

Analysis of the simplified trust regime RESICO

Análisis del régimen simplificado de confianza RESICO

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Abstract

Individuals and corporations acquire tax obligations when they initiate an economic activity. The obligation of individuals and legal entities to contribute to public spending is established in Article 1 of the Federal Fiscal Code, where the applicable provisions are indicated; it is the main basis for the contributions classified as taxes, social security contributions, improvement contributions and duties, mentioned in Article 2 of the Federal Fiscal Code. The timely and proper payment of the respective taxes avoids being subject to certain tax credits, updates and surcharges. The SAT is continually looking for ways for taxpayers to comply with these obligations, adapting tax regimes to facilitate this process. The RESICO Simplified Trust Regime is an example of this, which establishes who can and cannot pay taxes, the requirements and procedures to comply with tax obligations. This analysis contributes to the generation of knowledge on the scope of this new tax regime.

Resumen

Las personas físicas y morales adquieren obligaciones fiscales cuando inician una actividad económica. La obligación de las personas físicas y morales de contribuir al gasto público se establece en el artículo 1 del Código Fiscal de la Federación, donde se señalan las disposiciones aplicables; es la base principal de las contribuciones clasificadas como impuestos, aportaciones de seguridad social, contribuciones de mejoras y derechos, mencionadas en el artículo 2 del Código Fiscal de la Federación. El pago oportuno y correcto de los impuestos respectivos evita ser sujeto de ciertos créditos fiscales, actualizaciones y recargos. El SAT busca continuamente la manera de que los contribuyentes cumplan con estas obligaciones, adecuando los regímenes fiscales para facilitar este proceso. Ejemplo de ello es el Régimen de Fideicomiso Simplificado RESICO, que establece quiénes pueden y quiénes no pueden tributar, los requisitos y procedimientos para cumplir con las obligaciones fiscales. Este análisis contribuye a la generación de conocimiento sobre los alcances de este nuevo régimen fiscal.

Fiscal Regime, Taxes, Contributions

Régimen Fiscal, Impuestos, Contribuciones

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Introduction

Individuals and corporations acquire a series of obligations in tax matters when they start economic activities, and one of them is to contribute by paying taxes. It is important to be up to date with the nine regimes that the authority establishes to comply with such obligations.

In this paper, we analyze the information corresponding to the Simplified Regime of Trust RESICO, in order to understand the change of taxpayers who were taxed in the Tax Incorporation Regime (RIF) and the activities it generates. Likewise, the benefit of paying taxes in this new modality is also analyzed.

Based on the obligation of Mexican citizens to contribute to the nation's public spending through the payment of taxes, social security contributions, contributions for improvements and duties, as mentioned in Article 2 of the CFF, the basis for the appearance of the new tax regime is established. (CDHCU, Código Fiscal de la Federación, 2021)

Problem statement

The lack of knowledge on the part of taxpayers with respect to the tax reforms generated for the year 2022, generates uncertainty at the time of making financial decisions regarding the economic activities that both individuals and companies carry out. The appearance of new tax regimes brings new procedures that modify the way in which accounting operations are recorded, which generate the financial information that allows calculating the amount of taxes contributed to public spending.

Justification

The importance of being constantly updated, in relation to the reforms that take place in the country (Mexico), is the responsibility of all taxpayers. The lack of knowledge does not exempt the tax liability of individuals and legal entities engaged in commercial activities, so it is necessary to inform, analyze and understand the new Simplified Regime of Trust RESICO, which establishes new guidelines for compliance with tax obligations.

Objectives

General

Analyze the information regarding the Simplified Trust Regime RESICO, to generate knowledge about the established tax obligations, and that the taxpayers who pay taxes under this regime comply with their contributions in due time and form.

Specific

- Analysis of RESICO information.
- Identification of the tax obligations that taxpayers have to comply with their tax obligations in a timely manner.

Frame of Reference

Individuals

The Simplified Trust Regime is an administrative simplification for the payment of income tax (ISR) in a simple, fast and efficient way. The objective of this new scheme is to reduce the rates of this tax so that people with lower incomes pay less. This proposal of the Tax Administration Service (SAT) is based on international best practices.

