

## Frequently Asked Questions Nearshoring (FAQ)

**Decree granting tax incentives to key sectors of the exporting industry, consisting of the immediate deduction of investment in new fixed assets and the additional deduction of training expenses.**

### Questions

**1.- Who can access the tax benefits of the Decree?**

#### Answer

Legal entities that pay taxes under the income tax general regime or under the simplified regime, and individuals who pay taxes under the business activities regime.

**2.- In which regions of Mexico can the benefits of the Decree be obtained?**

#### Answer

There are no geographical restrictions for obtaining the tax incentives on the Decree.

**3.- What tax incentives does the Decree grant?**

#### Answer

Immediate deduction for new fixed assets acquired from October 2023 and during the fiscal year 2024, with deduction percentages ranging from 56% to 89%, depending on the sector.

Starting on October 12th, 2023 and throughout the fiscal years 2024 and 2025, an additional deduction is granted for employee training expenses, equivalent to 25% of the incremental expenditure incurred for this concept.

**4. - Regarding the additional deduction for employee training equivalent to 25% of the incremental expenditure incurred, how is that increment determined?**

#### Answer:

The increment is determined by comparing the total expenditure incurred on training during the fiscal year, with the average expenditure incurred for the same concept in the fiscal years 2020, 2021, and 2022, even if no expenditure was incurred for training purposes.

**5.- What economic activities must taxpayers engage in to receive the tax benefits of this Decree?**

The production, processing, or industrial manufacturing and export of the following goods:

- I. Products intended for human and animal consumption.
- II. Fertilizers and agrochemicals.
- III. Raw materials for the pharmaceutical industry and pharmaceutical preparations.

- IV. Electronic components, such as simple or loaded cards, circuits, capacitors, resistors, connectors, semiconductors, coils, transformers, harnesses, and modems for computers and phones.
- V. Machinery for watches, measuring instruments, control and navigation instruments, and electronic medical equipment for medical use.
- VI. Batteries, accumulators, batteries, electric conductive cables, plugs, contacts, fuses, and accessories for electrical installations.
- VII. Gasoline, hybrid, and alternative fuel engines for cars, vans, and trucks.
- VIII. Electrical and electronic equipment, steering systems, suspension, brakes, transmission systems, seats, interior accessories, and stamped metal parts for cars, vans, trucks, trains, ships, and aircraft.
- IX. Internal combustion engines, turbines, and transmissions for aircraft.
- X. Non-electronic equipment and devices for medical, dental, and laboratory use, disposable medical materials, and optical articles for ophthalmic use.
- XI. Production of cinematographic or audiovisual works, provided that these works are exported.

**6.- How were the benefited sectors identified?**

**Answer**

The key sectors of the export industry were identified through four criteria that assess the magnitude of Mexico's opportunities to integrate into global value chains. These criteria are:

- a) high productivity;
- b) exporting potential;
- c) relevance in the economy; and
- d) demand potential.

**7.- Can companies already established in Mexico obtain these benefits?**

**Answer**

Yes, companies that are already in Mexico and meet the requirements established in the Decree can receive the benefits. To do so, they must belong to the key sectors established in the Decree.

**8.- What condition related to exports must taxpayers meet to access the benefits of the Decree?**

**Answer**

Taxpayers must estimate that, during the fiscal years 2023 and 2024, at least 50% of their total revenue in each fiscal year will come from the export of goods or services. If they

fail to meet the estimated threshold and have received the incentives, they will be required to pay the corresponding tax, update adjustments, and surcharges.

**9.- For the purposes of the Decree, what is considered an exporting company?**

**Answer**

Is considered one that engages in the production, processing, or industrial manufacturing of the goods specified in the Decree if it exports those products. This implies that during the fiscal years 2023 and 2024, at least 50% of its total revenue must come from its exports in each fiscal year.

**10.- What is the procedure that the taxpayer must follow to estimate that during the fiscal years 2023 and 2024, the amount of their export income will represent at least 50% of their total revenue?**

**Answer**

The Decree does not establish a specific procedure for taxpayers to make this estimation. This is a forecast made by each taxpayer according to their business plan and the invoiced amounts observed in their export activities.

**11.- When can the accelerated deduction be made?**

**Answer**

The accelerated deduction of the investment in new fixed assets can be made from October 12, 2023, until December 31, 2024, depending on the fiscal year in which the investment in those assets is made.

**12.- When are fixed assets considered to be new?**

**Answer**

Fixed assets are considered new when they are used for the first time in Mexico.

**13.- Are there any restrictions for the accelerated deduction of new fixed assets?**

**Answer**

Yes, the benefits do not apply for office furniture and equipment, automobiles powered by internal combustion engines, vehicle armoring equipment, or airplanes other than those used for agricultural spraying.

**14.- What time requirement must be met after the accelerated deduction of new fixed assets?**

**Answer**

Taxpayers must use the assets for at least two years following the year in which the accelerated depreciation is made.

**15. - Can the benefit of accelerated depreciation be used in the provisional income tax payments for the fiscal year?**

**Answer**

Yes, it can be used in the provisional income tax payments for the fiscal year. The accelerated depreciation is reduced equally in the provisional payments of the fiscal year, starting from the month in which the investment is made.

**16. - Which workers qualify for the training stimulus?**

**Answer**

Active workers registered at the Mexican Social Security Institute (IMSS).

**17. - What obligations must be fulfilled regarding the incentive granted to investments?**

**Taxpayers must:**

- I. Keep a record of the investments for which they chose to apply accelerated depreciation, as well as the supporting documentation.
- II. Describe the type of asset involved.
- III. Describe the relationship with their main line of business or activity.
- IV. Describe the specific process or activity in which the asset was used.
- V. Indicate the percentage corresponding to the deduction.
- VI. Specify the tax year in which the deduction was applied.
- VII. Specify the date on which the asset is sold, lost due to unforeseen circumstances or force majeure, or ceases to be useful.

**18. - What other requirements must be met to receive the benefits provided in the Decree?**

**Answer:**

Taxpayers who request the incentives must meet the requirements established in tax legislation regarding investment deductions:

- Have a valid Federal Taxpayer Registry (RFC) and enabled Tax Mailbox.
- Have a positive compliance opinion regarding tax obligations.
- Notify the tax authority (SAT) of the application of the incentives referred to in the Decree within 30 calendar days following the month in which the incentives are first applied.

**19. - Who cannot apply the incentives provided in the Decree?**

**Taxpayers who:**

- Have tax debts; are registered in the RFC but cannot be located; have had any tax debts forgiven; have committed tax offenses or used invoices that support non-

existent operations; and whose name, business name, or corporate name and RFC key are published on the SAT website for the reasons.

- Do not refute the presumption of issuing tax invoices without having assets, personnel, and infrastructure. The incentives also do not apply to taxpayers who have a partner or shareholder who falls under the presumption.
- Have carried out transactions with taxpayers described in the previous point and have not proven to the tax authorities that they acquired the goods or services covered by the corresponding CFDIs.
- Have improperly applied tax losses, meaning that because of a restructuring, split, or merger of companies, losses have been transferred to entities that are not entitled to them and for this reason are published in the Official Gazette of the Federation and on the SAT website.
- Have definitive tax credits (debts). In addition, if once these credits become enforceable, they are not guaranteed, or the guarantee is insufficient.
- Are in the liquidation process.
- Are in the temporary restriction procedure of the use of digital seals for issuing CFDIs.
- Have had their certificates issued by the SAT for the issuance of CFDIs canceled.