

Economic aid and/or federal and state tax relief in response to COVID-19

As a result of the health state of emergency declared on March 30th of this year for the COVID-19 virus, the Federal Government and various States of the Mexican Republic have announced the granting of economic aid and/or tax relief, some of which have been published in the official gazettes of the states, which are listed below:

Federal Government

On April 5, 2020, the President of the Republic of the United Mexican States, Andrés Manuel López Obrador, announced the “Economic Recovery Plan”, through which microcredits will be granted to small and family companies. He also emphasized that the existing taxes will not be increased, nor new ones created during the health contingency. Finally, he stated that the refunds of the Value Added Tax (“VAT”) will be made as soon as possible.

Another measure that the Federal Government will be applying during the next nine months will be the injection of resources for the energy sector. Due to the fact that the “Economic Recovery Plan” leaves out a large number of Mexican companies, the Business Coordinating Council [Consejo Coordinador Empresarial] (“CCE”), will meet again with the President on April 15, 2020, to negotiate the granting of additional economic aid and tax relief necessary to promote the recovery of the Mexican economy.

State Governments

Aguascalientes

On March 30, 2020, the government of the State of Aguascalientes announced the “Everyone for Aguascalientes Program”, which will contemplate the following aid and tax relief:

- Financing and subsidies to micro, small and medium-sized companies for around 940 million pesos (**mdp**).
- Promotion of local consumption for 74 mdp.
- Investment in public works for 300 mdp.
- Business relief:
 - (i) 40% discount on the Entertainment Tax until the end of the year;
 - (ii) The payment of the Payroll Tax from April – June is deferred until July – December 2020, without applying indexing, surcharges or fines;

- At the municipal level, among other things, an extension will be granted of the 10% discount in the payment of the Real Estate Tax caused up to May 31st.

Nevertheless, the government of the State of Aguascalientes has not officially published its economic plan.

Baja California

As of this date, the government of the State of Baja California has not granted any economic aid or tax relief to the business sector.

Baja California Sur

On March 23, 2020, the following economic aid and/or tax relief was published in the Official Bulletin of the State of Baja California Sur¹:

- The Payroll Tax and Vehicle Inspection caused during the months of March to May 2020 is postponed (they will be paid in August, October and December 2020, respectively).
- Investigations are suspended until April 20, 2020.
- In the municipality of Los Cabos the following relief is granted:
 - (i) The payment of the Real Estate Tax is extended for 3 months;
 - (ii) Periods of endorsements of licenses of normal lines of business and of alcohol are extended;
 - (iii) Requirements to pay tax obligations are suspended;
 - (iv) Collection procedures by the tax enforcement area are suspended;
 - (v) Urban planning supervision visits are suspended;
 - (vi) Surcharges for failure to pay fees are condoned until June 2020; and
 - (vii) 100% of the discount on granting of cadastral codes and registry services is granted until June 2020.

Campeche

As of this date the government of the State of Campeche has not granted economic aid and/or tax relief to the business sector.

Chiapas

As of this date, the government of the State of Chiapas has not granted economic aid and/or tax relief to the business sector.

¹ http://secfin.bcs.gob.mx/fnz/wp-content/themes/fnz_bcs/assets/images/boletines/2020/12.pdf

Chihuahua

On March 26, 2020, the government of the State of Chihuahua² announced the granting of economic aid and/or tax relief for micro, small and medium-sized companies. However, as of this date economic measures have not been officially published.

Mexico City

On March 27, 2020, the government of Mexico City announced the investment of 800 mdp to support Mexican families and micro companies. Among the measures established is the payment of 200 mdp to the Economic Development Fund³ to be able to grant 50,000 microcredits of \$10,000.00 pesos each for micro companies, with 0% interest, 4 months grace period and payable in 2 years.⁴

However, as of this date no other types of economic aid and/or tax relief have been officially published.

Coahuila

The government of the State of Coahuila is working on an economic program; however, as of this date no type of economic aid and/or tax relief has been officially published.

