
Deadline to apply for Mexican tax amnesty program is approaching

February 25, 2013

In brief

The Mexican Revenue Administration Service (SAT) has published the rules for the country's new tax amnesty program, which began on January 1, 2013. Taxpayers should note that:

- they may request amnesty on up to 100% of outstanding tax and additions to tax (accessories) incurred for open years up to December 31, 2012
 - amnesty requests must be made by May 31, 2013
 - the amount of tax forgiven will not constitute taxable income for Mexican income tax purposes.
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In detail

The 'pardon' granted under the amnesty program applies to tax assessments determined by the tax authorities, as well as to tax deficiencies determined by taxpayers themselves, either before or after they come to the tax authorities' attention.

Contested tax debts or assessments are also eligible for amnesty if the appeal procedure results in a definitive ruling. Such tax debts or assessments

are eligible if, before the appeal procedure is concluded, the taxpayer withdraws the appeal or lawsuit and attaches to the pardon request the official acknowledgment that the request to abandon the appeal or lawsuit has been received.

The takeaway

Because the deadline for applying to the new tax amnesty program is just over three months away, taxpayers should immediately assess the tax and

legal effects of participating in the program. Taxpayers should additionally consider the impact on any tax debts related to pending litigation or affecting a consolidated tax group. US MNCs should evaluate the impact on foreign tax credit accruals relating to potentially pardoned tax liabilities resulting from participation in the amnesty program.

Let's talk

For a deeper discussion, please contact:

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