Sergio Fabela Pomposo, Mónica Paulina Miguel Soto , María Angélica Domínguez Prado

Tax Reform 2026

On November 7, 2025, the following decrees were published in the Official Gazette of the Federation:

i) The decree enacting the Federal Revenue Law for fiscal year 2026.

ii) The decree amending, adding, and repealing several provisions of the Mexican Federal Tax Code (*Código Fiscal de la Federación*) ("CFF").

iii) The decree amending and adding several provisions to the Special Tax on Production and Services Law (*Ley del Impuesto Especial sobre Producción y Servicios*) ("IEPS").

iv) The decree amending, adding, and repealing several provisions of the Federal Law of Rights (*Ley Federal de Derechos*) (the "LFD").

The key provisions of each decree are summarized below:

I. The decree enacting the Federal Revenue Law for fiscal year 2026

The following macroeconomic forecasts have been made for 2026:

Item	Estimate
GDP growth	1.8% - 2.8%
Average Interest Rate	6.6%
Average Oil Price	54.9
Annual Inflation	3%
Average Nominal Exchange Rate	18.9

Under this scenario, the aim is to establish "Plan México" as the main instrument for promoting the country's economic growth and development, through initiatives that focus on investment in rail and energy infrastructure, regulatory simplification, and the use of tax and financial incentives.

Tax revenues are projected to reach 5,838.60 billion pesos, in view of the fact that oil and non-tax revenues will continue to contribute positively to public finances.

The amounts for each item identified are as follows:

Item	2026	2025	Variation
Income Tax (“ISR”)	3,070,149.1	2,859,575.1	+ 7.36%
Value Added Tax (“VAT”)	1,589,069.0	1,463,279.9	+ 8.59%
Special Tax on Production and Services (“IEPS”)	761,501.9	713,844	+ 6,67%

Key measures:

- A tax incentive applicable to private equity funds, which allows the fiscal transparency regime for foreign legal entities to be maintained, provided that at least one of the conditions set forth in the reform is met: namely, that the fund manager is tax resident in Mexico, or that the income generated through the fund is not subject to accrual, as it comes from specialized investment companies which manage retirement funds (*Sociedades de Inversión Especializadas en Fondos para el Retiro*), which do not pay income tax.

- The tax treatment of uncollectible loans held by financial institutions, under which, as of fiscal year 2026, the applicable regime for these entities will be aligned with that of other legal entities by linking the deduction of such loans to cases where collection is impossible in practice, as established in the Mexican Income Tax Law. Consequently, financial institutions will no longer be able to consider that such a case exists when loans are recorded as uncollectible under the rules issued by the National Banking and Securities Commission (*Comisión Nacional Bancaria y de Valores*).

- The limitation on VAT creditability for insurance companies, under which, beginning in fiscal year 2026, the VAT paid by insurers on the acquisition of goods or services used exclusively for the settlement of insurance claims will no longer be creditable. On a transitional basis, Article 28 of the Federal Revenue Law allows VAT paid on such transactions through December 31, 2024, to remain creditable, and grants a tax incentive enabling insurers to pay the VAT credited for fiscal year 2025, during 2026, in installments and without surcharges or penalties, in accordance with the rules to be issued by the Mexican Tax Administration Service (*Servicio de Administración Tributaria*) (“SAT”).

- The partial non-deductibility of fees paid to the Institute for the Protection of Bank Savings (*Instituto para la Protección al Ahorro Bancario*) (“IPAB”), under which, for fiscal year 2026, multiple banking institutions will only be allowed to deduct 25% of the fees paid to the IPAB, while the remaining 75% will be non-deductible for income tax purposes.

- A capital repatriation program, which allows individuals and legal entities to pay income tax on lawfully obtained funds held abroad until September 8, 2025, provided that such funds are returned to Mexico no later than December 31, 2026. The tax will be calculated by applying a 15% rate to the total amount repatriated, without deductions, and must be paid within fifteen calendar days of the date of repatriation. The repatriated funds must be allocated to the acquisition of new fixed assets, land, buildings related to the taxpayer’s business activities, or government debt instruments, and must remain invested for a minimum period of three years. If, during that period, dividends are distributed or capital reimbursements are made in connection with the repatriated funds, a 20% income tax withholding will apply.

- A credit against the ISR in respect of the IEPS paid on the acquisition or importation of diesel fuel for final consumption in respect of the following activities:

  » Agricultural or forestry activities.

  » Automotive use in vehicles exclusively used for the public and private transportation of people or freight, or for tourism.

  » Machinery generally used in business activities.

- A tax incentive for taxpayers engaged exclusively in public or private transportation by land of freight or passengers, or for tourism, which allows the crediting of up to 50% of the total expenditure incurred on the national toll highway network.

- A tax incentive for purchasers of fossil fuels that are used in the production processes of other goods and are not intended for combustion. This incentive consists of the crediting of the IEPS paid on the acquisition of the fuels against the ISR for the tax year in question.

- A tax incentive for the holders of mining concessions and assignments with income of less than MXN $50,000,000.00. This consists of crediting the special mining right (*derecho especial sobre minería*) against the ISR of the corresponding tax year.

- A tax incentive for taxpayers that sell books, newspapers, and magazines, and whose total income in 2025 has not exceeded MXN $6,000,000.00. This tax incentive consists of an additional ISR deduction equivalent to 8% of their acquisition cost.

- A tax incentive for taxpayers whose total income for the 2025 tax year, for the purposes of the Income Tax Law, has not exceeded 300 million pesos and who are responsible for final or acknowledged tax credits, which consists of the waiver of 100% of the fines, surcharges, and enforcement costs.

