

NEW TAX INCENTIVES GRANTED TO THE EXPORT INDUSTRY

OCTOBER 2023

EXECUTIVE SUMMARY:

- On October 11 the Decree by which fiscal stimuli are granted to key sectors of the exporting industry, consisting of the immediate deduction of the investment in new fixed assets and the additional deduction of training expenses, was published.



On October 11, 2023, the Decree by which fiscal stimuli are granted to key sectors of the exporting industry, consisting of the immediate deduction of the investment in new fixed assets and the additional deduction of training expenses, was published in the Official Gazette of the Federation, through which the Federal Executive grants tax incentives with the following characteristics:

BENEFICIARIES:

The general regime and simplified trust regime legal entities, as well as individuals with business and professional activities, who are engaged in the production, processing, or industrial manufacturing of goods and export the following goods:

- + Products intended for human and animal consumption.
- + Fertilizers and agrochemicals.
- + Raw materials for the pharmaceutical industry and pharmaceutical preparations.
- + Electronic components, such as simple or loaded cards, circuits, capacitors, condensers,

resistors, connectors and semiconductors, coils, transformers, harnesses, and modems for computers and telephones.

- + Machinery for clocks, measuring, control and navigation instruments, and medical electronic equipment.
- + Batteries, accumulators, electric cables, plugs, contacts, fuses, and accessories for electrical installations.
- + Gasoline, hybrid, and alternative fuel engines for cars, vans, and trucks.
- + Electrical and electronic equipment, steering systems, suspension, brakes, transmission systems, seats, interior fittings, and stamped metal parts for automobiles, vans, trucks, trains, ships, and aircraft.
- + Internal combustion engines, turbines, and transmissions, for aircraft.
- + Non-electronic medical, dental, and laboratory equipment and apparatus, medical disposables, and optical articles for ophthalmic use.



Taxpayers engaged in the production of cinematographic or audiovisual works, the content of which is protected by copyright under the terms of the applicable regulations, provided that such works are exported, are also beneficiaries.

APPLICATION ASSUMPTION:

Cuando los contribuyentes estimen que, durante los ejercicios fiscales de 2023 y 2024, el monto de los ingresos provenientes de las exportaciones de los bienes o de las obras representará al menos el 50% de su facturación total en cada ejercicio.

INCENTIVES:

- a) The immediate deduction of the investment in new fixed assets acquired from the effective date of the Decree until December 31, 2024, may be made by deducting, in the year in which the investment is made, the percentages of the original amount of the investment established in the Decree by type of asset, which are higher than those established in the Income Tax Law (ITL). The surplus of the original amount of the investment will be deducted in accordance with the terms of the Decree.

It may only be applied to investments that taxpayers maintain in use for a minimum period of two years immediately following the year in which the immediate deduction is made, except in certain cases established in the law.

Likewise, in the case of investments in new fixed assets, it will only be applicable when the acquisition is intended to be used exclusively for the development of the benefited key activities.

It cannot be applied to office furniture and equipment, automobiles propelled by internal combustion engines, automobile armoring equipment, or any fixed asset that is not individually identifiable, nor in the case of airplanes other than those dedicated to agricultural aerial fumigation.

- b) An additional deduction equivalent to 25% of the increase can also be applied in the annual tax return for the fiscal years 2023, 2024, and 2025 (difference with the average expense from 2020 to 2022), in the expense incurred for training received by each of their employees in the fiscal year in question.

“Training” is understood as the one through which technical or scientific knowledge related to the taxpayer’s activity is provided to active employees registered before the Mexican Social Security Institute.

OBLIGATIONS:

Taxpayers who apply any of the incentives must comply with the specific rules for each case indicated in the Decree, the general deduction rules established in the ITL, as well as be duly registered in the federal taxpayers’ registry, have an active tax mailbox, have a positive opinion of compliance with tax obligations, and the relevant file notice within the thirty calendar days immediately following the month in which they apply the aforementioned incentives for the first time.

In the event that the amount of income or any of the aforementioned requirements are not complied with, the tax, inflation, and surcharges must be paid in accordance with the applicable legal provisions. Also, the tax incentives must be ineffective.

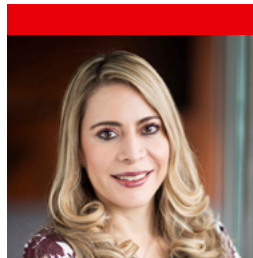
EXCEPTIONS:

Taxpayers who are on the informally known as “blacklists” published by the tax authority, have insufficiently or not guaranteed firm tax credits, are in liquidation, and have been restricted or canceled the use of digital stamps for the issuance of digital tax receipts through the internet may not apply the tax stimuli.

For further details and to determine if it is possible to apply such incentives, we invite you to contact one of Santamarina y Steta’s specialists, who will be pleased to advise you.



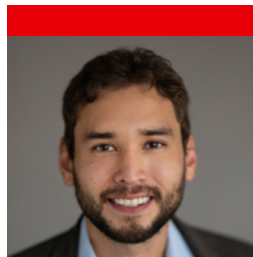
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