Client Alert: Mexican Tax Reform Bill 2027

On September 8th, 2026, the Executive Branch submitted the Tax Reform Bill for 2027, along with several other bills with tax, regulatory and operational implications. This Alert consolidates the main proposed amendments to the Income Tax Law ("LISR"), Customs Law ("CL"), Federal Revenue Act ("FRA") and the Federal Fees Law ("FFL"), as well as the proposed Digital Economy Law for Digital and Electronic Payments ("Digital Economy Law") and General Law for the Harmonization of Cadastral and Registry Systems ("Cadastral Harmonization Law") regarding digital payments and cadastral and registry harmonization.

The tax reform broadens the income tax ("ISR") base and reduces the timing of payments, increases operational risks related to customs valuation, raises various sector-specific duties, and combines new revenue-raising measures with incentives, regularization, and digitalization measures.

These amendments are still subject to the legislative process and may be modified. In addition, several rules under the FRA are already in effect in 2026, and their inclusion for 2027 represents continuity or an extension, which may not necessarily result in a new burden.

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I. LISR 2027: Key Changes for Corporations

The most relevant changes focus on deductions and tax losses, interest payments, payments to foreign residents, advance payments, corporate groups (tax consolidation), the Contributed Capital Account ("CUCA"), and the Net Tax Profit Account ("CUFIN").

KEY TAKEAWAYS

Matter	Key takeaway	Impact on Companies
Deductions and tax losses	In general, for taxpayers with revenues exceeding MXN 50 million (approximately USD 2.7 million), the amount of deductible expenses and tax losses that may be used to reduce the taxable base is limited. In 2027, advance payments are also adjusted.	Very high: higher tax burden and deferred recovery
Interest	The net interest deduction limit is reduced from 30% to 20% of EBITDA.	Higher tax cost of debt and intercompany financing
Payments to foreign residents	Henceforth tax withholding on payments to foreign residents may be triggered upon accrual and not only on the due date or the date on which payment is actually made, as before. The deduction is conditioned to actual payment and remittance of the tax withholding.	It creates a distinction between contractual and tax treatment.
Advance payments	Services and the use or enjoyment of assets are deductible only when rendered or over the relevant period.	Reduced tax benefit for advance payments, particularly towards year-end
CUCA, shares and CUFIN	The recognition of capitalizations and non-deductible items is limited.	Increased tax risk in connection with dividends and capital reductions
Corporate group regime	Chapter VI (consolidation) is repealed, and the payment of deferred tax is accelerated.	Liquidity impact and orderly transition out of the regime
Simplified Regime ("RESICO")	Thresholds and certain investment deduction percentages are increased. For legal entities, the regime becomes optional.	Favorable, but requires comparing cash flow and effective tax rate against the general regime

1. Addition of Articles 78-A to 78-F: Limits on Deductions and Tax Losses

Articles 78-A to 78-F (new) and Second Transitional Article (I) — proposed text, PDF pp. 139–146 and 158–160; Purpose Section, PDF pp. 53–70

Subject to certain exceptions, the provisions would apply to legal entities earning gross income equal to or exceeding MXN 50 million (approximately USD 2.7 million) and do not fall within any of the exceptions set forth in Article 78-E. If deductions do not exceed 96.67% of gross income, only 99% of such deductions may be deducted. If deductions exceed that threshold, the deductible amount would be limited to 96.67% of gross income. The resulting difference could be carried over for 20 fiscal years.

Tax losses carried forward from prior tax years could only be used to offset up to 50% of taxable income, calculated after applying the deduction limitation. For 2027 advanced income tax payments, adjustment factors of 1.0658 or 2.6162 would apply to the profit coefficient, together with the same 50% limitation on the use of tax losses.

Article 78-E provides that the following taxpayers as exempted from this regime: insurance carriers with respect to transactions carried out in the ordinary course of their business; taxpayers engaged in maquiladora (toll manufacturing) operations under Article 182 of the LISR, except with respect to income derived from the sale of goods within Mexico; taxpayers declared bankrupt; and taxpayers subject to the coordinated activities regime or the agricultural, livestock, forestry, fishing, and other specified regimes.

This measure does not eliminate the deduction or tax loss but rather defers their utilization and accelerates the payment of ISR, resulting in an immediate cash flow impact. It also raises a proportionality issue where structural deductions that are necessary to measure actual ability to pay are deferred. The 20-year carryforward period and inflation adjustment mitigate the economic impact, but do not eliminate the financing cost. These limitations could encourage adjustments to intercompany charges to redistribute costs within the group and preserve the economic balance of the transactions.

An exception is provided for taxpayers that have been registered with the Federal Taxpayers Registry ("RFC") for less than five fiscal years, as well as taxpayers claiming accelerated depreciation of new fixed assets. These exceptions, however, should be construed narrowly. The latter applies only to the benefit itself and not to all deductions of the taxpayer.

