

Mexico: Agreement reached on labor subcontracting.

After three months of dialogue, the federal government has reached an agreement with the labor and business sectors on the presidential bill filed in November of the last year to amend the current regulation on labor subcontracting.

The main purpose of the Bill is to eliminate practices that violate workers' labor rights.

Among the agreements reached, the following are highlighted:

- It **prohibits the personnel subcontracting regime**, both in its insourcing and outsourcing modality.
- It establishes the regulation under which companies may contract the **provision of specialized services or works**, provided that such services or works are not part of the corporate purpose, nor of the economic activity of the beneficiary of the those.
- The contracting shall be **jointly liable** with respect to obligations of the contractor with its workers.
- The contractor shall be registered before the Ministry of Labor and Social Welfare and **listed in the public register of providers** of specialized services or work.
- A limit is established on the **Employee Profit Sharing (PTU)** of the company, consisting of 3 months of salary or the average of the participation received in the last 3 years, whichever is more favorable to the employee.
- A period of **3 months** from the effective date of the amendment is provided for **subcontracted workers to become part of the actual employer**.

The agreements reached will be submitted to the Chamber of Deputies to be considered in the process of review, discussion and approval of the amendment.

We will be closely monitoring the legislative process of the Bill to keep you informed of the terms of the final approval of the amendment.

Considering that the approval of the amendment is imminent and in order to guarantee its compliance on the date of its publication and entry into force, it is convenient that those companies that operate under a personnel subcontracting regime establish a transition program from now on.

For more details on the content and scope of the Bill, we invite you to consult our press release of November 19, 2020, at the following link:

https://mcusercontent.com/110f265f5d991ccc7a5bfb3cd/files/51394d6e-800d-4c2d-bbe4-6ad5fa67bf58/Reformas_legales_a_la_subcontrataci%C3%B3n_de_personal_Outourcing.pdf



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