

2022 – 1 Tax Consulting

Executive Branch publishes adoption of MLI

On November 22, 2022, the Executive Branch published in the Official Federal Gazette (*Diario Oficial de la Federación*) the “Decree that approves the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting executed on November 24, 2016, in Paris, France, as well as its reservations and notifications” and the “Decree that approves the List of Reservations and Notifications Status upon Deposit of the Instrument of Ratification of the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting”.

For the entry into force of the Multilateral Convention on the Implementation of Tax Treaty Measures to Prevent Base Erosion and Profit Shifting ("MLI") in Mexico, the Mexican Government must deposit the instrument of accession before the Organization for Economic Co-operation and Development ("OECD"). At that moment, the time period for it to enter into effect and its enforcement will begin to be computed.

The foregoing implies that there will be modifications to the International Tax Treaties currently in force between Mexico and the foreign states that also executed the MLI , as long as they have, in turn, complied with all the formalities associated with its entry into force within said jurisdictions.

The measures contained in the MLI, among other objectives, seek to prevent the abuse of Tax Treaties to avoid double taxation, improve conflict resolution, regulate Permanent Establishment rules and to neutralize the use of hybrid schemes.

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It will be relevant to monitor the date in which the Mexican government deposits the MLI before the OECD's Depositary in order to ascertain the dates of its entry into force and effect in Mexican-Treaty practice. We will issue further bulletins to keep our readers updated.

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Mexico City

November 2022

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