

Identification of controlling beneficiaries, potential initiation of information requests by the Mexican tax authorities

Tax - May 26, 2023

As of January 1st, 2022, the obligations to (i) identify and collect information of the controlling beneficiaries of legal entities, trusts and other legal concepts and (ii) establish duly documented internal control procedures in order to obtain and keep the complete and updated information of such beneficiaries came into force in order to combat tax evasion and prevent money laundering. The foregoing, in accordance with the provisions of articles 32-B, section V, 32-B Bis, 32-B Ter, 32-B Quáter, and 32-B Quinquies of the Federal Fiscal Code.

In connection with the foregoing, on May 4, 2023, an agreement was published on the Federal Official Gazette that, among others, delegates powers to personnel of the General Administration of Federal Tax Auditing and the General Administration of Major Taxpayers to conduct visits and request reports, information, or documentation to verify compliance with the obligations regarding the identification and collection of information of controlling beneficiaries.

The specific designation of personnel that can carry out the review of the correct compliance of the obligations related to controlling beneficiaries suggests that the Mexican tax authorities could begin to actively review this obligation.

We stress the importance of complying with the tax obligations related to the identification and collection of information of controlling beneficiaries in order to be able to provide the corresponding information and documentation in the event that the Mexican tax authorities request it since the penalties related to such obligations can amount to up to MXN \$2,000,000 (approximately USD \$110,000) per controlling beneficiary.

We are at your service to assist you in carrying out all the necessary actions in order to achieve the foregoing.

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