

Mexico

Economic Package for 2024: Executive Branch Proposes Increasing Withholding Tax Rate on Interest Paid by Financial Institutions

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The Executive Branch has proposed to increase the withholding income tax rate applicable to interest payments made by financial institutions, as part of the Economic Package for 2024 submitted to Congress. The proposed amendment to the Federal Revenue Law, which would be effective from 1 January 2024, aims to increase the withholding interest rate charged by financial institutions from 0.15% (rate applicable in 2023) to 1.48%.

With respect to tax incentives, the Federal Revenue Law generally maintains those in force during previous years.

The Economic Package does not propose any amendments to federal tax laws, such as the Federal Fiscal Code, the Income Tax Law, the Value Added Tax Law and Excise Tax Law, but either of the legislative chambers could propose amendments thereof.

The Executive Branch submitted the Economic Package for 2024 to the Chamber of Deputies on 8 September 2023, which will be discussed by the lower and higher chamber of Congress and may be subject to modifications therefrom. The enactment of the corresponding laws, as amended, must take place no later than 15 November 2023.

Further developments will be reported as they occur.

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