

Economic Bill 2023

Tax - September 9th, 2022

On September 8, 2022, the Executive Branch submitted to the Mexican Congress the initiatives for the Federal Revenue Law, the General Guidelines for Economic Policy and the proposed Federal Budget Initiative for the 2023 fiscal year.

Among the main macroeconomic variables for 2023, which stand out for their optimism, a real Gross Domestic Product growth of 3%, an annual inflation of 3.2%, an average exchange rate of the Mexican Peso against the U.S. Dollar of \$20.60 and an interest rate of 8.5% are foreseen.

The economic bill does not establish new taxes and, exceptionally, does not propose to amend any federal tax law, except for some adjustments mentioned below.

Although no new taxes are proposed, the economic bill foresees a 9.9% increase in tax income, maybe as a result of increased tax enforcement by the authorities, among others.

The Federal Revenue Law proposes to raise the interest income withholding rate to be applied by financial institutions on the amount of principal that gives rise to interest payments during the 2023 fiscal year to 0.15% (currently the withholding rate is 0.08%).

With respect to tax incentives, in general, the Federal Revenue Law maintains the tax incentives of previous years, except for the elimination of a tax incentive for individuals and corporations residing in Mexico that sell books, newspapers and magazines whose income does not exceed MXN \$6 million.

The 2023 Federal Revenue Law Initiative must be approved by Congress on October 20, 2022, at the latest, and by the Senate on October 31, 2022, at the latest.

The 2023 Federal Expenditure Budget must be approved by Congress on November 15, 2022, at the latest.

Although the Executive Branch did not submit any relevant tax reform initiatives, the legislative process should be monitored, as either of the legislative chambers could propose an amendment.

For further information please do not hesitate to contact our experts in the field.

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