




NEWSFLASH

New Decree Granting Tax Incentives to Promote Investment in Mexico

On October 11, 2023, the "Decree granting tax incentives to key sectors of the export 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. The Decree entered into force as of its publication, with the purpose of strengthening the nearshoring strategy by offering new tax incentives to the exporting industry. The benefits will be applicable to taxpayers engaged in the production, processing or industrial manufacturing of the following items:

- Products intended for human and animal food.
- 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 for medical use.
- Batteries, accumulators, electrical conduction 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 cars, vans, trucks, trains, ships and aircraft.
- Internal combustion engines, turbines and transmissions for aircraft.
- Non-electronic equipment and apparatuses for medical, dental and laboratory use, disposable material for medical use and optical articles for ophthalmic use.

To access the benefits, it will be necessary to apply the guidelines and percentages established in the Decree itself. It should be taken into consideration that such incentives do not apply to companies with an IMMEX program that receive fixed assets on consignment because the investment in fixed assets does not belong to the Mexican company.



However, the incentive could apply to deductions of investments in construction and real estate improvements when the IMMEX company or other related entity is the owner of the industrial plant.

Finally, with respect to training expenses, the incentive established in the Decree does apply to all taxpayers covered by the Decree, and also if the IMMEX company operates as a contract manufacturer and is the owner of the fixed assets in Mexico.

We would be pleased to evaluate your company's specific case.

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