

2023 – 6 Tax Consulting

Executive Branch publishes MLI Decree

On June 19, 2023, the Executive Branch published in the Official Federal Gazette (*Diario Oficial de la Federación*) the “Decree that publishes the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting executed on November 24, 2016, in Paris, France”. The instrument was deposited by the Mexican Government before the Secretary-General of the Organization for Economic Co-operation and Development (“OECD”) on March 15, 2023.

The Multilateral Convention on the Implementation of Tax Treaty Measures to Prevent Base Erosion and Profit Shifting (“MLI”) will entry into force in Mexico on July 1st, 2023, and regarding withholding taxes and remaining taxes, it shall become effective and be applicable as of January 1st, 2024.

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, if such foreign states have deposited the instrument of ratification before the OECD and had designated its bilateral tax agreement with Mexico as a Covered Tax Agreement.

This publication also contains the List of Reservations and Notifications made by Mexico upon deposit of the instrument of ratification before the OECD.

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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