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Tax Practice Group Newsletter



Tax Administration Service publishes Effective Income Tax rates for large taxpayers

On June 13, 2021, the Tax Administration Service (SAT), in compliance with article 33 section I of the Federal Tax Code amended on December 8, 2020, published the Effective Income Tax (IT) Rates for Large Taxpayers (the Statement). This analysis covers 40 economic activities belonging to various industries directly related to mining, manufacturing, wholesale and retail trade, financial and insurance services, as well as the pharmaceutical and automotive sectors.

Such Statement derives from a series of analyses generated within the SAT, in which the percentages of IT concerning cumulative income that taxpayers had to determine, or caused during fiscal years from 2016 to 2019 were defined, mentioning that they have identified that some large taxpayers have chosen to consider reduction schemes such as undue deductions and aggressive tax planning, with which in the end, the percentages of IT for cumulative income were considerably lower.

The corresponding rates were determined by dividing the amount of IT due for the corresponding fiscal year, and the cumulative income thereof:

$$\text{Effective tax rate} = \frac{\text{IT}}{\text{Cumulative income}}$$

Thus, intending to facilitate and encourage voluntary compliance with its obligations, SAT suggests that

taxpayers consult the effective rates published in said Statement to measure the tax risks and if necessary, correct their tax situation by submitting a complimentary annual tax return.

It should be noted that the tax authority has said that throughout the whole year they will continue with the publications of the rest of the activities that are being analyzed internally to encourage taxpayers who have irregularities to self-correct.

It is of vital importance that taxpayers identified within the list of activities published in the Statement, as well as those that are published in the future, carry out an exhaustive analysis and review of their current tax situation to opt for self-correction in case of irregularities and minimize the possibility of deeper reviews by the tax authority.

The full publication is available at <http://omawww.sat.gob.mx/TasasEfectivasISR/Paginas/index.html>

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Tax

This practice pragmatically advises clients on tax planning, federal and local tax optimization for new or existing operations and expansion projects, national and international corporate reorganizations, tax treaties, transfer pricing, private wealth management, and provides representation during complex tax audits and litigation.

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