1st, 2025.

The emission of pollutants into the atmosphere tax applies to fixed sources within Mexico City’s territory that emit pollutants into the atmosphere, with total emissions equal to or greater than one metric ton of carbon dioxide equivalent (t CO₂e) per month.

For this purpose, “emission into the atmosphere” is defined as the direct release of the following gases, either individually or in any combination:

- Carbon dioxide (CO₂e=1);
- Methane (CO₂e=28); and
- Nitrous oxide (CO₂e=265).

The tax is calculated by applying a fixed fee of MXN\$58.00 per metric ton, including a proportional fee for fractions of a metric ton of CO₂e emitted. Additionally, the CO₂e equivalencies detailed above must be taken into account in the calculation mechanism.

Taxpayers must make monthly advance payments in account of the annual tax liability, to be filed no later than the 17th day of the month following the realization of the taxable event.

The annual tax must be paid through a return filed in July of the fiscal year following the year in which the taxable event occurred, in accordance with the general rules issued by the Local Administration and Finance Secretary.

II. San Luis Potosí

On December 18, 2023, the corresponding Decree amending the San Luis Potosí State Revenue Law was published in the San Luis Potosí Official Gazette. Specifically, Chapter Six (Ecological Taxes) was added to Title Two (Taxes), which includes a tax on the emissions of pollutants into the atmosphere.

Subsequently, on June 7, 2024, Decree 1050 was published, amending various provisions of the San Luis Potosí State Revenue Law that govern the elements of the aforementioned tax on the emission of pollutants into the atmosphere.

After postponing the entry into force of the provisions regulating this tax through a publication dated June 28, 2024, the local Congress established such provisions would come into effect as of January 1st, 2025.

The current provisions subject to tax the emission of pollutants into the atmosphere, which includes emissions of pollutants generated in production processes carried out within the State.

For this purpose, “emission into the atmosphere” is defined as the direct release of the following substances, either individually or in any combination, which affect air quality, atmospheric components, and constitute greenhouse gases that contribute to environmental degradation and global warming:

- Carbon dioxide;
- Methane;
- Nitrous oxide;
- Black carbon;
- Chlorofluorocarbons;
- Hydrochlorofluorocarbons;
- Hydrofluorocarbons; and
- Perfluorocarbons.

A tax rate equivalent to three times the value of the current Measure and Update Unit (UMA per its Spanish acronym) per ton emitted is established.

Regarding payment deadlines, taxpayers must make advance monthly payments in account of the annual tax liability, to be submitted no later than the 17th day of the month following the taxable event.

Additionally, an annual tax return must be filed no later than the last business day of August of the year following the corresponding fiscal year; the taxpayer can credit the monthly advance payments effectively paid.

Finally, on December 31, 2024, the following were published: (i) "General Operating Rules for the Compliance and Payment of the Tax on the Emission of Pollutants into the Atmosphere" and (ii) the administrative agreement granting various tax incentives for the referred tax applicable for 2025.

It should be noted that the constitutionality of the provisions regulating the aforementioned taxes on gas emissions may be challenged through an indirect amparo lawsuit, as follows: (a) within 30 days following the effective date of the provisions; or (b) within 15 days following the first act of enforcement, which must be analyzed on a case-by-case basis.

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