

Mexico City, January 10th, 2019.

An executive order to eliminate the income tax withholding for interest paid abroad on bonds listed in a stock exchange, as well as to grant tax incentives to taxpayers investing in a capital market in Mexico was published in the Federal Official Gazette on January 8, 2019.

The following tax incentives were created for productive investment projects:

- Corporate Bonds.

A tax incentive is granted to non-residents consisting of a tax credit equivalent to 100% of the income tax required to be withheld to non-residents for interest paid on bonds listed in any authorized stock exchange. This tax incentive may only be credited against the income tax that should have been withheld and paid on such interest. It is to be pointed out that this tax incentive should not be accrued for income tax purposes.

The purpose of this tax incentive is to promote investment in Mexican debt instruments by non-Mexican investors, with no withholding tax requirement.

- Profits realized from the transfer of shares acquired outside recognized markets.

From 2019 through 2021 fiscal years, Mexico residents and non-residents holding shares issued by Mexican companies may apply a 10% tax rate to any profit realized from the transfer of such shares under an initial public offering, provided such shares may have not been previously listed in any authorized stock exchange, and comply with certain requirements and restrictions applicable to the sale of shares representing a controlling interest in the company or protected crossing trades, or share-for-share transactions.

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This tax incentive will also be applicable to the transfer of shares representing a controlling interest at a stock exchange, when at least 20% of the shares of a Mexican company has been acquired by a capital risk investment trust (venture capital), and the certificates issued by the trust are placed among the public at large and the transfer is due to a divestment arising from a transition process by the trust to lead to the public offering of the company's shares. The tax incentive is applicable if no investment vehicle, other than a capital risk investment trust, acquires the shares of the Mexican company, provided certain requirements are met.

The lawyers of the tax area of our Firm will be pleased to provide you with further information you may need on how to apply and obtain the important benefits arising from these tax incentives.

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