The proposal is oriented to individual taxpayers who receive annual income of less than 3.5 million pesos invoiced according to their economic activity, belonging to one of the four tax regimes that make up the Simplified Trust Regime:

1. Business and professional activities.
2. Tax Incorporation Regime.
3. Use or enjoyment of real estate (lease).
4. Agricultural, Livestock, Fishing or Forestry Activities.

This regime benefits 82 percent of individual taxpayers.

It is important to note that salaried workers will not participate in this regime but will remain under the Wages and Salaries Regime.

Starting in 2022, individuals under this new scheme will be required to pay between 1 and 2.5% of their income. Due to these small ISR payment rates, taxpayers will not be able to deduct any type of expense. This is due to the fact that, even with the possibility of deduction, the effective income tax (ISR) rate for individuals was 25.4% during 2020, which represents ten times more than the maximum rate of the Simplified Trust Regime.

The new Simplified Trust Regime will use as a basis the income invoiced and collected, which will reduce the taxpayer's accounting work without requiring the support of third parties. The SAT, as it does annually, will make the calculations and will offer the pre-filled annual return that will be practically ready, only to be compared and paid. (SHCP, 2022)

Legal entities

The Simplified Trust Regime will include legal entities constituted only by individuals who are not associated with other legal entities, whose total income for the year does not exceed 35 million pesos, among other requirements.

According to economic censuses and information from the SAT registries, there are more than 2 million legal entities that are constituted as micro, small and medium-sized companies that promote economic activation and boost competitiveness.

What will the administrative simplification be like?

Income and expense information will be preloaded on the returns for easy tax determination.

What are the benefits?

The purpose of this new regime is to provide greater liquidity to these companies. In other words, it intends to provide companies with more cash for their immediate expenses.

How is this liquidity obtained?

Two ways:

1. Currently, corporations, being suppliers, pay taxes once their sales are invoiced even if their creditors, to whom they sell, do not pay at the time of invoicing.

How does this change with the new Simplified Trust Regime? Starting in 2022, these entities will pay taxes only when they have income from invoices actually collected.

2. When companies buy machinery and certain investments that they use for their activity, they can deduct it in order to pay lower taxes. With the new Simplified Trust Regime, they will continue to deduct, but in less time and at higher rates. (SHCP, 2022)

Who can be taxed.

Individuals

If you are an individual whose annual income does not exceed 3.5 million pesos and you carry out the following activities:

- Business and professional activities (mechanic shops, printing shops, restaurants, cafeterias, economic kitchens, canteens, bars, grocery stores, miscellaneous, mini-shops, schools, day care centers, hardware stores, hardware stores and repair shops, among others; as well as lawyers, accountants and doctors, among others).
- Tax Incorporation Regime.
- Use or enjoyment of real estate (lease of apartments, houses and commercial premises, among others).
- Agriculture, Livestock, Forestry and Fishing.

In addition, they may obtain income from salaries and interest, provided that the total income does not exceed 3.5 million pesos per year.

Legal entities

If you are a company that is registered under the General Regime, that files the annual income tax return, as well as monthly interim returns and reports the income and expenses invoiced in each period, you must be taxed under the Simplified Trust Regime.

Please note that if you are a legal entity you must reside in Mexico and be **constituted only by individuals** whose total income in the immediately preceding fiscal year does **not exceed the amount of 35 million pesos**, or be a legal entity resident in Mexico, only constituted by individuals when you start operations and you estimate that your income will not exceed such amount. (SHCP, 2022)

Those who cannot be taxed.

Individuals.

When you are a partner, shareholder or member of legal entities or when they are related parties, except when:

- They are partners, shareholders or members of legal entities that pay taxes under the Non-Profit Legal Entities Regime of the Income Tax Law, provided that they do not receive any distributable surplus from this tax.
- Are partners, shareholders or members of legal entities constituted as institutions or civil societies with the purpose of managing savings funds or savings banks, as well as savings and loan cooperative societies constituted to regulate the activities of such entities; even when they receive interest from such legal entities.
- Are members of production cooperative societies comprised solely of individuals engaged exclusively in agricultural, livestock, forestry and fishing activities, provided that such members comply on their own account with their tax obligations.
- Residents abroad who have one or more permanent establishments in the country.
- Those with income subject to preferential tax regimes, i.e., income that is not taxed abroad or is taxed at an income tax rate lower than 75% of that which would be payable in Mexico.
- Taxpayers that apply other tax benefits or incentives, for example, those that by decree receive tax incentives from the northern and southern border region.