The exclusion is favorable for the insurance and maquiladora sectors because the deduction limitation would not apply to the activities specifically excluded under Article 78-E. Nevertheless, the scope of the exclusion is limited. For insurance companies, it applies only to transactions carried out in connection with their ordinary business activities. Therefore, it will be important to identify and, where applicable, separate any activities that fall outside the scope of their ordinary business, as those activities could remain subject to the deduction limitation. For maquiladoras, the exclusion does not cover income derived from the sale of goods in Mexico, which should therefore be analyzed separately.

2. Net Interest: Limit Reduced from 30% to 20%

Article 28 (XXXII) — proposed text, PDF p. 134; Purpose Section, PDF pp. 89–92

The limit on the deduction of net interest expense is reduced from 30% to 20% of EBITDA, thereby increasing the portion of interest that may potentially be non-deductible, as well as the tax cost of financing.

The impact will be greater on highly leveraged companies, intercompany financing arrangements, and capital-intensive projects. Although the 20% threshold falls within the range used internationally, this does not make the

measure neutral: It may affect debt-versus-equity decisions and increase the effective tax rate. Refinancings and new investments should be modeled before finalizing structures for 2027.

3. Payments to Foreign Residents: Withholding May Be Triggered Before Payment

Articles 27(V) and 153, fifth paragraph — proposed text, PDF pp. 132–133 and 149–150; Purpose Section, PDF pp. 92–98

Accrual is added as a triggering event for income tax withholding purposes. Accordingly, withholding would be required upon the earliest occurrence of any of the following events: due date, accrual of income, or date of actual payment. The related deduction would only be available in the fiscal year in which the consideration is paid, and the withholding tax is remitted.

This may create a cash flow mismatch: The withheld ISR must be remitted to the tax authorities on a fixed schedule, which may fall before the taxpayer actually pays the supplier — yet the related deduction is only available once payment to the supplier has been made. This issue is particularly relevant for interest, deferred-payment services, and consideration denominated in foreign currencies. We recommend reviewing contracts and payment schedules, rather than focusing solely on withholding documentation. In addition, the proposed provisions are unclear regarding the moment at which the deduction may be claimed for payments that are not subject to withholding pursuant to a tax treaty.

4. Advance Payments for Services and Use or Enjoyment: Deduction Deferred

Articles 25, third paragraph, and 27(XVIII) — proposed text, PDF pp. 131–133; Purpose Section, PDF pp. 98–102

Advance payments for services and for the use or temporary enjoyment of assets would be deductible as the services are rendered or as the corresponding period concludes. For transactions spanning more than one fiscal year, only the portion attributable to each respective period would be deductible.

The rule reduces the tax benefit of year-end advance payments and may create asymmetry with the timing of income recognition by the service provider. The impact will be more significant for multi-year contracts, licenses, leases, and services involving upfront payments. It is advisable to review whether agreements appropriately distinguish between advance payments for services, goods, and other concepts.

5. Optional Regime for Corporate Groups (Tax Consolidation): Repealed Effective 2027

Chapter VI of Title II (repeal) and Second Transitional Article(V) — proposed text, PDF pp. 134–135 and 161–162; Purpose Section, PDF pp. 102–105

The regime would be repealed effective 2027. Any outstanding deferred tax would be payable, as adjusted for inflation, no later than December 31, 2027; the deferred tax corresponding to the third immediately preceding fiscal year would retain its March 2027 due date.

Beyond raising legal certainty concerns, the clearest risk lies in the transition itself: Requiring payment of the deferred tax within a short timeframe may strain cash flow and force taxpayers to reorganize dividend distributions, intercompany balances, and year-end closing processes. The transition should be modeled on a company-by-company basis to avoid unforeseen effects.

6. CUCA and Tax Basis of Shares: New Restrictions on Capital Contributions

Articles 22 and 78 — proposed text, PDF pp. 130 and 138–139; Purpose Section, PDF pp. 105–115

Accrued but unpaid interests and value added tax ("VAT") related to capitalized credits would not be included in the Contributed Capital Account[1] or in the tax basis of the shares concerned. Contributions made through accounts receivable would only increase these accounts once the corresponding amounts are actually received in cash.

These changes are consistent with very recent case law. An accounting capital contribution would no longer guarantee the same tax recognition. This may result in significant differences in contributions through accounts receivable, share transfers, and capital reductions. Before capitalizing credits, the impact on CUCA and the tax basis should be assessed, as the tax cost may arise later upon a distribution.

7. CUFIN: A Non-Deductible Expense May Have a Second Tax Effect

Article 77 — proposed text, PDF pp. 136–137; Purpose Section, PDF pp. 116–119

For purposes of determining net taxable profit, taxpayers would be required to reduce such amount not only by non-deductible items expressly identified in Article 28 of the LISR, but also by expenses that do not meet the tax requirements to be deductible.

The proposal is presented as an interpretive clarification, but its practical effect is significant: a non-deductible expense could increase the ISR payable for the relevant fiscal year and, in addition, it reduces CUFIN[2], resulting in a second tax cost when dividends are distributed. Documentation, materiality, withholding requirements, and business purpose would therefore also have an impact on dividend distribution policies.