The Municipality of Saltillo, which is the capital of the State, announced the following measures in effect until June 30, 2020⁵:

- (i) Suspension of administrative audits or visits.
- (ii) 5% discount on the Real Estate Tax.
- (iii) 30% discount on the tax on the exercise of commercial activities, on cleaning services, trash collection and on public transport service (taxi and bus support).
- (iv) 80% discount in the payment of fees for issuance of licenses, permits, authorizations and services for environmental control, including among others, vehicle inspection.
- (v) 40% discount in the total amount calculated as tax for the occupation of public roads.
- (vi) 85% discount for the early annual payment of 2020, on the total amount of government charges for renting of premises, located in municipal markets.
- (vii) Charge of \$1.00 for the income from surcharges per year, generated for trash collection, tax on exercise of commercial activities, markets, transit service and for concepts relative to establishments that sell alcoholic beverages.
- (viii) Temporary suspension of investigations, and civil protection in low risk activities.
- (ix) Suspension of investigations, and civil protection in low risk activities.
- (x) Condonement of 100% of the municipal fees caused by the provisions in subsection a) of section I, of article 31 of the Revenues Law of the Municipality of Saltillo, for fiscal year 2020, and which correspond to the cadastral fees originated by the review, calculation and registration with respect to developments, land subdivisions, re-partition of land, and/or adjustments, as well as functions and subsidies on authorizations granted by the Municipal Office of Urban Development.

² <http://www.chihuahua.gob.mx/contenidos/anuncia-gobernador-nuevo-decreto-de-austeridad-y-se-reduce-salario-la-mitad>

³ <https://www.tramites.cdmx.gob.mx/fondeso/>

⁴ <https://www.cdmx.gob.mx/portal/articulo/apoyo-a-la-economia-familiar-y-microempresarial-por-covid-19>

⁵ <https://saltillo.gob.mx/wp-content/uploads/2020/03/cabildo-26-03-2020.jpeg>

Colima

On March 19, 2020⁶ and March 30, 2020⁷ the following economic aid and tax relief were published in the Official Gazette of the State of Colima:

- The payment of the following taxes is extended until April 30, 2020, without surcharges:
 - (i) Payroll Tax;
 - (ii) Lodging Service Tax;
 - (iii) Professions Tax;
 - (iv) Tax on Lotteries, Raffles, Draws, Contests and Permitted Gaming;
 - (v) Fee for the Extraction of Materials;
 - (vi) Issuing, annual renewal or replacement of the Vehicle Tax Decal; and
 - (vii) Ownership or Use of Vehicles.
- From April to June the payment of 100% of the Lodging Services Tax will be condoned.

Durango

On March 24, 2020 the following economic aid and tax relief were published in the Official Gazette of the State of Durango⁸:

- Exemption from 50% of the Payroll Tax.
- Special relief for micro, small and medium-sized companies consisting of condonement of up to 75% of the Payroll Tax for those that establish measures to facilitate goods and services for the public.
- Expansion of periods in payments for tax agreement and/or state fees for six months.
- Application of 5% discount in all the state procedures.
- Strengthening of financing programs operated by the Ministry of Economic Development.
- Productive Public Investment to receive projects, applying a credit for 800 mdp already approved by the Congress of the State.
- The financing programs operated by the State Government will be strengthened, which altogether come to 350 mdp for micro, small and medium-sized companies.
- Public investments for the amount of 800 mdp to reactivate the economy and to give preference to local companies in the public tenders.
- Loans of \$30,000.00 to \$50,000.00 to micro, small and medium-sized companies.

The recent economic policies mentioned will be valid for up to 12 weeks from their publication and the beneficiaries must meet the requirements established by the authority.

