
RITCH

M U E L L E R

Mexican authorities hinder taxpayers' invoicing systems through compliance assurance programs

Due to important changes in the incoming government's tax policy, tax authorities have heavily enforced programs to increase tax revenue in recent months. In particular, the Tax Administration Service ("SAT") has put particular efforts in implementing tax compliance assurance programs, which has brought serious complications in taxpayers' day to day operations, as explained below.

Since the digital invoicing era, it is far easier for tax authorities to unveil asymmetries between income/deductions declared in tax returns and income/deductions actually supported by digital invoices; if a difference exists, authorities consider that it is likely that the flagged taxpayer has failed to properly pay the corresponding taxes. This program relies on SAT's engagement with taxpayers to create awareness about voluntary corrections, and is achieved by issuing "invitation letters" in which authorities simply inform taxpayers that they have identified certain tax inconsistencies (usually with no further details), luring them into an appointment to discuss the alleged differences within 15 to 30 days after the letter is duly served (although we have seen cases in which the appointment is scheduled for a day after the letter is served).

Attending to these meetings is not something that should be passed over lightly, considering that if the taxpayer doesn't show up or does so without clarifying the observed differences, authorities will usually proceed to cancel their digital tax certificates, which are required to issue invoices, preventing taxpayers from operating normally. Although a case by case analysis should be made in order to determine the approach that companies should take to counter these measures, our recommendation is normally to attend the meeting and understand what it is that tax authorities are after. Unless there are technical merits under which the taxpayer could build a case against the tax authorities observations, companies should try to correct themselves to avoid the cancelation of their digital tax certificates, since once they are cancelled, it may take up to a month to have them reinstated.

We expect these practices to increase over the next months and, therefore, companies should be aware and prepared to act efficiently to avoid hindering their business operations.

Should you require additional information do not hesitate to contact Oscar López Velarde (olopezvelarde@ritch.com.mx), Santiago Llano Zapatero (sllano@ritch.com.mx) or Juan José Paullada Eguirao (jpaullada@ritch.com.mx), members of the tax team at Ritch Mueller.

RITCH

M U E L L E R

Torre Virreyes, Av. Pedregal No. 24, 10th Floor,
Molino del Rey, 11040 Mexico City
+52 55 9178 7000
contacto@ritch.com.mx / www.ritch.com.mx