8. RESICO: RESICO: Higher Income Thresholds and Investment Depreciation

Articles 113-E, 113-F, 113-H, 206, 209, and 214 — proposed text, PDF pp. 146–155; Purpose Section, PDF pp. 5–12

The income thresholds would increase from MXN 3.5 million to MXN 5 million (approximately USD 270,000) for individuals and from MXN 35 million to MXN 50 million (approximately USD 2.7 million) for legal entities. For legal entities, the regime would become optional, re-entry would be permitted subject to certain requirements, and several investment depreciation rates would be increased.

The changes are favorable, but moving to RESICO may not necessarily be advisable. For legal entities, the comparison should consider cash flow, margins, investments, and profit distributions. Before electing the regime, companies should compare the general regime against RESICO based on their specific circumstances.

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[1] CUCA (Contributed Capital Account): is a tax account required under LISR composed of capital contributions, net subscription premiums, and certain balances stemming from distributed profits adjusted according to the law. The balance of this account should not include reinvested or capitalized profits or any other item that may be part of the entity´s net equity.

[2] CUFIN (Net Tax Profit Account): is a mandatory accounting record that companies in Mexico use to track accumulated profits that have already paid corporate income tax.

9. Plan Mexico: Accelerated Depreciation of investments and Additional 25% Deduction for Training and Innovation

Third Transitional Article (A), (I) — proposed text, PDF pp. 163–175; Article 78-E(V) — PDF p. 144; Purpose Section, PDF pp. 122–127

Plan Mexico would allow, for 2027–2030, an accelerated depreciation of investments made in new fixed assets at rates depending on the type of asset or activity. It would also provide for an additional deduction equal to 25% of the increase in eligible training and innovation expenses. Both benefits are subject to specific requirements, compliance certification, and applicable limitations.

These incentives were already in effect pursuant to an executive order. They would now be incorporated into the law through transitional provisions, thereby giving them greater legal certainty. The value of the incentive lies in accelerating the depreciation and improving cash flow, rather than providing a straight-line depreciation. In addition, the exception under Article 78-E should be analyzed separately from the rest of the calculation: It preserves the benefit of the accelerated depreciation or the additional deduction but does not automatically exclude all other deductions and tax losses of the taxpayer from the new limitations.

WHAT SHOULD BE REVIEWED NOW

- Use the 2026 figures as the basis to project 2027 budget and assess the impact of the deduction and tax loss limitations and advance tax payments and estimate the effective tax rate.
- Review bank and intercompany debt, as well as payments to foreign residents, to assess the tax cost of financing and potential cash flow implications.
- Review advance payments and multi-year contracts for services, leases, and licenses that may defer the timing of deductions.
- Review capital contributions, CUCA, and CUFIN before making dividend distributions, implementing reorganizations, or transferring shares.
- Compare RESICO against the general regime.
- Identify investments eligible for benefits under Plan México and the Development Poles.

II. CL: Removal of the 50% Threshold for Seizure in Cases of Customs Undervaluation

The bill proposes amendments to Articles 151, 153, 154, and 177 of the CL and adds a paragraph to Article 144. It does not change the customs valuation methods but rather, it changes the thresholds and consequences of undervaluation, as determined pursuant to Articles 72 and 73 of the same law.

Currently, precautionary seizure due to undervaluation requires a difference of 50% or more. The bill eliminates this threshold, although the comparison would remain subject to the statutory rules applicable to identical or similar goods and the relevant comparability adjustments.

KEY TAKEAWAYS

Matter	Key takeaway	Impact on Companies
Valuation	Any valid difference from a comparison with identical or similar goods could trigger a review. There would be no minimum percentage threshold.	More audits and greater documentation burden
Seizure	The 50% threshold and the exception linked to the guarantee under Article 86-A would be eliminated.	High risk of goods being detained
Replacement	The request must be filed within ten business days; where the difference is 20% or more, only a cash deposit would be permitted.	Immediate pressure on cash flow and response times
Customs Regime	The relevant threshold would be reduced from 50% to 20% for certain cases involving temporary imports/IMMEX and bonded warehouse regimes.	Greater exposure to penalties in manufacturing and foreign trade operations
Effective Date	The reform would enter into force the day after its publication.	Very limited time to update files and internal protocols

1. Any Difference Could Trigger a Mandatory Review

Article 144(XII) (addition) PDF p. 21 / initiative p. 20

Where the declared value is lower than the transaction value of identical or similar goods, as determined pursuant to Articles 72 and 73 of the CL, the customs authority would be required to initiate an audit. The bill does not establish a de minimis rule.

The rule eliminates a quantitative threshold. This does not mean that any difference in the stated prices would, by itself, be sufficient: A valid comparison under Articles 72 and 73 of the law must first exist. The practical risk is that a small difference, once the reference is validated, could require the authority to initiate a review in the same manner as a substantial difference, increasing the volume of audits and the risk of inconsistent enforcement criteria.

