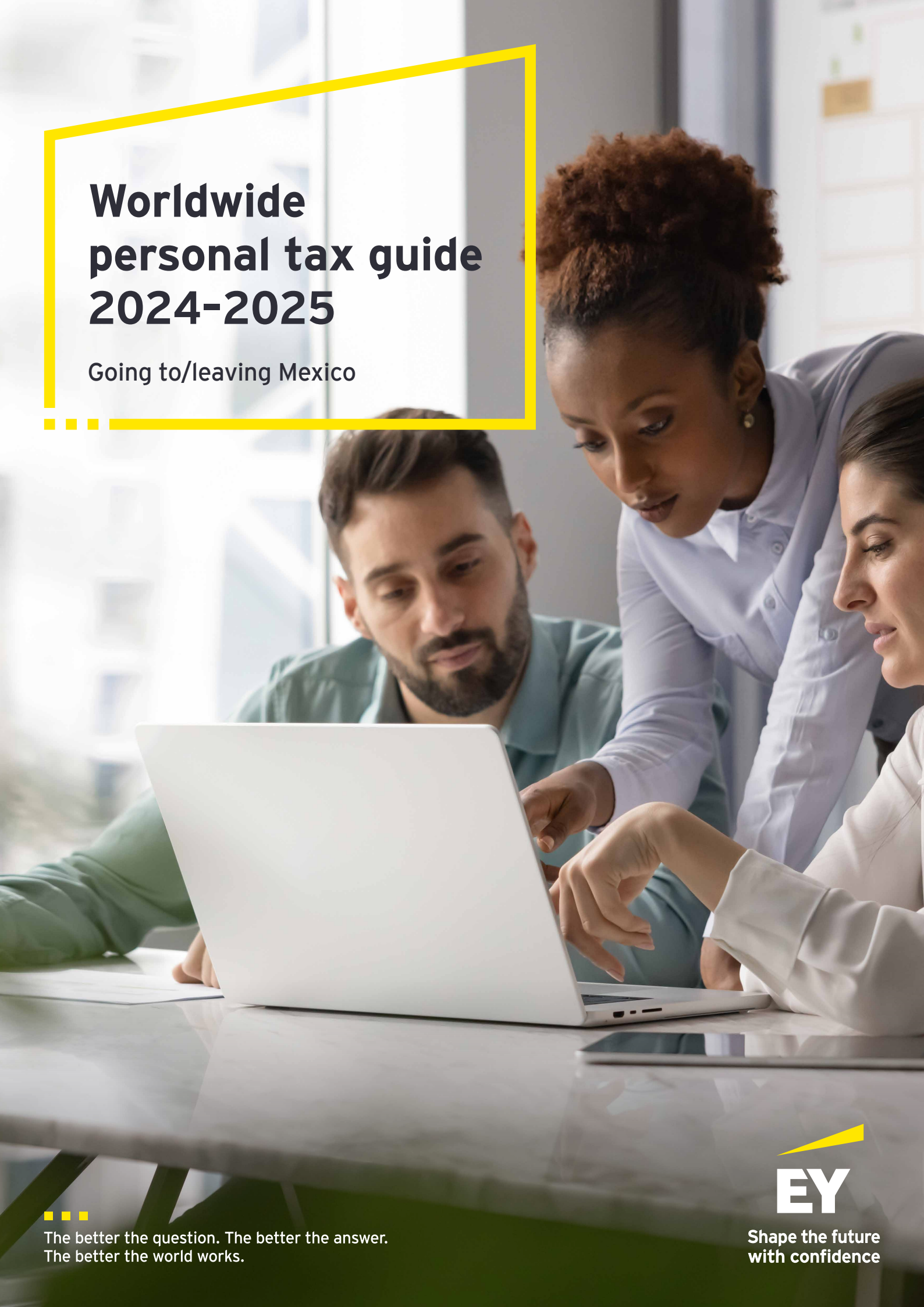


# Worldwide personal tax guide 2024-2025

Going to/leaving Mexico



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## Local information

Tax authority	Servicio de Administración Tributaria (SAT)
Website	www.sat.gob.mx
Tax year	1 January to 31 December
Tax return due date	30 April
Is joint filing possible	Married persons are taxed separately
Are tax return extensions possible	No

## 2024 income tax rates

Taxable income band MXN	National income tax rates
0-8,952.49	1.92%
8,952.50-75,984.55	6.40%
75,984.56-133,536.07	10.88%
133,536.08-155,229.80	16.00%
155,229.81-185,852.57	17.92%
185,852.58-374,837.88	21.36%
374,837.89-590,795.99	23.52%
590,796.00-1,127,926.84	30.00%
1,127,926.85-1,503,902.46	32.00%
1,503,902.47-4,511,707.37	34.00%
4,511,707.38+	35.00%

For 2024, the maximum income tax rate for a resident individual is 35%.