The following assumptions are assimilated to salaries:

- Fees to board members, directors, supervisory and advisory committees, administrators, statutory auditors and general managers.
- Fees that are preponderantly rendered to a borrower.
- Fees for services rendered to companies or individuals with business activity when they communicate in writing to the borrower that they choose to pay the tax under the regime of assimilated to salaries.
- Individuals with business activities when they communicate to their borrower that they choose to pay the tax under the regime of assimilated to salaries.

Legal entities

- When one or more of its partners, shareholders or members participate in other commercial companies where they have control of the company or its administration, or when they are related parties.
- That carry out activities through trusts or joint ventures.
- That for the activities they carry out, they must pay taxes as:
 - Credit Institutions in the General Regime of Law.
 - In the Optional Regime for Group of Companies.
 - In the Coordinated Regime.
 - In the Regime for Agricultural, Livestock, Forestry and Fishing Activities.
 - In the Non-Profit Corporate Entities Regime.
 - In the Regime of Production Cooperative Societies that choose to defer their income.

- Taxpayers that cease to be taxed under the Simplified Trust Regime. (SHCP, 2022)

- Persons who grant the temporary use or enjoyment of property.

Methodology to be developed

Information analysis

In order to analyze the information, answers are given to the most common questions that arise as doubts on the part of taxpayers: (PRODECOM, 2021)

Who can be taxed under this new tax regime?

What is the base income amount to be taxed under this regime?

Can I be taxed under this regime if I receive another type of income?

What tax benefits will individuals in the Primary Sector have?

Who cannot be taxed under this Tax Regime?

Who cannot be taxed under this Tax Regime?

Which tax regimes disappear with the entry into force of the Simplified Trust Regime?

What about the Tax Incorporation Regime?

What are the events for which the exit from the Tax Incorporation Regime is updated?

What obligations must be fulfilled?

Individuals

Article 113-E establishes that the persons that may be taxed in the RESICO are:

- Natural persons who carry out the following commercial activities:
- Business and professional activities (including agriculture, livestock, fishing and forestry).
- Derived from the Tax Incorporation Regime.
- Professional Services

Provided that their income obtained in the immediately preceding fiscal year does not exceed 3.5 million pesos, or when they initiate activities where the aforementioned amount is not exceeded. (CDHCU, INCOME TAX LAW, 2021)

To determine the amount of income for the immediately preceding fiscal year, income billed in the fiscal year is considered. (SEGOB, 2021)

If in addition to performing the activities mentioned above, and income is obtained from salaries and/or interest, it is possible to be taxed under this regime, provided that the total income does not exceed 3.5 million pesos. (CDHCU, INCOME TAX LAW, 2021)

Taxpayers who have exclusively agricultural, livestock, forestry and fishing activities and whose income does not exceed \$900,000.00 pesos that they have actually collected, will have the benefit of not paying ISR on the income from such activity. In order to enjoy the tax exemption, 100% of the income must be presented. (CDHCU, INCOME TAX LAW, 2021)

The persons who will not be able to apply the provisions of RISCO are:

- The partners, shareholders or members of legal entities, or when they are related parties. A related party is considered when two or more persons participate directly or indirectly in the management, control or capital of the other, or when a person or group of persons participates, directly or indirectly, in the management, control or capital of such person, or when there is a relationship between them in accordance with current legislation.
- Be a resident abroad with one or more establishments in the country.
- Taxpayers are subject to preferential tax regimes when they are not taxed abroad, or when the income tax actually incurred and paid is lower than the tax incurred in Mexico.

