



Newsletter

## Labor, Social Security and Immigration Practice Group

### Supreme Court of Justice's Ruling on the Constitutionality of the Established Limit for Profit Sharing Payments

On April 3, 2024, the Second Chamber of the Supreme Court of Justice of the Nation resolved the constitutional appeal No. 633/2023, establishing the constitutionality of the limit for profit sharing payments under the Federal Labor Law.

The Second Chamber validated that the amount of profit sharing has a maximum limit of three months' salary for the worker or the average of profits received over the last three years, whichever is more favorable, in accordance with Article 127, section VIII of the Federal Labor Law, which was amended in 2021 as part of the labor subcontracting reform.

Furthermore, it also resolved that for a worker with less than three years of seniority, the average amount received by the category, position, level, or job position occupied by said worker over the last three years should be taken into account.

By unanimous vote, the Second Chamber resolved that the Congress of the Union has the authority to legislate on labor matters and issue provisions on profit sharing.

While the Second Chamber's ruling does not have a general effect, but only relative to the case it resolved, it does constitute an important precedent to uphold the legality of applying limits to profit sharing payments, whether in a judicial litigation, administrative litigation, or even in collective negotiations.

The team of professionals from the Labor, Social Security, and Immigration Practice Group of Sánchez Devanny has the knowledge and experience to assist in complying with the obligations established in the

Federal Labor Law regarding Workers' Participation in Profit Sharing.

This content was prepared by Alfredo Kupfer-Domínguez ([akupfer@sanchezdevanny.com](mailto:akupfer@sanchezdevanny.com)), Hugo Adolfo Gutierrez-Flores ([hgutierrez@sanchezdevanny.com](mailto:hgutierrez@sanchezdevanny.com)), and Santiago Fernandez-Rangel ([santiago.fernandez@sanchezdevanny.com](mailto:santiago.fernandez@sanchezdevanny.com)).

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## Labor, Social Security and Immigration Practice Group

This practice advises clients on compliance with labor and social security laws, and in the design and implementation of labor structures to avoid risk. We assist in processing immigration documentation for top-level executives and their families, with employment agreements, terminations, and fringe benefit planning, and represent clients in employment litigation.

### Contact

Alfredo Kupfer-Domínguez  
[akupfer@sanchezdevanny.com](mailto:akupfer@sanchezdevanny.com)

Fermín Lecumberri-Cano  
[flcumberri@sanchezdevanny.com](mailto:flcumberri@sanchezdevanny.com)

Hugo Gutiérrez-Flores  
[hgutierrez@sanchezdevanny.com](mailto:hgutierrez@sanchezdevanny.com)

Sebastián Rosales-Ortega  
[srosales@sanchezdevanny.com](mailto:srosales@sanchezdevanny.com)

#### México City:

Av. Paseo de las Palmas #525 Piso 6  
Col. Lomas de Chapultepec, 11000  
Ciudad de México  
T. +52 (55) 5029 8500

#### Monterrey:

José Clemente Orozco #335 Piso 4  
Despacho 401 Col. Valle Oriente, 66269  
San Pedro Garza García N.L.  
T. +52 (81) 8153 3900

#### Querétaro:

Av. Antea #1090 Piso 2 Int 206  
Col. Jurica  
Querétaro, Qro  
T. +52 (442) 296 6400



[www.sanchezdevanny.com](http://www.sanchezdevanny.com)

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