

2023 – 1 Tax Consulting

Mexico deposits its Instrument of ratification for the MLI

On March 15, 2023, the Mexican government deposited before the Organization for Economic Co-operation and Development (“OECD”) its instrument of ratification for the Multilateral Convention on the Implementation of the Tax Treaty Measures to Prevent Base Erosion and Profit Shifting (“MLI”), which will enter into force on July 1st, 2023 for Mexico, date that corresponds to the first day of the month following the expiration of a period of three calendar months beginning on the date of the deposit of such ratification; and regarding withholding taxes and remaining taxes, it shall become effective and be applicable on January 1st, 2024.

Upon the MLI’s entry into force, the treaties for the avoidance of double taxation that Mexico has entered into prior to the entry into force of said convention may be modified, to the extent that the other State is also a Party to the MLI, meaning that it has deposited its respective instrument of ratification before the OECD and has selected Mexico as a Covered Tax Treaty.

It shall be noted that the measures contained in the MLI seek, among other objectives, to prevent the abuse of tax treaties, improve conflict resolution, regulate Permanent Establishment rules and neutralize the use of hybrid schemes.

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March 2023

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