Amendments to industrial property law

A tax credit equal to 50% of the employer’s contribution for the first 10 fiscal years, and a 50% reduction for the following five fiscal years, subject to certain requirements (except for the Progreso SEZ, which offers accelerated depreciation); A 0% VAT rate (instead of the standard 16%) on the sale of raw materials and the rate applicable to the goods after they are processed, transformed or repaired within the zone.

OECD multilateral instrument (MLI)

Mexico was one of the signatories of the MLI on June 7, 2017.

- Mexico did not make any reservations relating to the hybrid mismatch provisions in the MLI, so it has opted to adopt them.
- Mexico has opted to apply the principal purpose test, along with a simplified limitation on benefits provision in its tax treaties.
- Mexico has opted to apply the changes to the permanent establishment (PE) article regarding temporary use of tangible assets by taxpayers located outside an SEZ to integral administrators or investors for use or consumption within an SEZ (with certain limitations); and
- Mexico did not accept the arbitration provision in the MLI, but it did accept the rules relating to the mutual agreement procedure.

Tax treaties

The tax treaties with Jamaica and Saudi Arabia entered into force on February 24, 2018 and March 1, 2018, respectively, and will apply as from January 1, 2019.

SEZ benefits:

The tax benefits available in SEZs for qualifying integral administrators and investors include the following:

- A 100% reduction of the normal corporate income tax rate for the first 10 fiscal years, and a 50% reduction for the following five fiscal years, subject to certain requirements (except for the Progreso SEZ, which offers accelerated depreciation); A 0% VAT rate (instead of the standard 16%) on the sale of raw materials and the rate applicable to the goods after they are processed, transformed or repaired within the zone.

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