- The following cases where they are assimilated to salaries:
 - Fees to members of boards, directors, supervisory, advisory or administrative boards, commissioners and general managers.
 - Fees that are preponderantly rendered to a borrower.
 - Fees for services rendered to companies or individuals with business activity, when they communicate in writing that they opt for the system of assimilated to salaries.
 - Individuals with entrepreneurial activities who communicate to their borrower that they opt for the system of assimilated to salaries. (CDHCU, INCOME TAX LAW, 2021)

The tax regimes that disappear with the entry into force of RESICO, due to the fact that this new regime contemplates the mechanics of payment of the aforementioned activities, are as follows:

Tax Incorporation Regime

Regime for agricultural, livestock, forestry and fishing activities. (SEGOB, 2021)

With the entry into force of the RESICO, the Tax Incorporation Regime (RIF) disappears; therefore, individuals who used to pay taxes under the aforementioned regime must migrate to the new regime.

The assumptions under which the RESICO output is updated are as follows:

- When the income from the activity itself, salaries and interest are greater than 3.5 million pesos.
- Failure to comply with any of its tax obligations established in the regime.

- When the taxpayer omits the presentation of three or more monthly payments in a fiscal year, consecutive or not, as well as not presenting its annual return. (CDHCU, INCOME TAX LAW, 2021)

Taxpayers who cease to pay taxes under RESICO due to noncompliance with their tax obligations may not return to pay taxes under this regime.

In the event that income in excess of 3.5 million pesos has been obtained, ISR must be paid in accordance with the provisions of the Business and Professional Activities regime, or in accordance with the Rental Income Regime, as applicable, as of the following month in which the event occurs.

Individuals who have ceased to be taxed under RESICO for having exceeded the maximum amount of 3.5 million pesos of income, may be taxed again under this regime, when their income in the immediately preceding year does not exceed such amount and they are up to date with their tax obligations. (CDHCU, INCOME TAX LAW, 2021)..

Legal entities

Pursuant to Article 206 of the Income Tax Law (LISR), the RESICO must be paid by entities resident in Mexico only constituted by individuals, whose total income in the immediately preceding fiscal year does not exceed the amount of 35 million pesos or entities resident in Mexico only constituted by individuals that initiate operations and that estimate that their total income will not exceed the referred amount. (CDHCU, INCOME TAX LAW, 2021)

Taxpayers who are taxed under the General Regime or those who were under the Income Accumulation Option, which was repealed, must be taxed under RESICO, provided they comply with the requirements established in the new regime. (PRODECOM, 2021)

Article 106 of the Income Tax Law mentions that when the income obtained from the beginning of the fiscal year until the month in question exceeds the amount of \$35,000,000.00, the trust regime will cease to apply and will be taxed in terms of Title II of the Income Tax Law, as of the following fiscal year in which the referred amount was exceeded.

The legal entities that cannot be taxed under the RESICO are:

- Those whose partners, shareholders or members participate in other commercial companies where they have control of the company or its management, or when they are related parties.
- Those that carry out activities through trusts or joint ventures.
- Credit, insurance and bonding institutions, general deposit warehouses, financial leasing companies and credit unions; those who pay taxes under the Optional Regime for Groups of Companies; the Coordinated Companies and those who pay taxes under the Regime for Agricultural, Livestock, Forestry and Fishing Activities, as well as those who are under the Regime for Non-Profit Entities.
- Production Cooperative Societies.
- Those who cease to be taxed in accordance with the provisions of the Trust Regime. (CDHCU, INCOME TAX LAW, 2021)

Identification of tax obligations

Individuals

The obligations that must be complied with in accordance with Articles 113-G and 113-H of the Income Tax Law are as follows:

- Register with the RFC.
- Generate e.signature and activate the tax mailbox.
- Issue CFDI for all income received.
- Obtain and keep the CFDIs that cover expenses and investments.
- Filing monthly and annual returns.

- To be active in the RFC.
- Be up to date with their tax obligations.

In the event of resuming activities, the income for the immediately preceding fiscal year must not exceed 3.5 million pesos.

