



2017 – 5 Tax Consulting



## **Repatriation of resources - Extension period and other amendments**

On July 14, 2017 the President of Mexico announced an extension period until October of this year for the application of the Decree whereby several tax benefits are granted with respect to income tax arising from foreign deposits or investments to be repatriated to Mexico (Repatriation Decree), published in the Official Gazette on January 18, 2017.

The extension period was formalized on July 17, 2017 through the publication in the Official Gazette of a Decree of amendments to the Repatriation Decree. The amendment to the extension period implies that the Repatriation Decree will be in force until October 19, 2017 (i.e., nine months after the Repatriation Decree entered into force).

The Repatriation Decree was also modified in order to grant the benefits established therein to taxpayers that became subject of an audit process by the Mexican tax authorities prior to the payment of the corresponding income tax once the corresponding deposits or investments have been repatriated to Mexico, regarding the income subject to the Repatriation Decree, provided that said taxpayers correct their tax situation by paying the tax arising from the application of the referred Decree and the payment is made in any stage of the audit review, even when a final resolution had already been issued by the tax authorities, and the terms available to file legal remedies have not expired. It is important to point out that this possibility had already been covered by the Mexican tax authorities through the issuance of an administrative rule.

In addition, the Repatriation Decree was also modified with the intention of clarifying that (i) in cases when the investments held abroad from which the income subject to the Decree derives have already paid the Mexican income tax and the taxpayers can prove such payments with the corresponding supporting documents, or (ii) if the statute

of limitations applicable to the Mexican tax authorities has already expired (5 years as a general rule, or an extended period of 10 years under certain circumstances), taxpayers will not be obliged anymore to pay the income tax corresponding to such investments, neither in terms of the Mexican Income Tax Law nor of the Repatriation Decree.

\* \* \* \* \*

Mexico City  
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