

# Mexico and United States Sign Competent Authority Arrangement Under Tax Treaty Regarding Interpretation of NAFTA and USMCA

2 August 2023

Report from IBFD Tax Treaties Unit

According to an update of 31 July 2023, published by the US Internal Revenue Service (IRS), Mexico and the United States signed a competent authority arrangement under the [Mexico - United States Income Tax Treaty \(1992\)](#), as amended by the 1994 and 2002 protocols, on 18 May 2023 and on 21 June 2023, respectively.

The [competent authority arrangement](#) regards the interpretation of the term "North American Free Trade Agreement" referred to in subparagraphs d) and g) of [paragraph I of article 17](#) (limitation on benefits) of the amended treaty and the arrangement explains that the references to the North American Free Trade Agreement (NAFTA) shall be understood as references to the United States-Mexico-Canada Agreement (USMCA) upon entry into force of the USMCA.

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