2. Repeal of the 50% Threshold for Seizure and Article 86-A Exception

Article 151(VII) PDF p. 22 / initiative p. 21; comparative chart, PDF p. 14

The reform would eliminate (i) the current requirement that the difference in value be 50% or greater for the goods to be subject to precautionary seizure and (ii) the exception that currently prevents seizure when the importer has provided the guarantee referred to in Article 86-A.

This is the change with the greatest operational impact. Under the current regime, a threshold separates a valuation difference from the precautionary detention of the goods. The reform would eliminate that threshold. This does not, in itself, mean that the measure would be unconstitutional, but it could give rise to reasonableness and proportionality concerns where the difference is minimal.

3. Replacement of Seizure: Ten-Day Period and Cash Deposit Requirement of 20%

Article 154, second paragraph — PDF pp. 23–24 / initiative pp. 22–23

For goods not subject to estimated prices, the importer must request replacement of the seizure within ten business days from the beginning of the proceedings. If the difference is less than 20%, a cash deposit or customs guarantee account may be used; if the difference is 20% or more, only a cash deposit would be permitted.

The mechanism allows the importer to replace the detention of the goods but requires action within a short period. In addition, once the difference reaches 20%, the dispute requires immediate liquidity. The most sensitive issue is that goods subject to estimated prices would not have access to the same mechanism, even though Article 86-A exception would be repealed. For these sectors, the operational risk would increase significantly.

4. Threshold for Presuming an Undervaluation Violation, Reduced from 50% to 20%

Article 177(XII) PDF p. 25 / initiative p. 24

The bill lowers the threshold from 50% to 20% in value difference to presume the violation set forth in Article 177(XII) of the CL. This violation applies to goods imported under a regime that allows duties to be assessed without immediate payment.

During an audit, the tax authorities may presume that there is a violation if both of the following conditions are met: a) The declared value of the goods is 20% or more below the transaction value of identical or similar goods; and b) the goods were imported under a regime that defers or suspends import duties, and the lower declared value would have resulted in lower import duties or countervailing duties if the goods had been imported definitively.

The applicable penalty consists of a fine ranging from 130% to 150% of the foreign trade duties and, where applicable, countervailing duties that would have been unpaid had the goods been destined for definitive importation.

This is not a general rule applicable to all definitive imports. It primarily applies to duty-suspension or duty-deferral regimes, including temporary imports/IMMEX and bonded warehouse regimes. Together with the proposed Article 144 of the CL, the measure increases the likelihood of audits and reduces the quantitative threshold for this type of violation. Documentation supporting comparability, adjustments, and commercial terms will become even more important.

5. If the Seizure Is Deemed Unfounded, Guarantees Must Be Released and Deposits Refunded

Article 153, second paragraph — PDF pp. 22–23 / initiative pp. 21–22

If the lawful status of the goods is proven, the grounds for the seizure are debunked, or the proper determination of the customs value is demonstrated, the authority would be required to release the goods and release the corresponding guarantee or refund the applicable deposit.

This is a positive counterbalance, although limited. The current version of Article 153 already establishes the maximum period for the proceedings. The improvement lies in expressly requiring the release or refund when the outcome is favorable. The financing cost of immobilizing funds and the operational impact of detained goods, however, remain without any specific compensation.

6. Immediate Entry into Force, with Operational Rules Yet to Be Defined

Single Transitional Article — PDF p. 25 / initiative p. 24

The amendments would enter into force on the day following its publication in the Federal Register.

The immediate entry into force would leave limited time to update files, liquidity planning, and internal protocols. If the replacement mechanism depends on subsequent enabling rules, there could be an initial period of operational uncertainty. A transition period tied to the issuance of such rules would be reasonable during the legislative process.

WHAT SHOULD BE REVIEWED NOW

- Identify transactions involving differences compared with identical or similar goods, particularly those with differences close to or exceeding 20% and those conducted under temporary import/IMMEX or bonded warehouse regimes.
- For each transaction, gather supporting documentation for the declared value, including contracts, price lists, discounts, comparability adjustments, and, for related-party transactions, consistency with transfer pricing documentation.
- Assess with the treasury team the liquidity that may be required for cash deposits and establish a response protocol that can be activated within ten business days.

III. FRA 2027: new measures, Regularization, and Rules That Continue

The 2027 FRA contains substantive measures in Article 25 and various transitional provisions. One point is key to reading it correctly: Several rules were already in effect in 2026, so their inclusion for 2027 represents continuity or an extension rather than a new burden.

Among the measures with the greatest impact are the Excise Tax on Production and Services ("IEPS") on fuel marketers, the 7% VAT option for RESICO taxpayers, and the tax regularization and repatriation windows. By contrast, platform withholding rules and several financial sector provisions are already part of the 2026 FRA.

