

## **Mexican Income Tax Law - Article 76A (unofficial ECS translation)**

The taxpayers indicated in article 32-H, sections I, II, III and IV of the Federal Tax Code that carry out transactions with related parties, in addition to that provided in article 76, sections IX and XII, and regarding the first and last paragraphs of article 179 in this Law, should provide to the tax authorities by December 31 of the year immediately following the fiscal year in question, the following annual informative declarations on related parties:

- I. Master informative declaration of related parties within the multinational business group, that should contain information regarding the multinational business group, including:
  - a. Organizational structure.
  - b. Description of the activity, intangibles, and financial activities with its related parties.
  - c. Financial and fiscal position.
- II. Local informative declaration of related parties, which should include information on the:
  - a. Description of the organizational structure, strategic and business activities, as well as transactions with related parties.
  - b. Financial information from the obligated taxpayer and the operations or companies used as comparables in their analyses.
- III. Country by country informative declaration for the multinational business group that contains:
  - a. Information by tax jurisdiction on the global distribution of income and taxes paid.
  - b. Indicators of the location of economic activities in the tax jurisdictions in which the multinational business group operated during the corresponding fiscal year, which should include the tax jurisdiction, the total income, separating the amounts received from related and third parties; profits or losses before taxes; income tax effectively paid; income tax caused during the year; capital accounts; accumulated profits or losses; number of employees; fixed assets and merchandise.
  - c. A list of all entities forming the multinational business group, and of their permanent establishments, including the principal economic activities of each of the entities forming part of the multinational business group; jurisdiction in which the entity is established, in the case that this is different from its tax residence, as well as any additional information that it is considered could facilitate the understanding of the previous information.

The country by country informative declaration should be submitted by the taxpayers referred to in this article when they are within one of the following situations:

- a. They are multinational parent companies, understanding as such those that fulfill the following requirements:
  1. They are residents of Mexico.

2. They have subsidiaries defined in terms of the financial information regulations, or permanent establishments, that reside or are located abroad, according to their situation.
3. They are not subsidiaries of another company resident abroad.
4. They are obliged to create, present and reveal consolidated financial statements according to the financial information regulations.
5. They report on their consolidated financial statements the results of entities residing in other countries or jurisdictions.
6. They have obtained during the immediately preceding year consolidated income for accounting purposes equivalent to or above 12,000,000,000 pesos.  
This amount may be modified by Congress for each year of the Federal Income Law.

- b. They are entities resident in Mexican territory or residents abroad with a permanent establishment in the country, that have been designated by the controlling entity of the multinational business group resident abroad as responsible for providing the country by country informative declaration referred to in this section. The designated entity should submit by December 31 of the year following their designation, a notice to the tax authorities according to the terms that may be established for such purposes the Tax Administration Service (SAT) via its general rules.

The Tax Administration Service will establish rules of a general character for the submission of the declarations referred to in sections I, II and III of the present article, by means of which they may request additional information, and include the corresponding means and forms. Additionally, such tax authority may request from entities resident in Mexico that are subsidiaries of a company resident abroad, or residents abroad that have a permanent establishment in the country, the country by country informative declaration referred to in section III of this article, in the cases where the tax authorities cannot obtain the information corresponding to such declaration through the exchange of information mechanisms established in the international treaties that Mexico has current, for such purposes the taxpayers will have a maximum term of 120 working days from the date of the notification of the request to provide the declaration referred to in this paragraph.