

## Incorporation of new rules

Through the first resolution of Modifications to the Miscellaneous Regulations for 2020 (published May 20<sup>th</sup>, 2020), several rules have been incorporated for purposes of Value Added Tax (VAT) applicable to digital services provided by foreign residents.

## Digital services provided by digital platforms

The added rules establish that VAT's monthly return should be presented through the "VAT return for digital services", which must be filed not later than the 17<sup>th</sup> day of the next following month that on which the payment was received (accordingly to VAT Law). In addition, it has been announced that for purposes of doing the filing the tax authorities will publish on its website a "Filing guide".

Finally, for tax year 2020 no quarterly informative return related to the services provided shall be filed, as long as the VAT's monthly returns are duly fulfilled.

## Intermediation of digital services

Concerning intermediation of digital services, digital platforms could publish the price of goods and services offered without indicating explicitly and separately the VAT, as long the message "VAT included" is appointed in the website.

"VAT withheld through digital platforms" must be filed by the digital platforms under monthly basis not later than the 17<sup>th</sup> day of the next following month that on which the withhold was made (accordingly to VAT Law).

For purposes of filing VAT's informative return on intermediation of digital services, the digital platforms must follow the guidelines established in the "Filing guide". It is important to mention that the informative return must be presented through the authority's platforms not later than the 10<sup>th</sup> day of the next following month after the goods were sold, the services provided or the goods were granted, even though the consideration and VAT have not been collected.

## Individuals subject to income tax

The incorporated rules include various dispositions applicable to individuals subject to Income Tax by offering goods, providing services or granting temporal use and enjoyment of goods through digital platforms. Under said rules:

- The platforms would be allowed to compute daily withholdings.
- The withholdings computations could only be made over the revenues obtained through the platform and not over those directly paid by the user.
- To pay the withholdings made, it is stated that the platform shall use the form "Income Tax withheld through digital platforms".

## The takeaway

The recently published rules will come into force June 1<sup>st</sup>, 2020, together with the amendments previously made to the Income Tax Law and the VAT Law for 2020 fiscal year.

At any case, it is important to consider that the tax authority has no intention to defer the already established effective dates. Please do not hesitate in contacting our professionals to discuss the potential effects of this amendments and how you can prepare your business to address these changes ahead.

## Contact us for more information:

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