KEY TAKEAWAYS

Matter	Key takeaway	Impact on Companies
Digital Platforms – ISR	The 2026 regime continues: 2.5% and 20% withholding rates for legal entities without a Federal Taxpayers Registry ("RFC").	Continued cash flow impact and need for accurate tax information
Digital Platforms – VAT	Withholding rules already in effect in 2026 remain applicable.	Tax residency, RFC, and bank account information remain critical.
Fuel	New IEPS on the positive monthly difference between units sold and units purchased, effective July 1, 2027	Direct impact on margins, cash flow, and volumetric controls
RESICO – VAT	Option to pay definitive VAT at a 7% rate on collections, without crediting VAT on inputs or imports	May benefit businesses with limited input VAT; it requires prior modeling.
Tax Regularization	100% Write-off for Fines, Surcharges, and Collection Costs for Eligible Taxpayers	Significant opportunity but requires liquidity and may require withdrawal of pending proceedings
Repatriation of Funds	7.5% ISR subject to the return, investment, and holding requirements.	Total cost may include profit-sharing obligations ("PTU") and withholding on distributions.
Litigation	The six-month period to provide a guarantee on tax assessments already applies in 2026, but for 2027, improvements are included to the exclusive merits-based appeal ["*recurso de revocación exclusiva de fondo*"].	Procedural improvement, but largely a continuation of the existing framework
Surcharges on Payment of Tax Assessments	The rates in effect for 2026 remain unchanged.	No modification
Interest Withholding Rate for the Financial System	The rate is reduced from 0.90% to 0.68%.	Increased liquidity due to lower withholding

1. Digital Platforms- ISR: current 2026 Regime Continues

Article 25 (VI) — PDF pp. 238–239

The 2027 bill keeps the 2.5% rate applicable to individuals who sell goods or provide services through digital platforms, as well as the 2.5% withholding applicable to legal entities and the 20% withholding applicable when such entities fail to provide their

RFC. For legal entities, the withholding may be credited against advance income tax payments or against the tax payable for the relevant tax year.

2. Digital Platforms – VAT: 2026 Operating Regime Continues

Article 25(IX) — PDF pp. 242–244

The proposal keeps the obligations applicable to digital platforms that collect the price and VAT on behalf of the supplier, including withholdings from legal entities pursuant to the reference set forth in Article 18-J of the VAT Law, 100% withholding in certain cases involving foreign residents and deposits into accounts located outside Mexico, as well as requirements relating to digital invoices ("CFDI") and information reporting to the Mexican Tax Administration Service ("SAT").

3. New IEPS on Gasoline and Diesel Marketers Based on Volume Differences

Article 25(XIX), and Twenty-Ninth Transitional Article — PDF pp. 258–259 and 306. Effective July 1, 2027

Marketers who are not manufacturers, producers, or importers would be required to pay the rates established under the Excise Tax on Production and Services Law on the positive difference between units sold and units purchased during the same month, without any credit, reduction, or tax incentive. The tax cannot be charged to customers or embedded in the sale price. The measure would apply from July 1 through December 31, 2027.

The Purpose section of this bill indicates that the measure is not intended to tax legitimate inventory or timing differences. However, the proposed text compares sales against purchases within the same month. Without an express reconciliation mechanism, accumulated inventory, purchases made in one month and sold in the following month, or shrinkage could result in a taxable difference. For marketers, the impact would be direct on margins and cash flow. The priority should be to strengthen volumetric controls and monthly reconciliations now.

4. 7% VAT Option for RESICO Taxpayers

Article 25(XVIII) — PDF pp. 255–258

Individuals and legal entities subject to RESICO would be able to elect to pay VAT at a 7% rate on taxable consideration actually collected, through monthly final payments. The election would eliminate the ability to credit VAT paid to suppliers and VAT paid upon importation; only VAT withheld could be offset, and taxpayers would still be required to charge VAT at the applicable statutory rate.

In addition, the difference between VAT charged to customers and the tax actually paid at the 7% rate could be kept by taxpayers and would not be treated as an item of income. To elect this benefit, taxpayers would be required to file a notice with the tax authorities within 30 days following the date on which they receive their first payment of the year for taxable activities.

This is not necessarily a beneficial regime for all taxpayers. It may work well for businesses with limited recoverable input VAT, but become less attractive where there are significant purchases, investments, or imports. The decision should be modeled using actual financial data before the election is made.

5. 100% Waiver of Fines, Surcharges, and Collection Costs for Eligible Taxpayers

Twenty-First Transitional Article — PDF pp. 286–290

The incentive would apply to taxpayers whose total revenues for fiscal year 2025 did not exceed MXN 300 million (approximately USD 16.2 million), provided that they also satisfy the additional requirements set forth in the bill. To qualify for this benefit, taxpayers would be required to submit an application no later than October 31, 2027. The incentive could cover up to 100% of fines, surcharges, and collection costs; the remaining balance of the tax liability would have to be paid within a short period, without offsetting or payment in kind.

This represents a genuine opportunity to settle outstanding tax contingencies, but it does not waive the principal tax liability. Where the liability is under dispute, the decision requires comparing the potential savings against the likelihood of success and the irreversible cost of withdrawing the dispute. It also requires advance funding arrangements, as payment must be made in a single installment.

