



JA Del Río



The latest news on the initiative by which is proposed to prohibit subcontracting schemes.

On November 12, the Federal Executive delivered to the Congress of the Union the initiative by which it reforms, adds and repeals various provisions of the Federal Labor Law (LFT), the Social Security Law (LSS), the Workers' Housing Fund Institute Law (LINFONAVIT), the Federal Fiscal Code (CFF), the Income Tax Law (LISR), and the Value Added Tax Law (LIVA).

The initiative proposes to avoid using simulated schemes for the provision of specialized services or the execution of specialized works through the subcontracting of personnel that constitute qualifications for the commission of the crime of tax fraud and its equivalents.

Given this, business leaders and workers' representatives sought to engage in talks with Congress and the Federal Government to reach an agreement that would prevent using abusive subcontracting schemes while allowing the business sector to continue operating and not negatively impact employment in Mexico.

As a result, on December 9, the Federal Government, the business sector, and the labor sector signed the Tripartite Agreement by which they agreed to the following:

- The parties undertake to resolve the subcontracting of personnel abuse and immediately begin the workforce's regularization process within the law initiative's framework presented by the Federal Executive.
- Companies that handle payrolls are called upon to immediately stop creating irregular practices that are harmful to workers, such as massive dismissals in December; if any irregularities or the possible commission of crimes are detected, the authorities will immediately proceed administratively or criminally.





In this sense, the business sector and the labor sector are waiting to define whether: (i) there will be a transition period for taking the measures proposed by the reform; (ii) a new limit will be established for calculating and distributing PTU, and finally (iii) the in-depth clarification of the definitions for specialized service and primary activity of the contracting party.

JA Del Río, committed to helping you do business in Latin America, will keep you informed of this initiative timely. We are at your service in case any change in the way your company does business is needed.



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Helping companies do business in Latin America

Contact us..

contacto@jadelrio.com
jadelrio.com