Not being on the definitive list in terms of article 69-B of the CFF. (CDHCU, INCOME TAX LAW, 2021)

Article 69-B mentions that when a taxpayer is detected by the tax authority, issuing vouchers without having the assets, personnel, infrastructure or material capacity, directly or indirectly, to render the services or produce, market or deliver the goods covered by such vouchers, or when such taxpayers are not located, it will be presumed that the transactions covered by such vouchers are non-existent. (DEPUTIES, 2021)

According to Article 113-J of the LISR, . When the taxpayers referred to in Article 113-E of this Law carry out business or professional activities or grant the temporary use or enjoyment of goods to legal entities, the latter must withhold, as a monthly payment, the amount resulting from applying the rate of 1.25% on the amount of the payments made to them, without considering the value added tax, and must provide the taxpayers with the tax voucher stating the amount of the tax withheld, which must be paid by such legal entity no later than the 17th day of the month immediately following the month to which the payment corresponds. (CDHCU, INCOME TAX LAW, 2021)

The manner in which this withholding is performed is exemplified as follows:

Mario provided professional services to a company for \$20,000.00.

The determination of income tax withheld for services is shown in the following table:

Service Provision	\$20,000.00
(X) Income tax withholding rate	1.25%
(=) Income tax withheld	250

Table 1 Calculation of Income Tax withholding per legal entity

Source: Own elaboration

In accordance with Article 113-E of the Income Tax Law, the taxpayers referred to in this article will calculate and pay the tax on a monthly basis no later than the 17th day of the month immediately following the month to which the payment corresponds, and must file the annual tax return.

Taxpayers shall determine the monthly payments considering the total income received for the activities referred to in the first paragraph of this article and covered by the digital tax receipts by Internet effectively collected, without including value added tax, and without applying any deduction, considering the following table:

Amount of income supported by tax receipts actually received, excluding value added tax (pesos per month)	Applicable rate
Up to 25,000.00	1.00%
Up to 50,000.00	1.10%
Up to 83,333.33	1.50%
Up to 208,333.33	2.00%
Up to 3,500,000.00	2.50%

Table 2 Applicable rate for payment of monthly income tax

Source: (CDHCU, INCOME TAX LAW, 2021).

Article 113-F mentions that once the taxpayer has filed and, if applicable, paid the monthly ISR, it must calculate the ISR for the year, for which it will consider the total income effectively received in the corresponding year, covered by the CFDIs, to which it will apply the rate specified in the following annual table:

Taxpayers may deduct from the resulting amount the income tax paid in the monthly returns referred to in Article 113-E of this Law and, if applicable, the income tax withheld in accordance with Article 113-J of this Law.

Amount of income supported by tax receipts actually received, exclusive of value added tax (annual pesos)	Applicable rate
Up to 300,000.00	1.00%
Up to 600,000.00	1.10%
Up to 1,000,000.00	1.50%
Up to 2,500,000.00	2.00%
Up to 3,500,000.00	2.50%

Table 3 Annual Income Tax Article 113-F LISR

Source: (CDHCU, INCOME TAX LAW, 2021).

The advantages of RESICO taxation:

- A predetermined return will be prepared with the information obtained from the tax receipts issued, so it must be checked for correctness and, if necessary, the necessary modifications must be made to determine the income tax payable and generate the line of capture.
- For the determination of income tax, low tax rates are applied, the maximum rate being 2.5%.
- You can be taxed under this regime, even if you are not required to have a professional title to develop your activity, which was not allowed in the RIF.
- If, due to the type of activity carried out, there are no or minimal deductions, it is advisable to opt for this regime. (PRODECOM, 2021)

Value Added Tax (VAT)

In order to comply with tax obligations, the concept of VAT must be considered.

There is no mechanism other than the payment of VAT; monthly payments are determined in accordance with the provisions of the VAT Law.

A practical example is shown in the following table:

Concept	Amount
Value of Events or Activities	\$1,000,000.00
Value added tax carried forward	\$160,000.00
Less: creditable value added tax	\$70,000.00
Same: Tax payable	\$90,000.00

Table 4 Example of VAT determination

Source: Own elaboration

Legal Entities

Article 207 of the Income Tax Law states that income is considered effectively received when it is received in cash, goods or services, even when it corresponds to advances, deposits or any other concept, regardless of the name by which it is designated.

