

# Analysis of the administrative easements and tax incentives granted by several States of the Republic

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Due to the recent economic and health situation facing the country as a result of the pandemic caused by COVID-19, several States have announced and published certain administrative easements and tax incentives (“**Measures**”), as our firm anticipated on April 11 in the note that can be consulted [here](#).

Below, we provide an analysis of the Measures adopted only in the States of the country indicated hereinafter.

### a) Aguascalientes

By Decree published on March 28, 2020 in the Official Gazette of the State of Aguascalientes the “*Program for Economic Support in response to the Contingency for COVID-19*” was issued, through which it was determined to:

- (i) Defer the payment of the Payroll Tax of the months of April, May and June 2020, to be paid in up to 8 equal monthly installments.

For these purposes, a written request must be filed to the Assistant Secretary of Revenue of the Ministry of Finance of the State before the expiration of the payment date; subsequently it will be formalized through an agreement on payment in installments, which will not generate fines, indexing or surcharges.

- (ii) Expand the period for paying the Vehicular Control Fee until July 31, 2020.

- (iii) Defer the payment of the Final Sale of Alcoholic Beverages Tax that is caused during April, May and June 2020 to be paid in up to 8 equal monthly installments.

For these purposes, a written request must be filed to the Assistant Secretary of Revenue of the Ministry of Finances of the State before the expiration of the payment date; subsequently it will be formalized through an agreement on payment in installments, which will not generate fines, indexing or surcharges.

- (iv) Additionally: (a) the discount of 5% with respect to the payment of the Vehicular Control Fee is maintained for the months of April, May and June<sup>1</sup>; (b) a discount is granted of 10% to those owners of automobiles, light trucks and heavy vehicles who pay the 2020 Vehicular Control Fee in April, May and June, through the webpage of the Government of the State of Aguascalientes; (c) a discount is granted of 10% in the payment of the Acquisition of Used Motor Vehicles Tax, to those who change ownership in the months of April to December 2020 (provided they are up to date in the payment of the Vehicular Control Fee); (d) a discount is

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<sup>1</sup> Referred to in article 40 of the Revenue Law of the State of Aguascalientes for 2020 Fiscal Year.

granted of up to 40% in the Public Billboard Tax during the months of April to December 2020; and (e) a discount is granted of 30% on the payment of the Payroll Tax triggered in the months of April to December 2020 to companies that have up to 20 active workers in each of those months; provided they pay the remainder not discounted (70%) in a lump sum, and in a timely and proper manner.

- (v) Additionally, during March 28, 2020 and the month of May 2020 the Ministry of Finance of the State will suspend the issuance of acts of investigation for the initiation of powers<sup>2</sup>. However, invitation letters will be issued and only in those cases in which the irregularities itemized in them are not resolved will it proceed to the issuance of an act of investigation. In addition, all actions will be suspended in the domiciles of the taxpayers, derived from the acts of investigation in progress, during April and May<sup>3</sup>.

## **b) Mexico City**

As indicated in the note published by our firm on March 20th (which can be consulted [here](#)), the “*Ruling suspending the terms and periods inherent to the administrative proceedings and granting administrative eases for complying with tax obligations, to prevent the propagation of the COVID-19 virus*” was published in the Official Gazette of Mexico City, through which it was determined to:

- (i) Suspend the terms and periods for carrying out actions and processes in the administrative proceedings carried out before the Agencies, Decentralized Bodies, Town Halls (Alcaldías) and Entities of the Public Administration of Mexico City, including tax related ones, such as: initiation, processing, notifications, legal citations, summons, requirements, rulings, actions, resolutions, administrative appeals or any other means of defense and other actions.
- (ii) Extend the periods for compliance with the tax obligations consisting of the filing of tax returns and the making of payments that should be paid during the month of April 2020, which may be done until April 30 of the same year.
- (iii) Regarding the Ownership or Use of Vehicles Tax, whose expiration for obtaining the subsidy is March 31, 2020, an extension was granted for obtaining the remission until April 30 of the same year.

## **c) State of Mexico**

Last March 23 the “*Ruling of the Ministry of Finance Issuing the Actions that the Administrative Units of the Ministry will Carry Out for Purposes of COVID-19*” was published in the Official Gazette of the State of Mexico and on March 26 the “*Ruling of the Executive of the State Granting Tax Benefits in relation to the Spending for Remunerations to Personal Work Tax for Purposes of the Health Emergency Provoked by COVID-19*” was published, through which it was determined to:

- (i) Suspend services to the public during the period from March 23 to April 19, 2020. During that period the time periods will not run for the reception of documents, reports, procedures, filings, actions, processes, notifications, legal citations, summons, requirements, requests for reports or documents, means of defense and initiation, processing and resolution of proceedings, and any procedure requiring in-person presence that takes place in the Administrative Units of the Ministry of Finance.
- (ii) Suspend the procedural or administrative terms and periods exclusively for the Administrative Units during the period from March 23 to April 19, 2020, in the understanding that the terms will not run and any action,

<sup>2</sup> Except for those cases in which the taxpayer has some important irregularity for fiscal years for which the expiration of powers of enforcement is near.

<sup>3</sup> Except for those cases in which, for compliance with the legal and regulatory periods and terms, actions must be taken whether in federal or state matters.

filing, requirement or request will take effect as of the first business day after the mentioned period concludes (April 20, 2020).

- (iii) Grant a subsidy of 50% of the Spending for Remunerations to Personal Work Tax in the total amount of the tax caused in the month of April 2020, which should be paid no later than next May 11<sup>4</sup>. It is necessary to have at least 50 employees as of March 31, 2020 and to not decrease the workforce.