The following withholding tax rates apply to income from salaries paid in a calendar year to non-resident employees by Mexican resident employers or by employers with a permanent establishment in Mexico.

Taxable income band MXN	National income tax rates
0-125,900	0%
125,901-1,000,000	15%
1,000,001 +	30%

## Who is liable?

Resident individuals are taxed on worldwide income. Non-residents are taxed on Mexican-source income only.

## Residence status for tax purposes

Individuals who establish their home in Mexico are considered resident in Mexico. If individuals also have a home in another country, they are considered resident in Mexico if their centre of vital interests is located in Mexico. An individual's centre of vital interests is considered to be located in Mexico in the following circumstances:

- More than 50% of the individual's income in a calendar year is derived from Mexican sources.
- The centre of the individual's professional activities is located in Mexico.

Individuals, regardless of their nationality, who break residency ties with Mexico must demonstrate that they will become tax residents in the jurisdiction to which they are moving.

Individuals who break residency ties with Mexico must notify the tax authorities within 15 business days before such change in their status and no later than a month following the change of residency. For this purpose, they must designate a legal representative in Mexico.

Failure to notify the tax authorities of the change in their status will result in not breaking tax residency in Mexico and accordingly continuing with the obligation of reporting worldwide income in Mexico.

## Income subject to tax

**Employment income** – Taxable employment income includes salaries, wages, directors' fees, bonuses, gratuities, allowances, certain fringe benefits, benefits in kind and statutory employee profit-sharing distributions.

Non-residents who receive salaries paid by resident employers or by employers with permanent establishments in Mexico are subject to withholding tax at source.

The content of this document was updated in April 2025. The content is next expected to be updated in April 2026.

Salary income and income for personal services paid by a non-resident individual or company are exempt from tax if the services are not related to the non-resident payer's permanent establishment in Mexico (or the non-resident payer does not have a permanent establishment) and if the services are provided for fewer than 183 days (including Saturdays, Sundays, holidays and vacations). For the purposes of this rule, the 183 days need not be consecutive in a 12-month period. If services are provided for more than 183 days, individual tax calculated using non-resident tax rates must be paid from the first day the individual begins to work in Mexico.

There is an employment subsidy which is calculated on a monthly basis. It is a tax credit that is subtracted from the monthly tax due. No employment subsidy applies when calculating tax in the annual tax return.

**Self-employment and business income** – A self-employed individual that earns income from business activities or professional services, is subject to tax at the applicable rates established in the law and published by the tax authorities. Self-employed individuals also must pay other taxes, such as value-added tax.

Business income related to services rendered through internet platforms is subject to an income tax withholding to be performed by the company, resident or non-resident, for Mexico tax purposes, that provided the platform to perform such services. The income categories and tax withholding rates comprised under this section are the following:

- Ground transportation passenger services and delivery of goods or services: 2.1%
- Accommodation services: 4%
- Sale of goods: 1%

These withholdings can be considered as definitive payments if some requirements are met.

Professional fees paid by a Mexican resident to a non-resident for services rendered in Mexico are subject to withholding tax at a rate of 25%. If the services are rendered only partially in Mexico, income tax is payable on the portion of the income related to the services rendered in Mexico.

Ordinary expenses, including salaries, fees, rent, depreciation, interests, and other general items, may be deducted from the amount of gross business revenue to compute taxable net income.

Losses incurred in business or professional activities may be carried forward for 10 years against future earnings of the same type of income, restated by inflation.

**Investment income** – A company resident in Mexico that distributes dividends to its resident and non-resident shareholders is subject to a 30% corporate tax to the extent that such company has not already paid the tax on the underlying income. Dividends must be included in a resident's taxable income. The corporate tax paid is credited against the resident's final tax liability. Dividends paid by foreign resident entities to Mexican resident individuals are included in the individuals' taxable income and taxed at the applicable rates.

