

UBS Custody *News*

Priority: Medium – Market: Mexico

Reduction in the withholding tax rate on interest payments paid to Mexican residents

The Mexican withholding tax rate, which is applicable to interest paid to Mexican residents, will reduce from the current rate of 0.58% to 0.46% from January 1, 2018.

Background

The Federal Revenue Law for 2018, which was proposed by the Mexican Ministry of Finance as part of the Economic Program for 2018, was approved by the Congress and published in the Mexican Official Gazette on November 15, 2017.

Impact

Among other measures, the Federal Revenue Law for 2018 reduces the Mexican income tax rate applicable to interest paid to Mexican resident investors from the current rate of 0.58% to 0.46% over the amount invested.

Mexican income tax is withheld at source on interest paid to Mexican resident investors. As per Mexican regulations, interest is defined as income received through coupon payments as well as income received from the sale of government and corporate fixed income securities.

The withholding tax rate on interest paid to investors not resident in Mexico remains unchanged.

Entry into force

The reduction in the Mexican interest withholding tax rate paid to Mexican resident investors applies to income generated from January 1, 2018.

Sources: Citibanamex, HSBC

Should you have any questions, please contact your UBS Custody Relationship or Client Service Manager.

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