

# SAT increases address verifications that can lead to restriction of digital certificates

In accordance with the provisions of Article 17-H Bis of the Federal Tax Code, the Tax Administration Service ("**SAT**") has the power to temporarily restrict digital certificates for the issuance of tax receipts of taxpayers when it detects that they have incurred in one or more of the various conducts provided for in said article, which include, among others, the following:

- **As a result of a verification visit to the tax domicile, it is determined that it does not comply with the requirements to be a tax domicile. We have identified that this issue is particularly relevant when the domicile of accountants or other advisors is designated without the main administration of the business actually being located in the address.**
- They omit to file an annual tax return one month after the date on which they were obliged to do so, or two or more provisional or definitive returns.
- During a review, it is determined that the taxpayer cannot be located or has vacated its tax domicile, without filing the corresponding notice of change in the Federal Taxpayers' Register.
- Have given effect to tax receipts issued by taxpayers listed as Companies that Invoice Simulated Operations without having proving the materiality of the operations.
- Determine the commission of one or more infringing conducts and the conduct is carried out by the taxpayer holding the digital seal certificate.

Once the temporary restriction of digital certificates has been applied, taxpayers must go through a specific procedure to obtain the resolution regarding its reinstatement or permanent cancellation, which is carried out before the same authority that determined its restriction.

Accordingly, in recent months we have detected a considerable increase in the number of verification visits carried out spontaneously by SAT personnel, in which they review compliance with the requirements of the tax domicile in general, and specifically that the main administration of the business is located in said domicile, which means that the persons who make or execute the decisions of control, management, administration of the entity and the activities it performs are located in said domicile.

It is important to consider that in addition to being the place where the main administration of the business is carried out, the tax domicile must be the place where the accounting records and, in general, all documentation proving compliance with tax obligations must be kept.

As a result of the above, in numerous cases the SAT has determined that, as the main administration of the business is not located at the tax domicile, the address does not comply with the requirements to be a tax domicile, and has proceeded to apply various consequences to the taxpayer, including **(i)** imposing a fine on the company and **(ii)** restricting the use of the company's digital certificates.

In preparation for the above, we are happy to provide assistance to verify that the tax domicile that has been designated complies with the tax requirements to be so, or if necessary, that such domicile is modified to one that provides due compliance, as well as prepare a manual or protocol to perform in case of receiving a verification visit from tax authorities in order to prove fulfillment of its obligations, minimizing the risk of being subject to fines, or the temporary restriction of digital seals.

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S I N C E R E L Y

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Mexico City, August 30, 2024.

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