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Mexico's 2027 Tax Regularization Incentive

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Executive Summary

On November 13, 2026, Mexico's Federal Revenue Law for Fiscal Year 2027 was published in the Official Journal of the Federation. Its Twenty-First Transitory Article establishes a tax regularization incentive allowing eligible taxpayers to obtain a 100% reduction in penalties, surcharges, and enforcement costs associated with certain outstanding federal tax liabilities. For tax liabilities consisting exclusively of penalties for failure to comply with obligations other than payment obligations, a 90% reduction is available, subject to specific conditions. The provision will take effect on January 1, 2027.

The most significant change from the 2026 program is the expansion of eligibility. The 2027 provision eliminates both the MXN 300 million annual revenue threshold and the express exclusion of taxpayers under the jurisdiction of Mexico's General Administration for Large Taxpayers. As a result, larger companies may qualify for the incentive, provided they meet the applicable legal requirements and are not subject to any exclusions.

The incentive does not eliminate the underlying unpaid taxes or other government charges, nor does it expressly cover inflation adjustments to those amounts. Its application depends on whether the liabilities are self-assessed, arise from corrections made during a tax audit, or constitute final tax assessments issued by the authorities. For final assessments, the law establishes an October 31, 2027 deadline to submit an application and a 15-calendar-day period to make payment using the payment form issued by the tax authorities.

Eligible Taxpayers and Liabilities

The incentive is available to individuals and legal entities with tax liabilities administered and collected by Mexico's Tax Administration Service ("SAT") or the National Customs Agency of Mexico ("ANAM").

Eligible liabilities include federal taxes owed directly by taxpayers, taxes withheld or collected from third parties, other government charges, countervailing duties, and penalties arising from violations of tax, customs, or foreign trade obligations, including penalties involving aggravating circumstances.

Generally, the incentive applies to penalties, surcharges, and enforcement costs, but not to the principal amount of unpaid taxes or the corresponding inflation adjustments.

Three Ways to Qualify for the Incentive

1. **Outstanding Liabilities from 2025 or Earlier Tax Years**
   Taxpayers with outstanding liabilities from 2025 or earlier tax years may qualify for the reduction by filing the corresponding tax returns and making a single lump-sum payment no later than December 31, 2027.

2. **Voluntary Corrections During Tax Audits**
   Taxpayers undergoing an audit may qualify for the incentive if they correct all identified irregularities and voluntarily bring their tax situation into compliance within the applicable procedural deadlines, but no later than December 31, 2027.

   The corrections must be completed while the audit is ongoing and before the relevant assessment or resolution is formally notified. Taxpayers must also inform the auditing authority that they are applying the incentive.

3. **Final Tax Assessments Issued by the Authorities**
   For final tax assessments, the incentive is available only if the assessment is not being challenged or, if an administrative or judicial proceeding is pending, the taxpayer withdraws the challenge. In these cases, taxpayers must submit an application to the SAT no later than October 31, 2027, in accordance with the requirements established in the applicable general rules.

Once the application is filed, administrative collection proceedings are suspended without requiring the taxpayer to provide security for the outstanding tax liability. However, filing the application also interrupts the statute of limitations period.

Where applicable, the tax authorities must issue a payment form within 15 calendar days after receiving the application. The taxpayer then has an additional 15 calendar days, beginning when the payment form becomes available, to make the required payment. Failure to pay within such period renders the payment form ineffective, and the authorities may seek collection of the full outstanding liability.

For final assessments consisting exclusively of penalties arising from failure to comply with obligations other than payment obligations, a 90% reduction of the total penalty amount is available, provided the taxpayer fulfills the outstanding obligation and meets the application requirements established in the transitory provision.

Exclusions

The incentive is unavailable in certain circumstances, including the following:

- Taxpayers involved in specified criminal tax proceedings, including cases involving a criminal complaint accompanied by an arrest warrant, a formal order binding the taxpayer over for trial, or a final criminal conviction for a tax offense.

- Taxpayers included on SAT lists relating to nonexistent transactions or false tax invoices, including entities issuing or receiving invoices for simulated transactions (commonly referred to in Mexico as EFOS and EDOS).

- Certain entities subject to the tax regime for nonprofit legal entities under Title III of Mexico's Income Tax Law.

- Tax liabilities referred to the SAT for collection by federal government agencies or entities, other than ANAM.

Conclusion

Mexico's 2027 tax regularization incentive will take effect on January 1, 2027. However, the SAT has yet to publish the general rules and electronic tools governing its implementation, which will establish the administrative procedures and requirements for obtaining the benefit offered by the incentive.

Companies may begin evaluating whether the incentive could be advantageous in their specific circumstances. Nevertheless, eligibility and the potential benefits should be assessed on a case-by-case basis, particularly where there are pending legal proceedings, existing payment arrangements, asset seizures, or disputes concerning the amount of an outstanding tax liability.

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