6. Repatriation of Foreign Funds: 7.5% ISR

Twenty-Third Transitional Article — PDF pp. 291–303

Eligible taxpayers could pay ISR at a 7.5% rate on lawfully sourced funds held abroad, provided that such funds are brought into Mexico through the financial system within the applicable period, the corresponding tax is paid, and the funds are allocated to the authorized investments or other permitted purposes for the required holding period.

The 7.5% rate does not necessarily represent the total tax cost. For legal entities, the attributable PTU should be considered, as well as, where applicable, any additional withholding on dividends or capital reimbursements paid with such funds. Traceability of the lawful source of the funds and compliance with applicable anti-money laundering requirements are essential before taking advantage of the benefit.

In addition, the benefit does not operate on an anonymous basis. The repatriation must be conducted through the financial system, identifying the sender and beneficiary, and financial institutions must apply the corresponding anti-money laundering controls.

It is worth noting that the rate was reduced by 50% compared to the previous year, from 15% to 7.5%.

7. Surcharge rates for payment of tax assessments

Article 11 (I and II) -PDF pp. 182-183 / initiative pp. 23-24

The rates of surcharges applicable to the payment of tax assessments would remain unchanged for 2027. In the case of extensions, the rate would be 1.38% per month on outstanding balances. In the case of deferral, the applicable rates would be 1.42% per month for installments of up to 12 months; 1.63% per month for periods exceeding 12 months and up to 24 months; and 1.97% per month for periods exceeding 24 months or for deferred payments. The rates applicable to installment payments include the corresponding inflation adjustment.

The proposal does not represent a change from 2026, and therefore it keeps the financing cost associated with deferring or paying tax assessments in installments. The Purpose Section indicates that maintaining these rates is intended to provide certainty to taxpayers, even in the event of fluctuations in money market rates.

8. Interest Withholding Rate for the Financial System

Article 24 — PDF pp. 230–231 / initiative pp. 71–72

The withholding rate on interests paid by the financial system would be reduced from 0.90% to 0.68%, applicable to the principal amount generating the interest during 2027.

The reduction in the withholding rate from 0.90% to 0.68% would decrease the provisional ISR withheld on interest earned from financial institutions, thereby improving liquidity during the year without necessarily reducing their final ISR liability. For 2027, the bill also expressly incorporates the methodology for determining the rate, taking into account the average yield on 28-day Mexican Federal Treasury Certificates (CETES), inflation, and the effective ISR rate applicable to individuals with income from the financial sector.

9. Tax Guarantee: Administrative Appeal and Exclusive Merits-Based Appeal

Twenty-Sixth Transitional Article — PDF pp. 305–306 / initiative pp. 146–147

The bill would again provide for a six-month period, beginning on the date the administrative is filed, to provide the tax guarantee. However, if the appeal is ruled upon before such period expires, the guarantee must be provided within 10 days following the effective date of the corresponding resolution.

In addition, in the case of an exclusive merits-based administrative appeal ["*recurso de revocación exclusivo de fondo*"], taxpayers would not be required to provide a tax guarantee, preserving the exemption based on the nature of this proceeding.

The six-month period to provide the guarantee after filing an administrative appeal already exists under the 2026 FRA. The key development for 2027 is the additional treatment provided for the exclusive merits-based administrative appeal.

10. Verification Program for Taxpayers under Title III of the LISR

Thirtieth Transitional Article — PDF p. 307 / initiative p. 148

The bill provides for the implementation of a verification and audit program for taxpayers subject to Title III- Legal Entities with Non-Proft Purposes of the LISR, aimed at verifying that the income they receive is consistent with their corporate purpose and ensuring proper compliance with the applicable tax provisions.

The program reflects increased scrutiny by the tax authorities of entities subject to Title III of the LISR, particularly regarding the consistency between their income and corporate purpose. Accordingly, it would be advisable to conduct a preventive review of substance, supporting documentation, and tax compliance.

11. Insurance Companies: Continuation of the VAT Credit Restriction

Article 25 (XIV) PDF p. 246

The 2027 bill keeps the rule introduced in the 2026 FRA under which VAT charged on the acquisition of goods or services, as well as VAT paid upon importation, is not creditable when such goods or services are used to fulfill insurance contracts where the indemnity consists of compensating for damages or replacing the damaged or lost property through third parties**.**

This is not a new restriction for 2027, but rather a continuation of a measure already in effect during 2026. Its continuation consolidates an economic cost for insurance companies by preventing them from recovering, through VAT credits, the VAT associated with such goods and services.

WHAT SHOULD BE REVIEWED NOW

- Platforms and sellers: Treat the ISR and VAT withholding rules as a continuation of the 2026–2027 framework and audit RFC, tax residency, and collection account information.
- Fuel marketers: Reconcile inventories, purchases, sales, shrinkage, and volumetric controls on a monthly basis. Additionally, to model the impact of IEPS that cannot be passed on to customers or credited.
- RESICO: Using actual figures, compare the 7% final VAT with the ordinary VAT credit mechanism before electing the option.
- Tax assessments and foreign funds: Model the total cost of tax regularization or repatriation, including funding requirements, withdrawal of proceedings, PTU, distributions, and traceability.