⁶ <http://www.periodicooficial.col.gob.mx/p/19032020/p20031901.pdf>

⁷ <http://www.periodicooficial.col.gob.mx/p/30032020/p20033003.pdf>

⁸ <http://secretariageneral.durango.gob.mx/wp-content/uploads/sites/40/2020/03/8-Ext-24-de-Marzo-del-2020.pdf>

State of Mexico

On March 26, 2020 the following economic aid and tax relief were published in the Official Gazette of the State of México⁹:

- 50% discount in the Payroll Tax during the month of April for the companies that have up to 50 workers.
- 200 mdp for productive projects, microcredits at zero interest and with a grace period of four months.
- Fund of 300 mdp for lines of credit in order to finance small and medium-sized companies.
- 300 mdp destined to farm producers in the purchase of inputs, equipment, fertilizer and self-consumption baskets.

Guanajuato

The following aid and tax relief were published on the official webpage of the government of the State of Guanajuato¹⁰ as well as in the Official Gazette of the State¹¹:

- Economic Promotion Program in response to the Covid-19 Contingency.
- The payment of the Payroll Tax with respect to the months of March and April is extended until July.
- Support to workers with the Special Temporary Employment Program.
- Credit Innovator Program for entrepreneurs, micro, small, medium-sized and large companies (800 mdp).
- Interest Reimbursement Program.

Guerrero

On March 31, 2020 the implementation of economic aid and tax relief was published in the Official Gazette of the State of Guerrero¹² and the following measures were published on the official page of the government of the State of Guerrero¹³:

- Tax on Remunerations 2% - Relief of 50% in the months of March and April 2020, as well as the extension for the presentation of monthly declarations, to be presented and paid in the months of June and July 2020.
- Tax on Lodging 3% - Relief of 100% in the months of March and April.
- Suspension – during March and April – of the initiation of investigations on state tax, for the economic sectors.
- Expansion of the duration of the tax relief for the Personal Property Tax and vehicular control fee for private and public transportation service until June 30, 2020.

⁹ <https://legislacion.edomex.gob.mx/sites/legislacion.edomex.gob.mx/files/files/pdf/gct/2020/mar262.pdf>

¹⁰ <https://impulsoeconomico.guanajuato.gob.mx/>

¹¹ http://periodico.guanajuato.gob.mx/downloadfile?dir=anio_2020&file=PO%2063%204ta%20Parte_20200328_0029_6.pdf

¹² <http://periodicooficial.guerrero.gob.mx/wp-content/uploads/2020/04/P.O-26-ALCANCE-1-31-MARZO-20201.pdf>

¹³ <http://guerrero.gob.mx/articulos/apoyo-a-la-economia-de-la-ciudadania-ante-la-contingencia-del-covid-19/>

Hidalgo

On March 26, 2020, the implementation of economic aid and tax relief was published in the Official Gazette of the State of Hidalgo¹⁴:

- 50% discount in the payment of the Payroll Tax during the period of March – April for micro, small and medium-sized companies.
- 100% exemption in the Lodging Services Tax during the period of March - April.
- Suspension of scheduled investigations in state contributions for Hidalgo companies until April 20, 2020.
- Line of credit for micro, small and medium-sized merchants. Extension for payment of 3 months with 0% interest.

Jalisco

On March 25, 2020, the “Guidelines for the Jalisco COVID-19 Income Protection Plan” were published in the Official Gazette of the State of Jalisco¹⁵ with respect to the implementation of the following economic aid and tax relief:

- Emergent Plan for the Protection of Jobs and Income for People for 1,000 mdp, divided into three sub-programs:
 - (i) 400 mdp for persons with informal economic activities.
 - (ii) 450 mdp for micro and medium-sized companies.
 - (iii) 150 mdp to protect income of corn producers.