Likewise, the income is considered received when the taxpayer receives credit instruments issued by a person other than the person making the payment; in the case of checks, the income is considered received on the date the check is cashed or when the taxpayers transfer the checks to a third party, except when such transfer is by proxy. It will also be understood that the income is effectively received when the creditor's interest is satisfied through any form of extinction of the obligations.

The legal entities referred to in Article 213 of the Income Tax Law, in addition to the obligations established in other articles of this Law and in other tax provisions, shall comply with the obligations set forth in Chapter IX of Title II of the Income Tax Law:

- To keep accounting records in accordance with the CFF.
- Issue, deliver, obtain and keep the CFDI's of all income, expenses and investments.
- Formulate statement of financial position.
- File an annual tax return within the first 3 months following the end of the fiscal year.
- In the case of dividend payments, provide tax receipts showing the amount of income tax withheld from the persons to whom the dividends are distributed.

Article 208 of the Income Tax Law mentions the following authorized deductions that taxpayers may make:

- I. Refunds received or discounts or rebates made, provided that the corresponding income has been accrued.
- II. Acquisitions of merchandise, as well as raw materials.
- III. Expenses net of discounts, rebates or refunds.
- IV. Investments.

- V. The interest paid derived from the activity, without any adjustment, as well as those generated by capital borrowed, provided that such capital has been invested for the purposes of the activities of the legal entity and the corresponding tax receipt is obtained.
- VI. Employer's contributions paid to the Mexican Social Security Institute.
- VII. Contributions made for the creation or increase of reserves for personnel pension or retirement funds, complementary to those established by the Social Security Law, and seniority premiums established under the terms of this Law. The amount of the deduction referred to in this section shall be in accordance with the provisions of Article 25, Section X of this Law.

Deductions for investments are established in Article 209 of the Income Tax Law, with the maximum authorized percentages as follows:

- A. For expenses and deferred charges, as well as for expenditures made in pre-operating periods, are as follows:
 - I. 5% for deferred charges.
 - II. 10% for expenses incurred in pre-operating periods.
 - III. 15% for royalties, for technical assistance, as well as for other deferred expenses, with the exception of those indicated in section IV of this article.
 - IV. In the case of intangible assets that allow the exploitation of public property or the rendering of a concessioned public service, the maximum percentage shall be calculated by dividing the unit by the number of years for which the concession was granted, the quotient thus obtained shall be multiplied by one hundred and the product shall be expressed as a percentage.
- B. Fixed assets by type of asset are as follows:
 - I. In the case of constructions:

- a. 20% for properties declared as archeological, artistic, historical or patrimonial monuments, in accordance with the Federal Law on Archeological, Artistic and Historical Monuments and Zones, which have a restoration certificate issued by the National Institute of Anthropology and History or the National Institute of Fine Arts.
- b. 13% in other cases.
- II. In the case of railroads:
- a. 10% for train fuel supply pumps.
- b. 10% for railroad tracks.
- c. 10% for railroad cars, locomotives, railcars and railcars.
- d. 20% for track leveling machinery, rail levelers, track grinders, motorized jacks for lifting the track, remover, sleeper inserter and drillers.
- e. 20% for communication, signaling and remote control equipment.
- III. 25% for office furniture and equipment.
- IV. 20% for vessels.
- V. In the case of airplanes:
- a. 25% for those engaged in agricultural aerial spraying.
- b. 20% for others.
- VI. 25% for automobiles, buses, cargo trucks, tractor-trailers, forklifts and trailers.
- VII. 50% for desktop and laptop personal computers; servers; printers, optical readers, scanners, bar code scanners, digitizers, external storage units and computer network hubs.
- VIII. 50% for dies, dies, molds, dies and tooling.
- IX. 100% for livestock and vegetables.
- X. In the case of telephone communications:
- a. 10% for transmission towers and cables, except fiber optic cables.
- b. 20% for radio systems, including transmission and handling equipment that uses the radioelectric spectrum, such as digital or analog microwave radio transmission, microwave towers and waveguides.
- c. 20% for equipment used in transmission, such as internal plant circuits that are not part of the switching and whose functions are focused on the trunks that reach the telephone exchange, including multiplexers, concentrators and routers.
- d. 25% for telephone switchboard equipment used for switching calls using technology other than electromechanical.
- e. 20% for others.
- XI. In the case of satellite communications:
- a) 20% for the satellite segment in space, including the main body of the satellite, transponders, antennas for the transmission and reception of digital and analog communications, and monitoring equipment on the satellite.
- b) 20% for satellite equipment on the ground, including antennas for the transmission and reception of digital and analog communications and equipment for satellite monitoring.
- XII. 100% for adaptations made to facilities that imply additions or improvements to fixed assets, provided that such adaptations are intended to facilitate access to and use of the taxpayer's facilities by persons with disabilities, as referred to in Article 186 of this Law.
- XIII. 100% for machinery and equipment for the generation of energy from renewable sources or efficient electricity cogeneration systems.
- XIV. 50% for conventional bicycles, bicycles and motorcycles propelled by rechargeable electric batteries.