IV. FFL 2027: Sector-Specific Increases, Enhanced Enforcement, and Spectrum Relief Measures

The proposed amendments to the FFL combine significant increases in duties, new compliance obligations, and enhanced enforcement powers, together with certain favorable measures for the telecommunications sector. If approved, the proposed amendments would enter into force on January 1, 2027.

KEY TAKEAWAYS

Matter	Key takeaway	Impact on Companies
Railways	The rate applicable to gross revenues from concessions held for more than 15 years would increase from 1.25% to 3%.	Direct and material impact on concession costs
Water	Information-gathering powers would be expanded, measurement by water use would be required, and the express rule regarding discharges into soil would change.	Increased enforcement and new operational costs
Restricted Zone	The fee for filing notice of acquisitions for non-residential purposes would increase from MXN 1,473.64 (approximately USD 80) to MXN 13,000 (approximately USD 703).	Significant increase in costs associated with real estate transactions by foreign individuals and entities
Environmental / COFEPRIS (Federal Commission for the Protection against Sanitary Risks)	Various duties would increase above the inflation rate.	The cumulative cost of permits and renewals should be assessed.
Telecoms	Certain fees would be reduced by 12%, while coverage-based discounts would continue.	Favorable measure, subject to applicable regulatory conditions
AFOREs (Retirement Fund Administrators)	The calculation formula would be improved, but a transitional floor would limit the immediate savings.	Structural benefit, with a deferred financial effect

1. Constitutional Considerations Regarding Increases in Federal Duties

Case Law 2a./J. 28/2024 (11th), registry number 2028486 — Purpose Section, PDF pp. 3–4, 13, and 45

The bill cites Case Law 2a./J. 28/2024 (11th) (registry number 2028486) to state that the Legislative Branch is not limited by inflation or by a specific percentage when increasing a duty. However, the criterion does not eliminate the proportionality analysis. In the case of duties charged in exchange for services, the fee must bear a reasonable relationship to the cost of providing the service; for duties charged for the use or exploitation of public domain assets, the Supreme Court of Justice considers, among other factors, the extent of the use or exploitation, the approximate benefit derived, and the availability of the asset.

The analysis should not focus solely on the magnitude of a fee increase, but also on whether the parameter used to determine the fee is sufficiently justified. International or sector-specific comparisons may provide useful context, but they do not replace that justification.

1. Railways: 140% Increase in the Rate on Gross Revenues

Article 232-B (II) — proposed text, PDF pp. 116–117 (decree pp. 36–37); Purpose Section, PDF pp. 55–57

The rate would increase from 1.25% to 3% for mature concessions and would continue to be calculated on gross revenues, without directly taking into account margins, investment, or profitability. The Purpose Section relies on comparisons with other countries and concession sectors.

The issue is not that a fee based on gross revenues is inherently invalid. Rather, an increase of this magnitude requires sufficient justification linked to the use or exploitation of the public asset and the benefit derived from it. International comparisons may be relevant, but only to the extent that the concessions, investment obligations, and economic conditions are genuinely comparable.

2. Standardizing Fees Does Not, by Itself, Justify the Amount

Article 25, Sections V, subsection a), X, XI, and XV — proposed text, PDF pp. 85–86 (decree pp. 5–6); Purpose Section, PDF pp. 14–16

In the restricted zone, the Ministry of Foreign Affairs takes the position that processing a timely notice and a late notice generates an equivalent administrative cost and proposes setting both fees at MXN 13,000 (approximately USD 703). The initiative includes similar fee standardizations for other procedures.

The fact that two comparable services are subject to the same fee may support equal treatment, but it does not, in itself, establish that MXN 13,000 is an appropriate amount. The Purpose Section must also explain why that amount represents a reasonable level for the fee.

3. Part of the Compliance Cost Depends on Subsequent Rules

Articles 225, last paragraph, and 239 — proposed text, PDF pp. 116 and 118–119 (decree pp. 36 and 38–39); Purpose Section, PDF pp. 52–53 and 61–62

The bill would require individual measurement of water use but leaves the technical specifications for the equipment to subsequent rules.

The delegation of technical matters is not unusual, but it currently makes it difficult to determine the total compliance cost. For industrial water users, the impact would not be limited to the duty itself. It may also include equipment, installation, calibration, maintenance, and reporting controls.

4. National Water Commission (CONAGUA): Scope of Information Requests Must Be Based on the Statutory Text

Article 192-E(VII) — proposed text, PDF p. 103 (decree p. 23); Purpose Section, PDF pp. 37–39

The proposed text of Article 192-E (VII) would allow National Water Commission to request information regarding the use, exploitation, or utilization of national waters and would require such information to be kept confidential. The Purpose Section links this measure to powers already provided for under the National Waters Law.

The Purpose Section does not, itself, expand the statutory authority. The scope of each information request must be assessed based on the statutory text and its applicable limits. Any discrepancy between the justification and the proposed statutory language could give rise to disputes regarding the information that may lawfully be requested.

