

# Relevant modifications in tax and budget laws for 2024

On November 13, 2023, the Official Federal Gazette published (i) the Decree of the Federal Revenue Law for Fiscal Year 2024 (“**Revenue Law**”), (ii) the Decree amending several provisions of the Federal Fees Law, and (iii) the Decree amending several provisions of the Federal Law on Budget and Fiscal Responsibility, in order to include the Cross-Sectional Anti-Corruption Exhibit.

These changes have a significant impact on the collection, distribution of resources and the country’s budgetary approach for the next fiscal year. The following are the aspects of these changes that we identify as relevant:

## 1. Revenue Law

Foresees a tax collection of 4 trillion 564 billion 924 million pesos by the federal government. Within this fiscal policy, resources obtained by the federation from state-owned entities and companies in the national port system will be allocated to the Interoceanic Corridor of the Isthmus of Tehuantepec, aiming to support its operations, programs, and projects.

In line with the provisions of articles 54 and 135 of the Income Tax Law (“**ISR**”), there is an increase in the withholding tax rate, from 0.15% in the previous year to 0.50% in this fiscal year.

Additionally, transactions involving the transfer of assets, rights, and obligations made by the state-owned entities, such as CFE and PEMEX, in order to restructure their subsidiaries and affiliates, will not be considered disposals of assets for tax purposes, as they are internal administrative redistributions.

Surcharge rates for tax assessment payment extensions remain unchanged with respect to the previous fiscal year.

Regarding tax incentives set forth in said law, there are no significant changes compared to 2023.

Finally, with respect to the withholding and payment of income tax on interest paid by the financial system, the annual withholding rate for the 2024 fiscal year will be 1.48%, a significant increase with respect to the 0.15% of the previous year.

## 2. Federal Law of Fees (“FLF”)

The FLF introduces several adjustments aimed at adapting to administrative provisions and international agreements signed by Mexico. Among various proposed measures, it highlights the specific allocation of revenues generated by the fee linked to the issuance of tourist stay permits to the federal trust related to the company Tren Maya, S.A. de C.V. This measure aims to channel these resources to strengthen tourist infrastructure projects.

Another significant aspect is the introduction of fees in customs services in cases where international treaties exclude charging based on the value of goods. This provision seeks to ensure a tariff framework in line with the trade agreements entered into by the country.

Additionally, an update in the amount of the concentration notification fee under the Federal Antitrust Law is proposed. This adjustment implies an increase in the amount to be paid, accompanied by specification on payment conditions regardless of final agreements or resolutions of the procedure.

An important institutional reorganization measure is the regulation of the transfer of powers from the Ministry of Infrastructure, Communications, and Transportation to the Ministry of the Navy, especially concerning maritime services. This implies a redistribution of responsibilities and a change in the management of these areas.

In the educational area, it is proposed to establish a payment of 30% of the fee for the registration of technical or professional degrees issued by institutions pertaining to the National Educational System at the higher secondary level. This adjustment aims to cover administrative costs associated with these procedures.

Likewise, there is a proposal to exempt the payment of fees for forestry services, specifically those related to the authorization of commercial plantations on forest land exceeding 800 hectares. This exemption is aimed at promoting forestry activity in these areas without additional burdens.

In the water resource domain, a proposed modification in the definition of transfers is to exempt payment when it concerns the natural connection between hydrological basins without the intervention of hydraulic infrastructure works. This modification seeks to align charges with the natural use of water.

Furthermore, adjustments are included to harmonize definitions related to wastewater discharges with current environmental laws, the incorporation of payments for the temporary use of the radio spectrum, and the substitution of references to align with the Federal Telecommunications Law. Finally, there is a proposal to exempt payment of fees for access to archaeological zones and cultural assets of the Nation for indigenous communities and tourist guides.

### **3. Federal Law on Budget and Fiscal Responsibility (“FLBFR”)**

The FLBFR has undergone significant changes. Among the most notable modifications, Article 2, Section III Bis, now includes the Anticorruption sector as a cross-sectional exhibit of the budget. This addition allows this sector to receive specific resources for its development.

In Article 41, Section II, subsection *w*) has been introduced, detailing the obligation to include in the Project of the Budget of Expenses the items allocated to the prevention, detection, investigation, sanctioning of corruption acts, as well as audit and control actions of public resources.

This reform also impacts Section III, subsection *c*) of Article 41, requiring that the budgetary project of the programs include the methodology, factors, variables, and formulas for anticorruption actions.

Additionally, it is established that the quarterly reports from the Executive power to Congress must contain the evolution of planned public expenditure for anticorruption, as indicated in item *iv*) of subsection *b*) of Section I of Article 107.

In line with these reforms, Article 107 also establishes that the Public Account must reflect the results of budgetary exercise in the Cross-Sectional Exhibits, now incorporating anticorruption.

These changes are reflected in the reform of the FLBFR, specifically in Articles 2, Section III Bis; 23, sixth paragraph; 41, Section III, subsection c); 107, Section I, subsection b), subclause iv); additionally, subsection w) is added to Section II of Article 41 to include provisions of expenditure in the fight against corruption and actions to control public resources. These adjustments promote transparency, accountability, and strengthen the fight against corruption in the allocation and exercise of public resources.

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For additional information, please contact our experts:

**Alejandro Torres**, Partner:

+52 (55) 5258-1072 | [ajtorres@vwys.com.mx](mailto:ajtorres@vwys.com.mx)

**Luis Enrique Torres**, Counsel:

+52 (55) 5258-1023 | [ltorres@vwys.com.mx](mailto:ltorres@vwys.com.mx)

**Diego Benítez**, Associate:

+52 (55) 5258 1008 | [dbenitez@vwys.com.mx](mailto:dbenitez@vwys.com.mx)

**Alfonso Leñero**, Associate:

+52 (55) 5258 1008 | [alenero@vwys.com.mx](mailto:alenero@vwys.com.mx)

S I N C E R E L Y

VON WOBESER Y SIERRA, S.C.

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VON WOBESER Y SIERRA, S.C.

Paseo de los Tamarindos 60, 05120 Mexico City

+52 (55) 5258 1000

[vonwobeser.com](http://vonwobeser.com)