- a. For machinery and equipment other than those mentioned above, the following percentages shall be applied, according to the activity in which they are used:
- I. 20% in the generation, conduction, transformation and distribution of electricity; in the milling of grains; in the production of sugar and its derivatives; in the manufacture of edible oils; in maritime, river and lake transportation.
 - II. 10% in the production of metal obtained in the first process; in the manufacture of tobacco products and natural coal derivatives.
 - III. 13% in the manufacture of pulp, paper and similar products.
 - IV. 13% in the manufacture of motor vehicles and parts thereof; in the construction of railroads and ships; in the manufacture of metal products, machinery and professional and scientific instruments; in the manufacture of food and beverage products, except grains, sugar, edible oils and derivatives.
 - V. 20% in leather tanning and leather goods manufacturing; in chemical, petrochemical and pharmacobiological product processing; in rubber and plastic product manufacturing; in printing and graphic publishing.
 - VI. 20% in electric transportation; in fixed infrastructure for the transportation, storage and processing of hydrocarbons. VII. 25% in the manufacture, finishing, dyeing and printing of textile products, as well as clothing.
 - VIII. 25% in the mining industry; in aircraft construction; and in land transportation of cargo and passengers.
 - IX. 25% in air transportation; in the transmission of communication services provided by telegraphs and radio and television stations.
 - X. 33% in restaurants.
 - XI. 25% in the construction industry; in agriculture, livestock, forestry and fishing activities.
 - XII. 35% for those destined directly to the research of new products or development of technology in the country.
 - XIII. 50% in the manufacture, assembly and transformation of magnetic components for hard disks and electronic boards for the computer industry.
 - XIV. 20% in other activities not specified in this article. The deduction percentages will be applied to the original amount of the investment, even if it has not been paid in full in the fiscal year in which the deduction is applicable.
- The expenses and investments that are not deductible are specified in Article 28 of the Income Tax Law, among which are the following:
- Contributions, except for contributions paid to the IMSS by employers.
 - Employment subsidy.
 - Gifts and hospitality.
 - Representation expenses.
 - Penalties and indemnities
 - Provisions for assets or liabilities
 - Consumption in restaurants or bars.
 - Customs services
 - Travel and per diem expenses, etc.
- The requirements that authorized deductions must comply with are mentioned in Article 210 of the Income Tax Law, and state that:
- That they have been effectively disbursed.
 - Strictly indispensable.
 - In the case of investment deductions, apply the provisions of Section II, Chapter II, Chapter II of Title II of the Income Tax Law.
 - To be subtracted only once.

- That premium and financial payments are made in accordance with applicable laws.
- When the payment is made in installments, the deduction will be made at the time of the installments actually paid.
- In the case of transactions carried out on or before the last day of the fiscal year, the requirements for each deduction established by the Income Tax Law must be met, and in relation to obtaining the receipts, these must correspond to the period of the provisional payment.

