

## Important tax incentives in Yucatán

On June 28, 2024, a Decree was published in the Official Gazette of the Federation (the "Decree") which promotes investment in the Industrial Welfare Poles Progreso I and Merida I of the State of Yucatan, Mexico, through which several tax incentives are granted for Income Tax and Value Added Tax purposes for the performance of economic activities within the mentioned poles, in accordance with the following:

It is important to consider that, by economic activities, the Decree includes the following activities carried out within the Welfare Industrial Poles: I. Electrical and electronics, II. Semiconductors, III. Automotive (electromobility), IV. Auto parts and transportation equipment, V. Medical devices, VI. Pharmaceuticals, VII. Agribusiness, VIII. Electric power generation and distribution equipment (clean energies), IX. Machinery and equipment, X. Information and communication technologies, and XI. Metals and petrochemicals.

### A. **Income Tax ("IT").**

For IT purposes, the Decree grants a tax incentive consisting of a tax credit applicable against the amount of the tax incurred, determined in the fiscal year in question for the corresponding economic activities, which is determined at the equivalent of 100% of the IT incurred in the first three fiscal years, and 50% in the following three fiscal years (this percentage may be increased up to 90% in the event that the minimum employment levels established are exceeded).

In addition to the above, authorized taxpayers may immediately deduct 100% of the original amount of the investment of new fixed assets used in the poles to carry out their productive economic activities during the six fiscal years following the receipt of the authorization certificate of the Ministry of Finance and Public Credit ("SHCP"), instead of applying the percentages provided by the Income Tax Law.

It is important to note that when taxpayers obtain income other than that derived from the economic activities provided for, they must determine ISR separately for such income without applying the tax credit provided for in the Decree.

### B. **Value Added Tax ("VAT").**

For VAT purposes, the Decree grants a tax incentive to taxpayers that carry out productive economic activities within the poles that sell goods, provide independent services or grant the temporary use or enjoyment of goods to persons that carry out economic activities within the poles, for four years as of its entry into force, which consists of a tax credit equivalent to 100% of the VAT payable on such activities.

In order for this tax incentive to be applicable, it is necessary that no VAT is transferred to the purchaser of the goods or services and the goods, services or the temporary use or enjoyment are used and employed by the purchasers in the performance of their productive economic activities within the poles.

Taxpayers who do not apply this tax credit in the tax return corresponding to the month in which they carry out the corresponding activities will lose the right to apply it subsequently.

In this regard, in order to apply the tax incentives described above, it will be necessary to comply with the following requirements:

- I. To be up to date in the fulfillment of their tax obligations.
- II. To have a document that grants the use, employment and exploitation and, in its case, the possession of the total or of a part of the surface of the poles, verified by the competent authority of the state of Yucatan.
- III. Present the investment project for which the use, employment and exploitation was granted and, if applicable, the possession referred to in the previous section, verified by the competent authority of the State of Yucatan.
- IV. To have their fiscal domicile in the pole where they develop their productive economic activities.

In order to maintain and apply the tax benefits provided in the Decree, taxpayers must present before the SHCP, progress in the investment project previously mentioned and comply with the minimum employment levels determined by the SHCP according to the provisions of such project.

The SHCP must issue the certificate evidencing compliance with the requirements set forth, or the resolution of non-compliance with such requirements.

This document is valid as of the date of its issuance and its purpose is merely inform

**Alejandro Torres, Partner:**

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

**Luis Torres, Counsel:**

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