5. Telecomm

Articles 239, 244, 244-B, 244-E, 244-G, 244-I, and 244-J; Third Transitional Article — proposed text, PDF pp. 119–130 and 139; Purpose Section, PDF pp. 61–67 and 79–80

In the telecommunications sector, a 12% reduction is proposed for various frequency bands. The 600 MHz and 700 MHz bands would remain unchanged in 2027, and discounts of up to 100% linked to compliance with coverage obligations would continue to apply. Certain fees would be eliminated, and duties related to access to cultural venues would be adjusted.

WHAT SHOULD BE REVIEWED NOW

- Railway and spectrum concession holders: Model the economic impact and review the justification for the applicable duty based on its nature.
- Industrial water users: Inventory water use points, review the traceability of measurement data, and confirm the classification of receiving water bodies and associated aquifers for discharge purposes.
- Foreign real estate investment and regulated sectors: Anticipate procedures that may still be completed in 2026 and quantify the cumulative impact of environmental, health, and regulatory duties for 2027.

V. Digital Economy Law

The bill seeks to broaden the acceptance of digital payment methods, facilitate the remote contracting of financial services through digital identity mechanisms, and authorize the Ministry of Finance ("SHCP") to designate strategic sectors or relevant activities in which digital and electronic payments may be the only permitted form of payment.

The opportunity lies in greater formalization and traceability. The risk lies in a rapid transition and in the possibility that the sector-specific scope may be defined outside the initial statutory text.

KEY TAKEAWAYS

Matter	Key takeaway	Impact on Companies
Payment Acceptance	Public-sector entities and covered companies would be required to have the operational capacity to accept digital payments.	Technology CAPEX/OPEX and process changes
Strategic Sectors	The SHCP would designate activities in which digital payments could be the exclusive form of payment.	Uncertainty until the covered sectors, exceptions, and transition rules are defined.
Digital Identity	Digital records would facilitate the remote contracting of financial services.	Reduced friction, but increased importance of identity and data controls

Digital Economy Law: Digitalization of Payments and Potential Sector-Specific Exclusivity

Digital Economy Law initiative — published in the Parliamentary Gazette on September 9, 2026

The Digital Economy Law seeks to expand the use of digital payments and authorizes SHCP to designate strategic sectors or relevant activities in which digital and electronic payment methods may be the exclusive means of payment. The initiative does not eliminate cash as a general matter.

The key issue is the breadth of the authority delegated to the SHCP. If the applicable criteria, exceptions, and transition periods are not sufficiently defined, the measure could raise legal certainty and proportionality concerns, as well as operational costs for companies and users with limited connectivity. The initial review should therefore be legal but also address technology and business continuity considerations.

VI. Cadastral Harmonization Law

The initiative seeks to harmonize cadastral and public registry processes and data, facilitate interoperability, and strengthen territorial information. Its stated objectives include enhancing legal certainty, planning, and local revenue-collection capacity.

KEY TAKEAWAYS

Matter	Key takeaway	Impact on Companies
Interoperability	Registry and cadastral data would be standardized and interconnected.	Increased cross-checking of information regarding real estate and ownership
Valuation	Modernization would facilitate the updating and cleansing of cadastral databases.	Potential indirect impact on local property taxes and duties
Data and Federalism	Implementation would require coordination among the federal government, states, and municipalities.	Companies should review data governance, jurisdictional authority, and applicable local rules.

Cadastral Harmonization Law: Standardization and Digitalization of Cadastral and Public Registry Systems

Cadastral Harmonization Law— initiative — published in the Parliamentary Gazette on September 9, 2026

The Cadastral Harmonization Law seeks to standardize and digitalize cadastral and public registry systems in order to enhance legal certainty, territorial information, and interoperability. A more comprehensive database could facilitate the updating of local information and property valuations.

The law would not, by itself, increase property taxes or create a new tax rate. Any revenue-raising effect would depend on state and municipal legislation. The key areas of attention are the protection and governance of property-related data, the allocation of governmental powers, and local autonomy. Greater traceability could, however, make inconsistencies or outdated information more visible and potentially give rise to subsequent tax implications.

The Tax Reform Bill for 2027 will be discussed and reviewed by Congress prior to enactment. Accordingly, it may be subject to adjustments, additions, or amendments during the legislative process.

Clark Hill attorneys are available to assist you in assessing your tax compliance obligations and implementing appropriate preventive measures to mitigate potential contingencies. Please contact the Clark Hill attorney with whom you regularly work or any of the attorneys listed below for assistance.

CONTACT:

Mario Barrera
Member
Clark Hill
+52.55.7100.3124 (office)
mbarrera@clarkhill.com
www.clarkhill.com

Catalina Mandujano
Senior Associate
Clark Hill
+52 55.9448.2411 (Office)
cmandujano@clarkhill.com
www.clarkhill.com

Andrea Iturbide
Associate
Clark Hill
+52.55.9448.2413 (Office)
aiturbide@clarkhill.com
www.clarkhill.com