#### **d) Jalisco**

On March 20, the “*DECREE 27885/LXII/20 reforming article 23 of the Revenue Law of the State of Jalisco, for fiscal year 2020*” was published in the Official Gazette of the State of Jalisco, by virtue of which it was determined to extend the period for payment of the renewal of authorization until the last business day of the month of May 2020; and to incentivize processing through the internet, granting a discount of 5% on the payments made online during the months of April and May 2020.

#### **e) Nuevo León**

On April 1, 2020 the “*Ruling on Administrative Eases regarding Payroll Tax COVID-19*” was published in the Official Gazette of the State of Nuevo León, through which it was determined to:

- (i) Exempt from the payment of the Payroll Tax corresponding to the months of March, April and May 2020 the individuals and entities (whose gross income, for purposes of the Income Tax, corresponding to the 2019 fiscal year did not exceed 4 million pesos) that have a workforce from 1 to 10 direct employees.
- (ii) Exempt from the payment of the Payroll Tax corresponding to the months of March, April and May 2020 the individuals and entities engaged in the following lines of business: restaurants, restaurant-bars, hotels, casinos, gymnasiums, theaters, bars, movie theaters and recreational services.
- (iii) The exemptions from the payment of the Payroll Tax referred to in points (i) and (ii), must be requested before the Virtual Treasury of the Government of the State of Nuevo León before which it should be shown that the indicated hypothesis apply.

Additionally, the tax return should be filed no later than the 17 day of April, May and June 2020, respectively.

Furthermore, it is also established that the taxpayers may not be newly created companies and the applicants should be up to date in the payment of the Payroll Tax, not to have any tax assessment or proceeding derived from such tax, and request the exemption during the term of the ruling (from April 1 until June 2020).

In order to benefit from the exemptions from tax payment of the tax, the companies must maintain at least their February 2020 workforce during the months of March, April and May.

On the other hand, it is indicated that for this ruling the claiming of an incorrect payment will not proceed and it will not give rise to a refund, compensation, credit or favorable balance.

In line with the above, it is important to take into account that through the “*General Ruling of the Ministry of Finance and General Treasury of the State of Nuevo León, determining that in the period from March 17 to April 20, 2020 the*

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<sup>4</sup> It was indicated that the provisions of such Ruling will not give rise to any refund or compensation.

*legal periods in investigation or collection actions are extended*”, published on March 20, 2020 in the Official Gazette of the State of Nuevo León, it was determined to:

- a) Suspend new acts of investigation during the period from March 17 to April 20, 2020; and
- b) Extend the legal periods for filing administrative appeals, and for complying with requests for data, reports or documents requested by the investigating or collecting authorities in the different Administrative Units of investigation and collection units of the Ministry of Finance and General Treasury of the State.

#### **f) Querétaro**

For the moment no aid or tax incentive plan for the State has been published. However, it has been announced that an incentive plan is being worked on (but has not been officially published as of this date).

#### **g) San Luis Potosí**

On April 1, 2020 the “*Administrative Ruling Granting Tax and Administrative Incentives, as Support in Facing the Impacts of the Pandemic of the SARSCOV2 (COVID-19) virus*”, was published in the Official Gazette of the State of San Luis Potosí, through which it was determined to:

- (i) Grant a tax incentive of 100% of the total amount of the Spending for Remunerations to Personal Work Tax triggered in the months of March, April, May and June 2020, to taxpayers that have up to 50 workers, and to those engaged in the service of public transportation, regardless of the number of workers, as long as they maintain at least 90% of their workforce.
- (ii) Extend the period for the payment of the Spending for Remunerations to Personal Work Tax for all taxpayers, until July 15, 2020, for the tax triggered in the months of March, April, May and June of the same fiscal year.
- (iii) Grant a tax incentive of 100% in the payment of the Lodging Tax to its taxpayers, triggered in the months of April, May and June 2020. For these purposes it is indicated that the providers of such service may not transfer this tax to the persons who receive it in those months.
- (iv) Grant relief of 100% in the payment of the Acquisition of Used Automotive Vehicles Tax to taxpayers obliged to pay it in the months of April, May and June 2020.
- (v) Extend the period for the payment of the Vehicular Control Fee until June 30, 2020 and grant a 20% discount to the taxpayers that pay electronically during the months of April, May and June 2020, with respect to the taxes triggered in the current fiscal year.
- (vi) Grant to taxpayers engaged in public transportation services a tax credit letter applicable to 2021 fiscal year, equivalent to the amount paid for annual review and renewal of authorization fees, corresponding to the 2020 fiscal year.
- (vii) Furthermore, in such ruling it was indicated that the benefits granted would not grant to taxpayers a right to any refund or compensation.

**(viii)** Suspend the investigation and enforcement proceedings regarding local taxes, beginning on the date of entrance into force of such ruling (April 1, 2020) and until June 30, 2020.

**(ix)** Additionally, the Ministry of Finance of the State Government was authorized to issue the necessary rules of operation for the proper and due application of the ruling.

Beginning on March 27, 2020 and until April 19, 2020, the in-person activities in the buildings and offices of the agencies and entities of the Public Administration of the Executive Power of the State (including the collecting offices of the State) are temporarily suspended<sup>5</sup>.

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The Measures that are itemized in this document are subject to change depending on the evolution of the health contingency caused by COVID-19. We suggest that before being considered, the requirements, terms, validity and other necessary conditions for their applicability are reviewed in the official means, as well as to consult our experts in case of doubt or need for a professional analysis and/or advice.

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<sup>5</sup> In accordance with the "*Ruling Establishing Preventive Measures in the Public Administration of the State of San Luis Potosí as a result of the Virus SARS-COV2 (COVID-19)*", published on March 27, 2020 in the Official Gazette of the State of San Luis Potosí.

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