Michoacán

The “Emergent Plan to protect the Economy” was published on the official webpage of the government of the State of Michoacán¹⁶ which involves:

- Subsidy of 100% for the Payroll Tax during the period of March - May, for restaurants, hotels, baths and travel agencies that have up to 50 workers, and that do not dismiss employees during the contingency.
- Subsidy for the Lodging Tax, and this resource will be sent to the Tourism Promotion Trust, to reactivate the sector.
- From April 1 to November 30 surcharges will be condoned for late payment of vehicle fees such as: issuance of plates, registration, annual inspection and annual renewal of public service concessions.
- The payment of current credits with SIFINANCIA will be extended for three months.
- Creation of a Fund for 1,000 mdp to grant credit to family companies, micro and small companies. The amount of this credit will be \$6,000.00; \$50,000.00 and up to \$250,000.00 pesos. They will be given with grace periods, with 0% interest, or in some cases, with minimum interest.

¹⁴ http://periodico.hidalgo.gob.mx/?tribe_events=periodico-oficial-alcance-7-del-26-de-marzo-de-2020
<http://periodico.hidalgo.gob.mx/?p=37245>

¹⁵ https://periodicooficial.jalisco.gob.mx/sites/periodicooficial.jalisco.gob.mx/files/03-25-20-ter_0.pdf

¹⁶ <https://michoacan.gob.mx/docs/Plan-Economico-Emergente.pdf>

Morelos

The Governor announced the State Plan for Aid to the Economy and Jobs. This plan contemplates 300 mdp, a resource directed to companies affected by the current situation. The companies affected can process loans at very low rates and even at zero percent¹⁷.

The payment of the Payroll Tax corresponding to the months of March, April and May is postponed until June 2020¹⁸.

Nayarit

As of this date the government of the State of Nayarit has not announced any relevant economic aid or tax relief for companies.

Nuevo León

The State of Nuevo León, through the Ministry of Economy, makes the following benefits available¹⁹ published in the Official Gazette of the State²⁰:

- Exemption of companies for one month from the payment for the service of water and drainage.
- Exemption from payroll tax corresponding to the months of March, April and May of fiscal year 2020 for companies of 1 to 10 employees and whose annual gross income level is less than 4 mdp.
- Exemption from the Payroll Tax during the months of March, April and May 2020, for hotels, restaurants, casinos, movie theaters, bars, social centers.
- Credit for the micro, small and medium-sized companies up to \$1 million pesos to pay in 3 years.
- Administrative inspections were postponed until April 20, 2020.

Oaxaca

On March 25, 2020, the granting of tax relief was published in the Official Gazette of the State of Oaxaca of 50% in the second two-month period of 2020, with respect to the Payroll Tax for companies that prove through the tax declarations of fiscal year 2019 that their current income decreased, during that same period, at least 50%. A possible expansion of the relief will be evaluated for the following two-month periods depending on the evolution of the contingency²¹.

Similarly, relief is established of 100% in the second two-month period in the Lodging Services Tax.

Investment in infrastructure projects to reactivate the State economy.

¹⁷ <https://morelos.gob.mx/?q=prensa/nota/anuncia-cuauhtemoc-blanco-plan-estatal-de-apoyo-la-economia-y-al-empleo-por-pandemia>

¹⁸ <http://periodico.morelos.gob.mx/periodicos/2020/5800.pdf>

¹⁹ <http://www.nl.gob.mx/publicaciones/apoyo-economico-para-nuevo-leon-por-covid-19>

²⁰ http://sgi.nl.gob.mx/Transparencia_2015/Archivos/AC_0001_0007_00168372_000001.pdf

²¹ <http://www.periodicooficial.oaxaca.gob.mx/index.php?dia=25&mes=3&ano=2020>

Puebla

As of this date, the government of the State of Puebla has not announced any relevant economic aid or tax relief for companies.

Querétaro

As of this date, the government of the State of Querétaro has not announced any relevant economic aid or tax relief for companies.

