



Mexico: Anti-money laundering rules / self-correction program

Global Tax Alert

8 MAY 2019

Por Eduardo J. Gallástegui Armella | Abelardo Acosta

In an effort to incent non-compliant taxpayers to meet their reporting obligations under the Federal Law for the Prevention and Identification of Operations with Illegal Resources ("LFPIORPI"), the Federal Revenue Law ("LIF") for 2019 provides that the Mexican Tax Authorities ("Hacienda") will publish rules for a self-correction program, with a view to promoting the Mexican anti-money laundering ("AML") provisions. The period covered by the self-correction program will be for activities carried out from July 2013 through December 2018 and includes the waiver of fines and penalties.

This is relevant from a tax perspective, as, under the LFPIORPI, monthly notices must be filed with Hacienda that detail "vulnerable" activities carried out by the taxpayer. Vulnerable activities are those relating to gambling and betting, sales of tickets for prizes and raffles, credit cards, pre-paid cards, services cards, travelers checks, loans, construction and building, purchases and leases of real estate, cars, jewelry, art, armored vehicles, and others. Non-compliance with the reporting obligations to Hacienda under the LFPIORPI will carry fines and penalties that range from US\$42,000 to US\$275,000; or from 10 percent to 100 percent of the value of the transaction.

Taking this into account, on April 16, 2019 Hacienda published the rules through which the self-correction program will be available. The general rules are as follows:

- A formal online request must be filed with Hacienda
- The taxpayer must be in compliance with AML reporting obligations for 2019
- The self-correction must be for all reporting notices that were not properly filed
 - A description of the activities that were not reported must be made, along with the steps that will be followed to correct the non-compliance formalities
 - The self-correction procedure must be finalized within a six-month period
 - 20 business days after the self-correction procedure is finalized, a request must be filed with the local Hacienda offices asking for the waiver of fines and penalties
- The self-correction program becomes effective 45 business days after its publication date (late June 2019); and the time frame to request the approval of the self-correction program is 30 business days after the program becomes effective (mid July 2019).

With this in mind, our recommendation is to review "vulnerable" activities that were carried out during the relevant covered period (July 2013 through December 2018) and assess whether they were properly reported with Hacienda. If there have been compliance failures, the self-correction program is a mechanism to minimize potential tax fines and penalties. DLA Piper has the resources to assist taxpayers with the implementation of the AML self-correction program.

For further details or information, please feel free to contact either of the authors.

AUTHORS



Eduardo J. Gallástegui Armella

Socio

Ciudad de México | T: +52 55 5261 1800

eduardo.gallastegui@dlapiper.com
