



1. As a result of the Outsourcing Reform of April 23rd of this year, the Federal Employment Law establishes that companies that provide outsourcing services are required to register with the Department of Employment and Social Welfare (hereinafter referred to as STPS).¹
2. In compliance with the Reform, the STPS published, on May 24th, the general provisions for registration in the Public Register of Contractors of Specialized Services or Works.²
3. Registration in the Register will be through a platform to which outsourcing companies will access with their Tax ID and electronic signature provided by the Tax Administration Service (hereinafter referred to as SAT). In such platform, companies must complete several data, and upload the required documentation.³
4. Once the registration is requested, the STPS has 20 days to accept or reject the application. Should STPS fail to do so, the company may request the STPS to issue a registration notice, which must be answered within three business days after filing the requirement. If STPS fails to respond, the company will be registered.⁴
5. The registration is valid for three years.⁵ The company must process its registration renewal within three months prior to the expiration date.⁶
6. Outsourcing companies that are not up to date with their tax and social security obligations will not be able to register until their compliance therewith.⁷
7. Companies providing outsourcing services must apply for registration by August 23rd, 2021.⁸
8. It should be noted that the STPS may impose a fine from \$179,240.00 to \$4,481,000.00 on outsourcing companies without registration.⁹
9. A company may credit and deduct taxes, related to the hiring of an outsourcing company, as long as it has verified that the outsourcing company holds the pertinent registration, and complies with its obligations under the legal framework.¹⁰
10. The recently published Provisions offer some areas of improvement, for example:
 - A. Although they define the companies that must register, the concept of "outsourcing company" is not precisely defined, so companies may have questions as to whether their registration is required.
 - B. It is unclear how a company that has not received a response will be able to prove that its registration has been recorded as required by the Provisions.

If you have any questions or require advice on this issue, please feel free to contact us:
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Mexico City, on May 24th, 2021.

¹DECREE that amends, adds and repeals several provisions of the Federal Employment Law, the Social Security Law, the Law of the National Workers' Housing Fund Institute, the Federal Tax Code, the Income Tax Law, the Value Added Tax Law, the Federal Law of Employees in the Service of the State, the Regulatory Law of Section B) Article 123 of the Constitution, the Regulatory Law of subsection XIII Bis of Section B, Article 123 of the Political Constitution of the United Mexican States in the matter of Labor Outsourcing, available at <https://bit.ly/3gLOIUw> (Reform Decree in the matter of outsourcing).

²RESOLUTION announcing the general provisions for the registration of individuals or legal entities that provide specialized services or perform specialized works referred to in Article 15 of the Federal Employment Law, available at <https://bit.ly/2Tj960l> (Provisions).

³Provisions, Article Eight.

⁴Provisions, Article Ten.

⁵Provisions, Article Thirteen.

⁶Provisions, Article Sixteen.

⁷Provisions, Article Fourteen.

⁸Term of 90 calendar days from the date of publication of the Provisions. Reform Decree in the matter of outsourcing, Third Enabling Article.

⁹Fine from 2,000 to 50,000 times the Measurement and Updating Unit. Federal Employment Law, Article 1004-C.

¹⁰VAT Law, Article 5, subsection II. Income Tax Law, Article 27, section V.