An additional 10% withholding tax applies to dividends. For dividends paid by Mexican companies, the tax withheld by the paying company is final. Accordingly, individuals are required to declare the dividend income in their annual tax return and cannot claim a credit for the 10% withholding tax, thereby incurring an incremental tax cost. For dividends paid by foreign companies, individual resident taxpayers must pay the 10% tax by filing a monthly tax return by the 17th day of the month following the dividend distribution. They are also required to declare the dividend income in their annual tax return and cannot claim a credit for the 10% tax paid, thereby incurring an incremental tax cost.

For 2024, interest on time deposits with Mexican banks and on publicly issued debentures is subject to a provisional 0.5% withholding tax on the capital invested that originated the interest. Interest derived from investments in other entities (other than publicly issued debentures) is subject to a 20% provisional withholding tax on the nominal interest. Gains derived from the sale of publicly issued debentures are also subject to this tax. Other interest income is included in taxable



income and taxed at the applicable rates. Individuals include in taxable income the real interest received during the fiscal year; for interest derived from investments held abroad or loans granted to foreign residents, the real interest income is taxable on an accrual basis. Real interest equals the amount by which interest exceeds the inflationary adjustment effects of the tax year.

For 2024, interest income received by non-residents from Mexican banks is subject to a 4.9% withholding tax. Lower rates may apply under certain tax treaties. Real interest income derived from investment returns and/or the foreign-exchange gains generated on investments abroad are also considered taxable income in Mexico. Income tax paid abroad on these items may be credited against Mexican income tax provided that the requirements for claiming the credits are met.

For real estate rental income derived by residents, taxpayers are subject to tax on their rental income even if it is derived from real estate located in foreign jurisdictions. In general, individuals who receive rental income may deduct expenses incurred in relation to the rental business (restrictions can apply).

Income received by non-residents from the rental of real estate and personal property is subject to a final withholding tax at a rate of 25%, with no deductions allowed.

Taxpayers with real estate rental income can opt for a flat deduction of 35% of the rental income.

Royalties received by non-residents for the use of trade names, trademarks, patents or certificates of invention are subject to a 35% withholding tax. Fees received by non-residents for technical assistance and royalties for know-how are subject to a 25% withholding tax. Lower rates may apply under certain tax treaties.

**Directors' fees** – Directors' fees received by residents of Mexico from Mexican or foreign resident companies are subject to income tax at the applicable rates. The paying companies may deduct these fees if certain requirements are met.

**Taxation of employer-provided stock options** – Employer-provided stock options are taxed as salary income for the employee. They are taxed at the time of exercise on the difference between the exercise price and the fair market value of the stock. The income is taxed at the applicable tax rates. Gains derived from the subsequent sale of the shares are subject to tax as capital gains.

## Capital gains and losses

In general, gains derived from the sale of shares and real estate are treated as capital gains. Capital gains are not subject to a separate tax, but are included in ordinary income and taxed at the applicable rates. The gain calculation includes adjusting the cost basis for inflation. Gains derived from the sale of shares of Mexican or foreign companies through Mexico's stock exchanges are subject to a 10% income tax. The tax payment is considered final and cannot be credited on the annual taxpayer's income tax return. The taxpayer calculates this 10% tax on the net gain at the end of the year by using information provided by brokers. Capital losses can be carried forward 10 years.

A gain derived from the sale of a personal residence is exempt from tax if the amount of the proceeds does not exceed 700,000 Investment Units (UDIs; equal to MXN5,587,121). As of 31 December 2023, a UDI equalled MXN7,981,602. Gains derived from the sale of a primary residence are exempt from tax if the taxpayer demonstrates that they had not sold another home for which the exemption had been claimed during the preceding three years and if the title transfer is done through a notary public.

Capital gains derived from transfers of shares and real estate are taxed using an income-averaging method. The taxable gain is calculated separately for each asset and then divided by the number of years the asset was held, up to a maximum of 20 years. The resulting amount is added to other taxable income. After the graduated marginal tax rates are applied to the total income, the average rate is then applied to the balance of the capital gain. Income averaging does not apply to capital gains derived from transfers of real property used in a trade or business. These gains are added to ordinary taxable business income.

Although computed the same way, capital losses are treated differently. The tax benefit for the year in which a loss is incurred is limited to the tax attributable to the loss, divided by the number of years the underlying asset was held, up to a maximum of 10 years. The amount of the loss equivalent to one year is deductible from the individual's gain on the sale of other assets or from other income derived in that year, except salary, self-employment, and business income. The remaining loss in the relevant calendar year may be carried forward three years and can be used only to offset the tax on capital gains derived from the sale of shares or real estate.



