

August 2, 2021

EY TAX Flash

Extension for the enforcement of the subcontracting bill

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On July 31, 2021, it was published in the Federal Official Gazette the Decree to reform the First, Third, Fourth, Fifth, Sixth and Seventh Transitory Articles of the Decree by which several articles of the Federal Labor Law, the Social Security Law, the Law of the National Workers' Housing Fund Institute, the Federal Tax Code, the Income Tax Law and the Value Added Tax Law are added and repealed, published last April 23.

The main changes to the Decree are:

- ▶ The term foreseen for the entry into force of the obligations in tax matters is extended until September 1 of this year.
- ▶ The term foreseen for obtaining the Registry of Providers of Specialized Services or Specialized Works ("REPSE") is extended until September 1 of this year.
- ▶ The term is extended for companies that operate under a labor subcontracting regime to transfer their employees through the figure of employer substitution with the benefit of not having to comply with the asset transfer requirement established in article 41 of the Law Federal Labor Office until September 1 of this year.
- ▶ The term foreseen to carry out the simplified procedure of employer substitution before the Social Security Mexican Institute ("IMSS") is extended until September 1 of this year.

Once the bill becomes effective, according to the aforementioned provisions, there will be substantial impacts on companies that receive or provide services for which personnel are made available, regardless of whether the service is provided or received by a related party or a third party. Based on the foregoing, we consider it relevant to carry out a detailed multidisciplinary analysis of the possible effects that the referred bill could have on the operations of the companies.

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