

Update on the amendment proposed to the outsourcing regime

Labor & Tax – April 8th, 2021

On April 5, 2021, it was announced that the Mexican federal government, employers' organizations, and employees' unions reached an agreement for the law initiatives regarding labor sub-contracting regimes. Additionally, in recent days, diverse statements have been disclosed by employers' organizations as well as declarations from some of the National Congress's deputies and senators.

It can be assumed from the statements that although the essence of the abovementioned initiative will be maintained, some relevant issues that will be **tentatively** discussed in Congress during the month of April will be incorporated, namely:

1. Subcontracting personnel services is prohibited, understanding by subcontracting services when an entity or individual provides or makes available to another entity its own employees for the other's entity benefit.
2. Contracting specialized services or tasks will be permitted only if such services or tasks are not part of the corporate purpose or main economic activity of the contracting party, and as long as the contracted party is registered in a public domain archive.
3. Complementary or shared services or tasks provided between companies of the same corporate group will also be considered as specialized as long as they are not part of the corporate purpose or the main economic activity of the company that receives such services or tasks.
4. An agreement to cap the amount for the employees' annual mandatory profit sharing was reached. As made public by diverse statements, the cap would be of three months of the employee's salary, or the average amount received by the employee in the last three years; being applicable the formula that results more favorable to the employees.
5. At first, the entry into force of the amendments in diverse subjects, such as tax and employment for example, will be between 3 and 4 months as of the date of publication in the Federal Official Gazette, which is estimated to happen on May.

For any additional information, do not hesitate to contact our expert team, who can be of assistance:

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