

## Mexico Tax Alert: 2022 Tax Reforms

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**PRACTICES** Mexico, International, Tax

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On November 12, 2021, the Decree that reforms, adds, and revokes various provisions of the Income Tax Law, Value Added Tax Law, and the Federal Tax Code, among others, (“The Decree”), was published in the Official Gazette of the Federation (“DOF”). The Decree becomes effective on January 1, 2022.

Below you will find a summary of the most relevant aspects.

### Income Tax Law

#### I. LEGAL ENTITIES

##### Foreign Exchange Gain.

A new parameter has been established to determine gains from foreign exchange obtained from fluctuation, determining that the exchange rate to be used for considering foreign exchange gains is the one set by the Bank of Mexico to settle foreign currency obligations payable in the Mexican Republic, as is currently set to establish foreign exchange loss.

##### Supported credits.

A legal assumption that configures the existence of backed credits is introduced, being of this nature the financing operations in which interest is derived in favor of legal entities or permanent establishments when there is no business reason.

##### Business Reasons in Corporate Restructurings.

The tax authorities shall authorize the transfer of stock at their cost for tax purposes provided that said transfer is made between companies that reside in Mexico (it used to mention those constituted in Mexico) and belong to the same group.

Likewise, certain requirements are added to be able to perform corporate restructuring, in addition to the tax authorities being able to render void an authorization (while exercising their verification powers) if they detect that the restructuring lacks a business reason or was carried out without complying with all the legal requirements.

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