Quintana Roo

On March 24, 2020, the State of Quintana Roo published in the Official Gazette of that state the following tax benefits intended for the private sector²²:

- Extension for up to the month of October, November and December 2020 to present declarations and payments of taxes on Payroll, Lodging, Extraction of Material from the Soil and Subsoil for the months of March, April and May of 2020.
- Taxpayers that choose to file the declarations and pay those taxes properly and on time will have a subsidy of 20%.
- The benefits will be granted provided the taxpayers are up to date in their compliance with tax obligations and they comply with the following requirements:
 - They keep the same number of average employees declared before the tax authority in the months of March, April and May of the past year, and
 - They present a commitment letter before the Ministry of Labor and Social Welfare of the State.
- There will be no sanctions, surcharges or suspension of service by the Potable Water and Sewer Services Commission for debts in March, April and May.

San Luis Potosí

Through publication of April 1, 2020 in the Official Gazette of the State of San Luis Potosí²³ and through official announcement made by the Governor of the state²⁴, the following economic aid and tax relief were announced:

- Extension of the period for the payment of the Payroll Tax to July 15, 2020, with respect to the months of March to June.
- Companies that have up to 50 employees are granted relief of 100% of the Payroll Tax caused in the months of March to June 2020, so that they can preserve their workforce.
- The investigation and enforcement of state contributions are suspended until June 30th. This implies the non-collection of enforceable liabilities.

²² <http://segob.qroo.gob.mx/portalsegob/MicroPO.php>

²³ <http://apps.slp.gob.mx/po/ConsultaDocumentos.aspx>

²⁴ <https://beta.slp.gob.mx/sitionuevo/Paginas/Noticias/2020/MARZO%202020/280320/Anuncia-JM-Carreras-paquete-financiero-y-fiscal-para-enfrentar-contingencia-sanitaria-por-3-mil-200-mdp.aspx>

- The labor inspection procedures are suspended until June 30th.
- \$250,000,000.00 (two hundred fifty million pesos 00/100) are allocated for 25,000 women entrepreneurs who are heads of household and entrepreneurs in the social market economy.
- \$104,000,000.00 (One hundred four million pesos 00/100) are allocated for micro and small enterprises.
- \$256,000,000.00 (two hundred fifty-six million pesos 00/100) are allocated in social assistance based on food.

Sinaloa

On March 20, 2020, the government of the State of Sinaloa announced economic aid through credit through the Network “Fosin Emergente COVID-19” of the Business Financing Funds Unit of the Ministry of Economy of the Government of the State of Sinaloa²⁵.

Sonora

By Decree published in the Official Gazette of the State of Sonora on March 25²⁶ and 26²⁷, 2020, a health emergency was declared in that state, and the following tax and economic measures relevant for companies were adopted:

- A 50% discount was granted in the payment of payroll taxes for companies with 50 workers or less.
- Provisional and temporary suspension of 100% of the tax for lodging services.
- The suspension of state investigations is declared during the months of April and May.

Similarly, the government of the State of Sonora will establish a fund of 1,300 mdp to support local companies.

Tabasco

As of this date, the government of the State of Tabasco has not announced any economic aid or tax relief relevant for companies.

Tamaulipas

The state government announced a tax relief and economic aid plan for businesses for COVID-19 which is pending publication.

Tlaxcala

As of this date, the government of the State of Tlaxcala has not announced any economic aid or tax relief relevant for companies.

²⁵ <https://sinaloa.gob.mx/noticias/quirinoofrecio-creditos-de-lared-fosin-arestauranteros-antebajas-ventas-por-elcoronavirus#sthash.Tmb0fUg0.dpbs>

²⁶ https://www.sonora.gob.mx/images/documentos/boletin_oficial_EE25032020.pdf

²⁷ <http://www.boletinoficial.sonora.gob.mx/boletin/images/boletinesPdf/2020/03/2020CCV25III.pdf>

Veracruz

On March 30, the Governor of the State of Veracruz presented the Ruling on Economic Reactivation for the purpose of supporting the state economy. The relevant aspects of that ruling referring to private sector companies are the following²⁸:

- Deferment of the payment of the Payroll Tax that is caused during the two-month period March/April 2020, only for micro, small and medium-sized companies with a workforce of no more than 50 workers, deferred for payment from July to December 2020, and conditioned on not having unjustified dismissals.
- Suspension of state tax and administrative reviews until June 30, 2020.

