

### Decree granting tax incentives for new investments

Mexico City, January 22, 2025

On January 21, 2025, the Mexican Government issued a "Decree granting tax incentives to support the national strategy called 'Plan México' to encourage new investments, incentivize dual training programs, and promote innovation" (hereinafter referred to as the "Resolution").

Under this Resolution, individuals and legal entities that meet the established requirements will be allowed to apply an immediate deduction on new fixed assets investments acquired from January 22, 2025, to September 30, 2030. Such deduction can be taken in the same tax year in which the investment is made, and it will be calculated applying the percentages which range from 35% to 91%, depending on the type of asset acquired or activity carried out.

The exceeding amount will be deductible when the assets are sold, lost, or no longer useful, in accordance with the tables provided in the Decree. In this regard, the profit obtained from the sale of the assets will be the total income received.

This benefit applies to legal entities that are taxed under the general regime and the simplified trust regime, as well as to individuals with business and professional activities, provided they comply with the obligations set forth in the Resolution, including, among others, the following:

- Be registered in the Federal Taxpayer Registry and have the tax mailbox enabled.
- Have a positive tax compliance report.
- Develop and provide the planned investment project.
- Execute and provide a collaboration agreement carried out with the Ministry of Public Education regarding dual education.
- Submit the investment project for the development of the invention or for initial certification.
- Obtain a compliance certificate issued by the Evaluation Committee to apply for the tax incentives of the Decree.
- Comply with the guidelines issued by the Evaluation Committee for this purpose.



The tax incentive will only apply to investments that remain in use for a minimum period of 2 years immediately following the fiscal year in which their immediate deduction is taken, except in cases of asset loss due to unforeseen events.

It is worth noting that the Resolution considers new assets to be those used for the first time in Mexico.

The tax incentive will not apply to furniture and office equipment, automobiles powered by internal combustion engines, automobile armoring equipment, or any fixed assets that cannot be individually identified, nor to aircraft other than those dedicated to agricultural crop-dusting.

The Resolution also stipulates that the mentioned incentives will not apply to individuals who fall under, among others, the following scenarios:

- Those included in the lists published under the provisions of articles 69, 69-B, and 69-B Bis of the Federal Tax Code.
- Those with definitive tax assessments.
- Those undergoing winding-down proceedings (non-bankruptcy liquidation).
- Those under temporary restrictions on the use of digital stamp or whose digital stamp have been canceled.

The Resolution provides a mechanism allowing the recognition of immediate deduction in the provisional income tax payments for the fiscal year in which the investment is made.

Additionally, for purposes of crediting the Value Added Tax, the immediate deduction established in the Resolution will be considered fully deductible, provided that the requirements set forth in the Income Tax Law are met.

Moreover, the Decree grants an additional incentive allowing taxpayers to apply, in the annual tax returns for the fiscal years 2025 to 2030, an additional deduction of 25% of the increase in expenses incurred for employee training or innovation. This increase will be the positive difference between the expenses on training or innovation in the respective fiscal year and the average expense incurred by the taxpayer for the same purpose over the last three fiscal years, even if no such expenses were incurred in those years. This incentive will not be taxable for purposes of the Income Tax Law.

Finally, the Resolution created the Evaluation Committee for the application of these tax incentives. Among its responsibilities, the Committee will issue the guidelines for obtaining the compliance certificate required to obtain the incentives contained in the Resolution. It will also

determined the maximum amount taxpayers may apply for each of the aforementioned tax incentives for each fiscal year, in accordance with these guidelines.

Unlike the previous “Decree granting tax incentives to key export industry sectors, consisting of the immediate deduction of investments in new fixed assets and the additional deduction of training expenses” which was in effect during 2023 and 2024, this Resolution **does not differentiate between or specifically benefit certain sectors. Furthermore, it eliminates the requirement to export at least 50% of total sales**, thereby significantly broadening the base of those eligible for the aforementioned tax incentives.

We recommend conducting a careful case-by-case analysis prior to its application, as that involves projecting and calculating substantive aspects, as well as the timely fulfillment of formal obligations, such as obtaining the compliance certificate issued by the newly created Evaluation Committee and holding a permanent positive tax compliance report.

The full and official version of the Resolution can be accessed in the following link: [https://www.dof.gob.mx/nota\\_detalle.php?codigo=5747410&fecha=21/01/2025#gsc.tab=0](https://www.dof.gob.mx/nota_detalle.php?codigo=5747410&fecha=21/01/2025#gsc.tab=0)

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