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Supreme Court of Justice of the Nation Confirms UBO Regulation in Mexico

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On June 14, 2023, the Supreme Court of Justice of the Nation (SCJN) ruled on Amparo case number 109/2023, confirming the validity of the obligation to identify the controlling beneficiaries incorporated in the Mexican Fiscal Code (*Código Fiscal de la Federación*) in 2022, as well as the corresponding administrative rules included in the Miscellaneous Tax Resolution (*Resolución Miscelánea Fiscal*).

According to the SCJN, the obligation to identify the controlling beneficiaries derives from Mexico's international commitments to strengthen the tax system and maintain international fiscal transparency standards to combat tax evasion, financing of terrorism, and money laundering.

Therefore, the Tax Administration Service (SAT) has authority to apply the controlling beneficiary rules, which require any Mexican resident legal entity, trusts, and other legal entities subject to tax provisions in Mexico to identify their ultimate beneficiaries (in accordance with the definitions of controlling beneficiaries) and include this information in their accounting records. They must also update and provide, upon request from the tax authority, information on the controls they use to comply with this obligation. Tax authorities may request all related documents and information as part of their auditing powers, which information must be provided no later than 15 business days after the date of such request.

Identifying controlling beneficiaries and collecting relevant information requires case-by-case analysis and may sometimes involve the collaboration of entities from different countries and individuals who are part of the same corporate group.

Therefore, Mexican resident legal entities, trusts, and other legal entities subject to tax provisions in Mexico should implement clear corporate policies and guidelines for identifying beneficiaries to avoid administrative sanctions and fines.

** This GT Alert does not apply to matters or laws in the United States or other jurisdictions outside of Mexico.*

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