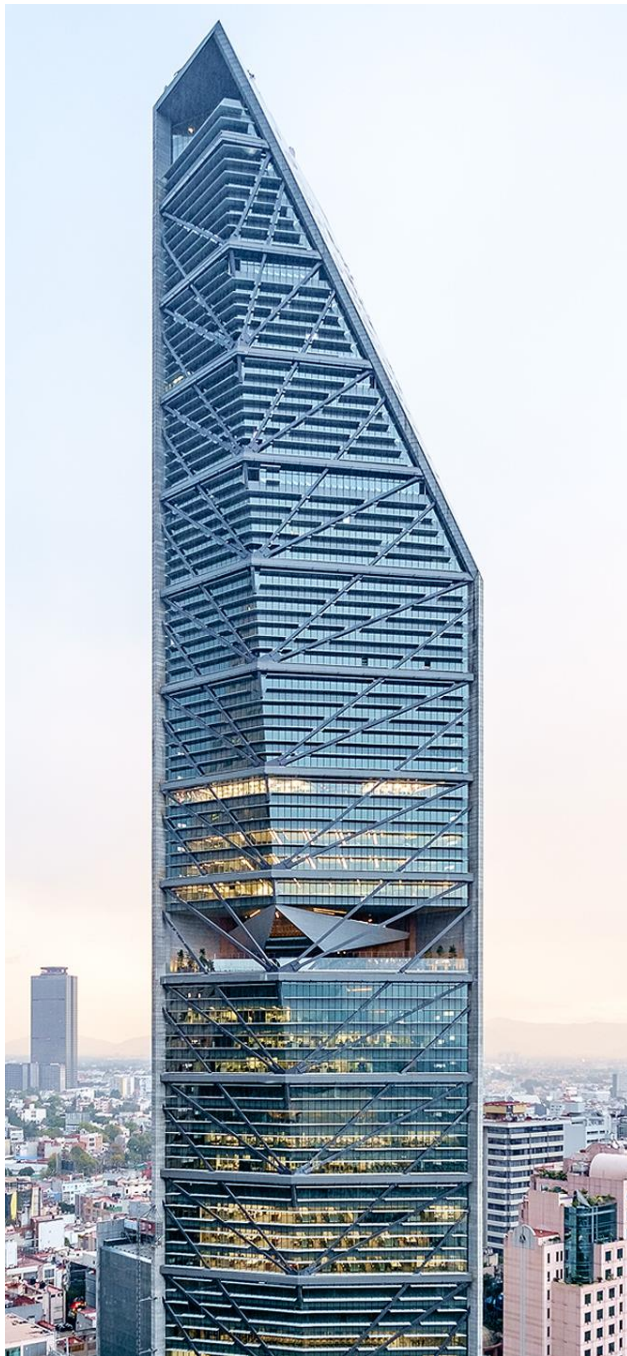

2022 Tax Reform

Mexico City – Tax

November 16, 2021



Potential Tax Impact on the Taxation of the Hydrocarbon Sector.

On November 12, 2021, the Executive Branch published in the Federal Official Gazette (“**DOF**”) the "Bill by which various provisions of the Mexican Income Tax Law, Mexican Value Added Tax Law, the Mexican Excise Tax Law, Mexican New Automobiles Federal Law, the Mexican Federal Tax Code, and Other Regulations are amended, added and repealed" (hereinafter the "**2022 Tax Reform**").

The 2022 Tax Reform includes several amendments that may impact the taxation of the hydrocarbon sector in Mexico.

The following are the most relevant aspects of the 2022 Tax Reform for this business segment:



Relevant Aspects for Private Clients

1. Federal Tax Code (“FTC”)

1.1. Volumetric Control Obligations

- Aiming to fight against the illicit market of hydrocarbons and petroleum products, the 2022 Tax Reform includes new obligations for taxpayers that manufacture, produce, process, transport, store, distribute or dispose any type of hydrocarbons and petroleum products. Specifically, taxpayers must have certificates supporting the correct functioning and operation of the volumetric control systems.
- In addition, taxpayers will be required to issue daily and monthly reports with information of volumetric controls, including: (i) volume records, (ii) data from the Electronic Tax Invoice (“CFDI”), and (iii) information on the type of hydrocarbon or oil, as well as the certificates showing the correct functioning and operation of the volumetric control system and computer program.

1.2. Presumptive tax on the sale of hydrocarbons or petroleum products

- Tax authorities will have powers to assess the presumptive sale of hydrocarbons in the following cases:
 - When the taxpayer does not send reports of volumetric controls;
 - When the taxpayer does not have volumetric controls;
 - When there are no meters or their measurements are not reliable;
 - When there is a difference of inventories against purchased goods; and
 - When there is a shortage of inventories.
- Both economic and criminal penalties are included in case of non-compliance with the obligations of volumetric controls, ranging from \$35,000.00 M.N. to \$61,500.00 M.N., depending on the infraction, and from 6 to 12 years of prison for those who sell hydrocarbons or petroleum products of illicit origin.



2. Mexican Income Tax Law (“MITL”)

2.1. Deduction requirements

- The 2022 Tax Reform provides for taxpayers that acquire fuel for any kind of vehicles (maritime, air or land) the obligation to have a CFDI including the information of the existing permit issued by the Energy Regulatory Commission (*Comisión Reguladora de Energía*) or the Ministry of Energy (*Secretaría de Energía*) to suppliers engaged in the distribution, commercialization and sale of hydrocarbons and petroleum products.

For additional information regarding the content of this document, please contact our Tax team in Mexico.

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