

iGlobal Law Annual Alert 2023 : Mexico

Legal Change	Effective Date	Action required																		
<p>Increase of social security contributions (retirement)</p> <p>On December 16th, 2020, an amendment to the Social Security Law was published in the Federation's Official Gazette, which modified, among other matters, the distribution of the contribution responsibilities to the pension system in Mexico. Such modification essentially increases the employers' responsibilities. The increments will be carried out gradually until 2030.</p> <p>Before such amendment, employers were obligated to contribute an amount equal to 3.150% of the employee's salary for contribution purposes. For 2023, such percentage will increase as follows:</p> <table border="1" data-bbox="212 882 836 1218"> <thead> <tr> <th>Salary for contributions purposes</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>1.00 MDW*</td> <td>3.150%</td> </tr> <tr> <td>1.01 MDW to 1.50 UMA*</td> <td>3.281%</td> </tr> <tr> <td>1.51 UMA to 2.00 UMA</td> <td>3.575%</td> </tr> <tr> <td>2.01 UMA to 2.50 UMA</td> <td>3.751%</td> </tr> <tr> <td>2.51 UMA to 3.00 UMA</td> <td>3.869%</td> </tr> <tr> <td>3.01 UMA to 3.50 UMA</td> <td>3.953%</td> </tr> <tr> <td>3.51 UMA to 4.00 UMA</td> <td>4.016%</td> </tr> <tr> <td>4.01 UMA onwards</td> <td>4.241%</td> </tr> </tbody> </table> <p>MDW: Minimum Daily Wage (\$312.41 MXP for the Northern Border Free Zone and \$207.44 M.N. for the rest of the country) UMA: Measurement and Update Unit (its value has not been announced for 2023) (2022: \$96.22 MXP)</p>	Salary for contributions purposes	Percentage	1.00 MDW*	3.150%	1.01 MDW to 1.50 UMA*	3.281%	1.51 UMA to 2.00 UMA	3.575%	2.01 UMA to 2.50 UMA	3.751%	2.51 UMA to 3.00 UMA	3.869%	3.01 UMA to 3.50 UMA	3.953%	3.51 UMA to 4.00 UMA	4.016%	4.01 UMA onwards	4.241%	<p>January 1st, 2023.</p>	<p>Ensure the necessary administrative and financial procedures are in place for the employer's compliance with the new contributions.</p>
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<p>Validation of collective bargaining agreements</p> <p>Due to the amendment to the Federal Labour Law, published on the Federations' Official Gazette on May 1st, 2019, existing collective bargaining agreements must be reviewed at least once during the following four years. Such validation purpose requires for the CBA to be subject to a vote by the employees for them to decide "yes" or "no" on whether they want such CBA to continue in force. The vote shall be direct, personal, free and secret and involves exhausting an administrative process before the Federal Labour Conciliation and Registration Center.</p> <p>If at the end of such term, the CBA has not been validated or if the majority of the workers vote against such CBA, it shall be deemed terminated, in the</p>	<p>May 1st, 2023</p>	<p>If the CBA has not been validated, analyse the Company's situation at each facility with a CBA in order to define a strategy to carry out such validation process or, if applicable, define a strategy for the termination of such CBA.</p>																		

understanding that all benefits and employment conditions contemplated in the CBA shall remain.

Vacations Rules

Under new rules, employees entitlement to annual vacation is increased, as follows:

Current legislation		New Rules	
Years of service	Vacation days	Years of service	Vacation days
1	6	1	12
2	8	2	14
3	10	3	16
4	12	4	18
5-9	14	5	20
10-14	16	6-10	22

Thereafter, employees will be entitled to two additional vacation days for every five years of service.

January 1st 2023.

Note and apply the new employee vacation entitlements.