Yucatán

According to the publication of March 30 in the Official Gazette of the State of Yucatán, the state government establishes the following actions to address the economic situation²⁹:

Referring to the payroll tax collected during the months of March and April 2020:

- 50% financial relief.
- The remaining 50% of the tax can be paid no later than December 10, 2020.
- The tax declaration for the months of March and April can be presented before December 10, 2020.
- The tax declarations for withholdings made during the months of January, February and March 2020 may be filed no later than June 10, 2020.
- The tax declarations for the withholdings made during the months of April and May 2020 may be filed no later than July 13 and August 10, respectively.

In reference to the lodging tax collected during the months of March, April, May and June 2020:

- There is financial relief of 100%.
- The tax declaration for the months of March, April, May and June of the year 2020 can be presented before December 10, 2020 at the latest.

Other economic measures:

- The tax declaration for the Scheduled Tax on income associated with commercial activities of March and April 2020 may be presented no later than December 17, 2020.
- There will be financial relief of 100% of the tax applied on professional services collected during the months of March and April 2020. In addition, the tax declaration of those months may be presented before December 10, 2020 at the latest.

²⁸ <http://www.veracruz.gob.mx/2020/03/30/presenta-gobernador-cuitlahuac-garcia-acuerdo-por-la-reactivacion-economica-en-veracruz/>

²⁹ http://www.yucatan.gob.mx/gobierno/diario_oficial.php?f=2020-3-30

- The deadline to present the 2019 declaration for the Scheduled Tax on income associated with commercial activities is extended to July 13, 2020.
- The declarations on the Real Estate Sales Tax collected in March and April 2020 can be presented within 60 business days after the date of disposition or signing of the deed, as applicable.
- The tax declarations for Lotteries, Raffles, Draws and Contests collected in March and April 2020 can be presented no later than July 10 and August 10, 2020.
- The tax declarations for expenses in gaming and contests collected in March and April 2020 can be presented before July 10 and August 10, 2020.
- The tax declarations for pawnshops collected in March and April 2020 can be presented no later than July 17 and August 17, 2020.
- The tax declarations on sales of alcoholic beverages received in March and April 2020 can be presented no later than July 17 and August 17, 2020.

Zacatecas

On March 23, the Governor of the State of Zacatecas announced a package of economic and tax measures intended to help the state economy confront the national emergency situation. Some of the measures that benefit private sector companies are the following³⁰:

- Condonement of 100% of the Payroll Tax for companies that have fewer than 20 workers.
- 50% reduction of the Payroll Tax for companies of 21 to 40 workers.
- 30% reduction for companies having more than 40 workers.
- Condonement of 100% of the Lodging Services Tax generated during April and May.
- Discounts of 10%, 20% and 30% for the Infrastructure Tax.

The following economic aid is also contemplated:

- Existing loans: from April to June the principal will not be paid, just interest which is lowered to 5%. Regarding restructurings at 60 months, during the first 6 months interest of only 5% will be paid from April to June; from July to September the interest contracted will be paid and beginning in the 7th month the interest contracted and the principal will be paid.
- New loans: the companies that have up to 10 employees will be granted up to 125 thousand pesos at 36 months with an annual fixed rate of 5%, where the first 4 months nothing will be paid (grace period), while in the 5th and 6th month only interest will be paid; beginning in the 7th month interest and capital will be paid, without commission for opening. Companies with more than 10 employees will be granted up to 500 thousand pesos at 36 months with a rate of 7%, where the first four months only interest of 5% will be paid, and beginning in the 5th month an interest rate of 7% and principal will be paid.

³⁰ <https://www.zacatecas.gob.mx/implementa-alejandro-tello-plan-de-apoyo-economico-estimulos-fiscales-y-acciones-de-austeridad-ante-contingencia-por-covid-19/>

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S I N C E R E L Y

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