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Tax Alert

Mexico's SAT just updated the Effective Tax Rates for Large Taxpayers

New reference benchmarks for fiscal years 2022 and 2023. If your company is listed as a Large Taxpayer in Mexico, this affects you — starting today.

Mexico Tax Authority (SAT) · February 20, 2026

Mexico's tax authority (SAT) has just released the reference benchmarks for Effective Corporate Income Tax (ISR) Rates for Large Taxpayers — fiscal years 2022 and 2023. The message is clear: if your company's effective rate falls below the published threshold for your industry, you are already on the tax authority's radar.

What did the SAT publish?

A fiscal benchmark that measures your company's tax risk

The SAT periodically publishes reference rates calculated from the annual tax returns of Large Taxpayers, grouped by economic activity. The formula is straightforward — but the consequences are not:

SAT FORMULA

Effective Tax Rate = Corporate Income Tax ÷ Aggregate Taxable Income

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If your company's result is below the published benchmark for your industry, the SAT classifies you as a higher tax risk entity — triggering formal invitation letters through the Taxpayer Mailbox (Buzón Tributario) and, potentially, in-depth audits.

This new release extends the coverage to fiscal years 2022 and 2023, adding to the data already available since 2016. The SAT now holds up to eight consecutive years of data to detect behavioral patterns in your company's tax profile.

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Years of combined expertise in Mexican & international tax

SAT
Former SAT, Big 4 & Baker McKenzie partners — we know how the authority thinks, and how the world's largest firms operate

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What does falling below the benchmark trigger?

Formal Invitation Letter via Taxpayer Mailbox

A direct SAT notification inviting the company to self-correct. This is the first formal signal from the authority — and one that should never be ignored or treated as routine.

In-Depth Audit

If the gap persists or is linked to questionable transactions, the SAT may initiate a comprehensive review covering related-party operations, deductions, and tax planning structures.

Related-Party Transaction Review

The SAT explicitly flags related-party transactions, corporate restructurings, and tax treaty applications as factors that may artificially reduce a company's effective rate.

Voluntary Correction as an Option

Filing amended returns is the available self-correction route — but it must be backed by solid technical analysis. Acting without proper assessment can open more risks than it closes.

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What this means for your company

01

Being "close" to the benchmark is not enough

The SAT analyzes fiscal behavior across multiple consecutive years. A low effective rate in 2022 and 2023, combined with previously published data going back to 2016, constructs a pattern that compounds your overall risk profile.

02

Below the benchmark doesn't always mean non-compliance

Macroeconomic factors, business cycles, capital investment phases, or legitimate tax planning structures can all justify lower effective rates. The key is having the technical documentation that supports it.

03

The correct industry classification is critical

The SAT compares your company against the activity that actually generates the majority of your revenue — not necessarily what is registered in your RFC profile. Identifying the right benchmark is the essential first step of any analysis.

04

Correcting without analyzing can cost more than the problem

Filing an amended return to artificially raise the effective rate triggers deeper reviews, according to the SAT itself. Any correction must be grounded in a prior technical assessment of your actual tax position.

The Direct Connection to Transfer Pricing

The SAT is explicit: related-party transactions are at the center of this analysis. Intragroup payments that erode Mexico's taxable base — royalties, management fees, intragroup services, intercompany financing, and corporate restructurings — are exactly what the authority will examine to explain why a company's effective rate falls below the published reference.

This transforms the effective tax rate analysis into an exercise that goes beyond the tax department. It requires coordinated input from tax, finance, and transfer pricing to build a technically sound and defensible position ahead of any inquiry or formal review.

Immediate actions to consider right now

- Calculate your effective tax rate for 2022 and 2023. Divide the corporate income tax paid by your aggregate taxable income for each year and compare it against the SAT's published benchmark for your industry.
- Confirm the correct industry classification. The SAT uses the activity that generates the majority of your revenue — not necessarily what is registered in your RFC. Verifying this is the critical first step.
- Document your business reasons for a lower effective rate: investment cycles, prior-year losses, foreign exchange effects, or legitimate group structures with real economic substance.
- Review your intercompany transactions. If the gap is driven by related-party payments, ensure your transfer pricing documentation is current, complete, and aligned with actual economic reality.
- Do not act without specialized advice. Before filing any amended return, obtain a technical assessment that evaluates the real impact and the right strategy for your specific situation.

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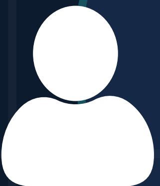
Does your company know where it stands against the new benchmarks?

At LATPG Advisors, we conduct effective tax rate diagnostics that integrate the fiscal analysis with a transfer pricing perspective — the exact same lens the SAT is using to identify risk. Let's talk.

Armando Cabrera



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