- Individuals and legal entities residing in Mexico or with a permanent establishment abroad that participate in the organization and celebration of the 2026 FIFA World Cup will not be subject to compliance with the payment, transfer, withholding, collection, or reporting obligations established in the relevant tax provisions.

II. The decree amending, adding, and repealing various provisions of the Tax Code of the Federation

The following amendments have been established:

- Restriction of the Digital Stamp Certificate (*Certificado de Sello Digital*) ("CSD"): This applies to taxpayers with unpaid final tax credits or when issuing a Digital Tax Receipt (*Comprobante Fiscal Digital por Internet*) ("CFDI") for hydrocarbons without a valid permit or with an incorrect code.

- Refusal of Registration with the Federal Taxpayer Registry (*Registro Federal de Contribuyentes*) ("RFC"): Registration is refused to legal entities whose members, representatives, or shareholders are linked to companies that issue invoices for fictitious transactions (*Empresas que Facturan Operaciones Simuladas*) ("EFOS") or companies that claim deductions for fictitious transactions ("EDOS") (*Empresas que Deducen Operaciones Simuladas*).

- New CFDI requirements: There is a new requirement for CFDIs that cover existing transactions or true legal acts.

  Hydrocarbons must include the current National Energy Commission (*Comisión Nacional de Energía*) (the "CNE") permit number.

- Digital services: Taxpayers that provide digital services must allow the tax authorities permanent, real-time online access to the information that permits the verification of due compliance with tax obligations, contained in their systems or records, under the terms established by the general rules of the SAT.

- Auditing powers: The tax authorities may verify the authenticity of the CFDI in the exercise of any auditing power, without requiring a home visit (*visita domiciliaria*).

In the case of on-site inspections to review the issuance of a CFDI, the decree provides for the suspension of the CSD following the notification of the commencement order, until the corresponding resolution is issued.

- The offense of smuggling: This includes conduct that constitutes smuggling, such as the fictitious transfer of imported goods, the introduction of products into the national territory without complying with the relevant requirements, and the wrongful removal of goods from a bonded warehouse.

- Guarantee of the tax interest: The order of priority of the guarantee mechanism has been amended, and now prioritizes the certificate of deposit.

In an appeal for reversal, the security for the tax interest must be constituted, with the intention that the acts under appeal are not enforced.

This decree will enter into force on January 1, 2026 (except for the digital services obligation, which is scheduled to enter into force on April 1, 2026).

III. The decree amending and adding several provisions to the IEPS

The decree provides for the following amendments:

- Cigars, crafted tobacco, and nicotine products: The ad valorem tax rate has been increased from 160% to 200% for cigarettes, cigars, and other crafted tobacco and from 30.4% to 32% for cigars and other crafted tobacco made entirely by hand.

  Similarly, an increase in the duty applicable to cigarettes, cigars, and other nicotine products has been approved, which will increase from MX$0.85 in 2026 to MX$1.16 in 2030.

- Games involving gambling and lotteries: The tax rate applicable to gambling services has been increased from 30% to 50%.

  This will apply to games which involve gambling and lotteries, including:

  » In-person games and lotteries (such as casinos and bingo).

  » Games and lotteries played online or electronically (online sports betting and online casinos, among others). This will also apply to digital service providers or intermediation platforms.

- Oral electrolytes: Beverages that contain oral electrolytes that include added sugars, colorings, or flavorings are taxed (or will be subject to taxation) at a rate equivalent to MX$3.08 per liter.

  Oral electrolytes that comply with the formula recommended by the World Health Organization (WHO) and exclusively contain the following ingredients will be exempt from this tax:

  » Anhydrous glucose

  » Sodium chloride

  » Potassium chloride

  » Trisodium citrate

- Flavored beverages or beverages which contain sweeteners: An 87% increase in the fixed tax rate applicable to flavored beverages, including those that contain sweeteners, which are currently not included on the list of beverages subject to this tax, has also been provided for.

  This means that for 2026, the tax rate to be paid on flavored beverages will be MXN$3.08 per liter, and for beverages containing non-caloric sweeteners, it will be MXN$1.50 per liter.

- Video games: Video games that are classified as "violent" will be subject to an 8% tax under the amendments to the IEPS.

- This decree will enter into force on January 1, 2026.

IV. The decree amending, adding, and repealing various provisions of the LFD

Duties have been increased regarding the use or exploitation of the following goods or services:

- Immigration documents that certify the status of the stay of visitors who are not permitted to carry out remunerated activities.
- Authorizations to visit ocean-going vessels.
- Authorizations for minors to leave the country.
- Immigration services that are provided on non-business days or during non-business hours.
- Inspection and surveillance services of the National Banking and Securities Commission (Comisión Nacional Bancaria y de Valores).
- Access to museums, monuments, and archaeological sites.

This decree will enter into force on January 1, 2026.

Pérez-Llorca Mexico's Tax team is available to provide further information on the contents of this Legal Briefing.

Contacts

Christian Kaye

Tax Partner

christian.kaye@perezllorca.com

T. +52 55 5202 7622

Offices

Europe

Barcelona
Brussels
Lisbon
London
Madrid

Americas

Bogotá
Medellín
Mexico City
Monterrey
New York

Asia-Pacific

Singapore

The information contained in this Legal Briefing is of a general nature and does not constitute legal advice.

This document was prepared on November 12th, 2025 and Pérez-Llorca does not assume any commitment to update or revise its contents.

perezllorca.com

Pérez-Llorca