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2020 Economic Package: key fiscal reforms

After being approved by Congress in October, on December 9, the Federal Official Gazette published three decrees which jointly comprise the fiscal reforms included in the Economic Package 2020 ("Fiscal Reforms 2020"). Such decrees are the following:

- » Decree amending, adding and repealing several provisions of the Income Tax Law, the Value Added Tax Law, Excise Tax Law and the Federal Fiscal Code ("Tax Reform").
- » Decree amending, adding and repealing several provisions of the Federal Duties Law.
- » Decree amending and adding several provisions of the Hydrocarbons Revenue Law.

The Fiscal Reforms 2020, which will enter into force on January 1st, 2020, with some exceptions, mainly involve the following:

1. Income Tax Law

- a) Tax transparency
- b) Restriction on interest deductions (earnings stripping)
- c) Payments made to related parties
- d) Income received through foreign transparent entities or vehicles and CFCs subject to a Preferential Tax Regime (PTR)
- e) Leasing of industrial, commercial or scientific equipment
- f) Permanent establishment
- g) Income obtained through technological platforms

2. Federal Fiscal Code

- a) General anti-abuse rule (GAAR)
- b) Joint and several liability
- c) Reportable schemes

3. Excise Tax Law

- a) IEPS rates

4. Value Added Tax Law

- a) Outsourcing
- b) Rendering of digital services
- c) Crediting factor
- d) Authorized donation recipients

5. Hydrocarbons Revenue Law

- a) Rate reduction to the profit-sharing fee that permit holders are required to pay.
- b) Offsetting of favorable balances for hydrocarbon exploration and production tax.

A detailed analysis of the Fiscal Reforms 2020, as well as the comments of our experts in this regard, are available at the following link:

<https://www.ritch.com.mx/storage/uploads/articles/376/en/AhHhwleSAF0AtM11jDRH5TQK2jjYkuxlmzgK1QZi.pdf>

For information regarding this subject, please do not hesitate to contact us at 9178 7000 or through the following e-mail: contacto@ritch.com.mx