Non-resident taxpayers deriving capital gains from the disposal of shares or real estate may elect to pay tax on the gross amount at a rate of 25% or to be taxed at a rate of 35% on the net gain. An individual electing the second alternative must designate a legal representative who is a tax resident of Mexico.

## Estate and gift taxes

No estate or inheritance tax is levied except for a local real estate property tax.

Gifts or donations from direct line family members (ascendants or descendants) are exempt from income tax if certain requirements are met.

## Social security

The maximum rate of the social security contribution payable by employees is approximately 2.775% of the integrated salary. The contribution is withheld by the employer from wages. The maximum rate of the social security contribution payable by employers can reach 38.8746%. The maximum amount of salary that may be used to compute the social security contribution equals 25 times the UMA (Unit of Measure and Update). These contributions are all subject to caps that are determined based on a multiple of the UMA. For 2024, the maximum annual social contributions per employee are approximately MXN189,804 for the employer portion (this figure includes Housing Fund and mandatory pension costs) and MXN27,016 for the employee portion.

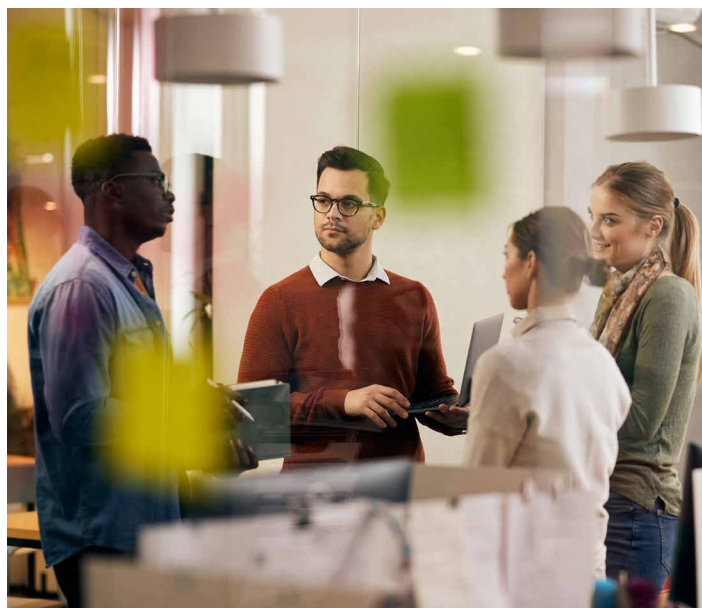
Employers must contribute 5% of salaries (limited to 25 times the UMA) to the Housing Fund which provides funds for the construction of housing for workers.

Employers' contributions to a pension plan that is managed by a bank in the employee's name equal 2% of an employee's compensation. The maximum amount of salary that may be used to compute the pension plan contribution equals 25 times the UMA.

## Tax filing and payment procedures

Taxpayers who receive income from salaries and interest not exceeding MXN400,000 are not required to file annual tax returns. However, if real interest exceeded MXN100,000 and if taxes were withheld on such interest, the individual must file an annual return.

Personal income taxes of employed residents and non-residents are withheld at source. A resident individual taxpayer may elect to pay the remaining tax due either when the annual return is filed or in instalments with interest over a six-month period.



Resident individuals must report in their annual tax returns information regarding loans, prizes, and gifts obtained during the calendar year if such items exceed MXN600,000, in aggregate or separately.

Taxpayers with income in excess of MXN500,000 in the calendar year are required to report exempt income and non-taxable items (such as employer reimbursed travel expenses, income derived from the sale of a principal residence, inheritance or legacy income and revenue from prizes), regardless of their amounts. This rule also applies to Mexican resident individuals earning taxable income who are not required to file an annual tax return.

Self-employed individuals must make monthly tax payments on account of their annual tax.

Resident employees of foreign resident companies who work in Mexico must make monthly estimated payments on account of their annual tax if their companies do not have permanent establishments in Mexico, or if their compensation is not reflected on a Mexican company's payroll.

## Double tax relief and tax treaties

An individual resident in Mexico with foreign-source income may take a credit for foreign tax paid in the source country to the extent that the foreign tax paid does not exceed the individual's Mexican tax liability on the foreign-source income and if certain requirements are met.

Mexico has entered into double tax treaties with 74 countries. 13 of the treaties are for information exchange.

Mexico is currently negotiating double tax treaties with various additional countries.

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