The provisional payments that taxpayers must make are established in Article 211 of the Income Tax Law, which refers that no later than the 17th day of the month immediately following the month to which the payment corresponds, by means of a tax return to be filed with the authorized offices. The provisional payment will be determined by subtracting from the total income effectively received obtained in the month in question, the authorized deductions effectively paid corresponding to the same period and the PTU, and if applicable, the tax losses occurred in previous years that have not been reduced; the result will be subject to the 30% rate established in Article 9 of the Income Tax Law, and the provisional payments previously made will be credited against the provisional payment. The following table shows an example of the calculation of the Provisional Payment.

	Concept	Month
	Income from prior periods	\$100,000
(+)	Income for the period	\$400,000
(=)	Total taxable income	\$500,000
	Purchases and expenses of prior periods	\$ 80,000
(+)	Purchases and expenses for the period	\$350,000
(=)	Total purchases and expenses	\$430,000
(-)	OCT	0
(-)	Tax losses	0
(=)	Taxable basis of provisional payment	\$ 70,000
(*)	Rate established in Art. 9 of the Income Tax Law	30%
(=)	ISR incurred	\$ 21,000
(-)	Provisional payments made previously	\$ 6,000
(=)	Provisional payment for the month of February.	\$ 15,000

Table 5 Provisional Payment
Source: (PRODECOM, 2021)

For the calculation of the tax for the year, the provisions of Article 212 of the Income Tax Law are used.

Authorized deductions applicable in terms of the Simplified Trust Regime, PTU and tax losses pending to be applied will be deducted from the accumulated income. To the above result, the 30% rate will be applied, and the following credits may be made against the annual tax:

- Provisional payments.
- Taxes paid abroad and, if applicable, withholdings on dividend distributions, as shown in the following table:

	Concept	Month
	Revenues actually collected	\$25,000,000
(-)	Deductions actually taken	\$23,000,000
(=)	Taxable income before employees' statutory profit sharing	\$2,000,000
(-)	PTU paid	\$500,000
(=)	Taxable income for the year	\$1,500,000
(-)	Tax losses	\$1,000,000
(=)	Tax result	\$500,000
(*)	Rate established in Art. 9 of the Income Tax Law	30%
(=)	ISR for the year	150,000
(-)	Provisional payments	\$120,000
(=)	ISR payable	\$30,000

Table 6 Annual ISR
Source: (PRODECOM, 2021)

In the event that there is a tax loss, it will be determined when the income actually received is less than the authorized deductions and its amount is increased by the PTU paid in the year. Losses generated may be reduced within the following 10 years, until they are exhausted.

Results

Taxpayers in this regime focus on the payment of income tax in a quick and efficient manner mainly for micro, small and medium-sized companies, which also acquire some benefits, among which are. Low income tax rates, facilities for administrative matters, automated calculation of taxes and the possibility of scheduling their returns.

The RESICO has certain characteristics that benefit taxpayers (individuals and corporations), among which are: the payment of 1% to 2.5% of income, without deduction of any type of expense, the taxpayer is entitled to deductions for taxable income, a scheme for the deduction of short-term investments, VAT is creditable, and the profit ratio obtained from the previous fiscal year is no longer used.

Conclusions

The new scheme aims to avoid cumbersome procedures and without the support of third parties, by simplifying them, a minimum income tax rate of 1% is sought as long as the annual income is less than 300,000 pesos, and a maximum rate of 2.5% for those who obtain income of 2 million 500,000 and up to 3 million 500,000 pesos.

This regime is intended to broaden the taxpayer base. In this context, the Trust Regime will also maximize the simplification of the filing of tax returns for corporations.

The use and exploitation of the technological tools available to the SAT, facilitates the preloading of information, the provisional and annual returns, the calculations for the determination of the tax, also allowing the payment in electronic means, this combined with the new regime, makes the taxpayer to comply with their obligations in a timely manner.

In conclusion, the Simplified Trust Regime (RESICO) is aimed at individuals engaged in business activities, professional services, leasing and AGAPES (Agriculture, Livestock, Fishing) primary activities, with income not exceeding 3.5 million pesos per year, and legal entities with any type of activity whose income does not exceed 35 million pesos.

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