



Russell Bedford
taking you further

**REFORM ON LABOR
OUTSOURCING**

Russell Bedford - Key Facts:

350 oficinas en 100 países y casi 7,000 colaboradores en todo el mundo



350 offices in 100 countries and nearly 7,000 employees worldwide

Suficientemente jóvenes, altamente experimentados. Establecidos desde



1983

Enough young, highly experienced. Established since

RBI es miembro permanente del IFAC Forum of Firms



MEMBER OF THE
FORUM OF FIRMS

RBI is a permanent member of the IFAC Forum of Firms

Amplia red de oficinas y más de 500 colaboradores en México



Wide network offices and more than 500 employees in Mexico

Ubicados en el top-10 de Firmas* de Contadores en México



Ranked among Mexico's top-10 accounting firms*

Soluciones integrales con un amplio portafolio de servicios, todo en un mismo lugar



Comprehensive solutions with an extensive service portfolio in a one-stop shop

Más de la mitad de nuestros clientes llegan por referencia de otro con el que ya trabajamos



More than half of our clientele is referred to us from satisfied clients

Reconocidos como "Network of the Year 2019" por el International Accounting Bulletin



Awarded as "Network of the Year 2019" by the International Accounting Bulletin

Registro ante la SEC y el PCAOB para auditar a empresas públicas listadas en USA**
Tenemos altos estándares de calidad en nuestros trabajos de auditoría (AQC)***

PCAOB

Public Company Accounting Oversight Board



We meet the SEC and PCAOB requirements to audit U.S. public listed companies**
We have a high audit quality control standards (AQC)***

* Ranking publicado por el International Accounting Bulletin (IAB), octubre 2019 / Ranking published by the IAB, October 2019

** Aplica para la oficina Cd. de México / Applies to Mexico City office

*** Aplica para las oficinas Cd. de México y Monterrey / Applies to Mexico City and Monterrey offices



REFORM ON LABOR OUTSOURCING

On April 20, 2021, the Decree was approved by means of which various provisions on Labor Outsourcing are amended, added and repealed, which will enter into force the day after its publication, except for the obligations indicated in tax matters, which will enter into force on August 1, 2021.

Below we list the most relevant changes:

1. The subcontracting of personnel, which consists of a natural or legal person providing or making available their own workers for the benefit of another, is prohibited.

2. Only the subcontracting of specialized services or the execution of specialized works that are not part of the corporate purpose or the predominant economic activity of the company that receives them is allowed.

The services or complementary or shared works provided between companies of the same business group will also be considered as specialized as long as they are not part of the corporate purpose or the predominant economic activity of the company that receives them.

3. Individuals or legal entities that provide subcontracting services must have a registry with the Ministry of Labor and Social Welfare (STPS), which must be renewed every three years.

A period of 90 calendar days is granted, counted from the publication of the rules, for individuals or corporations that provide subcontracting services to obtain said registration.

4. Anyone who subcontracts personnel, as well as individuals or legal entities that provide subcontracting services without having the registration indicated in the previous point, will be fined from 2,000 to 50,000 times the Unit of Measurement and Update (UMA), without prejudice to the other responsibilities that may arise in accordance with the applicable legislation.

5. The determination of the Workers' Participation in Profits will be subject to the current rules, and its amount will have a





maximum limit of three months of the worker's salary or the average of the participation received in the last three years, whichever is more favorable to the worker.

6. The payments or compensation made for the subcontracting of personnel to carry out activities related to both the corporate purpose and the predominant economic activity of the contractor will not have tax deduction or accreditation effects.

7. To deduct the outsourcing of specialized services and credit the corresponding value added tax (VAT), the contractor must verify that the contractor is registered with the STPS, as well as obtain the required information regarding income tax and VAT. .

8. Regarding social security, the person who contracts the provision of services or the execution of works with another person who fails to comply with their obligations in terms of social security, will be jointly and severally liable in relation to the workers used to execute said contracts.

During the 90 calendar days following the entry into force of the reform, the migration of workers from companies that operated under the labor subcontracting regime will be considered as employer substitution, as long as the destination company of the workers recognizes their labor rights, including the age of the same and the risks of completed work, before the corresponding legal instances.

9. The obligation to withhold 6% of the VAT derived from personnel subcontracting services will be eliminated.

10. It is considered a crime of qualified tax fraud to use simulated schemes for the provision of specialized services or the execution of specialized works, or to subcontract personnel.

11. Government agencies and institutions will only be allowed to subcontract specialized services or the execution of specialized works, provided that the contractor is registered in the public registry.

Due to the aforementioned, the necessary analyzes must be carried out to identify those services that qualify as specialized, in order to implement the necessary adjustments to be able to justify that they are not part of the company's corporate purpose or the company's preponderant economic activity that receives them.





Russell Bedford Partners are at your service for any questions and to assist you in the necessary transition to comply with said Reforms, in order to mitigate labor and tax risks.

For further information, please contact to some of our offices

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