

Mexico Publishes the Federal Revenue Law for 2024 and Amendments to the Federal Fee Law

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The Mexican government published its Federal Revenue Law for 2024, as well as certain amendments to the Federal Fee Law, including important changes to some surcharge rates and withholding on interest in cases of extension for the payment of tax credits. Also, we anticipate an increase in the number of actions carried out by Mexican tax authorities in 2024.

This alert provides an update on the Decrees below that were published in the Official Gazette of the Federation on Nov. 13, 2023. This is a follow-up to our Alert published on Sept. 28, 2023, regarding Mexico's Economic Package for 2024.

Federal Revenue Law (FRL)

The main difference between the FRL Initiative presented on Sept. 8, 2023, and the recently approved law is the annual withholding rate for 2024 for interest paid by the financial system, which has increased from 0.15% to 0.50%, as opposed to the increase initially proposed by the Executive from 0.15% to 1.48%.

The FRL for 2024 includes an increase in revenue collection of 9.23% with respect to the estimated for 2023¹ and contemplates the following surcharge rates and withholding on interest in cases of extension for the payment of tax credits:

- 0.98% per month on unpaid balances.
- 1.26% per month for installment payments of up to 12 months.
- 1.53% per month for installment payments of more than 12 months and up to 24 months.
- 1.82% per month for installments and deferred payments over 24 months.

The same tax incentives remain in effect as in 2023, among those which highlight the tax incentive for individuals who carry out business activities and acquire fuels to be used in machinery and the tax incentive applicable to purchasers of fuels for final consumption in public or private transportation of people or cargo, as well as the tax incentive for taxpayers holding mining concessions and assignments.

In general, tax revenues are expected to grow by 2024 due to the performance of economic activity, improvements in collection efficiency and the application of certain tax measures to reduce tax evasion and avoidance, such as the general anti-abuse rule, the limitation of base erosion by interest, and compliance with beneficial ownership obligations, among others.

Considering this, along with the various documents and statements previously published by the Tax Administration Service, we anticipate an increase in the number of actions carried out by the tax authorities jointly by the General Tax Administration, Large Taxpayers Administration, the Federal Tax Audit, and the Foreign Trade Audit.

We highlight the following possible topics and areas for review, of which we are at your disposal for carrying out a detailed analysis in order to be prepared in the event of an audit:

- Domestic and international corporate restructurings.
- Preferential tax regimes and tax transparency regimes.
- Application of 0% VAT rate.
- Transactions through trusts.
- Foreign payments.
- Financing.
- Capitalization of liabilities and compliance with auditor certification.
- Subcontracting regime.
- Return of temporary imports.
- Compliance with IMMEX regime.
- Imports and undervaluation, imports and use of Incoterms ("incremental items").
- Imports and tariff origin compliance.
- Compliance with labeling regulations ("NOMS").
- Proof of obtaining the necessary permits to import.
- Compliance with Controlling Beneficiary obligations.

Federal Fee Law (FFL)

Likewise, a Decree was also published amending, adding, and repealing several provisions of the FFL, which modifies certain cases related to the fee collection in maritime, air and environmental matters, among others.

In the foreign trade area, it is worth highlighting the collection of the customs processing fee (DTA) as of Dec. 30, 2023, applicable to the import and export of goods from countries that have signed an international treaty, including the United States, Mexico and Canada Treaty (USMCA).

This measure conflicts with the provisions of the General Foreign Trade Rules² regarding the exemption from payment of DTA on originating goods when the operations are carried out with any of the member countries of the Treaty under preferential tariff treatment. Particularly in the case of the USMCA, the introduction of this fee is contrary to the terms of the Treaty³, since it represents a barrier to trade between the member countries resulting in an increase in operating costs for the companies involved.

It is advisable to conduct an analysis of the economic impact that such additional costs could represent for the companies, as well as review the possible legal implications and updating the customs management systems to reflect the new DTA costs. At Haynes Boone, we are at your disposal to perform such legal analysis or any other deemed necessary.

To read en español, [click here](#).

¹ Most of the estimated revenue collection for 2024 corresponds to taxes, mainly income tax, value added tax and excise tax on production and services.

² Rule 5.1.4, section I, of the General Foreign Trade Rules for 2023.

³ Article 2.16 of the USMCA.